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## COMMUNICATION FROM THE EUROPEAN COMMUNITIES AND THEIR MEMBER STATES

### Coverage of CPC 84 – Computer and Related Services

The attached communication has been received from the delegation of the European Communities and their Member States with the request that it be circulated to the Council for Trade in Services in Special Session and the Committee on Specific Commitments.

1. In July 2002, the European Communities and their Member States (hereinafter “the EC”) tabled a Negotiating Proposal on Computer and related services (S/CSS/W/34/Add.1). This Negotiating Proposal was prompted by:

- (i) the growing importance of the sector - Computer and related services are fundamental for economic activity and permeate all sectors. They are a tool for economic development because of their role in building infrastructure and creating employment (particularly skilled jobs), in both developing economies and developed countries.
- (ii) the speed of technological development - Computer services become more and more varied and complex. Evolved services such as web-hosting and application service providers (ASPs), are a combination of various sub-sectors of Chapter CPC 84: it is therefore increasingly difficult to distinguish between the different sub-headings of CPC 84, and sometimes between services covered under CPC 84 and neighbouring services such as telecommunications.

2. In addition to presenting the negotiating objectives of the EC, this proposal underlined the need to clarify the scope of coverage of CPC 84, in order to avoid possible misunderstandings amongst Members regarding the scope of the commitments made under CPC 84.

3. The EC is not seeking a re-classification of computer and related services, which is – and should continue to be – defined as in division 84 of the provisional CPC (attached in annex for reference).

4. The EC does not think it appropriate to negotiate an annex to the GATS with a list of services covered by CPC 84, as this list is bound to be rendered obsolete by rapid technological developments soon.

5. The EC suggests that WTO Members reach a clear understanding on the scope of coverage of CPC 84 on the basis of a functional definition, which should increase legal certainty and help identify

which services, in particular among “evolved” services, are covered by this chapter CPC 84 and which are not. WTO Members could indicate in the “sector” column of their schedule of commitments, under “CPC 84 – Computer and related services” that they subscribe to the “Understanding on the scope of coverage of CPC 84”, which would be attached to the schedule.

6. The EC puts forward the following text as an attempt to develop the “Understanding” mentioned above. The EC is prepared to discuss this text in the context of the Council for Trade in Services in special session and of the Committee on Specific Commitments and would welcome any suggestions from WTO Members with a view to possible improvements.

Understanding on the scope of coverage of CPC 84 - Computer and Related Services

7. CPC 84 covers the basic functions used to provide all computer and related services: computer programs defined as the sets of instructions required to make computers work and communicate (including their development and implementation), data processing and storage, and related services, such as consultancy and training services for staff of clients. Technological developments have led to the increased offering of these services as a bundle or package of related services that can include some or all of these basic functions. For example, services such as web or domain hosting, data mining services and grid computing each consist of a combination of basic computer services functions.

8. Computer and related services, regardless of whether they are delivered via a network, including the Internet, include all services that provide:

- consulting, strategy, analysis, planning, specification, design, development, installation, implementation, integration, testing, debugging, updating, support, technical assistance, or management of or for computers or computer systems; or
- computer programs defined as the sets of instructions required to make computers work and communicate (in and of themselves), plus consulting, strategy, analysis, planning, specification, design, development, installation, implementation, integration, testing, debugging, updating, adaptation, maintenance, support, technical assistance, management or use of or for computer programs; or
- data processing, data storage, data hosting or database services; or
- maintenance and repair services for office machinery and equipment, including computers; or
- training services for staff of clients, related to computer programs, computers or computer systems, and not elsewhere classified.

9. **Computer and related services** enable the provision of other services (e.g., banking) by both electronic and other means. However, there is an important distinction between the enabling service (e.g., web-hosting or application hosting) and the content or core service that is being delivered electronically (e.g., banking). In such cases, the content or core service is not covered by CPC 84.

ANNEX

CPC DIVISION 84 - COMPUTER AND RELATED SERVICES

841 Consultancy services related to the installation of computer hardware

8410 84100 Consultancy services related to the installation of computer hardware

Assistance services to the clients in the installation of computer hardware (i.e. physical equipment) and computer networks.

842 Software implementation services

All services involving consultancy services on, development and implementation of software. The term "software" may be defined as the sets of instructions required to make computers work and communicate. A number of different programmes may be developed for specific applications (application software), and the customer may have a choice of using ready-made programmes off the shelf (packaged software), developing specific programmes for particular requirements (customized software) or using a combination of the two.

8421 84210 Systems and software consulting services

Services of a general nature prior to the development of data processing systems and applications. It might be management services, project planning services, etc.

8422 84220 Systems analysis services

Analysis services include analysis of the clients' needs, defining functional specification, and setting up the team. Also involved are project management, technical coordination and integration and definition of the systems architecture.

8423 84230 Systems design services

Design services include technical solutions, with respect to methodology, quality-assurance, choice of equipment software packages or new technologies, etc.

8424 84240 Programming services

Programming services include the implementation phase, i.e. writing and debugging programmes, conducting tests, and editing documentation.

8425 84250 Systems maintenance services

Maintenance services include consulting and technical assistance services of software products in use, rewriting or changing existing programmes or systems, and maintaining up-to-date software documentation and manuals. Also included are specialist work, e.g. conversions.

843 Data processing services

8431 84310 Input preparation services

Data recording services such as key punching, optical scanning or other methods for data entry.

8432 84320 Data-processing and tabulation services

Services such as data processing and tabulation services, computer calculating services, and rental services of computer time.

8433 84330 Time-sharing services

This seems to be the same type of services as 84320. Computer time only is bought; if it is bought from the customer's premises, telecommunications services are also bought. Data processing or tabulation services may also be bought from a service bureau. In both cases the services might be time sharing processed. Thus, there is no clear distinction between 84320 and 84330.

8439 84390 Other data processing services

Services which manage the full operations of a customer's facilities under contract: computer-room environmental quality control services; management services of in-place computer equipment combinations; and management services of computer work flows and distributions.

844 Database services

8440 84400 Database services

All services provided from primarily structured databases through a communication network.

Exclusions: Data and message transmission services (e.g. network operation services, value-added network services) are classified in class 7523 (Data and message transmission services).

Documentation services consisting in information retrieval from databases are classified in subclass 96311 (Library services).

845 Maintenance and repair services of office machinery and equipment including computers

8450 84500 Maintenance and repair services of office machinery and equipment including computers

Repair and maintenance services of office machinery, computers and related equipment.

849 Other computer services

8491 84910 Data preparation services

Data preparation services for clients not involving data processing services.

8499 84990 Other computer services n.e.c.

Other computer related services, not elsewhere classified, e.g. training services for staff of clients, and other professional computer services.

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