



Committee on Specific Commitments

REPORT OF THE MEETING HELD ON 18 OCTOBER 2021

NOTE BY THE SECRETARIAT¹

The Committee on Specific Commitments (CSC) held a meeting on 18 October 2021 chaired by Mr. Thomas Nauta from the Netherlands. The agenda for the meeting, contained in document WTO/AIR/CSC/16, was adopted.

1 ITEM A – CLASSIFICATION ISSUES

1.1. The Chairperson recalled that at the meeting of 10 March 2021, the UN Statistics Division (UNSD) and the WTO Secretariat had provided a joint presentation on the new functionalities of the UN classification website illustrating how Members could navigate between the different Central Product Classification (CPC) versions and between the CPC and other classifications. The presentation had been well received by Members. Following the presentation, some Members had expressed interest in having a direct correspondence between the CPC Provisional and the latest version of the CPC, i.e. CPC Version 2.1., because the Services Sectoral Classification List (MTN.GNS/W/120) created for undertaking specific commitments under the GATS was based on the CPC Provisional. In response to WTO Members' interest, the UNSD worked on an additional tool to help visualize the correspondence between the different versions of the CPC.

1.2. A representative of the UNSD presented the prototype of the new visualization tool (available at <https://unstats.un.org/unsd/classifications/econ/visualization>). It was developed to facilitate the navigation across the CPC correspondences and different versions of the CPC. The new tool provided additional functionalities to the interactive navigation through CPC correspondences included in the statistical classifications' website. She reminded delegates that it was necessary to navigate between multiple versions of the classification to be able to establish the correspondence between CPC Provisional Version and CPC Version 2.1. In that context, she clarified that the prototype of the visualization tool was built on the basis of the correspondence tables between contiguous versions of the CPC. She highlighted the possibility to choose the version to start from and the direction of the visualization (i.e. from an older version of CPC to a more recent one, or the other way around). She clarified that the visualization should only be read from left to right and that connexions were generally done at the most detailed level of the CPC classification. She therefore recommended to work with the tool on the basis of the 5-digit level codes.

1.3. The representative of the UNSD illustrated how the tool could be used to identify where certain services items included in CPC Version 2.1 would be classified in CPC Provisional Version and vice-versa. Once the code was inputted in the tool, and after clicking on "Visualize", the result showed in one page the various correspondences between consecutive versions of the CPC. She noted that for non-contiguous versions, this could not be seen as a correspondence, but rather as a tool showing the possible links between the versions. In other words, lines between two consecutive versions of CPC (e.g. from CPC Provisional Version to CPC Version 1.0) represented actual correspondences, but lines across non-consecutive CPC versions (e.g. from CPC Provisional Version to CPC Version 2.1) could not all be interpreted as actual correspondences. She added that by clicking on the code it was possible to consult the detailed description of the CPC item (hierarchy, explanatory notes and correspondences to other classifications), and therefore assess the relevance of the links. Users were strongly encouraged to verify interlinkages, in particular by looking at the correspondence files made available on the UNSD classifications webpage, which included indicators of partial correspondences,

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.

as well as accompanying comments to the correspondence. The presentation also touched upon the possible improvements that the UNSD was working on, such as changes to some of the visualization elements or the expansion of the tool to other economic classifications.

1.4. A representative of the Secretariat highlighted the usefulness of the new interactive tool, emphasizing the cautionary comments made by UNSD. He clarified that when users wanted to navigate from W/120 to recent versions of CPC, it was necessary to identify the relevant CPC Provisional Version codes at the 5-digit level. He then asked whether the Committee would support the Secretariat investigating the possible inclusion of the W/120 in the visualization tool.

1.5. The representative of Canada thanked the UNSD for its work, believing this new correspondence tool would be useful in future WTO work. She stated that the classification issue was an important question for its delegation. Canada's approach to the GATS classification was quite conservative, believing that it was important to continue preserving the legal certainty of existing commitments. But it understood that current classification questions had not prevented many Members from scheduling commitments. The delegation therefore believed that having such a correspondence tool was important as Members could continue exploring the best way to reflect new technological developments. Canada could consider having technical discussions in relation to classification and scheduling issues as to prepare for future negotiations. It believed the CSC was the appropriate fora for such discussions. The representative of Canada was supportive of the suggestion to investigate the possible inclusion of the W/120 in the visualization tool.

1.6. The representative of Colombia stated that the new tool was an important step forward to help actualize commitments and better understand the extent of commitments of other Members. He also expressed interest in the question raised by the Secretariat. He asked when the improvements mentioned by the UNSD would be accessible.

1.7. The representative of the UNSD stated that the prototype was readily available, and the improvements would be mostly cosmetic. She added that the new version would be available by the end of November 2021 and invited Members to provide feedback on the tool.

1.8. The Chairperson thanked UNSD and hoped that delegations could take advantage of the fantastic visualization tool presented. He highlighted the interest of Members for the new tool and their appreciation for this work. He also noted the support provided to the suggestion by the Secretariat. He stated that the Committee provided a good forum for all Members to exchange information, catch up with the evolution in services trade and improve their understanding collectively. He therefore encouraged delegations to continue the useful discussion in the Committee. He suggested that the Committee take note of the statements made and revert to this agenda item at its next meeting.

1.9. It was so agreed.

2 ITEM B – IMPLEMENTATION OF SPECIFIC COMMITMENTS

2.1. The Chairperson recalled that, following a proposal from the United States (S/CSC/W/69, dated 5 March 2020), the Committee had been conducting an exercise examining conditional commitments in GATS schedules. Commitments of this type usually contained certain language which made the entry into force, implementation or updating of commitments conditional upon a domestic process, such as the adoption of new legislation, policy reviews, or the review of pre-existing regimes. The purpose of the proposed exercise was to improve transparency and technical accuracy of specific commitments. The discussion under this item had been facilitated by a compilation of conditional commitments prepared by the Secretariat upon the request of the Committee (S/CSC/W/70, dated 13 November 2020). A revision of the compilation (S/CSC/W/70/Rev.1) had been circulated on 7 June 2021, including conditional commitments in financial services and adding information on the implementation of conditional commitments. Engagement in the exercise on conditional commitments so far had been on a voluntary basis. Several Members had provided updates on the implementation of their commitments in the last two meetings. These updates had been incorporated in the second revision of the compilation (S/CSC/W/70/Rev.2) which had been circulated on 1 October 2021.

2.2. A representative of the Secretariat introduced the second revision of the document, stating that it included updated information from five Members, namely Brazil, the European Union, Japan, Mauritius and Mexico. For Brazil, the European Union and Japan this was based on interventions in the previous meeting of the Committee. Following that meeting, Mauritius and Mexico had submitted a request to update the document. The Secretariat invited Members to continue verifying the document and complementing the information relating to the implementation of their conditional commitments.

2.3. The representative of the United States thanked the Secretariat for keeping the document updated, as well as the five Members which had provided new information. He encouraged other Members to follow suit and provide any updates on a voluntary basis.

2.4. The representative of Thailand updated the Committee with respect to its conditional commitments on telecommunication services included in its schedule of specific commitments. Thailand had revised its schedule and undergone its domestic processes, with the Cabinet and Parliament successfully approving it in the preceding month. The improvements in the schedule were consistent with the Telecommunication Business Act 2006 and other relevant laws and regulations as specified in its Uruguay Round schedule. The foreign equity participation was increased from 20 to 49% for WTO Members to provide telecommunication services in the domestic market. The conditions no longer in force were removed from the schedule and the obligations contained in the Reference Paper on Telecommunication Services were introduced as additional commitments. Thailand was in the process of preparing the documents for the certification procedure of improvements to its schedule of commitments as contained in document S/L/84. It looked forward to Members' cooperation and invited them to reach out in case of any question.

2.5. The Chairperson thanked Thailand for informing the Committee of this development, thereby increasing transparency, as well as for starting the certification process.

2.6. The representative of Switzerland commended the excellent work of the Secretariat in compiling document S/CSC/W/70/Rev.2. He suggested a regular update by the Secretariat on developments regarding conditional commitments, for example on a yearly basis if this was doable. This would help the Committee to keep an eye on conditional commitments and encourage their updates. He noticed that Members had taken advantage of the exercise to provide up-to-date information on texts that dated back to the 1990's. He wanted to hear from Members that provided updates about their experience to ensure this was a useful exercise for them.

2.7. The representative of India stated that, while this exercise of compilation of conditional commitments by the Secretariat was useful for the purpose of transparency, any updates of schedules should only be based on full-fledged market access negotiations which was beyond the purview of the Committee. Therefore, India did not support taking this exercise any further.

2.8. The Chairperson thanked delegations for their interventions, and particularly those Members that had provided information on their commitments in the spirit of transparency. He encouraged Members to continue to do so at future meetings. He proposed to further discuss the issue raised by India on a bilateral level. He suggested that the Committee take note of statements made and revert to this item at its next meeting.

2.9. It was so agreed.

3 ITEM C - SCHEDULING ISSUES

3.1. No intervention was made under this item.

3.2. The Chairperson suggested that the Committee revert to this agenda item at its next meeting.

3.3. It was so agreed.

4 ITEM D - ADOPTION OF THE ANNUAL REPORT TO THE COUNCIL FOR TRADE IN SERVICES

4.1. The Chairperson drew attention to the draft annual report to the Council for Trade in Services, which was contained in document S/CSC/W/72. There were no comments on the draft.

4.2. The report was adopted.

5 ITEM E - FUTURE WORK OF THE COMMITTEE

5.1. The Chairperson moved to Item E on the Future work of the Committee. As the new Chairperson of the Committee, he had held consultations with some Members seeking views and suggestions on possible future work that could be done. He invited Members to consider ideas in line with the mandate of the Committee as indicated in the Annotated Agenda.

5.2. In his consultations, several Members had commended the ongoing exercise on conditional commitments noting that it helped improve the transparency of specific commitments. They had suggested that the Committee continue this exercise. Some interest had been expressed in having discussions on the interpretation of existing commitments, for example where it concerned mode 1 commitments in relation to transport services and digital trade, mode 2 commitments on health services, and mode 4 commitments.

5.3. The representative of Turkey informed the Committee that, like many Members of the WTO, his country also conducted bilateral and regional FTA negotiations. These negotiations not only acted as instruments to open and discipline markets but were also used as an exercise to test GATS commitments. In that context, it had experienced that Members had different understandings of their GATS commitments. Cross-border road freight transport services, consumption of healthcare services abroad and digital services were the sectors for which interpretation differed substantially. Turkey believed that the Committee could be the right platform to discuss the interpretation of those commitments and, if possible, to find a common understanding with regard to the implementation of those commitments. In addition, in recent years, there had been fruitful discussions about the interpretation of Mode 4 commitments in the Committee. Turkey would like to further those discussions in the upcoming period. Therefore, they had consulted the Chair and shared their thoughts for some possible work to be scheduled for the Committee on Specific Commitments in 2022. They were still holding internal consultations and work was still on-going, but they wanted to use the opportunity of the meeting to inform Members.

5.4. The representative of the United States asked that a written proposal be circulated before discussing future work of the Committee.

5.5. The representative of Turkey repeated that internal consultations were still ongoing and would take into consideration the comment made.

5.6. The Chairperson thanked the delegations for their contributions and informed that he would continue with his consultations. He also encouraged Members to put forward proposals to move forward the work of the Committee.

5.7. It was so agreed.

6 ITEM F – OTHER BUSINESS

6.1. No intervention was made under this item.

6.2. The meeting was adjourned.
