



**ANNUAL REPORT OF THE COUNCIL FOR TRADE IN SERVICES
TO THE GENERAL COUNCIL (2022)**

Since its Annual Report of 2021 to the General Council¹, the Council for Trade in Services held four formal meetings, respectively on 22 October 2021, 11 March, 16 May and 14 October 2022.²

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

Russian Federation	(S/C/N/1062-S/C/N/1063);
Hong Kong, China	(S/C/N/1064);
Lesotho	(S/C/N/1065-S/C/N/1071);
Switzerland	(S/C/N/1074);
Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu	(S/C/N/1075; S/C/N/1109);
Albania	(S/C/N/1079-S/C/N/1098);
Ukraine	(S/C/N/1102);
Thailand	(S/C/N/1103-S/C/N/1104);
Mauritius	(S/C/N/1106-S/C/N/1107);

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

United Kingdom and Mexico	(S/C/N/1060);
United Kingdom and Canada	(S/C/N/1061);
United Kingdom and Norway	(S/C/N/1072);
Türkiye	(S/C/N/1073);
ASEAN member States (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Myanmar, Malaysia, The Philippines, Singapore, Thailand and Viet Nam) and China	(S/C/N/463/Add.1);
Türkiye and the EFTA States (Iceland, Liechtenstein Norway and Switzerland)	(S/C/N/1076);
Ecuador, Iceland, Norway, Switzerland, Liechtenstein	(S/C/N/1077);
Republic of Korea and Türkiye	(S/C/N/1078);
Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Viet Nam	(S/C/N/920/Add.1);
Iceland, Indonesia, Liechtenstein, Norway and Switzerland	(S/C/N/1101);
Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu	(S/C/N/500/Add.1);
United Kingdom and Colombia	(S/C/N/1024/Add.1);
United Kingdom, Colombia, Ecuador and Peru	(S/C/N/1028/Add.1);

¹ Document S/C/62.

² Reports of these meetings are contained in documents S/C/M/147 to S/C/M/150, and should be read in conjunction with this report.

Seychelles	(S/C/N/1108);
India and United Arab Emirates	(S/C/N/1110);

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

Russian Federation	(S/C/N/1099- S/C/N/1100);
Thailand	(S/C/N/1105).

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.³

1.3. At all meetings covered by this Report, one delegation noted the low record of Article III:3 notifications by developed Members, and urged them to lead by example in that regard.

2 OPERATIONALIZATION OF THE LDC SERVICES WAIVER

2.1. At the October 2021 meeting, the LDC Group informed Members that LDC Trade Ministers had adopted a Declaration outlining their priorities for MC12. Amongst the areas of interest mentioned in the Declaration were a number of elements related to the LDC Services Waiver, aimed at improving the implementation of relevant Decisions and the preferences notified until then.

2.2. At the March meeting, the LDC Group called on Members to explore how the Waiver preferences might be complemented and how LDC participation in global services trade might be increased. The Group also recalled the services-related recommendations put forward in the LDC Trade Ministers Declaration for MC12, as well as the elements contained in the draft outcome document for the Ministerial. At the May meeting, LDCs noted that Members had converged on the paragraph related to the Waiver in the Ministerial draft outcome document and asked for continued support to ensure Ministers' endorsement at MC12.

2.3. At the meeting held in October 2022, the Chairman reported on what he had heard from delegations with regard to the Waiver during his consultations on the MC12 implementation matters of relevance to the CTS.⁴ He said that Members had generally underscored the importance of the Waiver and their willingness to engage further on the issue. They had also highlighted the need to hear from the LDCs about their needs and expectations. Several delegations had noted the data gaps in LDC services trade and indicated their readiness to undertake follow-up work in this regard.

2.4. The LDC Group, recalling the specific MC12 mandates assigned to the CTS with regard to the Waiver, put forward a number of suggestions on how to implement Ministers' instructions.

2.5. The importance of the Waiver and its effective implementation was stressed by a number of delegations at the meetings held in October 2021, March and October 2022.

3 WORK PROGRAMME ON ELECTRONIC COMMERCE

3.1. At the October 2021 meeting, a couple of delegations recalled the contributions they had made to the Council's discussions under the Work Programme. One Members called for the renewal of the Moratorium, while another advocated a clear understanding of its scope and an evidence-based decision on the matter; both delegations called for the Work Programme to be strengthened.

3.2. All delegations who spoke at the March 2022 meeting expressed their support for the Work Programme. Numerous Members called for its reinvigoration and for discussions to focus on the development dimension, with one delegation emphasising that discussions should also address the participation in e-commerce of women from developing Members. Many others stated that the continuation of the Work Programme was linked to the extension of the Moratorium and called for both to be prolonged at MC12, with a couple of delegations advocating that the Moratorium be made

³ Document JOB(09)/10/Rev.12.

⁴ The Chairman's report was subsequently circulated in document JOB/SERV/CTS/6.

permanent. One delegation cautioned that the scope and impact of the Moratorium needed to be better understood. Several Members shared their experience and initiatives in the digital sphere.

3.3. At the May meeting, some Members presented information about domestic developments in e-commerce. One delegation urged Members to strengthen the Work Programme, focusing on the challenges faced by developing countries. Another Member recalled the draft Ministerial decision to extend the Work Programme and the Moratorium that many delegations had co-sponsored and called on Members to support it.

3.4. At the meeting held in October 2022, the Chairman provided an account of the views he had heard with regard to the Work Programme during his consultations on MC12 implementation matters.⁵ He said that many Members had welcomed the reinvigoration of the Work Programme, including its development dimension, and the extension of the Moratorium at MC12. While delegations were supportive of holding dedicated discussions on e-commerce in the General Council, they held varied views on the role of the CTS, particularly in relation to the Moratorium. Some delegations had noted the usefulness of the information shared in the Council about domestic e-commerce initiatives and developments and had indicated their readiness to remain engaged, the Chairman reported.

3.5. A group of Members said that it would update an earlier communication it had submitted, and another Member recalled the specific topics it had proposed that the General Council address. A number of delegations commented further on the contribution the CTS could make to deliberations under the Work Programme, and a few suggested that the Secretariat compile information shared by Members. One delegation provided information about domestic e-commerce developments, and another pointed to an e-commerce technical assistance event it was organising.

4 DATE OF THE NEXT REVIEW OF MFN EXEMPTIONS

4.1. At the March 2022 meeting, the Council addressed the question of when to hold the next review of MFN exemptions, as per the agreement Members had reached at the end of the preceding review in 2016. Members decided to start the fifth review of MFN exemptions at the last Council meeting of 2022.

5 IMPLEMENTATION MATTERS FROM MC12 MANDATES

5.1. At the October 2022 meeting, the Chairman reported on the views he had heard from delegations in the course of his consultations on the MC12 implementation matters of relevance to the CTS.⁶ Under this agenda item, he focused on the WTO's Pandemic Response and WTO reform. On the Pandemic Response, delegations indicated that they were open to discussing ideas that other Members might bring forward, as long as these were part of the WTO's core mandate, forward-looking and relevant to services trade. On WTO Reform, Members' views differed with regard to the process, but in terms of substantive elements that could be taken up in the CTS many delegations referred to the Council's monitoring and deliberative function.

6 UPDATE OF THE SECRETARIAT BACKGROUND NOTE ON MODE 4

6.1. The Council addressed this agenda item, upon India's request, at all meetings covered by this Report. India reiterated its request that the Secretariat update the Background Notes on mode 4 along with Notes on the other three modes of supply. India's suggestion was echoed by one delegation. India also supported the proposal for the preparation of a Note by the Secretariat on intermodal linkages, which, however, should not replace the separate modal Notes. While affirming that a Note on intermodal linkages would be useful, one Member was of the view that updating the Note on mode 4 had no added value; nevertheless, the Member was ready to engage bilaterally with India to find an acceptable way forward.

⁵ The Chairman's report was subsequently circulated in document JOB/SERV/CTS/6.

⁶ The Chairman's report was subsequently circulated in document JOB/SERV/CTS/6.

7 CYBERSECURITY MEASURES OF CHINA AND VIET NAM

7.1. At the request of Japan and the United States, at all the meetings covered by this Report the Council addressed various cybersecurity measures adopted and under development by China and Viet Nam, respectively. The two requesting delegations shared their concerns about various aspects of those measures, which they alleged could be inconsistent with China and Viet Nam's WTO obligations, and sought additional information and clarity on the same. Their concerns were echoed by a number of other Members.

7.2. In reply, China said that its measures had been drafted in a transparent and WTO-consistent manner, taking into account national conditions and international practices, as well as stakeholders' comments. Viet Nam noted that its legislative process was open, transparent and had given due consideration to stakeholders' remarks and its measures were compatible with its international commitments.

8 5G-RELATED MEASURES OF AUSTRALIA

8.1 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 about the measures under discussion, which it alleged run counter to Australia's WTO obligations.

8.2 In reply, Australia stressed that its 5G-related measures were country-agnostic, transparent, risk-based, non-discriminatory and fully WTO-consistent.

9 SOFTWARE PRE-INSTALLATION MANDATE OF THE RUSSIAN FEDERATION

9.1 At the request of the United States, at its October 2021 meeting the Council addressed a measure by the Russian Federation on the pre-installation of Russian software. The United States shared its concerns about the measure in question, which could run counter to the Russian Federation's WTO obligations. The US concerns were echoed by a number of other Members.

9.2 The Russian Federation stated that the measure was fully consistent with its WTO obligations.

10 MEASURES OF THE UNITED STATES RELATED TO CERTAIN APPLICATIONS AND TELECOM OPERATORS

10.1 At the request of China, the Council addressed US measures concerning Chinese mobile applications and Chinese telecom operators at, respectively, all the meetings covered by this Report and at the March, May and October 2022 meetings. China expressed its concerns about the measures in question, which it alleged were inconsistent with the United States' WTO obligations.

10.2 The United States stated that the actions cited had been taken to protect its national security.

11 MEASURES OF INDIA RELATED TO INVESTMENT APPROVAL AND CERTAIN APPLICATIONS

11.1 At the request of China, the Council addressed Indian measures on investment approval and banning the use of certain applications at, respectively, its October 2021 meeting and at all the meetings covered by this report. China voiced its concerns about the measures in question, which it alleged were inconsistent with India's WTO obligations.

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

12 SAUDI ARABIA LOCALISATION OF CUSTOMER SERVICES

12.1 At the request of the United States, at the October 2021, March, and May 2022 meetings the Council addressed a measure by Saudi Arabia on the localisation of customer services activities. The United States shared its concerns about the measure and sought clarifications on its scope and operation. At the October 2021 meeting, the US concerns were echoed by another Member.

12.2 Saudi Arabia stated that it had provided clarifications, including in bilateral meetings with the United States, and had not received any complaints from enterprises operating in the Kingdom.

13 MEASURES OF ALBANIA, AUSTRALIA, CANADA, EUROPEAN UNION, ICELAND, JAPAN, LIECHTENSTEIN, MONTENEGRO, NEW ZEALAND, NORTH MACEDONIA, NORWAY, REPUBLIC OF KOREA, SINGAPORE, SWITZERLAND, UNITED KINGDOM AND THE UNITED STATES

13.1. At the request of the Russian Federation, at the May 2022 meeting the Council addressed measures taken by Albania, Australia, Canada, the European Union, Iceland, Japan, Liechtenstein, Montenegro, New Zealand, North Macedonia, Norway, the Republic of Korea, Singapore, Switzerland, the United Kingdom and the United States. The Russian Federation shared its concerns about the measures unilaterally introduced by these Members against the Russian Federation, which it alleged were inconsistent with their WTO obligations.

13.2. The Members concerned said the measures would not have been introduced if the Russian Federation had not invaded Ukraine, condemned the Russian Federation's actions, and stated that they had acted to protect their essential security interests, in line with WTO rules.

14 RECENT DEVELOPMENTS IN TRADE IN SERVICES STATISTICS

14.1. At the October 2021 and October 2022 meetings of the Council, the Secretariat delivered its yearly presentation of recent developments in trade in services statistics.

15 WORK OF THE SUBSIDIARY BODIES

15.1. The activities of the subsidiary bodies in 2022 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/37)
Annex II	Report of the Committee on Specific Commitments (S/CSC/28)
Annex III	Report of the Working Party on Domestic Regulation (S/WDPR/26)
Annex IV	Report of the Working Party on GATS Rules (S/WPGR/33).

ANNEX I



**WORLD TRADE
ORGANIZATION**

S/FIN/37

7 December 2022

(22-9100)

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**ANNUAL REPORT OF THE COMMITTEE ON TRADE IN FINANCIAL SERVICES
TO THE COUNCIL FOR TRADE IN SERVICES (2022)**

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 October 2022.²

1.2 The purpose of the meeting was to consider the proposal from Canada to organize a thematic seminar on "Financial Services: Trade, Inclusion and Accessibility", contained in document JOB/SERV/CTFS/1. As decided at the meeting, the Chairperson will hold consultations on the way forward and the Committee will revert to this proposal at the next meeting to be held on 7 December 2022.

¹ [S/FIN/36](#), dated 18 October 2021.

² The report of the formal meeting is contained in document [S/FIN/M/95](#), and should be read in conjunction with this report.

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WORLD TRADE
ORGANIZATION

S/CSC/28

6 December 2022

(22-9051)

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**ANNUAL REPORT OF THE COMMITTEE ON SPECIFIC COMMITMENTS
TO THE COUNCIL FOR TRADE IN SERVICES (2022)**

Since its 2021 annual report to the Council for Trade in Services¹, the Committee on Specific Commitments (CSC) held three formal meetings, on 18 October 2021, 10 March 2022 and 1 July 2022 respectively.² At these meetings, the Committee considered three items: Implementation of Specific Commitments, Classification Issues and Scheduling Issues.

1 IMPLEMENTATION OF SPECIFIC COMMITMENTS

1. During the reporting period, the Committee continued to examine conditional commitments contained in the Schedules of Specific Commitments under the GATS, an exercise initiated by a Communication from the United States dated 5 March 2020 with a view to improving transparency of commitments.³ The exercise was facilitated by the Compilation of Conditional Commitments prepared by the Secretariat.⁴ 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 were later added to the Compilation, subject to the availability of information.⁵ Members were also invited to verify and complement such information.

2. Engagement in the exercise on conditional commitments was on a voluntary basis. During the reporting period, a few Members provided updates on the implementation of their commitments included in the Compilation, and four further revisions of the Compilation were circulated accordingly.⁶ In particular, Thailand informed the Committee of the implementation of its conditional commitments in telecommunications and the certification of the improvements of its schedule pursuant to document S/L/84.

3. At the meetings of 10 March and 1 July 2022, the Committee considered a proposal (S/CSC/W/73) from the delegation of Türkiye on implementation issues related to specific commitments and Article II (MFN) on cross-border supply of road transport services under the GATS. The proposal mainly raised three issues for discussion in the Committee: 1) the compatibility of imposing truck quotas with full market access commitments in Mode 1 on road transport services; 2) the understanding of "Unbound" in market access and "None" in national treatment with respect to cross-border supply of road transport; and 3) the MFN obligation with respect to all measures affecting international road

¹ Annual Report of the Committee on Specific Commitments to the Council for Trade in Services (2021), contained in document S/CSC/27 dated 19 October 2021.

² The reports of these meetings are contained in documents S/CSC/M/87, S/CSC/M/88 corrected by S/CSC/M/88/Corr.1, and S/CSC/M/89, 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 Compilation of Conditional Commitments is contained in document S/CSC/W/70.

⁵ S/CSC/W/70/Rev.1.

⁶ S/CSC/W/70/Rev.2, S/CSC/W/70/Rev.3, S/CSC/W/70/Rev.4 and S/CSC/W/70/Rev.5.

transport including truck quotas, passage fees, customs measures, etc. Some delegations noted that they were still considering the proposal and would revert to it with more detailed comments. Some other delegations indicated that the Committee was not an appropriate body to interpret schedules.

2 CLASSIFICATION ISSUES

4. At the meeting on 18 October 2021, the UN Statistics Division presented to the Committee an additional tool to help visualize the correspondence between the CPC Provisional and CPC Version 2.1. This was welcomed by Members. Members also showed interest in adding the Services Sectoral Classification List (MTN.GNS/W/120) to the visualization tool. At the subsequent meetings during the reporting period, the Secretariat informed the Committee of the progress in this respect.

3 SCHEDULING ISSUES

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

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**WORLD TRADE
ORGANIZATION**

S/WPDR/26

6 December 2022

(22-9059)

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**ANNUAL REPORT OF THE WORKING PARTY ON DOMESTIC REGULATION
TO THE COUNCIL FOR TRADE IN SERVICES (2022)**

1. Since its 2021 annual report to the Council for Trade in Services¹, the Working Party on Domestic Regulation (WPDR) held one formal meeting, on 29 March 2022.²

2. At the meeting, the delegations of India and South Africa expressed concerns with respect to the development of disciplines on domestic regulation through a Reference Paper by the Joint Initiative on Services Domestic Regulation.³ Plurilateral negotiations such as those carried out in the Joint Initiative posed systemic challenges for the WTO and its fundamental principles, and as the negotiated disciplines constituted new rules, they could only be brought into the WTO through multilateral consensus.⁴ The Reference Paper did not address areas of interest for developing countries, such as qualification requirements and procedures, S&DT, or binding technical assistance. Recent research setting out potential gains from implementation of the disciplines neglected to assess implications for developing countries with respect to compliance costs and regulatory space. India and South Africa invited suggestions from other Members to reinvigorate discussions under the WPDR on domestic regulation as per the mandate of GATS Article VI:4 with the aim of achieving multilaterally agreed disciplines that would increase the participation of developing countries in global services trade.

3. Nineteen (19) delegations that are participants of the Joint Initiative stated that the GATS provided the possibility to Members to negotiate on regulatory measures such as those contained in the Reference Paper. They stated that a clear pathway for the integration of the disciplines into participating Members' Schedules of Specific Commitments existed in the WTO. The additional commitments undertaken by individual Members could not be considered as either full or partial fulfilment of the GATS mandate under Article VI:4 and could not in any way undermine existing GATS obligations. The Reference Paper reflected the results of negotiations among participating Members, including developing country Members. Recent research by the WTO and OECD had pointed to significant trade cost savings and other potential economic benefits flowing from the implementation of the disciplines. Some delegations considered an outcome in the Joint Initiative as a steppingstone towards a multilateral outcome in the future.

4. No convergence was reached among Members.

¹ Annual Report of the Working Party on Domestic Regulation (2021), S/WPDR/25, dated 26 October 2021.

² The Report of the meeting is contained in documents S/WPDR/M/78, dated 9 May 2022, and S/WPDR/M/78/Corr.1, dated 20 May 2022, and should be read in conjunction with this Annual Report.

³ Reference Paper on Services Domestic Regulation, INF/SDR/2, dated 26 November 2021.

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

5. In response to questions by other delegations on the process of giving legal effect to the disciplines, it was noted that the Declaration adopted by the Joint Initiative's participants⁵ set out that participants intended to incorporate the disciplines contained in the Reference Paper on Services Domestic Regulation as additional commitments into their GATS Schedules, following the certification procedure contained in document S/L/84.⁶ Some delegations expressed an interest in reinvigorating multilateral work in the WPDR pursuant to the GATS Article VI:4 mandate.

⁵ Declaration on the Conclusion of Negotiations on Services Domestic Regulation, WT/L/1129, dated 2 December 2021.

⁶ Procedures for the Certification of Rectifications or Improvements to Schedules of Specific Commitments", S/L/84, adopted 18 April 2000.

ANNEX IV



WORLD TRADE
ORGANIZATION

S/WPGR/33

6 December 2022

(22-9060)

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**ANNUAL REPORT OF THE WORKING PARTY ON GATS RULES
TO THE COUNCIL FOR TRADE IN SERVICES (2022)**

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 2021 annual report to the Council for Trade in Services¹, the Working Party on GATS Rules (WPGR) has not held any meetings.

¹ Annual Report of the Working Party on GATS Rules to the Council for Trade in Services (2021), contained in document S/WPGR/32 dated 18 October 2021.