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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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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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Research Report submitted to the Faculty of Humanities, University of the Witwatersrand, in Partial fulfillment of the requirements for the degree of Master of Arts in International Relations.

Johannesburg 2008

Declaration

I declare that this research is my own, unaided work. It is being submitted for the degree of Master of Arts in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University.

Philani Mthembu

15th day of February 2008

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.

Dedication

This research is dedicated to the BaThembu family. May you continue to grow, prosper, and strive to use your individual and collective energy towards the betterment of South Africa and the African Continent as a whole.

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Firstly I acknowledge my parents, who have emphasized the importance of education and sent me to educational institutions that shaped my personal development. May you continue to be blessed by infinite love and happiness. My grandmother's wisdom has been critical in shaping my thoughts, perspectives, and understanding in certain areas, while I have learned a lot from my interaction with my siblings.

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Abbreviations

ANC	African National Congress
APEC	Asia Pacific Economic Cooperation Agreement
ASGISA	Accelerated and Shared Growth Initiative for South Africa
CDE	Centre for Development and Enterprise
COSATU	Congress of South African Trade Unions
DFA	Department of Foreign Affairs
ECOWAS	Economic Community of West African States
EU	European Union
FIFA	Fédération Internationale de Football Association
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GFMD	Global Forum on Migration and Development
IFP	Inkatha Freedom Party
IGD	Institute for Global Dialogue
IMF	International Monetary Fund
IOM	International Organisation for Migration
JIPSA	Joint Initiative for Priority Skills Acquisition
LDCs	Least Developed Countries
MFN	Most Favoured Nation
MOU	Memorandum of Understanding
NA	National Assembly
NCOP	National Council of Provinces
NEDLAC	National Economic Development and Labour Council
OECD	Organisation for Economic Cooperation and Development
RTA	Regional Trade Agreement
SA	South Africa
SAARC	South Asian Association for Regional Cooperation
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAIIA	South African Institute of International Relations
SAMP	Southern African Migration Project
SETAs	Sector Education and Training Authorities
UN	United Nations
USA	United States of America
WB	World Bank