

## REPORT (2001) OF THE SPECIAL SESSION OF THE COUNCIL FOR TRADE IN SERVICES TO THE GENERAL COUNCIL

1. The Special Session of the Council for Trade in Services held six meetings between November 2000 and September 2001, two of which dedicated to the issue of the treatment of autonomous liberalization. Reports of the meetings are contained in documents S/CSS/M/6 to S/CSS/M/11 and should be read in conjunction with this report. The Special Session addressed the following matters:

### **I. NEGOTIATING GUIDELINES AND PROCEDURES PURSUANT TO ARTICLE XIX OF THE GATS**

2. Article XIX:3 of the GATS mandates that, for each round of negotiations, negotiating guidelines and procedures be established. The Council had discussed the establishment of such guidelines throughout 2000, and at the meeting held on December 2000 the Secretariat was asked to produce a first draft text of the guidelines, consolidating proposals and drawing from all inputs, both oral and written. Informal meetings were held in February and March 2001 to refine the text. The Council adopted the negotiating guidelines and procedures contained in document S/L/93 at the Special Session held on 28 March 2001.

### **II. STOCK-TAKING**

3. Paragraph 2(g) of the "road-map" adopted by the Council on 26 May 2000 states that "the second phase of these negotiations would begin with a stock-taking exercise by the Special Session in March 2001, to consider progress made and how to move forward". Accordingly, at the meeting held on 28 to 30 March 2001, Members expressed their views on how they saw progress made in the negotiations until then and on how the Council should organize its work beyond that point. The stock-taking discussion was carried out expeditiously, thanks to the positive and constructive spirit of delegations. Beyond the negotiating proposals, many delegations referred to on-going work and to the need to continue the rule-making work with dispatch. The Council needed to determine the date of the meeting of the Special Session dedicated to the issue of autonomous liberalization and of the following meeting of the review of the Annex on Air Transport Services. It was agreed that the assessment of trade in services would remain a standing item on the agenda of the Special Session; the regular sessions of the Council would be concerned with concluding the review of MFN exemptions.

4. There was convergence on the schedule of meetings for the year ahead. Members agreed to hold clusters of services meetings in May, July, October, December 2001 and March 2002, when they would review progress made in the negotiations. The scheduling of an additional meeting in February 2002, proposed by two delegations, could be decided upon at a later stage. As concerned the organization of the discussion of negotiating proposals, it was agreed that all proposals would be addressed at the May meeting and that the discussion would be structured according to sectors, modes of supply and the horizontal issues identified. Subsequently, the proposals would be divided into two groups for a more detailed discussion at the meetings in July and October. Sectors would be taken up

in the order in which they appeared in the W/120 sectoral classification, while also allowing for the discussion of other sectors, such as energy services. It was pointed out that such a work programme would require the Special Session to meet over several days and that it might have implications on the allocation of time between the Council and the subsidiary bodies. Several delegations called for a predictable work programme in terms of the allocation of sectors to sessions, in order to facilitate the participation of capital-based experts. It was underscored that Members remained free to introduce new proposals at any time. It was also agreed that the Secretariat would prepare a paper outlining the main elements of the negotiating proposals, which would be updated regularly. Members also decided that the Secretariat would update the existing compilation of Members' commitments in maritime transport services, as well as its background paper on maritime transport services, contained in document S/C/W/62.

5. Without prejudice to the outcome of the Fourth Ministerial Conference, Members adopted this programme as the future work programme for the Special Session of the Council for Trade in Services.

### **III. TOURISM SERVICES**

6. At the meeting held on 5 and 6 December 2000, Members continued their discussion of the proposal for a GATS annex on tourism which had been tabled by the delegations of the Dominican Republic, El Salvador and Honduras in document S/C/W/127 and Corr.1, as well as the submission by the European Communities in document S/CSS/W/5. A new communication was submitted by the Dominican Republic, El Salvador and Honduras in document S/CSS/W/9, containing replies to the comments received on the proposed tourism annex, and a further communication, contained in document S/CSS/W/19, was received from the Dominican Republic, El Salvador, Honduras, Nicaragua and Panama with a revised classification of tourism services. The Council also agreed that the symposium on tourism services, which had been decided upon in February, would be held over one and a half days, on 22 and 23 February 2001. Some Members commented on the event at the meeting held in March. Thereafter, tourism services were discussed under the agenda item on "Proposals relating to the negotiations under Article XIX of the GATS".

### **IV. PROPOSALS RELATING TO THE NEGOTIATIONS UNDER ARTICLE XIX OF THE GATS**

7. Under this agenda item, Members discussed the various negotiating proposals submitted to the Special Session.

8. At its meeting on 5 and 6 December 2000, the Council addressed a joint communication from the delegations of the European Communities; Hong Kong, China; Japan; the Republic of Korea; Norway and Singapore; a communication from the delegation of India; a communication from the European Communities; a communication from Australia; and a note by the Secretariat, in Job No. 7436, on the incorporation into the GATT of successive schedules of concessions on goods.

9. At the meeting held in March, new negotiating proposals were submitted by the delegations of the United States; the European Communities; Japan; Canada; Norway; Australia; Hong Kong, China; and Venezuela, on a number of services sectors, modes of supply and other horizontal issues. In May, new submissions were tabled by the delegations of Switzerland; the Mercosur members; the Republic of Korea; Japan; Chile; and the members of the Andean Community.

10. At the meeting held in July, the Council discussed proposals relating to the movement of natural persons, other horizontal issues, business services, communication services, construction services and distribution services. New proposals were submitted by the delegations of New Zealand; Japan; Australia; the Mercosur members; Colombia; Brazil; Mexico; and the United States. In the

discussion on mode 4, Members agreed that the Secretariat would produce a note on the application of economic needs tests to all modes of supply, drawing upon Members' schedules and work undertaken by the UNCTAD and OCED Secretariats. It was also decided that, in order to move the debate forward, an informal event on mode 4, possibly in the form of a symposium, would be held after the Fourth Ministerial Conference, possibly in early 2002. Following the discussion of the other horizontal issues, it was decided that these would remain on the agenda of the October meeting, and that their discussion would be organized on an issue-by-issue basis. The following horizontal issues would be addressed: Article VII; Article IV; small and medium-sized suppliers; MFN exemptions; classification; transparency and other aspects of domestic regulation. The meeting in October would also address, as agreed, proposals relating to education, energy, environmental, financial, tourism, recreational and transport services. Members would still be able to submit new proposals on any service sector.

11. As had been agreed under the "stock-taking" discussion held in March, the Secretariat produced a paper identifying the main elements of the negotiating proposals, as an aid to the discussion. It is contained in documents JOB(01)/63, Addendum 1 and Corrigendum 1. It was agreed that the note would in no way substitute for the proposals themselves, which delegations needed to continue to refer to; the paper was factual and non-exhaustive, and it would be regularly updated. Delegations were also encouraged to submit their questions and answers relating to the proposals in writing; the Secretariat compiled them in documents JOB(01)/96 and Addenda 1 to 6.

## **V. ASSESSMENT OF TRADE IN SERVICES**

12. Article XIX:3 of the GATS mandates the Services Council to carry out an assessment of trade in services in overall terms and on a sectoral basis, with reference to the objectives of the Agreement, including those set out in Article IV:1. The assessment of trade in services figures as a standing item on the agenda of the Special Session.

13. At the meeting held in December, Members held preliminary discussions of three new contributions tabled on the assessment. The delegation of the United States had provided information on sectoral services statistics from non-Balance-of-Payments sources that were available for various US services industries; the delegations of Bulgaria, the Czech Republic, Poland, the Slovak Republic and Slovenia had made a submission on the assessment of trade in services in certain transition economies; and the Secretariat had updated its 1997 note, contained in document S/C/W/27, reviewing statistics and developments in international services trade. A new communication, assessing the participation of developing countries in services trade, was tabled by Argentina at the meeting held in March. At that meeting, Members also tasked the Secretariat with producing a note on the work of the Inter-Agency Task Force on Statistics of International Trade in Services.

14. At the meeting in May, Members held a preliminary discussion of the note prepared by the Secretariat on the work of the Inter-Agency Task Force on Statistics, reporting on the adoption of the Manual on Statistics of International Trade in Services, as well as a paper presented by the delegation of Norway titled "Diffusion of Information Technology, SADC and International Production". The Council reverted to these documents at its meeting in July, when it was also decided that, in order to help structure the discussion under this agenda item, the Secretariat would produce a compilation of all the statements made and submissions tabled on the assessment of trade in services.

## **VI. MODALITIES FOR THE TREATMENT OF AUTONOMOUS LIBERALIZATION**

15. Article XIX:3 of the GATS mandates that negotiating guidelines establish modalities for the treatment of liberalization undertaken autonomously by Members since previous negotiations.

16. On 1 December 2000, the Council held a Special Session dedicated to the issue. Two informal documents were received from the delegations of Hong Kong, China, in Job No. 7580, and the Republic of Korea, in Job No. 7634 and Addendum 1.

17. The issue was next discussed in the course of the Special Session meeting held on 28 to 30 March, when Members tasked the Secretariat with producing a note with a checklist of issues and any relevant material on the Uruguay Round experience with efforts to address the treatment of autonomous liberalization. At the meeting held in May, Members discussed the note prepared by the Secretariat, which is contained in JOB(01)/65. They agreed that a further meeting dedicated to autonomous liberalization would be held in July; the Secretariat note in document JOB(01)/65 would be used as an annotated checklist to structure the discussion at that meeting, without prejudice to any Member bringing any other issue forward.

18. The second Special Session meeting dedicated to the treatment of autonomous liberalization was held on 12 July. At that meeting Members agreed that, in order to move to a more operational phase, the Secretariat would prepare a brief note pointing out the broad views expressed under each relevant issue.

## **VII. OUTLINE OF THE CHAIRMAN'S REPORT TO THE GENERAL COUNCIL**

19. At the meeting held in May, it was agreed that a standing item on the outline of the Chairman's report to the General Council would be added to the agenda of the Special Session. Accordingly, at the meeting held in July, the Chairman outlined the content of the report of that meeting that he would be giving to the General Council.

## **VIII. WORK OF SUBSIDIARY BODIES – REPORTS BY CHAIRPERSONS**

20. Pursuant to the decision taken at the meeting on 25 February 2000, the subsidiary bodies reported regularly to the Special Session in the form of oral reports from the Chairpersons.

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