

WORLD TRADE ORGANIZATION

RESTRICTED

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Council for Trade in Services

REPORT OF THE MEETING HELD ON 23 SEPTEMBER 1996

Note by the Secretariat

1. The Council for Trade in Services held a meeting on 23 September 1996. The agenda for the meeting is contained in Airgram WTO/AIR/420. Under Other Business, the Chairperson made a statement concerning the status of acceptances of the Second and Third Protocols to the GATS and the delegation of the United States made a statement concerning certain agreements notified under Article V of the GATS.

ITEM A: PREPARATION FOR THE 1996 MINISTERIAL CONFERENCE OF SINGAPORE

2. The Chairperson recalled that at the previous meeting of the Council on 30 July there had been a first discussion on the preparations for the Singapore Ministerial Conference. It had taken place on the basis of the two submissions made by the delegations of Chile and Australia in documents S/C/W/16 and 17 respectively. The two submissions had focused on recommendations that might be submitted to Ministers in Singapore, in relation to future work in services, for their consideration and adoption. The Chairperson stated that the discussion had been preliminary and inconclusive. It had been followed by informal consultations on 17 September 1996 at which the delegation of Australia had circulated its second paper supplementing its first submission (S/C/W/17/Add.1). She stated that at the end of that informal meeting, she had been asked to consider producing a note which might summarize the situation and provide some direction. On 20 September, the Secretariat had distributed an informal note by the Chairperson in which she attempted to summarize the views expressed during various discussions and at the same time share with delegations her thoughts concerning the Council's report to the General Council and to Ministers in Singapore. It was her view that the Council should make use of the Ministerial Conference to give future work in services greater focus and impetus. The work programme which had already been envisaged in the GATS represented a large element of the WTO's built-in agenda, whose implementation and fulfilment should be the major concern of the Ministerial Conference. Therefore, she suggested that it would seem sensible to take advantage of that meeting to take stock of the work that had been done thus far in services, to assign priorities and deadlines where necessary and to obtain political impetus and guidance which only Ministers could give.

3. The representative of Australia, in presenting document S/C/W/17/Add.1, stated that the next round of comprehensive negotiations, due to start no later than the year 2000, would need to be preceded by the examination of the implications of the many rapid changes that had been taking in the services sector. The forces of change were leading to increased global integration of services markets. These changes were constantly adding to the complexity of future market access negotiations. Australia considered that work on the preparation for the new Round must start in 1997 taking into account the concerns that had been expressed resource constraints.

4. The representative of Chile drew attention to the informal note dated 23 September 1996 which had been submitted by his delegation by way of elaboration on its submission in document S/C/W/16. He stated that the proposed programme of exchange of information would indirectly help the attainment of the objectives of Articles III, IV and XIX of the GATS. He stated that there seemed to be an agreement that such a programme should not interfere with the present work. He added that the structure of such a programme needed to be flexible and take into account the overall work load in the area of services. He also stated that such a programme could not affect the present rights and obligations of GATS Members.

5. The representative of Peru expressed support for the proposal made by Chile. His delegation was pleased to see that account had been taken of paragraph 1 of Article IV relating to increasing participation of developing countries. He stressed that the exchange of information exercise suggested by Chile must not entail bureaucratic burdens for developing countries.

6. The representative of Mexico stated that any preparatory work in the Council should take into account the balance of the built-in agenda. Work in 1997 should start with the establishment of guidelines and procedures for negotiations as provided in paragraph 3 of Article XIX. She stated that in view of the short life of the GATS, any premature evaluation of its results would probably lead to unobjective conclusions. It was the view of her delegation that any evaluation of liberalization of trade in services under regional agreements would have to be conducted by the Committee on Regional Trade Agreements.

7. The representative of the Philippines - speaking on behalf of the ASEAN - emphasized the importance of following the built-in agenda in services. The Council for Trade in Services should be the body to decide on specific time frames for different items of the built-in agenda, allowing consideration for the scarce resources that some delegations were concerned about. She expressed support for the proposal made by Chile for an exchange of information programme. Ministers should also mandate the Council to consider the possibility of setting appropriate work programmes for emergency safeguards, subsidies and government procurement with a view to their completion in the context of the future negotiations due to start in the year 2000. She also expressed support for the completion of work on accountancy by the end of 1997.

8. The representative of Switzerland stated that the proposals by Australia were mainly based on elements that were part of the on-going work programme of services. Members should concentrate on the built-in agenda of Marrakesh, which would constitute the most appropriate preparation for the negotiations foreseen under Article XIX of the GATS. He suggested that at the end of 1997, the Council should reassess the situation and make the necessary decisions concerning deadlines for different items of work. Insofar as the exchange of information exercise was concerned, he stated that resources were limited. He emphasized the role of the Council in guiding work in the area of services.

9. The representative of the United States stated that the Council should not lose sight of the built-in agenda of services, including the on-going negotiations. In his view, the commencement of a preparatory work programme in 1997 did not constitute an undue burden on delegations. It had been agreed that an assessment would be conducted. What remained was a decision on when it would take place. He expressed a preference for Ministers to launch such a process in 1997. His delegation was also of the view that work in accountancy should be concluded by the end of 1997.

10. The representative of Norway agreed that attention should be directed to on-going work and negotiations and that there should not be an over-expansion of activity. His delegation was of the view that the Ministerial conference represented an opportunity to obtain guidance from Ministers. A preparatory work programme should start in 1997 as proposed by Australia.

11. The representative of Morocco stated that the discussion should focus on and give priority to elements of the built-in agenda. His delegation was most concerned by questions of legal consistency. He stated that some of the proposals made by the delegations of Australia and Chile went beyond the built-in agenda. In his view a distinction needed to be drawn between, for example, what had been mandated by Article XIX by way of preparation for future negotiations and other elements of the proposals under discussion. He also stated that work relating to regional agreements should take place in the Committee in Regional Trade Agreements.

12. The representative of Korea stated that his delegation had a problem with the proposal to start an exchange of information. Such an exercise seemed to require considerable financial and human resources and it was not clear how useful it would be for the purposes of future negotiations. In his view the success of any negotiations would depend on the concessions made and the positions taken by governments and not on information exchange between governments. He stated that subsidiary bodies should carry on with their assignments with a view to producing results as planned. The Council for Trade in Services could set dates at a later stage for subsidiary bodies to conclude work on different items. In the view of his delegation it was premature and inappropriate for the Council to recommend a preparatory work programme to Ministers in Singapore.

13. The representative of Japan presented a non-paper which had been circulated by his delegation reflecting its basic views. He stressed the importance of practical and positive results in the area of trade in services at the Singapore Ministerial Conference. There was a need to confirm the commitment to successfully conclude the ongoing negotiations. He supported an early start of the assessment of trade in services mandated by Article XIX:3 of the GATS. He also suggested that subsidiary bodies should be in a position to make their own recommendations in relation to the areas of work falling within their responsibilities.

14. The representative of Pakistan stressed that the promotion of the development of developing countries was one of the main objectives of the GATS. He expressed concern over the difficulties facing the implementation of the agreement in areas such as financial services and suggested that a political message from Ministers at Singapore might help reach a successful conclusion to the ongoing negotiations.

15. The representative of the European Communities stated that the proposed information exchange exercise would be very useful, at a later stage, in the context of preparing guidelines for negotiations as required by Article XIX. The assessment of liberalization under regional agreements, however, should take place under the aegis of the Committee on Regional Trade Agreements. With respect to work under Article VI:4 of the GATS, she stated that some experience needed to be gained from the current work on accountancy before expanding work into other areas. With respect to the deadline for the work on accountancy, her delegation was of the view that deadlines were not necessarily most helpful in ensuring a successful conclusion. However the matter was still under consideration. In general, she stated that for the forthcoming year, priority should be given to the current work programme and ongoing negotiations in basic telecommunications and financial services. The Council for Trade in Services should reassess the situation at the end of 1997 and take any decisions that may be necessary to provide guidance in different areas of work in services.

16. The representative of India stated that the report of the Council for Trade in Services to the General Council would mainly consist of reports of subsidiary bodies. Therefore, a final consideration should be given to such a report after the necessary inputs had been made by subsidiary bodies. With respect to the proposals made by Australia and Chile, his delegation was of the view that they were quite useful but should be considered as matters relating to the work of the Council and not issues that should be put to Ministers at Singapore. While his delegation was flexible on the exchange of information exercise, any acceleration of the built-in agenda was considered undesirable. The flexibility for developing countries underscored by Articles IV and XIX of the GATS must be taken into account.

17. The representative of Hong Kong was of the view that advantage should be taken of the Ministerial meeting in Singapore to give guidance to work in services. His delegation attached importance to launching a preparatory work programme and supported the exchange of information exercise suggested by Chile. He added that any preparatory work programme should take into account ongoing work including ongoing negotiations in financial services and basic telecommunications.

18. The representative of Argentina stated that priority should be given to work already underway in subsidiary bodies. Setting new deadlines would not be a guarantee that work would be concluded expeditiously and effectively. He suggested that towards the end of 1997 the Council for Trade in Services could make an assessment of the progress achieved and take any decisions that may be required to further direct and guide the work of subsidiary bodies.

19. The representative of New Zealand supported a preparatory work programme on all items of the built-in agenda. Her delegation supported all the elements of the proposals made by Chile and Australia. She noted that the proposal by Australia referred also to work which formed part of the built-in agenda under the Annexes to the GATS, in particular, the Annex on Article II Exemptions and the Annex on Air Transport. She suggested that Members should use the opportunity of the Singapore Ministerial Conference to give impetus to ongoing work and launch a preparatory work programme. She attached the utmost importance to a successful conclusion of negotiations on basic telecommunications and financial services.

20. The representatives of Hungary and Poland stated that it would be desirable to rely more on the Council for Trade in Services in running the day to day work in different areas of services. The imposition of specific deadlines might not in itself be helpful. The Council should assess progress towards the end of 1997 and take the necessary decisions in the light of that assessment.

21. The representative of Egypt stated that the concerns expressed by others in relation to resources should be taken seriously. He also agreed with those who suggested that the Council for Trade in Services should reassess the situation at the end of 1997 and take the necessary decisions on any further guidance that might be needed in the light of such an assessment.

22. The representative of Canada stated that his delegation maintained the views it had expressed at the previous meeting. His delegation was still concerned about lack of progress in certain areas of work.

23. The representative of Australia agreed that priority should be given to ensuring the successful implementation of the built-in agenda. She suggested that some distinction might need to be drawn between those items on which work had already been underway and others on which work had not yet started. She accepted the point that the availability of resources may be a problem, but suggested that if work proceeded at the right pace that problem should be manageable. While deadlines in themselves would not guarantee the successful conclusion of work, their absence could have a negative effect on the pace of work.

24. The Chairperson stated that it was clear that delegations agreed that priority should be given to elements of the built-in agenda including the conclusion of ongoing negotiations. There were different views however concerning the extent to which Ministers should be called upon to make decisions concerning future work. With respect to the exchange of information exercise, she noted that while there had been no objection to the principle, there were differences concerning the timing and modalities for such an exercise. She suggested that the Council take note of the statements and that she should continue her informal consultations on the issues raised.

25. The Council took note.

ITEM B: APPOINTMENT OF A CHAIRPERSON FOR THE WORKING PARTY ON PROFESSIONAL SERVICES

26. The Chairperson of the Council stated that she had been consulting on the appointment of a Chairperson for the Working Party on Professional Services. She indicated that there had been three candidates all of whom were supported by a number of delegations. However, she was not in a position to identify a consensus on any of them. In her view it was necessary to find a new candidate and she invited delegations to come forward with new nominations. She indicated that she would continue to consult on the matter.

ITEM C: ESTABLISHMENT OF THE EUROPEAN UNION - REQUEST FOR EXAMINATION PURSUANT TO ARTICLE V OF THE GATS

27. The Chairperson recalled that at the Council meeting on 28 May 1996, the delegation of the United States had requested, under other business, the examination of the Treaties Establishing The European Union pursuant to paragraph 7 of Article V of the GATS.

28. The representative of the United States reiterated its request that the Treaties Establishing The European Union be examined pursuant to paragraph 7 of Article V of the GATS.

29. The Chairperson suggested that, in the absence of any objection, the Council would decide to refer those Treaties to the Committee on Regional Trade Agreements for their examination pursuant to paragraph 7 of Article V of the GATS.

30. The Council so agreed.

ITEM D: OBSERVER STATUS FOR INTERNATIONAL INTERGOVERNMENTAL ORGANIZATIONS

31. The Chairperson recalled that in accordance with the *ad hoc* procedure which had been agreed by the General Council concerning participation of international intergovernmental organizations as observers in the meetings of WTO bodies, the Services Council had been inviting four such organizations to its meetings on an *ad hoc* basis until the General Council has approved the general Guidelines for Observership of such organizations. The General Council, at its meeting, on 18 July 1996, had approved the "Guidelines on Observer Status for International Intergovernmental Organizations". The Chairperson said that she would hold informal consultations concerning which international intergovernmental organizations would be granted permanent observer status in the Services Council. Until such consultations were concluded and a decision was taken by the Council, the same four organizations, the UN, UNCTAD, IMF and the World Bank should be invited to participate in the Council meetings as observers on an *ad hoc* basis.

32. The Council so agreed.

ITEM E: OTHER BUSINESS

33. The Chairperson recalled that on 30 July 1996 the Council had adopted the decision on the Acceptance of the Second and Third Protocols to the General Agreement on Trade in Services (S/L/28) which extending the deadline for the acceptance of both Protocols until 30 November 1996. As of 23 September the situation of acceptances was as follows:

- (a) With regard to the Second Protocol which had entered into force on 1 September 1996, the following Members who had not yet accepted: Belgium, Brazil, Egypt, Greece, Portugal and Spain.
- (b) With regard to the Third Protocol, Members which had not accepted: Belgium, Greece, Portugal, Spain and Switzerland.

The Chairperson strongly urged those Members to do their best to finalize their domestic procedures for the acceptance by the deadline of 30 November 1996.

34. The representative of the United States made a statement requesting that the Council take a decision to examine, pursuant to paragraph 7(a) of Article V, the following agreements:

- (a) Protocol on Trade in Services to the Australia - New Zealand Closer Economic Relations Trade Agreement (S/C/N/7)
- (b) Europe Agreement between the European Communities and their Member States and the Slovak Republic (S/C/N/23)
- (c) Europe Agreement between the European Communities and their Member States and Republic of Hungary (S/C/N/24)
- (d) Europe Agreement between the European Communities and their Member States and Republic of Poland (S/C/N/25).

35. The Chairperson suggested that the Council take note of the statement and revert to this matter at its next meeting.

36. The Council took note