



**ANNUAL REPORT OF THE COUNCIL FOR TRADE IN SERVICES
TO THE GENERAL COUNCIL (2020)**

Since its Annual Report of 2019 to the General Council¹, the Council for Trade in Services held two formal meetings², respectively on 1 July and 2 October 2020.³ During the period covered by this report, the Council addressed the following matters.

1 NOTIFICATIONS MADE TO THE COUNCIL PURSUANT TO GATS ARTICLES III:3, V:7 AND VII:4

1.1. The Council for Trade in Services took note, altogether, of the following notifications:

a. Notifications pursuant to Article III:3 of the GATS

Thailand	(S/C/N/971 - S/C/N/979)
The European Union	(S/C/N/981 - S/C/N/985; S/C/N/1004 - S/C/N/1010 and S/C/N/1004/Corr.1, S/C/N/1007/Corr.1, and S/C/N/1009/Corr.1)
Switzerland	(S/C/N/987 - S/C/N/988)
The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu	(S/C/N/989 - S/C/N/990)
Australia	(S/C/N/991)
The Russian Federation	(S/C/N/1000 - S/C/N/1002)
Ukraine	(S/C/N/1011 - S/C/N/1012)
India	(S/C/N/1013)
Albania	(S/C/N/1020 - S/C/N/1021)

b. Notifications pursuant to Article V:7 of the GATS

Iceland	(S/C/N/919/Add.1)
Hong Kong, China; and Australia	(S/C/N/986)
China and Hong Kong, China	(S/C/N/264/Add.11 and S/C/N/264/Add.11/Corr.1)
China and Macao, China	(S/C/N/265/Add.11)
The European Union and Singapore	(S/C/N/1003)
Peru and Australia	(S/C/N/1015)
The European Union and Viet Nam	(S/C/N/1016)
Canada, Mexico and the United States	(S/C/N/1017)

The agreements notified in these documents were referred to the Committee on Regional Trade Agreements for consideration.

¹ Document S/C/59.

² The meeting originally planned for 24 March 2020 did not take place because of the measures introduced to combat the COVID-19 pandemic.

³ Reports of these meetings are contained in documents S/C/M/142 and S/C/M/143, and should be read in conjunction with this report.

c. Notifications pursuant to Article VII:4 of the GATS

Thailand	(S/C/N/980)
The Russian Federation	(S/C/N/992 - S/C/N/999)
Australia	(S/C/N/1014)
Albania	(S/C/N/1018 - S/C/N/1019)

1.2. At the meeting held in July, the Council took note of the updated Secretariat Note containing a statistical account of the notifications made under relevant GATS provisions.⁴ Some Members observed that, as per the information in the Note, various developing countries and LDCs had submitted more GATS Article III:3 notifications than most developed countries.

2 OPERATIONALIZATION OF THE LDC SERVICES WAIVER

2.1. At the meeting of the Council held in July, the LDC Group urged notifying Members to share information on how they were orienting LDC service suppliers to the benefits available under the Waiver preferences and how LDC services were being consumed in their domestic markets, including during the COVID-19 pandemic. Several Members intervened to underscore the importance of the Waiver.

2.2. At the October meeting, the LDC Group put forward some ideas to advance the discussions on the operationalisation of the Waiver. First, the Group proposed that the Council organize a virtual workshop to bring together LDC service suppliers and consumers of LDC services in preference-granting Members. LDCs asked the CTS Chairman to hold consultations on the proposed workshop, which they suggested could be held in the first quarter of 2021. Second, LDCs informed Members that they planned to organise, in November 2020, a webinar on the impact of COVID-19 on the supply of services from LDCs. Third, the Group sought the Secretariat's assistance to update the information on LDC services trade initially prepared for the Dedicated Session of 2019.

2.3. Members were generally open to discussing the LDC Group's ideas but, given the novelty of the suggestions, called for more details to be provided, in writing.

3 WORK PROGRAMME ON ELECTRONIC COMMERCE

3.1. In July, the Council for Trade in Services addressed a communication by a group of Members proposing exploratory discussions on how to support digital capability of business and consumers.⁵ The document generated significant engagement, with around 40 delegations intervening. All Members welcomed the communication as a useful contribution to the Work Programme, and numerous delegations said that it testified to the co-sponsors' commitment to the Work Programme and the value of continuing exploratory discussions under the same.

3.2. All Members underscored the crucial role of e-commerce to economic growth and development and noted that the COVID-19 pandemic had brought this aspect further to the fore. Many delegations shared their own experiences and initiatives in support of digital capabilities, and several indicated that they would be contributing further at future meetings.

3.3. Numerous delegations valued the communication's focus on the need to bridge the digital divide, although some argued that the development angle of the paper could have been broader. Several Members called for the CTS discussions to focus especially on the numerous infrastructural constraints faced by developing countries and LDCs. One Member expressed its concerns with the parallel Joint Statement Initiative (JSI) on e-commerce and its rule-making objective. Another Member underscored the importance of keeping WTO discussions trade-focused and urged Members not to take measures that undermined their goal of participating effectively in digital markets.

3.4. The joint communication⁶ continued to generate substantive engagement at the October meeting of the CTS, with several delegations presenting detailed information and follow-up accounts

⁴ Document JOB(09)/10/Rev.10.

⁵ JOB/SERV/296/Rev.2, co-sponsored by Australia; Brazil; Canada; Colombia; Hong Kong, China; Japan; Mexico; New Zealand; Nigeria; Norway; Singapore and the United Kingdom.

⁶ The communication was revised in September, in JOB/SERV/296/Rev.3, to add Ukraine as a co-sponsor.

of the initiatives they had undertaken to support digital capability of business and consumers. One Member also shared extensive information on its efforts to promote the development of the e-payment sector.

3.5. Members emphasised again that e-commerce was vital to fostering economic growth and development and stressed that COVID-19 had considerably highlighted this aspect. While acknowledging the benefits of e-commerce, a few Members affirmed that the Work Programme discussions had not sufficiently focused on the significant challenges it posed. These Members argued that extending the e-commerce Moratorium would be harmful to developing countries and reiterated their concerns with the parallel JSI process and its rule-making intent.

4 UPDATE OF THE SECRETARIAT BACKGROUND NOTE ON MODE 4

4.1. The Council addressed this agenda item upon India's request. At both the July and October meetings, India reiterated its request that the Secretariat update the Background Notes on mode 4 and on the other modes of supply. India's suggestion was echoed by some delegations. India could additionally support the preparation of a further Note by the Secretariat, on intermodal linkages.

4.2. While affirming that a Note on intermodal linkages might be useful, one Member stated that updating the old modal Notes would be of no added value and thus could not support India's request.

5 CYBERSECURITY MEASURES OF CHINA AND VIET NAM

5.1. At the request of Japan and the United States, at its July and October meetings the Council addressed again various cybersecurity measures adopted and under development by China and Viet Nam, respectively. The two requesting delegations shared their concerns with various aspects of those measures, which they alleged could be inconsistent with China and Viet Nam's respective GATS obligations, and sought additional information and clarity on the same. Their concerns were echoed by several other Members.

5.2. In reply, China said that its measures had been drafted transparently and had taken stakeholders' comments into consideration. China stated that the purpose of the measures was the protection of cybersecurity, an objective that all Members shared. At the July meeting, China also raised its own concerns with a cybersecurity measure of the United States.

5.3. Viet Nam noted that its legislative process was open and transparent, and that stakeholders' comments would continue to be reviewed as the process advanced.

6 5G-RELATED MEASURES OF AUSTRALIA

6.1 At the request of China, the Council addressed 5G-related measures of Australia at its July and October meetings. China expressed its concerns that the measures under discussion prevented Chinese companies from participating in 5G-related projects in Australia and run counter to Australia's WTO obligations.

6.2 In reply, Australia stressed that its measures on 5G networks were fully consistent with its WTO obligations and stated that it welcomed foreign businesses into its market.

7 RUSSIAN FEDERATION FOREIGN-LICENSED FIXED SATELLITE OPERATORS MARKET ACCESS

7.1 At the request of the United States, at its July and October meetings the Council addressed a measure by the Russian Federation related to market access for foreign-licensed fixed satellite operators. The United States shared its concerns that the measure in question provided a preference for the use of Russian satellite services over foreign ones, and sought additional information on the same. The US concerns, and the possibility that the Russian Federation's measures could run counter to its WTO obligations, were echoed by two other Members.

7.2 In reply, the Russian Federation provided some details about its measure, stating that it had not created any difficulties for foreign suppliers and that no Russian operators had been prevented from using the services of foreign satellite operators.

8 SOFTWARE PRE-INSTALLATION MANDATE OF THE RUSSIAN FEDERATION

8.1 At the request of the United States, the Council addressed a measure by the Russian Federation on the pre-installation of software on "technically complex goods" at its July and October meetings. The United States shared its concerns that the measure in question could run counter to the Russian Federation's WTO obligations and sought additional clarity on the same. The US concerns were echoed by three other Members.

8.2 In reply, the Russian Federation stated that the measure under discussion was fully consistent with its WTO obligations. The Russian Federation would continue to engage with stakeholders and duly consider their views.

9 MEASURES OF THE UNITED STATES RELATED TO CERTAIN APPLICATIONS

9.1 At the request of China, in October the Council addressed a series of US measures concerning ByteDance and the TikTok and WeChat applications. China raised its concerns that those measures were trade-restrictive and inconsistent with the United States' GATS obligations.

9.2 In reply, the United States stated that its actions served to protect its national security and had been taken to mitigate specific and identified national security risks. China responded that the United States had not provided any concrete evidence that its national security was being impacted.

10 MEASURES OF INDIA RELATED TO INVESTMENT APPROVAL AND CERTAIN APPLICATIONS

10.1 At the request of China, at its October meeting the Council addressed a series of Indian measures on investment approval and banning the use of certain applications. China expressed its concerns that those measures were trade restrictive and inconsistent with India's GATS obligations.

10.2 After noting that it had not received advance information of the specific concerns China intended to raise, India replied that its measures were fully compliant with its WTO obligations. India called on China to reflect on its own record with transparency and maintaining an open trade regime for digital services. China responded that it had not taken any blanket measures against services and service suppliers of any particular origin.

11 THE COVID-19 PANDEMIC AND IMPLICATIONS FOR TRADE IN SERVICES

11.1 This item had been included on the agenda of the July meeting by the Chairman, to provide an opportunity for Members to exchange views on the aspects of the pandemic that related to trade in services. Many delegations highlighted the importance of sharing relevant information and experiences, and several mentioned the Secretariat's Information Note on "Trade in services in the context of COVID-19".⁷ Some Members referred to the Secretariat's collection of COVID-related services trade measures and highlighted the importance of transparency, with various delegations underscoring that Members' trade-restrictive measures had to be temporary, proportionate, non-arbitrary and non-discriminatory.

11.2 Transport and tourism were identified as amongst the sectors most heavily affected by the pandemic; it was noted that this had a disproportionate effect on those developing and LDC Members whose services exports were concentrated in those sectors. At the same time, several delegations observed that the pandemic had resulted in an increased provision of online services, including across borders, and had focused attention on the need to foster an environment conducive to leveraging digital technologies. Various Members noted, nevertheless, that the crisis had further underscored the urgent need to address disparities in digital connectivity. Several delegations said that the pandemic was impacting developing and LDC Members particularly severely given their limited financial resources to support their economies.

11.3 As requested at the July meeting, in October the Secretariat gave a presentation of its Information Note on "Trade in services in the context of COVID-19". Several delegations reiterated the need for Members' COVID-related measures affecting trade in services to be timebound,

⁷ https://www.wto.org/english/tratop_e/covid19_e/services_report_e.pdf

justifiable and non-arbitrary. Some Members stated that the crisis was having an asymmetric effect on developing countries, impacting their ability to provide fiscal stimulus and to respond to the health crisis. One delegation underscored the importance of the cross-border movement of health personnel.

12 I-TIP SERVICES TRADE POLICY DATABASE

12.1 Further to a request of the Russian Federation, at the October meeting the Secretariat delivered a presentation of the World Bank-WTO I-TIP Services, focusing mainly on the Services Trade Policy Database that had been released in January. Members expressed their appreciation for the database and considered it to be a useful tool.

13 RECENT DEVELOPMENTS IN TRADE IN SERVICES STATISTICS

13.1. At the October meeting of the Council, the Secretariat delivered its yearly presentation of recent developments in trade in services statistics. The Secretariat presented preliminary estimates showing a marked decline of services trade during the first half of 2020, with some sectors, such as travel and construction, particularly impacted by the COVID-19 crisis, and others, such as ICT services, faring better.

14 WORK OF THE SUBSIDIARY BODIES

14.1. The activities of the subsidiary bodies in 2020 are reflected in their respective reports, which are annexed to this report, as follows:

Annex I	Report of the Committee on Trade in Financial Services (S/FIN/35)
Annex II	Report of the Committee on Specific Commitments (S/CSC/26)
Annex III	Report of the Working Party on Domestic Regulation (S/WPDR/24)
Annex IV	Report of the Working Party on GATS Rules (S/WPGR/31).

ANNEX I



WORLD TRADE
ORGANIZATION

S/FIN/35

27 November 2020

(20-8587)

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**ANNUAL REPORT OF THE COMMITTEE ON TRADE IN FINANCIAL SERVICES
TO THE COUNCIL FOR TRADE IN SERVICES (2020)**

1.1. Since its previous Annual Report to the Council for Trade in Services¹, the Committee on Trade in Financial Services held one formal meeting, on 14 July 2020.²

1.2. The purpose of the meeting was to follow-up on the thematic seminar on "FinTech: Trade, Financial Inclusion and Development" organized by the Committee on 13 and 14 July 2020.³ At the meeting, some Members shared their domestic experiences in the area of Fintech, whilst others suggested topics for further discussion.

¹ [S/FIN/34](#), dated 21 November 2019.

² The report of the formal meeting is contained in document [S/FIN/M/94](#), and should be read in conjunction with this report.

³ The revised program of the seminar was circulated in document RD/SERV/155.

ANNEX II

**WORLD TRADE
ORGANIZATION**

S/CSC/26

2 December 2020

(20-8687)

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**ANNUAL REPORT OF THE COMMITTEE ON SPECIFIC COMMITMENTS
TO THE COUNCIL FOR TRADE IN SERVICES (2020)**

1. Since its 2019 annual report to the Council for Trade in Services¹, the Committee on Specific Commitments (CSC) held two formal meetings, on 1 July 2020 and 1 October 2020 respectively.² At these meetings, the Committee considered three items: Implementation of Specific Commitments, Scheduling Issues, and Classification Issues.

1 IMPLEMENTATION OF SPECIFIC COMMITMENTS

2. This item was included in the agenda upon a Communication from the United States dated 5 March 2020.³ The United States proposed that the Committee examine conditional commitments contained in the Schedules under the GATS with a view to improving transparency of commitments. The Committee held preliminary discussions on the proposal of the United States. At the meeting on 1 October 2020, the Committee agreed on a step-by-step approach whereby the Secretariat would first prepare a factual compilation of conditional commitments contained in Members' Schedules and the Committee would then consider the next steps of the proposed exercise.

2 SCHEDULING ISSUES

3. The Committee considered the issue of "Unbound*" entries in the Schedules of specific commitments under the GATS, which, usually inscribed under mode 1, were intended to mean "no commitments due to lack of technical feasibility". Noting that many services where Members inscribed "Unbound*" in their Schedules became tradeable as a result of recent technological developments, Switzerland expressed its interest in having discussions on this issue and shared its practices in recent Free Trade Agreements.

4. The Committee continued to consider scheduling issues under mode 4, initially identified in a Communication from the Kyrgyz Republic.⁴ India reiterated its position on these issues and expressed its continued interest in having further discussions in this regard.

3 CLASSIFICATION ISSUES

5. The Committee did not engage in substantive discussions under this item.

¹ Annual Report of the Committee on Specific Commitments to the Council for Trade in Services (2019), contained in document S/CSC/25 dated 21 November 2019.

² The reports of these meetings are contained in documents S/CSC/M/82 and S/CSC/M/83, which should be read in conjunction with this report.

³ The communication from the United States is contained in document S/CSC/W/69.

⁴ The communication from the Kyrgyz Republic is contained in document JOB/SERV/287.

ANNEX III**WORLD TRADE
ORGANIZATION****S/ WPDR/24**

27 November 2020

(20-8588)

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**ANNUAL REPORT OF THE WORKING PARTY ON DOMESTIC REGULATION
TO THE COUNCIL FOR TRADE IN SERVICES (2020)**

1. Since its 2019 annual report to the Council for Trade in Services¹, the Working Party on Domestic Regulation held one formal meeting, on 3 December 2019.²
2. At the meeting, the delegations of India, South Africa, Sri Lanka, Tunisia, and Zimbabwe raised concerns about the development of disciplines on domestic regulation through a Reference Paper by the Joint Initiative on Services Domestic Regulation. India's opening statement was circulated to all Members.³
3. The concerns expressed were threefold: first, the Joint Initiative could not develop disciplines under the multilateral mandate set out in GATS Article VI:4. Second, certain provisions contained in the draft Reference Paper⁴ reduced, amended, or interpreted existing GATS obligations, hence affecting all Members' rights and obligations. India and co-sponsors requested that the disciplines in the draft Reference Paper be made consistent with GATS provisions and all references to GATS Article VI:4 be removed. Third, as the disciplines contained new rules, they could exclusively be introduced through an amendment procedure in line with the Marrakesh Agreement, and required the consensus of the full WTO Membership.
4. Other delegations disagreed with the views expressed, and noted the open-ended, transparent and inclusive nature of the negotiating process that allowed all Members to participate at any point in the discussions and express their views and concerns. Some Members stated that the disciplines developed by the Joint Initiative left the multilateral mandate contained in Article VI:4 untouched. The provisions negotiated in the context of the Joint Initiative improved upon existing commitments and could not be regarded as a dilution of existing commitments or obligations. Members were permitted, at any time, to improve their GATS Schedules of commitments. Participants of the Joint Initiative indicated their willingness to consider carefully the concerns expressed and invited all delegations to take actively part in the process.

¹ Annual Report of the Working Party on Domestic Regulation (2019), [S/ WPDR/23](#), dated 21 November 2019.

² The report of the meeting is contained in document [S/ WPDR/M/76](#), dated 13 December 2019, and should be read in conjunction with this annual report.

³ RD/SERV/154, dated 3 December 2019.

⁴ INF/SDR/W/1, dated 4 September 2019.

ANNEX IV



WORLD TRADE
ORGANIZATION

S/WPGR/31

27 November 2020

(20-8589)

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**ANNUAL REPORT OF THE WORKING PARTY ON GATS RULES
TO THE COUNCIL FOR TRADE IN SERVICES (2020)**

1. This report has been prepared pursuant to the Procedures for an Annual Overview of WTO Activities and for Reporting Under the WTO (WT/L/105).
 2. Since its 2019 annual report to the Council for Trade in Services¹, the Working Party on GATS Rules (WPGR) has held no meetings.
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¹ Annual Report of the Working Party on GATS Rules to the Council for Trade in Services (2019), contained in document S/WPGR/30 dated 21 November 2019.