

**Committee on Trade in Financial Services**

REPORT OF THE COMMITTEE ON TRADE IN FINANCIAL SERVICES  
TO THE COUNCIL FOR TRADE IN SERVICES

I. Activities of the Committee in 1996

1. The activities of the Committee on Trade in Financial Services in 1996 focused on five main issues: monitoring of the acceptance and implementation of the results of the financial services negotiations concluded in July 1995; exchange of information on recent developments in financial services trade; consideration of some technical issues regarding the schedules of specific commitments and Article II (MFN) exemptions; availability of financial services data; and organization of future work. The work of the Committee in 1996 was conducted under the Chairmanship of Mr. Frank Swedlove of Canada. The Committee held two formal meetings in 1996.<sup>1</sup>

2. On the monitoring of the acceptance and implementation of the results of the financial services negotiations, the Committee provided transparency on the status of acceptances of the Second Protocol to the GATS to all Members, and contributed to the completion of the acceptance process by the Members concerned.<sup>2</sup> Although not all Members concerned were able to accept the Protocol by the initial deadline of 30 June 1996, it entered into force on 1 September 1996 by virtue of a decision taken on 30 July 1996 by Members which had accepted it. This was in accordance with the procedures inscribed in the Protocol adopted by the Committee in July 1995. A decision by the Council for Trade in Services was also taken on the same day to extend the period for acceptance of the Protocol until 30 November 1996, allowing the remaining Members to accept. The Committee continues to monitor the acceptance of the Protocol by the remaining Members.

3. Concerning the exchange of information on recent developments in financial services trade, several Members reported recent liberalization measures. These developments were welcomed, and Members were encouraged to report any related developments to the Committee for transparency purposes.

4. Regarding the consideration of technical issues, the Secretariat produced a note indicating issues for discussion on two technical questions; the distinction between Modes 1 and 2 in financial services and sectoral classification of financial services. Other technical issues, such as how to improve the verification of schedules and MFN exemptions after negotiations, have also been raised. The Committee agrees to pursue these discussions. ./.

---

<sup>1</sup>Up to and including the meeting of 22 October 1996.

<sup>2</sup>The Members concerned are: Australia, Brazil, Canada, Chile, Czech Republic, Dominican Republic, Egypt, European Community and its Member States (15), Hong Kong, Hungary, India, Indonesia, Japan, Korea, Kuwait, Malaysia, Mexico, Morocco, Norway, Pakistan, Philippines, Poland, Singapore, Slovak Republic, South Africa, Switzerland, Thailand, Turkey, Venezuela. The Members which have not yet accepted the Protocol as of 22 October 1996 are Belgium, Brazil, Egypt, Greece, Portugal and Spain.

5. On the availability of financial services data, the Committee encouraged the Secretariat to work in close cooperation with other international organizations in their efforts to improve the availability of statistics, and requested it to report on any future developments with respect to this subject.

## II. The agenda for 1997

6. The Council for Trade in Services had decided in July 1995 that all Members be given the opportunity to modify or withdraw all or part of their specific commitments and to list Article II (MFN) exemptions under the GATS in financial services during a period of 60 days beginning on 1 November 1997. The Committee will oversee negotiations undertaken in accordance with this decision, and has decided that such negotiations will resume in early April 1997.

7. On the organization of future work, the Committee recognized the importance of proper early preparation for the resumption of negotiations in 1997. It therefore agreed to draw up a timetable for such negotiations leading to their conclusion in December 1997. Such a timetable will be presented to the next meeting of the Committee to be held in early April 1997.

8. The Committee considers that it will be important for Ministers in Singapore to express their intention to bring the negotiations on trade in financial services to be resumed in early 1997 to a successful conclusion within the prescribed time frame. The aim of these negotiations should be to achieve higher levels of liberalization commitments in financial services trade on a most-favoured-nation basis, with the broadest level of participation, bearing in mind the principle of progressive liberalization. Such negotiations should take full account of recent regulatory reforms by Members.