



17 April 2014

(14-2421)

Page: 1/8

Working Party on GATS Rules

REPORT OF THE MEETING HELD ON 25 FEBRUARY 2014

NOTE BY THE SECRETARIAT¹

The Working Party on GATS Rules (WPGR) held a meeting in the morning of 25 February 2014, chaired by Mr Felipe Sandoval from Chile. The proposed agenda and the Chairperson's annotated agenda for the meeting were circulated in documents WTO/AIR/4246 and JOB/SERV/178 respectively. The agenda was adopted.

1 ITEM A - NEGOTIATIONS ON EMERGENCY SAFEGUARD MEASURES (ESM) UNDER ARTICLE X OF THE GATS

1.1. The Chairperson introduced the subject by recalling the Working Party's agreement, expressed at the WPGR meeting of 29 October 2013, to hold a Member-driven dedicated discussion on emergency safeguard provisions in regional trade agreements, as originally proposed by the ESM proponents in their document JOB/SERV/163.² It was hoped that such an exchange of experiences could foster a better understanding of the concrete circumstances that might call for emergency action in services, as well as factors that might militate against it. Before opening the floor for interventions, the Chairperson reminded delegations of earlier WTO Secretariat Notes that had examined safeguard mechanisms in RTAs in trade in services.³ More recently, a WTO Staff Working Paper investigated how emergency safeguard measures had been treated in 13 RTAs involving ASEAN member states.⁴

1.2. The representative of the Philippines, also on behalf of the delegations of Brunei Darussalam, Cambodia, Indonesia, Malaysia, Myanmar, Philippines, Thailand and Viet Nam, thanked the Chairperson, the Members and the Secretariat for the opportunity to hold this dedicated discussion aimed at fostering a better understanding of ESM provisions in Members' FTAs/RTAs. He hoped that the discussion would focus on issues and concerns in negotiating and implementing such provisions. Some of the proponents would provide details on, for example, the approach adopted in their FTAs/RTAs, the ESM language used, and circumstances giving rise to an ESM. He clarified that the views expressed by the "Friends of ESM" were solely their own and without prejudice to the views of other parties in the discussed trade agreements.

1.3. The representative of the Philippines listed seven regional trade agreements involving some of, or all, the proponents, which contained ESM provisions: (1) ASEAN-China (entered into force in 2007); (2) ASEAN-Korea (2009); (3) ASEAN-Australia-New Zealand (AANZFTA) (2010); (4) Malaysia-Japan (2006); (5) Thailand-Japan (2007); (6) Malaysia-Pakistan (2008); and (7) Indonesia-Japan (2008). Some of these agreements had more binding procedures than others, for instance using "shall" rather than "may" for the application of safeguards. One included an obligation to notify the results upon a request for consultations by one of the parties. The

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

² Communication from Brunei Darussalam, Cambodia, Indonesia, Malaysia, Myanmar, Philippines, Thailand and Viet Nam on "Emergency Safeguard Measures (ESM) in Regional and Bilateral Trade Agreements: A Proposed Dedicated Discussion", JOB/SERV/163, 18 October 2013.

³ Notably the Secretariat Notes on "Safeguard Provisions in Regional Trade Agreements", S/WPGR/W/2, 5 October 1995; "Safeguards Procedures in Regional Trade Agreements", S/WPGR/W/4, 24 November 1995; and "Safeguard-Type Provisions in Economic Integration Agreements", S/WPGR/W/4/Add.1, Add.1/Corr.1 and Add.2 of 20 February 2003, 17 March 2003, and 25 March 2009 respectively.

⁴ Latrille, P. and Lee, J. (2012), "Services Rules in Regional Trade Agreements: How Diverse and how Creative as compared to the GATS Multilateral Rules?", WTO Staff Working Paper ERSD-2012-19.

above-mentioned RTAs permitted the requesting party to adopt measures in case of a "negative impact" or "substantial adverse impact" to one of its service sectors. The varying levels of obligation of the safeguard provisions in these RTAs were a sign of the proponents' flexibility.

1.4. Taking a closer look at the safeguard provisions in ASEAN's RTAs with China⁵ and Korea⁶, the representative of the Philippines on behalf of the group of proponents explained that they used almost identical textual language, along the following lines:

1. "The Parties note the multilateral negotiations pursuant to Article X of the GATS on the question of emergency safeguard measures based on the principle of non-discrimination. Upon the conclusion of such multilateral negotiations, the Parties shall conduct a review for the purpose of discussing appropriate amendments to this Agreement so as to incorporate the results of such ("the" instead of "such" in ASEAN-Korea) multilateral negotiations.
2. In the event that the implementation of this Agreement causes substantial adverse impact to a service sector of a Party before the conclusion of the multilateral negotiations referred to in paragraph 1 of this Article (without the mention "of this Article" in ASEAN-Korea), the affected Party may request for consultations with the other Party for the purposes of discussing any measure with respect to the affected service sector. Any measure taken pursuant to this paragraph shall be mutually agreed by the Parties concerned. The Parties concerned shall take into account the circumstances of the particular case and give sympathetic consideration to the Party seeking to take a measure."

1.5. Article 19 ("Safeguards") in Chapter 8 ("Trade in Services") of the ASEAN-Australia-New Zealand FTA (AANZFTA) stipulated the following (**emphasis added**):

1. "The Parties note the multilateral negotiations pursuant to Article X of GATS on the question of emergency safeguard measures based on the principle of non-discrimination. Upon the conclusion of such multilateral negotiations, the Parties shall conduct a review for the purpose of discussing appropriate amendments to this Agreement so as to incorporate the results of such multilateral negotiations.
2. In the event that the implementation of the **commitments made** in this Agreement causes **substantial adverse impact to a service sector** of a Party before the conclusion of the multilateral negotiations referred to in Paragraph 1, the affected Party may request consultations with the other Party or Parties. The requested Party or Parties **shall enter into consultations** with the requesting Party on the commitments that the requested Party or Parties consider may have caused substantial adverse impact and on the possibility of the requesting Party adopting any measure to alleviate such impact. The requesting Party **shall notify all the other Parties** of their request for consultations under this Paragraph.
3. Any measures taken pursuant to Paragraph 2 **shall be mutually agreed** by the Parties concerned.
4. The consulting Parties **shall notify** the results of the consultations **to all other Parties** as soon as practicable and by no later than the next meeting of the Services Committee established pursuant to Article 24 (Committee on Trade in Services) following the conclusion of consultations."

⁵ *Agreement on Trade in Services of the Framework Agreement on Comprehensive Economic Co-Operation between the People's Republic of China and the Association of Southeast Asian Nations*, Article 9 ("Safeguards").

⁶ *Agreement on Trade in Services under the Framework Agreement on Comprehensive Economic Cooperation among the Governments of the Member Countries of the Association of Southeast Asian Nations and the Republic of Korea*, Article 10 ("Safeguards").

1.6. The services-related ESM provisions in all three ASEAN-wide RTAs noted that the multilateral negotiations pursuant to Article X of GATS had not yet been concluded. Should they conclude, the RTAs stipulated that "the parties shall conduct a review for the purpose of discussing appropriate amendments" to the respective RTAs. In addition, the ESM provisions contained clauses that could be invoked by a party at any time, irrespectively of the outcome of the negotiations under Article X of GATS: if the implementation of commitments was to cause substantial adverse impact to a party's service sector before the conclusion of said negotiations, the affected party might request consultations with the other parties to alleviate such adverse impact. Any measure taken in this regard shall be mutually agreed by the parties. Compared to the other two ASEAN-wide FTAs, the article in the ASEAN-Australia-New Zealand FTA included more details on the obligation to enter into consultations, as well as on the obligation to notify the request for consultations, and their results, to all other parties.

1.7. The representative of the Philippines, on behalf of the group of proponents, explained that the aforementioned safeguard provisions reflected a compromise between ASEAN members and their respective Dialogue Partners. The latter had pointed out the difficulty to prove the causal link between a "substantial adverse impact" and the commitments made. Thus far, no invocation of ESM provisions had been notified to the ASEAN Secretariat. This could be linked to the paucity of statistical data, which made the determination of a "substantial adverse impact" more difficult.

1.8. Regarding the continued relevance of ESM provisions, the representative of the Philippines argued that FTAs with ESM provisions came into force as early as 2006 and as recently as 2010. There were also three ongoing services negotiations with ASEAN Dialogue Partners that were considering the inclusion of ESM provisions. All these elements showed the sustained relevance of emergency safeguard provisions, and the continuing value attached by the proponents to their inclusion in trade agreements. The proponents had expressed, on several occasions, the importance of emergency safeguard provisions to provide them with the policy space needed to commit to higher levels of liberalization. The issue was the difficulty to "roll-back" commitments with respect to trade in services compared to those in trade in goods. Furthermore, integration of the ASEAN Economic Community (AEC) required ASEAN members to achieve a high degree of free flow of services among them. An ESM provision might contribute to this if it encouraged members of the AEC to undertake further liberalization commitments. It was hoped that the multilateral negotiations would provide a template that could guide the implementation of similar provisions in ASEAN's regional integration.

1.9. Before proceeding to individual statements by ASEAN members, the representative of the Philippines, speaking on behalf of the group of proponents, highlighted three points. Firstly, he noted that an emergency safeguard mechanism had been incorporated in several FTAs/RTAs involving the Friends of ESM. The consideration of ESM provisions in ongoing ASEAN services negotiations further underlined the continued relevance and importance of such disciplines. Secondly, there were earnest expectations, on the part of the proponents, of an outcome to the Article X negotiations and the possible incorporation of multilateral disciplines in their FTAs/RTAs. Finally, without waiting for the conclusion of the negotiations under Article X of GATS, several of their regional trade agreements had included a consultative mechanism for the possible alleviation of adverse impacts caused by the respective agreements.

1.10. Speaking on behalf of his country, the representative of the Philippines informed that the Philippines had concluded five regional trade agreements: the Philippines-Japan Economic Partnership Agreement (PJEPA), the ASEAN-China, ASEAN-Korea, ASEAN-India and ASEAN-Australia-New Zealand RTAs. The three ASEAN-wide agreements contained ESM provisions on trade in services. The Philippines was also engaged in three other negotiations that were considering possible ESM disciplines. While his country did not yet have any experience in using an emergency mechanism, the latter could help alleviate constituents' concerns about making new binding commitments. A number of developing countries saw an ESM as an "essential safety net" in the event of unforeseen problems created by services liberalization and intensified import competition. Regarding the operationalization of an emergency safeguard mechanism, he conceded that further improvements were needed in related statistics. Most national data on services trade were far less detailed than those on merchandise trade. Nevertheless, the political economy value of ESM disciplines, especially in the context of progressive liberalization, should not be underestimated, as demonstrated by their inclusion in many of the proponents' FTAs. In terms of economic integration, the presence of ESM provisions in the Philippines' and ASEAN's FTAs provided an option for an affected party to temporarily suspend compliance with commitments in

case imports caused, or threatened to cause, serious injury to its domestic service industry. In his delegation's view, an ESM would make participation in further integration, e.g. in the ASEAN Economic Community, more attractive to those ASEAN Member States that were reluctant to make further liberalization commitments that were ironclad in nature.

1.11. The representative of Thailand associated her delegation with the statement by the Friends of ESM. In addition to the aforementioned ASEAN-wide FTAs, Thailand had concluded a bilateral economic partnership agreement with Japan, which also included a safeguard provision. Slight differences in the level of detail of ESM provisions reflected FTA parties' diverse positions. Nevertheless, all safeguard provisions arose from the same intention to open up a communication channel in the advent of a substantial adverse impact. Despite the constraints to implementation resulting notably from the lack of statistical data, an emergency safeguard mechanism could help negotiators to appease the concerns of the more conservative stakeholders, not only during the negotiating phase but also thereafter, in the ensuing public hearings and parliamentary debate. An ESM served as a last-resort safety net to soothe domestic service suppliers' and other constituents' concerns.

1.12. The representative of Malaysia also associated her delegation with the statement of the Friends of ESM. The negotiation mandate in Article X of GATS constituted an unfinished business from the Uruguay Round that could not simply be dropped. Her delegation was disappointed with the lack of progress in the discussions. Her delegation did not draw any link between an ESM and further liberalization commitments. Domestic constituents needed to be assured that safeguard measures would be available for trade in services as they were for trade in goods. It was frustrating to see that the definitions of key concepts – such as domestic industry, determination of injury, acquired rights of foreign service suppliers in mode 3, or the imposition of restrictions on new foreign entrants – could still not be agreed. Like other ASEAN members, Malaysia had included an ESM provision in its regional trade agreements. Most of these provisions were linked to a negotiating outcome under Article X of GATS. To date, she admitted that ASEAN, including Malaysia, had no experience in operationalizing a safeguard measure. However, this did not preclude the need to agree on long overdue multilateral safeguard disciplines in services.

1.13. The representative of Indonesia supported the statements made by the Philippines, Thailand and Malaysia. This dedicated discussion could help fostering a better understanding of the link between an emergency safeguard mechanism and services trade liberalization in developing economies. Indonesia's services sectors were still under construction, as was reflected in its consistently negative trade in services balance. Indonesia perceived that an ESM was a crucial temporary 'safety valve' in the event of unforeseen problems caused by liberalization in trade in services. Her delegation saw an undeniable link between an emergency safeguard and liberalization. An ESM played a pivotal role to encourage governments to undertake deeper commitments knowing that, if needed, they could temporarily protect domestic service suppliers unable to compete with a surge in imports. A safeguard mechanism would help governments, particularly of developing Members with small/underdeveloped service sectors, to persuade domestic constituencies to accept more liberal commitments.

1.14. Besides the ESM article in the ASEAN-initiated FTAs, Indonesia had included such a provision in its Comprehensive Economic Partnership Agreement with Japan (signed in 2007),⁷ and was discussing similar articles in the free trade negotiations with two other partners. She hoped that the dedicated discussion could help demonstrate the benefits of an ESM for developing Members, by improving their confidence to further liberalize their service markets.

1.15. The representative of New Zealand clarified that her delegation *did not seek* emergency safeguard mechanisms in services chapters in their RTAs and had some concern in particular around the difficulty in determining how parties would identify, or alleviate, any alleged "adverse impact". In the context of *one* agreement, which included comprehensive coverage of goods, services and investment, and because their partners in that process had placed a high priority on including an ESM reference, New Zealand had been able to consider such a provision as part of a final agreement. She noted that the relevant provision was limited to a commitment to review any eventual outcome on ESM emerging from negotiations under the GATS, as well as to seek to resolve any claims of injury through consultations and mutually agreed solutions. The precise design of this provision, centred on consultations, reflected the challenges and limitations of

⁷ See Article 89.2.

addressing the interests of some Parties in this area. Her delegation further noted that the provision in question had not yet been invoked since the entry into force of the ASEAN-Australia-New Zealand agreement (AANZFTA). Overall, for the policy reasons mentioned, her delegation continued to see challenges in advancing this issue in the context of the Working Party.

1.16. The representative of the United States reiterated his delegation's scepticism about developing an ESM. The proponents' presentations on how they had tried to address this issue in their collective and respective RTAs, while useful, had not persuaded his delegation that an emergency safeguard was feasible or desirable in the services context – primarily because of the risk for abuse and the potential to undermine the clarity and legal certainty of commitments that it entailed. Likewise, his delegation remained unconvinced that improved statistics would increase the need for an ESM. One area in which an ESM could possibly be implemented was mode 4 where governments could determine that, for instance, when unemployment hit a certain percentage, a country could scale back the issuance of certain visas. He noted that the political concerns raised by the proponents could be addressed by the existing flexibilities built into the GATS, notably the flexible, bottom-up scheduling of commitments and the possibility for Members to modify their schedules pursuant to Article XXI of GATS. Some concepts used in the proponents' RTAs seemed vague – particularly the notion of "substantial adverse impact to the service sector of a party" – and could lend themselves to abuse.

1.17. The representative of Canada thanked the proponents for sharing this useful information regarding how ESM had been addressed in some of their FTAs/RTAs. His delegation took note of the proponents' statements acknowledging that there were some challenges regarding the implementation of safeguard measures in the services context. Those challenges would very much reflect his delegation's concerns. He wondered how a "substantial adverse impact" could be determined in the absence of sufficiently disaggregated statistics on trade in services. What information would be used to justify triggering an emergency safeguard measure? Was there any quantifiable evidence of what constituted a surge in service imports? Was there any evidence of such surges under existing RTAs? This also raised the question of the motivation behind an ESM. The proponents argued that it would enable them to undertake deeper commitments; at the same time, however, an ESM would undermine the stability and predictability of these commitments.

1.18. The representative of the European Union thanked the proponents for the useful information they provided. Despite many years of discussion, his delegation felt that no proper business case had yet been developed in favour of developing an ESM. In order to minimize any risk of abuse, the concept of "substantial adverse impact" needed to be properly defined and quantifiable.

1.19. The representative of India thanked the Friends of ESM for their Paper proposing a dedicated discussion on ESM in FTAs/RTAs and for sharing their experiences. She wished to share her delegation's preliminary views on the subject, and make a factual statement regarding the treatment of ESM in India's FTAs. Article X of GATS directed Members to negotiate on emergency safeguard measures based on the principle of non-discrimination. While these negotiations were still under way, some countries had included such measures in their FTAs. So far, India had signed four FTAs, only one of which included ESM-related provisions: namely the India-Malaysia Free Trade Agreement with text similar to the one discussed by the proponents in their presentation. India had thus adopted a flexible approach, depending on the critical balance between the parties' respective expectations. So far, they had no experience with ESM implementation, and there were still a number of questions marks regarding various aspects of the applicability of a safeguard to services. Her delegation was aware that such a provision could potentially undermine commitments, including on mode 4. However, they were open to continuing discussions on the topic and interested in hearing more on how to define "substantial adverse impact" and how to remedy shortcomings in statistics.

1.20. The representative of the Philippines on behalf of the Friends of ESM thanked the Members for their statements, in particular their FTA/RTA partners, and hoped that the dedicated discussion could be continued at forthcoming meetings.

1.21. In concluding, the Chairperson noted that there was diversity in the way emergency safeguard measures had been approached in RTAs. There was a logical connection between a potential multilateral outcome on ESM under the GATS and what Members could do in their regional trade agreements – as shown by the references to the Article X negotiations in several RTAs. Several speakers had stressed the following two elements. Firstly, the relationship between

including, or not, an emergency safeguard provision and the level of commitments that Members would be willing to undertake. In this context, some Members argued that an ESM would provide them with the necessary safety net/comfort allowing them to consider further liberalization commitments. Secondly, a number of Members had stressed the lack of detailed statistics on trade in services and the ensuing difficulty to determine, for instance, what constituted a "substantial adverse impact" (that would trigger a safeguard measure). He suggested that he would prepare a factual summary of the discussion, under his responsibility, to be circulated to Members. This would constitute a first report that could later be complemented by others in light of further dedicated discussions on that topic.

1.22. It was so agreed.

2 ITEM B - NEGOTIATIONS ON GOVERNMENT PROCUREMENT UNDER ARTICLE XIII OF THE GATS

2.1. Turning to government procurement, the Chairperson recalled that, at the Working Party's preceding meeting on 29 October 2013, a preliminary version of the Staff Working Paper on "*The Relationship between Services Trade and Government Procurement Commitments: Insights from relevant WTO agreements and recent RTAs*" had been presented by its authors. The Working Paper had been prepared in cooperation between the Secretariat's Intellectual Property Division, covering the GPA, and the Trade in Services Division. Views expressed were solely the authors' personal responsibility and could not be attributed to the WTO or its Secretariat. The Paper analysed commitments' coverage with respect to procurement of services and the different dimensions of "conditions of market entry and participation" including approaches to scheduling – both in the GPA and the GATS, and in the 68 regional trade agreements (RTAs) identified as covering service procurement.

2.2. At the previous meeting, only a few delegations expressed questions and preliminary comments with respect to the Working Paper. The Chairperson therefore suggested reopening the discussion to give Members another opportunity for questions and comments. He then passed the floor to a representative of the Secretariat's Intellectual Property Division, covering the GPA, to update Members on the progress of the Staff Working Paper and provide initial responses to the comments received at the Working Party's meeting in October 2013.

2.3. The co-author working in the Secretariat's Intellectual Property Division, covering the GPA, recalled the three substantive comments that had been made at the last meeting. The Paper was still in progress – thus any suggestions remained welcome. In October 2013, the representatives of the European Union, Switzerland and India had made preliminary observations. The comment from the European Union referred to one of the main themes of the Paper: namely the importance of the interface between market access and national treatment commitments under the GATS, which specified the conditions under which a service might be supplied, on the one hand; and government procurement commitments relating to the right to tender, typically defined either under the GPA or related regional agreements, on the other. As the EU delegate had rightly pointed out, the Working Paper developed both the legal and economic aspects of this relationship in Part 3. Secondly, the representative of Switzerland suggested a number of ways in which the Paper's analysis might be deepened, in particular with respect to relevant RTAs, including those covering services procurement and those that did not. The Swiss delegate had asked whether a distinction could be drawn between services procurement and goods procurement in RTAs, and whether there were examples of RTAs that incorporated a Chapter on government procurement, but not on trade in services. The representative of Switzerland also suggested that, if possible, coverage of mode 4 might be included in the Paper's analysis. Additionally, both the delegations of Switzerland and the European Union had suggested that the Paper consider broadening its analysis to include the possible merits, and feasibility, of *multilateral* rules on services procurement. The co-author explained that he did not wish to go too far in that direction since this was an issue for the Membership to decide. Finally, the representative of India had suggested that it would be important to give substantially greater emphasis to the development dimension in the relationship between GPA commitments, or RTA commitments, on government procurement, and GATS commitments. The Indian delegate felt that this was lacking in the Paper. The co-author underlined that the development dimension of procurement was a deep and multifaceted subject, already addressed in a variety of contexts. For example, a separate Staff Working Paper was being prepared on the potential interface of the GPA with African infrastructural needs. A further, already published, Paper analysed the special and differential treatment provisions of the revised GPA.

Another forthcoming Paper looked at a variety of development-related topics in the context of government procurement. In view of these other publications, the authors did not plan to make a major focus on development matters in the Paper currently before the Working Group, but they would, nonetheless, do their best to highlight, for example, the participation of developing countries in relevant RTAs. The co-authors looked forward to receiving any additional comments, either at the meeting or otherwise, by e-mail, afterwards.

2.4. The Chairperson thanked the authors and opened the floor for comments from Members.

2.5. The representative of the European Union welcomed the draft Staff Working Paper and especially the information compiled in the Annexes, which provided useful details on individual RTAs. He suggested that the authors add an executive summary to improve the Paper's readability. He also observed that the conclusions of the Paper remained somewhat vague as they limited themselves to describing the status quo, without examining whether that status quo entailed any problematic aspects. Nor did they identify possible different approaches in addressing potential inconsistencies between market access commitments under the GATS (respectively services' chapters of RTAs) on the one hand, and commitments under the GPA (respectively procurement chapters in RTAs) on the other. The delegation of the European Union had voiced this concern for many years and believed that there were a few situations where such inconsistencies might render commitments, which had been validly entered into, partially ineffective. More information on the frequency of such occurrences, and on their economic importance, would be useful. It would in particular be helpful if the revised Working Paper could present a variety of both legal and drafting options on how to include, either in the GATS or the GPA, a mechanism that would avoid such inconsistencies.

2.6. The co-author working in the Secretariat's Intellectual Property Division, covering the GPA, thanked the representative of the European Union for his comments. The authors would do their best to respond to them.

2.7. The Chairperson thanked the authors for their Paper and delegations for their inputs. He suggested reopening the discussion on that topic at the next meeting.

2.8. It was so agreed.

3 ITEM C - NEGOTIATIONS ON SUBSIDIES UNDER ARTICLE XV OF THE GATS

3.1. Turning to subsidies, the Chairperson noticed that, for some time now, discussions had stood at an impasse. The Working Group was not lacking material or inputs – many submissions and Notes were on the table. Rather, it had been lacking convergence on *how* to move forward. Even if Members were not in a position to negotiate on that topic, there was no reason not to keep the conversation alive. He hoped to be able to build upon the constructive discussion at the Working Party's meeting of 20 June 2013, when a proposal had been made to reshuffle, on a sector-by-sector basis, the information already contained in the Secretariat's Background Note entitled "Subsidies for Services Sectors – Information contained in WTO Trade Policy Reviews" (S/WPGR/W/25/Add.6). This would allow Members to make searches on subsidy measures directly on a sectoral basis. Following further consultations that he conducted with individual Members after the last meeting, he was happy to announce that a consensus could be reached to reorganize the existing Secretariat Note. He then opened the floor for comments.

3.2. The representative of the United States informed Members that, after further consultations and while still having concerns about using the Trade Policy Reports as a source, his delegation could support the reorganization of the information contained in the Note on a sector-by-sector basis. His delegation continued to be open to look further at these issues; in particular if, based on the questions submitted by his delegation in May 2010 (S/WPGR/W/59), Members could share information on the trade-distortive effects that their services and service suppliers had encountered due to subsidies. These questions remained entirely valid. However, his delegation felt that they had not yet been sufficiently debated to determine whether or not there was a problem with subsidies in services.

3.3. The Chairperson proposed that the Secretariat produced a revised version of the Paper, by re-organizing the existing information on a sectoral basis.

3.4. It was so agreed.

4 ITEM D: OTHER BUSINESS

4.1. Under "Other Business", the Chairperson made a statement on the appointment of the new Chairperson to the Working Party. Since the consultations on the appointment of chairpersons to WTO councils and committees were still under way, the handover of the Chairpersonship would take place at the beginning of the next meeting.

4.2. No further topic was raised under this agenda item.

4.3. The meeting was adjourned.
