

WORLD TRADE ORGANIZATION

S/FIN/9
3 July 2003

(03-3554)

Committee on Trade in Financial Services

UPDATE TO THE ANNUAL REPORT OF 2002 OF THE COMMITTEE ON TRADE IN FINANCIAL SERVICES TO THE COUNCIL FOR TRADE IN SERVICES (2003)

1. Since its last annual report to the Council for Trade in Services, the Committee on Trade in Financial Services has held three formal meetings, on 2 December 2002, 26 February 2003, and 16 May 2003. Reports of those meetings are contained in documents S/FIN/M/38 to 40. In this period, the Committee addressed the following matters: the acceptance of the Fifth Protocol to the General Agreement on Trade in Services; technical issues; recent developments in financial services trade; and a presentation by the World Bank.

I. ACCEPTANCE OF THE FIFTH PROTOCOL TO THE GATS

2. In the period under consideration, Dominican Republic, Poland and Uruguay informed the Committee that they had concluded their domestic procedures and would be in a position to accept the Fifth Protocol, once the appropriate decision to reopen the protocol had been taken by the Council for Trade in Services. Three other Members have not yet accepted the Protocol: Brazil, Jamaica, and Philippines.

II. TECHNICAL ISSUES

3. Discussions during the period under consideration focussed on an issue raised by Brazil, namely the relationship between specific commitments on financial services and capital movements. At the request of the Committee, and in order to enhance the background information on this issue, the International Monetary Fund presented an annotated list of relevant Fund documents, that was circulated under the title "Financial Sector Stability, Reform Sequencing and Capital Flows" (Job(03)/52). The communication by the Fund was discussed at the meetings on 26 February and 16 May 2003.

III. RECENT DEVELOPMENTS IN FINANCIAL SERVICES TRADE

4. During the period under consideration, discussions focussed on two communications on e-finance submitted by Hong Kong, China and Switzerland (S/FIN/W/25, Add.1 and W/26, respectively). Additionally, capital-based experts from Peru and Turkey made presentations about latest developments concerning those countries' regulatory regimes for financial services.

IV. PRESENTATION BY THE WORLD BANK

5. Following a decision taken by the Committee in October 2002, World Bank representatives made a presentation on 26 February 2003 of its 11th policy report entitled "Finance for Growth: Policy Choices in a Volatile World".
