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Committee on Specific Commitments

REPORT OF THE MEETING HELD ON 5 DECEMBER 2022

NOTE BY THE SECRETARIAT¹

The Committee on Specific Commitments (CSC) held a meeting on 5 December 2022 chaired by Mr. Danang Prasta from Indonesia. The Chairperson thanked all delegations for their trust and support. He indicated that he was looking forward to working with all delegations, and added that under the item other business of the agenda, he would say a few words on his intention to hold consultations on the Committee's future work.

The agenda for the meeting, contained in document WTO/AIR/CSC/19, was adopted as modified.

Before moving on to the substance of the meeting, the Chairperson drew Delegations' attention to the hybrid mode meeting format. He thanked all for their patience and efforts in following the arrangements and for their understanding on the requirements and limitations imposed by the situation.

1 ITEM A – ADOPTION OF THE ANNUAL REPORT TO THE COUNCIL FOR TRADE IN SERVICES

1.1. The Chairperson mentioned that the draft report contained in document S/CSC/W/74 had been circulated to Members. He indicated that there was a typo in the 3rd line of paragraph 2: "three further revisions of the Compilation were circulated" should be "four" further revisions.

1.2. He suggested that the Committee adopt the report with the typo corrected.

1.3. It was so agreed.

2 ITEM B - CLASSIFICATION ISSUES

2.1. The Chairperson recalled that at the previous meeting of the CSC, the Secretariat had provided updates on the ongoing work by the UN Statistics Division (UNSD) and the WTO Secretariat to add the Services Sectoral Classification List (MTN.GNS/W/120) to the digital tool for the visualization of the correspondence between the Central Product Classification (CPC) Provisional Version and CPC Version 2.1. The two agencies would therefore present a new functionality that enabled the navigation between the W/120 and the different CPC versions, and from recent versions of the CPC to W/120.

2.2. A representative of the UNSD presented the result of the joint work between UNSD and the Secretariat on the feasibility of implementing a new feature that links the Services Sectoral Classification List (MTN.GNS/W/120) to the CPC. The result was a prototype of a new UNSD-WTO Visualization tool for W/120 and CPC (available at <https://unstats.un.org/unsd/classifications/Econ/w120>). The representative started the presentation by providing some background to the work. She recalled that the codes in W/120 were based on the CPC Provisional Version. But since the adoption of the CPC Provisional in 1991 there had been several updates of the CPC, the latest being CPC version 2.1. She added that the UNSD was working on a new revision of the classification. Correspondences were generally done between contiguous versions of classifications (e.g. correspondence between CPC Version 1.0 and CPC

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.

Version 1.1, or between 1.1 and 2.0, or 2.0 and 2.1). She outlined the difficulty to develop correspondences and a navigation tool across non-contiguous versions of classifications. The navigation across different versions of CPC usually involved clicking across several webpages. The UNSD therefore developed in 2021 a prototype to easily navigate between CPC Provisional and the subsequent versions of the classification. This visualization tool was presented in the meeting of the Committee of 18 October 2021. In that meeting, there was a proposal that the W/120 be added to the visualization tool in order to allow an easier navigation between the individual items in the Sectoral Classification List and the items in the different versions of the CPC. The UNSD and the Secretariat developed a new tool, using as a starting point the correspondence between W/120 and CPC Provisional Version on the one hand, and the correspondences between contiguous versions of the CPC on the other which were already available on the website of the UNSD.

2.3. The representative of UNSD described the website developed to host the new visualization tool. Once the classification used as a starting point of the search was selected, and the code of the item for which the links to other classifications was inputted in the tool, and after clicking on "Visualize", the result showed in one page the various correspondences. In the development of the prototype, the codes of the W/120 had to be inputted into the existing tool to structure the visualization functionality in a meaningful way. This was achieved by merging the W/120 codes for the sector, subsector and the specific services item code (e.g. the code medical and dental services being "1.A.h"). She indicated that there were some special cases that had to be taken into consideration.

2.4. First, some W/120 codes could not be displayed in the tool because they comprised a large number of categories in the various CPC versions, which were too many to display in the visualization, namely: 1.F.i – Services incidental to manufacturing, 4.A – Commission agents' services, 4.B – Wholesale trade services, and 4.C – Retailing services. When selecting one of these items, it was decided that a text would indicate that the result could not be displayed but that a reference to the CPC groups that would be relevant would be provided.

2.5. Second, some W/120 codes could not be displayed in the visualization because there was no correspondence to CPC Provisional Version, such as for some residual categories in the W/120 classification (i.e. so called "other" W/120 items). In such a case the results page would indicate "No correspondence for CPC Prov. is available for this code." Finally, when looking at the backward linkages between classifications, for example from CPC Version 2.1 back to W/120, there were items with no link to a W/120 category. This was seen as an outcome of the forward linking between contiguous versions, where there was not necessarily a one-to-one correspondence, and where there might have been a merge with another service at a certain point in the correspondence when moving from one version to the following one.

2.6. The UNSD representative reemphasized that the visualization was built on the correspondences between contiguous versions of CPC and that it could only be read from left to right, whether looking at forward or backward linkages. The correspondence was done at the most detailed level of the classification, including for the W/120 which was linked at the most detailed level of the CPC Provisional Version. As already mentioned in the previous presentation, the visualization showed links between codes, but the actual correspondence had to be looked at based on the description of the items, to eliminate links that were just the result of putting side by side correspondences. She recalled that it was useful to look at the actual files with correspondences, as they could help identify whether links were clear correspondences or not. Some accompanying information was available on the UNSD website on the type of correspondence, whether full or partial.

2.7. The Chairperson thanked the UNSD representative for the informative and useful presentation, introducing a better understanding on how to navigate across the different versions of the CPC and the W/120.

2.8. A representative of the Secretariat informed the Committee that a link to the new visualization tool had been included on WTO's services webpage (available at https://www.wto.org/english/tratop_e/serv_e/serv_e.htm, under "Services topics"). He reminded the Committee that the tool was still a prototype and invited users to provide feedback or comments. He highlighted the usefulness of the tool, which was a major improvement to better understand the linkages between the W/120 and the different versions of the CPC. The Secretariat remained available to answer any question may have on the tool.

2.9. The representative of Hong Kong, China thanked UNSD and the Secretariat for their work. He asked for a clarification regarding the fact that the classification had to be read from left to right which seemed to be contradicting the possibility to select the direction of the visualization, which offered the option to view the linkages backward or forward. Was there anything to bear in mind when viewing them backward?

2.10. The representative of the UNSD indicated that when contemplating backward links (from an older classification to a more recent one), then the visualization would still show the codes of the most recent version selected on the left hand-side, and the links to all subsequent versions on the right. She repeated that the results of the visualization tool should always be read from left to right.

2.11. The representative of the Russian Federation requested whether the direct correspondence between CPC Version 2.1 and W/120 was available, which could be more suitable than the visualization tool.

2.12. The representative of the UNSD stated that the correspondence between the codes in W/120 and in CPC Version 2.1 was not available in a single document. The visualization tool was built to facilitate the navigation between W/120 and CPC Version 2.1. Developing a direct correspondence table would require substantial efforts and resources. She recalled that the links shown in the tool should not be viewed as full correspondences, but rather as an illustration of the relevant linked codes.

2.13. The Chairperson thanked the UNSD. He hoped delegations could take advantage of the fantastic visualization tool in services trade negotiations and the development of statistics. He reminded that the Committee provided a good forum to catch up with the evolution in services classifications and improve collective understanding. He encouraged delegations to continue the useful discussion.

2.14. The Chairperson suggested that the Committee take note of the statements made and revert to this agenda item at its next meeting.

2.15. It was so agreed.

3 ITEM C - IMPLEMENTATION OF SPECIFIC COMMITMENTS

3.1. The Chairperson recalled that at the last two meetings, the Committee had considered a proposal (S/CSC/W/73) from the delegation of Türkiye on implementation issues related to specific commitments and Article II (MFN) on cross-border supply of road transport services under the GATS. The proposal mainly raised three questions for discussion: 1) the compatibility of imposing truck quotas with full market access commitments in Mode 1 on road transport services; 2) the understanding of "Unbound" in market access and "None" in national treatment with respect to cross border supply of road transport; and 3) the MFN obligation with respect to all measures affecting international road transport including truck quotas, passage fees and customs measures. In particular, at the previous meeting, the Turkish delegation made a detailed presentation to help Members better understand these issues. Nevertheless, the discussions remained preliminary and did not address the substance of the issues raised. Some delegations indicated that they were still considering the proposal and would revert to it with more detailed comments. He encouraged Members to engage on the substance with a view to a meaningful exchange of information and mutual understanding.

3.2. The representative of Türkiye recalled that, as previously mentioned and indicated in the annual report of the Committee, it had made a detailed presentation in July 2022 of the rationale behind its proposal. Türkiye had in particular expressed its confusion in understanding the commitments of some Members regarding cross-border road freight transport services. Türkiye believed that the mandate of the Committee was appropriate to discuss this type of issue and Members' views and understanding of related commitments. Türkiye wanted Members to share and exchange information. During its July 2022 presentation, Türkiye also raised the idea that other international organisations be invited to share their work on this topic, and their views on how the current applied system might affect trade.

3.3. The representative of Türkiye took note of the comments and concerns of certain Members raised during the previous meeting, which were also reflected in the annual report of the Committee. She also noted a request that Türkiye prepare a workshop proposal to invite other international organisations to share information on their work. On some Members' comments about mandate, referring to the Committee's past work and proposals, she indicated that her delegation's proposal fitted into the Committee's mandate to discuss Members' understanding of specific commitments. It would be useful to invite at least the observer international organisations to share the work they had undertaken regarding cross-border road transport services. This would be in line with the rules and procedures of the WTO Committees. She further asked whether Members had concluded their internal consultations regarding the questions raised in the Turkish presentation and proposal.

3.4. The Chairperson took note of Türkiye's request for the Committee to invite international organisations to share their work on road transport. He recalled the Rules of Procedures for WTO bodies (WT/L/161) that observers to the WTO bodies may be invited to attend and speak at the meetings of relevant WTO bodies. He reminded delegations that the UN, World Bank, IMF and OECD were observers to the CSC.

3.5. The representative of the United States indicated that in principle it did not have any objection for this type of presentation. He added that prior to such a session it might be useful if Türkiye or the Secretariat provided a list of the publications or studies prepared by these international organisations so that Members be better informed on what had been done specifically. He cautioned Members against these organisations interpreting GATS commitments or making judgments on those.

3.6. The Chairperson proposed that Türkiye or the Secretariat first provide a list of these studies or other relevant materials of other international organisations before inviting them. He also took note of the United States' comments on avoiding international organisations interpreting or judging Members' schedules of commitments. In that regard, he proposed that Members be informed of those studies and discuss how to proceed with other international organisations during the next meeting of the Committee.

3.7. The representative of the European Union agreed on the intention and reasoning behind the communication circulated. She outlined that the international regulatory framework governing road transport was complex and fragmented. In the past, the Secretariat had produced useful background documents to support the understanding of such services. The complexity of the sector made it difficult to engage in theoretical discussions on the interpretation of commitments. The delegation had doubts as to whether further work on this topic could bring specific results. She agreed that it would be useful to obtain further information on the eventual relevant work done by observer organisations to the Committee and see how it would be useful information for delegations. The European Union remained committed to supporting the development and facilitation of international road transport in organisations such as the International Transport Forum and the UN Economic Commission for Europe.

3.8. The Chairperson thanked delegations that made comments and suggestions on this matter. He also thanked Türkiye for its important contribution to the Committee work and for the delegations' engagement. He encouraged Members to contribute to this substantive discussion at the next meeting.

3.9. He then moved to the agenda subitem on implementation of conditional commitments. He recalled that this was a transparency exercise following a proposal from the United States (S/CSC/W/69, dated 5 March 2020). The exercise had been conducted on a voluntary basis and facilitated by the Compilation of Conditional Commitments in GATS schedules prepared by the Secretariat (S/CSC/W/70, dated 13 November 2020 and S/CSC/W/70/Rev.1, dated 7 June 2021). At previous meetings, several delegations had provided updates on the "conditions" included in their commitments, which were usually about domestic legislative actions or policy reviews associated with the entry into force, implementation or updating of commitments. These updates had been incorporated in the revisions of the Compilation. In particular, Thailand's implementation of its conditional commitments in telecommunications had been certified pursuant to document S/L/84.

3.10. The representative of the United States thanked Members that had provided updates and welcomed other Members that would provide updates on a voluntary basis in future meetings. He indicated that the United States was flexible on the process for this agenda item at future meetings.

3.11. The Chairperson thanked those Members that had provided information on their commitments in the spirit of transparency. He encouraged more Members to continue to do so at future meetings. He suggested that the Committee take note of the statement made and revert to that agenda item at its next meeting.

3.12. It was so agreed.

4 ITEM D – SCHEDULING ISSUES

4.1. No intervention was made under this item.

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

4.3. It was so agreed.

5 ITEM E – OTHER BUSINESS

5.1. As mentioned at the beginning of the meeting, as newly elected Chairperson of the Committee, he intended to hold consultations on future work at the beginning of 2023. Despite its importance, the Committee had been idle for some time. He believed there were many technical issues worth the Committee's attention given that services were fast evolving, such as digital services, services related to climate change mitigation and adaptation, just to name a few. The question was whether and how Members wanted to make the Committee better function. He therefore would make himself available to listen to delegations' suggestions with a view to moving forward the Committee work.

5.2. In relation to the consultations to be held and the proposed future work of the Committee mentioned by the Chairperson, the representative of India recalled that there were ongoing plurilateral discussions, to which India was not a party. She outlined the need to discuss these issues in a multilateral framework. The delegate requested clarification as to how and what the Chair planned to address on these specific issues, and whether that would be in the spirit of the multilateral nature of the Committee.

5.3. The Chairperson responded that his intention was to hold consultations to seek Members' proposals in order to enrich the work of the Committee. He was open to suggestions from any Member to have more discussions in the Committee in the future.

5.4. The meeting was adjourned.
