



Council for Trade in Services

REPORT OF THE MEETING HELD ON 2 OCTOBER 2020

NOTE BY THE SECRETARIAT¹

The Council for Trade in Services held a meeting on 2 October 2020, chaired by Ambassador Tan (Singapore). The agenda was contained in document WTO/AIR/CTS/24.

The agenda was adopted.

The Chairman said that, under Other Business, the Secretariat would report briefly on the accessibility of the CPC Provisional.

He recalled that, as announced in the communication on organizational and technical arrangements for the meeting he had circulated on 29 September, delegations were meeting both in-person and in virtual mode. He trusted that delegations attending virtually were, by then, all familiar with the main technical aspects of remote participation.

For the benefit of the interpreters and, ultimately, of all Members, he urged delegates to speak at a reasonable, moderate pace and, if possible, to provide the interpreters with an advance copy of any written statements they intended to deliver, to help ensure that interventions were properly conveyed and understood when translated in the other two official languages.

1 ITEM A: NOTIFICATIONS PURSUANT TO ARTICLES III:3, V:7 AND VII:4 OF THE GATS

1.1. With regard to the notifications made pursuant to GATS Article III:3 (Transparency), the Chairman drew the Council's attention to the communications received from Albania in documents S/C/N/1020 and S/C/N/1021. He suggested that the Council take note of the notifications.

1.2. It was so agreed.

1.3. Concerning the notifications made pursuant to Article V:7 (Economic Integration), the Chairman drew the Council's attention to the communications received from Peru and Australia (in document S/C/N/1015); the European Union and Viet Nam (in document S/C/N/1016); and Canada, Mexico and the United States (in document S/C/N/1017). He suggested that the Council take note of the notifications and that the agreements notified be referred to the Committee on Regional Trade Agreements (CRTA) for consideration.

1.4. It was so agreed.

1.5. The Chairman then drew delegations' attention to the fact that, at its meeting scheduled for 18-19 November, the CRTA would be considering two regional trade agreements that covered services trade, namely: the Free Trade Agreement between the EFTA States and the Philippines; and the Free Trade Agreement between Hong Kong, China; and Australia.

¹ This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

1.6. Turning to the notifications made under Article VII:4 (Recognition), he drew the Council's attention to the communications received from Albania in documents S/C/N/1018 and S/C/N/1019. He suggested that the Council take note of the notifications.

1.7. It was so agreed.

2 ITEM B: OPERATIONALIZATION OF THE LDC SERVICES WAIVER

2.1. The Chairman recalled that, at the July meeting, the Council had reverted to that standing agenda item for the first time after the dedicated session held a year earlier to review the operation of the preferences notified under the Waiver.

2.2. The representative of Uganda, speaking on behalf of the LDC Group, said that the Group welcomed that agenda item and recalled the Ministerial Decisions relating to the LDC services Waiver. LDCs also recalled the dedicated session on the review of operation of notified preferences held by the Council in October 2019. That session had helped Members become aware of some of the challenges that LDC Members faced and the successes that had been achieved from the preferences granted through the experiences that some of the LDC Members shared. It was critical that Members advanced the mandate of the CTS as per the relevant Ministerial Decision as well as the good results of the previous year's review and workshop.

2.3. The COVID-19 pandemic had taken LDCs into deeper waters. The Secretariat Note of 8 June 2020 on "The COVID-19 pandemic and trade related developments in LDCs" showed that the picture was not good for LDCs. By way of example, taking the case of the tourism sector, a major sector for many LDC Members, the Note cited statistics of the World Tourism Organization estimating that international tourist arrivals could decline by 20 to 30% in 2020, translating to losses of USD 300 to 450 billion in international tourism receipts, i.e. exports.

2.4. The Note stated that seven of the LDC Members dependent on tourism and related services were witnessing a significant drop in their incomes, partly due to travel restrictions. Air passenger traffic in some LDC Members, such as Cambodia, had dropped by 90% in April 2020. Some LDCs, like Bhutan, had completely stopped issuing tourist visas, with consequent impact on the local tourism economy. The number of tourists visiting the Serengeti in Tanzania (among the top five services exporters among LDC Members) had dropped from 6,000 per day to 24 in the wake of COVID-19. According to the Rwanda Convention Bureau, about 20 conferences and meetings scheduled for March and April 2020, which had been expected to generate some USD 8 million for the local economy, had been postponed as a result of travel bans. According to Vanuatu's tourism office, 70% of jobs in the tourism sector, a sector which accounted for 40% of Vanuatu's GDP, had been lost since mid-March as a result of the pandemic. Those were only but a few examples of the current situation in many LDC Members.

2.5. Against that background, the LDC Group had reached out to the Secretariat to organize a webinar along that theme in the second half of November. The Group hoped to focus on the setbacks for LDCs services impacted by COVID-19 and on measures taken by Members impacting the supply of services from LDCs. They were reaching out and would continue to reach out to all notifying Members for their support in making that webinar a success. The Group would indeed welcome these Members' contribution to the webinar, including the identification of LDC services users and especially importing enterprises. LDCs were also hoping and looking forward to having the Chairman participate in the webinar. They hoped to have continued information exchange between LDC service suppliers and LDC service users in notifying Members.

2.6. Furthermore, the Group was proposing that Members and the WTO Secretariat, under the Chairman's leadership, prepare a CTS virtual workshop with LDC service suppliers and consumers of LDC services in Members that had notified preferences. That would pave the way to knowing the synergies between LDC supply of services and consumers in notifying Members, as LDCs continued taking the Waiver Decision forward. The Group requested the Chairman to hold consultations on the timing of the workshop, which LDCs foresaw could be in the first quarter of 2021.

2.7. In addition, the Group requested that the Secretariat update the useful data supplied in 2019 in preparation for the review session. LDCs would also appreciate information on new developments on services data that would improve the information available on LDC services and trade, by sector

and mode of supply. While recognizing that there was an agenda item on trade in services statistics at that meeting, the Group also appreciated that special data challenges existed for LDCs. Data, together with the experience-sharing on LDC services supplied and the consumers demanding services from LDCs, would be useful for Members, as it could deepen Members' understanding of the role of LDCs in services trade and where to go in fulfilling the expectations of the preferences.

2.8. Finally, the Group thanked once again all notifying Members for the preferences granted and continued calling upon Members which had not done so to notify preferences for LDC services and service suppliers.

2.9. The representative of Bangladesh echoed the statement made by Uganda on behalf of the LDC Group. Bangladesh thanked the Council for keeping that item on its agenda and said that LDCs were grateful to all notifying Members for the preferences granted under the Waiver.

2.10. The multiple impacts of the COVID-19 pandemic, particularly on LDCs, were yet to be estimated. Many countries were under lockdown and travel restrictions, but LDCs were in the most difficult situation of all. The progress achieved so far by LDCs towards sustainable development had started a reverse journey. With severe job losses, increasing poverty and aggravating public health situations, LDCs were in a critical condition, and reinvigorated and unconditional support measures from development partners would be essential for LDCs.

2.11. Bangladesh supported the idea of a webinar on the impact of COVID-19 on LDCs' services trade and of a separate workshop with LDCs services suppliers and consumers. Bangladesh would also welcome any initiative by the Secretariat to update LDC services data, to better inform Members on LDC services trade, by sector and mode of supply.

2.12. The representative of South Africa, speaking on behalf of the African Group, recalled the Group's intervention at the July Council meeting. The Group continued to support the premise of document JOB/SERV/284. Without recalling all the elements therein, it remained critical to enhance the exchange of information between Members and relevant stakeholders. The most effective way to do so could be to convene a virtual workshop that would bring Members and stakeholders together. Since COVID-19 continued to wreak havoc on the economies of LDCs, the focus of such a discussion could be on a COVID-19 recovery plan that addressed services export diversification, infrastructure that impacted supply-side constraints, digital connectivity, the building of coherent policy ecosystems and the issue of Aid for Trade.

2.13. A technical update from the Secretariat on the overall situation of LDCs in services trade and LDC services exports in notified sectors would be useful, and an analysis of trends and gaps in data would form a useful backdrop to inform discussions. Among many examples, the most interesting potential for LDCs' services exports were through improvements for services supplied by Contractual Service Suppliers.

2.14. Transparency remained also important to inform discussions and exchanges and in that regard the Group supported the call by LDCs for Members to improve their notifications. The improvement of disaggregated, sector-specific data on trade flows with trade partners remained critical. Raising awareness among LDCs and their services stakeholders about services exports should be stepped up. Ensuring capacity building and technical assistance to support LDCs in the design of coherent and development-oriented domestic policies in the services sector remained a high priority. The African Group considered that a possible outcome of the suggested workshop could not only be to bring stakeholders together but also to provide the basis to agree on future endeavours. These could include agreeing on series of LDC Services Trade 'platforms' that might be dedicated not only to bringing Members and stakeholders from various sectors together, but also to sharing information in a more granular and focused manner, looking at sector-specific issues that could yield further operationalization of the Waiver.

2.15. The representative of India reiterated that her delegation attached utmost importance to the meaningful implementation of preferences granted under the LDC Waiver by all preference-granting Members with the ultimate objective of increasing LDCs' share in global exports of services.

2.16. She recalled that her delegation had previously provided specific information regarding the utilization of the preferences that India had granted in the three areas of visa-related measures,

technical assistance and capacity building, and market access. India had agreed to waive the visa fees for LDC applicants seeking Indian business and employment visas. India was the only Member which had waived visa fees under the Waiver. That had been very well received by LDCs. India had also provided preferential market access in various sectors and subsectors and access for a number of categories of mode 4 professionals from LDCs, including foreign language teachers, chefs, sportspersons, tourist guides and tour operators, consultants, engineers and computer professionals, installers and servicers and so on, without the requirements of Labour Market Tests (LMT). Access without LMTs was critical, as it made the preferences commercially meaningful and much more predictable and certain. Many of those professions had been committed by India for the first time in any trade agreement.

2.17. India had also suggested that it might be more useful if LDCs themselves identified areas in which they required capacity building assistance for their better utilization of the preferences in future.

2.18. Enabling LDCs to increase their participation in international trade was an important part of making the multilateral trading system more inclusive. In that regard, her delegation stood ready to continue to make concrete contributions to the effective implementation of the Waiver, with a view to providing swifter support for LDCs to further participate in, and benefit from, global services trade.

2.19. The representative of Australia said that her delegation remained committed to supporting the LDC Waiver and its implementation. She thanked the LDC Group for their proposals at that meeting and would like to explore further in particular the issue of data needs. As a first next step, it would be useful if the LDC proposals could be provided in writing for consideration by Members.

2.20. The representative of China echoed previous speakers, especially from LDCs and Members highlighting the importance of the Waiver. His delegation was willing to work closely with other Members in further developing a strategy to make the Waiver more effective. China would be supportive in principle of the proposals put forward, while also hoping to see a more detailed written proposal. His delegation also voiced its preliminary support for a workshop as proposed by South Africa.

2.21. The representative of the United States said that, like Australia, that was the first time his delegation was hearing about the LDC proposal. The United States had always been interested in seeing how to help LDC participation in services trade. However, his delegation would need to see the Group's proposal in writing. At that point, the United States was not in a position to support the ideas put forward but wished to examine the LDC proposals in writing so as to advance that issue.

2.22. The representative of the European Union said that her delegation attached great importance to the implementation of the Waiver and wished to thank the LDC Group for their ideas regarding possible future work on that topic.

2.23. COVID-19 was having enormous impacts on trade in services across the globe. For instance, modes 2 and 4 had been largely paralysed by travel restrictions. The European Union had developed responses through its development and aid programmes that also addressed the challenges faced by developing countries and LDCs in services trade. For instance, the Team Europe response package aimed to preserve developing countries' production and trading capacities as well as support growth and employment in relation to challenges brought by the ongoing COVID-19 pandemic. The EU would be happy to share further information with interested Members.

2.24. With respect to a possible workshop, as other Members had indicated, the European Union would appreciate if the LDC Group could provide further information in writing on their ideas, for further internal consultation and discussion among Members.

2.25. The representative of Uganda thanked all Members who had intervened, and those who had made additional proposals, especially South Africa, for the inputs they had provided. With respect to the session that the LDC Group was working on for November, she wished to clarify that that event was something that the Group was going to organize outside of the CTS. That session would be looking at COVID-19-related measures and impacts on services trade and services providers from LDCs. The Group urged all notifying Members to participate. With respect to the second proposal, about the CTS organising a workshop, the Group would present its ideas in writing as requested by

several Members, so as to enable them to have a better sense of what the Group had in mind. LDCs looked forward to having all notifying Members joining and supporting their efforts towards that workshop, which the Group hoped to hold in 2021, perhaps in the first quarter.

2.26. The representative of Fiji noted the enormous challenges faced by LDCs and looked forward to engaging meaningfully in that regard, in particular with respect to the proposals that the Group had put forward. His delegation looked forward to impacting meaningfully with the Group and discussing further the documents that they had submitted, and would continue to engage and support the Group, and in particular the initiative that they had just presented.

2.27. The representative of the United States said that his delegation was not ready to endorse any proposal until it was presented in writing and it had been able to consult on it with Capital. His delegation was interested in working through the proposal put forward and some of the ideas that South Africa had suggested; however, given that that was the first time his delegation was hearing about those suggestions and November was only one month away, the United States was not ready to agree without a full consultation.

2.28. The Chairman said that the LDCs had put forward three ideas. First, they had announced their intention to hold a webinar in November, and they were accordingly informing Members and calling for their participation. Second, they had put forward a suggestion for the Council to hold a virtual workshop that would bring together LDC service exporters and importers in notifying Members. They had requested him to hold consultations on the specific content and timing of that event, which LDCs were hoping to hold in the first quarter of 2021. With regard to that second element, he called on the Group to provide further details about the form and content of the proposed workshop in writing, to enable Members to better consider their suggestion. Third, LDCs had requested that the Secretariat update the data on LDC services trade, and the Secretariat would relay their request to relevant colleagues in the Statistics Division. He then suggested that the Council take note of the statements made. The Council would revert to that item at its following meeting.

2.29. It was so agreed.

3 ITEM C: WORK PROGRAMME ON ELECTRONIC COMMERCE

3.1. The Chairman recalled that, at its previous meeting, the Council had addressed a joint communication from a group of Members, titled "Exploratory discussions on supporting digital capability of business and consumers", circulated as document JOB/SERV/296/Rev.2. The communication proposed three questions as a way to structure discussions in the Council.

3.2. The paper had generated significant and substantive engagement, with nearly 40 delegations taking the floor. Several Members had provided answers to the questions in the communication, had shared their own experiences and initiatives, and had indicated that they would be contributing further to those discussions. All Members who had intervened had welcomed the communication as a useful contribution to the Work Programme and valued its focus on development and the importance of bridging the digital divide.

3.3. He indicated that a revision of the communication, Revision 3, had just been issued to add Ukraine as a co-sponsor. He opened the floor to any delegation wishing to revert to the communication, as well as to Members wishing to speak to the sub-item on "exchange of information and experiences", or to the Work Programme more broadly.

3.4. The representative of Nigeria thanked Australia and fellow co-sponsors of the communication which offered another occasion to discuss the opportunities of digital trade as well as the challenges undermining the gains from the growth of global digital trade. Nigeria believed the knowledge that would be gained from Members' experience would equip them with information needed to formulate and implement appropriate policy mix and programmes to drive their digital economic growth.

3.5. As mentioned in his delegation's statement at the July meeting, the exponential growth in global digital trade notwithstanding, there existed disproportionate sharing of the benefits of the growth in e-commerce between countries and amongst domestic economic players. This was due to the North-South digital divide and digital exclusion existing within the Nigerian economy. Members,

therefore, needed to think of innovative ways of addressing that problem in order to optimize their gains from global digital trade.

3.6. Regarding the questions posed by the communication, on question 1 the representative said that some of the challenges to deliver digital solutions and services included the concentration of backbone investment in major urban areas and inter-city routes in Nigeria. That had resulted in very low fixed broadband penetration in Nigeria, with a household penetration rate of 0.04% as at the end of 2018, according to the World Bank. Though Nigeria had the most competitive fixed-line market in Africa, with over 80 companies licensed to provide fixed-telephony services, mobile systems, which accounted for 80% of all connections, were the primary means for carrying retail and enterprise data traffic in Nigeria. There was also the issue of lack of national backbone network through which high-speed Internet connectivity could be extended across the entire country. Those and other challenges, including low electrification rates, low digital literacy and issues related to affordability of broadband-enabled devices for the poor, were undermining the effective development of Nigeria's digital ecosystem.

3.7. Those challenges notwithstanding, Nigeria was continually striving to tap into the opportunities digital trade presented and drive growth. Given Nigeria's large, young, and entrepreneurial population, digital entrepreneurship had the potential to become an engine of economic transformation and set the country on a new growth trajectory. Currently, Nigeria was experiencing a surge in telecom investments and smartphone purchases which was fuelling growth in Internet usage. Nigeria had the largest online market in Africa, particularly for apparel and footwear, which was continually growing due to the dynamic development of trusted e-tailers, such as Jumia, Konga and others. Furthermore, an increasing number of Nigeria's MSMEs were taking advantage of the opportunities of digital platforms to engage in e-tailing. According to UNCTAD's business to customer (B2C) report for 2018, Nigeria was the biggest B2C market in Africa, both in terms of revenue and shoppers. In 2018, the e-commerce spending in Nigeria was estimated at USD 12 billion and was projected to increase to USD 75 billion in revenues by 2025. Nigeria's financial institutions were also taking advantage of their regional spread and networks to supply digital financial services in Africa.

3.8. Regarding question 2, the representative said that, in order to address Nigeria's digital economy challenges and harness the opportunities therein, the President, His Excellency, President Muhammadu Buhari, had approved the re-designation of the then Federal Ministry of Communications to the Federal Ministry of Communications and Digital Economy (FMoCDE) on 17 October 2019. That was to ensure coherence in Government policies and programmes to drive the development of the digital economy. The Ministry had developed Nigeria's National Digital Economy Policy and Strategy (NDEPS) 2020-2030, with eight pillars carefully selected to include all the key aspects that Nigeria needed to focus on in order to actively participate in the global digital economy. Those pillars were: Developmental Regulation; Digital Literacy and Skills; Solid Infrastructure; Service Infrastructure; Digital Services Development & Promotion; Soft Infrastructure; Digital Society and Emerging Technologies; as well as Indigenous Content Development and Adoption. Nigeria's regulators had also licensed some regional infrastructure companies to build the national broadband network and offer capacity to all service providers on a non-discriminatory basis, with a view to extending high-speed Internet connectivity across the entire country.

3.9. On question 3, Nigeria was stepping up its partnership with the private sector, international development institutions and development partners to address some digital economy-related challenges. One of such partnership had resulted in the establishment of the Nigeria–World Bank Growth and Employment project, which had ran from 2013 to March 2019. Through that project, Nigeria had been able to undertake the mapping of its Digital Economy Value Chain, especially in sub-sectors such as e-commerce, software development and outsourcing, as well as identify key interventions needed to drive growth. The project had also provided direct support for over 200 start-ups and two innovation hubs. It had also provided support for 78 MSMEs with innovative business models that could contribute to the growth of the economy under the Aso Villa demo day programme. Furthermore, GEM, in partnership with International Business Machines Corporation (IBM), had delivered emerging technologies training to over 100 young digital entrepreneurs in Abuja and Lagos. Nigeria was also working with partners such as ITC and the United Kingdom to connect Nigerian women digital entrepreneurs to the global digital market through the She Trade initiative. Today, increasing numbers of Nigeria's women traders were applying digital solutions in informal trade.

3.10. Some of the cooperation activities mentioned above notwithstanding, Nigeria was still saddled with some challenges. To effectively upscale Nigeria's digital capability and address the digital divide challenges as they related to e-commerce, the need for support from development partners and international development institutions could not be overemphasized. Such supports could be provided under the eight pillars of Nigeria's National Digital Economy Policy and Strategy mentioned above.

3.11. In conclusion, Nigeria believed that digital economy activities were key for economic diversification because they were systemic and critical in deepening the integration of the modern-day global economy. In view of this, Nigeria had designated 24 October of every year as "Digital Nigeria Day", to promote the development of the digital economy in Nigeria. His delegation looked forward to constructive discussions with Members on how to further spur the development of that sector.

3.12. The representative of China thanked the co-sponsors of the communication and encouraged Members to continue the discussions stimulated by the document. Against the background of the COVID-19 pandemic, e-commerce had become even more important in helping the world economy cope and recover, as well as in bridging the digital and development gap among WTO Members. E-commerce was not only about the cross-border flow of data; it was also about the cross-border flow of goods and talents. China hoped that, through more in-depth discussion, Members could better identify challenges and opportunities in the digital age and find out what the WTO could do to overcome those challenges and seize those opportunities.

3.13. China was of the view that having and building a good e-commerce infrastructure was essential to benefiting from global e-commerce; at the same time, facilitating cross-border e-commerce was also key to the integration of national economies into the global economy and to a quick recovery from the economic downturn, especially for developing Members and Members heavily impacted by the pandemic.

3.14. China wished to take that opportunity to share some of its experience in promoting the development of the e-payment sector. E-payment was an important enabler of e-commerce, and the rapid development of e-commerce was generating demand for a more effective e-payment system.

3.15. Recent years had witnessed rapid development of the Chinese e-payment market. On the one-hand, banking institutions were providing uniform mobile payment solutions to end-users, which were compatible with various mobile equipment and different e-payment technologies. In the first quarter of 2020, the Chinese banking sector had facilitated 850 million mobile e-payment transactions, with a total value of RMB 389.2 billion (about USD 57 billion). On the other hand, non-banking e-payment institutions were playing an ever-growing role in the sector. At that juncture there were 236 non-banking e-payment institutions operating in China. The number of their annual e-payment transactions had grown from 37.1 billion in 2013 to 808 billion in 2019, and the total value had increase from about USD 2.6 trillion to 42.7 trillion.

3.16. With the rapid development of the business models, Chinese regulators were making unremitting efforts to create a better environment for the e-payment sector. On the one hand, continuous efforts were being made to improve the sector's regulatory framework. The People's Bank of China had implemented a series of legislations, which set out detailed requirements and guidelines for both banking and non-banking institutions providing e-payment services, thus creating a fairer business environment which encouraged competition and innovation in the sector.

3.17. On the other hand, infrastructure was very important. China had established a multilayer e-payment network composed of the Central Bank, banking financial institutions, licensed clearance institutions, non-banking payment institutions, etc. The People's Bank of China established and operated specially designed systems, such as large-amount payment systems, small-amount payment systems, on-line and cross-bank clearance systems and RMB cross-border clearance systems, so as to provide low-cost and highly efficient clearance and settlement services for all e-payment service suppliers.

3.18. Considering the important role of e-payment in the e-commerce eco-environment, China would be interested in hearing other Members' experiences in that regard.

3.19. The representative of Brazil said that, as stated at the July CTS meeting, his delegation was pleased to co-sponsor the communication on exploratory discussions on supporting digital capability of business and consumers and was also pleased to have the opportunity to share with Members its national and regional initiatives and experiences that looked at fostering digital inclusion and the development of the digital economy.

3.20. At that juncture, his delegation wished to focus on the particular issue of electronic signatures and electronic certification, a fundamental element for the promotion of legal certainty and predictability in electronic transactions with clear benefits for both consumers and businesses, and in particular for MSMEs.

3.21. In Brazil, there were almost two decades of initiatives in that area that had been coordinated by the National Institute of Information Technologies (ITI), a federal office whose objective was to maintain the Brazilian Public Key Infrastructure (ICP-Brasil). It was the certification authority on the top of the hierarchical certification chain ("AC Raiz"), and it had acted in numerous public initiatives that added security to electronic transactions using the ICP-Brasil digital certificate.

3.22. Since the first initiative in the banking area with the adoption of the Brazilian Payments System (SPB) by the Central Bank, Brazil had successfully established systems for electronic invoices, digital receipts, exchange contracts, certificates (sanitary, of origin, amongst others), all with certified safe digital signatures, through the ICP-Brasil standard digital certification technology.

3.23. Those initiatives covered numerous sectors of the Brazilian economy. In all business processes where digital certification had been adopted, there had been reduction in fraud and bureaucracy. On top of that, there had been productivity gains and a greater offer of digital trust services that ensured legal certainty to electronic transactions.

3.24. He introduced a few examples. In the trademark and patent registration sector, the adoption of more simplified processes, with less bureaucracy, required the adoption of digital models. For digital software registration, for example, a process that took an average of one to two years for registration to be concluded was now done in seven days. For that to happen, it had been necessary to redesign the process that had previously required the deposit of the software's source code with Brazil's IP authority (INPI). Now the interested party simply submitted digitally the source code and a registration request. That information was sent to the INPI, which automatically processed the registration within seven days. That unprecedented model had been extended to other trademark and patent registrations.

3.25. In the context of the COVID-19 pandemic, in April ITI had launched the digital document validation service. In order to contribute to the actions of the Federal Government to prevent the spread of COVID-19, that website allowed doctors, patients and pharmacists to maintain the relationship 100% online and safe for the transit of documents. The objective was to validate a health professional's digital signature on a medical prescription or leave certificate and the professional's registration with the respective professional council. ITI had also supported the Federal Council of Medicine in launching an electronic prescription service.

3.26. Brazil believed that there was a lot yet to accomplish in order to allow the same kind of benefits in cross-border trade. In that regard, Brazil was looking to promote the use of interoperable digital signatures based on certification with other countries. The adoption of models similar to the Brazilian one, which followed international standards, allowed documents or cross-border transactions between countries to be recognized as authentic and complete. That model brought countless benefits to trade between countries since all the documentation, from the contract to customs documents, could be digital, reducing the processing time and adding security to transactions through electronic media. The recognition of electronic signatures enabled new business models and innovation and enabled companies from different countries to establish contracts through digital means, with technical and legal security.

3.27. He wished to present very briefly an example on how cross-border trade could be encouraged in that area. On 12 December 2019, the MERCOSUR member States had signed the "Mutual Recognition Agreement for MERCOSUR Digital Signature Certificates". The objective of the Agreement was the mutual recognition of digital signature certificates issued by certification service providers in each State party, for the purpose of giving digital signatures the same legal and

evidential value as handwritten signatures. The digital signature was increasingly useful in contracts, transactions with financial institutions, electronic invoices, among other applications. In MERCOSUR, Brazil believed that the agreement would contribute to increasing integration between the digital environments of the States' parties.

3.28. In conclusion, Brazil had been engaging also with other partners within and outside its region in order to facilitate that kind of mutual recognition arrangements, and would be glad to share further details with interested Members.

3.29. The representative of Canada said that the rapid digital transformation was creating challenges for all countries, including for Canada. Technology had permanently changed the way Canadians connected and worked. Access to high-speed Internet was now considered an essential service that enabled individuals and businesses to take advantage of opportunities and links to markets.

3.30. The Government of Canada had a number of programmes aimed at addressing the digital divide and increasing digital capabilities for marginalized or vulnerable groups, as well as in key targeted sectors, both within Canada and abroad.

3.31. At home, the Government of Canada had made funding available to build Internet infrastructure in rural and remote communities. That included, for example, funding through the "Connect to Innovate" program. That initiative aimed, among other things, to close the digital divide and ensure that people in rural and indigenous communities had access to opportunities, such as growing businesses online.

3.32. Canada had also recognized that women entrepreneurs faced unique challenges to starting and growing businesses. For example, women were less likely than men to incorporate competitive technologies into their businesses. Those challenges had been exacerbated by the COVID-19 pandemic. Through Innovation, Science and Economic Development Canada, the Government of Canada was supporting women entrepreneurs for "Tech Undivided," as part of the Government's recent top-up of CAD15 million to Canada's Women Entrepreneurship Strategy (WES) Ecosystem fund. That initiative increased the chances of women business owners partaking in e-commerce.

3.33. Turning to her delegation's efforts abroad, Canada's international assistance priorities included the promotion of an inclusive and green private sector through support for digital technology and literacy as well as employment skills, particularly for women in fields related to science, technology, engineering and mathematics.

3.34. For example, through the APEC-Canada Growing Business Partnership project, Canada provided support for MSMEs in the Asia-Pacific region to innovate, grow, and gain better access to global and regional markets. The Asia Pacific Foundation of Canada (APFC) and its development partners in Indonesia, Viet Nam and the Philippines, provided complementary training, research and mentoring that paired local MSMEs with Canadian MSME champions to improve digital capabilities. For example, the project had worked with the Cherie Blair Foundation for Women to develop an online platform that made it possible to provide support to a global network of women entrepreneurs. Participants had built their business skills and digital literacy through specialized training and one-on-one mentoring, and had become part of a community of committed, ambitious entrepreneurs who were invested in each other's success. The programme had helped women entrepreneurs gain confidence and build more successful businesses.

3.35. Another project, through the Organisation Internationale de la Francophonie, aimed to provide target countries in Africa with technical support so they could create the conditions for sustainable and inclusive growth by relying on entrepreneurship and innovation as levers for job creation for women and young people in strategic sectors and high-potential industries, including in the digital sector. Between 2015 and 2019, the programme had supported and trained more than 27,000 women, young entrepreneurs and project leaders in entrepreneurship.

3.36. Canada looked forward to hearing other Members' contributions to that discussion.

3.37. The representative of Norway thanked Australia for the leadership of that initiative. Her delegation had been glad to co-sponsor the communication. The opportunities for the digital delivery

of services were plentiful and almost self-explanatory. The challenges were more complex, as they related largely to differences in both knowledge of, and access to, digital infrastructure among traders, consumers and regulators.

3.38. The importance of digital inclusion and the challenges of addressing the digital divide had been highlighted by the pandemic. A better understanding of those issues was needed in order to address their trade policy aspects in a meaningful way at the WTO. An exchange of information of Members' experiences was a pertinent and necessary first step in that respect.

3.39. Norway would focus its intervention on the second and third questions of the communication.

3.40. At the domestic level, Norway had introduced and implemented a variety of programmes to foster and support digitalisation of society. Most prominent among ongoing programmes that related to electronic commerce was a programme for digitalisation of public procurement procedures, aiming at complete digitalisation by 2024. A core objective of the programme was to have new digital solutions that, to the largest extent possible, facilitated the exchange of information in electronic format at all stages of the procurement process, between the procuring entity and tenderers. Once implemented, a digitalised public procurement system would mean a modernised and more efficient system that would benefit suppliers, and in particular the small and medium sized enterprises.

3.41. In terms of general development cooperation policy, Norway had launched earlier in 2020 a whitepaper on "Digital Transformation and Norwegian Development Policy". The paper was still at an early stage of implementation. Its focus was on digitalisation in all aspects of society, beyond trade. The intention was to contribute to more effective development co-operation, ensuring that no-one was digitally left behind and that developing countries built capacities to make use of digital technologies.

3.42. With respect to on-going cooperation activities, Norway was targeting electronic commerce through the integration of digital trade in its Aid for Trade programmes, recognising the general trend towards digitalisation of trade. Norway had chosen to cooperate with multilateral organisations in most of its Aid for Trade efforts. This was also the case for Norway's support to digital capabilities and e-commerce. In her delegation's view, collective action could yield better results. Assistance delivered through multilateral channels reduced the transaction costs for the partner Government concerned. Using multilateral channels was also a way of mobilising new donors and partnerships for development.

3.43. She shared a few snapshots of digital capacity projects and programmes to which Norway was a donor. First, the Trade Facilitation Support Programme of the World Bank, of which one of the objectives was designing and implementing automated systems and innovative technologies to facilitate trade. Electronic Trade Information Portals had been set up in several countries, making all cross-border trade information easily available. Support was also provided for the establishment of National Single Window systems, allowing traders to submit all required information via one single electronic gateway.

3.44. Second, the World Bank's Umbrella Facility for Trade. Giving policy advice on digital trade was one of the tasks of the Umbrella Facility. Together with other multilateral organisations, the Umbrella Facility had supported the creation and improvement of various trade databases. In Viet Nam, the Facility had supported a project with the Women's Initiative for Startups and Entrepreneurship (WISE), to explore what characteristics of blockchain-based solutions might increase the participation of women in international trade, foster their access to finance and help them get paid faster.

3.45. Finally, the International Trade Centre, which was well-known to WTO Members and which Norway commended for being at the forefront of promoting e-commerce in developing countries. One example was the ecomConnect programme, which supported small businesses through its training programme, research and facilitation of innovative solutions, digital tools and technologies. Another prominent example was the SheTrades programme, which was doing a lot to help businesses owned by women engage in e-commerce.

3.46. Norway looked forward to further exchanges of information among Members on that issue.

3.47. The representative of Malaysia commended the efforts undertaken by Australia and co-sponsors in generating discussions on digital capability and the digital divide. With the on-going COVID-19 pandemic, the trend towards online services had accelerated, as businesses turned their attention to digital solutions while consumers preferred online purchases.

3.48. Malaysia recognised that challenges relating to the digital divide i.e. fragmented technology, lack of digital infrastructure reliability and lack of information-sharing across industries and Government, might hinder the e-commerce adoption among online businesses. Thus, from Malaysia's point of view, an e-commerce regulatory sandbox was needed in ensuring proper scale-up of businesses via a conducive environment.

3.49. Malaysia's National Research and Development (R&D) Centre under MIMOS Berhad offered technology platforms, expertise and collaborative programmes with local technopreneurs in developing products and services to support the Malaysian e-commerce ecosystem. Among the patented technologies that were actively being utilised and deployed in that Centre were Artificial Intelligence, Big Data Analytics, Video Analytics, Traceability Platform, Internet of Things and Digital ID. Through those programmes, SMEs and MSMEs that were e-commerce players or technology providers, could kick start their e-commerce activities.

3.50. During the COVID-19 pandemic, the Government of Malaysia was cognisant of the challenges faced by domestic SMEs and MSMEs. Among the initiatives provided by the Government to those players were the SME Automation and Digitalisation Facility (ADF) to automate processes and digitalise operations in order to improve productivity and efficiency (financing purchase of equipment, hardware, software and IT services).

3.51. Taking into account the rapid development and wide application of e-commerce, it was also important to develop and implement sound policies for consumer protection and cybersecurity, to ensure a healthy e-commerce development environment.

3.52. The representative of the United Kingdom recalled that, at the July CTS, her delegation had in mentioned a UK initiative, the 'SheTrades Commonwealth programme', which aimed to increase economic growth and job creation in Commonwealth countries by enhancing the competitiveness of women entrepreneurs and connecting them to international markets. She wished to share some further information about that programme.

3.53. The programme focused on four Commonwealth countries, i.e. Bangladesh, Ghana, Kenya and Nigeria, providing support for firms trading goods as well as services. For services, the programme focused on the IT, Business Process Outsourcing and tourism sectors. Since the programme had been launched in 2018, it had provided training to nearly 3,400 women-owned businesses and helped to create more than 3,300 jobs.

3.54. Recently, the programme had focused on helping women-owned businesses to adapt to the challenges of COVID-19, as well as to the broader trend towards operating online. Helping women to develop those skills was crucial both in response to the challenges posed by the pandemic, and to address the gender divide in Internet usage and digital literacy between men and women in developing countries.

3.55. Examples of work carried out under the programme in the previous quarter included the delivery of a series of online training courses, providing an overall introduction to the concept and practice of e-commerce as well as giving guidance on the importance of creating quality content for online initiatives. The courses had also familiarised participants with virtual marketplaces, enabling them to connect to new customers internationally.

3.56. The programme had also sought to leverage partnerships with the private sector by working together with tech companies to deliver training in digital marketing. That had included a series of webinars, delivered in partnership with Facebook Developers Circle and Google Business Group, focused on using digital marketing tools such as Google My Business, WhatsApp for Business, and Instagram.

3.57. That same project had also offered one-to-one online mentoring to IT and BPO businesses on the use of artificial intelligence, machine learning and data analytics. Businesses had learnt how to

develop a data-driven strategy; how to collect and store data to set the foundation for the development of future AI-powered products and services; and had been introduced to analytical tools to help them monitor, evaluate, and inform their digital marketing practices.

3.58. The representative of Sri Lanka thanked the proponents of the communication. The document was being evaluated and her delegation would offer its responses in due course. For that meeting, Sri Lanka wished to express its concerns in general on that subject.

3.59. The digitalization of the economy was a growing policy priority of many Governments, including Sri Lanka, before the pandemic and, no doubt, it had widened since then. COVID-19 would give further impetus to the growing role of global digital platforms, as electronic commerce and digital platforms with the widest reach were widely expected to be among the winners of the pandemic.

3.60. Developing countries were home to more than 80% of the world's population, and it was said that they were the site for a growing use of e-commerce. There were theoretical claims that e-commerce could bring significant benefits to firms in developing countries, but very few empirical studies were available about the actual outcomes of e-commerce implementation. Factors such as the lack of telecommunication infrastructure, low average income of the population or lack of credit card penetration further restricted the viability of using e-commerce technologies.

3.61. Big Tech companies had increased their subscriptions, volume and revenue, and the pandemic had resulted in powerful digital monopolies in a handful of countries fortifying their position. For instance, if Microsoft were a country, it would be 65th in size in the world in terms of its GDP. As those handful of countries absorbed more consumer spending, they also paid minimal tax in the source country, while evading effective competition laws and other national regulations.

3.62. Most of the discussions in all four WTO bodies under the e-commerce Work Programme had focused on the benefits of e-commerce. Sri Lanka was, however, concerned whether every country possessed the necessary infrastructure and other requirements to have a fair share of those benefits. While e-commerce had created new trade and investment opportunities, it had also posed several new infrastructure and regulatory challenges, which needed to be addressed, including the need for bridging the digital divide. If the promise of e-commerce was to be realized, developing small economies had to improve Internet access and get 'e-ready'. To maximize the benefits from e-commerce opportunities, a broader strategy of both 'e-readiness' and 'commerce-readiness' was needed, as well as a healthy degree of scepticism about promises of dramatically reduced transaction costs and trade without intermediaries.

3.63. Members all discussed the digital divide in the form of hard and soft ICT infrastructure. There was, however, minimum or no attention on the data factor, which was considered as the oil of the XXI century. The flow of data, access to data, ownership of data, and most importantly, the capacity to convert data into information and knowledge, in other words, data intelligence, were also part of the digital divide discussed in the current context. That data divide gave 'first mover advantages' to those who collected data, processed it and converted it into information and knowledge.

3.64. The Work Programme provided an exploratory mandate, but not a negotiating mandate. In that connection, her delegation was quite disturbed with parallel discussions on e-commerce under the Joint Statement Initiative with clear objectives of rulemaking, which clearly run contrary to the exploratory mandate of the 1998 multilateral Work Programme.

3.65. The rapid growth of e-commerce during the COVID-19 pandemic, especially the sale of goods and services over the Internet, had fuelled a debate about the taxation regimes to be used. The shift from a physically oriented commercial environment to a knowledge-based electronic environment posed serious and substantial issues in relation to taxation and taxation regimes. Tax administrations throughout the world faced the formidable task of protecting their revenue base without hindering either the development of new technologies or the involvement of the business community in the evolving and growing e-market place. Sri Lanka's concerns centred on the impact of e-commerce on state and local revenue. Whereas States could impose a tax on residents' purchases from out-of-state vendors, they could not impose an obligation on those vendors to collect the tax unless the vendor had a substantial presence, or nexus, in the State. Those problems were greater for small developing countries such as Sri Lanka, and the shrinking of the tax base would have a

disproportionate effect and further jeopardize its already fragile economy; that loss of revenue could significantly impair the ability to provide basic services to its population.

3.66. In view of those implications, the extension of the existing Moratorium on the imposition of customs duties beyond the current time period and inability to recover other related duties and charges on imports of digitalised products were posing formidable challenges to small developing countries such as Sri Lanka.

3.67. Her delegation, therefore, wished to see further progress in the e-commerce Work Programme exploratory discussions in the Council, as one of the multilateral Committees that that task had been assigned to.

3.68. The representative of Ukraine indicated that her delegation had recently joined the communication JOB/SERV/296/Rev.3 as co-sponsor. At the previous meeting, Ukraine had already provided responses to the questions raised within the exploratory discussions on supporting digital capability of business and consumers. Her delegation wished to encourage other Members to join those exploratory discussions, which Ukraine found timely and valuable in terms of sharing experiences and seeking solutions to address the digital divide in the context of e-commerce. Ukraine stood ready for further constructive engagement.

3.69. The representative of Hong Kong, China said that, as a co-sponsor of the communication, his delegation favoured exploratory discussions on supporting the digital capability of business and consumers and was pleased that Members were having active discussions at the previous meeting and at that one.

3.70. He wished to share some of Hong Kong, China's experiences in enhancing digital capability and accelerating the digital transformation of enterprises, with particular focus on measures introduced to support business affected by the COVID-19 pandemic.

3.71. Over the years, Hong Kong, China had established an e-commerce-enabling, world-class ICT infrastructure and a legal environment providing solid foundation for e-commerce development. The influence of the COVID-19 pandemic had accelerated and sometimes necessitated changes to the traditional mindset of Hong Kong, China's businesses. Due to lockdowns and other restrictions imposed in many countries, more consumers had shifted to online shopping, which was fast becoming the new normal. E-commerce players, which were better positioned to take advantage of those changes, were seeing significant growth in business. For example, a local online shop in Hong Kong, China had reported doubled visits online, with daily orders rising 50% compared to pre-pandemic time in 2019. Online services had similarly seen an increase in demand and supply.

3.72. Yet not all businesses were ready to adapt to e-commerce or had the capacity to do so. Apart from cost and capacity concerns, some of the reasons hindering Hong Kong, China's businesses in the adoption of e-commerce or new digital technology were often business-driven, such as the inclination to stick to current business models or lack of practical use.

3.73. To support enterprises to continue their business and services or, for some, even their survival, Hong Kong, China had launched a Distance Business Programme (D-Biz). Apart from creating business opportunities for IT service providers, the Programme helped enterprises, especially MSMEs, to accelerate digital transformation.

3.74. The D-Biz Programme covered 12 IT solutions categories relating to distance business. Since its launch in May 2020, the Programme had received an overwhelming response from enterprises. The most popular IT solutions categories included online business, online customer services and engagement, remote document management, cloud storage and remote access services.

3.75. In addition, a number of other measures had also been introduced to offset the impact of the pandemic and enhance the digital capability of Hong Kong, China's enterprises. For example, Hong Kong, China had: supported the FinTech sector to create new job opportunities and enrich its Fintech talent pool; promoted the use of technologies in the provision of legal services by assisting the legal sector in procuring and upgrading IT systems and arranging relevant LawTech training for their staff; and launched an online dispute resolution (ODR) scheme to provide speedy and cost-effective means to resolve global and local COVID-19 related disputes, especially those involving MSMEs that might

be adversely affected or hard hit by the pandemic. Those measures would promote the wider use of ODR and strengthen Hong Kong, China's LawTech capability, and provided support and encouraged various sectors to deploy 5G technology in a timely manner.

3.76. Hong Kong, China had put innovation and technology at the forefront of its policy agenda. Apart from the measures responding to COVID-19, Hong Kong, China was also implementing other programmes to enhance the digital capability of its enterprises.

3.77. For example, it had launched the Technology Voucher Programme (TVP) in November 2016 to provide funding support for enterprises to adopt technological solutions to improve their productivity, or upgrade or transform their business processes. As of end-September 2020, more than 3,000 projects had been approved under TVP.

3.78. With no restriction on the types of technological services, TVP supported a wide range of solutions, with more common ones being enterprises resource planning, mobile access systems, point-of-sales systems, and covered solutions using big data and cloud-based analytics, cybersecurity solutions and logistics management systems. Since its launch, TVP had benefited various trades, including traditional wholesale and retail companies, as well as import and export trade and professional services.

3.79. Finally, in terms of overseas promotion, the Hong Kong Trade Development Council had also put in place various measures to help SMEs market their services and capture opportunities overseas through digital platforms and trade exhibitions and enhance their competitiveness and resilience.

3.80. His delegation would be happy to provide additional information on the above programmes and welcomed further discussions and exchanges under that item.

3.81. The representative of India said that the 1998 Work Programme on Electronic Commerce remained an important feature of the work of the CTS. Her delegation welcomed the General Council Decision of December 2019 calling upon Members to reinvigorate the Work Programme, which had a non-negotiating and exploratory mandate.

3.82. As her delegation had pointed out previously, while e-commerce had created new and exciting trade and investment opportunities, it also posed several new infrastructure and regulatory challenges which needed to be addressed, including the need for bridging the digital divide.

3.83. Some Members were pushing for new rules on e-commerce. In that regard, India's considered view was that the gains from e-commerce should not be confused with the likely benefits of rulemaking in e-commerce. India believed that negotiation on rules and disciplines in e-commerce would be very premature at that stage, especially given the highly asymmetrical nature of the existing global e-commerce space.

3.84. India therefore wished to reiterate its serious concerns with the parallel discussions on e-commerce under the Joint Statement Initiative with clear objectives of rulemaking, which clearly run contrary to the exploratory and non-negotiating mandate of the 1998 multilateral Work Programme, which had regularly been reaffirmed by all Members. India feared that the impact of some of the e-commerce rules being proposed under the JSI on e-commerce could be profound on existing trade rules, particularly GATS schedules that provided Members useful flexibilities and could wither away due to the onslaught of the so called 'high standard' e-commerce elements.

3.85. As regarded the e-commerce Moratorium, India reiterated its long-standing view that the Moratorium was harmful for developing countries not just from the revenue point of view but also in terms of negatively impacting developing countries' efforts towards digital industrialisation. The COVID-19 pandemic had now further demonstrated the importance of retaining the flexibility to regulate imports of electronic transmissions.

3.86. Her delegation looked forward to a meaningful and comprehensive discussion on the 12 issues mentioned under the e-commerce Work Programme.

3.87. The representative of South Africa echoed the points made by Sri Lanka and India. South Africa was convinced that the mandate of the 1998 Work Programme allowed delegations to have

efficient discussions on issues that were common to all Members. He also reiterated his delegation's concern with Members' participation in the Joint Statement Initiative specifically on e-commerce, which would prematurely develop rules that would reinforce the status quo and enable those Members that had technologies and capabilities to further monopolise the growth of e-commerce and related activities.

3.88. He then thanked the proponents of the communication. Having looked at the communication, he wished to note that paragraph 1 made a sweeping claim that "prior to COVID-19, trade in services was the fastest growing sector globally". South Africa wished to know which Members and which sectors that claim would apply to. What about those Members that had been left behind and had not necessarily experienced the same growth? Also, with regard to paragraph 3 which stated that "businesses have rapidly responded to the changing operating environment", his delegation believed that that was a one-sided and misleading assertion. Which businesses had responded rapidly, and where? Had all businesses been equally able to rise to those challenges? To what extent was that true for that period, where COVID-19 was prevalent? What had happened to those businesses that could not adapt rapidly to the new reality?

3.89. In South Africa's experience, the digital divide had increased during the COVID-19 pandemic, particularly in the small business sector and educational services. A study recently conducted indicated that 90 percent of South African small businesses had struggled to adapt and had to temporarily close during COVID-19. Only 9% of small businesses reported that they had been able to operate as normal, with 78% a significant decrease in revenue.

3.90. COVID-19 had laid bare a significant challenge pertaining to the universal access not only to education streaming services, but had also illuminated the digital divide between a country like South Africa and other countries, and the serious consequences for human capital growth and development not just in South Africa but across the African continent and the developing world.

3.91. From that point of view, the Council's discussions must not be one-sided and should not lead to outcomes where Members that already had the capability were able to enforce new rules that would further exclude and increase the digital divide and the ability of countries to catch up and be equal participants in the digital economy.

3.92. The Chairman thanked all the delegations who had spoken and shared their experiences and perspectives. The discussion had been very helpful and enriching; it had not proven one-sided as different views had been expressed. He suggested that the Council take note of the statements made. He said that the Council would revert to that item at its following meeting.

3.93. It was so agreed.

4 ITEM D: UPDATE OF THE SECRETARIAT BACKGROUND NOTE ON MODE 4 – REQUESTED BY INDIA

4.1. The Chairman indicated that that item had been added to the agenda of the Council at the request of the delegation of India.

4.2. The representative of India said that, as had been emphasized by her delegation on several previous occasions, India reiterated its request for the update of Secretariat Background Notes on all four modes of supply and also supported further Secretariat work on inter-modal linkages, as requested by one delegation.

4.3. As India had clarified before, while her delegation welcomed the US proposal on the issue of inter-modal linkages, that should not substitute the request to update the separate modal Secretariat Background Notes.

4.4. At the July CTS meeting, India had also identified the potential areas from the mode 4 Secretariat Note of 2009 that could be updated. Those were merely some suggestions. India looked forward to engaging with other interested Members on their views and suggestions on its proposal to update all the modal Secretariat Background Notes. India once again requested that Members positively consider its proposal, which was inclusive and comprehensive. Her delegation believed

that the updating of all the modal Secretariat Background Notes as well as the proposed additional Note on inter-modal linkages would be a very useful exercise for trade in services.

4.5. The representative of the United States said that his delegation's position on that issue had not changed. The United States did not support updating the Secretariat Background Note on mode 4, as that exercise would provide no added value. As for the Note on inter-modal linkages, that was not a US proposal, but only a suggestion, which his delegation was open to discussing further in light of the fact that that aspect had not been covered in past Secretariat Notes and might, as such, offer some added value. He said that rehashing old Secretariat Notes was not a constructive use of the Secretariat's time.

4.6. The representative of Uganda, speaking on behalf of the LDC Group, said that the Group supported the request by India to update the background note on mode 4. In updating that Note, the LDC Group would urge the Secretariat to include specific information on priorities of LDC suppliers, including mode 4 measures identified by the LDC Group in its quest to operationalize the LDC Waiver and notifications with mode 4 entries, as well as limitations.

4.7. The representative of India thanked the LDC Group for its support.

4.8. The Chairman suggested that the Council take note of the statements made.

4.9. It was so agreed.

5 ITEM E: CYBERSECURITY MEASURES OF CHINA AND VIET NAM – REQUESTED BY JAPAN AND THE UNITED STATES

5.1. The Chairman indicated that the item had been added to the agenda of the Council at the request of the delegations of Japan and the United States.

5.2. The representative of Japan said that, regarding "the Data Security Measures" and "the Regulations on the Administration of Commercial Cryptography" that the Chinese Government had sought public comments on, the Japanese Government had submitted its comments to the Chinese Government in August and September, respectively.

5.3. Japan had pointed out in its comments that the Chinese Government should ensure that the content of the regulations and the application of the provisions did not impede foreign companies' activities in China and entry into the Chinese market.

5.4. For example, "the Data Security Measures" stipulated security screening on data activities (Article 22) and export controls on data (Article 23). "The Regulations on the Administration of Commercial Cryptography" stipulated security screening (Articles 9, 27, 31, 38 and 40), certification (Articles 17, 20, 21), export and import permits (Articles 31, 32 and 33) and forced utilization of specific commercial cryptography (Article 39).

5.5. If, as per those Articles, the competitive conditions for foreign products and services became, in effect, disadvantageous compared to domestic products and similar domestic services, that could be a violation of the obligation of national treatment under Article XVII of the GATS. Japan expected China to ensure consistency with the WTO Agreements.

5.6. Japan appreciated China's efforts to seek public comments from various stakeholders in view of transparency. Japan expected that the requests and concerns expressed in its Government's comments would be properly considered and taken into account in the enactment process going forward.

5.7. In addition, Japan continued to have the concerns it had repeatedly raised at the CTS on the other related Chinese laws and regulations on cybersecurity. His delegation would not repeat its concerns in detail at that meeting, but Japan continued to pay close attention to those laws and regulations and expected China to ensure consistency with the GATS.

5.8. Turning to Viet Nam's measures, Japan recognized that the Government of Viet Nam was still deliberating the draft Decree relating to the Law on Cybersecurity. Japan asked Viet Nam to take

Japan's comments fully into consideration. Japan requested that Viet Nam continue to ensure transparency and take into account the inputs of all stakeholders before finalizing the Decree and related laws and regulations.

5.9. The representative of the United States said that it had taken note of China's intervention at the July CTS meeting relating to the agenda item on China's cybersecurity policies. It was his delegation's sense that China's intervention had focused mainly on the aspect of its cybersecurity and national security regimes relating to its purchases of cyber-related goods and services.

5.10. However, China's intervention had not appeared to address another concerning aspect of its cybersecurity and national security regimes, i.e. its policies relating to cross-border data flows and data localization. For some time now, the United States and other WTO Members had continued to express concerns regarding the trade-restrictive nature of China's laws, implementing measures, some of which were still under development, and policies that imposed, or threatened to impose, restrictions on cross-border data transfers and required data localization. It was obvious that those types of restrictions could have a negative impact on virtually any commercial presence, including a services commercial presence, in China, as well as on a range of companies providing services to China on a cross-border basis.

5.11. One particular concern was in regard to measures implementing Article 37 of the Cybersecurity Law. That Article imposed data localization requirements on critical information infrastructure network operators, including when they gathered "important information," which in China was subject to a very broad or even unlimited definition.

5.12. In the past, his delegation had asked China to provide more information on the implementing measures it contemplated relating to cross-border data flows and data localization, and to confirm that it would provide public comment opportunities and take into account the views of international stakeholders on those drafts. However, his delegation was very concerned that in practice, China was already moving forward with its policies whether or not it had finalized or reflected international stakeholders' views in its implementing measures.

5.13. In terms of recent measures, his delegation noted that the delegate of Japan had raised concerns regarding China's draft Data Security Law. As Japan had noted, Articles 22 and 23 of that draft Law, read together, might suggest that China intended to impose security assessments on cross-border data flows. The United States shared Japan's concern. As Members might remember, his delegation had also raised concerns regarding other measures where China had set forth its intention to impose such security assessments.

5.14. Some time earlier, China had stated to the Council that it did not intend to restrict cross-border transfers of data that was routinely transferred in the course of international business. At the July CTS meeting, China had not responded to the US request for China to provide a renewed confirmation of that policy. The United States would appreciate China's renewed confirmation of that policy at that meeting.

5.15. With regard to Viet Nam's measures, the United States remained concerned about Viet Nam's proposed data localization measures in its draft cybersecurity Decree. His delegation understood that Viet Nam might be in the process of finalizing that Decree.

5.16. The data localization and local presence requirements in the draft Decree would affect an expansive array of services which were foundational to the digital economy and were frequently provided by foreign firms on a cross-border basis, ranging from e-mail to cloud computing to online payments. Viet Nam also proposed to apply even stricter data localization measures to Vietnamese companies, which would threaten Vietnamese firms' ability to use the increasingly wide array of cloud-based services which may be supplied from abroad.

5.17. US and other foreign companies had to be able to supply those services to Vietnamese firms on a cross-border basis, without being subjected to the additional burden of installing redundant computing facilities in the territory of Viet Nam, consistent with Viet Nam's GATS commitments.

5.18. The United States urged Viet Nam to reconsider that measure and to address concerns that the United States and other WTO Members had repeatedly raised at the CTS, in order to ensure that the Cybersecurity Law was implemented in the least trade-restrictive manner possible.

5.19. The representative of the European Union said that her delegation followed closely the implementation of the Cybersecurity Law in China and shared the concerns expressed by other Members. As noted at previous CTS meetings, the scope of the requirements outlined in the Law remained unclear, and the European Union continued to be concerned that key terms – such as critical information infrastructure or secure and trustworthy products – had not been specified in sufficient detail.

5.20. Moreover, the European Union noted with concern that the Cybersecurity Law already applied and was enforceable, while the implementing measures that would clarify its implementation were still not in place. That created significant uncertainty for economic operators. The representative asked China to provide further information on the timetable of future implementing measures.

5.21. Furthermore, the European Union welcomed the public consultation on the Draft Data Security Law, tabled in July for comments and intended to complement the Cybersecurity Law but shared the concerns raised by Japan. The European Union noted that the draft Law exceeded its national scope, covering "data activities" within China, but also beyond the territory of mainland China that might harm China's national security or public interests. The European Union considered that to be an excessively broad scope of application.

5.22. Her delegation's assessment was that many provisions of the draft Law were too broadly defined, using very vague concepts, such as "important data", and lacked guidance on how they might be implemented in practice, generating legal uncertainty.

5.23. The data security obligations on entities carrying out "data activities" were likely to considerably increase the administrative burden for enterprises. It remained unclear which legal liabilities might arise.

5.24. The Law outlined, but did not provide for, detailed procedures for national security or law enforcement authorities seeking data from private data holders and for providing data in China to law enforcement authorities abroad.

5.25. When it came to the Vietnamese Cybersecurity Law, applicable as of 1 January 2019, the European Union also shared other Member's concerns about its potential economic impact and its compatibility with Viet Nam's commitments under the WTO.

5.26. The European Union would appreciate an update on the draft Implementing Decree on Cybersecurity. It hoped that Viet Nam would seriously consider the EU concerns on the Decree and would continue the dialogue to ensure it aligned to international best practices. The European Union would also appreciate indications as regarded further implementing measures and on the plans for taking into consideration comments from interested parties, including industry and stakeholders.

5.27. The European Union encouraged Viet Nam to develop and implement the Cybersecurity Law and implementing measures in full respect of WTO principles, such as non-discrimination and proportionality, and to take into consideration available international standards and best practices.

5.28. Finally, the European Union kindly requested that Viet Nam notify the Cybersecurity Law and the draft Implementing Decree, as well as any other planned implementing measures, to all relevant Committees so that WTO Members could provide comments within a reasonable time limit.

5.29. The representative of Canada said that, in previous meetings, her delegation had raised concerns related to new and draft measures on cybersecurity developed, respectively, by China and Viet Nam, and those concerns remained.

5.30. At that meeting, Canada wished to raise its specific concerns related to China's draft data security measure. More broadly, her delegation also noted that certain requirements for companies and individuals appeared vague and might render unclear the expectations with respect to the

security of data activities deriving from or being processed through China, whether those data activities were occurring within China or abroad.

5.31. In the context of the CTS, she also wished to highlight Canada's concerns related to certain aspects of China data security measures that might not be consistent with China's commitments under the GATS. In particular, the representative highlighted article 24, which permitted China to adopt a corresponding measure towards a country or region that adopted discriminatory prohibitions, limitations or similar measures against the People's Republic of China.

5.32. For example, China had listed no limitation on Market Access or National Treatment under mode 1 for computer and related services or the subsectors for data processing services. Unilateral retaliation action in an investment or in a trade context with respect with data processing in that regard could be construed as a violation of China existing trade obligations. Therefore, Canada would appreciate receiving more information on China's intention regarding next steps.

5.33. The representative of Australia said that her delegation appreciated China's efforts in consulting with interested parties on its draft measures related to cybersecurity, most recently on measures related to the Data Security Law, on which Australia had provided a written submission of views in August 2020.

5.34. Australia continued to urge China to take into account the concerns of business and WTO Members in the implementation of those measures and development of future measures. Her delegation looked forward to continuing to work closely with China on draft measures that related to cybersecurity

5.35. Australia also appreciated Viet Nam's engagement on its cybersecurity measures. As her delegation had stated in previous meetings, like other Members, Australia remained concerned with several concepts in Viet Nam's Cybersecurity Law and urged Viet Nam to ensure its legislative measures align with its international trade commitments. Her delegation looked forward to continuing to work with Viet Nam on that Law and related measures.

5.36. The representative of New Zealand said that his delegation recognized the right of Members to take measures in order to protect legitimate matters of public policy, and appreciated China's assurances that such measures should be implemented in a manner consistent with international obligations and minimizing negative impacts on trade. Lack of clarity about how China would implement its cybersecurity measures created uncertainty and introduced additional unnecessary compliance costs for foreign organizations.

5.37. New Zealand encouraged China to have a more narrow and focused scope in implementation, including utilizing a targeted and clear definition of what constituted "networks" and "critical information infrastructure". His delegation also encouraged China to look at the trade implications of requiring assessment before the data was able to be transferred abroad. New Zealand continued to encourage China to implement its cybersecurity regulations in a transparent manner and consistently with the letter and spirit of the obligations contained in the GATS.

5.38. Moving on to Viet Nam's cybersecurity measures, and recalling his delegation's previous interventions, the representative indicated that New Zealand continued to have a strong interest in those measures. New Zealand would welcome an update on the implementing Decree of Viet Nam's Cybersecurity Law of 2019 and would appreciate the opportunity to review the latest draft.

5.39. The representative of China said thanked Members who had intervened for their interest in China's cybersecurity-related measures. As reiterated at previous CTS meetings, China had been drafting and implementing cybersecurity-related measures in accordance with the Law on National Security and the Law on Cybersecurity. The purpose of those laws and measures was to guarantee the security of critical information infrastructure and its supply chain and safeguard national and data security.

5.40. China's measures applied equally to both domestic and foreign service suppliers, they were not tailor-made or targeted at any specific Member or enterprise. The Chinese Government would abide by its commitments to the multilateral trading system and continue to provide a level playing field for service suppliers all over the world.

5.41. Having said that, the representative wished to emphasize that in the context of WTO rules, cross-border data flows were subject to a Member's specific commitments. China, like many other WTO Members, had not made full commitments on telecommunication services and computer and related services across all the 4 modes, and China had made no commitments on many other services sectors. China was also aware of the fact that not a single WTO Member had made full commitments on all the services sectors and subsectors across all modes; therefore, there was no blank check with regard to cross-border data flows in the WTO.

5.42. Some of the measures mentioned by Members were still under drafting and in the process of seeking public comments, and the drafting agencies would be willing to receive and consider comments and suggestions from all stakeholders. His delegation would take note and pass along to its Capital the comments made at that meeting.

5.43. The representative of Viet Nam thanked the Members who had intervened for their continued interest in Viet Nam's legislative drafting process for the decree to implement certain articles of the Cybersecurity Law. He reiterated that the process had been transparent, with an open mind and all stakeholders' comments had been reviewed for the continuing internal consideration.

5.44. The Chairman suggested that the Council take note of the statements made.

5.45. It was so agreed.

6 ITEM F: 5G-RELATED MEASURES OF AUSTRALIA – REQUESTED BY CHINA

6.1. The Chairman indicated that the item had been added to the agenda of the Council at the request of the delegation of China.

6.2. The representative of China recalled that his delegation had expressed its concerns on 5G-related restrictions of Australia at previous CTG and CTS meetings. Australia restricted Chinese companies from supplying equipment and services without providing any fact-based reasons. Those actions undermined the operation of Chinese companies in Australia, violated the MFN and transparency principles of the WTO, and were inconsistent with Australia's commitments under the GATS.

6.3. At the July CTS meeting, Australia had provided some general remarks to China's concerns, but had not provided detailed feedback on its specific questions. Therefore, his delegation wanted to take that opportunity to ask Australia to provide further clarifications on the following questions.

6.4. First, could Australia please explain what laws or legislations provided the legal basis for the Australian prohibition against Chinese companies?

6.5. Second, could Australia please explain how its measures could be in line with relevant WTO rules and its commitments, including GATS Article II (MFN treatment), Article VI (Domestic Regulation), Article XVI (Market Access) and Article XVII (National Treatment), as well as paragraph 5 of the GATS Annex on Telecommunications and paragraphs 2 and 5 of the Telecommunications Reference Paper?

6.6. Third, it seemed that Australia was implementing those prohibitions according to its Telecommunications and Other Legislation Amendment Act 2017, which had not come into force when the prohibitions took place. In that case, how could the Australian measures be in line with its transparency obligations at the WTO? And what were the specific criteria Australia used to determine which telecommunication suppliers were to be prohibited?

6.7. Finally, China wished to take that opportunity to urge Australia to respect WTO rules and its commitments to the multilateral trading system, and stop its discriminative measures against Chinese companies, so as to create a better environment for their bilateral economic cooperation. China reserved its right to take further actions in the future.

6.8. The representative of Australia had taken note of China's statement. That was the first time that her delegation was hearing China's additional questions, and the representative would provide them to Capital for consideration. Australia was committed to upholding and actively participating

in a rules-based multilateral trading system and its position on 5G networks was fully WTO consistent.

6.9. Australia welcomed foreign business in the market, which it considered essential for the efficient and effective operation of Australia's telecommunications sector. Her delegation remained open to bilateral dialogue with Members and would continue to engage constructively.

6.10. The Chairman suggested that the Council take note of the statements made.

6.11. It was so agreed.

7 ITEM G: RUSSIAN FEDERATION FOREIGN-LICENSED FIXED SATELLITE OPERATORS MARKET ACCESS (DECISION OF THE SCRF NO. 17-42-07, DATED 4 JULY 2017) – REQUESTED BY THE UNITED STATES

7.1. The Chairman indicated that the item had been added to the agenda of the Council at the request of the delegation of the United States.

7.2. The representative of the United States said that his delegation wished to follow-up on the concerns that it had raised at the July meeting regarding the measures by the Russian Federation related to foreign-licensed fixed satellite operators. Those measures provided a preference for the use of Russian satellites services over foreign satellites services.

7.3. The responses from the Russian Federation at the July meeting had not been sufficient to answer the US question. His delegation had not asked whether any foreign company had been rejected in using foreign satellite services; rather, it wished to know if foreign fixed satellite service providers were allowed to provide services directly to customers in Russia without a requirement that those customers first use Russian fixed satellite services operator. His delegation had not received an answer to that question at the July CTS meeting nor since, and as such wished to repeat that question to the Russian Federation.

7.4. The representative of Canada said that, as noted in July, Canada was concerned about Decision No. 17-42-07 of the Russian State Commission for Radio Frequencies and the implications under Annex 3 for foreign satellite operators providing fixed satellite services into Russia.

7.5. There appeared to be a requirement for telecommunication services providers in Russia to first seek satellite services from a Russian satellite service provider before being permitted to use a foreign satellite service provider in the event that the domestic provider was unable to provide such services. If that was the case, it provided a clear market advantage to Russian providers by modifying the conditions of competition in favour of Russian operators. She therefore echoed the US question and sought to know if Canada's understanding of the Decision, that operators had first to go to Russian providers before going to foreign providers, was correct.

7.6. Canada was concerned that Decision No. 17-42-07 was not consistent with Russia's national treatment commitments for fixed satellite services under the GATS.

7.7. The representative of the European Union also reiterated her delegation's concerns regarding the licensing procedures for the provision of fixed satellite services, that, in the European Union's view, created an effective barrier affecting foreign satellite operators wishing to provide satellite services in the Russian market.

7.8. The European Union continued to be concerned with the complex licensing system. Her delegation understood that there was a simplified licensing procedure for fixed satellite services for companies that were part of a list published by the Government. Those that were not part of the list needed to apply through the general procedure. Her delegation would appreciate some clarification on the criteria related to that list.

7.9. Secondly, the European Union continued to be concerned with the requirements included in Decision 17-42-07 adopted in July 2017. The measure contained a requirement that companies operating on the Russian ground and wishing to rent capacity for connectivity from a foreign satellite operator needed to provide the Russian State Commission for Radio Frequencies with a document

stating that Russian satellite owners did not have enough capacity themselves, and that the foreign company had such a capacity. In addition, for all existing and future contracts with a foreign satellite operator, the State permission to use radio frequencies could not be extended for more than three years.

7.10. As a result, foreign satellite providers, having committed to the enormous capital investment of deploying and maintaining satellites in orbit to cover the territory of the Russian Federation, were prevented from gathering customers for their services on equal grounds as their Russian competitors, as there was great uncertainty about their ability to reliably provide continuous service more than a small number of months into the future.

7.11. The European Union was concerned that those requirements were in breach of the Russian Federation's GATS commitments, which required non-discrimination between national and foreign fixed satellite services. The European Union renewed its request that the measure be brought in line with Russia's GATS commitments.

7.12. The representative of the Russian Federation thanked Members for their interest in the legislation of the Russian Federation. The representative referred to her delegation's previous statement on that matter at the July meeting of the Council. The Russian Federation was currently conducting internal consultations with relevant authorities and business operators regarding potential practical difficulties that Members had referred to in relation to the implementation of the Decision.

7.13. The Chairman suggested that the Council take note of the statements made.

7.14. It was so agreed.

8 ITEM H: RUSSIAN FEDERATION SOFTWARE PRE-INSTALLATION MANDATE (FEDERAL LAW DATED 2 DECEMBER 2019 NO. 425-FZ "ON AMENDING ARTICLE 4 OF THE LAW OF THE RUSSIAN FEDERATION 'ON PROTECTION OF CONSUMER RIGHTS'") – REQUESTED BY THE UNITED STATES

8.1. The Chairman indicated that the item had been added to the agenda of the Council at the request of the delegation of the United States.

8.2. The representative of the United States said that his delegation had raised that issue at the July meeting of the Council. His delegation had also subsequently provided the Russian Federation with its written questions and concerns about the software pre-installation mandate and looked forward to receiving answers in writing to those questions. His delegation's intervention at that meeting was a follow-up to that effort.

8.3. The United States would continue to engage with the Russian Federation to ensure that the measures establishing the mandate were implemented in a manner consistent with Russia's WTO obligations. His delegation remained concerned about those measures, which appeared to favour Russian software providers, thus violating the Russian Federation's national treatment commitments in a number of services sectors.

8.4. It would be helpful to know the expected publication date for the implementing regulation for the rules on pre-installation of software on consumer products. His delegation understood that companies had to comply with that Law as of 1 January 2021, but the implementing regulations had not been issued yet.

8.5. The United States also wished to know which Ministry or agency of the Russian Government was responsible for drafting those regulations and if the industry group would have an opportunity to review and comment on the draft regulations. In line with the fast-approaching implementation date and in the absence of implementing regulations, he asked if the regulators had indicated any flexibility regarding the implementation of the Law, for example on the implementation date, the scope of the mandate or the availability of the list of Russian software.

8.6. The representative of the European Union shared the concerns expressed by the United States on the Russian Federation's software pre-installation mandate. The European Union had also raised

that issue in the Committee on Technical Barriers to Trade and the Council for Trade in Goods earlier that year.

8.7. According to the draft decree "The list of certain types of specified technically complex goods, the order for drawing up and maintaining the list of Russian software that must be pre-installed, as well as the order for the pre-installation, shall be defined by the Government of the Russian Federation". The European Union would appreciate an update from Russia about what type of equipment would be covered. Her delegation would be also interested in the list of Russian software that had to be pre-installed.

8.8. The envisaged measures raised her delegation's concerns as regarded their compliance with the GATS commitments of the Russian Federation in certain services sectors. Namely, the European Union would welcome Russia's explanation on how the obligation to pre-install certain Russian software would comply with the commitments Russia had made in computer and related services (CPC 84) and in telecommunication services (in particular, CPC 7523).

8.9. The European Union looked forward to receiving feedback from the Russian Federation on that measure raised by EU and other Members.

8.10. The representative of Canada said that her delegation was also concerned about the software pre-installation mandate under Federal Law No. 425-FZ and echoed the concerns expressed by the United States and the European Union. She recalled that her delegation had also initially shared its preoccupations at the July meeting.

8.11. By requiring certain Russian software to be pre-installed on all "technically complex goods" that entered the Russian market, Russian digital service providers of that software were provided with a market advantage over foreign providers of similar or "like" digital services. Canada was concerned that that requirement might not be consistent with Russia's GATS national treatment commitments, such as on electronic mail, as the requirement might modify the conditions of competition in favour of Russian digital service providers.

8.12. Her delegation looked forward to receiving answers to its written questions and to continuing engagement on that issue.

8.13. The representative of Japan recalled that, as stated at the July meeting of the Council, Japan had a general concern that Russia's software preinstallation mandate could hamper the principle of level playing field, depending on the specific details of the Regulation and the manner in which they were administered. Japan requested the Russian Federation to ensure consistency with its GATS obligations.

8.14. The representative of the Russian Federation reiterated that its Law did not contain any provisions inconsistent with Russia's GATS commitments. It did not impose restrictions on foreign services suppliers or their software. The Law did not prohibit pre-installation of foreign software or require de-installation of such software. The Law equally applied to all producers of technically complex goods on the Russian market, including Russian producers of such goods.

8.15. The implementing acts were currently being developed. The Russian Federation welcomed specific proposals from WTO Members' business operators on how to make the Law operational, and stood ready to take such proposals and comments into due account.

8.16. Her delegation had conducted bilateral consultations with interested Members to clarify the specific concerns those Members had regarding the Law. At that moment, her delegation was expecting reactions to the particular questions and additional clarifications regarding those concerns.

8.17. The Chairman suggested that the Council take note of the statements made.

8.18. It was so agreed.

9 ITEM I: MEASURES OF THE UNITED STATES RESTRICTING TRADE IN SERVICES – REQUESTED BY CHINA

9.1. The Chairman indicated that the item had been added to the agenda of the Council at the request of the delegation of China.

9.2. The representative of China said that his delegation wished to express its concerns about a series of trade-restrictive measures taken by the US Government.

9.3. The United States implemented a series of trade-restrictive measures since August 2020, such as Executive Order 13942 and 13943 issued on 6 August, Executive Order issued on 14 August, and the Announcement issued by Department of Commerce on 18 September. Those measures: prohibited "any transaction by any person, or with respect to any property, subject to the jurisdiction of the United States, with ByteDance Ltd., Beijing, China, or its subsidiaries, in which any such company has any interest"; requested that ByteDance, its subsidiaries, affiliates, and Chinese shareholders, divest all interests and rights in "any tangible or intangible assets or property, wherever located, used to enable or support ByteDance's operation of the TikTok application in the United States", and "any data obtained or derived from TikTok application or Musical.ly application users in the United States"; and prohibited "any transaction that is related to WeChat by any person, or with respect to any property, subject to the jurisdiction of the United States, with Tencent Holdings Ltd., Shenzhen, China, or any subsidiary of that entity".

9.4. Without any fact-based reasoning and due process, the United States had prohibited transactions with WeChat and TikTok in the name of "national security". The US Government had even directly intervened in the business consultations between private companies. Those measures were clearly inconsistent with WTO rules.

9.5. The measures by US Government obviously restricted cross-border trade in services with China and were thus violating the basic principles and objectives of the multilateral trading system.

9.6. The US measures were also violating the United States' obligations under GATS. The US measures were targeted at transactions related to apps developed by Chinese Internet companies, constituting discrimination against Chinese service suppliers and thus violating GATS Article II (MFN Treatment). The US measures were not based on "objective and transparent criteria" and were clearly "more burdensome than necessary to ensure the quality of the services", thus violating GATS Article VI (Domestic Regulation). Furthermore, considering that the above-mentioned measures would "significantly affect trade in services", China wished to know when the United States would notify those measures to the Council pursuant to GATS Article III (Transparency).

9.7. The US measures were also inconsistent with its specific commitments under the GATS. TikTok and Wechat were providing various services, on which the US had made specific commitments in its GATS schedule, such as computer and related services, advertising services, market survey, photographing, telecommunication, audio-visual services, distribution, education, financial services, tourism services and entertainment services. The United States had excluded from or restricted Chinese suppliers in its market, thus violating its Market Access and National Treatment commitments under Articles XVI and XVII of the GATS.

9.8. The US measures had severely disrupted and impaired the operation and investment of Chinese companies in the United States, violating their lawful rights and causing havoc with the market. They had also undermined the confidence of global investors in the US market. Moreover, those measures were clearly inconsistent with the basic WTO principle of trade liberalization. His delegation wished to take that opportunity to express its strong concerns. China urged the United States to stop its violation of WTO rules immediately and reserved its right to take further actions in the future.

9.9. The representative of the United States said that the US actions cited in China's intervention served to protect its national security. After a thorough review by the United States, it was determined that the mobile applications of the covered Chinese companies posed specific, identified national security risks. The US actions were designed to mitigate those national security risks.

9.10. The representative of China said that the United States had restricted the use of WeChat and TikTok in the name of "national security" but had failed to provide any concrete evidence that its

national security was being impacted. That was a clear abuse of the "national security exception" clause.

9.11. First, the US measures were inconsistent with Article XIV***bis*** (Security Exception) of the GATS. Article XIV***bis*** allowed Members to take actions "necessary for the protection of its essential security interests" only in three occasions: actions "relating to the supply of services as carried out directly or indirectly for the purpose of provisioning a military establishment", actions "relating to fissionable and fusionable materials or the materials from which they are derived" and actions "taken in time of war or other emergency in international relations". However, none of the above circumstances could be established to justify the US measures against WeChat and TikTok.

9.12. Second, the US measures were inconsistent with the interpretations on the security exception by previous cases and known WTO jurisprudence. In DS512, the panel had found that "an emergency in international relations would, therefore, appear to refer generally to a situation of armed conflict, or of latent armed conflict, or of heightened tension or crisis, or of general instability engulfing or surrounding a state". WTO Members had to implement the Agreements in good faith, and not "use the exceptions in Article XXI as a means to circumvent their obligations under the GATT 1994". DS567 had also referred to this interpretation in DS512.

9.13. Third, the US measures were tampering with legitimate and established business practices. The US Government had questioned TikTok for collecting data from its users, but in fact that was a common practice for thousands of apps worldwide. As a matter of fact, TikTok had established its Transparency Centre and published its policies for content review and the source code of its algorithm. That was a very responsible undertaking which no similar technical companies had ever made. According to a report from New York Times, the assessment by the CIA to the White House showed that there was no evidence that the Chinese Government had access to data of TikTok's users.

9.14. Fourth, the Chinese Government always attached great importance to data security. Article 12 of China's Law on Cybersecurity guaranteed the lawful, orderly and free flow of data. The Chinese Government did not, and would never, request Chinese companies to provide data collected overseas against local laws. China had reiterated that position at the International Seminar on Global Digital Governance on 8 September 2020.

9.15. The Chairman suggested that the Council take note of the statements made.

9.16. It was so agreed.

10 ITEM J: MEASURES OF INDIA RESTRICTING TRADE IN SERVICES – REQUESTED BY CHINA

10.1. The Chairman indicated that the item had been added to the agenda of the Council at the request of the delegation of China.

10.2. The representative of China noted with concern that India was taking a series of discriminatory and restrictive measures on trade in services.

10.3. First, investment restrictions. The Indian Ministry of Commerce & Industry had issued Press Note No. 3 on 17 April 2020, which had modified India's FDI policies in the name of "curbing opportunistic takeovers/acquisitions of Indian companies due to the current COVID-19 pandemic". The Press Note required that "an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route." In essence, that measure made prior approval mandatory for Chinese investment in India.

10.4. Second, restrictions on apps. The Indian Ministry of Electronics & Information Technology had issued several announcements, banning the use of altogether 224 apps in India. Most of the banned apps were developed and operated by Chinese Internet companies.

10.5. China believed that the above-mentioned restrictions on investment and use of apps undermined the transparency, stability and predictability of Indian market, and deviated from the basic WTO principles.

10.6. First, the Indian measures were violating basic principles under the GATS. Those measures were highly targeted and discriminatory, imposing unnecessary restrictions for Chinese service suppliers in India, thus violating GATS Article II (MFN Treatment). The Indian measures were not based on "objective and transparent criteria" and were clearly "more burdensome than necessary to ensure the quality of the services", thus violating GATS Article VI (Domestic Regulation). Furthermore, considering that the above-mentioned measures would "significantly affect trade in services", China wished to know when India would notify those measures to the CTS pursuant to GATS Article III (Transparency).

10.7. Second, the Indian measures were also inconsistent with India's specific commitments under the GATS. The apps banned by the Indian Government covered a series of service sectors, including sectors where India had made specific commitments in its GATS schedule, including computer and related services, telecommunication, audio-visual services and financial services. Banning those apps would undermine the supply of services by Chinese suppliers via modes 1 and 3, thus violating the Market Access and National Treatment commitments made by India under GATS Articles XVI and XVII.

10.8. The above-mentioned measures of India were impairing the lawful rights of Chinese service suppliers and the interests of Indian consumers. China was therefore expressing its strong concerns in that regard. China urged the Indian Government to stop those discriminatory measures immediately, so as to provide a level playing field in India for Chinese service suppliers and service suppliers all over the world. China reserved its right to take further actions in the future.

10.9. The representative of India wished to emphasize at the outset the importance of receiving in advance a clear statement laying down the specific concerns of the Member raising an item on the agenda. In that case, China had not provided a statement in advance outlining the specific measures of India for the item on the CTS agenda. Her delegation had written to China to seek details regarding their concerns, and India's response at that meeting was based on the brief information her delegation had received informally from China.

10.10. India's measures were fully compliant with its commitments under the GATS. India was committed to upholding its WTO obligations.

10.11. India valued the democratic rights of its citizens, and that included access to goods and services while ensuring privacy. Her delegation found it curious that the Member who had imposed significant barriers on international trade in services, especially on digital services, was concerned with India's measures.

10.12. India's track record in transparency, upholding the principles of the multilateral trading system and leading initiatives for inclusive trade in services was well known. For those reasons, India was recognized as a valued and trusted partner. Even during the COVID-19 lockdown, India's services industry had fulfilled its global commitments. It was expected that the Member who had raised the issue should first reflect on its own track record on transparency and allowing open trade in services.

10.13. In conclusion, the representative reiterated that India's measures were fully compliant with India's obligations under the GATS and in case any Member had any issues, her delegation was always open for a constructive dialogue.

10.14. The representative of China said that his delegation had had a bilateral consultation with India and had provided preliminary information regarding the statement his delegation would make under that item. His delegation would send its written statement to India immediately after the meeting and expected India to provide more concrete responses to the concerns China had raised in its statement.

10.15. With regard to India's argument that China was also taking similar restrictive measures as the Indian measures, he clarified that China had not taken any blanket measures against foreign

apps and service suppliers of any particular origin. China managed cross-border data flows carefully and cautiously in line with its specific commitments under the GATS, as China had not made full commitments on telecommunication and computer-related services across all modes.

10.16. The Chairman suggested that the Council take note of the statements made.

10.17. It was so agreed.

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

11.1. The Chairman recalled that the Council had addressed this issue at its meeting in July, with many delegations sharing their experience on the effects of the COVID-19 pandemic on their services sector and on services trade. Many Members had highlighted the importance of transparency and of exchanging information and experiences, including on trade-facilitating services measures adopted to respond to the crisis. A number of delegations had underscored that Members' trade-restrictive measures had to be timebound, proportionate and non-arbitrary.

11.2. Several delegations had welcomed the Secretariat's Information Note on "Trade in services in the context of COVID-19", as well as the Secretariat's collection of COVID-related services measures. Some delegations had called for continued analysis by the Secretariat, and for the Secretariat to present its work. Hence, he had invited the Secretariat to provide an overview of the analysis it had undertaken of services trade in the context of the COVID-19 pandemic.

11.3. A representative of the Secretariat explained that services sectors and services trade had been heavily affected by the pandemic. The impact, however, had varied significantly across different services sectors and modes of supply. Sectors and modes that relied on physical proximity between suppliers and consumers had been most affected, given the limits on mobility and social distancing measures adopted by governments to respond to the health situation. Modes 2 and 4 had been largely paralyzed in the earlier phase of the pandemic and continued to be significantly constrained.

11.4. Another general trend was that the decline in merchandise trade due to an economic slowdown had contributed to a decline in related services trade, such as transport services. However, early on, limits on the movement of transport workers had, in turn, impacted goods trade. Further, social distancing measures had strongly affected certain sectors that, by their nature, relied more on physical proximity, such as retail, construction or entertainment, and this had impacted trade under mode 3.

11.5. At the same time, another important trend was that the crisis had led to a greater focus on online supply of services in various sectors. ICT networks and applications had permitted tele-work and online education, but had also enabled tele-medicine, online retail, food delivery, and contactless payments. In various instances, online supply had fostered greater resilience, offsetting declines in other economic activities. The crisis had resulted in increased demand of ICT infrastructure, in particular telecom services. This was reflected in high levels of data traffic, as exemplified by a 48% increase in international Internet traffic between January and August, with growth in all regions. Suppliers had accelerated efforts to expand online operations and consumers had adopted new habits; this could contribute to a profound and long-term shift towards online services, which would translate into increased trade through mode 1. The crisis had accentuated technological and connectivity disparities; those that did not benefit from high-speed internet access, for example, had suffered more than in normal times.

11.6. Turning to the impact in selected sectors, the representative noted that tourism services had been the most negatively affected sector by the pandemic. International tourist arrivals had dropped by 65% in the first half of 2020, including a decline of 93% in June 2020, year on year. The impact had important economic consequences, given the sector's contribution to GDP and to services exports, especially for LDCs and developing economies. While travel restrictions had started being relaxed gradually since May, governments remained cautious and, as of early September, 43% of international destinations remained completely closed to international tourists, according to the World Tourism Organization.

11.7. Air transport had also been heavily affected. As of September, the International Civil Aviation Organization expected global air passenger traffic to drop by 60% in 2020. This had also impacted

air cargo transported in passenger airlines; the belly capacity for international air cargo had shrunk by 70% in July 2020, compared to July 2019. This had been partly compensated by a 30% capacity increase in freighter aircraft, but capacity remained constrained and, consequently, air freight rates had increased by an estimated average of almost 50% worldwide.

11.8. With respect to maritime transport, container shipping had declined significantly in the earlier phases of the pandemic but had been on an upward trend since mid-May 2020. While container shipping was now close to pre-pandemic levels in certain markets, there were important variations across countries and regions, with some regions still seeing markedly lower traffic than in previous years.

11.9. Even though it was not its main area focus, the Information Note also observed that governments had adopted a wide array of measures in response to the crisis, aside from limits on mobility and social distancing measures. The Secretariat had compiled information on over 100 COVID-19 measures affecting trade in services, as part of a broader monitoring exercise. As pointed out in the Note, most of those measures were of a facilitative nature, though some also appeared trade restrictive. Information on COVID-19 measures relating to trade in services had been made available on the WTO website and continued to be updated.

11.10. In conclusion, the representative observed that the crisis had further underscored the importance of services and services trade. The negative impact in a number of services sectors and modes of supply had carried broad social and economic implications, given the sector's contribution to GDP and employment, as well as the importance of services value added in goods trade. The pandemic had further underscored the role of key services sectors in facilitating trade in goods as well as enabling digital supply, which had increased.

11.11. The representative of South Africa, speaking on behalf of the African Group, appreciated the presentation and update by the Secretariat. Developing countries, in particular members of the Group, remained disproportionately affected by the COVID-19 pandemic. That had a direct effect not only on governments' ability to provide fiscal stimulus in response to the economic fallout, but also on the health and humanitarian crisis. Even though supply had been scaled up, personal protective equipment remained in short supply especially for developing countries, as pointed out in the Information Note of 18 September 2020.

11.12. COVID-19 had severely affected supply chains, and many of the Group's landlocked countries still experienced substantial delays. The Group called on WTO Members to not unduly impede the transport of medical goods and other essential products.

11.13. The African Group had also taken good note of the trade-related IP measures that had been taken by 24 Members and reiterated the importance of the flexibility that the TRIPS Agreement provided in dealing with the pandemic. Technology transfer remained a critical condition for developing countries to achieve their development goals. The African Group welcomed any initiative that could facilitate transfer of technology and knowhow to fight COVID-19.

11.14. Finally, the Group appreciated analysis on the facilitation of tele-medicine and e-health solutions. Such initiatives would go long way in addressing the health situation, but also many of the infrastructure and capacity constraints faced by several developing Members.

11.15. The representative of India thanked the Secretariat for the detailed and useful presentation. She also supported the statement by South Africa, which made very valid points. The presentation rightly pointed out that the services sector had been heavily affected by the COVID-19 crisis. Mode 2 and mode 4 had been largely paralyzed and continued to remain constrained.

11.16. The pandemic had only further demonstrated the importance of cross-border movement of healthcare professionals, including doctors and nurses as well as other essential service suppliers. Members should not only improve their specific commitments in this regard, but also commit to commercially meaningful disciplines, as per the mandate of GATS Article VI:4, to facilitate the movement of essential professionals. COVID-19 had exposed the vulnerabilities of countries with the world's best medical infrastructure facilities. Lack of resources or funds had not been the reasons for the hardship and mortality. Availability of greater number of skilled healthcare professionals could have helped in that situation. Leveraging labour market complementarities for the movement

of skilled essential professionals would have been a win-win outcome for all Members but would also have helped to save more lives. She hoped that Members would meaningfully engage on India's proposal for domestic regulation disciplines for mode 4 service suppliers.

11.17. The representative of Malaysia asked the Secretariat if recent efforts by certain governments to establish travel bubbles or travel corridors had been analysed. He invited Members that had adopted such measures to share information with the Council.

11.18. The representative of the Secretariat indicated that the Information Note, which had been issued in May, did not contain an analysis of travel bubbles and travel corridors.

11.19. The Chairman noted that one example was the establishment of so-called reciprocal green lanes between Malaysia and Singapore. That was an innovation that Members could consider, depending on the public health concerns.

11.20. The representative of Canada thought that the Secretariat's presentation had proven very useful. She asked whether the analysis had considered the impact on women entrepreneurs, since many of the sectors that had been highly affected by COVID-19 employed a high percentage of women. Similarly, she expressed interest in knowing about other underrepresented groups as well.

11.21. The representative of the Secretariat indicated that the Note underscored the importance of services sectors for women employment, including in sectors like tourism, which had been most affected. He mentioned that the WTO Secretariat had produced another Information Note that focused on the economic impact of the crisis on women in vulnerable sectors and economies.

11.22. The representative of the European Union thanked the Secretariat for the Information Note. She noted that the services sector indeed had been badly affected by the current health and economic crisis. At the same time, the presentation had shown that services trade was important for the recovery. Telecommunications and computer services were key for online supply, while distribution, transport and logistics were important to facilitate trade in goods, which in turn, would be important to support economic growth. The Note contained interesting examples regarding the accelerated efforts of service suppliers to expand online operations. While acknowledging data limitations, she expressed interest to learn more on the sectors and regions where that shift was most prominent.

11.23. The representative of Uganda, speaking on behalf of the LDC Group, appreciated the information provided by the Secretariat on services trade measures relating to COVID-19. The Group noted that most of the measures in the last reporting had been relaxations to allow flexible procedures and licensing to provide more telecommunication bandwidth and platforms. In earlier reporting, the Group had applauded LDCs that had taken measures. For instance, Rwanda had temporarily waived fees on mobile money transfers and all contactless transactions in order to reduce the risk of COVID-19 transmission. Myanmar had introduced several measures to tackle COVID-19, such as lowering reserve requirements for banks and the interest rate by the Central Bank, and removing license fees for telecom operators to encourage mobile financial payments and reduced storage fees for unloaded ships.

11.24. The Group noticed that some of the relaxations in developed countries had been for existing foreign or domestic providers and not for other providers. They wondered if those relaxations discriminated in any way with regard to other foreign providers. With respect to measures taken to suspend the entry of natural persons supplying services, the Group believed that this should not be arbitrary or amount to unjustifiable discrimination. Members should adhere to the requirement in GATS Article XIV that measures not "constitute a means of arbitrary or unjustifiable discrimination between countries where like conditions prevail, or a disguised restriction on trade in services". That was especially important where the impact of COVID-19 on LDCs would be more severe and devastating than in non-LDCs.

11.25. The representative of Japan underscored the usefulness of the Information Note and said that his government had taken some facilitating measures in response to the COVID crisis, including in the financial sector. He noted that some Members had taken restrictive measures and called for those to be lifted when no longer needed. Discussion of those matters in the Council was very important.

11.26. The representative of Barbados, speaking on behalf of the ACP Group, thanked the WTO Secretariat for the presentation. The Group wanted to take the opportunity to supplement its statement under this agenda item at the July meeting.

11.27. At the outset, the Group wished to stress that GATS Article XIV did not allow for unjustifiable or arbitrary discrimination in the application of emergency measures. Regarding some of the reported relaxations, the Group urged Members to observe their national treatment commitments, and to avoid relaxing measures in a manner that was discriminatory and not relevant to respond to COVID-19. The Group had noted that some relaxations might have increased licenses, reduced fees, and increased bandwidth for certain services providers, but not for others.

11.28. The actions related to banning mode 4 entries and mode 2 travel warnings of tourists as consumers of services in ACP States might be deemed necessary to contain a pandemic. However, those measures should equally meet a more scientific, or health assessment as to the level of risk and protection in ACP States in order to avoid an arbitrary or unjustifiable impact. Where safety measures and rules on social distancing were in place in ACP States, travel advisories should not be so stringent as to cause further damage to the tourism sector.

11.29. Some ACP States had taken measures and provided more incentives for telework from scenic environments typical of resorts and other accommodations. It was disconcerting to have taken those steps in ACP States and to then find random travel warnings targeting ACP countries where the level of COVID-19 infections was low compared to the home countries of the tourists or teleworking staff. The ACP Group would continue to monitor the impact and implications of the COVID-19 pandemic on trade in services and to be engaged on that issue in the Council and other bodies as necessary.

11.30. The representative of China thanked the Secretariat for the presentation and welcomed further information on the impact of COVID-19. He expressed support for the statement of Barbados, on behalf of the ACP Group, that measures taken in response to COVID-19 should have a scientific basis. Measures taken in the name of general or security exceptions should be evaluated on a trade basis in order to lessen their impact.

11.31. The Chairman thanked the Secretariat for the presentation and delegations for their interventions. He noted two personal takeaways. First, the COVID-19 pandemic had indeed impacted severely services trade. Second, the situation had provided an impetus for innovation. For instance, a group of East African countries had utilized digital technology to facilitate the clearance of truck drivers across borders. He noted that there were challenges, but with innovation and a spirit of corporation, the crisis could be overcome.

11.32. He then suggested that the Council take note of the statements made.

11.33. It was so agreed.

12 ITEM L: I-TIP SERVICES TRADE POLICY DATABASE

12.1. The Chairman recalled that the Council had been meant to address that item, which had been added to the agenda at the request of the delegation of the Russian Federation, at the July meeting. However, due to lack of time, the Council had agreed to postpone its consideration to that meeting.

12.2. A representative of the Secretariat presented an overview of the I-TIP Services interface with a focus on the most recent feature included, the Services Trade Policy Database (STPD). He recalled that I-TIP Services was a joint project of the Secretariat and the World Bank Group based on a Memorandum of Understanding that had been signed in 2013.

12.3. The I-TIP Services database consisted of four modules. Firstly, Members' GATS commitments, including MFN exemptions and LDC Waiver notifications. Secondly, commitments and reservations made by Members in the context of regional trade agreements. Up to that moment, around 90 regional trade agreements had been coded and validated in the process. That module was linked to another project by the World Bank Group on the architecture and design of regional trade agreements, which would be incorporated in the I-TIP Services database as well. Thirdly, the module on trade in services statistics, with regular updates by the Economic Research and Statistics Division. Fourthly, the STPD, which had been released and presented during a "Simply Services" session on

16 January 2020. The module contained information on regulations and policies for 77 economies on the basis of a coherent and consistent approach in terms of data collection and classification. This information was complemented by an improved Services Trade Restrictions Index (STRI) that had been built on the basis of the previous World Bank STRI.

12.4. 31 services subsectors were covered in the STPD. For all economies, information was available on professional services, telecommunications, distribution, transportation and financial services. For nine economies recently added in the STPD, the database had been further extended to cover other services subsectors, including architecture, engineering, computer services, health and construction services. The Secretariat planned to further expand the economy and sector coverage.

12.5. The STPD allowed to select the policy information, as well as information on the STRI. The regulatory information in the STPD had been collected using the methodology established ten years earlier by the World Bank, whereby questionnaires had been filled out by lawyers identifying in regulatory material the policy information pertinent to services trade. The database further contained comments aimed at clarifying the responses and the underlying legal reference. The STRI had been integrated into the database. The I-TIP Services interface allowed to access the STRI for each economy, mode of supply and sector, as well as to download the entire dataset. The coverage of the STPD, as well as the STRI, would be expanded. The policy data was being collected for countries in Africa, and there were plans to cover economies in Central Asia and Pacific islands.

12.6. The notifications made by Members in the context of the LDC services Waiver had been introduced as a new feature of the GATS module in I-TIP Services. The new feature allowed to view the notifications in the application, as well as to be able to directly compare those with GATS commitments.

12.7. I-TIP services also included information on applied policies sourced from other WTO data sources, in particular DG monitoring reports and trade policy reviews. Lastly, the module on regional trade agreements would be expanded and complemented by missing bilateral and regional agreements.

12.8. The representative of Australia considered the database to be an extraordinary effort and an interesting tool that Australia would look at and follow up with the Secretariat in case of further questions. She expressed her particular interest in knowing how the data were linked to the measures, given that a lot of Members had been thinking about that in terms of the transparency efforts. Furthermore, she asked whether there was a direct link or a way to keeping the database up to date.

12.9. A representative of the Secretariat explained that for half of the Members covered in the database, the information had been directly sourced from the OECD in order to avoid duplicative work. For the other half of the Members, the information had been collected by local law firms contracted by the World Bank Group through the use of questionnaires, that had been reviewed by the World Bank Group and WTO Secretariat to ensure consistency within and across sectors. Furthermore, the I-TIP Services website provided information on the legal source, mode of supply and a comment describing the measure. He further noted that the World Bank Group and the WTO Secretariat were planning to update the database to 2020. Regarding Members covered by the OECD, the data were updated on an annual basis. Ideally, the Secretariat would like the policy information included in the STPD to also be updated periodically. The representative would welcome any ideas of Members on that aspect.

12.10. The representative of Switzerland noted that all Members had difficulties to access specific data on trade in services and therefore thought that the database was a very useful tool that Switzerland would look forward to further exploring and using.

12.11. The representative of Lao PDR said that Lao PDR had undertaken a similar initiative consisting of a website and a database. He asked whether Lao PDR could collaborate with the Secretariat to improve its own database as well as expand the information in the STPD as he had not seen Lao PDR in it.

12.12. A representative of the Secretariat confirmed that, for the time being, Lao PDR was not covered by the STPD, but that the Secretariat was gradually expanding the coverage of Members. The Secretariat would be interested in discussing ways of integrating Lao PDR in the database.

12.13. The Chairman asked whether the Secretariat had information about the traffic on the website since the launch of the database. He further asked whether the Secretariat had prepared or was considering preparing a user guide that could benefit Members who might even disseminate it to relevant stakeholders.

12.14. A representative of the Secretariat replied that the information about traffic could be provided but was not available at the time of the meeting. He further explained that the Secretariat had already prepared a user guide accessible on the I-TIP Services website. Further research papers were also available to show how the information from the database had been put to practical use in terms of analysing trade policy in services. For instance, this had been done for services trade policies since the last financial crisis in 2008-2009. He invited Members to look at the user guide and to contact the Secretariat in case of doubts or questions.

12.15. The Chairman thanked the Secretariat for the presentation and delegations for their interventions. He suggested that the Council take note of the statements made.

12.16. It was so agreed.

13 ITEM M: RECENT DEVELOPMENTS IN TRADE IN SERVICES STATISTICS

13.1. The Chairman recalled that, in 2016, the Council had agreed that the Secretariat would present to the Council, on a yearly basis, the latest developments in trade in services statistics. Hence, the Secretariat had once again been invited to update the Membership on recent developments in trade in services statistics.

13.2. A representative of the Secretariat noted that, trade in commercial services had expanded by 9% on average in 2018, whereby all services had recorded very dynamic and healthy growth. Among others, services that were closely linked with trade in goods, such as freight transport, manufacturing services, construction, but also tourism and international passenger transport had grown rapidly.

13.3. However, the data revealed a different picture for 2019. Services trade had experienced negative growth and stagnation reflecting the adverse economic context and a decrease in goods trade by 3%. A large part of services connected to trade in goods, notably freight transport and manufacturing services had declined. For the first time, also tourism had slowed, showing a 1% increase in 2019 as compared to 8% in 2018. The UNWTO had reported a slowdown in international tourist arrivals worldwide in 2019 due to tensions and less disposable income in a number of countries. Only computer and information services had continued to thrive in 2019, recording double-digit growth.

13.4. Weaker services growth and the COVID-19 pandemic had had a severe impact on the services sector in 2020. According to preliminary estimates by the Secretariat, world services trade had stagnated in January and had started to decline in February, by 3%. With the first lockdown measures implemented in various countries, especially in Europe, services trade had dropped by 15% in March on a year-on-year basis; continuing to worsen in April and May with a fall of 29% on average. Services trade had seen a slight recovery in June with a decrease of 24% as some countries had started to loosen transport and travel restrictions, whereas July had not shown much further improvements with a decline of 22%. Although data for August were not available yet, the prospects were negative given the surge of the COVID crisis worldwide.

13.5. In the first quarter of 2020, services exports had decreased by 8% worldwide. Growth was negative especially in Asia, but also in Europe and America, while some countries in other regions, such as Africa, had still experienced an increase in services exports. Based on preliminary estimates by the Secretariat, services exports in the second quarter of 2020 had declined by 25%. Whereas China's exports had decreased less in the second quarter, other regions such as Latin America had substantially worsened in terms of services exports growths. According to preliminary estimates for July, China had been slowly recovering, with 0% growth, whereas, by contrast, India had recorded

a sharper decline of 11%. Worldwide, countries had recorded negative growth in services exports, especially in Southern Europe, but also in the US and Canada, among others.

13.6. Looking at the tourism sector, UNWTO had estimated international tourist arrivals to have declined by 28% in the first quarter; the Secretariat had recorded a decrease in travel exports by 24%. Especially Asia, with various LDCs heavily dependent on tourism, had experienced sharp declines, by 30 to 40%. In the second quarter, as transport and travel restrictions had been implemented by most countries, international tourist arrivals had dropped by 95% based on estimates by the UNWTO. Air passenger transport had fallen by 66% for 2020 based on estimates by IATA.

13.7. Another sector heavily affected by the pandemic was construction, with exports recording sharp declines in the first quarter, especially in Europe. However, financial services, IP-related services and other business services exports had in general increased in the first quarter of 2020. The sector that had fared better during the pandemic were ICT services, and more so computer services, as the pandemic had accelerated the trend towards digitalization of services.

13.8. LDCs were the most vulnerable to the pandemic, as their share of services exports in mode 2 was estimated as twice as big than in other developing countries and four times bigger than in most advanced economies. Lockdown and quarantine measures, as well as transport and travel restrictions, were hindering services exports from LDCs. At the same time, LDCs were still facing a profound digital gap and thus the decline for services exports in the first quarter had been more pronounced than for other countries. In contrast, LDCs had been growing more rapidly than the rest of the world in the past, predominantly due to the tourism sector. However, similarly to the rest of the world, a small increase in computer services and financial services exports had been observed in the first quarter of 2020.

13.9. On a final note, the representative updated the Council that the WTO-OECD Balanced Trade in Services dataset (BaTiS) would be released by the end of October 2020. The dataset would cover bilateral trade for more than 200 economies in various services sectors. She further recalled that the Secretariat had highlighted the lack of detailed trade in services statistics, and in particular of bilateral trade in services statistics, at the dedicated session on the LDC services Waiver in 2019. The Secretariat had addressed that data gap and soon Members would be able to consult the BaTiS dataset, which was fully consistent with the data published on the WTO Data portal.

13.10. The representative of Côte d'Ivoire considered the presentation by the Secretariat to be very interesting. He pointed out that, when looking at the charts in the presentation, Africa appeared mostly in grey. He noted that one did not get much of an idea of the situation in Africa for services trade. He asked whether the reason was the lack of available data or whether that was the status quo. For instance, in Europe, where the situation was very serious, the chart was red, but also in America and China. However, for Africa, one did not see the relevant information necessary to judge the situation there. He further noted that the impact of COVID-19 was probably very serious given the impact on LDCs, many of which were in Africa and were less dynamic than the LDC Group in general. He said that having the data was essential to be able to take the necessary measures and would help in the decision-making process.

13.11. A representative of the Secretariat responded that indeed Africa was shown as grey because of the lack of data. However, that did not mean that there was not any data because it might just be the case that data was missing for the latest quarter. For some countries, there was only data for the last quarter of 2019, but not yet for the first quarter of 2020. Also, in some countries, the capacity of statistical offices had been seriously affected by the crisis, which was a problem across the board. Therefore, some data was coming in a little bit late, especially for tourism, which was very important for LDCs and Africa, and some other regions. Due to the lockdown, surveys could not be carried out.

13.12. The representative expressed her hope that information on the first quarter of 2020, including for Africa, would be available in the next few weeks. She further noted that the pandemic had shown once again the importance of short-term data collection such as on a monthly basis. The pandemic had increased the demand for high-frequency services data, such as on a daily basis, which were extremely useful, but practically impossible to capture in official statistics.

13.13. On the question about LDCs, she noted that the Secretariat had already informed the Sub-Committee on LDCs that there was a group of LDCs in Asia that was far more dynamic and was the engine of the LDC Group. The estimates with respect to LDCs covered almost all LDCs in Asia, some in the Pacific Islands, and many in Africa, including Ethiopia, which, being a major exporter of services, and air passenger transport services in particular, had a major impact on transport data.

13.14. The Chairman thanked the Secretariat for the presentation and suggested that the Council take note of the statements made.

13.15. It was so agreed.

14 ITEM N: OTHER BUSINESS

14.1. A representative of the Secretariat recalled that the website of the United Nations Statistics Division (UNSD) had stopped providing access to the Provisional Version of the Central Product Classification. Upon New Zealand's request, the Secretariat had been in regular and repeated contact with UNSD on that matter. The Secretariat was pleased to report that the entire series of the CPC was now available, in a user-friendly format, on the UNSD classifications website. All CPC versions were included, from the Provisional CPC to the latest CPC Version 2.1, in English and, for some versions, in other languages as well. Users could browse the classification structure, navigate among different levels, and conduct searches. They could also navigate among the correspondences between the CPC versions.

14.2. The representative from New Zealand expressed his thanks to the Secretariat and said that his colleagues in capital would be very happy to hear the news.

14.3. The Chairman said that the Council would take note of the statements made.

14.4. The meeting was adjourned.
