

**ANNUAL REPORT OF THE WORKING PARTY ON GATS RULES
TO THE COUNCIL FOR TRADE IN SERVICES (2012)**

1. Since its Annual Report of 2011 to the Council for Trade in Services¹, the Working Party on GATS Rules (WPGR) held four formal meetings, respectively on 1 November 2011, 19 March, 25 June and 1 October 2012.² During the period covered by this report, the Working Party continued to engage in discussions on all three GATS-Rules subjects, in line with Annex C of the 2005 Hong Kong Ministerial Declaration.

I. NEGOTIATIONS ON EMERGENCY SAFEGUARD MEASURES (ARTICLE X)

2. On emergency safeguard measures (ESM), the proponents viewed the time as an opportunity for a period of reflection – while standing ready to continue the discussion on any ESM-related subject at the request of any delegation. Based on three documents prepared by the Secretariat (JOB/SERV/89, JOB/SERV/90 and JOB/SERV/106), which provided an overview of, and guide to, the considerable work and analysis devoted to the subject over the past sixteen years, Members took stock of the various concepts and options for a possible safeguard mechanism that had been raised since the Working Party's inception in 1995. The ESM-proponents reminded delegations of the evolution and current state of their proposal, focussing on the core elements of an ESM as identified in JOB/SERV/106.

II. NEGOTIATIONS ON GOVERNMENT PROCUREMENT (ARTICLE XIII)

3. Based on a series of dedicated discussions on the broader economic and developmental importance of government procurement in services that took place in the latter part of 2010 and 2011, several initial suggestions for future work had emerged: notably to develop a comparative typology of market access barriers in commercial and procurement services transactions; to examine the services that were most relevant for international procurement; and to improve the statistical situation, including data on the participation of developing countries in internationally contestable procurement markets. However, these issues were not further addressed during the reporting period.

III. NEGOTIATIONS ON SUBSIDIES (ARTICLE XV)

4. Members agreed to mandate the Secretariat to update its Background Note on "Subsidies for Services Sectors – Information contained in WTO Trade Policy Reviews" (S/WPGR/W/25/Add.5, last updated in March 2007). Regarding a possible way forward in this area, Members could not agree on whether the Working Party would first need to identify concrete evidence of trade-distortive effects of subsidies in services before entering into negotiations to develop multilateral disciplines to avoid such trade-distortive effects.

¹ S/WPGR/22, dated 10 November 2011.

² The reports of the formal meetings are contained in documents S/WPGR/M/76 to 79 and should be read in conjunction with this report.