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Trade & migration: the impact of mode 4 of the General Agreement on Trade in Services (GATS) on developing countries in the midst of a skills shortage and brain drain

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2009-09-21T12:18:27Z
http://hdl.handle.net/10539/7304

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Abstract

The reach of the World Trade Organisation (WTO) has gone beyond its traditional spheres of trading in goods to influencing the mobility of skilled labour and thus having an impact on migration patterns. The growing influence of the WTO has led to the enforcement and implementation of the General Agreement on Trade in Services (GATS), which calls for the liberalisation of services, including the movement of 'natural persons' for the purposes of providing services in member states of the WTO under mode 4 of the Agreement.

Globalisation, liberal market economies and the increased mobility of skilled labour have led to a merging of the trade and migration communities globally. With fears running high of a skilled exodus from developing countries to developed countries, known as a brain drain, questions arise as to who the brain drain benefits, what the purpose of mode 4 is, and whether developing countries can use mode 4 to solve their brain drain as its emphasis is on the movement of skilled labour on a temporary basis. The rapid changes globally have been fueled by a shift in major industrial economies from industrial economies to knowledge based economies; these rely heavily on highly skilled labour for economic growth and wealth creation, this process has also been aided by the growing capacity of developing countries to produce skilled labour. Using South Africa as an example, the following thesis will assess what impact mode 4 of the GATS will have on developing countries in the midst of a skills shortage and brain drain. It will provide a general understanding of what the GATS is, while also showing what effect the brain drain, immigration policy, neo-liberalism and globalisation will have on mode 4 negotiations within the WTO.