

## **Committee on Trade in Financial Services**

### **DRAFT**

#### **REPORT OF THE COMMITTEE ON TRADE IN FINANCIAL SERVICES TO THE COUNCIL FOR TRADE IN SERVICES (2002)**

1. Since its last annual report to the Council for Trade in Services, the Committee on Trade in Financial Services has held six formal meetings, on 11 October, 27 November, 18 March, 4 June, 22 July 2002, and 21 October 2002. Reports of those meetings are contained in documents S/FIN/M/32 to 37. In this period, the Committee addressed the following matters: the acceptance of the Fifth Protocol to the General Agreement on Trade in Services; technical issues; recent developments in financial services trade; presentations by the International Monetary Fund and the World Bank; and the transitional review under section 18 of the Protocol on the Accession of the People's Republic of China.

#### **I. ACCEPTANCE OF THE FIFTH PROTOCOL TO THE GATS**

2. At its meeting on 21 October, the Committee was informed by Bolivia that it had concluded its domestic procedures and was in a position to accept the Fifth Protocol. Six other Members have not yet accepted the Protocol: Brazil, Dominican Republic, Jamaica, Philippines, Poland, and Uruguay. At the Committee's invitation, those Members reported periodically on the situation of their domestic ratification processes and acceptance procedures. Details of those reports are contained in documents S/FIN/M/32 to 37.

#### **II. TECHNICAL ISSUES**

3. Discussions under this agenda item focussed on the sectoral classification of financial services, on the basis of an informal note submitted by Thailand (Job(02)/47, dated 30 May 2002) on classification issues raised in the negotiating proposals submitted by Canada and Switzerland to the Special Session of the Council for Trade in Services (documents S/CSS/W/50 and W/71, respectively). Details of those discussions are contained in documents S/FIN/M/34 to 36.

#### **III. RECENT DEVELOPMENTS IN FINANCIAL SERVICES TRADE**

4. Discussions at the meetings in October and November 2001, and March and June 2002, focused on a presentation by the United States on regulatory transparency, subsequently circulated as document JOB(01)/161 (dated 27 November 2001). The presentation described the regulatory process by which the United States Executive Branch developed regulations for the implementation of the Gramm-Leach-Bliley Act, including the request for public comment from interested parties. Details of that discussion are contained in documents S/FIN/M/32 to 35. At the meeting held in July 2002, senior financial regulators from Chinese Taipei and Mexico made presentations on recent domestic regulatory reform initiatives, with particular emphasis on the application of transparency principles to the regulatory process. Additionally, Canada submitted an informal document on regulatory transparency. Details of those presentations and the subsequent discussion are contained in document S/FIN/M/36. At the meeting held in October 2002, Australia presented document S/FIN/W/23, outlining its experience with financial sector reform.

#### **IV. PRESENTATIONS BY THE INTERNATIONAL MONETARY FUND AND THE WORLD BANK**

5. At its meeting in June 2002, the Committee decided to invite the International Monetary Fund to make a presentation on the Fund's Financial Sector Assessment Programme (FSAP). That presentation by IMF representatives was held on 22 July 2002. At its meeting in October 2002, the Committee decided to invite the World Bank to make a presentation on its policy report entitled "Finance for Growth: Policy Choices in a Volatile World". This presentation by World Bank representatives will be delivered in March 2003.

#### **V. TRANSITIONAL REVIEW UNDER SECTION 18 OF THE PROTOCOL ON THE ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA**

6. At its meeting on 21 October 2002, the Committee carried out the first transitional review of the implementation by China of its WTO commitments, pursuant to section 18 of the Protocol on the Accession of the People's Republic of China. The report submitted by the Committee to the Council for Trade in Services on this matter is contained in document S/FIN/7. At its meetings in June and July 2002, the Committee discussed preparations in connection with that review. Detailed account of those discussions is contained in documents S/FIN/M/35, 35/Corr.1 and 36.

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