

**GENERAL AGREEMENT**  
**ON TRADE IN SERVICES**

RESTRICTED  
**S/NGBT/3**  
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**Negotiating Group on Basic Telecommunications**

REPORT OF THE MEETING OF 24-26 OCTOBER 1994

1. The Negotiating Group on Basic Telecommunications held its third meeting on 24 - 26 October 1994. The agenda of the meeting was contained in PC/AIR/32 of 6 October 1994.
2. Since the last meeting of the Group, three additional countries announced their intention to participate in the negotiations. This brought the total number of participants to 25, consisting of Argentina, Australia, Austria, Canada, Chile, Cuba, Cyprus, the Dominican Republic, the European Communities and their Member States, Egypt, Finland, Hong Kong, Hungary, Japan, Korea, Mexico, Morocco, New Zealand, Norway, the Slovak Republic, Sweden, Switzerland, Tunisia, Turkey, and the United States.
3. The first agenda item was the consideration of requests for observer status. The Group considered and agreed to accept the requests for observer status from three governments in the process of accession: Ecuador, Panama and Chinese Taipei. As a result of this decision, and in view of additional WTO signatories having informed the Secretariat of their intention to become observers, 29 governments were now participating in the Group as observers. These were: Brazil, Brunei Darussalam, China, Chinese Taipei, Colombia, Costa Rica, the Czech Republic, Ecuador, El Salvador, Guatemala, Honduras, Iceland, India, Indonesia, Israel, Jamaica, Madagascar, Malaysia, Nicaragua, Panama, Philippines, Poland, Romania, Singapore, South Africa, Thailand, Trinidad and Tobago, Uruguay and Venezuela.
4. Regarding requests for observer status by international organizations, the Chairman announced that new requests for observer status had been received from two organizations: the World Bank and the Organization for Economic Cooperation and Development (OECD). He recalled that consideration of the request for observer status of the Asia Pacific Telecommunity (APT) remained under consideration from the last meeting. He invited comments from delegations on whether to accept these applications. The group agreed to approve the request for observer status from the World Bank. Regarding the OECD and the APT, one representative recalled that there had been a precedent established during the Uruguay Round in the Group of Negotiations on Services whereby organizations with limited or regional membership, rather than universal membership, were not normally granted observer status. Other representatives expressed the view that there should be flexibility in the Group's decisions on observer status by such organizations, taking into consideration the relevance of their work to the subject matter being addressed by the Group. The Group took note of the statements made and agreed to approve the requests for observer status of the OECD and the APT.
5. The next agenda item was the review of responses to the draft questionnaire on basic telecommunications. The questionnaire responses of 19 participants in the negotiations had been received (S/NGBT/W/3/Add.1 - Add.19). Participants were invited to briefly introduce their documents and to entertain questions seeking further detail or clarification of the responses. Twelve of the responses were reviewed: those of Switzerland, New Zealand, Mexico, Turkey, Chile, Finland, Sweden, Norway, Korea, Canada, the United States, and the European Community and its Member States. The Chairman indicated that the responses of Cyprus, Argentina, Australia, Hong Kong, Japan, Hungary and Austria would be reviewed at the next meeting of the Group along with any further responses received. Also,

an opportunity would be provided at the next meeting to respond to any outstanding questions and to ask further questions that may arise on the 12 responses already reviewed.

6. Under the agenda item on consideration of outstanding technical and conceptual issues, the Chairman recalled that it had been agreed that the *Secretariat Note, Review of Outstanding Issues* (S/NGBT/W/2) would serve as a basis for discussion. Participants were invited to comment on the issues presented in the Note. It was generally agreed that discussions regarding how to address these issues would need to continue at subsequent meetings.

7. With respect to certain of the outstanding issues, the following were among the points raised by participants:

- On clarification of modes of supply as they relate to basic telecommunications, it was noted that the objective of discussion should be to arrive at a common understanding so that all participants would have the same reading of commitments. It was suggested that calling card and country direct services might fall under consumption abroad. It was also noted that to arrive at a common understanding of limitations which may need to be listed in the respective modes of supply would require careful examination of specific measures and of the schedules.
- On whether to schedule limitations on the number of service suppliers in circumstances where the limitations were due to technical constraints, it was observed that the main objective should be to minimize discretion in this regard as far as possible, so as to provide trading partners with security regarding the rules to be applied. It was also noted that resolving this issue may bear a relation to the functioning of Article VI and to mfn obligations. The view was expressed that when such numerical limitations were for purely technical reasons that they should not be scheduled, but that Article VI should apply.
- Regarding international agreements among operators it was stressed that there was a need for a common approach. It was pointed out that GATS commitments are not undertaken by operators, but by governments. However, it was suggested that the extent to which the agreements among operators were affected by government measures may differ depending on the national regime concerned.
- On the application of Article VI to measures affecting trade in basic telecommunications, the Chairman proposed that a background note might help to focus discussion. It was agreed that the Chairman would, on his own responsibility, provide participants with an informal note outlining the negotiating history of Article VI.
- Regarding the ability of service suppliers to build facilities, it was noted that limits to what can be taken on in the context of commitments may need to be kept in mind. It was also suggested that participants examine whether any similar issues had arisen in the context of commitments on construction services and that a distinction between the construction and operation of facilities may also be relevant.

8. Under the agenda item concerning organization of future work and dates of future meetings, the Chairman proposed and participants agreed that the Group hold its next meeting on 12 - 13 December 1994. He indicated that the exchange of information on the responses to the questionnaire would need to continue at that meeting as would the consideration of outstanding issues. He noted that the information contained both in the responses to the questionnaire as well as in initial offers to be submitted in the future would provide examples that could shed light on how to deal with various of the outstanding technical and conceptual issues. Therefore, he was of the view that consideration

of outstanding issues would need to be conducted as an ongoing process to be undertaken concurrently with other work over the coming months.

9. Under other business, the representative of Australia was given the opportunity to present a proposal on termination services (S/NGBT/W/4). Participants thanked the representative of Australia for its contribution, offered some preliminary reactions and indicated that they would need further time to study the proposal and the issues it addressed.

10. Noting that there had been an interest expressed in the derestriction of the questionnaire and its responses from participants, the Chairman proposed the derestriction of these documents. Since one delegation indicated that it would need to seek further advice from authorities, no decision on this proposal was taken at the meeting.

11. In closing the meeting, the Chairman expressed the hope that participants would be in a position to circulate initial offers on basic telecommunications by March or April of 1995 and that these would serve as a basis for bilateral request/offer negotiations to begin. He suggested that participants might want to consider initiating bilateral contacts as soon as possible in preparation for that phase of the Group's work.