

**Council for Trade in Services
Special Session**

SPECIAL SESSION OF THE COUNCIL FOR TRADE IN SERVICES

Report by the Chairman to the Trade Negotiations Committee

The Council for Trade in Services met in Special Session on 9 December 2002 and 13 January 2003.

I. STATUS OF WORK

1. Under the item Assessment for Trade in Services a submission was received from China which outlines the overall development in services liberalization and trade in services in China, and presents a case-study on the banking sector. Members noted China's impressive record in this regard. As well, a detailed oral statement was made by the United States with data on services trade in the US, including cross border trade, and affiliates trade. The US signalled its intention to submit a communication on these issues in the near future. Finally, in response to a request at the Council's last meeting, a Secretariat note recapitulating previous submissions made under this item was circulated and is contained in Job(02)/208.

2. Concerning the Modalities for the Treatment of Autonomous Liberalization, the Special Session of the Council held two informal meetings on this issue on 25 November 2002 and 13 January 2003 to discuss a new Chairman's text and drafting suggestions. Despite extensive consultations between the two informal meetings, a few points of divergence remain, and further consultations are necessary. There were some expressions of regret that the draft Modalities could not be adopted at the formal meeting, as it appeared to some that consensus was within reach. In this vein, a number of delegations reiterated that, in a spirit of flexibility, they could support the revised Chairman's draft. They hoped that movement in this direction would occur expeditiously.

3. On the Modalities for the Special Treatment for Least-Developed Country Members, preliminary and substantive discussions were held based on a draft text submitted by Zambia on behalf of the LDCs (Job(02)/205). A few concerns with some of the provisions of the draft were expressed, although a large number of Members noted that the draft is an important document and a good basis upon which to move the process forward. In this regard, Members reiterated their hope that these modalities could be adopted by 31 March 2003.

4. Under the item Proposals Relating to the Negotiations under Article XIX, a large number of interventions were made. Preliminary discussions were held based on a proposal introduced by Chinese Taipei on Computer and Related Services. Detailed statements were made on maritime services by Japan and Panama, and a good number of Members expressed interest in substantial and meaningful commitments in this sector. The point was made that audio-visual services is but one sector which is sensitive to some Members, and that the various sensitive sectors referred to in the discussion all fall within the scope of the GATS. A few Members noted that an asymmetry exists between commitments in mode 4 (movement of natural persons) and other modes, as well as within

mode 4. In this regard, further information on mutual recognition agreements was requested from the Secretariat.

5. With respect to the item Review of Progress in Negotiations Amongst Participants there was a good discussion and linkages with the discussion under previous item (Negotiating Proposals) were noted. Members generally agreed that market access negotiations in services were moving forward quickly and some hoped that negotiations in other areas would also do so. Mention was made of a number of imbalances characterizing the negotiations, including between progress in market access versus rules negotiations, interest in mode 3 versus mode 4, and bilateral versus multilateral approaches. There were expressions all around of the need for balanced progress in the negotiations, particularly given the approach of initial offers. Discussion on an earlier proposal (TN/S/W/7) pertaining to paragraph 15 of the Guidelines and Procedures for the Negotiations in Trade in Services (S/L/93) continued with three new Members joining the co-sponsorship of the communication. Some very useful clarifications were made, including that the proposal could be addressed through inscription of a permanent sub-item under this agenda item. Some requests for clarification of the proposal remained outstanding, and in the absence of consensus, Members agreed to revert to this item at the next meeting.

6. With reference to the item Organization of Future Work the point was made that the meetings of the Council for Trade in Services, Special Session, will be decided upon definitively in light of the discussions held in this body. As well, concern was expressed that the heavy load of meetings at the WTO in 2003 may create logistical difficulties for the organization of Services clusters.

II. OUTSTANDING ISSUES

7. In the case of Modalities for the Treatment of Autonomous Liberalization, given the fact that some points of divergence remain, consultations will continue with a view to finalising the Council's work on this item.

III. FUTURE WORK

8. Finally, the Council agreed to hold an open-ended informal meeting in January in order to exchange views on the draft Modalities for the Special Treatment for LDCs.
