

NOTE ON THE MEETING HELD ON 11 JUNE 1998

Note by the Secretariat

1. The Working Party on Professional Services held its nineteenth meeting on 11 June 1998. The agenda for the meeting was contained in airgram WTO/AIR/851.

Work Pursuant to Paragraph 2(a) of the *Decision on Professional Services*

2. The Chairman opened the meeting by suggesting that discussion of the informal Secretariat note, Disciplines on Domestic Regulation in the Accountancy Sector (eighth revision, Job No. 2891), be conducted in formal mode, and that the review be made on a paragraph-by-paragraph basis. This was agreed.

3. Paragraph 1 was agreed upon as written. On Paragraph 2, the Chairman noted that he had held informal discussions and, consequently, a suggestion had been made to replace the existing footnote with either the text of GATS Articles XVI and XVII, or with a reference to an attachment of these articles at the end of the text. Members agreed to include the text as an attachment. Paragraphs 3, 4 and 5 were agreed upon as written. On Paragraph 6, Egypt noted that it had placed a Reservation. Paragraphs 7, 8, 9 and 10 were agreed upon as written.

4. On Paragraph 11, India suggested the sentence end after the word "public", and Mexico stated that it wished to place a Reservation on the paragraph, as the legal form of the disciplines had not yet been decided. A number of possibilities were considered; in the end, however, Members were unable to agree on a change in wording, with New Zealand and the United States reserving their right to consult with their respective capitols. Paragraph 12 was agreed upon as written. On Paragraph 13, Canada pointed out that the use of variable language in regard to "Members" and "competent authorities", notably in Paragraphs 13, 15 and 23, caused confusion, and could, for example, create unintended effects in regard to future panel decisions. Consequently, Members agreed to use the passive voice in place of the variable language in these three paragraphs. Paragraph 14 was agreed upon as written. On Paragraphs 15 and 16, Columbia noted that an obscure verb had been used in the Spanish translation and requested a change in the Spanish text. Otherwise, the paragraphs were agreed upon as written, except to change to the use of the passive voice in Paragraph 15. Paragraphs 17 18 and 19 were also agreed upon as written.

5. On Paragraph 20, India requested that an addition be made to the text.¹ Egypt gave its general support, but Canada, Brazil, Argentina and the United States said they could not support the addition. India reserved its option to make a new proposal in the near future. Paragraphs 21 and 22 were agreed upon as written. On Paragraph 23, in addition to the use of the passive voice as noted above, Chile pointed out that the equivalent of "applicant countries" in the Spanish translation should be replaced simply by "applicant". Singapore enquired if "eligible applicants" alone in the English text

¹ The suggested addition was "Where foreign qualifications are regarded as not being equivalent, Members shall seek the least trade restrictive measure for fulfilling the qualification requirements, such as an examination, apprenticeship period or training. In principle, full re-qualification shall not be required".

could be considered as sufficient, and whether the phrase "including foreign and foreign-qualified applicants" adequately covered the possibilities envisaged. In the end, however, most Members preferred to keep the text as written, with Singapore reserving the option to revert to the matter. Paragraphs 24, 25 and 26 were agreed upon as written.

6. For the second item on the agenda, the Secretariat Note entitled Discussion of Matters Relating to Articles XVI and XVII of the GATS (Job. No. 3176), discussion was conducted in informal mode. The Chairman summed up the discussions by stating that Members had discussed the Secretariat Note and made a number of observations. The Secretariat was asked to redraft the Note, removing language which might suggest that a consensus had been reached on certain issues. Members were asked to submit drafting suggestions to the Secretariat by 17 June, so that these could be appended to the revised Secretariat Note for consideration at the next meeting.

7. The last item on the agenda, the issue of the legal form of the disciplines, was also discussed in informal mode. Several delegations, however, indicated they wished to have their interventions placed on the record. Canada said that it sought a practical legal form, with the widest scope of Member coverage, that was legal binding and offered, if necessary, recourse to the Understanding on Rules and Procedures Governing the Settlement of Disputes. The Canadian delegate also questioned how the two-thirds requirement might be achieved in the case of an GATS Annex. Mexico said that it did not share the interpretation concerning creation of an Annex found in the revised informal Secretariat Note, Disciplines on Accountancy: Legal Form and Entry into Force (Job No. 1144). As no modifications were to be made to the text of any existing GATS articles, Mexico felt that the disciplines were new obligations rather than an amendment.

8. Japan said that it continued to support the Council Decision option. As a preliminary position, Japan also stated that a horizontal approach would be the most reasonable direction which the WPPS should pursue as the next step, although discussions would be needed with the relevant professions. Concerning the point made by Mexico and other delegations, Japan stressed that it was difficult to consider alternative options other than an Annex as an amendment of the WTO Agreements, according to Article X of the Agreement, or a Reference Paper to be scheduled by individual Members. Japan stressed that the WTO Agreements had no intention to give the General Council or the Council on Trade in Services a mandate to establish legally binding disciplines without acceptance by each Member according to their own domestic procedures.

9. After returning to formal mode, the Chairman stated that the next meeting would focus on legal form, and that the discussion on the text of the disciplines had been largely concluded.
