

WORLD TRADE ORGANIZATION

RESTRICTED

S/CSS/M/3
26 June 2000

(00-2588)

Council for Trade in Services Special Session

REPORT OF THE MEETING HELD ON 26 MAY 2000

Note by the Secretariat

1. The Council for Trade in Services held a Special Session on 26 February 2000. The agenda for the meeting is contained in document WTO/AIR/1307. No points were raised under Other Business.
2. The Chairman proposed that the Council adopt the agenda as circulated.
3. The Council so agreed.
- A. ELEMENTS OF A PROPOSED FIRST PHASE OF THE SERVICES NEGOTIATIONS MANDATED UNDER ARTICLE XIX OF THE GATS
4. The Chairman recalled that, at its last meeting, the Council had asked the Secretariat to prepare an informal draft paper bringing together the two proposals on elements for the first phase of negotiations submitted by the delegations of Australia and Singapore in document S/CSS/W/1, and by the delegations of Argentina, Brazil, Paraguay and Uruguay in document S/CSS/W/2, and taking into account the comments made at the meeting. The Secretariat had produced a first draft, Job No. 2428, circulated on 18 April 2000, with an invitation to Members to submit comments to the Secretariat by 10 May. Subsequently, based on comments received, a first revision of the document was produced, and an informal meeting convened on 16 May. Based on the discussion at that informal meeting, a second revision was produced in document Job No. 2428/Rev.2, dated 22 May, which was discussed at a further informal meeting on 24 May. At that meeting, the overwhelming majority of speakers were in favour of the adoption of the text as it stood in the second revision. However, a few delegations expressed further concerns and suggested amendments to the draft. Subsequently, a third revision of the text was produced in document Job No. 2428/Rev.3, dated 25 May, incorporating new language suggested by one delegation. A further informal meeting had just taken place that same morning, and had resulted in one amendment to the draft text. He suggested that the revised text be incorporated in the minutes of the meeting as agreed by the Special Session.
5. The representative of Korea said that his delegation was prepared to accept the "road-map" text as suggested, provided that a shared understanding existed on two points. First, that the proposed two sentences in paragraph 2(f) did not have sequential implications, meaning that there was no requirement that negotiating guidelines and procedures be established under Article XIX:3 before the stock-taking exercise scheduled for March 2001. Second, that Members were free to propose any agenda item of their interest in the regular and special sessions of the Council for Trade in Services, as agreement on the proposed "road-map" did not prevent Members from raising issues of their concern in the Services Council, in either regular or special session. The representative of Barbados also stressed that paragraph 2(f) did not imply any sequencing.

6. The representative of Bolivia said that her delegation could support the text on the understanding that the third sentence in paragraph 1, referring to "appropriate flexibility in the negotiations for individual developing country Members", did in no way affect Article XIX:2, which referred to such flexibility with respect to liberalization.

7. The representative of Jamaica echoed Bolivia's comment that the reference in paragraph 1 to appropriate flexibility encompassed both procedural and substantive elements of the negotiations, and had to be viewed in the light of consistency with Article XIX.

8. The representative of India stressed that the document for adoption was a "road-map" and not a substitute for negotiating guidelines and procedures which were mandated by Article XIX and needed to be established before negotiations on specific commitments could begin. He stressed that proposals on the technical review of existing GATS provisions had to be aimed solely at improving the clarity and legal consistency of the text of the Agreement and be relevant to Article XIX, and that any work on this issue would in no way alter the GATS architecture nor upset the balance of rights and obligations referred to in Article XIX.

9. The representative of Guatemala said that the "road-map" would be a useful guide for the Council's work in the course of the year, in light of the guidelines which had to be established under Article XIX.

10. The representative of the United States acknowledged that concerns had been raised by many Members, but felt that the text was a very balanced document. It was important as a practical approach to moving forward efficiently in the first phase of the negotiations, it provided Members with direction and an objective to work towards and demonstrated that negotiations were progressing and gaining momentum. She added that her delegation planned to put forward a proposal.

11. The representative of Indonesia, speaking also on behalf of Brunei Darussalam, Malaysia, the Philippines and Thailand, expressed appreciation for Members' flexibility. He said that the text was not fully satisfactory but he was ready to support its adoption. He noted that the text was neither the guidelines nor a substitute for them. Negotiating guidelines and procedures had to be established before any negotiations on specific commitments could take place. With respect to the text, he noted that the notion of technical review was not covered by Article XIX of the GATS and that it was important to avoid any attempts at changing or amending the balance in the Agreement or at affecting specific commitments in any way. He stressed that the existing structure and principles of the GATS had to be preserved. He said that the Special Session should be able to establish modalities for the treatment of autonomous liberalization before starting negotiations on specific commitments. The representative of Pakistan concurred.

12. The representative of the Dominican Republic sought clarification about the legal status of the "road-map". A representative of the WTO Secretariat explained that the text would appear in the minutes of the meeting, and that the Chairman of the Services Council would introduce it in his report to the General Council. The text would be a political understanding with the status of guidelines, and would not have the legal status necessary to be a basis for dispute settlement. With this understanding, the representative of the Dominican Republic said that he supported the text, but stressed that it did not replace the establishment of the guidelines mandated by Article XIX.

13. The representative of Uruguay said that the proposed text represented a useful work programme for the negotiations until March 2001 and that it should be approved within the context of parallelism with other built-in-agenda negotiations, where a work programme for the first year of the negotiations had also been adopted. He also stressed that the mandate to establish negotiating guidelines and procedures under Article XIX had to be fulfilled.

14. The representative of Egypt said that his delegation was also prepared to accept the text in a spirit of compromise, on the understanding that it was no substitute for the establishment of negotiating guidelines and procedures and that any technical review would be limited to improving the clarity and legal consistency of the GATS.

15. The representative of Brazil stressed that the text was only a practical, organizational tool, and not a substitute for negotiating guidelines and procedures. He said that market access negotiations should proceed in parallel with the rule-making work, and that his delegation was keen to see the emergency safeguard negotiations deadline of December 2000 respected. He said that Members had to bear in mind the need to proceed in parallel with the developments in the negotiations on agriculture.

16. The representative of Cuba echoed previous comments that the "road-map" was no substitute for negotiating guidelines and procedures, that it had no legal status and could not be taken to dispute settlement, that any technical review would not change the existing architecture of the GATS and would be relevant to Article XIX, and that, as stated by the delegation of Bolivia, the third sentence in the first paragraph of the "road-map" would not prejudice Article XIX:2.

17. The representative of Mexico said his delegation could accept the "road-map" as amended and observed that no discrepancies existed with respect to the understandings reached.

18. The representative of Mozambique said that his delegation recognized the potential benefits of services liberalization if conducted with the development dimension in mind, which required that mechanisms be put in place to ensure that the progressive liberalization in Article XIX did not impose any additional burden on developing countries. Many delegations had expressed the concern that the objectives of the negotiations be attained in a balanced manner, in particular with regard to increased participation of developing countries and special priority for the least-developed amongst those. His delegation was prepared to join the consensus in supporting the text as amended, considering that it provided a delicate balance and a compromise work programme for the first phase of negotiations, that it incorporated a great deal of understanding among delegations and that it set the broad boundaries of a "road-map" for the coming months of negotiations. He then noted that delegations had been complaining of a lack of transparency and inclusiveness in the conduct of consultations; he stressed that services negotiations were crucial to the whole Membership, and no Member should be left out. All available avenues had to be explored to address this problem if the credibility of the WTO and of the multilateral trading system were to be restored. He said that it was up to small delegations, like his own, to decide how to allocate their limited resources and the fact that they were small delegations did not justify their being overlooked; that was not how equal partners should be treating each other in a multilateral setting like the WTO. The representative of Kenya concurred.

19. The representative of Morocco echoed Mozambique's comments, and added that transparency could contribute to promoting harmony and a positive image of the WTO.

20. The representative of Mauritius associated himself fully with the comments made by the representative of Mozambique. He added that the "road-map" was a compromise text and was not ideal, but should be adopted in a spirit of understanding and compromise. He recalled that his delegation had expressed concern with respect to the first part of paragraph 1, and had accordingly put forward a reservation while it consulted with its authorities. His delegation had offered to meet with interested delegations, to see how to arrive at an understanding on the language, and had indeed met with one. He had heard, however, the Chairman mentioning that the Secretary of the Council had initiated some consultations, and the representative of Brazil saying that an informal consultation had taken place with a view to arriving at a compromise; unfortunately, his delegation had not been convened at those consultations. He stressed that there had been a lot of talk of transparency in decision-making and of involving all delegations in the process, but that consultations had been held

only with very few delegations. While he hoped that this had been an oversight, he felt that there was a need for some hard thinking, particularly at a stage of work when the pre-requisites of important negotiations were addressed and the emphasis was placed on flexibility in the negotiations. On the status of the "road-map", he said that he would have preferred the language of Article XIX:2 to be inserted in paragraph 1; however, in a spirit of understanding and solidarity, his delegation could agree to withdraw its reservation so as to lend support to the sense of purpose that the work deserved.

21. The representative of Senegal stressed that the "road-map" was no substitute for negotiating guidelines and procedures and that the mandate in Article XIX:3 had to be fulfilled before market access negotiations could commence. Noting the clarification on the legal status of the text, the representative of Nigeria said that the text for adoption was only a "road-map", which only played a practical and facilitative role in the process of establishing negotiating guidelines and procedures. The representative of Uganda associated himself with the comments made by the two previous delegations and by the representative of Mozambique.

22. Concluding the discussion on this item, the Chairman suggested that the Special Session of the Council for Trade in Services adopt the text contained in Job No. 2428/Rev.3 as amended at the informal meeting and that the text appear in the report of the meeting.

23. The Council so agreed.

24. The text as adopted is the following.

"1. Pursuant to the objectives of the GATS, as stipulated in the Preamble, in Article IV, and in the mandate contained in Article XIX, negotiations on trade in services shall aim to achieve progressively higher levels of liberalization of trade in services through the reduction or elimination of the adverse effects of measures as a means of providing effective market access. The negotiations shall take place with due respect for national policy objectives and the level of development of individual Members. There shall be appropriate flexibility in the negotiations for individual developing country Members. In this process, the existing structure and principles of the GATS shall be preserved. Members shall aim to complete the current work under Articles VI:4, XIII and XV of the GATS prior to the conclusion of the negotiations. The negotiations on emergency safeguards under Article X of the GATS are due to be completed by 15 December 2000, according to the Decision adopted by the Council for Trade in Services on 24 June 1999 (S/L/73).

2. Without prejudice to the elaboration of negotiating guidelines and procedures as required under Article XIX:3, the following programme and arrangements have been agreed for the first phase of these mandated negotiations on services:

- (a) that the Special Session meetings will be held back-to-back with the regular meetings of the Council for Trade in Services and its subsidiary bodies, in May, July, October and December;
- (b) that proposals would be submitted by Members by the end of December 2000, on the understanding that there would be flexibility for the submission of further or more detailed proposals thereafter;
- (c) that proposals, to be discussed at the Special Sessions, could address matters relating to negotiations under Article XIX including the following themes:
 - Modalities for negotiations

- Increasing participation of developing countries and in particular special priority for least-developed country Members
 - Modalities for the treatment of autonomous liberalization
 - Issues arising from the work carried out in the Council for Trade in Services and its subsidiary bodies, including technical review of existing provisions of the GATS in order to improve the clarity and legal consistency of the text of the Agreement¹;
- (d) that the preparation of negotiating guidelines and procedures in accordance with Article XIX:3 of the GATS, drawing upon the ongoing trade assessment process and any conclusions Members may reach during that process, will be on the agenda of the Special Session as from May 2000 and will be completed as soon as possible. The "Assessment of Trade in Services" and "Work of Subsidiary Bodies – Reports by Chairpersons" will be retained as standing items on the agenda of the Special Session;
- (e) that a best endeavour deadline of March 2001 be set for the completion of the work currently underway in the Committee on Specific Commitments on classification and scheduling guidelines;
- (f) the negotiating guidelines and procedures required under Article XIX:3 shall provide guidance on how to proceed with the work mandated in Articles VI:4, XIII and XV, and the stock-taking exercise set out in item "g" below shall assess progress made in these areas;
- (g) 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."

25. With respect to the comments made about transparency, the Chairman stressed that the process which had led to the drafting and adoption of the "road-map" could not have been more transparent. Three plenary informal meetings had been devoted to it, in addition to today's informal session, and no other meeting involving the Chairman or the Secretariat had taken place. A degree of inadvertent confusion might have originated from the comment, made by the delegation of Brazil at one informal meeting, that informal consultations with a few delegations had taken place. However, such consultations were not conducted or attended by either the Chairman or by representatives of the Secretariat; they had been called at the initiative of Brazil, which was entitled to consult with whichever other delegations it wanted. With respect to his request that a representative of the Secretariat talk to those delegations who still had substantial problems with the text, to see how those could be addressed, he underlined that it was his duty, as Chairman, to try and bridge differences. It was also his duty to bring the bridged text back to the whole Membership, for discussion and eventual approval, which was precisely what he had done.

B. NEGOTIATING GUIDELINES AND PROCEDURES PURSUANT TO ARTICLE XIX OF THE GATS

26. The Chairman stated that Article XIX of the GATS required that for each round of negotiations guidelines and procedures be established. He recalled that, starting with its meeting on

¹ This indent is without prejudice to any Member's position on whether the issues submitted in the proposals are relevant to Article XIX

26 April 1999, the Council for Trade in Services had begun discussions on the establishment of such guidelines in the context of the preparation for the Seattle Ministerial Conference. Discussions had taken place on the subject in both the General Council and the Services Council, and had addressed proposals submitted by delegations to the two Councils in the context of the wider process of preparation for the Ministerial Conference. In this regard, he invited any delegation wishing to draw attention to previous submissions on the subject to take the floor. He also suggested that the services part of the draft Ministerial Declaration prepared for Seattle could be another relevant element to the Council's discussion of this item, and further noted that the draft Declaration enjoyed a very high level of support by Members. He proposed that delegations focus on how to proceed in the preparation of negotiating guidelines and procedures.

27. The representative of the European Communities noted that the Council was not starting from scratch in its preparation of the guidelines: a lot of discussion had taken place in preparation of the Seattle Ministerial and the draft text prepared for the Ministerial enjoyed wide support and formed a good basis. In addition, the "road-map" just agreed could also be used to draft the guidelines. He asked delegations for suggestions on what additional elements should be added to the existing drafts. He proposed that the Secretariat compile existing drafting elements to assist Members in their preparation of the guidelines.

28. The representative of India said that the obligation of drafting of negotiating guidelines and procedures had to be discharged before negotiations on specific commitments could take place. He concurred that Members were not starting from scratch on the guidelines and pointed to the Uruguay Round guidelines and the draft Seattle text which, though not agreed, enjoyed a great deal of support. He agreed that the Council could start preparation of the guidelines on the basis of those two papers, but would reflect further on which additional documents could be useful. As preliminary comments, he said that Article XIX:3 offered guidance on what needed to precede the guidelines. First of all, it required the Council to carry out an assessment of trade in services, and the process so far had been, in his view, a collective failure. In order to carry out the assessment in overall terms, there was a need to collect as much statistical information as possible, while Members' contributions were important for an assessment on a sectoral basis; he noted that the objectives in Article IV:1 were also referred to in Article XIX. Modalities for the treatment of liberalization undertaken autonomously since the Uruguay Round then needed to be established, together with those for the special treatment of least-developed countries. Once those elements had been addressed, they would be brought together with the two existing texts to arrive at the guidelines.

29. The representative of Pakistan echoed India's comments. He would not repeat his delegation's earlier comments on the guidelines, but stressed that guidance was offered by Article XIX:3.

30. The representative of Canada concurred with the European Communities and India that the Council was not starting from scratch and agreed that preparation of the guidelines start from the Uruguay Round guidelines and the draft Seattle text.

31. The representative of Egypt noted that negotiating guidelines and procedures were linked to the assessment, that it was difficult to de-link the two processes and that each was important. He concurred that Members were not starting from scratch and could work using the draft Seattle text and the Uruguay Round guidelines as references. He supported the European Communities' proposal that the Secretariat produce a compilation of existing drafting elements.

32. The representative of Japan said that negotiating guidelines and procedures should be established as soon as possible, should reflect the various interests of Members and take into account and use as a basis the draft Seattle text and the wider context in which that text had been elaborated. He noted that the work for launching a new Round of negotiations was continuing.

33. The representative of Mauritius said that Article XIX:3 contained the basis for the establishment of negotiating guidelines and procedures and stressed that the architecture of the GATS had to be preserved. He supported the European Communities' suggestion of a Secretariat compilation.

34. The representative of Brazil said that the draft Seattle text was a reference point, but not a basis for drafting guidelines. The services part of the draft Ministerial Declaration was part of a wider context, which reflected a balance of interests, and might not be appropriate as a basis for guidelines when considered in isolation; nonetheless, elements of the draft could be usefully discussed. He added that the guidelines should also take into account the discussion on the work programme just agreed by the Special Session of the Council and reflect the interests of all Members.

35. The representative of the United States stressed the importance of establishing negotiating guidelines and procedures as soon as possible. He observed that many sources were available and that Members' contributions were important, and added that his delegation might be submitting a communication. He noted that a substantial amount of work had also been done on the assessment of trade: the Information Exchange Programme, which had accomplished the sectoral discussion, the assessment papers produced by the WTO and UNCTAD Secretariats and Members' own contributions.

36. The representative of Australia stressed the urgency of establishing the guidelines and concurred that the Seattle text was a useful basis; the wide support it enjoyed was a reflection of the balance of interests it represented.

37. The representative of Senegal echoed the comments made by India, Pakistan and Egypt. He said that the guidelines mandated in Article XIX:3 were necessary before specific commitments could be negotiated. He supported the European Communities' suggestion of a Secretariat compilation.

38. The representative of Malaysia noted that negotiating guidelines and procedures were a pre-requisite for market access negotiations. Whilst he agreed that Members were not starting from scratch, he concurred with Brazil that the draft Seattle text was not a basis for the preparation of the guidelines, as it had been negotiated in a different context. He also said that additional contributions by Members could be useful. He stressed the importance of the assessment of trade; contributions had come from various sources, but further work on the effect of services trade for developing countries could be undertaken. His authorities had attempted their own assessment, encountering difficulties because of the number of government departments involved, but had not found that developing countries had benefitted from services trade, which was an element to be recognized in the guidelines. He stressed that the existing structure of the GATS had to be preserved during the negotiations.

39. The representative of Indonesia shared the view that previous work be used in the preparation of the guidelines, and said that this included Members' contributions, the Uruguay Round guidelines and the draft Seattle declaration, which was never agreed and should not be used as a basis, but rather as a useful reference.

40. The representative of Chile observed that the draft Seattle text, with appropriate modifications and amendments, was a good basis for the establishment of negotiating guidelines and procedures. The guidelines agreed for the Uruguay Round were also useful, and he asked that they be circulated to the Council.

41. The representative of Uruguay said that negotiating guidelines and procedures, mandated under Article XIX, had to be drafted on the basis of Members' proposals. He echoed Brazil's and Malaysia's comments as concerned the draft Seattle text, and said that any work on that draft had to

take into account the draft texts elaborated for other negotiations in the built-in-agenda. He sought further clarifications on the compilation proposed by the European Communities.

42. The representative of Cuba concurred that the Uruguay Round guidelines and the draft Seattle declaration were useful documents in the preparation of the guidelines. She echoed India's comments about the importance of the assessment of trade and stressed the need to evaluate the effect of services trade on developing countries, of establishing modalities for the treatment of autonomous liberalization and for the special treatment of least-developed countries.

43. The representative of Hong Kong, China said he was looking forward to Members' submissions on negotiating guidelines and procedures and that his delegation would also be contributing a paper.

44. The representative of Morocco said that the guidelines were necessary before market access negotiations could commence. He concurred that the draft Seattle text was a helpful source of inspiration and that the assessment of trade was a useful basis for the establishment of guidelines.

45. Noting the priority that Members attached to the mandate in Article XIX:3, the representative of New Zealand agreed that useful resource documents were available for the establishment of negotiating guidelines and procedures, which included the draft Seattle text, the Uruguay Round guidelines and the "road-map" just agreed. He added that the assessment of trade would feed in the development of the guidelines.

46. The representative of Bolivia underlined the importance both of the guidelines, which facilitated the negotiations, and of the assessment of trade, which was essential to the guidelines. She concurred with Brazil that the draft Seattle text was not a basis for negotiations, as it had been elaborated in a different context, but rather a source of inspiration, which had to take into account other elements of the built-in-agenda negotiations. She agreed that the Uruguay Round guidelines could be helpful and should be complemented by Members' proposals.

47. The representative of Turkey stressed that the legal necessity of establishing negotiating guidelines and procedures could not be overlooked. He said that guidelines needed to be clear and precise, but that a short and simple text was preferable, so that market access negotiations would not be unduly delayed. He was ready to look at substantial issues of negotiations while discussing the establishment negotiating guidelines and procedures in the same context but on a separate track. He observed that a strict interpretation of Article XIX might be argued to imply that no negotiations could take place without the establishment of negotiating guidelines and procedures, but that practical concerns and expectations urged Members to accelerate their work; he said that it was important to clarify the compatibility of such a conduct of work with Article XIX. He agreed that the work undertaken in preparation of the Seattle Ministerial Conference was relevant to the guidelines, but given the broader context in which such work had been carried out, the draft text could only be used after the appropriate revisions.

48. The representative of the Philippines concurred that Members were not starting from scratch with the establishment of the guidelines and that useful references existed, but noted that the draft Seattle text had been elaborated in the context of much wider negotiations. He pointed to the importance of Article XIX and said that the role of the assessment, and in particular any conclusions drawn from it, should not be trivialised. He stressed that negotiating guidelines and procedures had to be established before any form of market access negotiations could begin.

49. The representative of the Dominican Republic said that the "road-map" was no substitute for negotiating guidelines and procedures; these had to be consistent with Article XIX:3 and reflect all the elements contained in Article XIX, including the reference therein to Article IV.

50. The representative of Hungary said that valuable work had been undertaken before the Seattle Ministerial Conference, and that the draft Seattle text was an important input for the establishment of the guidelines. He supported the European Communities' suggestion for a Secretariat compilation to include all contributions by Members.

51. The representative of Guatemala said that negotiating guidelines and procedures were important, and that assessment of trade was equally important to achieve progressively higher levels of liberalization. She added that the guidelines had to be established before negotiations on specific commitments could begin.

52. With respect to the background work for the establishment of negotiating guidelines and procedures, the representative of Switzerland noted the draft Seattle text was one of the relevant documents which were available. The draft text was the reflection of a process which had included a broad and profound assessment of trade in services, and he urged Members to make efficient use of the text. He supported the compilation proposed by the European Communities.

53. The representative of Venezuela said that the "road-map" just agreed was on track towards the establishment of negotiating guidelines and procedures, but stressed that these were essential to ensure that the objectives of Article IV were achieved. The draft Seattle text and the Uruguay Round experience could not be ignored, but, similarly, Members' contributions, new issues, such as clusters or competition issues, and the "road-map" just agreed, could also be taken into account.

54. The representative of El Salvador stressed that the guidelines were necessary to start market access negotiations; they had to be established on the basis of Members' proposals, and observed that the draft Seattle text, similarly to the Uruguay Round guidelines or Members' earlier submissions, were useful solely as references. He echoed comments by India and Egypt on the importance of the assessment.

55. The representative of Cyprus noted the need and importance of establishing negotiating guidelines and procedures and was in favour of the compilation proposed by the European Communities.

56. The representative of Paraguay echoed the comment by Uruguay that Members' proposals were essential to the establishment of negotiating guidelines and procedures and that the draft Seattle text was to be used as a reference, and not as a solid basis. He added that a greater understanding was needed on autonomous liberalization undertaken since the Uruguay Round, especially by developed countries, in order to achieve progressively higher liberalization in those areas.

57. The representative of Nigeria said that Article XIX:3 had to guide the Council in the establishment of negotiating guidelines and procedures. He noted the usefulness of the Uruguay Round guidelines and of the draft Seattle text, but observed that the latter had been elaborated under different circumstances. These information documents did not preclude submissions by Members, some of which might address how to deal with autonomous liberalization and modalities for the treatment of least-developed countries.

58. The representative of Ecuador echoed those delegations which had stressed the urgency and priority of establishing negotiating guidelines and procedures in accordance with the provisions in Article XIX. He said that the Uruguay Round guidelines and the draft Seattle text were reference elements which should be made available for the discussion. He asked the Chairman how he intended to take the discussion forward at the Special Session in July.

59. The representative of Djibouti said that technical assistance was important to focus the assessment and that there was a need for training and know-how which could be addressed through seminars in Geneva and elsewhere.

60. Responding to requests for further clarifications, the representative of the European Communities explained that the compilation he had suggested would be more than a collection of documents; it would update the draft Seattle text on the basis of discussions of the "road-map" and of other elements which had been raised by Members.

61. The representative of Australia supported the suggestion that the Secretariat produce a collation of elements, drawing from the Seattle text as a reference, and not as a static document, as well as from other sources, such as the Punta del Este guidelines, work done through the Uruguay Round and Members' contributions.

62. The representative of Switzerland said that more discussion was needed before Members could start drafting. He suggested that a list of all proposals by Members concerning the guidelines and other relevant documents be drawn up, together with an indicative, non-exhaustive checklist of issues for the guidelines, such as autonomous liberalization, treatment of least-developed countries, formulas, no exclusion of sectors and others.

63. The representative of India said that an additional meeting was necessary for more substantial discussion before the Secretariat could be asked to add on to the draft Seattle text. The representative of Egypt concurred, as he had understood the European Communities' proposal to be just a compilation of elements which had been submitted by Members.

64. The representative of Uruguay stated that no Seattle text was ever approved, and hence it was not possible to update a document that did not exist; another text was necessary, which would take into account draft guidelines prepared for all the built-in-agenda negotiations. He added that the Secretariat had an administrative function, and could not update or submit proposals, as these were Members' sole responsibility. In this respect, he noted that the "road-map", which was just a work programme, had been elaborated on the basis of Members' original submissions and the same should happen when it came to the more important process of establishing negotiating guidelines and procedures.

65. The representative of Brazil echoed Uruguay's comments on the draft Seattle text, supported India's suggestion that one substantial meeting was necessary before the Secretariat could be asked to produce a text and agreed that a compilation of all relevant documents would be useful and could include the Uruguay Round guidelines, the main points of the draft Seattle text and Members' own contributions.

66. The representative of Ecuador observed that what many delegations called the "Seattle text" was a document submitted and discussed at the Seattle Ministerial Conference. He concurred that one substantial meeting was necessary before drawing up a text and asked for clarification on when Members' proposals could be submitted to the Special Session. The Chairman said that negotiating guidelines and procedures would be a standing item on the agenda of the Special Session.

67. The representative of Argentina said that the Council could not operate as if all earlier discussions and drafts did not exist. Members had spent months debating the guidelines, and now it was important to decide how to make use of all the available background work and which elements would be included in the guidelines. He concurred that more substantial discussion was necessary, but felt that the Secretariat could help to identify the themes which might be in the guidelines, to which Members could add new ideas and proposals. The draft Seattle text was one of several

references, which could be changed or improved, but suggested that the discussion focus on the elements of the guidelines, rather than on the reference texts.

68. The representative of Venezuela echoed Argentina's comments that it was important not to confuse the elements which would form part of the guidelines with the guidelines themselves, and stressed the importance of deciding on the former. In this respect, he concurred with India's observation that more substantial discussion was necessary.

69. The representative of the European Communities reiterated that the work carried out in preparation of the Seattle Ministerial could not be ignored, and concurred with Argentina that the Secretariat could help to bring together all the elements relevant to the preparation of the guidelines. As concerned India's comment on sequencing, he could agree that more substantial discussion take place at the July meeting before the Secretariat be asked to draw up a draft text.

70. The representative of Pakistan agreed that the Secretariat should prepare a compilation of elements, going as far back as the Uruguay Round. He associated himself with the comment by Uruguay that there was no "Seattle text" as such, but was prepared to look at the elements which had emerged from the discussion on the guidelines.

71. Summing up the discussion on this item, the Chairman said that Members had stressed the importance and urgency of establishing negotiating guidelines and procedures. Several delegations had noted that the Council was not starting from scratch with the guidelines and that previous work was useful, including the draft Seattle text, which had enjoyed a high degree of support, but that circumstances had changed since. A number of delegations had also said that they would submit proposals. The Secretariat would not prepare a draft text for the guidelines, but would produce a compilation of elements drawing from the draft Seattle text, the Uruguay Round guidelines and other papers mentioned by delegations, as a basis for discussion at the next meeting of the Special Session. He suggested that the Council take note of the statements made and revert to this item at its next Special Session.

72. The Council so agreed.

C. ASSESSMENT OF TRADE IN SERVICES

73. The Chairman recalled that, at previous Council meetings, a number of delegations had pointed out data and information problems which might affect the Council's ability to assess developments in services trade under the GATS. At the same time, several delegations had mentioned the possibility of new statistical sources being developed at national and international levels, which might gradually ease such problems. As far as international statistics were concerned, he drew Members' attention to a background note which the Secretariat had recently prepared for the Working Party on GATS Rules and which had been circulated as document S/WPGR/W/32, and which reported on the current state of play in the UN Inter-Agency Task Force on Statistics of International Trade in Services. With respect to statistical developments at the national level, including in private fora, which had been mentioned by some delegations, he urged Members to keep the Council informed of any such developments. He observed that national administrations were better equipped to monitor and provide appropriate information on what was going in their statistical offices and other relevant bodies than, for example, the WTO Secretariat. He said that delegations might also find it helpful to again consult a note circulated by the Secretariat in late 1997 as document S/C/W/27, which provided an overview of statistics on international services trade available at that time. He added that Members might want to request the Secretariat to check whether recent developments merited an update of that document and, if so, to prepare it for a future Council meeting.

74. The representative of the Dominican Republic drew delegations' attention to the document containing the conclusions and recommendations of the Expert Meeting on Tourism organized by UNCTAD, which had been circulated at the request of his delegation with the symbol S/C/W/149. He observed that the document could help discussions on the assessment in sectoral terms. This could be useful as a guide for Members' discussion of the sector. He drew Members' attention particularly to paragraph 6 of the Chairperson's Summary, and noted the significant impact that restrictions on competition had on trade in this sector. He then pointed to the Agreed Conclusions, and specifically to paragraphs 1 and 2, which referred to the need for universal application of an internationally agreed definition of the tourism sector and to the development of an Annex on tourism services under the GATS.

75. The representative of India reiterated the comments he had made under the previous agenda item about the link between the assessment and negotiating guidelines and procedures. As preliminary observations, he noted that the assessment was to be carried out both in overall terms and on a sectoral basis and with reference to the objectives of the GATS, including those in Article IV:1. He suggested that Members try to overcome some of the statistical problems by breaking statistics down between the overall and sectoral levels. His delegation was considering looking at sectors of importance to India to arrive at an assessment of trade in sectoral terms, and he encouraged other Members to do likewise in order to move the process forward. He suggested that the Secretariat establish contacts with other international inter-governmental organizations with respect to services statistics. He concurred that the assessment needed to be an on-going process, but stressed that it needed to be carried out for the establishment of negotiating guidelines and procedures.

76. The representative of Pakistan recalled that the assessment was mandated by Article XIX:3 and had to be carried out in overall and sectoral terms. In this respect, he was encouraged by the submission by the Dominican Republic with respect to the assessment on a sectoral basis, which was as important as the overall one. While recognizing the statistical problems involved, he reiterated the emphasis placed by his delegation on the assessment.

77. The representative of Egypt observed that earlier Council meetings on the assessment of trade should feed into the negotiations and into the establishment of negotiating guidelines and procedures, but that further work was necessary. The assessment of trade was essential to see the impact of services trade on developing countries.

78. The representative of the European Communities said that the work which had been carried out in the Council in 1999 was useful and informative, and contributions had come from various sources. He observed that the assessment discussions had been reflected in the Seattle text, and that it had been agreed that the assessment would be an on-going process, to be carried out by Members themselves. He said that the assessment required by Article XIX for the establishment of negotiating guidelines and procedures was a way of identifying priorities for the negotiations. He agreed that the Secretariat be asked to consider whether document S/C/W/27 could be updated, and drew Members' attention to the services data which had been circulated by the European Services Forum.

79. In addition the comments he had made under the previous agenda item, the representative of the United States noted that his authorities had been mentioned as a possible source of statistical information and said that they would look at which documents could be made available to the Council. He explained that, contrary to what had been reported in the minutes of the previous meeting, he had not made an offer on behalf of the delegation of Canada; what he had meant was that, in the past, the United States and Canada had prepared seminars on statistical issues, but his delegation would also be prepared to collaborate in the future. He urged Members to look beyond trade statistics in their assessment of services trade; for example, the information conveyed by the decline in long-distance phone charges was interesting. The representative of Canada expressed equal willingness to cooperate.

80. The representative of Cuba stressed the importance of the assessment, and was in favour of Members taking into account the work carried out by other international inter-governmental organizations.

81. The representative of Australia supported the Secretariat looking at updating document S/C/W/27. She suggested that the information produced as part of the Council's Information Exchange Programme be compiled for Members' reference, that the Secretariat create a web page dedicated to the assessment and that the Trade and Development Centre web-site might be expanded to address services trade and development issues. She encouraged Members' own contributions to the process, and said that the assessment had to focus on the general objective of progressive liberalization contained in Article XIX. She referred to a study which her delegation had commissioned on the subject, which had concluded that a 50 per cent reduction in distortions to services trade would result in a gain in world welfare of 250 billion US dollars. She then drew Members' attention to the useful web-site of the Harvard University Centre, whose address was <http://www.cid.harvard.edu/cidtrade>

82. The representative of Kenya stressed the importance of obtaining data from impartial sources, like UNCTAD, the IMF and the World Bank, and urged that data from private sector organizations be channelled through Members' national representatives.

83. The representative of Japan recalled that a paper on the assessment had been submitted by his delegation in April 1999, which incorporated also national services statistics. The paper which had been prepared for the Working Party on GATS Rules was also interesting and encouraging, and was testimony to the on-going co-operation among international organizations. He observed that the implementation of the Services Manual would not be easy, and hence there was a need to find out how it could be facilitated.

84. The representative of Venezuela said that other documents should be part of a collection of information on the assessment, and referred to IMF statistics, information from the ANDEAN Group, material from a recent OECD meeting on services and an OECD study relating to energy services, UNCTAD's Expert recommendations on electronic commerce. She stressed that national efforts were essential to enhance knowledge about the impact of services trade and that the assessment should be on-going. She said that she would make the ANDEAN Group study available.

85. Noting the importance of the assessment of trade, the representative of the Philippines said that the exercise had two pronged-end objectives: Members' own assessment was to lead to progressively higher liberalization and hence had to be left to domestic policy makers; the assessment mandated by Article XIX:3 was for the establishment of negotiating guidelines and procedures, and not aimed at achieving progressively higher levels of liberalization.

86. Responding to an earlier suggestion, a representative of the WTO Secretariat explained that the background notes which had been prepared by the Secretariat for the Information Exchange Programme were being compiled in a single document which would be published in the near future.

87. Concluding the discussion on this item, the Chairman said that Members had noted the importance of the assessment and of solidifying the statistical basis, and suggested that best practices be exchanged and experiences shared. Several delegations were also in favour of the Secretariat checking whether recent developments in services statistics merited an update of document S/C/W/27 and, if so, to prepare it for a future Council meeting. He said that the Council would take note of the statements made and revert to this item at its next Special Session.

D. TOURISM SERVICES

88. The Chairman recalled that, at the last meeting of the Special Session, delegations had continued their discussion of the proposal for a GATS Annex on tourism made by the Dominican Republic, El Salvador and Honduras in document S/C/W/127 and Corr.1. Members had expressed wide support for holding discussions on tourism and related services; at the same time, no consensus had emerged on how such discussions should proceed. Suggestions had included the organization of a symposium, to permit the participation of the private sector and academic experts, and work on clusters. He invited additional comments on those suggestions and, in general, on how the Council should proceed with the work on tourism. He also drew delegations' attention to the communication received from the Dominican Republic, also on behalf of El Salvador, Guatemala, Honduras, Nicaragua and Panama, circulated as document S/C/W/149, which had been introduced by the representative of the Dominican Republic under the previous agenda item.

89. The representative of Mauritius expressed interest in pursuing a deeper discussion on the concepts of clusters and core services.

90. The representative of Switzerland said that a number of questions still needed to be clarified about the proposed Annex. He was in favour of holding a symposium, with experts, academics and private sector participation, to address the reasons and objectives of an Annex, its coverage, sector-specific disciplines and classification issues, which could however also be addressed in the Committee on Specific Commitments, as for environmental and energy services.

91. The representative of Argentina said that his delegation was still analysing the document and had questions about how to deal with such an ambitious and wide proposal, which addressed diverse issues such as definition, classification, clusters and competition. The first question was whether the proposal should be addressed as a whole or separately, and to what extent sector-specific issues could be addressed with an Annex or with other instruments. The proposed symposium with experts' participation had the advantage of allowing for a general overview of the sector from the point of view of its operators and regulators; however, it would also be a static, one-time event, which was not desirable given the scope of the subject. He added that some elements of the proposal, such as classification issues, might be tackled in the specific fora where other sectors were also being addressed.

92. The representative of Canada noted the importance of the sector, especially for developing countries, and supported negotiations on tourism which would reflect commercial reality. Her delegation still remained to be convinced about the usefulness of an Annex, and she urged Members to consider alternative approaches. She observed that the scope of the proposal was overly broad, that liberalization efforts should focus on identifying priority barriers, and suggested that classification issues be addressed in the Committee on Specific Commitments. Her delegation could support holding a seminar on tourism, to address issues including elements unique to the sector which might require the development of an Annex, scope, possible re-definition of the sector and disciplines to remove barriers to trade.

93. The representative of Japan concurred that the scope of the proposal was wide. He understood the proposal to suggest that disciplines would be developed which might apply to clusters and which might be different from market access negotiations. However, he stressed that discussions in the Special Session had to be closely related to those on clusters taking place other fora, as there still was a possible resemblance between the cluster approach in the proposal and the cluster approach in market access negotiations. He observed that safeguard disciplines for competition should be applied taking into account sectoral characteristics; if they were applied solely to tourism, they might endanger coherence. As concerned the proposed seminar, he said that it would be useful if a

programme specific to tourism were specified and if discussions were circumscribed to the GATS framework.

94. The representative of Poland supported the proposal for an Annex on tourism. She observed that mode 2 was very important for the sector, which comprised all services which were the object of tourist demand. It was therefore the status of the consumer which distinguished a service as a tourism service; this resulted in a wide, very open list of services, and the Appendix to the proposed Annex contained many services which did not belong to tourism. She noted that the GATS distinguished sectors on the basis of the supplier, not the consumer, hence the classification of tourism services in document MTN.GNS/W/120, which was, however, inadequate for the sector. Still, a demand-based classification would result in certain services being included in more than one sector. There was also a need to consider how to address liberalization in more than one sector and how to use liberalization in tourism taking into account other non-tourism services.

95. The representative of the United States said that tourism was not only important to developing countries. He noted that Members had undertaken more commitments in tourism services than in any other sector, but that those commitments might vary and not be comprehensive, so that the development of a model schedule might be useful to achieve further liberalization. Members could consider building on the proposal by including a model schedule for a portion of the sector, such as hotels and lodging. In this regard, he observed that modern hotels were indispensable to attract further investment; a typical hotel resort development required large investments, feasibility work, real estate and financial arrangements, followed by large expenditures to construct and operate the facility. He said that the proposal for a tourism Annex was creative and could work towards the establishment of a comprehensive approach for tourism. His delegation had a number of questions on the proposal. First, he wondered about the need for the scope of the Appendix to be so extensive, as this included at times whole sub-sectors, such as medical and dental services, or educational services. Then, he noted that "cultural services" and "global distribution systems", respectively in paragraphs 2.1.3 and 2.1.6 of the draft Annex were undefined. He felt that competitive safeguards dealt with in the context of the draft Annex were not helpful in the development of tourism disciplines. He was also unclear about the appropriateness of consumer safeguards as trade issues. He was concerned by section 5, as access to Global Distributions Systems on a non-discriminatory basis was not defined and left a number of questions open; in addition, Computer Reservation Systems were being addressed by the Council in the review of the Annex on Air Transport Services and should not be examined in this context. Similarly, issues related to air transport services were inappropriate in the draft Annex on tourism. He found the reference to sustainable development in section 7 useful, but expressed concern about the reference, in paragraph 7.3, to the provision of information on technologies, in particular with respect to the kind of information to be provided and the relationship with the TRIPS Agreement. In addition, paragraph 7.5 was too broad, and provided no definition of "internationally-recognized standards", which should not be discussed solely for tourism services. With reference to section 8, he suggested that examples of areas for consultation with other international organization would be useful. On the suggested symposium, his delegation welcomed the opportunity to participate and was also open to alternatives.

96. While expressing interest in the proposal, the representative of Hong Kong, China stressed the importance of determining what could and what could not be done within the GATS framework. He shared some of the concerns expressed by the United States, and was of the view that classification issues could be dealt with more efficiently in the Committee on Specific Commitments.

97. The representative of Saint Lucia said that in principle her delegation supported the proposal for an Annex. They were actively and carefully reviewing the paper and also looking at related issues, such as competition policy. She added that the cluster concept was interesting. She expressed strong support for the symposium proposal, with the participation of the private sector, of experts and academics, to further the objectives of Article IV of the GATS.

98. The representative of Brazil said that it was important to decide how to organize work, and in this respect expressed interest for the suggestion by Argentina that Members define elements for discussion, such as classification, clusters, definition, competition and the draft Annex. She stressed that negotiating guidelines and procedures were necessary before negotiating themes could be addressed, but that issues such as classification could be discussed in the Committee on Specific Commitments. She was in favour of holding a symposium, as an occasion to exchange views.

99. The representative of the Dominican Republic said that he could not accept that the discussion of the proposal for the Annex on tourism be moved to the subsidiary bodies, as those bodies had no negotiating mandate. He explained that it was never intended that the question of classification be studied in the Annex. To avoid confusion, his delegation was prepared to take out of the Appendix all sectors not directly specific to tourism, so as to arrive at a definition coherent with the one of the World Tourism Organization. In this regard, he noted the precedents contained in the Annex on Financial Services and the Annex on Basic Telecommunications, as well as the telecommunications Reference Paper. He suggested that, in order to progress in this area, the "services week" of meetings be scheduled in such a way as to allow for more time for consultations among delegations. He noted the emerging consensus that a seminar be held on tourism services, to gain awareness of the political and economic importance of the sector. The Chairman responded that he had already talked to the Chairpersons of the subsidiary bodies to try to arrange meetings over longer than a week.

100. Noting the importance of the proposal, the representative of Cuba said that he shared the concern in the proposal that developing countries which export tourism services fully reap the benefits of their exports. He also supported the holding of a seminar, to address all the elements of the proposed Annex on tourism.

101. The representative of Venezuela saw merit in the proposal on tourism, and said that the communication provided clear indications of why an Annex was needed. He also understood that the proposal by the World Tourism Organization on classification might be subject to interpretation and discussion. He was in favour of continuing discussions on this issue in the Special Session, and supported the idea of a seminar.

102. Speaking on organizational issues, the representative of the European Communities said that he was inclined to agree with the Dominican Republic that discussions should continue in the Special Session, as the proposal was very comprehensive and addressed market access and horizontal issues. He was in favour of holding a symposium, and suggested that more time be reserved in the Special Session to discuss tourism services in more detail, and in particular to address at least four issues, namely definitions and the concept of an Annex, clusters, regulatory elements and competition issues.

103. The representative of Korea drew Members' attention to existing studies of the sector, such as those by the World Tourism Organization, the World Travel and Tourism Council and the OECD, and to the information on the development of tourism satellite accounts, and said that the Secretariat might collect them. As concerned the importance which was attached in the proposal to competitive safeguards against multinational enterprises, he suggested that any information, either from the Secretariat or from Members, about how prevalent such anti-competitive behaviour was in the sector would be useful.

104. The representative of Norway noted that classification issues were complex and could be discussed in the Committee on Specific Commitments. He wondered why delegations were concerned that deferring such issues to subsidiary bodies would diminish their importance, and added that structuring the discussion constructively might help overcome such concerns. He supported the holding of a symposium, with the participation of representatives of the tourism industry, to arrive at a better understanding of what could and could not be done under the GATS to promote tourism.

105. The representative of Ecuador was also in favour of a seminar on tourism, which would allow for private sector participation and would be of an educative nature, to contribute to substantial discussions. He noted that the proposal for an Annex was very wide and ambitious, which reflected the importance of the sector, and had to remain in the Special Session. In his delegation's view, the proposal pursued three objectives, namely encouraging continued liberalization in the sector, effective market access and greater participation of developing countries. The representatives of Uruguay and of Guatemala also supported the seminar, as a means of better understanding the proposal for an Annex on tourism and its implications.

106. The representative of Paraguay said that the tourism could contribute to development and that the tourism capacity of developing countries should be strengthened to fulfill the objectives of Article IV of the GATS. The proposed seminar was very important, and should allow for the participation of the private sector, as well as other international organizations dealing with tourism services.

107. By way of preliminary comments, the representative of Mexico welcomed the proposal and said that his delegation was still examining it, but was concerned by the cluster proposal, as the request and offer approach was the one to be used for the negotiations.

108. The representative of Egypt supported the main thrust of the proposal, in particular with respect to the elements of the Annex, but said that the issue of clusters required more discussion. He was also in favour of holding a seminar to discuss tourism-related matters, and suggested that the presence of international organizations involved in tourism would enrich the event. The representative of Morocco said that tourism was an important source of revenue and employment, expressed support for the proposed seminar and agreed that the issue should continue to be discussed in the Special Session.

109. The representative of Australia said that her delegation could consider holding a seminar as long as it was focused on relevant issues, and hence discussion and agreement on the programme for such a seminar was essential.

110. Responding to delegations' questions, the representative of the Dominican Republic noted that many answers could be found in document S/C/W/149, and referred in particular to the question on anti-competitive safeguards by Korea. As concerned Norway's comment about referring matters to the subsidiary bodies, he concurred that such a decision could be taken, but would need to be taken by consensus. On clusters, he shared Mexico's concern, but emphasized the difference between disciplines and commitments and said that clusters were very useful when used with respect to regulatory principles.

111. Concluding on this item, the Chairman noted the importance that all Members attached to the sector, but added that several questions were raised as concerned the proposed approach of an Annex. As concerned the organization of work, he suggested that substantial time be devoted to this agenda item at the next Special Session, notwithstanding other important items which figured on the agenda of the Special Session. The proposal of holding a seminar or symposium on tourism had been met with broad support, as a way of deepening Members' understanding, but it had been stressed that the event needed to be focused and a number of organizational issues still needed to be discussed. He suggested that, at the July meeting, the Secretariat put forward ideas on the practicalities of such a seminar, seeking advice from interested delegations especially on the timing and on the speakers to be invited, keeping in mind the need for such a seminar to be problem-oriented.

112. The Council so agreed.

E. OTHER MATTERS RELATING TO THE NEGOTIATIONS UNDER ARTICLE XIX OF THE GATS

113. The Chairman recalled that, at its last meeting, the Council had agreed that this item would be a standing item on the agenda of the Special Session. This had been decided upon the suggestion of some Members that an item referring specifically to Article XIX would provide an opportunity for delegations to raise any matter relating to the negotiation which was not covered by the other items on the agenda. He drew delegations' attention to two submissions on clusters, one by the European Communities, contained in document S/CSS/W/3, and one by Australia, circulated as an informal paper in Job No. 3194.

114. The representative of Australia explained that the paper was a follow-up to a communication presented to the Council in September 1999, and was intended to shed some light on how a cluster approach might work. Clusters were aimed at achieving greater liberalization and transparency, and were a possible negotiating instrument. She highlighted the main principles of cluster negotiations: first, the technical work of revising classification should not be confused with work on negotiating proposals for cluster negotiations. Her delegation was of the view that there was no need to adopt a cluster approach for all sectors, as clusters might be more appropriate for some sectors only. Third, any model for cluster negotiations should allow flexibility as to which sectors were covered. Participation in cluster negotiations should remain voluntary, thereby achieving the objective that negotiations be transparent and allow for participation by smaller delegations. Finally, different models could suit different clusters; one was the illustrative list approach, which would consist of a comprehensive list of those subsectors forming a cluster because of commercial inter-relations, and another was the development of a model schedule for each cluster.

115. The representative of the European Communities explained that the paper was intended as a contribution to the question of what was a cluster and how it could be used. On the first element, a cluster was a group of sectors or sub-sectors which were related and for which negotiators would agree to seek a harmonized and coherent set of commitments; in this regard, he concurred that classification issued should not be mixed with clusters. With respect to the circumstances in which clusters might be needed, he envisaged two. First, when economic activities were cutting across several sectors but were not covered anywhere; electronic commerce could be an example, where to operate a web-site, commitments were needed in telecommunications, computer-related, payment and advertising services. Second, where a core sector was dependant on key inputs in other sectors or sub-sectors, such as in the proposal on tourism services. In both circumstances, priorities needed to be set, for clusters to be as focused as possible, and his delegation would welcome proposals or examples on which clusters would be considered priorities. As concerned the use of clusters, he did not have a definitive view yet, but saw two main options: one was to use clusters as checklists of inter-related sectors for negotiation purposes, as "memory tools" to ensure coherence in the final outcome; the other was the use them as draft model schedules, which would propose for acceptance a pre-established set of commitments. At the current stage of thinking, his preference went to the first option, which would preserve the traditional negotiating approach of exchanging concessions, would be closer to the bottom-up structure of the GATS and more in line with the fact that GATS negotiations were driven by individual Members. However, this did not preclude the possibility for some Members to propose specific levels of commitments for a cluster.

116. By way of preliminary reaction, the representative of India said that confusion existed on whether clusters were intended for classification purposes, in which case they were best addressed in the Committee on Specific Commitments, or for negotiating reasons, in which case it was necessary to wait for the establishment of negotiating guidelines and procedures. He stressed that Article XIX referred to progressive, not coherent or cohesive liberalization; it was up to individual Members to decide what was coherent for them and to set up their own checklists of sectors, and not for the Council. He noted that neither of the proposals mentioned the requirement, in Article XIX, that the

process of liberalization take place with due respect for national policy objectives and the level of development of individual Members. He sought clarification on whether the reference to flexibility in paragraph 2 of the paper by the European Communities implied that such flexibility would disappear if a cluster approach were to be adopted. Article XIX:2 provided flexibility for developing countries to open fewer sectors and liberalize fewer types of transactions, and he was concerned that a cluster approach which implied that some sectors were inter-related and that, in order to seek maximum welfare gains, Members should commit in all those sectors might undermine such flexibility. He sought clarification from the delegation of Australia about the term "critical mass" in their paper, which seemed to suggest a plurilateral approach. He emphasised that any suggestion which might impact on the GATS architecture would be a matter of serious concern.

117. The representative of Norway said that discussions on clusters in the Committee on Specific Commitments had shown that the Special Session should provide guidance on the issue. She observed that the term "cluster" was used very differently by Members, and that it was important to arrive at a definition, bearing in mind that the main objective of Members' work in this area was to facilitate negotiations and to ensure that they were based on market realities; she suggested that clusters might be defined as closely inter-related services. She concurred that clusters should reflect how markets functioned, that they should not be unduly wide, or used in all sectors. In her delegation's opinion, the cluster issue had two elements, classification and negotiations, and therefore she could not share Australia's view that the cluster approach and the negotiations were completely separate issues. She echoed the European Communities' suggestion that clusters could be used as checklists and Australia's view that they could be used in model schedules, but stressed that both suggestions concerned the use of clusters, and not what they were. On classification, she saw the practical value of using clusters as a basis for input for the revision of the W/120 classification; clusters could help to define sub-sectors not classified, or where the classification was too limited or needed to be re-shuffled, and pointed to energy and environmental services as possible examples. However, she was concerned that cluster negotiations might impact on classification if they resulted in fragmentation of sectors based on their end-use, as the question would arise of how a definition based on end-use would be interpreted.

118. The representative of Switzerland observed that different sectors were often inter-related and that clusters allowed to reflect such inter-relations, and could serve as checklists for negotiations on a voluntary basis. Paragraphs 5 and 6 in the paper by the European Communities implied that a careful choice had to be made of the areas where clusters could be developed; he suggested that energy and environmental services might be given priority. He observed that the two models in paragraph 6 of the paper from Australia were not mutually exclusive; Members could start with the first one for some sectors, such as energy and environment, and then decide how far to advance with a model schedule. His delegation was of the view that the classification problems in the W/120 services classification list should be solved before moving on to clusters.

119. The representative of Japan offered preliminary comments. He noted the distinction between cluster negotiations and classification issues made in the paper by Australia, as well as Norway's disagreement, and the fact that some delegations had observed that defining the scope for clusters was distinct from how clusters should be used. He then sought additional clarifications from the delegation of Australia. First, he wondered whether the flexibility in paragraph 4 of the paper applied to the both the cases illustrated in paragraph 6, as he was unclear about how such flexibility would be used in model schedules. Similarly, with respect to paragraph 5, while voluntary participation seemed natural for illustrative list approaches, it was unclear to what extent it could be applied to model schedules. As concerned paragraph 7, he concurred that deciding to which sector which cluster model would apply was premature, but wondered when such a decision would be taken, if before or after deciding on the scope of clusters.

120. The representative of Venezuela said that it was important to clarify the advantages of adopting a cluster approach. As concerned the paper by Australia, he expressed doubts about the suggestion that clusters might facilitate developing countries' participation in the negotiations; clusters might foster greater liberalization in critical sub-sectors, but he was unclear about the implications if only some Members took part in such negotiations. By way of preliminary comments, he said that he was doubtful that the progressive liberalization mandate in Article XIX could be fulfilled through cluster negotiations, as clusters appeared to be extremely complex and developing countries might be disadvantaged by such a complicated methodology. Clusters might also weaken certain sectors with respect to others or offer greater opportunities for some Members and not for others. He sought additional clarifications about how sectors for clusters would be identified, and noted that developing countries might have difficulties in this regard. Whilst not negative towards clusters, his delegation was sceptical and stressed the need for further discussion.

121. The representative of New Zealand observed that, when discussing the notion of "cluster", Members had different meanings in mind and held different views as to how they could be made operational. For his delegation, a cluster was where a number of sectors, which were already classified, were grouped together according to end-use or some other economic inter-linkage. As concerned their objective, the issue was more complex, and at present his delegation tended to view clusters as negotiating tools in bilateral market access negotiations, but was willing to engage in further discussions, which, it was hoped, would address also the issue of the fragmentation of core infrastructural sectors.

122. In a preliminary manner, the representative of Egypt observed that Members needed to arrive at an agreed definition of "clusters", as none existed as yet, and to a clarification on whether clusters were a negotiating approach or a classification tool, or both. He sought clarification on the extent to which clusters could limit the flexibility granted to developing countries for opening fewer sectors or Members' right to regulate; he also wondered how to avoid the imposition of commitments in undesired sub-sectors just because such sub-sectors were related to a cluster, or the overlap or duplication of commitments in Members' schedules. His delegation was ready to look at proposals, and in particular at those related to the use of a voluntary approach to supplement other approaches, with due respect for the principles and structure of the GATS and the legal certainty of commitments.

123. The representative of Pakistan expressed great concern with respect to the issue of clusters. He shared the apprehensions about the implications of a cluster approach on progressive liberalization, due respect for national policy objectives and appropriate flexibility for developing countries for opening fewer sectors, which were all integral components of Article XIX. He noted that the concept of clusters was at a primary stage of examination and required a lot of in-depth analysis vis-à-vis its implications on the architecture of the GATS, which Members were committed to preserve. He said that the discussion was premature, as issues of paramount importance relating to the establishment of negotiating guidelines and procedures had to be discussed and settled first.

124. The representative of the United States said that his delegation held a different view of what was meant by the term "clusters". A cluster was a definitional concept intended to deal with deficiencies in the W/120 services classification list, which might be relevant possibly only to a handful of sectors. It was a different concept from model schedules, which could be based on the MTN.GNS/W/120 classification or on a cluster, and which were not new and had been used during the Uruguay Round negotiations. Clusters were memory tools in the same way that the MTN.GNS/W/120 classification was a memory tool, and, likewise, they were a negotiating tool in the same way that the MTN.GNS/W/120 definitions of a sector were a negotiating tool.

125. The representative of Hungary said that the timing of the discussion was appropriate, as Members should try to clarify what was meant by the notion of "clusters" and arrive at a uniform approach. As concerned the proposals, his delegation's thinking went along lines similar to the ones

expressed in paragraph 3 of the European Communities' paper and paragraph 6(a) of the Australian submission. He also concurred that clusters could be useful memory tools, checklists of closely inter-related sectors which could be used in request and offer negotiations, as this was in line with the bottom-up approach of the GATS and could help to achieve coherence and efficiency in the negotiations. His delegation viewed clusters as a means of avoiding fragmentation, and concurred with what was stated in paragraph 5 of the European Communities' paper. With respect to model schedules, he wondered how they would be compatible with the architecture of the GATS and found them somehow unrealistic.

126. By way of preliminary comments, the representative of Brazil shared India's caution. Her delegation was open to discuss "clusters" as an auxiliary approach, but she stressed that any proposal implying an imposition of the sectors to be committed would not be acceptable to her delegation. The flexibility contained in Article XIX:2 had to be the guiding principle of the negotiations, so that the architecture of the GATS would not be jeopardized. She found the notion of autonomous liberalization in a cluster approach interesting. She said that it was important to address how to draw the line between the negotiating issues, which had to wait for negotiating guidelines and procedures, and the concept work which might precede the negotiations.

127. The representative of Indonesia echoed the caution expressed by some of the previous speakers. In a preliminary manner, he said that clusters were a classification issue and that deeper discussion was needed on how to use them as negotiating tools. The Services Council in Special Session had to separate those issues which belonged to the regular Council and its subsidiary bodies from those which were for the negotiating body itself. He stressed that his delegation was open to discussions, but there had to be no erosion of the flexibility for developing countries contained in Article XIX; in this respect, he observed that the asymmetry between developed and developing countries in services trade remained and hence preserving such flexibility was essential.

128. The representative of Hong Kong, China said that clusters were intended to assist request and offer negotiations to achieve effective market access. As concerned the paper by Australia, he expressed doubts with respect to the model schedule and sought clarification on whether the reference to "voluntary" in paragraph 5 was suggesting a plurilateral approach. His delegation tended to view clusters as very detailed lists containing sub-sectors that clearly belonged to a sector, as well as other relevant related sectors, and considered the concept to be relevant only for a limited number of sectors.

129. The representative of Canada noted the usefulness and timeliness of discussing the concept of clusters. With respect to the comments made by the Indian representative, she noted the importance of recognizing that Members made their own assessment of the inter-relatedness of sectors and of the potential impact of the removal of barriers in one or more of such sectors. She was of the view that the development of clusters would not require amendments to the existing classification, but still stressed the need to consider how clusters related to classification. She said that sectors which fell outside clusters still needed attention, and suggested that Members might want to consider analysing environmental and tourism sectors, for which the term cluster had been used, in view of the definition that was being discussed. She encouraged further discussion of the concept, noting the importance of focusing on what the Members' obligations would be with respect to clusters.

130. The representative of Nigeria said that the idea of clusters was unclear. On a preliminary basis, he echoed India's comments; he expressed concern about the possibility that the flexibility and progressive liberalization in Article XIX might be undermined by clusters, but was ready to engage in further discussion.

131. Caution was expressed also by the representative of Malaysia. He was worried that clusters might result in liberalization going beyond the principles in Article XIX, at least as far as the

responsibilities and obligations of developing countries were concerned, and that they might upset the special and differential treatment for developing countries in the GATS. He acknowledged the importance of looking at actual market realities, but stressed that this included the asymmetry which existed between developed and developing countries in services trade; such a reality had to be taken into account when examining the economic impact of clusters. He took the example of the environmental services cluster suggested by the European Communities, and said that his delegation would have an interest in only a few sub-sectors. He indicated that a cluster approach used as a formula approach would be difficult to accept for his delegation. He sought clarification about how the decision between a multilateral and a plurilateral approach would be taken; he was concerned that a plurilateral approach required a critical mass, as had been the case for the Information Technology Agreement in goods, and might create asymmetry and disadvantage developing countries. He observed that a cluster approach might present advantages, but had the disadvantage that fewer Members would engage in such negotiations.

132. The representative of the Philippines welcomed the discussion of the issue in the Special Session, given its impact on the negotiations. By way of preliminary comments, he expressed concern with respect to the implication that a cluster approach might result in wholesale commitments and deprive Members, and particularly developing country Members, of the flexibility in the GATS. He observed that clusters were related to negotiating guidelines and procedures, and hence had to be addressed after, or at least during the development of such guidelines.

133. Reserving his right for further comments, the representative of Argentina noted that both proposals referred to the notion of "clusters", but interpreted it differently. He felt that examining the concept in abstract was not helpful to the discussion about how clusters would be used. He suggested that the Special Session and the Committee on Specific Commitments examine the issue in the context of concrete examples, such as tourism services.

134. The representative of Mauritius observed that the term "cluster" was used loosely and indiscriminately, and pointed to the need for greater reflection and examination of the issue before any decision could be reached.

135. Responding to an earlier question, the representative of the United States said that environmental services were an example of a sector where the W/120 definition was inadequate, as the sector went beyond that classification, and observed that the proposal that the European Communities had submitted in the Committee on Specific Commitments was a good example of a cluster which included also related sectors, such as, for example, construction services related to engineering. With respect to the comment that proposals related to the negotiations should not be considered before the establishment of negotiating guidelines and procedures, he noted that this was not the case, as shown by the discussion on the proposal for an Annex on tourism.

136. In a preliminary manner, the representative of Mexico said that clusters were mere technical tools, to allow Members to identify problems and errors in the present services classification and amend it where necessary and justified. He also observed that the present classification provided stability and underlined the need to avoid any duplication of sectors. He urged Members not forget that other important issues were being discussed in the Special Session, which needed to be solved and which required similar attention to the one devoted to the issue of clusters.

137. The representative of Uruguay echoed Mexico's comments. He stressed the importance of preserving the existing architecture of the GATS and of distinguishing classification issues from negotiating ones. He shared the concern expressed by several delegations with respect to clusters, and noted that Members should adopt realistic and pragmatic approaches for the negotiations.

138. Reservations were also expressed by the representative of Kenya. His delegation was hesitant to support any approach which might diminish the flexibility accorded to developing countries under Article XIX.

139. Summarizing the discussion of this item, the Chairman said that a number of clarifications had been sought by Members with respect to the two proposals, and suggested, also in view of the preliminary nature of several delegations' comments, that such questions be addressed at the next meeting. He proposed that the Council take note of the statements made and revert to this item at its next meeting.

F. WORK OF SUBSIDIARY BODIES - REPORTS BY CHAIRPERSONS

140. The Chairman recalled that, at the Special Session on 25 February, several delegations had referred to the close link between the negotiations and the work underway in the subsidiary bodies to the Services Council. Therefore, it had been agreed that those bodies report regularly to the Special Session. In the interest of efficiency and in order to facilitate a rapid flow of information, he had suggested that the Chairpersons of subsidiary bodies be invited to make oral reports to the Special Session. However, due to time constraints at the last Special Session, those reports had been postponed to this meeting. He therefore proceeded to offer the floor to the Chairpersons of the subsidiary bodies.

141. The Chairman of the Committee on Financial Services, Mr. Lotfy Abdel-Hamid of Egypt, explained that the Committee was mandated to discuss matters relating to trade in financial services and formulate proposals or recommendations for consideration by the Council. It was responsible, *inter alia*, for the continuous review and surveillance of the application of the GATS with respect to the sector, and served as a forum for technical discussions and examination of regulatory developments. In the course of 1999, the Committee had held three formal meetings, which had focused principally on the acceptance of the Fifth Protocol to the GATS embodying the results of the financial services negotiations and the organisation of future work. In 2000, the committee had so far met twice, and had addressed the following main issues.

142. First, it had addressed the acceptance of the Fifth Protocol to the GATS. As of 26 May, 10 Members (Bolivia, Brazil, Dominican Republic, Ghana, Jamaica, Kenya, Nigeria, Philippines, Poland and Uruguay) had yet to accept the Protocol. The Committee had invited those Members to give information on the situation regarding their domestic ratification processes and acceptances and had heard progress reports from all of them. Ghana was already in a position to accept the Protocol and had requested the Council for Trade in Services to reopen it for that purpose. Kenya was awaiting for the necessary instrument to be sent from capital shortly, which signalled the imminence of its acceptance. Poland expected to be able to accept by the end of the year. Brazil, Dominican Republic, Nigeria, the Philippines and Uruguay had indicated that domestic processes were underway, although with some procedural delays, and that it was only a matter of time before their acceptances could be finalized. Bolivia and Jamaica had informed the Committee that, following the 1997 negotiations, developments had occurred within their financial systems which required the undertaking of regulatory reforms in the sector; those initiatives, currently in process, would need to be completed before the ratification of the Fifth Protocol could take place. Members had reiterated the great importance attached to the acceptance of the Protocol by all Members concerned, and had called for progress reports to be given at each meeting, as well as for concrete plans to achieve acceptance expeditiously.

143. The Committee had also addressed technical issues. Under this item Members had continued their discussion of what they could usefully do having in mind the current round of services negotiations. In 1999, some delegations had expressed their interest in taking up the distinction between modes 1 and 2 and the sectoral classification of financial services. However, in 2000

different views were voiced as to the appropriateness of discussing such issues in the Committee, and it was decided to keep the items on the agenda for delegations to explore ways to pursue the work, preferably on the basis of submissions by delegations. The general feeling was that any work undertaken on technical issues in the Committee should not duplicate, but add to discussions in other bodies.

144. Under the item "Other Issues for Future Discussion" ideas had been expressed as to the broader role that the Committee could play and the technical issues that could be considered. In this respect, it had been suggested that the Committee keep track of developments in other services bodies which were likely to be relevant to financial services, with a view to developing them further in a sectoral context. On technical issues, it had been proposed that a full discussion be held on various negotiating approaches which had been used in the past, such as the Understanding on Financial Services, on the improvement of commitments and on the harmonization of classification in financial services. Additionally, the desirability of developing a definition or common understanding of the meaning of "prudential regulation" had also been voiced. In this respect, some delegations had expressed reservations as to the feasibility of reaching consensus on a definition of prudential measures, given the disparities that existed in financial systems among countries. However, they had supported discussing the matter for transparency purposes, given that the general policy regarding prudential regulation should be transparent, and to enhance their understanding of the possible issues. Other Members had indicated reservations as to the desirability of addressing the issue given that the prudential exception constituted a fine compromise to preserve regulatory flexibility in that very sensitive sector. The Committee had heard calls for caution in deciding on the need to take up the issue in future discussions and had decided to further consider the ideas and revert to them at its next meeting.

145. Regarding recent developments in financial services trade, the Committee was informed of regulatory changes that had taken place recently in the Czech Republic; Hong Kong, China; Korea; Turkey and the United States. The Committee had also been considering a communication from the International Association of Insurance Supervisors, dated 27 March 2000, requesting observer status. Some delegations had voiced their support for granting observership, based on the relevance of the requesting entity's work to the Committee's discussions; others were inclined to address the question of observership as a systemic issue in the context of the General Council's discussions. The Committee would revert to the discussion at a future meeting.

146. The Chairman of the Committee on Specific Commitments, Mr. Tomo Uyama of Japan, recalled that the Committee was established on 4 October 1995 by a decision of the Council for Trade in Services to address matters of a technical nature regarding Members' schedules of specific commitments, and, in particular, to oversee the implementation of specific commitments in all modes of supply, including specific commitments relating to movement of natural persons; to examine, at the request of Members, schedules of specific commitments and lists of exemptions from Article II of the GATS, particularly with a view to improving their technical accuracy and coherence in the future; and to oversee the application of the procedures for the modification of schedules pursuant to Article XXI of the GATS.

147. At its meeting on 19 July 1999, the Committee had adopted the text of the "Procedures for the implementation of Article XXI of GATS" relating to the modification of schedules. At its meeting held on 11 April 2000, the Committee had adopted the text of the "Procedures for the certification of rectifications or improvements to schedules of specific commitments" and forwarded it to the Council for Trade in Services on 14 April 2000 for a formal decision. The Committee had also recently overseen a procedure for the consolidation and verification of the electronic version of the schedules of specific commitments. Although the electronic schedules did not have legal status, they would constitute a useful tool for Members. The Committee was at that time focusing its work on classification and scheduling guidelines.

148. On the issue of classification, the Committee had begun technical work on a number of services sectors, without prejudice to the inclusion of other sectors whose classification might need to be revisited. At the April 2000 meeting of the Committee, it had been agreed to advance work on the classification of individual services sectors through informal session to be held within the formal meetings of the Committee. The first informal session had dealt with classification issues relating to environmental services, energy services, legal services, postal and courier services and construction services. The sectoral discussions were very technical in nature and in all cases were held on the basis of proposals by Members. Under this item Members had also begun to address the general question of the outcome of the work of the Committee on classification: while it was the general view that the structure of the W/120 should be maintained, strong support was emerging for justified and necessary amendments to the current classification list. The issue of the possible development of "clusters" for negotiating purposes had been raised in the Committee, notably in the case of environmental services. The Committee could continue to take into account proposals on "clusters" in the specific sectors for the purpose of advancing classification work, in particular to avoid duplications in such sectors as environment and energy. However, given the divergent views, as well as concerns, expressed on "clusters", the exercise had to be done without prejudice to the outcome of the general debate on the implications of the "clusters" approach. As the discussion of the previous agenda item had shown, the issue remained open.

149. As concerned scheduling guidelines, in 1999 the Committee had reached a common understanding on many issues involved in their revision, which had been incorporated in the Secretariat document Job No. 4055/Rev.1. Members were also trying to reach agreement on a number of outstanding issues, which needed to be addressed in the revised scheduling guidelines contained in document Job No. 4056/Rev.1. Progress on such issues had been facilitated by a Note by the previous Chairman, suggesting possible compromises and indicating how to structure future discussions on the remaining contentious issues. Over the last three meetings, Members had engaged in intensive discussions of the Chairman's compromise proposals and in some cases had advanced alternative drafting proposals, which had helped to bridge some gaps. Agreement was reached on the Chairman's proposal on how to advance work in the area, namely by identifying a list of outstanding issues to be addressed with priority, while putting aside for the time being other less important or more controversial outstanding issues. The work had progressed in those selected issues over the past few meetings. The Committee had agreed that, before the next formal meeting in July, the Chairman could consider whether to hold informal consultations on the subject in order to bridge the remaining gaps on the outstanding issues and produce a single draft of the revised scheduling guidelines for consideration by Members. He took note that the work of the Committee was perceived to be of great relevance to the mandated services negotiations and, hence, a best endeavour deadline had been introduced by the "road-map" text just agreed by Members.

150. The Chairman of the Working Party on GATS Rules, Mr. Tony Sims of the United Kingdom, indicated that the Working Party had held two formal meetings in 2000, on 24 March and 4-5 May. At those meetings, Members had discussed the three issues the Working Party is mandated to negotiate: emergency safeguard measures under GATS Article X; subsidies, under Article XV; and government procurement under Article XIII.

151. On emergency safeguard measures, discussions had focused on a concept paper introduced on 24 March by Thailand on behalf of the ASEAN Members and circulated as S/WPGR/W/30. The concept paper contained elements of a possible emergency safeguard mechanism under GATS Article X. The development of such a mechanism for services raised a variety of conceptual, methodological and statistical questions that the Working Party would have to address over the following months, bearing in mind that the deadline for the negotiations on safeguards was 15 December 2000. Although there were differing views on the desirability of a safeguard mechanism, Members had agreed to leave that question aside for the time being and to focus on feasibility issues. In order to structure the debate, the previous Chairman had circulated on 29 March

an illustrative list, in Job No. 1979, of eight themes which could usefully be discussed, without prejudice to the final outcome of the negotiations. The eight themes contained in the list were: definition of "domestic industry", the issue of "acquired rights", modal application of safeguard measures, the concept of "like" service, indicators and criteria, applicable measures, compensation, and special and differential treatment. A further issue, "unforeseen circumstances", had since been added. The Working Party had held three informal meetings until then, addressing the first six themes on the list, and it would hold another one on 22 June to complete the examination of the list and to discuss any other issue that delegations might want to raise in this context. At their next formal meeting, Members might want to consider in particular how to structure their work on safeguards until the 15 December deadline.

152. With respect to subsidies, Members were considering the need for, and possible scope of, disciplines on subsidies which had a distortive effect on trade. Argentina and Hong Kong, China had presented, on 24 March, a communication discussing relevant issues and identifying a number of themes for future discussion, circulated in document S/WPGR/W/31. At the same meeting, Poland had submitted its reply to the questionnaire the Working Party had agreed to in 1997 in the context of the information exchange. Poland was only the fourth Member to provide a reply, which was contained in S/WPGR/W/16/Add.4. At the request of the Working Party, the Secretariat was updating previous factual notes in that area in order to help Members in their consideration of possible disciplines. At their next meeting, Members might want to consider developing a checklist of issues for future discussion; the list could be based on issues identified in the Argentina and Hong Kong, China communication and in previous background papers prepared by the Secretariat.

153. On government procurement, discussions had continued on definitional issues, helped by an informal communication made available by Japan on the treatment of privatized entities under the Agreement of Government Procurement, and circulated as Job No. 6789. In addition, the Working Party was considering different options for a framework of possible multilateral disciplines in the area.

154. He said that the next formal meeting of the Working Party would take place on 7 July 2000.

155. The Chairman of the Working Party on Domestic Regulation, Mr. Sergio Escudero of Chile, recalled that, since its creation in April 1999, the Working Party on Domestic Regulation had held one informal and six formal meeting. Those meetings had been under the chairmanships of Mr. Paul Robertson of Canada first, and of himself as of the fifth meeting.

156. Discussions of the Working Party had focused mainly on issues related to the development of horizontally applicable disciplines on domestic regulation, without ruling out the possibility of developing sectoral disciplines as well. To facilitate discussions, the Secretariat had prepared two background papers at the request of the Council for Trade in Services, circulated as documents S/C/W/96 and S/C/W/97. Formal papers were subsequently submitted by Australia, Hong Kong, China, the United States, the European Communities, Japan and Poland. Informal papers had also been submitted by Mr. Robertson as Chairperson, numerous delegations and the Secretariat. The issues of necessity and transparency had until then received the greatest attention by Members.

157. The mandate of the Working Party included the development of horizontal disciplines for professional services. To help advance that work, the Working Party had decided that Members would consult on a voluntary basis with their domestic professional associations, while the Secretariat would consult with specified international organizations to be identified by Members. The consultations concerned the potential applicability for other professions of the disciplines on domestic regulations in accountancy, which had been developed earlier by the Working Party on Professional Services.

158. Agreed deadlines for the voluntary consultations by Members were 31 December 1999 to complete domestic consultations, and 31 March 2000 for Members to notify the WTO of the results of their consultations. Although no notifications to the WTO had been made by the deadline, a significant number had been received since, with more notifications pending. At the Working Party meeting on 14 April 2000, the OECD had also given an informal presentation of their work on domestic regulation, including the newly released paper on strengthening regulatory transparency.

159. Objectives of the Working Party for the rest of this year included further discussion of necessity, transparency and other related concepts leading to the creation of additional disciplines on domestic regulation. Any such new disciplines were to be combined with the existing accountancy disciplines, which might themselves be revised or expanded, and made legally binding as part of the on-going services negotiations.

160. The representative of Saint Lucia asked whether the reports could be circulated in writing at the end of the meeting.

161. The Chairman said that they would be reflected in the report of the meeting and be made available to Member as soon as possible. He suggested that the Council take note of the reports.

162. The Council took note.
