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Page: 1/2

**Working Party on GATS Rules**

**- DRAFT -**

**ANNUAL REPORT OF THE WORKING PARTY ON GATS RULES  
TO THE COUNCIL FOR TRADE IN SERVICES (2014)**

Since its Annual Report of 2013 to the Council for Trade in Services<sup>1</sup>, the Working Party on GATS Rules (WPGR) held four formal meetings, respectively on 29 October 2013, 25 February, 7 May and 18 September 2014.<sup>2</sup> During the period covered by this report, the Working Party continued to engage in discussions on all three GATS Rules topics. Progress, however, was limited due notably to the overall context of the DDA negotiations.

**1 NEGOTIATIONS ON EMERGENCY SAFEGUARD MEASURES (ARTICLE X)**

1.1. In 2014, the Working Party commenced a dedicated discussion on emergency safeguard provisions in regional trade agreements (RTAs) – as proposed by the 'Friends of ESM'<sup>3</sup> in their October 2013 Communication entitled "Emergency Safeguard Measures (ESM) in Regional and Bilateral Trade Agreements: A Proposed Dedicated Discussion".<sup>4</sup> The proponents presented the ESM provisions contained in several RTAs involving them either individually or collectively, explaining the political economy reasons for adopting these provisions. So far, none of the proponents has ever invoked a safeguard measure in services. A Note from the Chairperson<sup>5</sup> summarizes the views expressed in the February 2014 dedicated discussion. Furthermore, at the request of the Members, the Secretariat prepared an updated factual Note providing a consolidated list of safeguard-type and safeguard-related provisions for trade in services in some 122 RTAs notified to the WTO under GATS Article V:7.<sup>6</sup> At the September 2014 meeting, several delegations made preliminary comments on the Note. The ESM proponents informed delegations that the Lao People's Democratic Republic, which acceded to the WTO in February 2013 and was a signatory to ASEAN's FTAs, had joined the 'Friends of ESM'.

**2 NEGOTIATIONS ON GOVERNMENT PROCUREMENT (ARTICLE XIII)**

2.1. As previously agreed by Members, the Working Party discussed a preliminary version of the WTO Staff Working Paper entitled "The Relationship between Services Trade and Government Procurement Commitments: Insights from Relevant WTO Agreements and Recent RTAs" prepared, in their personal capacity, by staff members from the Secretariat's TRIPS Division in charge of the GPA and the Trade in Services Division.<sup>7</sup> The Paper analyses commitments' coverage with respect to procurement of services, including approaches to scheduling, both in the GPA and the GATS, and in the 68 regional trade agreements identified as covering services procurement. Following two rounds of discussion in the Working Party, in October 2013 and February 2014, in the course of which delegations provided many useful suggestions for improvement, a more in-depth discussion of the final version of the Staff Working Paper is expected to take place in 2015.

<sup>1</sup> S/WPGR/24, dated 29 October 2013.

<sup>2</sup> The reports of these meetings are contained in documents S/WPGR/M/82 to 85, and should be read in conjunction with this report.

<sup>3</sup> The following delegations, as proponents on emergency safeguards in services, constitute the 'Friends of ESM': Brunei Darussalam, Cambodia, Indonesia, Malaysia, Myanmar, Philippines, Thailand and Viet Nam.

<sup>4</sup> JOB/SERV/163, Communication from Brunei Darussalam, Cambodia, Indonesia, Malaysia, Myanmar, Philippines, Thailand and Viet Nam, dated 18 October 2013.

<sup>5</sup> JOB/SERV/186, dated 5 May 2014.

<sup>6</sup> S/WPGR/W/64, dated 4 September 2014.

<sup>7</sup> The views expressed in the Paper are the authors' personal responsibility and should not be attributed to the WTO or its Secretariat.

### 3 NEGOTIATIONS ON SUBSIDIES (ARTICLE XV)

3.1. Upon request from the Working Party, the Secretariat issued a revised version of its Background Note entitled "Subsidies for Services Sectors – Information contained in WTO Trade Policy Reviews".<sup>8</sup> The difference with previous versions is that Addendum 7 structures the updated empirical evidence on subsidy programmes (based on information contained in WTO Trade Policy Review reports by the Secretariat) according to individual service sectors. Several delegations welcomed the updated Background Note; others underlined that it did not identify any trade distortions related to the subsidies described. More conceptual work would be needed to better understand how subsidies are provided and what trade effects they might have.

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<sup>8</sup> Document S/WPGR/W/25/Add.7, dated 17 April 2014.