



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

1. Since its 2021 annual report to the Council for Trade in Services<sup>1</sup>, the Working Party on Domestic Regulation (WPDR) held one formal meeting, on 29 March 2022.<sup>2</sup>

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

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

4. No convergence was reached among Members.

5. In response to questions by other delegations on the process of giving legal effect to the disciplines, it was noted that the Declaration adopted by the Joint Initiative's participants<sup>5</sup> set out that participants intended to incorporate the disciplines contained in the Reference Paper on Services Domestic Regulation as additional commitments into their GATS Schedules, following the certification procedure contained in document S/L/84.<sup>6</sup> Some delegations expressed an interest in reinvigorating multilateral work in the WPDR pursuant to the GATS Article VI:4 mandate.

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

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

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

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

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

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