Settings in Trading Services International Economic Law

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Abstract

International trade, as one part of economic activity or business activities, in the last decade, has shown very rapid development, amid increasing business attention on global business activities. This phenomenon can be seen from the increased circulation of goods, services, capital and labor between countries, and the development of business activities through export-import relations, investment, service trade, licensing and franchising, intellectual property rights, and various other international types trading.

Keywords: Regulatory Trade in Services, International Economic Law.

A. INTRODUCTION

International trade, as one part of economic activity or business activities, in the last decade, have shown very rapid development, amid increasing business attention on global business activities. This phenomenon can be seen from the growing circulation of goods, services, capital, and labor between countries, as well as the development of business activities through export-import relations, investment, service trade, licenses and franchises, intellectual property rights, and various types of trade other international.

International trade has "driven" domestic business to transform into global trade, where the whole world is a global market, globalization means that the flow of goods, services, capital, technology, and people spread across the globe, the core element of globalization is the expansion of world trade through the elimination or reduction of trade barriers, such as import tariffs.

The "globalization" economy as a result of international trade is a historical process, the result of human innovation and technological progress. This refers to increasing economic integration throughout the world, mainly through the cross-border movement of goods, services, and capital. This term sometimes also applies to the change of people (labor) and knowledge (technology) across international borders.

There are various reasons why a country or a legal entity (trafficker) conducts international trade, including because international trade is the backbone for the country to be prosperous, prosperous, and secure. This has been proven in the course of the history of world development.

Liberalization of international trade began to experience rapid growth in the 19th

century to provide benefits in the economic field in Europe. But this freedom of business cannot yet be enjoyed by other nations outside Europe, especially in Asia and Africa. This was because, at that time, Asia and Africa were colonial regions or colonies of European countries so that in the trade sector, Asians and Africans did not get the same opportunities and freedoms as European nations.

Thus the one who holds economic and political power in this liberal period is the European nation; on the contrary, the Asian and African peoples do not have the ability and politics in their own country.

The emergence of freedom in carrying out trade between countries or referred to as international trade is motivated by the understanding and theory put forward by Adam Smith in his book titled "The Wealth of Nations", which states that the welfare of a country's people will actually increase, if international trade is carried out in the market free. Government intervention is carried out to a minimum.

Policies in the context of liberalization can be grouped into two, namely those carried out globally and unilaterally, and those carried out bilaterally or regionally. The policies that apply globally concerning agreements decided at the WTO, and those that are unilateral are policies that are unilaterally implemented by the country. The regional or bilateral system is a policy that is performed based on bilateral or regional agreements that are usually in a bilateral or regional trade agreement.

1995 became a new chapter in the international economy. This year, a more formal trade organization was formed, the World Trade Organization (WTO). The formation of the WTO is, at the same time, replacing the old trade regime, namely the General Agreements on Tariffs and Trade (GATT), which has been running since 1947. Changes in the trade regime will undoubtedly have an impact on the international economy in general. As an organization, the WTO has more precise and binding legality and rules. The following is an overview of the process of the formation of the WTO and its existence as an international trade organization.

Specifically, in the Services sector, this field contributes significantly to state revenues. Services have played an increasingly influential role in a country's economy and employment. In its ideal form, liberalization of trade in services is a situation where companies and individuals are free to sell services beyond the borders of their countries. This means including the freedom to set up a company in another country and for individuals to work in another country. Apart from the emergence of concerns about the rise of "neo-liberalism" and other neo-neo, liberalization of trade in services arises due to several facts.

B. METHODS

This type of research used in this study is a normative legal method. Prescriptive or normative legal analysis, which is research conducted by referring to legal norms contained in written legislation and court decisions and legal rules that exist in society.

Primary data is data obtained directly from the field, which is related to the formulation of research problems. These data were collected by conducting interviews with respondents, namely: Business actors relating to foreign capital relations (PMA). Secondary data is data obtained through library research related to the issue of international trade law concerning trade in services related to the settlement of foreign capital investment disputes. Secondary data in the form of Primary legal materials, binding legal materials, such as legislation. Secondary legal documents, consisting of academic books, research results, and expert opinions relating to writing. Another name for normative juridical research is doctrinal law research, also referred to as library research or document study.

C. RESULT AND DISCUSSION

1. The Difference in Service Trade and Trade in Goods

Service trade has characteristics that distinguish it from trade in goods. First is the nature of service transactions. 7 In the service sector, purchases require the presence of both parties, namely, producers and consumers. If service producers in a country have a service product that is of interest to consumers from abroad, then the foreign consumer must transact directly with the producer to obtain the service product. So the supply of service products to international markets is often accompanied by movements of capital or labor.

Another characteristic is the extensive regulations and controls on trade in services. These comprehensive regulations and restrictions are in the framework of, first, avoiding the risk of market failure or lack of information obtained by consumers on the product to be consumed. As we know that the market can be an efficient allocation of resources (i.e., meeting consumer demand and supply of producers) if the assumptions are met, one of which is complete information. If not, then the market fails to be an efficient resource allocation tool. Consumers will never know precisely the quality of the products they consume. Therefore we need comprehensive information about the product. For example, what happens in trade in services, if consumers in a country want to use the services of experts

Foreign construction, then he must know the quality of the experts who will use it. And it would be better if the variety of experts who would enter the country had been standardized following existing regulations. Second, this substantial regulation and control is a consequence of providing service products that are different from the supply of goods. If in the process of supplying a product, the sounds are familiar with the term storage or stock, then in the provision of service products, these terms are not known. That is, service products are provided directly by the manufacturer without going through the storage process as in the product goods. So it can be concluded that the extensive regulations and controls on trade in services are intended so that both consumers and producers do not feel disadvantaged.

Also, what distinguishes service trade from trade in goods is the difficulty of detecting barriers in it. It is more challenging to identify the obstacles in service trade than it is in goods trade. Barriers to trade in goods can be detected clearly through price differences or the existing price differential.

Whereas in the trade in services, barriers are somewhat difficult to detect because they are in the form of regulations. These trade barriers to service are less transparent compared to barriers to trade in goods, which makes it challenging to know the impact of these barriers. Also, Mary E. Footer, in her Global and Regional Approaches to the Regulation of Trade in Services, explains the characteristics that distinguish trade in services from trade in goods. First, the services are intangible or not tangible, unlike tangible or tangible assets, which contain rights and obligations.

For example, these invisible rights and obligations are reflected in international banking. For instance, claims & liabilities of citizens of a country in the form of foreign currencies or claims & liabilities of foreign citizens in the form of the country's currency. Besides, this trade in services is more tied to regulations compared to trade in goods for example, safety standards in the aviation industry.

The application of trade in services often clashes with matters of a non-economic nature. For example, transborder broadcasting often conflicts with a country's national cultural policy. The market structure of the service sector is also characterized by imperfect competition. The telecommunications industry is an excellent example of this imperfect competition. In many countries, telecommunications equipment is supplied by the government, and the system is operated monopolically by the government.

2. Trade Service Arrangements According to International Economic Law.

As a step to deal with the issue of international trade, in February 1946, ECOSOC, an agency under the United Nations, at its first meeting, adopted a resolution to hold a conference to draw up an international charter in the field of trade. At almost the same time, the US government issued a draft or concept regarding the letter for the International Trade Organization (from now on abbreviated ITO).

In 1947, negotiators in Geneva carried out preparations to formulate an ITO charter, which was then handed over to the delegations of participating countries at the Havana conference in 1948. Besides preparing the text of the ITO (International Trade Organization) charter, negotiators in Geneva also held negotiations to reduce import duties or tariff, which later becomes an annex in the GATT agreement and is formally an integral part of the GATT agreement. It can be added that this holds in the GATT that each series of negotiations in the area of the tariffs for food results become an integral part of the GATT agreement.

Structurally the GATT was created as a multilateral agreement and not an "organization." In other words, GATT officially has the same status as the previous bilateral trade agreements. But judging from the substance, at the time the negotiations were

held to formulate the GATT agreement, the elements, principles, and systems contained in the contract are envisioned so that they will then operate under the ITO umbrella. In 1948, the ITO text charter was completed. But the ITO could not be realized because the US congress could not approve it when the US president submitted a text to the congress for approval. After repeated attempts by the US executive, then in 1951, the sign increasingly clearly shows that the congress will not approve it. Thus the US president Harry Truman withdrew the proposal for the ratification of the Havana Charter.

With the international community unsuccessful in realizing ITO, GATT became the only legal instrument that became the leading institution in international trade. But then the question is, how then did GATT become a significant institution in business, whereas it had never been legally established as a global organization and was previously designed as an interim agreement?

According to Kartadjoemena, that the answer to that question was the adoption of a fictitious juridical path through the existence of a protocol of provisional application that technically could immediately implement the GATT agreement in a temporary and emergency manner. In the mechanism of implementing this juridical provision, it can be stated that GATT, as an agreement, had been formulated in 1947, before the ITO agreement that was planned as an umbrella could be realized.

At that time, there were differences of views regarding the ratification of GATT with ITO as its umbrella on the one hand and the urgency to implement and formalize the agreement when it was completed. Then the Protocol of provisional application (PPA) was applied for countries that need GATT to be approved immediately. For countries that want to ratify GATT and ITO simultaneously, they can wait until the two agreements are completed.

ITO finally never took effect, and GATT was established independently until the official formation of the World Trade Organization (WTO) on 15 April 1994 was in line with the success of the Uruguay Round, as a substitute for ITO and became a new umbrella for GATT. The WTO's journey to form was inseparable from the GATT ministerial contracting parties meeting, which was attended by 108 countries, which was first held on 20 September 1986 in Punta Del Este, Uruguay to launch multilateral trade negotiations. The negotiations were held for seven years, several times until the end of April 15, 1994, in Marrakech, Morocco, which later gave birth to the World Trade Organization (WTO), which gave more fixed and comprehensive arrangements in the field of trade. This series of negotiations became known as the Uruguay Round of the talks.

The negotiation not only discusses the classic things such as "market access," but also talks about new jobs that grow and develop in connection with the rapid advancement of trade and the rapidly growing economy, such as investment and services that are not touched in the GATT settings.One of the essential results produced by the Uruguay round is an agreement on a framework in services or what is commonly called the GATS (General Agreement on Trade in Services), this is a relatively new agreement

and also the first multilateral trade agreement in the service sector.

GATS is the result of a long process that began with US initiatives at the Tokyo Round. At that time, the United States started to try to convince the participants to support their initiatives to include Trade in Services in GATT. This effort was successful in 1986 when a firm decision was made during the 1986 Punta Del Este Declaration.

The Punta Del Este Declaration in 1986 was a result of a compromise between developed and developing countries regarding service trade. This compromise emerged as a reaction from developing countries that initially opposed the inclusion of regulations on services in the GATT framework.12 This is evident in the decision of the Punta Del Este Declaration, which regulates trade in services which mainly contains the following points:

a. Ministers agree to launch service trade negotiations as part of multilateral trade negotiations.
b. The talks aim to form a multilateral legal framework that contains principles and provisions regarding trade in services, to create transparent trade and progressive liberalization, as an effort to improve the economics of all trading partners and the progress of developing countries.
c. The legal framework must respect national law and applicable provisions regarding services and work with relevant international organizations.
d. To carry out this negotiation, a negotiating service group must be formed, which is obliged to report the results to the Trade Negotiation Committee.

This compromise emerged as a reaction from developing countries that initially opposed the inclusion of regulations on trade in services in the GATT / WTO framework. In these negotiations, developing countries managed to place them in separate controls outside the legal framework of the GATT / WTO. This is done to eliminate the possibility of a cross between the GATT / WTO problems regarding trade in goods and trade in services. Developing countries are also unbeaten in their efforts to include economic development and growth as the goal of every agreement reached. The legal framework gave birth to GATS. GATS arrangements are seen as a way of promoting economic growth for all developing countries and developing countries. The inclusion of provisions regarding trade in services in the GATT / WTO framework is considered a significant step forward for the GATT/WTO.

The establishment of the GATS, as confirmed in the Punta Del Este Declaration, is to form a framework of principles or material rules regarding trade in services. Relevant documents that must be considered in studying GATS are; framework agreement, initial commitments, sectoral annex, and ministerial decision, and understanding. A framework agreement is a GATS agreement itself that contains a set of general concepts, principles, and provisions that give rise to obligations relating to all actions relating to trade in services.

GATS is a framework agreement contained in the basic principles which are the

basis of the rules of the game in international trade in the field of services. The aim is to deepen and broaden the level of service sector liberalization in member countries, so it is hoped that trade in services in the world can increase.

The role of GATS in world trade in services is inseparable from the following two (2) pillars; first is to ensure an increase in transparency and predictability of the relevant rules and regulations. Second is an effort to promote a process of ongoing liberalization through a round of negotiations.

Obligations for parties to the GATS can be divided into two groups, namely:

a. General liability and discipline are obligations that are applied to all service sectors by all member countries by the existing sectoral annex (attachment). These obligations include the treatment of Most Favored Nation (MFN), provisions on transparency, availability of legal procedures, consultation with business practices, and consultation on subsidies that affect trade.
b. Special obligations, namely obligations about specific commitments (duty related to particular commitment). What is meant by special requirements are obligations that bind certain countries by promises made, as stated in the Schedule of Commitments (SoC)? Matters included in this special obligation category include; the principles of national treatment (National Treatment) and market access (Market Access). Based on special obligations, each member country must treat services and service suppliers from other countries at least the same as those agreed upon and recorded in the Schedule of Commitments (SoC). Besides, each member country must also provide fair treatment to services and suppliers of functions of other members compared to those provided to services and suppliers of services of its kind (domestic).

GATS contains 3 (three) documents as follows:

a. Documents containing a series of essential obligations that apply to all countries.
b. Documents were containing several annexes (annex) to the agreement setting out specific conditions regarding service sectors in each WTO member country.
c. Documents containing the commitments of countries included in a list containing the obligations of the state (national schedule) to facilitate the process of liberalization of trade in services.

The first document is a framework agreement consisting of 39 Articles and divided into six parts. These sections include the following:

a. Part I contains essential obligations relating to the definition and scope of services.
b. Part II includes provisions with general duties such as Most Favored Nation (MFN) or non-discrimination, transparency, rules for increasing the participation of developing countries, obligations regarding the conditions of recognition in the service sector, the use of restrictions in transfers, and international payment.

c. Part III is the operative part, which contains essential provisions: market access, national treatment, and additional commitments. This provision is not listed as a general obligation, but as a specific commitment that must be included in the list of national responsibilities (national schedule).
d. Part IV is the part that lays the foundation for progressive liberalization of services through regulations on trade in services. Including the withdrawal and modification of commitments in the list of national responsibilities after three years.
e. Part V includes institutional provisions, including the establishment of a Council on Trade in Services, together with articles on consultation and dispute resolution procedures.
f. Section VI contains the final provisions (final provisions)

The second document sets out provisions regarding market access and national treatment and is not a general obligation. But it is a commitment set out in the federal register (Schedule of Commitments). This Schedule of Commitments (SoC) contains commitments that bind WTO member countries to other members in carrying out their obligations under the GATS; in other words, the list is concrete in the tangible form of the commitments of GATS-WTO member countries.

The third document deals with specific sectors. The first annex is the annex regarding exceptions to Article II (regarding the enactment of the MFN). The second Annex on human movement (movement of natural persons) that provides services under the GATS. Then there are also some annexes related to specific sectors such as annex on air transport services, an annex on financial services, a second annex on financial services, an annex on negotiation maritime transport services, an annex on telecommunication, an annex on negotiations on basic telecommunications.

The scope of the type of GATS service trade is contained in article 1 paragraph (1) GATS, which reads: "This Agreement applies to measures by Members affecting trade-in service". This article tries to provide an explanation that what is meant by Trade in Service is trade in services carried out in away.

a. Services supplied from a territory of another country (cross-border), for example, services that use telecommunications media;
b. Services provided in a country territory to a consumer from another country (consumption abroad) such as tourism;
c. Services provided through the presence of a business entity of a state in the territory of another country (commercial presence), for example opening a foreign bank branch office;
d. Services provided by citizens of a country in the province of another country (presence of natural person) such as consultants, lawyers, and accountants.

Thus, it appears that the scope of trade in services regulated by GATS is relatively broad and universal, as is the regulation in the field of Trade in Goods. Therefore

some of the principles in GATT are also applied in the trade context of the services listed in the GATS. Such as the MFN principle, gradual liberalization, etc.

3. Liberalization of Trade in Services Arises Due to Several Facts

First: World Wars I and II occurred due to a trade war between countries. The trade war itself took place because of the doctrine of mercantilism, which taught that the progress of a country would occur if it were able to increase exports to the maximum extent possible and suppress imports to a minimum. This doctrine encourages states to implement protective trade policies. Second: Understanding capitalism, which promotes the accumulation of wealth as much as possible. This understanding gave birth to multinational companies that expand their business to various countries to increase profits on an ongoing basis. Furthermore, this phenomenon then gave birth to the practice of Foreign Direct Investment (FDI). Third: Developing countries need to conduct trade relations with other countries, for example, the export of labor abroad. In this regard, developing countries also want their trading partner countries to implement a service trade liberalization policy.

The growth of the middle class and international demand is crucial for the rapid development of the service sector. Both encourage the expansion of current services, tourism, transportation, and business services.

4. Some Basic Rules in the Liberalization of Services Found in the Gats

The principle of MFN is the principle that if there is the convenience that is given to one country, then that convenience must also be provided to other countries. This is also the main principle in the trade of goods contained in GATT, which is also used in trade in services (GATS). MFN, or also known as the principle of non-discrimination, is a general obligation in the GATS. This obligation is immediate and unconditionally.

In the regulation regarding MFN in article II paragraph, 1 GATS has used the formula "... Each member shall accord immediately and unconditionally to service and service suppliers of any other member," treatment no less favorable "than that accord to service and service suppliers of any other country." The term "treatment no less favorable" is also used in article XVI concerning market access and article XVII concerning national treatment.◎

The difference is in the MFN treatment that is no less favorable compared to the procedure given to service suppliers from one country to another, while in the royal treatment, it is compared to the treatment given to domestic service suppliers with foreign service suppliers.◎

Meanwhile, in market access, the understanding is that the treatment given to foreign service suppliers by a country must be following the requirements and restrictions listed in the country's schedule of commitment (SOC).◎Nevertheless, the GATS system provides freedom for its members to deviate from MFN obligations.

Therefore, a member may give better treatment to a service sector to one or several members compared to that given to other members as long as the other members are treated at a minimum, as stated in the SOC.◎However, a country is not justified in giving one or more members less treatment than stated in the SOC (for example, based on the principle of reciprocity).

In terms of protection, trade in services is different from goods. In service trade, protection by using tariff restrictions cannot be implemented because the services themselves, given their abstract nature, enter an area not through the port (Customs) so that it cannot be inhibited through tariffs. Therefore, the protection that can be done in service trade is in the form of SOC made by each country under the state of the country, which is then negotiated with its trading partners.◎

The SOC primarily contains a "reservation," meaning that the country making the SOC is subject to the provisions of the GATS accompanied by conditions, restrictions, and requirements, as stated in its commitment.◎

This SOC is regulated in part III, which is separate from part II of GATS, which is a general obligation. Thus it can be said that the Schedule of Commitment is not an automatic obligation but is a specific obligation. This means that the responsibility is following what is specified in the SOC of the country concerned.◎

In section III GATS (specific commitments) three types of duties are known,◎Namely: 1. Market access commitment. 2. National treatment commitment; and 3. Additional commitments. These three kinds of commitments are merged into one in the SOC of each country. SOC from each country, according to article XX paragraph 3, becomes an integral part of GATS.◎Thus the SOC is binding on the country that made it. With this SOC, also reflected a principle, namely the principle of liberalization in trade in services carried out in stages (progressive liberalization) following the circumstances and capabilities of each country. This is in line with the provisions of article XIX GATS.◎

This Transparency Principle is regulated in article III of the GATS, which requires all.◎The members publish all laws and regulations, implementation guidelines, and all general decisions and provisions issued by the central and regional governments that have an impact on the implementation of the GATS. Besides, it is also obliged to notify the Council for Trade and Service (one of the "bodies" in the WTO) for any changes or the issuance of new laws that affect the trade in services listed in the SOC. This notification is done at least once a year.

In principle, the WTO system does not distinguish between developed and developing countries. However, in certain conditions, developing countries are given special treatment. This can be seen from the special treatment given to developing countries in the delivery of SOC. The submission of this SOC is one of the requirements to be able to become an original member of the WTO (article 11 WTO).

For developing countries (least developing countries), given until April 1995,

while for other countries, the deadline for submission is December 15, 1993.◎ Besides that, developing countries are also given facilities to increase their participation through SOC negotiations concerning:◎

a. Increasing the capacity of domestic services and the efficiency and competitiveness of the local service sector, including through access to commercial technology;◎
b. Improving access to distribution and information networks; and
c. Liberalization of market access for sectors and supply methods that are of interest to developing country exports (article IV (1) GATS.

Other facilities provided to developing countries are in the context of further negotiations to open the market. They are given enough flexibility to open fewer sectors, gradually expanding market access in line with their development situation (article XIX paragraph 2 GATS). Furthermore, to help developing countries, developed countries are required to establish "contact points" to help developing countries access information about the markets of each developed country. The report includes:

a. Commercial and technical aspects of service suppliers;
b. Registration, recognition, and ways to obtain professional qualifications; and
c. The availability of service technology (article IV (2) GATS.

Regional cooperation has long been seen as an exception to the MFN clause in trade agreements. However, the WTO in principle does not prohibit its members from joining regional economic cooperation organizations such as the NAFTA (Nort America Free Trade Agreement) or entering into a service trade liberalization agreement between two or more countries, as long as it fulfills some detailed and complex criteria as regulated in article V GATS.

The gradual liberalization was carried out by requiring all WTO members to carry out a continuous round of negotiations that began no later than five years after the entry into force of the WTO agreement (since 1 January 1995). Such negotiations must be carried out by reducing or eliminating measures that can adversely affect service trade. Nevertheless, the liberalization process must be carried out while still respecting the national interests and the level of development of each (Article XIX paragraph (1) GATS). The provisions in article XIX can be used by developed countries to pressure developing countries to conduct further negotiations.

In the meantime, commitments that have been given in the framework of the Uruguay round of negotiations and have become an annex to the GATS, in principle, should not be withdrawn, changed, and reduced. Improvement is only possible if done to increase commitment. Withdrawal and change of promise given can only be made by compensation payment to the injured member (Article XXI GATS) .

Escape Clauses is an essential provision in all international agreements, which only applies in conditions or difficulties that can not be predicted in advance. In general, the escape clause allows a member under certain circumstances, temporarily

avoiding one aspect of the agreement without damaging the overall purpose of the deal. Escape Clause in an agreement gives certainty to the signatory that in an emergency, they are justified to avoid the commitments that have been given temporarily.

GATS members, in emergencies, are also justified in making temporary deviations from the commitments they provide. Such differences can be made in the case of the State of payment difficulties. Under these conditions, members are permitted to impose restrictions on trade in services that have been stated in their SOC. These restrictions are made on the condition that 25.

a. Does not cause discrimination among fellow members;
b. Consistent with the provisions of the International Monetary Fund (IMF)
c. Avoiding commercial, economic and financial losses of other members;
d. Do not exceed the things that need to overcome the situation;
e. It must be temporary and must be phased out.

Emergency security measures, in addition to the problem of balance of payments difficulties that can be done by members, will still be negotiated on a multilateral basis. The negotiations must start no later than three years after the WTO is operational. This is to provide an opportunity for members to learn about any difficulties that might arise after the GATS is running, considering that service trade has not been arranged beforehand.

The settlement of foreign capital investment disputes is a problem that is relatively there for countries that are open to foreign investment in their countries. Countries that feel that the existence of investment will have significant implications for state revenues will, in such a way, design their legal system to be able to collaborate with investment interests without compromising the interests of the nation and state. Indonesia as a country that also opens the door to investment in the effort to use investment barriers and as a risk part of the international community that inevitably has to open investment opportunities for any business actor and from anywhere, has also been regulating investment rules, the latest is the Law on Investment No. 25 of 2007, Law on Arbitration and Alternative Dispute Resolution No. 30 of 1999, and provisions of international law ratified relating to the settlement of investment and trade disputes.

D. CONCLUSION

Service trade, according to article 1 paragraph (1) of the GATS which reads: "This Agreement applies to measures by Members affecting trade-in service." This article tries to provide an explanation that what is meant by Trade in Service is trade in services carried out by:

1. Services supplied from a territory of another country (cross-border), for example, services that use telecommunications media;
2. Services provided in a country territory to a consumer from another country (consumption abroad) such as tourism;

3. Services provided through the presence of a business entity of a state in the territory of another country (commercial presence) for example opening a foreign bank branch office;
4. Services provided by citizens of a country in the region of other countries (presence of natural person), for example, consultants, lawyers, and accountants.

The regulation on trade in services is contained in the General Agreement on Trade in Services (GATS), which is a relatively new agreement and is also the first multilateral trade agreement in services. Service trade has characteristics that distinguish it from trade in goods. First is the nature of service transactions. In the service sector, purchases require the presence of both parties, namely, producers and consumers. Secondly, substantial regulations and controls on trade in services. This significant regulation and supervision to, first, avoid the risk of market failure or market failure from the lack of information or lack of information obtained by consumers on the product to be consumed. Third, the difficulty in detecting obstacles that are in it. It is more challenging to identify the barriers in the trade in services than it is in the business in goods. Fourth, services are intangible or not tangible, unlike tangible or tangible assets, which contain rights and obligations.

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