

WORLD TRADE ORGANIZATION

RESTRICTED

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Committee on Specific Commitments

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COMMUNICATION FROM POLAND

Classification issues

The following communication has been received from the delegation of Poland with the request that it be circulated to the Members of the Committee on Specific Commitments.

1. With reference to the discussion held by the Committee on Specific Commitments on possible amendments of the services sectoral classification list MTN.GNS/120, in Poland's opinion there is still a necessity to discuss the issues of general nature, including the following:

I. THE ISSUE OF DESIRABILITY AND SCOPE OF POSSIBLE AMENDMENTS TO CURRENT CLASSIFICATION LIST W/120

2. Poland understands that the purpose of envisaged modification of classification list W/120 is to elaborate a more precise and updated version, which would reflect economic reality more adequately and would allow wider access to domestic markets as well as progressive liberalisation in scheduling specific commitments. Poland also perceives the necessity to include new service sectors, not covered by the current classification list and to reflect undergoing technological changes. The revised classification list would replace the current document W/120 and might be binding in formulating postulates of greater liberalisation and in recording specific commitments. Therefore the Members should consider the usefulness, advantages and consequences of possible adoption of amended classification list.

3. The consequences of in-depth modification of classification list MTN.GNS/120 might be important in the view of commitments taken under GATS. Since the present classification was used by most GATS Members to formulate legally binding obligations, the enlargement of scope and definitions of services sectors will require *inter alia* the rewording of schedules of specific commitments. New classification list through alterations in definitions and sectoral coverage could result effect in unintended enlargement of the scope of scheduled commitments and market access.

4. At the same time, while understanding the problems arising from overlaps between sectors, such as those between energy, construction and environmental services, Poland believes that the idea of so called 'clusters' approach is, as yet, too ambiguous and requires further consideration. At this stage of work it seems that compilation of such lists may have a negative influence on transparency and clarity of applied classification list.

II. AMENDMENTS BASED ON A PARTICULAR CLASSIFICATION SYSTEM

5. In Poland's view a connection between GATS classification list and already existing, commonly used classification systems (mainly with CPC or CPC rev.1 - a basis for W/120), will help in interpreting and comparing the scope of Members commitments. In the absence of such a

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connection, it would be difficult to state whether undertaken obligations have a liberalising effect or on the contrary, for example, limit market access.

6. In Poland, the Polish Classification of Goods and Services is in force. This classification maintains mutual connections *inter alia* with following classification systems:

- ISIC (International Standard Industrial Classification);
- CPA (Central Product Classification);
- UN CPC (United Nations Central Product Classification), basis for GATS services sectoral classification list W/120.

7. Therefore in Poland's opinion it is very important to base the amendments of document W/120 on CPC or CPC rev. 1, to which the above-mentioned Polish classification refers.

III. THE ISSUE OF BINDING STATUS OF UPDATED CLASSIFICATION LIST

8. Another crucial issue is a legal status of envisaged new classification list. It has not been agreed whether this list should be binding to all GATS Members. Poland's position towards submitted propositions depends on the character of this list. According to Polish Constitution the international law has the priority over the internal law. So in case of binding character of the updated list, if Poland ratifies it, Poland will have to adjust its domestic classification. The lack of reference to CPC would mean the necessity of altering the internal classification, which will involve not only significant costs but also changes in statistics, because changes in data classification causes difficulties in their confrontation and comparison. Also the time factor should be taken into account, i.e. the long-lasting process of adjusting internal classification (the elaboration of new reference codes) to new version of the W/120 document.

9. The binding character of the classification list would be desirable in the view of clarity, transparency and possibility to compare commitments undertaken by individual Members. At the same time it would require consensus as to the final configuration of the revised list. The last however, considering dissimilar interests of developing and developed countries as well as the above-mentioned difficulties hardships in adjusting domestic classifications, seems to be difficult to achieve.

IV. CONCLUSIONS

10. With the above in mind, Poland opts for only necessary amendments to current classification list, based on CPC or CPC rev. 1.

11. If the elaborated list is not based on CPC, Poland favours the non-binding status of the new classification list.

12. Document W/120 should constitute the basis for indispensable modifications and the revision work should concentrate on its deficiencies revealed during the Information Exchange Programme, such as duplications and lack of clarity.
