



Council for Trade in Services

REPORT OF THE MEETING HELD ON 16 MAY 2022

NOTE BY THE SECRETARIAT¹

The Council for Trade in Services held a meeting on 16 May 2022, chaired by Ambassador Long of Cambodia. The agenda was contained in document WTO/AIR/CTS/30.

The agenda was adopted.

Many delegations congratulated the Chairman on his election.

The representative of Ukraine said that, before the Members began the substantive discussion of the meeting, she wished to recall that it had been nearly 3 months of a full-scale, unprovoked, and unjustified war launched by Russia against Ukraine, when the Ukrainian people continued to defend the unity and independence of their country, values, economic and trade rights and the possibility of prosperity and development for all.

In a broader context, the destabilization of world markets, another surge in inflation, shutdowns of enterprises due to the loss of supply chains, one of the biggest migration crises since World War II and worsening expectations of economic agents had already been witnessed.

In a more specific context, Russia's blatant invasion had a direct impact on trade in services. It was necessary to emphasize that the significant loss caused by Russia's actions to the transport services market, including air transportation and maritime shipping, by destroying transport routes, bridges, and other infrastructure, as well as blocking all Ukrainian seaports along with ships that were already loaded with agricultural products for export, had put many countries on the edge of a food crisis.

The insurance services market in Ukraine had been marked by more than a 50% drop in revenues. A quarter of the companies had offices in the regions affected by the Russian aggression, although the majority of insurance companies were able to continue to operate under a limited mode.

In addition, Russia's armed aggression against Ukraine had had direct consequences for Ukrainian business. About half of small and medium-sized enterprises had completely or partially ceased their activities since the beginning of the war and the majority of those enterprises represented either services suppliers or services consumers.

She further noted that on 16 May 2022, Ukraine had marked the 14th anniversary of its WTO Membership, which meant that for 14 years, until Russia's aggression, WTO Members had been benefitting from Ukraine's liberal commitments in trade in services. And at that juncture, Ukraine could not guarantee the necessary level of implementation of its specific commitments with regard to the large scope of services sub-sectors and modes of supply.

As Russian acts of aggression against Ukraine and its sovereignty undermined the very purpose of the work in the WTO, Ukraine firmly believed that ignoring them would only lead them to chaos, mistrust and to questioning of the importance and relevance of international institutions.

Thus, Ukraine believed that Russia had no right to take part in the exchanges and decision-making processes within the WTO. The representative called on Members to continue undertaking actions

¹ This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

necessary to counter Russia's aggression and deprive that Member of benefits deriving from its WTO Membership.

The representative of the United States thanked Ukraine for its statement and reiterated the United States' strong support for Ukraine.

His delegation condemned Russia's premeditated and unprovoked attack on Ukraine, and equally condemned Belarus' regime for aiding Russia's war of aggression. He called upon Russia to immediately cease its use of force against Ukraine and refrain from any further unlawful threat or use of force against any UN member state.

The WTO was predicated on certain values, among those that a fair and just international order was one built on rules, reciprocity, and transparency. The actions of Russia were incompatible with the rules-based system that Members had built and worked to improve.

Russia's conduct in perpetrating a war of aggression against Ukraine undermined the rights of Ukraine in the WTO and was fundamentally incompatible with the values and principles of the Organization.

The representative of the United Kingdom thanked Ukraine for its powerful statement and congratulated Ukraine on its WTO anniversary. It was regrettable that Ukraine's WTO anniversary had to be marked at such tragic times. The Ukrainian delegation had already underlined why it could not continue as if it was business as usual in the Council and across the WTO.

Russia's unprovoked, premeditated attack on Ukraine was an egregious violation of international law and the UN Charter, and, as Ukraine had highlighted, it had a devastating impact on global trade in services.

The United Kingdom, together with its international partners, stood united in condemning the Russian Government's reprehensible actions. Russia must urgently de-escalate and withdraw its troops. It must be held accountable and must stop undermining democracy, global stability, and international law.

The representative of the European Union thanked Ukraine for its statement and condemned Russia's illegal and unjustified invasion and aggression against Ukraine, an independent and sovereign European country.

Her delegation said that for the previous 82 days the world had witnessed the Russian army attacking Ukraine, killing and torturing civilians and destroying infrastructure, through actions that were outside the civilised world order.

While carrying out those horrific attacks, Russia had spread disinformation and talked about the importance of peace and the importance of abiding by international rules, as had been heard in other WTO meetings. That was just another proof of the complete disrespect that Russia demonstrated for international law and for the loss of lives and suffering that it had caused.

As long as Russia continued with its illegal invasion while sitting with other Members in the meetings of the WTO, an Organization that was based on the rule of law, the European Union would continue to condemn Russia's actions and the unimaginable cost and suffering that Russia had caused in Ukraine. The European Union would also continue to speak about the disruptions that Russia's actions had brought on the global economy, trade, peace, and stability.

Her delegation said that outside the WTO meeting rooms, the European Union would continue to fully support Ukraine, through its assistance to Ukraine's economy, military, and people. In addition, the European Union, together with its international partners would continue to sanction Russia with the aim to curb Russia's ability to finance and continue its aggression.

The representative of Canada thanked Ukraine for updating the Council on Trade in Services on the negative impact the violation of Ukrainian sovereignty by Russian soldiers and munitions had on its ability to participate in the work of the WTO.

That illegal invasion had engendered a large-scale humanitarian crisis in Ukraine. It had senselessly brought disruption, displacement, suffering and death to innocent people inside Ukraine's sovereign borders.

Canada strongly condemned Russia's unjustifiable and unprovoked invasion of Ukraine and stood with the brave people of Ukraine as they continued to fight for their freedom. Canada had sincere thoughts for victims of all ages.

The invasion of Ukraine had also sent a shockwave through the global economy, one that had directly implicated every Member represented in the Council that day.

Globally, the price of essential commodities, including oil and gas, staple foods, and critical minerals had skyrocketed, threatening food security across the world. There was no doubt that the destabilization had had an impact on all economies, including and not least the developing and Least Developed Countries. Canada would continue to hold Russian leadership accountable.

Canada called on Russia to abandon the path of war and return to good-faith diplomacy. That was the best, and only means, for addressing what was an urgent humanitarian emergency, a growing threat to global food security, and a threat Russia alone had created to the very core of rules-based institutions.

The representative of Australia thanked Ukraine for its statement. Ukraine had outlined compellingly how relevant, and incompatible, Russia's unprovoked, unjust, and illegal invasion of Ukraine had been with the values and work of the Council on Trade in Services and the WTO.

Australia condemned Russia's invasion of Ukraine in the strongest possible terms.

Russia's actions violated Ukraine's sovereignty and territorial integrity, constituted a gross violation of international law, including the United Nations Charter, and threatened the rules-based international order.

Australia supported the collective action by the international community to impose far-reaching economic sanctions and trade measures to inflict heavy costs on Russia and those who bore responsibility.

The representative of Norway thanked Ukraine for its statement. Norway condemned, in the strongest possible terms, the unprecedented military aggression of the Russian Federation against Ukraine. The representative expressed Norway's concern for the severe destruction and human suffering that that illegal act of aggression was causing.

By its unprovoked, unjustified, and premeditated military actions, the Russian Federation had grossly violated international law, the core principles on which the international rule-based order was built and the fundamental principles of the UN Charter that had prevailed since World War II. It was an attack on what the UN, the WTO, and Geneva, as the capital of multilateralism, stood for. Norway expressed its full solidarity with Ukraine and the Ukrainian people.

The representative of Iceland thanked Ukraine for its statement. Iceland condemned, in the strongest possible terms, the brutal, unprovoked, and unjustifiable attack by Russia on Ukraine.

Iceland reiterated its support for Ukrainian sovereignty, independence, and territorial integrity. Russia's invasion was a flagrant violation of international law – including the UN Charter – and was a grave threat to the multilateral system and the international rules-based order upon which the WTO was founded.

Iceland called on Russia to cease its aggression and remove its forces immediately from the territory of Ukraine.

The representative of Japan said that Russia's aggression against Ukraine clearly infringed upon Ukraine's sovereignty and territorial integrity, and was a grave violation of the UN Charter, which prohibited the use of force. Furthermore, it was an attempt to unilaterally change the status quo by force and was totally unacceptable. It was an extremely serious situation that had shaken the very

foundations of the international order, including Asia. Japan condemned Russia's actions in the strongest terms.

In addition, it had come to light that a series of cruel and inhumane acts by Russia had taken place not only in Bucha, near Kyiv, but also in various parts of Ukraine. The killing of a large number of innocent civilians was a serious violation of international humanitarian law and constituted unforgivable war crimes, and Russia must be held strictly accountable for its atrocities.

Japan would continue to stand by Ukraine and the Ukrainian people and would work with the international community, including the G7, to improve the situation.

The representative of Albania thanked Ukraine for sharing with the Council the consequences of the Russian occupation in Ukraine, including the direct impact on several aspects of trade in services.

That was a brutal violation of international law, the UN Charter, fundamental principles of international peace and security, and the multilateral global trading and the rules-based system on which WTO was based.

In that context, in which one WTO Member had attacked another WTO Member bringing along terrible destruction, loss of innocent lives, a huge humanitarian crisis, atrocities and horrible war crimes, Albania condemned, in the strongest possible terms, the aggression of the Russian Federation on Ukraine, which was an unprovoked, premeditated attack against a sovereign democratic state and posed the highest threat to security and peace Europe-wide.

Albania supported the sovereignty and territorial integrity of Ukraine within its internationally recognized borders. The implications for the WTO had been triggered by Russia, and the measures taken by several Members in response had been introduced to protect their essential security interests in view of the conflict, which was a Europe-wide threat. The measures taken directly in response to the Russian invasion were fully aligned with the rights and obligations of WTO Members.

Albania considered that the only way out of the conflict was for the Russian Federation to urgently stop the military aggression and immediately withdraw its troops.

The representative of the Republic of Moldova, jointly with like-minded partners, strongly condemned the Russian aggression against Ukraine. Moldova reiterated its support and solidarity with the Ukrainian people during those very difficult times.

Moldova expressed its serious concerns about the impact of war in Ukraine on local populations' welfare, as well as on their national economies. Due to geographical proximity, Moldova's economy was also among those seriously affected by disturbances in supply chains and global markets due to the complete stop of exports and imports from and to the CIS region and due to the high spikes of commodities and services prices as a result of the war.

Moldova was determined to further offer all the necessary support to the people of Ukraine fleeing the war.

The representative of Switzerland thanked Ukraine for its statement and was concerned to see the developments that that delegation had recounted. Switzerland condemned Russia's military aggression against Ukraine in the strongest possible terms. That military attack was a flagrant violation of international law, particularly of the prohibition of resorting to force and the principle of territorial integrity of a State. Switzerland called on Russia to deescalate the military aggression, cease hostilities, and immediately withdraw its troops from Ukrainian territory.

The representative of the Republic of Korea wished to echo the previous speakers on the situation in Ukraine and their evaluation of that situation and its impacts. The Korean Government strongly condemned Russia's armed invasion of Ukraine as a violation of the principles of the UN Charter. The use of force that caused innocent casualties could not be justified under any circumstances. Ukraine's sovereignty, territorial integrity, and political independence must be respected. The Republic of Korea shared the deep concerns of the international community over the unfolding humanitarian situation in Ukraine.

In addition to a humanitarian disaster, Russia's invasion was disrupting the global trading system, including for services. The service sector, travel industry, transportation services, communication services and so forth had been seriously damaged by the invasion. The way to put an end to that disruption was obviously the immediate cessation of Russia's military action in Ukraine.

The representative of the Russian Federation said that her delegation was forced to state that the same Members of the WTO systematically violated the normal work of the Organization and completely ignored the rules of procedure. She emphasized that it was not clear under which agenda item they had made their statements, which, in addition, went beyond the mandate of the Council, as well as the WTO as a whole.

Russia would not waste the time of the Council responding to those alarmist claims regarding the crisis in Ukraine, but nevertheless had to make some comments.

Even the most general analysis of the situation that was taking place in the world showed that all attempts to accuse Russia of economic problems, global instability and disruptions of global value chains not only had no real grounds but also looked primarily as part of an anti-Russian propaganda campaign.

It was clear even to laymen that only rejection of unilateral restrictive measures introduced by certain Members against WTO law could lift tensions off transportation-related, logistical, and financial aspects, ensure unimpeded deliveries and stability of global value chains and food markets.

Russia had not reduced the stocks of food that it produced. It was Western states who had put under pressure the well-being of the world economy and who were able to prevent hunger and food shortages, no matter how hard they tried to prove the opposite and shift the blame on Russia.

As for wheat, which, according to Ukraine, could not be exported because of Russia, the meaning of it was unclear to her delegation. Every day, the Western media cheerfully talked about successful arms supplies to Ukraine, to the conflict zone. That meant that transport and logistics corridors to Ukraine were working perfectly. But if supply chains worked for weapons, then such channels could be used for agricultural goods, in the same way.

The WTO had proved to be an Organization that was primarily guided by economic considerations and solid legal standards. Regrettably, an ever-increasing pressure for its politicization had already brought numerous inefficiencies and threatened the existence of the Organization as a whole. Political conflicts, including military ones, were happening in many parts of the world. However, if the WTO took on the role of the UN or similar dedicated agencies and started tackling all those conflicts, it would very soon lose its role as a universal regulator of global trade.

1 ITEM A: NOTIFICATIONS PURSUANT TO ARTICLES V:7 AND VII:4 OF THE GATS

1.1. With regard to the notifications made pursuant to Article V:7 (Economic Integration), the Chairman drew the Council's attention to the communications received from: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Viet Nam (S/C/N/920/ADD.1); and Iceland, Indonesia, Liechtenstein, Norway and Switzerland (S/C/N/1101).

1.2. Regarding the notification obligations under the GATS, the representative of India stated that Article III:3 required Members to "promptly and at least annually inform the Council for Trade in Services of the introduction of any new, or any changes to existing laws, regulations or administrative guidelines which significantly affect trade in services covered by its specific commitments under this Agreement". Therefore, regular notifications of entry-related measures affecting existing mode 4 commitments of Members were required in order to understand the full implications of the commitments that had been made.

1.3. However, as the informal Note prepared by the Secretariat for the previous meeting of the CTS illustrated, some prominent developed Members, who also held top ranks in global commercial services trade, had a dismal record in notifications under the GATS, with as low as two notifications in the past 26 years. Also overall, the number of notifications by developed Members was low. She reiterated India's request that developed Members lead by example in submitting comprehensive, timely, and accurate notifications.

1.4. The Chairman suggested that the Council take note of the notifications and the statement made and that the agreements notified be referred to the Committee on Regional Trade Agreements (CRTA) for consideration.

1.5. It was so agreed.

1.6. While on the subject of the CRTA, the Chairman drew delegations' attention to the fact that, at its meeting scheduled for 27-28 June, the CRTA was scheduled to consider four regional trade agreements that covered services trade. The agreements in question were: (a) the Free Trade Agreement between the Gulf Cooperation Council member states and Singapore; (ii) the Association Agreement between the United Kingdom and Chile; (iii) the Agreement on Trade Continuity between the United Kingdom and Canada; and (iv) the Association Agreement between the European Union and Central America, (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama). He trusted that that information would be of interest to delegations and suggested that the Council take note of the statement he had made.

1.7. It was so agreed.

1.8. With regard to notifications made pursuant to Article VII:4 (Recognition), the Chairman drew delegations' attention to the communications received from the Russian Federation, in documents S/C/N/1099 and 1100. He suggested that the Council take note of the notifications made.

1.9. It was so agreed.

2 ITEM B: OPERATIONALIZATION OF THE LDC SERVICES WAIVER

2.1. The Chairman recalled that, at the March meeting, the LDC Group had called on Members to explore how the Waiver preferences might be complemented and how LDC participation in global services trade might be increased. The LDC Group had also recalled the services-related recommendations put forward in the LDC Trade Ministers Declaration for MC12, as well as the elements contained in the General Council draft outcome document for the Ministerial. A number of delegations had also intervened to stress the importance of the Waiver.

2.2. The representative of Bangladesh speaking on behalf of the LDC Group, recalled that the Group was focused on the wording it had proposed the MC12 outcome document, which reflected the results of the work in the CTS on the LDC Services Waiver.

2.3. That was the text that the LDC Group had first put forward from the LDC Minister's MC12 Declaration in 2021, in paragraph 1.2.1. Those elements were aimed at improving the implementation of the letter and spirit of the LDC Services Waiver Decisions and notifications of preferential treatment accorded to LDC services suppliers by WTO Members to that date.

2.4. The LDC Group had negotiated last year on the outcome document (RD/GC/17/Rev.2) to incorporate as much as possible from its Ministers' declaration. After difficult negotiations, the wording in that paragraph had been successfully achieved. Paragraph 14 stated: "The LDC Group reaffirmed its decision at the Tenth Ministerial Conference in Nairobi on the implementation of preferential treatment in favour of services and service suppliers of least-developed countries and increased LDC participation in services trade, and instructed the Council for Trade in Services to review and promote the operationalization of the Waiver including to explore improvements in LDC services export data; to review information on LDC services suppliers and consumers of LDC services in preference providing Member markets; and to assess best practices in facilitating the use of the preferences. On that matter, the Group instructed the General Council to report to its next session on progress."

2.5. The LDC Group thanked Members for their support of that text. In addition, the Group asked that Members continue to support that paragraph for Ministers' agreement at MC12. The LDC Group looked forward to further work in the CTS after MC12 in that regard.

2.6. The Chairman suggested that the Council take note of the statement made and said that it would revert to that item at its next meeting.

2.7. It was so agreed.

3 ITEM C: WORK PROGRAMME ON ELECTRONIC COMMERCE

3.1. The Chairman said that, at the previous meeting, several Members had called for the reinvigoration of the Work Programme, and some had urged that discussions focus on the development dimension. A suggestion had also been put forward that Members should consider how to increase the participation of women from developing countries in e-commerce.

3.2. Several Members had reiterated their position that the continuation of the Work Programme was linked to the extension of the Moratorium and had called for both to be prolonged at MC12. Some Members had also shared their experiences and domestic initiatives in the digital sphere.

3.3. The representative of India said that her delegation had consistently been a proponent of strengthening the multilateral work under the non-negotiating and exploratory 1998 Work Programme on Electronic Commerce. That was all the more important in the context of the pandemic, which had exposed the existing and widening digital divide.

3.4. She recalled that, in November 2021, her delegation, South Africa, and Indonesia had presented a communication, contained in document WT/GC/W/838/Rev.2, on the need to rejuvenate the Work Programme, which acknowledged the importance of the work under the Work Programme in examining trade-related issues relating to global electronic commerce, taking into account the economic, financial, and development needs of developing countries.

3.5. She recalled that her delegation had previously noted that developing countries, including LDCs, faced challenges in the formulation of national policy and regulatory responses to support their increasing participation in the digital economy. In that regard, she underlined the usefulness of having deliberations on the challenges faced uniquely by developing Members, including LDCs, to build a more inclusive digital economy.

3.6. India had been working on creating the requisite technology infrastructure, an enabling regulatory framework and a vibrant start-up eco-system leveraging its technology prowess, skilled workforce, and spirit of entrepreneurship. The public digital infrastructural assets which India had created had unleashed the power of productivity in the economy.

3.7. In that regard, she highlighted two important areas of e-commerce that India had embarked upon: first, financial inclusion and payments – in 2021, 40% of all real-time payments around the world were made in India. In March 2022, Indians had made more than 5 billion transactions on Unified Payments Interface (UPI). In the financial year 2021-2022, the value of payments made by India's UPI was more than 1 trillion. That system had not been in existence until 2016, but in a period of just 6 years it had led to nationwide financial inclusion, mobile payment regulation, and transformed business-to-business and business-to-consumer payments.

3.8. She pointed out that international payment processes had been in existence in countries for several decades, but none of them could release those animal spirits in the economy, not because they were not capable of doing so, but because they had no incentive to innovate in the Indian context. She noted that, when it had been left to a few international players, India had seen fewer than 50 million credit cards issued in several decades. But the home-grown financial inclusion in India had achieved more in 6 years than had been achieved in those several decades. Second, India had just launched a pilot on open networks for digital commerce, which enabled small sellers to participate in e-commerce on fair terms, without leaving them to the vagaries of platforms and aggregator oligopolies.

3.9. It was evident that large e-commerce platforms had been at the receiving end of penalties and investigations in several countries, including in the developed world. India's approach had been to create a nationwide platform which enabled digital commerce for MSMEs.

3.10. Her delegation remained open and eager to work on the rejuvenation of the Work Programme and work with all like-minded Members to drive a constructive outcome in a space which would fundamentally influence how the world would operate in the future. She urged all Members for their support.

3.11. The representative of China thanked India for its statement and for sharing its experience. His delegation supported the continuation of in-depth discussions on e-commerce under the WTO framework. He said that it was known that e-commerce had provided unprecedented development opportunities for developing Members. In the context of the pandemic, e-commerce had facilitated trade flows between Members and promoted the continued recovery of domestic consumption.

3.12. He shared an example of how China had been providing development opportunities to sellers from outside China to sell their products in China through e-commerce. The fourth Brand and Quality Online Shopping Festival and Quality African Products Online Shopping Festival had been held from 28 April to 12 May that year, hosted by the Ministry of Commerce and other Chinese Ministries. That Festival was an online shopping promotion for African goods in China. Through live-streaming events featuring participants ranging from Ambassadors to African live-selling anchors, signature products from 23 African countries, including Ethiopian coffee, Rwandan chilli sauce and Kenyan black tea, were on display and had been sold in China. The online shopping festival not only provided more diversified options to Chinese consumers but also promoted the import of African goods.

3.13. China would try its best to help more developing Members get on the train of e-commerce development and share the dividends of global e-commerce.

3.14. The representative of Egypt briefly shared Egypt's experience and its initiatives for digital transformation and e-commerce, as the Egyptian Government, represented by the Ministry of Communications and Information Technology (MCIT), in coordination with the concerned authorities, sought to build a digital Egypt and reach an Egyptian society that would deal digitally in all aspects of life.

3.15. Digital services in Government institutions were aimed to enhance the performance of Ministries and other Government agencies, raise the quality and efficiency of services provided, improve the work environment, and provide support for the decision-making process and finding solutions to issues of interest to society.

3.16. The strategic view of digital transformation in Egypt aimed to improve the citizens' quality of life, by improving their living conditions and providing multiple electronic services; transform into a digitally interconnected Government, by linking Government digital systems and improving work within the Government's administrative institutions to work efficiently and effectively; and enhance the values of transparency, accountability and monitoring through interaction and partnership between the various elements of society.

3.17. Additionally, Egypt sought to carry out structural reforms in that sector; some steps had been already taken with the establishment of the National Payments Council, the Supreme Council for Cyber Security, and the establishment of the Supreme Council for Digital Transformation.

3.18. The launching of the ICT strategy as part of the Sustainable Development's Vision 2030 had supported the development of the ICT sector and contributed to digital economic growth through initiatives that encouraged a number of aspects, including e-commerce, e-governance, electronics design, digital manufacturing and the development of human resources.

3.19. Regarding e-commerce, the Egyptian Government aimed to strengthen the e-commerce system and advance the strategy of financial inclusion and digital transformation by providing appropriate infrastructure and legislation to encourage e-commerce and attract more investments in this important sector, including, follow-up on the implementation of the national strategy for e-commerce, which had been launched in December 2017 in cooperation with UNCTAD. The strategy included a set of recommendations that support decision-making policies in the main aspects of e-commerce and contribute to overcoming the challenges faced by e-commerce in Egypt.

3.20. There was ongoing work to develop national legislations supporting electronic commerce and establish a number of electronic platforms to enhance trade exchange with countries that had trade agreements with Egypt.

3.21. The Egyptian market included the largest number of internet users in the Middle East and North Africa. Therefore, Egypt hoped to achieve ever greater progress in the field of digital transformation and emphasized the importance of international partnerships to face the challenges

related to e-commerce implementation, which included setting effective tax systems for electronic transactions, regulating the informal market for e-commerce, raising awareness of the importance of e-commerce and its mechanisms, enhancing the information and communication technology infrastructure, building skills and providing the necessary financial and technical support.

3.22. The representative of Switzerland thanked Members who had taken the floor for their interventions and said that he had noted with interest the ongoing activities to support digital capability under the Work Programme, as well as other informative exchanges which had taken place since the last extension of the Moratorium and the Work Programme.

3.23. The current global trade context required increased predictability and transparency for both, business and consumers. Switzerland was convinced that Members should work to consolidate the existing framework on e-commerce and maintain the few rules which were in place.

3.24. Switzerland recognized the importance of the Work Programme, particularly for developing Members. He highlighted that the development of trade in services within each domestic market and having minimum rules in place in the area of international digital trade, such as the Moratorium, were completely compatible. That was illustrated by the interesting example of the Member who had been able to develop a digital payment system while the Moratorium was in place.

3.25. Furthermore, he recalled that Switzerland, with Canada and 63 other co-sponsors, were supporting a draft decision to extend the Work Programme and the Moratorium at the upcoming Ministerial Conference. He called on all those Members who so wished to join the draft Ministerial Decision.

3.26. The Chairman said that the discussion had been rich. He suggested that the Council take note of the statements made and said that the Council would revert to this item at its next meeting.

3.27. It was so agreed.

4 ITEM D: UPDATE OF THE SECRETARIAT BACKGROUND NOTE ON MODE 4 – REQUESTED BY INDIA

4.1. The Chairman indicated that that item had been added to the agenda of the Council at the request of the delegation of India.

4.2. The representative of India reiterated India's request for the update of Secretariat Background Notes on mode 4. India's position on that issue was well documented. In addition, India also supported the suggestion of the United States to work on inter-model linkages.

4.3. Her delegation recalled that, at the previous Council meeting, the US delegation had offered to consult intersessionally with India to see if they could resolve the impasse and agree on an acceptable solution. India appreciated that gesture. Both delegations had met intersessionally to explore ways to move forward, and both sides continued to remain engaged on that issue.

4.4. The representative of Bangladesh thanked India for its proposal. His delegation supported the proposal for updated Notes by the Secretariat, to better understand the current situation and commitments by Members. Bangladesh also supported the suggestion from the delegation of the United States on the preparation of a separate Secretariat Note on the interlinkages among the modes of supply. He welcomed the discussion between India and the United States on that issue as proposed by the United States at the CTS meeting in March. He looked forward to engaging with Members on that important topic.

4.5. The representative of the United States thanked India for its statement and for noting that their two delegations had had a productive meeting intersessionally.

4.6. He confirmed that they had a better understanding of their respective positions on the proposal and while they had not reached an agreement during that meeting, the United States was committed to continuing that work and discussions with India and other WTO Members to advance on that issue.

4.7. The Chairman suggested that the Council take note of the statements made.

4.8. It was so agreed.

5 ITEM E: CYBERSECURITY MEASURES OF CHINA AND VIET NAM – REQUESTED BY JAPAN AND THE UNITED STATES

5.1. The Chairman indicated that the item had been added to the agenda of the Council at the request of the delegations of Japan and the United States.

5.2. The representative of Japan said that, as pointed out in previous Council meetings, his delegation had concerns regarding the Cybersecurity Law, the Data Security Law, and the Personal Information Protection Law of China that it was not clear "who" could transfer "what" data and "how" to transfer across borders. Those Laws lacked a clear definition of the data whose transfer was regulated, and they were vague in terms of concrete procedures for cross-border data transfer.

5.3. The Cybersecurity Law and the Data Security Law required "important information infrastructure operators" to store "personal information" and "important data" domestically, and to pass a "security assessment" at the time of cross-border transfer. However, what "important information infrastructure" and "important data" meant was not clear, and foreign service providers doing business in China were forced to consider that they would be subject to restrictions when transferring data across borders.

5.4. In that regard, the Japanese Government had submitted public comments on the Guidelines for Identification of Important Data in March, but those Guidelines were also extremely broad and abstract in terms of the items listed as identifying elements of "important data".

5.5. Furthermore, Article 21 of the Data Security Law defined "national core data" as "data pertaining to national security, the lifeblood of the national economy, important national life, and vital public interests", and it stipulated that "a stricter management system shall be implemented". However, the Law did not provide more concrete definitions or more specific information about the management system.

5.6. Japan expressed its concerns that the ambiguity in the definition of those terms and the scope of the measures left room for arbitrary regulation by the authorities, which would increase the cost of foreign business activities and would risk unjustly undermining their legitimate interests. Japan requested that China clarify the definitions of "important data" and "core data" as well as the actual implementation of those Laws and Guidelines.

5.7. As for the security assessment, those Laws did not specify concrete procedures for such an assessment. Foreign businesses feared that the authorities might request internal information or trade secrets of foreign service providers related to cross-border data during the security assessment. Japan requested that China establish fair and clear assessment criteria and ensure operational transparency.

5.8. In terms of the transparency of procedures, the Government of Japan noted China's efforts to obtain broad opinions both domestically and from other countries in the form of public comments. However, Japan expressed its concern that, in reality, the relevant Laws and Regulations were still being developed without addressing the concerns expressed by many countries, including Japan. His delegation reiterated its request to China to ensure its laws and regulations were consistent with the GATS and avoided discriminatory measures, both in form and substance, against foreign service providers.

5.9. With regard to Viet Nam's measures, Japan noted that Viet Nam continued to review the subordinate Laws of the Cybersecurity Law and the draft Decree on the Protection of Personal Information and would appreciate an update from Viet Nam as the current version of the Decree had not yet been published. Japan asked Viet Nam to ensure that a transparent process would be in place concerning the coming into force of the Decree.

5.10. In particular, Article 21 of the draft Decree on the Protection of Personal Data defined requirements for the cross-border transfer of personal data. Japan expressed its concern that those

requirements were overly restrictive compared to international standards. The Article also stipulated the obligation to store data domestically, and foreign businesses might be treated less favourably than domestic businesses in Viet Nam depending on its actual implementation. Japan, therefore, reiterated its request to make the relevant Law and the Decree consistent with the GATS.

5.11. The representative of the United States recalled his delegation's concerns raised in the Council that various Chinese measures, initially in connection with China's Cybersecurity Law but more recently also in connection with China's Data Security Law and Personal Information Protection Law, restricted cross-border data flows and required localisation of data.

5.12. For example, the United States did not believe that China should seek to require any Chinese government security assessment for transfers of "important data", however that term would be understood and defined. The United States continued to have serious concerns that China's focus on "important data" would result in new restrictions and burdens on a broad range of companies, including with regard to the processing of commercial data that those companies sought to use in the ordinary course of business.

5.13. With respect to Viet Nam, the representative indicated that his delegation's concerns remained the same as at the March meeting. He said that there had not been much time between the Council's meetings for any progress to be reported.

5.14. The representative of the European Union supported the statements of Japan and the United States. She recalled her delegation's concerns about the cybersecurity measures in China and their implementation that had been raised in previous meetings.

5.15. China's Cybersecurity Law included requirements and special obligations that concerned critical information infrastructure protection, as well as data localisation and a cross-border data transfer security assessment, a classified cybersecurity protection scheme, and a comprehensive certification and testing scheme for critical network equipment and specialised network security products.

5.16. The Cybersecurity Law was accompanied by a large number of supporting laws, regulations, and standards, most of which applied across all sectors. That created a labyrinth of unclear and questionable, from a WTO compliance perspective, requirements that foreign companies were asked to fulfil.

5.17. The European Union reiterated its request that China address the concerns that the European Union and other Members had consistently raised.

5.18. Turning to the Vietnamese cybersecurity measures, the European Union reiterated its concerns regarding what seemed to be data localisation and local presence requirements contained in the Law and questioned their compatibility with Viet Nam's GATS commitments.

5.19. The Law had entered into force in 2019 but there was still no clarity on many important aspects due to the lack of its implementing decree. The European Union, therefore, reiterated its request for transparency and invited Viet Nam to inform Members of the planned date for adoption as well as to share the draft Decree for consultation before its adoption.

5.20. The representative of Australia said that the pandemic had underscored the importance of digital trade and technologies in supporting and enhancing business operations across every sector. However, the benefits of digital trade could not be fully realised or shared by businesses without the cross-border flow of data.

5.21. The free flow of data was essential for global trade. It underpinned almost every international transaction and was vital to ensuring that businesses could make the most of the digital economy. Because of that, it was important that permissive rules apply to cross-border data flows but those had to strike the right balance with other legitimate policy objectives, such as the protection of privacy, data, and consumers.

5.22. Australia continued to have concerns regarding China's Cybersecurity Law and reiterated the statement it had made at the meeting of the Council of March 2022.

5.23. Australia had made submissions to the Chinese Government as part of public consultations on its cybersecurity framework, including the Personal Information Protection Law and the Data Security Law, which had been passed in 2021. As set out in its submissions, Australia welcomed a number of revisions to both those draft Laws. Nonetheless, many of the concerns raised by the Australian Government had not been addressed in the final versions of the Laws.

5.24. Like other Members, Australia had ongoing concerns with China's cybersecurity regime, particularly around extra-territoriality, trade retaliation, data localisation requirements, large compliance costs for firms and the overall scope of the legislation.

5.25. Australia remained concerned that measures under China's cybersecurity regime had the potential to create inconsistencies with WTO rules. The representative noted that any measure or countermeasure taken under that regime should only be applied consistently with China's WTO obligations.

5.26. Australia also remained concerned about the lack of clarity when it came to definitions, jurisdiction and a number of other fundamental elements. China's cybersecurity measures could be applied in an inconsistent, arbitrary manner, and might adversely impact foreign businesses operating in China.

5.27. A transparent and stable regulatory environment was something all foreign investors wanted to see in China, and China's changes to its cybersecurity arrangements risked undermining confidence.

5.28. Australia continued to urge China to take into account the concerns of businesses and Members in the implementation of those measures and development of future measures. Australia looked forward to continuing to work closely with China on those issues.

5.29. In relation to Viet Nam, Australia was encouraged by Viet Nam's interest in developing regulations to protect personal information and to support the development of the digital economy more broadly. However, the representative reemphasised the concerns that his delegation had previously raised in the Council about elements of the draft Decree on Personal Data Protection.

5.30. Australia looked forward to continuing to work with Viet Nam on that Law and related measures and ensuring that any new rules were business-friendly and consistent with their shared commitments on digital trade. Australia encouraged Viet Nam to share a revised draft of the Decree to assist with that effort.

5.31. The representative of Canada indicated that, similar to the interventions of other Members, her delegation continued to have concerns about the cybersecurity-related measures being adopted or implemented by China and Viet Nam.

5.32. In particular, Canada was concerned that requirements to store information locally could be considered a violation of the Members' GATS commitments, either under the GATS Annex on Telecommunications (Article 5 (c)), or their services schedules, for example, under mode 1 for computer and related services.

5.33. As has been noted in previous meetings, Canada remained unclear as to how China and Viet Nam considered such measures to comply with their existing WTO commitments. Therefore, it welcomed the opportunity to further discuss those issues in the Council and encouraged both delegations to explore ways to address the concerns raised by their trading partners.

5.34. The representative of China thanked Members who had taken the floor for their continued interest in China's regulatory measures related to cybersecurity. China had already responded in detail to Members' remarks and questions at several previous meetings.

5.35. As emphasised before, China's cybersecurity-related measures were based on national conditions and had taken into account various international practices. The relevant legal authorities had widely solicited public opinions and advice in the process. Relevant laws and regulations were aimed at guaranteeing cybersecurity, data security and protection of personal information, as well as addressing the development needs of the digital economy.

5.36. The representative noted that the legislation was not intended to hinder cross-border data flows, nor to restrict international trade, but to support and encourage the flow and application of data.

5.37. China had always abided by international rules and earnestly fulfilled its WTO commitments. In contrast, China noticed that some Members had adopted restrictive measures to suppress Chinese enterprises and limit normal trade with the excuse of cybersecurity or national security. Finally, China reiterated its willingness to work closely with other Members to promote the healthy development of the global digital economy.

5.38. The representative of Viet Nam thanked the concerned Members for their continued interest in Viet Nam's Cybersecurity Law and the legislative drafting process for the Decree to implement that Law. As his delegation had explained repeatedly, Viet Nam's process for the Decree had been transparent, and all stakeholders' comments had been reviewed by the Drafting Committee and submitted to the Government for consideration. The consideration continued.

5.39. Concerning the draft Decree on Personal Data Protection, Viet Nam reiterated that it shared the same objective, as many other Members, of properly protecting personal information in the context of digital transformation. Viet Nam's legislative process for that Decree was fully open and transparent.

5.40. Following the public comment process, the draft Decree had been continuously reviewed by the Drafting Committee, as mandated by the Government and the Standing Committee of the National Assembly of Viet Nam, taking into consideration comments received from both domestic and foreign stakeholders.

5.41. The Chairman suggested that the Council take note of the statements made.

5.42. It was so agreed.

6 ITEM F: 5G-RELATED MEASURES OF AUSTRALIA – REQUESTED BY CHINA

6.1. The Chairman indicated that the item had been added to the agenda of the Council at the request of the delegation of China.

6.2. The representative of China recalled that his delegation had raised strong concerns regarding Australia's 5G-related measures at several previous Council meetings, but the related issues had yet to be effectively addressed.

6.3. Without any factual evidence and transparent processes, Australia had implemented a series of measures to prohibit Chinese companies from providing relevant services. Those measures severely restricted Chinese services suppliers' usual business operations in Australia and were inconsistent with WTO rules, particularly the MFN and transparency principles of the GATS, as well as Australia's GATS commitments.

6.4. China strongly opposed the above-mentioned measures and urged Australia to rectify the discriminatory practices as soon as possible and provide further clarifications on the relevant restrictive measures. China hoped that Australia would live up to its WTO obligations and create a fair, just, and predictable business environment for all enterprises, including Chinese ones.

6.5. The representative of Australia noted China's statement. China had first raised that issue elsewhere in the WTO in late 2018. Since that time, Australia had engaged constructively and in good faith with China to explain the rationale for its position. Australia reiterated that its position on 5G networks was country-agnostic, transparent, risk-based, non-discriminatory, and fully WTO consistent.

6.6. The Chairman suggested that the Council take note of the statements made.

6.7. It was so agreed.

7 ITEM G: MEASURES OF THE UNITED STATES RESTRICTING TRADE IN SERVICES – REQUESTED BY CHINA

7.1. The Chairman indicated that the item had been added to the agenda of the Council at the request of the delegation of China.

7.2. The representative of China recalled that his delegation had expressed its concerns about the US trade-restrictive measures at previous Council meetings. However, unfortunately, the Committee on Foreign Investment in the United States (CFIUS) investigation on TikTok was still ongoing and the US Government still required a security risk review on Chinese apps and services.

7.3. In addition, the United States had decided to revoke China Telecom's, China Unicom's, Pacific Networks' and ComNet's domestic and international authority in the United States pursuant to Section 214 of its Communications Act, citing national security concerns.

7.4. Furthermore, it was reported that the United States was conducting information and communications technology and services (ICTS) reviews to assess the so-called risks posed to national security. The cloud computing services provided by Chinese e-commerce companies, such as Alibaba, fell into the scope of those reviews. Those reviews might eventually result in prohibiting Americans inside and outside the United States from using cloud services provided by the relevant Chinese companies. China was seriously concerned by those reviews.

7.5. Through the above-mentioned measures, the United States had repeatedly abused the concept of national security, misused national power and suppressed particular Chinese companies without any factual basis. Those measures had an obviously restrictive impact on trade in services and were not consistent with the WTO principle of equal treatment.

7.6. Meanwhile, those measures had adversely affected the business operations and investment activities of Chinese enterprises in the United States. They had also undermined the legitimate rights and interests of Chinese enterprises as well as US consumers. Those measures had disrupted the normal market order and violated international trade rules.

7.7. China hoped that the United States would comply with WTO rules and fulfil its GATS commitments, stop its unreasonable suppression of Chinese enterprises, treat Chinese enterprises in a fair and just manner, and avoid politicising economic and trade issues. China urged the United States to create a fair and competitive business environment for services suppliers from all over the world, including Chinese ones.

7.8. The representative of the United States stressed that the United States had one of the most open services markets in the world. His delegation would review China's comments. He recalled that the United States had stated in previous meetings of the Council that the actions cited by China had been taken by the United States to protect the US national security.

7.9. The Chairman suggested that the Council take note of the statements made.

7.10. It was so agreed.

8 ITEM H: MEASURES OF INDIA RESTRICTING TRADE IN SERVICES – REQUESTED BY CHINA

8.1. The Chairman indicated that the item had been added to the agenda of the Council at the request of the delegation of China.

8.2. The representative of China said that, since June 2020, India had banned many applications with a Chinese background in the name of national security. Since then, India had added more apps to the ban list. So far, more than 200 Chinese apps had been banned.

8.3. Those measures had a seriously adverse impact on Chinese enterprises' business activities in India. They had undermined the legitimate interests of Chinese enterprises and violated the basic principles of the WTO as well as India's GATS commitments. China reiterated its serious concerns and urged India to stop its discriminatory measures against Chinese enterprises, and create an open,

fair, and non-discriminatory business environment for services suppliers from all WTO Members, including Chinese ones.

8.4. The representative of India said that, as underscored at previous Council meetings, India was committed to upholding its obligations at the WTO. India valued, and was committed to protecting, the democratic rights of its citizens, including access to goods and services, while reserving the right to take measures to ensure the protection of privacy, data security and national security. India firmly believed that the measures raised under that agenda item were fully consistent with its GATS commitments.

8.5. The Chairman suggested that the Council take note of the statements made.

8.6. It was so agreed.

9 ITEM I: KINGDOM OF SAUDI ARABIA MINISTER OF HUMAN RESOURCES AND SOCIAL DEVELOPMENT DECISION 112203 REGARDING LOCALIZATION OF CUSTOMER SERVICES – REQUESTED BY THE UNITED STATES

9.1. The Chairman indicated that the item had been added to the agenda of the Council at the request of the delegation of the United States.

9.2. The representative of the United States said that the short amount of time between the Council's meetings had been a disadvantage. As mentioned at the previous meeting, his delegation had had good intersessional meetings with the Kingdom of Saudi Arabia and appreciated all the information that had been shared.

9.3. The United States was still working to gain an understanding of how the measure was operating in practice, whether further clarification was needed, and how that could be made public. It would continue to work with the Kingdom of Saudi Arabia and hoped to resolve that issue soon.

9.4. The Chairman indicated that the Council had been originally planned for mid-June but had to be rescheduled because of MC12, and that day was the only possible date to hold a meeting of the Council.

9.5. The representative of the Kingdom of Saudi Arabia thanked the United States for its statement. She reiterated her delegation's statements on 1 July 2021, 22 October 2021 and 11 March 2022 in the CTS meetings, which had clarified all concerns regarding the Ministry of Human Resources and Social Development Decision No. 112203 for the "Tawtin" of "Tele-Working" in Customer Services within the Kingdom of Saudi Arabia.

9.6. In the previous CTS meeting, the US delegation had explained that it was still gaining an understanding of how the measure operated in practice, and whether a need for further clarification existed, including whether a public clarification was needed.

9.7. The Kingdom of Saudi Arabia had conducted various meetings with the US delegation to the WTO, capital-based officials, and the private sector to ensure that they gained a full and correct understanding of the Decision and how it was implemented in practice. The Kingdom of Saudi Arabia had not received any official complaints regarding its implementation from any private sector company operating in the Kingdom.

9.8. In addition, both the Decision and its Procedural Guide were publicly available, easily accessible and, as noted in the previous CTS statements, provided enough clarifications and assurances to all stakeholders about the Decision and how it was implemented.

9.9. The Kingdom of Saudi Arabia urged the United States to withdraw its concern, given the fact that there were no grounds for the raised concern.

9.10. The Chairman suggested that the Council take note of the statements made.

9.11. It was so agreed.

10 ITEM J: ALBANIA, AUSTRALIA, CANADA, EUROPEAN UNION, ICELAND, JAPAN, LIECHTENSTEIN, MONTENEGRO, NEW ZEALAND, NORTH MACEDONIA, NORWAY, REPUBLIC OF KOREA, SINGAPORE, SWITZERLAND, UNITED KINGDOM AND THE UNITED STATES – UNILATERAL TRADE RESTRICTIVE MEASURES AGAINST RUSSIA – REQUESTED BY THE RUSSIAN FEDERATION

10.1. The Chairman indicated that the item had been added to the agenda of the Council at the request of the delegation of the Russian Federation.

10.2. The representative of the Russian Federation drew the attention of all WTO Members to the inadmissibility of unilateral trade-restrictive measures introduced or announced by Albania, Australia, Canada, the European Union, Iceland, Japan, Liechtenstein, Montenegro, New Zealand, North Macedonia, Norway, Republic of Korea, Singapore, Switzerland, the United Kingdom and the United States against the Russian Federation.

10.3. Those measures not only contradicted WTO rules and those Members' specific commitments, but also disrupted international trade flows, broke global supply chains, and led to an increase in energy costs and food prices.

10.4. Russian services were deeply integrated into many value-added and supply chains. In that all-out economic war against the Russian Federation, most of the economies would be struck by collateral damage, including the authors of the restrictions, as well as those uninvolved.

10.5. Moreover, the unilateral coercive measures disproportionately affected low-income developing countries and LDCs. Higher prices threatened livelihoods, discouraged investment, and contributed to widening trade deficits. The danger for many developing countries and LDCs that were heavily reliant on fuel and food imports was most profound.

10.6. As an example, logistics chains were broken due to international cargo-carrying companies refusing to operate with Russian consignments under the threat to be penalised by the sanctions. Due to the unavailability of traditional itineraries, many carriers were forced to take longer routes, which increased their lead times and fuel costs.

10.7. The container shipping carrying capacity was being affected and freight rates continued to grow, which led to the rise in prices. For instance, according to the Food and Agriculture Organization of the United Nations, the global supply gap resulting from limited shipments could push up international food and feed prices by 8 to 22% above their already elevated levels.

10.8. The representative indicated that, for the sake of time, she would not specify all measures in detail. However, she drew Members' attention to some of them, which, in her delegation's view, represented a vast and outright violation of the GATS rules.

10.9. The European Union, the United States, the United Kingdom, Canada, Australia, New Zealand, Japan, Switzerland, and Liechtenstein had frozen assets of Russian service providers in almost all services sectors. Most of those Members had also imposed prohibitions and restrictions on suppliers of high-tech products and technologies to the Russian Federation, as well as restrictions on their maintenance services.

10.10. The European Union, Liechtenstein, Japan, New Zealand, Norway, Singapore, Switzerland, the United Kingdom, and the United States had also introduced financial, currency and investment restrictions, restrictions on transactions with securities and money market instruments as well as restrictions on issuing loans and credits.

10.11. Canada, the European Union, New Zealand, Switzerland, Liechtenstein, the United Kingdom and the United States had applied restrictions and prohibitions on air transport services and maritime transport services by closing the air space and seaports. The European Union had also imposed restrictions on road transport services.

10.12. Canada, the European Union, Liechtenstein, the United Kingdom and the United States had introduced prohibitions and restrictions in the field of communication services by prohibiting the broadcasting of certain Russian mass media.

10.13. The Russian Federation believed that those measures were inconsistent with a number of WTO rules, including the MFN principle and the specific commitments of those Members. It called on those Members that had not joined the unilateral trade-restrictive measures against the Russian Federation to take note that the above-mentioned measures negatively affected their trade and interests.

10.14. The Russian Federation expressed its concern about the attempt to replace the system of global economic governance with unilateral restrictive measures of extraterritorial scope. Despite different pretexts for such destructive policies, they actually put at serious risk the prospects for global economic growth and disproportionately hit developing countries. Being of a complex nature, they already had systemic negative implications on global value chains, international markets, and the stability of the price level.

10.15. In that context, the Russian Federation called on its partners to restore the smooth functioning of the international economic institutions and their legal frameworks in an open and non-discriminatory manner. It urged those Members to immediately lift unilateral trade-restrictive measures, including those with extraterritorial implications, and stop coercing other Members to follow suit.

10.16. The representative of the United States indicated that the intervention by the sponsor of that agenda item did not deserve a specific response. The United States condemned Russia's premeditated and unprovoked invasion of Ukraine. The US measures addressing the threat to the national security and foreign policy of the United States were fully consistent with its WTO rights and obligations.

10.17. The United States expressed its strong support for Ukraine during that difficult time and was deeply impressed with the quiet heroism of the Ukrainian people and the courage of their armed forces and their leaders. That was in contrast to the barbaric acts committed by Russia's armed forces who had killed, tormented, and stolen from innocent Ukrainians since the start of the invasion.

10.18. The United States was proud to stand among the Members listed under that agenda item, as it demonstrated the effectiveness of a group of countries to take action to confront a menace to the international community. The representative was pleased to reiterate the United States' resolve to impose economic pressure measures on the Russian Federation.

10.19. The United States and its partners' collective efforts had resulted in the world's major financial and economic centres acting in concert to sever Vladimir Putin's access to the international economy, including to international capital. It expected those efforts to have a debilitating impact on Russia's economy and hamstringing the Russian Government's ability to fund its invasion.

10.20. If the sponsor of that agenda item was unhappy with the effects that those measures had on the Russian economy, she could pin the blame on Vladimir Putin and perhaps take those concerns up with Moscow. However, if the Council was to examine truly tragic "unilateral trade-restrictive measures" affecting services, it should not ignore the real victims.

10.21. When Vladimir Putin had commenced the invasion of Ukraine in February 2022, he had unleashed actions that unilaterally restricted Ukraine's supply of services in the most devastating and long-lasting way possible. The World Bank had estimated that the Ukrainian economy would contract by 45% in 2022 due to Russia's invasion.

10.22. Although the full scope of the damage the Russian Federation had inflicted on Ukraine's services suppliers was not yet known, it already included the following: regarding transport services, the Russian Federation had blocked access to the Black Sea, and cargo trains faced many logistical hurdles, including damaged and destroyed rail lines and bridges, and truck transit had been stymied by damage of 23,000 kilometres of roads and 277 bridges.

10.23. Regarding communication services as well as computer and related services, the Russian invasion had damaged or destroyed up to 30% of Ukraine's infrastructure at a cost of USD 100 billion. There were also recent reports that the Russian Federation had caused a "near-total internet blackout" in the Kherson region of Ukraine.

10.24. In education services, since the beginning of the invasion, the Russian Federation had destroyed or damaged 120 educational facilities, including 83 schools, 22 kindergartens, nine specialised schools, five universities, and one scientific centre. In fact, in the previous week, the Russian Federation had bombed a school in Bilohorivka where 90 people had taken shelter and dozens were feared dead.

10.25. Regarding tourism and travel-related services, the Russian Federation had destroyed at least twelve Ukrainian airports, and over 100 cultural sites and had put an end to Ukraine's previously vibrant tourism industry. In March, a Russian airstrike against Chernihiv had caused the complete destruction of the historic Hotel Ukraine.

10.26. The representative indicated that there were countless other examples. His delegation would, to the extent necessary, continue to apply sanctions and use its trade tools to confront that threat. He appreciated having the opportunity at that meeting to hear about measures that other Members were taking against the Russian Federation. The representative would report those measures back to his Capital to make sure that the United States was doing all that it could to impose severe and immediate economic costs on President Putin's regime for that unjustifiable war, and for the swift and effective recovery of Ukraine's economy and to securing its economic and energy security.

10.27. The representative of Canada indicated that the illegal invasion of Ukraine by the Russian Federation was a flagrant violation of international law, with present and future humanitarian, environmental and economic consequences that extended far beyond the Ukrainian borders. At the same time, it was important to be aware of the scale of the situation in Ukraine. The situation continued to be most concerning, and all should be worried and alarmed.

10.28. According to the United Nations High Commissioner for Refugees (UNHCR), those eleven weeks of violence and terror, in addition to the victims, had forced more than six million Ukrainians to leave their country. As of 11 May, more than 4.8 million jobs had been lost in Ukraine, according to the International Labour Organization (ILO). For those still in the country, over 1.4 million people did not have access to water, and 4.6 million had limited access. According to the United Nations, more than 108 attacks against health centres had been recorded. Those were just some numbers published by different international organisations on the situation on the ground.

10.29. On the global stage, rising energy prices and constraints on the supply of key goods and services inputs had caused major disruptions to global value chains. The economic cost of fragmented global value chains would grow increasingly untenable. It would particularly affect those regional economies in close proximity to the crisis, or most heavily dependent on critical inputs from Ukraine and the Russian Federation.

10.30. The consequences of Russia's actions in Ukraine would also pervade services trade, which played a growing and increasingly vital role in the health of the international economy. For example, in the transport services sector, Russian missiles and warships created insurmountable security concerns that complicated and obstructed trade routes. That was leading to massive disruptions in container shipping and air transport services, among others. The resultant slowed goods trade would have an equal impact on the supporting services or services inputs to commodities and manufactured exports.

10.31. Other services sectors had also been greatly affected by that illegal war. The illegal actions perpetrated by the Russian Federation did not only imperil key critical sectors of the economy but the global services economy as a whole. The economic consequences of the Russian aggression reverberated through the already fragile global trading system. They threatened the world's precarious recovery from the COVID-19 pandemic and sustainable development.

10.32. As with the devastating humanitarian crisis in Ukraine, responsibility for the far-reaching economic costs of that illegal invasion rested solely in the hands of the Russian leadership. What the Russian Federation had done could not and would not be normalised.

10.33. Canada rejected any suggestion that measures it had applied against the Russian Federation were inconsistent with its WTO obligations. Canada was acting to protect its essential security interests, which were inextricably linked to a rules-based international environment. It would

continue to work closely with like-minded partners to promote peace and security for all States and their citizens.

10.34. The representative of the United Kingdom indicated that that item would not be on the agenda of that meeting if it were not for Russia's illegal invasion of Ukraine.

10.35. The representative was pleased that the Russian Federation had put that item on the agenda as that gave Members the opportunity to counter Russia's blatant disinformation. She echoed some of the points made by the United States and Canada.

10.36. The blame for the crises highlighted by the Russian Federation lay with one WTO Member, and one WTO Member only: the Russian Federation. It was the Russian Federation that had destroyed transport routes and infrastructure that was having an impact on global goods and services trade.

10.37. It was as a result of the Russian attacks on Ukrainian ports and airports that small businesses were unable to import the goods and services that they required. It was as a result of Russia's illegal actions that suppliers had been prevented from providing services to consumers around the globe.

10.38. Russia's invasion had severe consequences on Ukraine's ability to participate in goods, services, and procurement trade. That was all to the detriment of Ukraine and the rest of the world.

10.39. While Russia continued to violate international law, human rights and multiple commitments to peace and security, the United Kingdom would work with its allies and partners across the multilateral system to condemn Russia's appalling actions and to take all action necessary to isolate the Russian Federation on the international stage and to cripple Putin's war machine.

10.40. The measures of the United Kingdom were very clear and in direct response to Russia's invasion. All action the United Kingdom was taking was fully in line with its rights and obligations as a WTO Member.

10.41. The representative of the European Union indicated that the WTO Member that had requested that agenda item, the Russian Federation, had launched an illegal, unprovoked and unjustified invasion of Ukraine, blatantly violating international law and the rules-based international order. Its consequences had already extended beyond Ukraine's borders.

10.42. The Russian army continued its attacks in Ukraine for more than 80 days, destroying Ukrainian cities, villages and infrastructure; and most importantly, killing and torturing civilians or making them flee to safety to other countries.

10.43. Beyond the devastating impact on the Ukrainian people and economy, the Russian war negatively affected global trade in different sectors, including services, and posed a direct threat to the European and international security order.

10.44. Despite all that, the Russian Federation requested the attention of the Council to complain about the targeted measures, only taken in response to its illegal and unjustifiable war, that a number of WTO Members had imposed.

10.45. To set the record straight in light of the disinformation campaign of the Russian Federation, the European Union wished to make the following points. First, in a transparent manner, the European Union had issued a Joint Statement, together with other partners, concerning the trade measures that were adopted towards the Russian Federation, including measures that denied the Russian Federation the benefits which the WTO Agreement provided, such as the benefit of the Most-Favoured Nation treatment.

10.46. Second, the European Union considered the measures taken necessary to protect its essential security interests within the meaning of the applicable security exceptions of the WTO Agreement. Their purpose was to restore peace and security, in full respect of Ukraine's territorial integrity, sovereignty and independence within its internationally recognised borders. Those measures were therefore fully consistent with WTO rules.

10.47. Third, the restrictions were primarily directed at the Russian Government, the financial sector, and the economic elites with the objective to curb Russia's abilities to finance and continue with their illegal war, and to stop the unprecedented disruptions that the Russian war caused on the global economy and trade.

10.48. The European Union called on the Russian Federation to immediately stop its military aggression in Ukraine, which was the only way to stop the humanitarian and security crisis.

10.49. The representative reiterated her delegation's full support for Ukraine and its people. The European Union remained committed to helping Ukraine to fight that war and cope with the economic and trade consequences of Russia's aggression. It would seek to facilitate access and transit for imports from Ukraine to its market; and encouraged Members to do likewise, including by eliminating tariffs and other restrictions on imports, facilitating the use of infrastructure and facilitating customs procedures in a manner commensurate with their capacity and consistent with WTO rules.

10.50. The European Union would continue to provide its support for the Ukrainian military that was fighting heroically against the invasion of the Russian Federation and to provide humanitarian aid to alleviate the suffering of Ukrainian civilians by securing their access to basic goods and services.

10.51. The representative of Japan said that Russia's aggression against Ukraine, a sovereign state, was an attempt to unilaterally change the status quo by force and was an act that had shaken the very foundations of the international order. That was a clear violation of international law and was totally unacceptable.

10.52. Japan strongly condemned Russia's actions. It was, therefore, to be expected that the international community, including Japan, imposed sanctions against Russia's aggression.

10.53. Japan would continue to stand by Ukraine and the Ukrainian people and take appropriate measures in cooperation with the international community, including the G7, to improve the situation, in line with the G7 Leaders' Statement of 8 May 2022.

10.54. The representative of Norway reiterated that her delegation condemned, in the strongest possible terms, Russia's unprovoked and illegal attack on Ukraine.

10.55. Russia's war against Ukraine was causing death, destruction, and human suffering on a horrendous scale. Russia's war was causing price hikes on energy, commodities, and food, harming poor and vulnerable people across the world.

10.56. Russia's war was a blatant violation of international law. Russia's war was a direct threat to the rules-based world order, of which the WTO was an integral part.

10.57. The measures taken by Norway as a reaction to Russia's unprovoked military actions were fully consistent with its WTO rights and obligations. The Russian Federation through its despicable actions had lost the moral right to point its finger at others.

10.58. The representative of Iceland said that his delegation once again condemned in the strongest possible terms the illegal invasion of the Russian Federation in Ukraine. The aggression by the Russian Federation was causing widespread destruction and unspeakable suffering to the Ukrainian people.

10.59. Members had learned at that meeting more about the grave economic consequences that invasion was causing for Ukrainian service providers – consequences that were reverberating far beyond Ukrainian borders.

10.60. Economic measures implemented by Iceland against the Russian Federation – in coordination with its partners – were aimed at restoring peace and security. Iceland deemed them necessary to protect its essential security interests and fully consistent with relevant exceptions of the WTO Agreement.

10.61. Those measures would stay in place as long as the Russian Federation continued its brutal aggression against the Ukrainian people and its undermining of the international rules-based order, including the multilateral trading system.

10.62. The representative of New Zealand joined other Members in condemning, in the strongest possible terms, the Russian Federation's unprovoked and unjustified attack on Ukraine. New Zealand strongly supported Ukraine in opposing Russia's act of aggression. The attacks were causing widespread humanitarian consequences and resulted in the senseless deaths of innocent people.

10.63. New Zealand supported collective action by the international community to denounce the egregious and unlawful actions taken by the Russian Federation, and censure those in the Russian Federation who bore responsibility for them.

10.64. In that regard, New Zealand had joined the international community in applying sanctions as a means to limit the Putin regime's ability to continue the war in Ukraine and to influence people with power in the Russian Federation to break their support for the invasion.

10.65. Sanctions were applied to designated individuals, entities, assets, and services. That targeted action was a direct response to Russia's illegal and unprovoked war in Ukraine and was intended to limit Russia's ability to finance and equip the war.

10.66. It was Russia's illegal war in Ukraine that had caused widespread humanitarian consequences and resulted in the senseless deaths of innocent people and widespread economic harm. The international community had to respond to that crisis together and take active steps to promote open and transparent trade.

10.67. The representative of Australia reiterated that Russia's actions violated Ukraine's sovereignty and territorial integrity, constituted a gross violation of international law, including the United Nations Charter, and threatened the rules-based international order.

10.68. Australia supported the statements made by other Members that responsibility laid solely with the Russian Federation for what was currently happening to global services trade, including the negative effects for developing and Least-Developed Countries, and that nowhere would the effects be more acute or long-lasting than in Ukraine itself.

10.69. Any services-related trade measures taken by Australia were exclusively attributable to Russia's illegal invasion of Ukraine. The measures were commensurate and justified given Russia's unprecedented illegal actions, and to the extent that they were covered by Australia's GATS obligations, GATS-consistent.

10.70. Australia would continue to work with its partners to impose far-reaching economic sanctions and trade measures to inflict heavy costs on the Russian Federation and those responsible.

10.71. The representative of Singapore said that his delegation's position on Russia's invasion of Ukraine was firmly grounded on its staunch support for international law and the UN Charter, which prohibited acts of aggression against a sovereign state. Singapore's specific sanction measures were fully consistent with its WTO rights and obligations.

10.72. The representative of Switzerland, while taking note of the intervention of the Russian Federation, recalled its statement at the beginning of the meeting. Switzerland highlighted the considerable disruption of trade in services and the disastrous effects on many sectors caused by Russia's military aggression against Ukraine.

10.73. In view of that military aggression, Switzerland had taken a number of economic measures. Those measures were exceptional and had been taken precisely because of Russia's violation of international law. The representative stressed that the measures in question were according to international law, including WTO law.

10.74. The representative of the Republic of Korea said that Russia's invasion of Ukraine was having devastating impacts on world trade, including trade in services of Ukraine. As mentioned previously,

the travel industry, transportation services, communication services and so on had been seriously damaged by the invasion.

10.75. Measures by the Republic of Korea were based on WTO rules. The Republic of Korea believed that it was essential to focus on the very origin of the sharply aggravating situation in global supply chains in many areas, including services. The only way to end all that was the termination of Russia's military action in Ukraine.

10.76. The representative of Albania indicated that, following Russia's intervention on that point and reiterating his delegation's previous intervention, the implications for the WTO, that the Russian Federation was accusing other Members of, were triggered by the Russian Federation itself. Obviously, as that grave situation was ongoing there could not be any more business as usual.

10.77. Furthermore, in the context of WTO, there was not any political discourse that was impeding the substantive discussion on WTO issues, but quite the contrary, as it was the Russian war that had shadowed the WTO issues.

10.78. The measures taken by Albania, in close cooperation with its partner countries, were directly in response to protecting essential security interests and against the threat, which was a European-wide threat. Those measures were fully in line with Albania's rights and obligations as a WTO Member.

10.79. Albania considered that the only way out of that conflict was for the Russian Federation to urgently stop the military aggression and immediately withdraw its troops. As Albania stood in full solidarity with the people of Ukraine, it called on the Russian Federation to live up to its responsibility to maintain international peace and security.

10.80. The representative of the Russian Federation asked Members to stop playing sustainable suppliers of fake news and to concentrate on sustainable supply chains, at least in the WTO if they were really worried about it.

10.81. The goal of the Russian military operation was the denazification and demilitarisation of Ukraine, and not the targeting of civilians. All the tales, like those mentioned at that meeting, were disinformation. It was the Ukrainian army and Government who blocked the exit of civilians from besieged cities, blocked humanitarian corridors and used civilian infrastructure to hide Ukrainian fighters. The civilian population was used as a shield by the Ukrainians to prevent Russian advancement. In reality, the Russian army did not attack the civilian population.

10.82. Fake news against the Russian Federation was used for two purposes. The first was anti-Russian propaganda. The second was that Governments attempted to justify to their taxpayers why they directed so many funds to fight the Russian Federation, instead of helping their own population.

10.83. It was not a secret that there was a very clear temporal connection between the staged scenes in Ukraine, in which Russian soldiers were falsely accused of some actions, and the announcement of a new package of anti-Russian sanctions. Such misinformation helped Western countries to manipulate public opinion.

10.84. The WTO was for Members to act according to certain rules and norms, not for declaring the violation of those rules because some Members did not like the actions of another Member. Such logic was very ambiguous, where Members would say "I fulfil my obligations towards you if I like you. But I will not give economic access to my market, because you are not my ally".

10.85. The representative said that that was a very slippery and dangerous slope for the multilateral trading system. Firstly, that approach created great risk for opportunistic behaviour, and secondly, while that day some Members did not like the Russian Federation, the following day it might be another Member, and so on. The rules did not work that way. Then they would not be rules, but selective benefits. With such an approach, one returned to the era of colonial governance.

10.86. The result of such actions would be a fragmentation of the world economic system. Decoupling from key suppliers would lead to global trade turbulence and welfare reduction. However, the costs would be carried by all parties, not just by the Russian Federation. Members' taxpayers

had already felt that through a deficit of goods and inflation. Building political blocks against someone was a rather expensive pleasure and definitely contrary to the spirit of the WTO.

10.87. The representative of Ukraine wished to take the floor as everything that had been said under that agenda item was directly related to the consequences of the Russian military aggression against Ukraine.

10.88. She would not dignify the Russian Federation with a response to its statement as it consisted of propaganda and lies. The facts spoke for themselves, and the whole world had seen the real face of the Russian Federation in Bucha and other destroyed Ukrainian villages and cities.

10.89. The representative thanked the Members that had expressed their full support for Ukraine for their strong response to the invasion and the measures taken for security reasons.

10.90. Ukraine emphasised once more that Russia's invasion of Ukraine undermined the established work of the multilateral trading system, hindered the development of and people's welfare in developing and Least-Developed Countries, as well as impaired the proper functioning of international organisations, in particular the WTO.

10.91. Ukraine, therefore, asked all WTO Members to stand together and take action to protect the main principles the work of the WTO was based on and to safeguard the hard-earned accomplishments, goals, and gains of Members' common work, as well as their proper development.

10.92. The representative of the Russian Federation indicated that her delegation was not offended by the words of the Ukrainian colleague. She believed that the Ukrainian delegate had been simply over-inspired by her country's success in the Eurovision Song Contest 2022 during the previous weekend.

10.93. The representative said that the Ukrainian delegate was trying to arrange something like a show and to repeat the success of her compatriots. Unfortunately, the Council did not give prizes, even if the diplomat's performance deserved an Oscar. Therefore, Members should stop deviating from the agenda of the meeting and return to their routine discussions in strict accordance with the rules of procedure.

10.94. The Chairman suggested that the Council take note of the statements made.

10.95. It was so agreed.

11 ITEM K: OTHER BUSINESS

11.1. No issue was raised under that agenda item.

11.2. The meeting was adjourned.
