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## Working Party on GATS Rules

### REPORT OF THE WORKING PARTY ON GATS RULES TO THE COUNCIL FOR TRADE IN SERVICES

1. Since its last annual report<sup>1</sup>, the Working Party on GATS Rules has held five formal meetings. Minutes of the meetings are contained in documents (S/WPGR/M/30-34). In each meeting, the Working Party considered the three negotiating mandates: emergency safeguard measures (Article X); government procurement (Article XIII); and subsidies (Article XV).

#### I. NEGOTIATIONS ON EMERGENCY SAFEGUARD MEASURES UNDER GATS ARTICLE X

2. At its meeting on 20 November 2000, the Working Party agreed to extend the negotiating mandate under Article X until 15 March 2002 (doc. S/C/W/184). This proposal was adopted by the Council for Trade in Services at its meeting on 1 December 2000.

3. Differing views continued to be expressed regarding the desirability and feasibility of an emergency safeguard mechanism (ESM) in services. Most discussions were held on the basis of the illustrative list of themes circulated by the Chairperson (Job No. 1979/Rev.1). The list includes issues such as situations justifying safeguard action, the definition of "domestic industry" and the issue of "acquired rights", the modal application of a safeguard mechanism, the concept of "like service", the identification of indicators and criteria for determining injury and causality, the possible forms of a safeguard measure, the questions of compensation and special and differential treatment, and relevant procedural matters. A number of delegations presented informal written contributions on specific aspects of a possible ESM. Moreover, a group of delegations presented an informal *Draft agreement on emergency safeguard measures for trade in services*, on 31 October 2000. All issues were examined in both formal and informal meetings.

4. The Working Party also discussed the organization of future work, keeping in mind the negotiating deadline of 15 March 2002. In July 2001, the Working Party requested the Chairperson to prepare, under his responsibility, a synopsis which would outline the current state of the discussion under the ten items identified in the Chairperson's Note, Job No. 1979/Rev.1. The synopsis was circulated on 7 August (JOB(01)/122) and is without prejudice to the questions of desirability and feasibility, nor to the form that a possible ESM might take. It presents, in a synthetic way, the main options proposed until July 2001, and indicates comments made by Members.

#### II. NEGOTIATIONS ON GOVERNMENT PROCUREMENT UNDER GATS ARTICLE XIII

5. Discussions have continued on definitional issues as well as on possible multilateral disciplines in this area.

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<sup>1</sup> S/WPGR/W/35, 3 November 2000.

### **III. NEGOTIATIONS ON SUBSIDIES UNDER GATS ARTICLE XV**

6. The Working Party has continued to consider the need for, and possible scope of, disciplines on subsidies which may have trade-distortive effects. Delegations proceeded on the basis of the Chairperson's Checklist (Job No. 4519/Rev.1), and took up one item at each successive meeting. The fifth and last item was addressed in July. At that meeting, it was decided that the Checklist would remain on the table for the time being and that the five topics it contains would remain open for discussion.

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