



**ANNUAL REPORT OF THE COUNCIL FOR TRADE IN SERVICES  
TO THE GENERAL COUNCIL (2021)**

Since its Annual Report of 2020 to the General Council<sup>1</sup>, the Council for Trade in Services held three formal meetings, respectively on 4 December 2020, 5 March 2021 and 1 July 2021.<sup>2</sup> 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 took note, altogether, of the following notifications:

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

Mauritius	(S/C/N/1022);
Brazil	(S/C/N/1023);
Australia	(S/C/N/1042);
Switzerland	(S/C/N/1044);
Kazakhstan	(S/C/N/1045);
Japan	(S/C/N/1046);
Russian Federation	(S/C/N/1048 - S/C/N/1049);
Egypt	(S/C/N/1050);
Guyana	(S/C/N/1051);
Macao, China	(S/C/N/1057);
Thailand	(S/C/N/1058 - S/C/N/1059).

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

Canada, Mexico and United States	(S/C/N/4/Add.1);
United Kingdom	(S/C/N/1024);
Antigua and Barbuda, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago, and United Kingdom	(S/C/N/1025);
United Kingdom, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama	(S/C/N/1026);
United Kingdom and Chile	(S/C/N/1027);
United Kingdom, Ecuador and Peru	(S/C/N/1028);
United Kingdom and Republic of Korea	(S/C/N/1029);
United Kingdom and Singapore	(S/C/N/1030);
United Kingdom and Ukraine	(S/C/N/1031);
United Kingdom and Viet Nam	(S/C/N/1032);
United Kingdom and North Macedonia	(S/C/N/1033);
United Kingdom and Republic of Moldova	(S/C/N/1034);
United Kingdom and Georgia	(S/C/N/1035);
United Kingdom and Japan	(S/C/N/1036);
China and Mauritius	(S/C/N/1037);

<sup>1</sup> Document S/C/60.

<sup>2</sup> Reports of these meetings are contained in documents S/C/M/144 to S/C/M/146, and should be read in conjunction with this report.

Australia and Indonesia	(S/C/N/1040);
United Kingdom and European Union	(S/C/N/1041);
Brunei Darussalam; Cambodia; Hong Kong, China; Indonesia; Lao People's Democratic Republic; Malaysia; Myanmar; Philippines; Singapore; Thailand and Viet Nam	(S/C/N/1043);
European Union	(S/C/N/6/Add.1);
Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama and European Union	(S/C/N/680/Add.1);
Australia, New Zealand, Samoa, Solomon Islands, Tonga	(S/C/N/1052);
India and Mauritius	(S/C/N/1053);
Costa Rica, El Salvador, Honduras, Nicaragua, Panama, and Republic of Korea	(S/C/N/1054);
United Kingdom and Albania	(S/C/N/1055);
Antigua and Barbuda, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago and United Kingdom	(S/C/N/1025/Add.1);
United Kingdom	(S/C/N/1056).

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

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

Switzerland and United Kingdom	(S/C/N/1039);
Russian Federation	(S/C/N/1047).

1.2. At the meeting held in March, the Council took note of the updated Secretariat Note containing a statistical account of the notifications made under relevant GATS provisions.<sup>3</sup>

## 2 OPERATIONALIZATION OF THE LDC SERVICES WAIVER

2.1. Following a suggestion by the LDC Group that the Council organize a webinar to bring together LDC service suppliers and consumers of LDC services, at the meeting of the Council held in December Members considered an outline for the webinar circulated by the LDCs.<sup>4</sup> Members generally found the LDC outline helpful in providing greater clarity about the objective and scope of the webinar, and expressed broad support for the LDC proposal to hold an event that would enable an exchange of information and experiences. The Council agreed to task the Secretariat with the preparation of a draft programme for the event, to be submitted to Members for their consideration.

2.2. At the December meeting, the LDC Group also shared with the Council an account of the webinar on the impact of COVID-19 on LDC services trade it had organised on 2 December.

2.3. At the Council meeting held in March, Members deliberated the programme outline prepared by the Secretariat<sup>5</sup> and agreed to organize the webinar and decided to hold it towards the end of May.

2.4. The webinar, titled "Least Developed Country services export performance and facilitating implementation of preferences notified under the LDC Services Waiver", was held on 2 and 3 June.<sup>6</sup>

2.5. At the March meeting, the Council also took note of the UK's notification of preferences under the LDC Services Waiver.<sup>7</sup> The notification was welcomed by the LDC Group.

<sup>3</sup> Document JOB(09)/10/Rev.11.

<sup>4</sup> Document JOB/SERV/CTS/2.

<sup>5</sup> Document JOB/SERV/CTS/3.

<sup>6</sup> [https://www.wto.org/english/tratop\\_e/serv\\_e/webinar\\_june21\\_e.htm](https://www.wto.org/english/tratop_e/serv_e/webinar_june21_e.htm)

<sup>7</sup> Document S/C/N/1038. Since 2015, the preferential treatment extended by the United Kingdom to services and service suppliers of LDCs was contained in the European Union's notification under the Waiver

2.6. At the July meeting of the Council, Members shared their reflections on and reactions to the event. All delegations who intervened expressed appreciation for the webinar. Many noted that it had helpfully illustrated the opportunities and challenges faced by LDC suppliers in participating in global services trade, while also highlighting the significant gaps in LDC services trade data. The LDC Group put forward a number of suggestions for next steps and, following the request of several delegations, indicated that it would submit its ideas in writing, for Members' further reflection.

### **3 WORK PROGRAMME ON ELECTRONIC COMMERCE**

3.1. Deliberations at the December meeting of the Council continued to be invigorated by the communication by a group of Members proposing exploratory discussions on supporting digital capability of business and consumers.<sup>8</sup> Several delegations presented in-depth information about their programmes and initiatives in this area.

3.2. The Chairman suggested compiling the material shared by Members in a stand-alone and structured document, to facilitate access to the information and enhance transparency on the various initiatives taken in the e-commerce sphere. Many delegations welcomed and supported the proposal. A few sought clarifications, including about how the information would be compiled and presented, and one expressed reservations. The Chairman indicated that, to address the issues raised by delegations, he would provide further details about his proposal.

3.3. Various delegations called for the Work Programme to focus on the relationship between e-commerce and development, and on the challenges faced by developing countries in the digital sphere. A couple of delegations reiterated their concern with the JSI process and its rule-making objective, which they considered as premature, and said that the extension of the Moratorium would be harmful to developing countries. Various Members disagreed with these assertions; they noted that the JSI was inclusive, transparent and open to participation by all Members, that new rules on e-commerce were long overdue, and that evidence pointed to the Moratorium having had far-reaching benefits for businesses and consumers.

3.4. A representative of UNCTAD briefed the Council about its recent work in electronic commerce, including studies on the impact of COVID-19 on e-commerce.

3.5. The joint communication on supporting digital capabilities continued to generate substantive engagement in the Council, both at its March and July meetings. Numerous Members shared information about some of their programmes aimed at fostering an enabling environment for electronic commerce. Some delegations also presented the latest domestic developments related to e-commerce. At the March meeting, Members who intervened appreciated the Chairman's overview Note on the information shared by delegations about their initiatives to enhance digital capabilities.<sup>9</sup>

3.6. While welcoming the exchange of information, at the March meeting a couple of delegations reiterated their call for Members to focus the discussion on the issues mandated by the Work Programme, including the scope of the Moratorium and the challenges faced by developing countries in e-commerce. In their view, the extension of the Moratorium would be detrimental to developing countries and the parallel JSI negotiations were damaging the multilateral trading system. On the other hand, numerous Members noted the extensive benefits of the Moratorium for both businesses and consumers. They reiterated that the JSIs were inclusive, transparent and open to participation by all Members, adding that new rules on e-commerce could foster renewed momentum for the multilateral trading system.

3.7. At the July meeting, the LDC Group referred to the services elements of the communication on the Work Programme it had submitted to the General Council. Some delegations noted the challenges that developing countries faced in reaping the opportunities provided by the digital economy. They underscored the importance of strengthening multilateral discussions under the Work Programme, including through structured discussions. One delegation also called for the scope of the Moratorium to be clarified, stated that the e-commerce JSI negotiations damaged the rules-

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(S/C/N/840). The United Kingdom ceased to be a Member State of the European Union on 31 January 2020. Immediately following the end of the transition period with the European Union on 31 December 2020, the United Kingdom submitted an independent notification of preferences under the LDC Waiver (S/C/N/1038).

<sup>8</sup> JOB/SERV/296/Rev.4.

<sup>9</sup> JOB/SERV/CTS/4. The Note was circulated under the previous Chairman's own responsibility.

based multilateral trading system and indicated that it was working on a submission elaborating the treatment of electronic commerce in the GATS legal framework. A couple of Members intervened to reaffirm their commitment to the multilateral trading system and the Moratorium. One Member also contested the assertion that the e-commerce JSI negotiations negatively affected the WTO.

#### **4 UPDATE OF THE SECRETARIAT BACKGROUND NOTE ON MODE 4**

4.1. The Council addressed this agenda item, upon India's request, at the December, March and July meetings. India reiterated its request that the Secretariat update the Background Notes on mode 4 and on the other three modes of supply. India's suggestion was echoed by some delegations. India indicated that it could also 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 Note on mode 4 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 December, March and July meetings the Council addressed 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 WTO obligations, and sought additional information and clarity on the same. Their concerns were echoed by a number of other Members.

5.2. In reply, China said that its measures had been drafted transparently and with reference to the practice of other Members, and stakeholders' comments had been taken into consideration. China stated that the purpose of the measures was the protection of cybersecurity, an objective that all Members shared.

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 all the meetings covered by this Report. 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 WTO-consistent and stated that it continued to welcome foreign business involvement in the market.

#### **7 RUSSIAN FEDERATION FOREIGN-LICENSED FIXED SATELLITE OPERATORS MARKET ACCESS**

7.1 At the request of the United States, at its December meeting the Council addressed a measure by the Russian Federation related to market access for foreign-licensed fixed satellite operators. The United States voiced its concerns that the measure in question provided a preference for the use of Russian satellite systems over foreign ones. Two other Members shared the US concerns.

7.2 In reply, the Russian Federation said that the measure in question was consistent with its WTO obligations.

#### **8 SOFTWARE PRE-INSTALLATION MANDATE OF THE RUSSIAN FEDERATION**

8.1 At the request of the United States, at all the meetings covered by this Report the Council addressed a measure by the Russian Federation on the pre-installation of software. 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 a number of other Members.

8.2 The Russian Federation stated that, in developing the measure under discussion, it had taken into account the comments submitted by stakeholders and that the measure was fully consistent with its WTO obligations.

## **9 MEASURES OF THE UNITED STATES RELATED TO CERTAIN APPLICATIONS**

9.1 At the request of China, the Council addressed US measures concerning Chinese mobile applications at all the meetings covered by this report. At the December and March meetings, China expressed its concern that the measures in question were trade-restrictive and inconsistent with the United States' WTO obligations. At the July meeting, China noted the revoking of the measures, adding that it was a positive step in the right direction.

9.2 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.

## **10 MEASURES OF INDIA RELATED TO INVESTMENT APPROVAL AND CERTAIN APPLICATIONS**

10.1 At the request of China, at its December, March and July meetings the Council addressed Indian measures on investment approval and banning the use of certain applications. China voiced its concerns that the measures in question were trade restrictive and inconsistent with India's WTO obligations.

10.2 India replied that its measures were fully compliant with its obligations at the WTO and had been taken to ensure the protection of privacy, data security and national security.

## **11 RUSSIAN FEDERATION TAX BENEFITS FOR DOMESTIC SUPPLIERS OF IT SERVICES AND DOMESTIC SOFTWARE PRODUCTS**

11.1 At the request of the United States, at the December meeting the Council addressed a measure by the Russian Federation providing certain tax benefits to domestic suppliers of IT services and domestic software products. The United States expressed its concerns that the measure in question could run counter to the Russian Federation's WTO obligations and sought additional information on the same.

11.2 The Russian Federation stated that the measure in question was fully consistent with its WTO obligations and only applied to certain developers of specific importance for the sector.

## **12 SAUDI ARABIA LOCALISATION OF CUSTOMER SERVICES**

12.1 At the request of the United States, at the July meeting the Council addressed a measure by Saudi Arabia requiring the localisation of customer services activities. The United States shared its concerns that the measure, due to enter into force on 31 July, would impose significant costs on many companies in Saudi Arabia and would affect various services sectors in which Saudi Arabia had undertaken relevant GATS commitments. The US concerns were echoed by another Member.

12.2 Saudi Arabia stated that its measure fully conformed with its WTO commitments and would not change or modify existing market access conditions.

## **13 WORK OF THE SUBSIDIARY BODIES**

13.1. The activities of the subsidiary bodies in 2021 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/36)
Annex II	Report of the Committee on Specific Commitments (S/CSC/27)
Annex III	Report of the Working Party on Domestic Regulation (S/WPDR/25)
Annex IV	Report of the Working Party on GATS Rules (S/WPGR/32).

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**ANNEX I**



WORLD TRADE  
ORGANIZATION

**S/FIN/36**

18 October 2021

(21-7892)

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**ANNUAL REPORT OF THE COMMITTEE ON TRADE IN FINANCIAL SERVICES  
TO THE COUNCIL FOR TRADE IN SERVICES (2021)**

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 2020 annual report to the Council for Trade in Services<sup>1</sup>, the Committee on Trade in Financial Services (CTFS) has held no meetings.
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<sup>1</sup> Annual Report of the Committee on Trade in Financial Services to the Council for Trade in Services (2020), contained in document S/FIN/35 dated 27 November 2020.

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**ANNEX II**

WORLD TRADE  
ORGANIZATION

**S/CSC/27**

19 October 2021

(21-7906)

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**ANNUAL REPORT OF THE COMMITTEE ON SPECIFIC COMMITMENTS  
TO THE COUNCIL FOR TRADE IN SERVICES (2021)**

1. Since its 2020 annual report to the Council for Trade in Services<sup>1</sup>, the Committee on Specific Commitments (CSC) held three formal meetings, on 2 December 2020, 10 March 2021 and 29 June 2021 respectively.<sup>2</sup> At these meetings, the Committee considered three items: Implementation of Specific Commitments, Classification Issues and Scheduling 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.<sup>3</sup> The United States proposed that the Committee examine conditional commitments contained in the Schedules of Specific Commitments under the GATS with a view to improving transparency of commitments. 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.

3. Accordingly, the Secretariat prepared and circulated the Compilation of Conditional Commitments dated 13 November 2020, which was later revised upon the request of the Committee.<sup>4</sup> The Compilation encompasses those entries in the Schedules of Specific Commitments under the GATS which make the entry into force, implementation, or updating of specific commitments conditional upon a domestic process such as new legislation or policy review. Information related to the implementation of conditional commitments are also included in the Compilation, subject to the availability of information. Members were invited to verify and complement such information.

4. Engagement in the exercise on conditional commitments was on a voluntary basis. At the meetings during the reporting period, a number of Members provided updates on the implementation of their commitments included in the Compilation. Some Members indicated that they were holding internal consultations and would provide updates at a later stage.

**2 CLASSIFICATION ISSUES**

5. At the meeting on 10 March 2021, the UN Statistics Division (UNSD) and the WTO Secretariat provided a joint presentation on the new functionalities of the UN statistical classification website helping Members navigate between the different CPC versions as well as between the CPC and other classifications. The focus of the presentation was on whether and how the correspondence could be established between the CPC Provisional Version of 1991 and the later versions of the CPC, given

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<sup>1</sup> Annual Report of the Committee on Specific Commitments to the Council for Trade in Services (2020), contained in document S/CSC/26 dated 2 December 2020.

<sup>2</sup> The reports of these meetings are contained in documents S/CSC/M/84, S/CSC/M/85 and S/CSC/M/86, which should be read in conjunction with this report.

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

<sup>4</sup> The Compilation of Conditional Commitments is contained in document S/CSC/70 and S/CSC/70/Rev.1.

that the Services Sectoral Classification List (MTN.GNS/W/120) created for scheduling specific commitments under the GATS was based on the CPC Provisional Version.

### **3 SCHEDULING ISSUES**

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

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**ANNEX III**



WORLD TRADE  
ORGANIZATION

**S/WPDR/25**

26 October 2021

(21-8095)

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**ANNUAL REPORT OF THE WORKING PARTY ON DOMESTIC REGULATION  
TO THE COUNCIL FOR TRADE IN SERVICES (2021)**

1. Since its 2020 annual report to the Council for Trade in Services<sup>1</sup>, the Working Party on Domestic Regulation held one formal meeting, on 30 June 2021.<sup>2</sup>
2. At the meeting, the delegations of India and South Africa detailed their concerns with respect to the development of disciplines on domestic regulation through a Reference Paper by a Joint Initiative. The opening statement was circulated to all Members.<sup>3</sup> At the meeting, the delegations of Sri Lanka, Venezuela, and Zimbabwe associated themselves with the statement by India and South Africa.
3. The concerns raised related to the legal status of the Joint Initiative and any possible outcome of its negotiations<sup>4</sup>, and the implications for the multilateral mandate under Article VI:4 of the GATS. Questions were also raised as to whether certain disciplines set out in the draft Reference Paper on Services Domestic Regulation that was being negotiated in the Joint Initiative would amend, interpret or dilute existing obligations under the GATS.
4. Twenty-one (21) delegations who are participants in the Joint Initiative noted that the disciplines developed by the Joint Initiative were GATS-plus in nature and did not affect the multilateral mandate. A clear legal pathway for the integration of the disciplines into participating Members' Schedules of Specific Commitments existed in the WTO, and the new additional commitments would apply to the benefit of service suppliers of all Members. In their responses, several of these delegations referred to a Note on the relationship between the disciplines negotiated in the Joint Initiative and the GATS.<sup>5</sup>
5. No convergence was reached among the Members.

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<sup>1</sup> Annual Report of the Working Party on Domestic Regulation (2020), [S/WPDR/24](#), dated 27 November 2020.

<sup>2</sup> The Report of the meeting is contained in document [S/WPDR/M/77](#), dated 29 July 2021, and should be read in conjunction with this Annual Report.

<sup>3</sup> [RD/SERV/WPDR/1](#), dated 1 July 2021.

<sup>4</sup> As set out in document WT/GC/W/819/Rev.1, dated 30 April 2021.

<sup>5</sup> [INF/SDR/W/4](#), dated 11 May 2020.

**ANNEX IV**



WORLD TRADE  
ORGANIZATION

**S/WPGR/32**

18 October 2021

(21-7872)

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**ANNUAL REPORT OF THE WORKING PARTY ON GATS RULES  
TO THE COUNCIL FOR TRADE IN SERVICES (2021)**

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 2020 annual report to the Council for Trade in Services<sup>1</sup>, the Working Party on GATS Rules (WPGR) has not held any meetings.

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<sup>1</sup> Annual Report of the Working Party on GATS Rules to the Council for Trade in Services (2020), contained in document S/WPGR/31 dated 27 November 2020.