



21 March 2023

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Page: 1/5

Committee on Specific Commitments

REPORT OF THE MEETING HELD ON 10 MARCH 2023

NOTE BY THE SECRETARIAT¹

The Committee on Specific Commitments (CSC) held a meeting on 10 March 2023 chaired by Mr. Danang Prasta from Indonesia. The Chairperson added that under the item other business of the agenda, he would say a few words about the appointment of the new Chairperson of the Committee and inform delegations of a presentation regarding the forthcoming Handbook on the Measurement of Digital Trade by the Secretariat at the next meeting.

The agenda for the meeting, contained in document WTO/AIR/CSC/20, was adopted as modified.

Before moving on to the substance of the meeting, the Chairperson drew Delegations' attention to the hybrid mode meeting format, asking those attending on-line to allow a few seconds of streaming to ensure that the statement be heard in full. He also urged delegates, for the benefit of the interpreters, to speak at a reasonable and moderate pace and to provide a copy of their written statement to help ensure that interventions were properly conveyed and understood in the three languages.

1 ITEM A - IMPLEMENTATION OF SPECIFIC COMMITMENTS

1.1. The Chairperson recalled that at previous 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, the Turkish delegation had made a detailed presentation to help Members better understand these issues. While delegations had appreciated the Turkish proposal which was an important contribution to the Committee's work, the discussions had been preliminary without addressing the substance of the issues raised, probably due to the complexity of cross-border road transport. At the last meeting, the delegation of Türkiye had suggested that the Committee invite observer international organisations to share relevant studies they had undertaken in the road transport sector. There was no objection to this suggestion, but it was requested that Members be informed of these studies before the presentation.

1.2. A representative of the Secretariat stated that since the last meeting, the Secretariat had been reaching out to observer international organisations to see whether they conducted any studies or work that would help delegates better understand cross-border road transport, and the issues raised in the Turkish proposal so as to facilitate the discussion under this agenda item. The Secretariat thus noted three studies that might be relevant for this purpose. The first one was Quantitative Analysis of Road Transport Agreement (QuARTA), a study by the World Bank. This study was about bilateral road transport agreements between countries which were the key instruments used to govern and regulate international road transport services. These agreements varied in scope and depth, but the details included often reflected the market openness for road transport services between countries concerned, in particular the quota system, namely the key issue in the Turkish proposal. The World

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.

Bank study sought to analyse road transport bilateral agreements in a systemic manner by employing a consistent methodology to identify the defining characteristics of bilateral road transport agreements and the implications they might have on market integration. The main findings of the study include: the identification of general patterns about bilateral agreement on road freight transport, their operation in practice, and specific recommendation on the most appropriate content and coverage of bilateral agreements. The World Bank study was intended to guide countries in their efforts to reform their road transport sector. The second study was the Report on European Road Freight Transport Market and the ECMT Multilateral Quota Perspectives. Since 1974, the European Conference of Ministers of Transport (ECMT) had operated a quota system (referred to as ECMT Multilateral Quota or Multilateral Quota) which granted multilateral authorisations (ECMT licences) for the operation of heavy goods vehicles between the Member States of the ECMT area. These licences enabled road hauliers to carry out an unlimited number of multilateral freight operations in 43 European countries who participated in the system. The ECMT Quota was managed by the ITF's Road Transport Group (RTG), which assigned quota to the 43 member countries of the system and published a user guide setting operational rules of the system. The basic quota was determined every year by ECMT. The system was monitored and administered by the Secretariat of the International Transport Forum (ITF). The report described the function and impacts of the multilateral quota system in the European road transport market. The third study, the UNESCAP Monograph Series on Facilitation of International Road Transport in Asia and the Pacific. This study provided comprehensive information on the overall development of international road transport in the Asia and Pacific region. In particular, it outlined the key elements affecting the smooth flow and efficiency of international road transport, in particular quota systems, and analysed problems and possible solutions, such as traffic rights and permits, visas for drivers and the temporary importation of vehicles. It also presented a regional strategic framework on facilitation of international road transport and recommended regional strategies for the removal of barriers impeding the development of international road transport.

1.3. The Chairperson thanked the Secretariat for the introduction and thought it positive to have the presentation of the studies by the three organisations. Before giving the floor to the delegation of Türkiye, he expressed his sincere condolences to the people of Türkiye for the devastating earthquake that had happened the month before, and he hoped that the people impacted by this earthquake would have a speedy recovery.

1.4. The representative of Türkiye thanked the Secretariat for reaching out to prominent international organizations in order to facilitate and advance the discussion under this agenda item. He recalled that Türkiye had circulated the communication S/CSC/W/73 (dated 7 March 2022) which was intended to draw attention to the fact that road freight transportation sector was prone to and deeply affected by numerical restrictions primarily in the form of freight transport quotas. These numerical restrictions created a difficult situation for the implementation of Members' commitments as well as market access and national treatment obligations. His delegation had also made a presentation on this issue at the meeting of 1 July the previous year. He recalled the suggestion made at the last CSC meeting on 5 December 2022 that examining the work and studies done by relevant international organizations might help Members gain a better insight into the core of the problem. His delegation looked forward to hearing the views and perspectives of such organizations on international road freight transportation at the following CSC meeting. Following the COVID Pandemic, with the container crisis, the need for discussing and tackling road transport issues had become even more prominent. While the level and range of GATS commitments in road transport was limited, the existing commitments seemed compromised or circumvented by bilateral arrangements that entailed numerical restrictions. Therefore, it was timely and worthwhile for the CSC to examine the road transport sector and practices therein and better understand the implications and consequences for Members' commitments.

1.5. Knowing that international road freight transportation was a broad and complex topic, Türkiye suggested that the organizations invited to share their work at the next CSC meeting focus their presentations on the issue of transportation quotas which was the main issue of scrutiny in Türkiye's communication S/CSC/W/73 circulated last year. Some of the questions that these organizations might reflect on in their presentations would include: Why are there quotas in international road transportation, in the first place? Why are they needed? What are their functions? As international organizations, how do they view such quotas? Why do bilateral schemes and quotas, rather than harmonized international mechanisms dominate the sector? In addition to the organizations mentioned by the Secretariat, Türkiye thought it would also be beneficial to listen to the views and experiences of the International Road Transport Union – IRU, as they would be in a good position to

provide a private sector perspective on the issue. Türkiye agreed with the concerns of some delegations expressed at the previous meeting. The views of these organizations should not be construed as interpreting Members' GATS commitments. The ultimate objective of their presentations should be to provide technical feedbacks on the core of the subject so as to help advance the discussion under this agenda item. After listening to these organizations, Members might be in a better position to decide on the need for further work on this topic in the CSC. Türkiye thank once again to the Secretariat for the valuable coordination with relevant international organizations, and looked forward to Members' active engagement and contributions.

1.6. The Chairperson suggested that the Secretariat reach out to the World Bank, the OECD, UNESCAP and IRU to invite them to share their work on road transport.

1.7. The representative of India indicated that the WTO was a Member-driven organisation. While the observer international organisations could come to speak in their capacity as observers, India was not sure about the participation of the private sector in the Committee. She would need to take back the proposal to her capital.

1.8. The Chairperson suggested that the Secretariat reach out to the World Bank, OECD and UNESCAP and invite the representatives of these organizations to share their work on road transport at the next meeting of the Committee. He also thanked Türkiye for its important contribution to the Committee work and for the delegations' engagement. He encouraged Members to contribute to the substantive discussion at the next meeting. He then suggested that the Committee take note of the statement made and revert to that agenda item at its next meeting.

1.9. It was so agreed.

2 ITEM B - CLASSIFICATION ISSUES

2.1. The Chairperson recalled that at the previous meeting of the CSC, the UN Statistics Division and the WTO Secretariat had presented a new functionality of the visualization tool that enabled the navigation between the W/120 and the different CPC versions. Members' feedbacks were welcome to help improve this digital tool. As the previous presentations by the UN Statistics Division and the WTO Secretariat under this agenda item had shown, the Committee provided a good forum for Members to catch up with the evolution in services classifications and improve collective understanding. He therefore encouraged Members to take advantage of this forum and continue with useful discussions.

2.2. No intervention was made under this item. The Chairperson suggested that the Committee revert to this agenda item at its next meeting.

2.3. 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 that agenda item at its next meeting.

3.3. It was so agreed.

4 ITEM D – FUTURE WORK OF THE COMMITTEE

4.1. The Chairperson recalled that he held consultations on future work of the Committee. For this purpose, he had reached out to delegates with the following questions in light of the Committee's mandate: 1) Building upon recent experience, how the Committee could continue to fulfil its mandate in monitoring the implementation of specific commitments and improve the transparency of specific commitments; 2) In view of the changing landscape of trade in services, as well as the increasing role of services trade in development, how the Committee could move forward its technical discussion that benefits the entire membership; 3) How the Committee could facilitate Members' understanding and application of the procedures for the modification and certification of schedules of specific commitments.

4.2. Delegations he had consulted with were all very cooperative. Several delegates had expressed interest in knowing more about the procedures for the modification and certification of GATS schedules, either through discussions in the Committee or through an information session by the Secretariat. Some delegates had noted the good experience in the Committee whereby specific issues were raised in written proposals for discussion, such as the discussion on the implementation of conditional commitments based on the US proposal and the ongoing discussion on the implementation of road transport commitments based on the Turkish proposal. The monitoring and technical deliberation functions of the Committee were also highlighted. One idea floated was for the Committee to conduct a mapping exercise of specific commitments and regulatory regimes by sector and by group of Members so as to have a better transparency of specific commitments, including their implementation.

4.3. The representative of the Russian Federation supported the Chairperson's efforts to reinvigorate the work of the Committee and confirmed that all the identified elements were of interest to his delegation. He confirmed his delegation was ready to engage in future work.

4.4. The representative of Thailand thanked the Chair for his consultations on future work of the Committee. Regarding the third question, she noted that it was with the help of the Secretariat that Thailand, like others, had gone through the certification procedures before. She confirmed that it would be useful to have a session or training on the procedures for the modification and certification of schedules for Members to have a better understanding on the process, the timeline, and the preparation of relevant documents, which would contribute to improving the transparency of specific commitments.

4.5. The representative of China thanked the Chair for the report of his consultations before this meeting. He reiterated China's view that there was still a lot of work that this Committee could do in the future. The Secretariat could provide assistance in the area of scheduling, and the Committee could have further discussions on classification issues. Despite not having been able to provide any written submission yet, he thought that there was a need for Members to know more about procedure related issues, as expressed by Thailand. He enquired if a written proposal was needed to have an Information Session, or if Members requesting the Secretariat would be enough.

4.6. In responding to China, the Chairperson confirmed that a proposal was not needed. It was upon Members' request.

4.7. The representative of Switzerland thanked the Chair for his recent consultations. At this stage, he would limit his comments to the third topic: the procedures for the modification and certification of schedules. Members were aware of ongoing consultations amongst some delegations. Therefore, if there was a request by some Members for a presentation on the certification procedures, it would be good to have it in an informal setting. His delegation would be however uncomfortable with this being done formally in this committee at that point in time.

4.8. The representative of the United States thanked the Chair for his informal consultations and for his report. He supported the comments made by Switzerland, reiterating that it was a sensitive time to have the requested presentation in the Committee, and suggested proceeding on an informal basis. If Members had questions, they could get the information needed. He enquired about the mapping exercise mentioned, as he needed to understand in order to review that in detail before agreeing.

4.9. The representative of China echoed the statements made by Switzerland and the United States that an information session or a briefing on scheduling issues and modification of schedules should be in informal mode, given the sensitive and technical nature of that presentation.

4.10. The Chairperson indicated that the Secretariat could hold an Information Session on the procedures for the modification and certification of schedules. He would also continue to consult with delegations on how best to proceed, balancing the needs for a better understanding of the procedures and the concerns on the sensitivity of the ongoing process. He then suggested that the Committee take note of the statements made and revert to that agenda item at its next meeting.

4.11. It was so agreed.

5 ITEM E - OTHER BUSINESS

5.1. As mentioned at the beginning of the meeting, the Chairperson informed delegations that the handover of the chairmanship of the Committee should normally take place at the end of the first meeting each year. However, since the consultations conducted by the out-going Chair of the CTS were still ongoing, the handover would have to be postponed.

5.2. He also recalled that the Committee had adopted an agreement at its meeting of 16 November 2010 that the Committee should regularly be updated on changes and developments in services classification and in statistical systems relating to international services trade. In this context, at the meeting on 28 October 2019, the Secretariat had made a presentation on the developments in the measurement of digital trade by the international statistical community. Since then, the WTO Secretariat had continued to improve the measurement of digital trade in partnership with other international organizations, in particular the OECD, IMF and UNCTAD. He proposed that at the next meeting of the Committee, the WTO Secretariat would give a presentation on the forthcoming Version 2 of the Handbook on the Measurement of Digital Trade, highlighting the latest developments focusing on the conceptual framework, trade in services and related classification challenges.

5.3. The meeting was adjourned.
