

**REPORT (2002) OF THE COUNCIL FOR TRADE IN SERVICES  
TO THE GENERAL COUNCIL**

1. Since its last report to the General Council, dated 9 October 2001, the Council for Trade in Services has held seven formal meetings. Reports of the meetings are contained in documents S/C/M/55, S/C/M/56, S/C/M/58, S/C/M/59, S/C/M/60, S/C/M/61, and S/C/M/63. The Council has also held two special meetings dedicated to the review of the Annex on Air Transport Services, the reports of which are contained in documents S/C/M/57 and S/C/M/62. The reports of the meetings should be read in conjunction with this report. During the reporting period, the Council addressed the following matters:

**I. NOTIFICATIONS MADE TO THE COUNCIL PURSUANT TO GATS  
ARTICLES III:3, V AND VII:4**

2. At its meeting held on 4 October 2001 the Council took note of the following notifications:

(i) Notifications pursuant to Article III:3 of the GATS concerning modifications to services regulations in sectors where specific commitments have been undertaken:

Brazil	(S/C/N/143-154)
Albania	(S/C/N/155-165)
Sri Lanka	(S/C/N/167-168)
Switzerland	(S/C/N/170-172)

(ii) A notification pursuant to Article V concerning an economic integration agreement:

EFTA and Mexico	(S/C/N/166)
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(iii) A notification pursuant to Article VII:4 concerning recognition measures and agreements or arrangements:

Switzerland	(S/C/N/173-178)
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3. The Council referred the economic integration agreement between EFTA and Mexico to the CRTA.

4. At its meeting held on 3 December 2001 the Council took note of the following notifications:
- (i) Notifications pursuant to Article III:3 of the GATS concerning modifications to services regulations in sectors where specific commitments have been undertaken:  

Japan	(S/C/N/179)
Poland	(S/C/N/180-182)
  - (ii) A notification pursuant to Article V concerning an economic integration agreement:  

New Zealand and Singapore	(S/C/N/169)
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5. The Council referred the economic integration agreement between New Zealand and Singapore to the CRTA.
6. At its meeting held on 5 June 2002 the Council took note of the following notifications:
- (i) Notifications pursuant to Article III:3 of the GATS concerning modifications to services regulations in sectors where specific commitments have been undertaken:  

Latvia	(S/C/N/183-184)
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  - (ii) Notifications pursuant to Article V concerning an economic integration agreement:  

European Communities and Latvia	(S/C/N/187)
European Communities and Estonia	(S/C/N/188)
European Communities and Lithuania	(S/C/N/189)
European Communities and Slovenia	(S/C/N/190)
Chile and Costa Rica	(S/C/N/191)
  - (iii) Notifications pursuant to Article VII:4 concerning recognition measures and agreements or arrangements:  

Latvia	(S/C/N/185-186)
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7. The Council referred the five economic integration agreements notified to the CRTA.
8. At its meeting held on 17 July 2002 the Council took note of a notification pursuant to Article V concerning an economic integration agreement between the European Communities and Mexico, contained in document S/C/N/192, and referred it to the CRTA.
9. At its meeting held on 25 October 2002 the Council took note of a notification pursuant to Article V concerning an economic integration agreement between Jordan and the United States, contained in document S/C/N/193, and referred it to the CRTA.

## II. ISSUES ARISING FROM THE REVIEW OF ARTICLE II (MFN) EXEMPTIONS

10. At its meeting held on 4 October 2001 the Council based its discussion on a communication from Hong Kong, China; Japan and Korea, which addressed a number of procedural and substantive issues raised in the context of the review. Discussions continued on a paper from Chile (JOB(01)/34) regarding the procedures for the reduction and withdrawal of MFN exemptions. Based on a request from the Council, the Secretariat had produced a note examining the legal aspects of procedures for the termination, reduction, and rectification of MFN exemptions (JOB(01)/106). Discussion began on a communication from Mexico (S/C/W/196) regarding indeterminate deadlines indicated in some

MFN lists and the 10 year in principle deadline indicated in the Annex on Article II (MFN) Exemptions. The Council agreed to revert to this item at its next meeting.

11. At its meeting held on 3 December 2001, the Council pursued its discussions on a communication from Mexico (S/C/W/196), as well as on earlier contributions, which focused on the substantive issue of terminating MFN exemptions. It also began discussion on a communication from Korea, contained in document (S/C/W/204). The Council agreed to revert to this item at its next meeting.

12. At its meeting held on 19 March 2002, the Council continued its discussion on earlier communications from Mexico (S/C/W/196) and from Korea (S/C/W/204) regarding the specific or indicative nature of the 10 year deadline contained in the Annex on Article II (MFN) Exemptions. Reference was also made to an earlier paper from Hong Kong, China (Job No. 7775) regarding MFN exemptions which were purported to grant less favourable treatment. The Council agreed to include this item on future agenda only upon receipt of new submissions.

### **III. PROCEDURES FOR THE TERMINATION, REDUCTION AND RECTIFICATION OF ARTICLE II (MFN) EXEMPTIONS**

13. At its meeting held on 3 December 2001, the Council considered draft Procedures for the Certification of Terminations, Reductions and Rectifications of Article II (MFN) Exemptions, contained in document S/C/W/202, which had been prepared by the Secretariat upon the request of Members. A draft decision in this regard, contained in S/C/W/203, was also submitted for consideration. The Council agreed to revert to this item at its next meeting.

14. At its meeting held on 19 March 2002, the Council considered a revised draft of the Procedures for the Certification of Terminations, Reductions and Rectifications of Article II (MFN) Exemptions, contained in document S/C/W/202/Rev.1. Changes were suggested and requests to revert to the revised draft were made.

15. At its meeting held on 5 June 2002, the Council considered a new revised draft of the Procedures for the Certification of Terminations, Reductions and Rectifications of Article II (MFN) Exemptions, contained in document S/C/W/202/Rev.2. After a few minor amendments were proposed and accepted, the draft decision contained in document S/C/W/203 was adopted, and has been issued as document S/L/105. The procedures were issued as document S/L/106.

### **IV. REVIEW OF THE UNDERSTANDING ON ACCOUNTING RATES IN TELECOMMUNICATIONS**

16. At its meeting held on 4 October 2001, the Council continued its discussions on the review of the understanding on accounting rates, as provided for in paragraph 7 of the Report of the Group on Basic Telecommunications, contained in document S/GBT/4. The Council postponed its consideration of two notes presented by Australia in July, on Terms of Reference for a Telecommunications Accounting Review (JOB (01)/73) and related Questions and Answers (JOB (01)/111). The Council agreed to revert to this item at its next meeting.

17. Discussion continued on this item in the Council's meeting on 3 December 2001. The representative of Australia suggested that the Council complete the review by its March 2002 meeting. The Council agreed to revert to this item at a future meeting.

18. At its meeting held on 19 March 2002 the Council considered a new proposal from Australia, contained in JOB(02)/25, to obtain additional information necessary to the review. It was suggested that Members communicate answers to the questions contained in the new proposal to the Secretariat. The Council agreed to revert to this item at its next meeting.

19. At its meeting held on 5 June 2002, the Council continued its discussions based on the previous submissions. It was noted that no information had been communicated to the Secretariat based on the questions contained in JOB(02)/25, and the Council agreed to revert to this issue in the future only if such information had been received.

#### **V. PROPOSALS FOR A TECHNICAL REVIEW OF GATS PROVISIONS**

20. At its meeting held on 4 October 2001, the Council continued its discussion on this item based on previous submissions from the Secretariat (JOB(01)/17); Australia, the European Communities and their Member States, Hong Kong, China, Japan, Norway and Switzerland (JOB(01)/40); and Japan (JOB(01)/107), which contained suggestions with regard to possible issues to be addressed in a technical review. The Council agreed to revert to this item at its next meeting.

21. At its meeting held on 3 December 2001, the Council continued to discuss the substantive issues raised in previous submissions, as well as those contained in a communication from Brazil, contained in JOB(01)/165. The Council agreed to revert to this item at its next meeting.

22. At its meeting held on 19 March 2002, the Council pursued its discussions on this item based on the previously tabled submissions. Given the interest expressed in a number of particular cases, namely Articles XVI, XVII and XX:2, the Chair suggested he convene an informal meeting on this issue with a view to reaching a consensus on which subjects could form part of a technical review.

#### **VI. PROPOSALS FOR A TECHNICAL REVIEW OF GATS PROVISIONS – ARTICLE XX:2**

23. At its meeting held on 5 June 2002 the Council had a preliminary substantive discussion on Article XX:2. The Council tasked the Secretariat to produce a note on the drafting history of Article XX:2. The Council agreed to revert to this item at its next meeting.

24. At its meeting on 17 July 2002 the Council continued its discussions based on a Secretariat note contained in JOB(02)/89 on the drafting history of Article XX:2. The Secretariat was further tasked with producing a short note illustrating some of the scenarios raised by a few Members in the discussion. The Council agreed to revert to this issue at its next meeting.

25. At its meeting held on 25 October 2002, the Council continued its discussions based on two Secretariat notes, contained in JOB(02)/89, and a new note, contained in JOB(02)/153, which illustrates a few practical scenarios. The Council agreed that an informal, open-ended meeting on this item be convened and to revert to this item at the next meeting.

#### **VII. IMPLEMENTATION OF COMMITMENTS BY THE PEOPLE'S REPUBLIC OF CHINA – STATEMENT BY THE UNITED STATES**

26. At its meeting held on 19 March 2002 the Council had a discussion on this item at the request of the United States on the basis of a statement made by its delegation. The Council took note of the statements made.

27. At its meeting held on 5 June 2002 the Council had a discussion on this item at the request of the United States. It was agreed that the discussion of this item was outside the context of the transitional review mechanism. The Council took note of the statements made.

28. At its meeting held on 17 July 2002 the Council had another discussion on this item at the request of the United States. The Council took note of the statements made.

## **VIII. PREPARATIONS IN CONNECTION WITH SECTION 18 OF THE PROTOCOL ON THE ACCESSION OF THE PEOPLE'S REPUBLIC OF CHINA**

29. At its meeting held on 5 June 2002 the Council had a discussion on this item at the request of the United States. The Chair proposed to have consultations on the matter. The Council agreed to revert to this item at its next meeting.

30. At its meeting held on 17 July 2002 the Council continued its discussion on this item. The Chair informed the Council of the General Council's intention to conduct its review on 10-11 December 2002. She proposed further consultations on the matter. The Council took note of the statements made.

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

31. At its meeting held on 25 October 2002 the Council for Trade in Services conducted and concluded the first Transitional Review under Section 18 of the Protocol of Accession of the People's Republic of China. The Council took note of the report from the Committee on Trade in Financial Services on its own review, contained in document S/FIN/7, which would form part of the Services Council's report on this matter to the General Council. Discussion on this item took place based on communications from the European Communities and their Member States (S/C/W/211 and S/C/W/211/Corr.1); the United States (S/C/W/212); Japan (S/C/W/213); Chinese Taipei (S/C/W/217); and Australia (S/C/W/219). The Council took note of the statements made. The report to the General Council on the review of the Council for Trade in Services is contained in document S/C/15.

## **X. WORK PROGRAMME ON ELECTRONIC COMMERCE**

32. At its meeting held on 4 October 2001 the Council had this item on its agenda but no discussion has taken place.

## **XI. NEGOTIATIONS UNDER ARTICLE X OF THE GATS (EMERGENCY SAFEGUARDS) – EXTENSION OF THE DEADLINE FOR NEGOTIATIONS**

33. At a special meeting held on 15 March 2002 the Council received a communication from the Chair of the Working Party on GATS Rules proposing to extend the deadline on the negotiations under Article X of the GATS on emergency safeguard measures, contained in document S/C/W/205/Rev.1. The Chair of the Working Party on GATS Rules presented a proposal for the new deadline of 15 March 2004, on the basis of which, the Council adopted the Fourth Decision on Negotiations on Emergency Safeguard Measures (S/L/102).

## **XII. RE-OPENING OF THE FOURTH PROTOCOL FOR ACCEPTANCE**

34. At its meeting held on 5 June 2002, following a request from Papua New Guinea, the Council adopted a decision, contained in document S/L/104, to re-open the Fourth Protocol to the GATS relating to basic telecommunications, for acceptance by Papua New Guinea.

## **XIII. RE-OPENING OF THE FIFTH PROTOCOL FOR ACCEPTANCE**

35. At its meeting held on 25 October 2002, following a request from the Republic of Bolivia, the Council adopted a decision, contained in document S/L/108, to re-open the Fifth Protocol to the GATS relating to financial services, for acceptance by the Republic of Bolivia.

#### **XIV. COOPERATION BETWEEN THE INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO) AND THE WTO**

36. At its meeting held on 4 October 2001, the Council had a discussion based on a previous note by the Secretariat (JOB(01)/64), containing a letter from the Secretary-General of ICAO with a proposal to develop a cooperation agreement between ICAO and the WTO; a new Secretariat note S/C/W/199, containing an ICAO paper entitled "Cooperation between the International Civil Aviation Organization and the World Trade Organization"; and an oral presentation made by a representative of ICAO. The Council agreed to revert to this item at a future meeting.

#### **XV. REVIEW OF THE ANNEX ON AIR TRANSPORT SERVICES UNDER PARAGRAPH 5 OF THE ANNEX**

37. The third meeting devoted to the review was held on 9 October 2001. The Council continued its discussion based on an oral presentation and an ICAO paper on charges for airports and air navigation services, contained in document S/C/W/188; a communication from the United States, contained in document S/C/W/198; and a communication from Brazil on the situation of commercial air transport in Brazil, contained in document S/C/W/201. The Council also discussed documents prepared by the Secretariat, contained in S/C/W/163/Add.3, S/C/W/163/Add.4, S/C/W/163/Add.5, S/C/W/163/Add.6 and S/C/W/200. The report of the meeting is contained in document S/C/M/57. The Council agreed to hold a further meeting in March 2002.

38. The fourth meeting devoted to the review was held on 18 March 2002. The Council pursued its discussion based on a new Secretariat note, contained in document S/C/W/200/Add.1; and a communication from Australia, Chile and New Zealand, contained in document S/C/W/206. Given the divergent views concerning the scheduling of a future meeting, the Chair suggested that he hold informal consultations in this regard. The report of the meeting is contained in document S/C/M/62.

#### **XVI. APPOINTMENT OF NEW CHAIRPERSON OF THE COUNCIL**

39. At its meeting held on 19 March 2002 the Council appointed Ambassador Mary Whelan (Ireland) as the Chair of the Council for Trade in Services.

#### **XVII. WORK OF THE SUBSIDIARY BODIES**

40. The activities of the subsidiary bodies are reflected in their respective reports, which are annexed to this report as follows:

Annex I	Report of the Committee on Specific Commitments
Annex II	Report of the Committee on Trade in Financial Services
Annex III	Report of the Working Party on Domestic Regulation
Annex IV	Report of the Working Party on GATS Rules

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Annex I

**Committee on Specific Commitments**

**S/CSC/7**

6 December 2002

**REPORT OF THE COMMITTEE ON SPECIFIC COMMITMENTS  
TO THE COUNCIL FOR TRADE IN SERVICES (2002)**

1. Since its last report to the Council for Trade in Services, the Committee on Specific Commitments held five formal meetings between 30 November 2001 and 24 October 2002. The reports of these meetings are contained in documents S/CSC/M/21, 22, 23 and 23 Corr.1, 24 and 25. The Committee's work in this period focused on two items: matters relating to the scheduling of commitments, and classification issues.

**I. MATTERS RELATING TO THE SCHEDULING OF COMMITMENTS**

**A. INCORPORATION OF COMMITMENTS RESULTING FROM THE CURRENT SERVICES NEGOTIATIONS IN MEMBERS' SCHEDULES**

2. Members addressed technical issues arising from commitments that result from current services negotiations and their relationship with existing commitments. On the basis of a Secretariat note (S/CSC/W/33), two scenarios were explored: "accumulation," where new commitments would complement the existing set of a Member's commitments, and "replacement," which would result in a single schedule for each Member at the end of the negotiations. Without prejudice to the ultimate legal relationship between pre-existing and new commitments, Members supported the concept of a single consolidated schedule at the end of the negotiations. It was agreed that offers should already be submitted on the basis of draft consolidated schedules. The Secretariat was requested to prepare such draft schedules for all Members except those who preferred to undertake the consolidation themselves. Members agreed that the draft schedules would not have any legal status, but would be a negotiating tool for delegations to present their offers.

**B. APPROACHES TO THE SCHEDULING OF ADDITIONAL COMMITMENTS UNDER ARTICLE XVIII OF THE GATS**

3. Members discussed approaches to the scheduling of additional commitments under Article XVIII of the GATS. Based on a Secretariat note (S/C/W/34), several technical and systemic issues were explored, including the role of Article XVIII in relation to other provisions of the GATS and the nature of commitments that could be taken under this Article.

**II. CLASSIFICATION ISSUES**

4. During the reporting period, the Committee discussed new classification proposals regarding Legal Services (S/CSC/W/32 – proposal by Australia) and Computer and related Services (S/CSC/W/35 – European Communities). In addition, a proposal of MERCOSUR and Bolivia (S/CSS/W/108) on the classification of Postal and Courier Services was discussed.

5. To assist Members in taking stock of existing classification proposals and to facilitate discussion, the Secretariat was requested to prepare a compendium of these proposals (Job (02)/143).

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Annex II

**Committee on Trade in Financial Services**

**S/FIN/8**

4 December 2002

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

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

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

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

**II. TECHNICAL ISSUES**

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

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

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



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

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

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

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

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Annex III

**Working Party on Domestic Regulation**

**S/WPDR/4**  
6 December 2002

**REPORT OF THE WORKING PARTY ON DOMESTIC REGULATION  
TO THE COUNCIL FOR TRADE IN SERVICES (2002)**

1. Since its last annual report to the Council for Trade in Services, the Working Party on Domestic Regulation (WPDR) held five formal meetings and two informal meetings. Minutes of the formal meetings are found in WTO documents S/WPDR/M/14 to M/18. Informal papers have been submitted to the Working Party. Informal papers were submitted by the Chairperson,<sup>1</sup> Members<sup>2</sup> and the Secretariat.<sup>3</sup>

**I. DEVELOPMENT OF REGULATORY DISCIPLINES UNDER GATS ARTICLE VI:4**

2. With respect to the development of regulatory disciplines on domestic regulation, discussions of the Working Party in late 2001 and early 2002 continued to focus on the elements identified by Members in the revised *Checklist of Issues for WPDR* (JOB(01)/92 dated 19 June 2001). At the formal meeting on 12 March, Members agreed that the *Summary of Discussions on the Checklist of Issues for WPDR* and the *Checklist* itself should be merged into one document. The most recent version of the *Summary* was circulated as JOB(02)/3/Rev.2, dated 4 October 2002.

3. At the formal meeting on 16 July, 2002, the OECD gave a brief presentation, on an informal basis, regarding the meeting of services experts that was held in Paris in March 2002.

**II. ORGANIZATION OF FUTURE WORK**

4. Members discussed the organization of future work at an informal Working Party meeting (on Friday 1 March) and during the formal meeting on 12 March, based on two Chairperson's Notes (JOB(02)/4, dated 30 January 2002, and JOB(02)/22, dated 7 March). They were generally of the view that it was time to focus more on the regulatory barriers and issues that service suppliers actually faced. This involved engaging in a review of the measures contained in the informal Secretariat paper *Examples of Measures to be Addressed by Disciplines under GATS Article VI:4* (latest version is JOB(02)/20/Rev.2, dated 18 October 2002).

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<sup>1</sup> JOB(01)/159, dated 22.11.01; JOB(02)/4, dated 30.01.02; JOB(02)/22, dated 07.03.02; JOB(02)/46, dated 29.05.02; JOB(02)/80, dated 12.07.02; JOB(02)/81, dated 12.07.02; JOB(02)/80/Rev.1, dated 13.08.02; and JOB(02)/147, dated 17.10.02.

<sup>2</sup> JOB(02)/48, dated 31.05.02 (Communication from Thailand); JOB(02)/50, dated 03.06.02 (Communication from Hong Kong, China); JOB(02)/150, dated 22.10.02 (Communication from Japan); JOB(02)/146, dated 16.10.02 (Communication from Australia); and JOB(02)/151, dated 21.10.02 (Communication from Australia).

<sup>3</sup> JOB(01)/162, dated 27.11.01; JOB(02)/3, dated 29.01.02; JOB(02)/20, dated 07.03.02; JOB(02)/3/Rev.1, dated 12.04.02; JOB(02)/20/Rev.1, dated 12.07.02; JOB(02)/3/Rev.2, dated 04.10.02; JOB(02)/139, dated 4.10.02; JOB(02)/139/Rev.1, dated 17.10.02; JOB(02)/20/Rev.2, dated 18.10.02; and JOB(02)/139/Rev.2, dated 25.10.02.

### **III. DEVELOPMENT OF DISCIPLINES FOR PROFESSIONAL SERVICES**

5. Regarding the development of disciplines for professional services, the Working Party held discussions on the informal Secretariat paper *Synthesis of Results to Date of the Domestic Consultations in Professional Services* (JOB(01)/162, dated 27 November 2001). At the formal meeting on 22 October 2002, the WPDR agreed on Secretariat consultations with international professional services organizations, as selected by Members, concerning the potential suitability of the *Disciplines on Domestic Regulation in the Accountancy Sector* (S/L/64, dated 17 December 1998) for other professions.

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Annex IV

**Working Party on GATS Rules**

**S/WPGR/8**

5 December 2002

**REPORT OF THE WORKING PARTY ON GATS RULES  
TO THE COUNCIL FOR TRADE IN SERVICES (2002)**

1. Since its last annual report<sup>4</sup>, the Working Party on GATS Rules held five formal meetings.<sup>5</sup> In each meeting, the Working Party considered the three negotiating mandates it is entrusted with: emergency safeguard measures (Article X); government procurement (Article XIII); and subsidies (Article XV).

2. On 22 July 2002, the Working Party adopted work programmes on emergency safeguard measures, subsidies and government procurement respectively, recognizing, *inter alia*, that these did not prejudice in any way the outcome of the negotiations under the respective agenda items, and that the undertaking of individual items of work, including the questions of desirability and feasibility, should be without prejudice to each other under each subject of negotiations (S/WPGR/7).

**I. NEGOTIATIONS ON EMERGENCY SAFEGUARD MEASURES UNDER GATS  
ARTICLE X**

3. At its meeting on 15 March 2002, the Working Party agreed to extend the negotiating mandate under Article X until 15 March 2004 (S/C/W/205/Rev.1). This proposal was adopted the same day by the Council for Trade in Services (S/L/102).

4. Moreover, on 22 July 2002, the Working Party adopted a work programme for organizing its work on emergency safeguard measures (S/WPGR/7). Main elements are, *inter alia*, to identify, elaborate and consolidate elements for an ESM, to address the questions of desirability and feasibility, to encourage Members to put forward submissions as early as possible before 31 December 2002, and to finalize the negotiations by 15 March 2004.

5. Various delegations presented formal and informal written contributions in relation to the mandate contained in Article X.<sup>6</sup> During several formal and informal meetings, delegations continued their examination of issues related to a possible ESM, including the question of desirability and feasibility, the form of a possible ESM, the modal application of safeguard measures, the concept of special and differential treatment, and relevant procedural matters, such as notification, consultation and surveillance. Divergent views continued to be expressed on these issues.

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<sup>4</sup> S/WPGR/6, 4 October 2001.

<sup>5</sup> Minutes of the meetings are contained in documents S/WPGR/M/35-39.

<sup>6</sup> See *Desirability of a Safeguard Mechanism for Services: Promoting Liberalization of Trade in Services*, Communication from the United States (S/WPGR/W/37); *Modal Application of an Emergency Safeguard Measure*, Communication from the European Communities and Their Member States (S/WPGR/W/38); Contribution from Cuba, the Dominican Republic, Guatemala, Honduras and Nicaragua (JOB(01)/166); *Elements for a Possible "Core Mechanism" for Temporary Suspension or Modification of Commitments*, Communication from Australia (JOB(02)/8). See also JOB(02)/9 and JOB(02)/85.

## **II. NEGOTIATIONS ON GOVERNMENT PROCUREMENT UNDER GATS ARTICLE XIII**

6. On 22 July 2002, the Working Party adopted a work programme on government procurement (S/WPGR/7). It provides, *inter alia*, for continued discussion on the basis of submissions from Members and materials available, and encourages Members to put forward submissions as early as possible before 31 March 2003.

7. In their discussions, Members examined a Communication from the European Communities and their Member States on government procurement of services (S/WPGR/W/39). The issue of the scope of the mandate contained in Article XIII was also raised.

## **III. NEGOTIATIONS ON SUBSIDIES UNDER GATS ARTICLE XV**

8. On 22 July 2002, the Working Party adopted a work programme on subsidies (S/WPGR/7). It provides, *inter alia*, for continued discussion on subsidies on the basis of submissions from Members and materials available, and encourages Members to put forward submissions on subsidies as early as possible before 31 March 2003.

9. Discussions under this agenda item focused on the information exchange mandated in Article XV, and on the need for further information on services subsidies in general. Members gave consideration to a simplified questionnaire put forward by the delegations of Argentina, Chile and Hong Kong, China (JOB(02)/84). Moreover, the Secretariat circulated a further addendum to the overview of information on subsidies contained in Trade Policy Review reports (S/WPGR/W/25/Add.3).

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