

WORLD TRADE ORGANIZATION

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Committee on Trade in Financial Services

REPORT OF THE MEETING HELD ON 28 JULY 1995

Note by the Secretariat

1. The tenth meeting of the Committee on Trade in Financial Services was chaired by Mr. Frank Swedlove of Canada. The agenda for the meeting was: the adoption of final revised schedules and MFN exemptions, and other business.
2. On the adoption of final revised schedules and MFN exemptions, the Chairman reported that 29 countries had submitted revised schedules and 13 countries had submitted revised MFN exemptions which were to be annexed to the Protocol. The countries with revised schedules to be annexed to the Protocol were Australia, Brazil, Canada, Chile, Czech Republic, Dominican Republic, Egypt, the European Community, Hong Kong, Hungary, India, Indonesia, Japan, Korea, Kuwait, Malaysia, Mexico, Morocco, Norway, Pakistan, Philippines, Poland, Singapore, Slovak Republic, South Africa, Switzerland, Thailand, Turkey, and Venezuela. The countries with revised MFN exemptions to be annexed to the Protocol were Canada, Czech Republic, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, Slovak Republic, Switzerland, Thailand, Turkey, and Venezuela. These revisions had been distributed in the form of documents that supplemented the existing schedules and MFN exemption lists of countries. The Chairman noted that the text of the list of Article II (MFN) Exemptions for Hong Kong (GATS/EL/40/Suppl. 1) should be amended to read, "The text of the Financial Services section contained in page 1 of document GATS/EL/39 is deleted."
3. The Chairman further reported that the revised schedules and/or MFN exemption lists of Colombia, Mauritius (only an MFN exemption) and the United States were also made available or to be made available shortly in document form. These revisions had taken immediate effect on the respective dates of submission.
4. The Committee then adopted these documents as the results of the negotiations, and the schedules and MFN exemptions that the Chairman had listed as to be attached to the Protocol were agreed to be annexed to the Second Protocol to the GATS.
5. On other business, the Chairman informed delegates that an informal meeting to verify the schedules and MFN exemptions adopted this day would be held in September. After verification, the Protocol would be open for signature. The Secretariat would issue a communication indicating logistics of signature. For the next formal meeting of this Committee, the Chairman suggested some time later in the fall, and the exact dates and the agenda for the meeting would be communicated later.
6. The Chairman thanked delegates for their hard work over a long period of time, which led to a successful result of the negotiations. Given the events of the end of June, the results achieved were the best that could have been hoped for. The discussions and negotiations which had taken place over the past year had led to important improvements, both in terms of market access and national

treatment commitments and in terms of fewer and less trade-distorting MFN exemptions. The E.U. had shown great leadership over the past month in response to the U.S. decision at the end of June. And other countries should also be commended for their unwavering commitment to the principles of progressive liberalization and MFN. Without these efforts, the negotiations on financial services would have certainly resulted in failure. This day's achievement should be considered as a key step forward, but by no means the end of the process. Members had committed to review their positions on financial services by the end of 1997. This would create an opportunity for commitments to further liberalization and an even broader MFN-based agreement.

7. Several delegates expressed their thanks to other delegations, especially to the delegates of the E.C., for the hard work in building a consensus. They also thanked the Chairman for the important role that he played. The agreement was not an ideal agreement, but nevertheless a very important one, and a step forward towards realizing a full and permanent multilateral agreement on an MFN basis. One delegation hoped that such an agreement would be possible well before the conclusion of this interim agreement. Another delegation looked forward to future negotiations using the current agreement as the basis for further liberalization on a fully multilateral basis. The delegate from Korea added that all the main aspects of the country's blueprint for future financial liberalization had been reflected in its offer. The country would not only fully implement this offer, but would also accelerate its financial liberalization policy beyond the content of the offer, the result of which would become visible after the interim period. The delegate invited its major trading partner to join the agreement.

8. The delegate from the United States welcomed this interim agreement as well. This delegation recognized that there were many substantial commitments which would be attached to the Protocol. There were also commitments which would not be attached to the Protocol, including the commitments of the U.S. Although the U.S. offer was not what it had prepared as its best offer, it was still significant and substantial. The U.S. continued to be a Member of the GATS, and was ready to work with other delegations to make a broad MFN-based agreement in the future.