

**Committee on Trade in Financial Services**

ANNOTATED PROVISIONAL AGENDA FOR THE ELEVENTH MEETING

Note by the Secretariat

The following items are proposed for discussion at the eleventh meeting of the Committee on Trade in Financial Services to be held on 1 March 1996.

1. Acceptance and implementation of the results of the financial services negotiations

According to its terms of reference, the Committee is to keep under continuous review and surveillance the application of the Agreement with respect to the financial services sector, among other responsibilities. The Decision Adopting the Second Protocol to the GATS of 24 July 1995 by the Committee further states that the Committee shall monitor the acceptance of the Second Protocol to the GATS. The Committee might therefore wish to hear from Members concerned the current situation regarding domestic ratification and acceptance of the Protocol. Any other matters related to the implementation of the results of the financial services negotiations might also be discussed.

2. Recent developments in financial services trade

As a part of its review and surveillance function, the Committee might wish to be informed of any developments in Members relating to financial services trade, in particular with regard to liberalization measures. In order to maximize transparency, the Committee might encourage Members to provide such information in writing, where appropriate.

3. Technical issues regarding the schedules of specific commitments and lists of Article II exemptions in financial services

The Committee is also mandated to provide a forum for technical discussions, to conduct studies on measures of Members and to conduct examinations of any other technical matters affecting trade in financial services. Delegates might therefore wish to discuss certain technical issues regarding the scheduling of commitments and the listing of Article II exemptions in financial services, which would be of help when making possible future modifications to the schedules and lists. Examples of such issues might be the following:

- the distinction between Modes 1 and 2 in financial services is somewhat blurred by the fact that under Mode 2, consumers do not necessarily need to move into the territory of another Member physically to be able to consume financial services, such as to make deposits or to receive loans. It is not always evident whether the service was supplied cross-border or the consumer consumed the service abroad. Some countries have

therefore chosen to define Mode 1 as involving some soliciting of business on the part of the financial service supplier of a Member in the territory of another Member, while Mode 2 would not involve such activities on the part of the supplier. Is this approach commonly accepted by Members, or are there any other possible and useful interpretations?

- the sectoral classification of financial services varies widely across Members. Some Members have chosen to base their commitments on the classification in the Annex on Financial Services of the GATS, some have chosen to complement this with the CPC classification, and still others have used national classifications. Would it be useful to think of ways in which the comparability of sectoral classification schemes for financial services across countries could be improved?

Other technical matters related to the use of columns and headnotes or footnotes in the schedules could also be discussed.

#### 4. Availability of financial services data

The need to improve the quality of services statistics has been discussed in the Council for Trade in Services. The problems with regard to currently available services statistics and the scope and efforts for improvement have been presented in the Secretariat document "GATS and Statistics on Trade in Services" (S/C/W/5). Although most of the work might need to be carried out in other fora in collaboration with other international organizations, the Committee might wish to consider in what ways it might be able to assist such efforts for improving the availability and quality of data on financial services required in the context of the GATS. In particular, the Committee could consider whether a systematic collection of limited data in the form of a questionnaire would be a useful tool in this context. Any progress in clarification of distinctions between modes of supply and harmonization of sectoral classification schemes achieved through work referred to in paragraph 3 above might also be useful in collecting comparable data across countries for other sectors. Since the supply of services through commercial presence is particularly important in the financial services sector, data which covers this mode of supply will need to be identified and collected along with data on other modes of supply.

#### 5. Organization of future work and the establishment of priorities

Since the list of issues for possible discussion could be fairly long, the Committee might wish to establish priorities and to organize its work so that maximum efficiency will be achieved in future meetings. Related procedural issues such as the frequency of future meetings and the desirability for inputs from delegations might also be discussed.

#### 6. Other business

Delegations might wish to raise for discussion any other issues relevant to the work of the Committee. Such issues, if notified to the Secretariat, can be made known to delegations ahead of the meeting.