

WORLD TRADE ORGANIZATION

RESTRICTED

S/C/M/17

10 April 1997

(97-1560)

Council for Trade in Services

REPORT OF THE MEETING HELD ON 5 MARCH 1997

Note by the Secretariat

1. The Council for Trade in Services held a meeting on 5 March 1997. The agenda for the meeting was contained in WTO/AIR/538. The Secretariat also produced an annotated agenda contained in document S/C/W/20. Under other business the representative of the European Communities raised two points, the first on Brazil's legislation on maritime transport services and the second on the status of the work on statistics and on Article XXI procedures for modification of schedules.

A. OBSERVER STATUS FOR INTERNATIONAL INTERGOVERNMENTAL ORGANIZATIONS

2. The Chairperson recalled that at its meeting of 7 February 1997, the General Council invited other WTO bodies to proceed with the grant of observer status to international intergovernmental organizations. She drew attention to document S/C/W/19, which contained two lists of international intergovernmental organizations. The first list named organizations which had been invited on an *ad hoc* basis to attend meetings of the Council for Trade in Services and the second organizations which had requested observer status, but whose requests had not yet been addressed by the Council. She proposed that the Council agree to grant observer status to the four international intergovernmental organizations on the first list: UN, UNCTAD, IMF and the World Bank. Regarding those organizations on the second list, she proposed that further informal consultations should be held with a view to deciding on the granting of observer status at the next meeting of the Council.

3. The Council so agreed.

B. THE APPOINTMENT OF CHAIRPERSONS OF THE SUBSIDIARY BODIES

4. The Council approved the following nominations to chair the respective subsidiary bodies:

- Mr. Yoshio Okubo (Japan), Committee on Financial Services;
- Mr. Asoke Kumar Mukerji (India), Committee on Specific Commitments;
- Mr. Glyn Williams (United Kingdom), Working Party on Professional Services;
- Ms. Jill Courtney (Australia), Working Party on GATS Rules

5. The representative of Japan said that Mr. Okubo would be residing in Geneva during his chairmanship of the Committee on Financial Services, although it had not yet been decided whether he was going to be a member of the Japanese Mission during the period of his stay.

C. THE REPORT OF THE GROUP ON BASIC TELECOMMUNICATIONS

6. The Chairperson drew attention to the Report of the Group on Basic Telecommunications contained in document S/GBT/4 and to its attachments: a Note by the Chairman concerning the scheduling of basic telecommunications services commitments, another Note by the Chairman concerning market access limitations on spectrum availability and a List of the Schedules of Commitments and Lists of MFN Exemptions which will be annexed to the fourth Protocol to the GATS. She proposed that the Council take note of the Report and its attachments.

7. The Council took note.

8. The Chairperson also proposed that the Schedules of Commitments and Lists of MFN Exemptions attached to the Report be derestricted so that the Secretariat could make them available to interested parties outside the WTO. Some delegations suggested that it would be more appropriate if derestriction took place after the Schedules had been verified. The Chairperson concluded that, in the absence of a consensus to derestrict the draft Schedules as they stood, after verification the final Schedules and Exemption Lists would be issued as unrestricted documents.

9. The representative of Japan stated that his delegation hoped that a certified copy of the protocol and its attachments could be available by the end of March, so that the Japanese Diet could meet the deadline of 30 November 1997 for ratification. The Chairperson reminded participants that an informal meeting of the Council for Trade in services was scheduled for 14 March 1997 to conduct the verification of the Schedules and Lists of Exemptions from Article II.

D. PROPOSED ESTABLISHMENT OF A COMMITTEE ON TELECOMMUNICATIONS

10. The representative of the United States proposed that a committee on telecommunication be established to provide a forum for the discussion of specific technical issues, including those regarding the pro-competitive regulatory principles of the Reference Paper. He said that such a committee would bring telecommunications and trade expertise together. He stressed that it would not be concerned with the implementation of the schedules, which remained a task for the Council for Trade in Services. Some delegations agreed with the proposal and said that there was merit in establishing a committee on telecommunications to deal with technical issues relating to the regulation of the sector. One delegation noted that a committee on telecommunications should not duplicate the work of the ITU. Several delegations expressed interest in the proposal, but said that it was necessary to balance the advantages of a committee against possible disadvantages. Among the advantages mentioned was the importance of having a specialised forum that addressed the technical aspects of telecommunications and which involved experts. On the other hand some delegations expressed concern about proliferation of subsidiary bodies and the heavy demand on delegations, especially the smaller ones. Some delegations suggested that there was no reason to proceed immediately with the creation of a telecommunications committee and that it might be advisable to wait some time to see whether the need for such a committee would arise in practice. Delegations, however, expressed the need to further reflect and consult with their capitals. The representative of the United States said that in order to facilitate further discussion of the matter, his delegation would provide draft terms of reference for the proposed committee on telecommunications. The Chairperson suggested that the Council take note of the statements made and revert to this item at a future meeting.

11. It was so agreed.

E. NOTIFICATIONS MADE TO THE COUNCIL PURSUANT GATS PROVISIONS

12. The Council took note of the following Notifications:

- (i) Notifications pursuant to Article III:3 of the GATS concerning modifications to services regulations in sectors where specific commitments had been undertaken:

Czech Republic	S/C/N/39
Liechtenstein	S/C/N/40
Liechtenstein	S/C/N/41
Liechtenstein	S/C/N/42
Federal Republic of Germany	S/C/N/48
Federal Republic of Germany	S/C/N/49
Federal Republic of Germany	S/C/N/50

- (ii) Notifications pursuant to Article V (*bis*) of the GATS concerning labour market integration agreements:

Denmark	S/C/N/34
Iceland	S/C/N/35
Norway	S/C/N/36
Sweden	S/C/N/37
Finland	S/C/N/38

- (iii) Notifications pursuant to Article VII:4 of the GATS concerning recognition measures and agreements or arrangements:

Switzerland	S/C/N/31
Switzerland	S/C/N/32
Switzerland	S/C/N/33
United States of America	S/C/N/51
United States of America	S/C/N/52
United States of America	S/C/N/53

F. THE IMPLEMENTATION OF THE WORK PROGRAMME APPROVED BY MINISTERS AT THE SINGAPORE MINISTERIAL CONFERENCE

13. Three sub-items were discussed under this point: (i) exchange of information programme; (ii) Article VI:4 work programme; (iii) guidelines for the future negotiations mandated by Article XIX of the GATS.

14. (i) Under exchange of information programme, the Chairperson recalled that Ministers in Singapore endorsed the recommendation that the Council for Trade in Services would develop an information exchange programme, as part of the requisite work to facilitate the negotiations of progressive liberalization of trade in services as mandated by Article XIX and that the task of the Council for 1997 was to agree to the modalities and the timing of such a programme.

15. The representative of Australia introduced a discussion paper, suggesting that the process of information exchange mandated by Ministers should commence with the drafting of background papers on four issues which Australia considered to be relevant to the information exchange. The issues were:

trends in services trade flows; the benefits of deregulation and liberalization of services markets; the impact of new technologies on cross-border trade in services; and shifts in business strategies. She said that the discussion paper was neither intended to define the exchange of information programme, nor to pre-empt other approaches. She suggested that inputs for the background papers proposed by Australia should come from delegations as well as the Secretariat. Several delegations expressed appreciation for the paper presented by Australia and indicated that they would make comments once they had had time to examine it more closely. Some delegations agreed that it would be desirable if the Secretariat would start background work on some of the matters indicated in the Australian discussion paper. They also suggested that the Council should consider how to make use of information already gathered by the Secretariat as well as information available in other international organization, in order to avoid duplication of efforts. Regarding the coverage of the exchange of information programme some delegations said that it should be comprehensive with no exclusion of services sectors. Other delegations, although agreed that in principle no sector should be excluded, noted that it might be desirable to concentrate on those sectors which were more likely candidates for liberalization in the next round of negotiations.

16. (ii) Under the Article VI:4 work programme, the Chairperson recalled that the Council was called upon to examine, as appropriate, under paragraph 4 of Article VI of the GATS, measures relating to qualification requirements and procedures, technical standards and licensing requirements. Some delegations said that priority should be given to disciplines to be developed in specific sectors and in particular to the work which was being done in the Working Party on Professional Services, as this might provide a good basis for expanding the work further. Others noted that work should be done on a horizontal basis as well as in specific services sectors. It was suggested that informal consultations might be very useful as views on this matter had not yet been fully developed.

17. (iii) On guidelines and procedures for future negotiations, the Chairperson recalled that the Council was called upon to begin, at an appropriate time, the consideration of guidelines and procedures for the future negotiations mandated under Article XIX of the GATS. Some delegations expressed the view that it was premature at that stage to start work on this matter and that the exchange of information exercise should take priority and precede work on guidelines and procedures. One delegation noted that there was a relation between the exchange of information and the guidelines and procedures for negotiations. It was suggested that the matter be discussed further in informal consultations.

18. The Chairperson suggested that the Council take note of the statements made and that informal consultations be held on sub-items (i), (ii) and (iii) of the work programme mandated by the Singapore ministerial conference.

19. It was so agreed.

G. INSTALLATION OF THE NEW CHAIRMAN

20. Following the consensus established at the meeting of the General Council on 7 January 1997, the Council for Trade in Services elected Ambassador Joun Yung Sun of Korea as its Chairman by acclamation. Several delegations intervened to thank the outgoing Chairperson, Ambassador Bautista of the Philippines for her work and to congratulate and welcome the new Chairman.

H. OTHER BUSINESS

21. The representative of the European Communities expressed concern about a new law in Brazil concerning maritime transport services, which was enacted in January 1997. She argued that, as it contained some elements of discrimination on freight transportation and some conditions of reciprocity on tax advantages, it was contrary to the standstill clause contained in the Ministerial Decision taken at the end of the negotiation on maritime transport services. She also expressed concern about discriminatory lighthouse fees and noted that a trend towards discrimination in maritime transport in Brazil could make further negotiations in the sector more difficult. The representative of Brazil took note of the statement from the European Communities and said that he would refer it to his authorities. He indicated that they were available to provide the necessary information to the European Communities regarding Brazil's legislation. The representative of Norway said that he shared the same concerns of the European Communities on Brazil's alleged discriminatory practices on maritime transport services and indicated that his delegation had already raised the question of discriminatory lighthouse fees at the TPRM with Brazil last year and that his authorities still expected such discriminatory practice to be abolished.

22. The representative of the European Communities also made a statement concerning the development of procedures for the modification of schedules under Article XXI of the GATS. She said that her delegation wanted to ensure that work on these procedures would continue, given the limited time available. She also indicated that her delegation would like to be informed on the status of the work on statistics.