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Working Party on GATS Rules

REPORT OF THE MEETING OF 8 OCTOBER 1999

Note by the Secretariat

1. The Working Party on GATS Rules held its twenty-fifth meeting under the chairmanship of Mr. Siva Somasundram of Singapore. The agenda for the meeting was contained in WTO/AIR/1171. It consisted of five items: negotiations on safeguards under Article X of the GATS; negotiations on subsidies under Article XV of the GATS; negotiations on government procurement under Article XIII of the GATS; date of the next meeting of the Working Party; and other business.

2. The Chairman indicated that he would raise, under other business, the question of the Working Party's Annual Report to the Council for Trade in Services. The agenda for the meeting was adopted.

3. The Chairman drew attention to an informal Note (Job No. 5332) he had circulated on 16 September 1999, to assist delegations in their preparation for the meeting.

A. NEGOTIATIONS ON SAFEGUARDS UNDER ARTICLE X OF THE GATS

4. The Chairman recalled that the Secretariat had issued a second revision of document W/27 (S/WPGR/W/27/Rev.2, 16 September 1999) as well as a brief overview of trade and injury indicators - based mainly on an informal paper from Venezuela - which could be used to identify safeguard-type situations (Job No. 5294, 13 September 1999).

5. The representative of Thailand, speaking on behalf of ASEAN, indicated that ASEAN intended to circulate a concept paper on possible rules for emergency safeguard measures before the end of the year. The objective was to produce a paper having the widest possible basis for acceptance. Turning to the Secretariat informal Note (Job No. 5294), he said that this paper should be made a formal document in due time. As to the second revision of W/27, ASEAN was of the view that it incorporated the essence of recent work. Paragraph 7 rightly pointed out that the dividing line between the concept of sector-specific safeguards and horizontal safeguards might be less sharp than initially conceived.

(a) Concepts of injury and causality

6. The Chairman proposed to focus the discussion on potential injury and causality indicators which might be used in any sort of safeguard mechanism, irrespective of whether it was sector-specific or horizontal, or any other variant under consideration. The informal note by the Secretariat (Job No. 5294) provided a checklist of possible indicators, building upon the Venezuelan proposal and including comments made at the last meeting. Quite a few blank spots remained, however, and it would be useful to have delegations' views on how to fill them.

7. The representative of the European Communities pointed out uncertainties surrounding the term "party" which appeared on page 2 of Job No. 5294 (second column, third comment). It was her

understanding that this term referred to the industry seeking safeguard protection, rather than to the Member concerned. The Chairman said that it was also his understanding that the "invoking party" was the industry making the petition for safeguard action.

8. The representative of Thailand, speaking on behalf of ASEAN, said that discussions on Job No. 5294 should not prejudice Members' position on whether national or domestic suppliers should be protected. He suggested that the structure of the paper be adjusted to better suit the objective of the Working Party's work. The second part should be divided into two sections, one dealing with indicators relating to changes in supply or consumption of services, and the other one dealing with the question of causality. In the latter context, the Working Party should discuss, *inter alia*, procedures as well as criteria to determine what factors contributed to injury, apart from increased foreign supplies of services. A further element would be the determination of the relative importance of these factors. With respect to the content of the list, ASEAN was of the view that the indicators and criteria currently contained under both headings were normally available, or could be made available, to the investigating authorities. For instance, reductions in price or number of suppliers could be monitored in a continuous manner and be a basis for safeguard action. When combined, these facts and figures were sufficiently detailed and comprehensive to allow for an objective determination. ASEAN strongly believed that the Working Party needed a consensus as soon as possible on these indicators and criteria, irrespective of the ongoing debate on whether a safeguard mechanism should be sector-specific or horizontal.

9. The representative of Japan sought further clarification on certain injury-related criteria listed on page 1 of Job No. 5294, i.e. criteria number 2 ("Decline in consolidated offers"), number 7 ("Reduced capacity utilisation") and 11 ("Changes in the level of inventories"). Secondly, she emphasized the importance of objective rules and procedures governing the application of any criteria and indicators. In this context, Japan believed that the GATT Agreement on Safeguards (AS) was relevant, as pointed out in paragraph 15 of document W/27/Rev.2. In particular, the first sentence of Article 4:2(b) of the AS might deserve further consideration. Finally, her delegation felt that certain data, such as those found in IMF Balance-of Payments statistics or OECD foreign direct investment statistics could be a useful underpinning of certain indicators.

10. The Chairman recalled that the list on page 1 of Job No. 5294 was a summary of the points contained in Venezuela's submission as well as of proposals made by Members at the last meeting, in particular Korea. He invited these Members to further elaborate on why they considered these indicators to be useful. The second issue raised by Japan was a relevant point which could be taken up in future discussions. Finally, the availability of IMF and other statistics could be reflected in the comments section of Job No. 5294.

11. The representative of the United States indicated that his delegation had taken note of the request that the Working Party should reach a consensus as soon as possible on various criteria and indicators. While the United States remained prepared to engage in a general discussion, he wished to reiterate that delegations should attempt to describe real-life situations, which could assist the Working Party in reaching some kind of common understanding on appropriate indicators or criteria.

12. Referring to the concepts of "unforeseen" and "unforeseeable" developments, the representative of India concurred with previous ASEAN statements that the term "unforeseen" was intended to capture developments which a Member could not reasonably have foreseen at the time of scheduling its commitments. Thus, it was not a totally subjective criterion; it did have scope for objective application. The concept of "unforeseeable" development might be even more subjective. On the question of injury, India considered that the relevant indicators in the goods area could be examined with a view to deciding on their adaptability to services. The indicators contained in the Venezuelan paper and additions made in the Working Party should be considered. Examples should be provided to better understand their applicability. India supported the statement made by Thailand,

on behalf of ASEAN, concerning the need for an early consensus on the indicators to be applied for determining injury and causality. In services, greater flexibility than in the goods area might be needed to cope with the complexity of the sector as well as problems in data collection and analysis.

13. The representative of New Zealand said that Job No. 5294 provided a starting-point which could help the Working Party to identify and understand how a possible emergency safeguard mechanism might work in the services area. New Zealand agreed with comments made at the last meeting that, given the inadequacy of statistics in the services area, it was important to have a broad list of indicators. Several criteria must have been met before action could be taken. Concrete examples might be needed.

14. The representative of Mexico was of the view that the two documents prepared by the Secretariat helped to focus the discussion and to define some concepts which had been discussed in an abstract context. Her authorities were asking for more concrete examples so as to better understand the desirability and scope of various criteria when applied to specific situations. It would be very useful if delegations having some kind of experience in this area could share it with the Working Party.

15. The representative of the European Communities said that the question of whether the reasons contributing to sectoral adjustment problems should affect the permissibility of a safeguard action was important. It might influence, for example, the actual form that such a mechanism could take. On previous meetings, there had been suggestions that, if government regulation were in some way contributing to an emergency situation, most governments would be reticent to admit it. The appropriate action could involve changes in regulation. The reasons contributing to the adjustment problems could thus be relevant in determining the type of safeguard measure and its period of application. Like others, the European Communities was looking for concrete examples. Although it was likely that, if there were such examples, they might already have been raised in the GATS Council under Article X.

16. The representative of the United States concurred with the European Communities that the Working Party should look more closely at the question of changes in regulation. There could be situations, as identified by the European Communities, in which regulatory changes might be the cause of increased imports, which in turn caused injury, and it was understandable that governments were hesitant to recognise that fact. Second, there might also be situations in which a change in regulation itself was the cause of injury, regardless of trade developments. For example, while imports might not be increasing, a change in regulation could lead to product innovations and shifts in sectoral demand.

17. In summing up the discussion, the Chairman noted that Members acknowledged the particular importance of trade and injury indicators, irrespective of what safeguard mechanism would be in place. It was necessary to consider more than one indicator in order to establish an increase in supplies and ensuing injury. Second, hypothetical or real-life examples would advance discussions in the Working Party. Third, to further clarify the indicators listed in Job No. 5294, it might be useful to make a distinction between, on the one hand, indicators or criteria that were relevant in establishing changes in consumption of services and, on the other hand, the causal link between a surge in imports and injury. That distinction might prove difficult to make, but was potentially very useful. Job No. 5294 might be developed in this regard. Fourth, delegations which had suggested individual indicators should try and provide answers to the questions raised during the meeting. Fifth, flexibility was a recurrent theme: the dearth of statistics on trade in services might have an impact on the kind of indicators the Working Party would eventually be able to agree upon. He noted that it might be difficult to arrive at an early consensus on indicators until the Working Party started examining their use in concrete - real-life or hypothetical - situations.

18. Referring to the interventions by the United States and the European Communities, the representative of Thailand, speaking on behalf of ASEAN, said that government regulation might be at the origin of certain adjustment problems. As a matter of principle, account should be taken by the investigating authority of all reasons contributing to injury as factors affecting the permissibility of safeguard actions. Article 4:2(b) of the AS might be used as a basis for developing rules in this regard.

(b) Horizontal *versus* sector-specific safeguards

19. The Chairman noted that the Working Party had agreed, at its last meeting, to focus on the criteria and principles which would need to govern any type of safeguard action, regardless of the basic mechanism (sector-specific, horizontal or other) which might ultimately be chosen. Relevant examples were contained in previous submissions by Hong Kong, China and the United States (S/WPRG/W/26, 10 February 1998 and S/WPRG/W/17, 13 March 1997). These referred, *inter alia*, to principles such as MFN treatment, advance notice, temporary and degressive application, clear specification of the measures envisaged, and protection of "acquired rights" of established suppliers. While the Working Party might be able to agree in principle on all these points, implementation in practice might raise difficult questions. For example, one might ask whether and how MFN treatment could be ensured if a Member, which was committed to allow only for a small number of suppliers in a sector, intended to further restrict entries on short notice. If a schedule contained very limited access guarantees in a sector, should the Member be entitled to further tighten access conditions under safeguard provisions? In past meetings, many delegations had rejected the idea of linking the use of safeguards to the quality of commitments undertaken in a sector. However, it might be useful at least to discuss the potential implications for MFN. How the protection of "acquired rights" could be guaranteed in practice would be another question. Would foreign-owned suppliers, which were already established under mode 3, continue to have exactly the same rights as any other domestically established supplier – including the right to expand their market shares through take-overs, mergers, new investment, etc.? Or was the concept of "acquired rights" meant only to protect the *status quo* of foreign suppliers – in terms of production, market share or other business indicators? If so, what would be the relevant benchmark? He felt it was important that such basic concepts be further specified and, thus, made applicable in practice.

20. The representative of Thailand, speaking on behalf of ASEAN, suggested that the Working Party discuss the basic principles that should form part of a possible set of rules governing safeguards. As reflected in document W/27/Rev.2, paragraph 7, this discussion should not prejudice the final conclusion of the Working Party on the approach to be adopted. As the first point proposed by the United States in document S/WPGR/W/17¹ was at the very heart of the debate on horizontal *vs.* sector-specific safeguards, it would be useful to revert to it once the Working Party had a clearer idea of common principles. ASEAN felt that there were a number basic principles that most, if not all, Members could readily agree on. For instance, at least four principles, which ASEAN countries viewed as relevant, were common to the papers by the United States (S/WPGR/W/17) and by Hong Kong, China (S/WPGR/W/18): (i) advance notice; (ii) temporary application; (iii) MFN treatment; and (iv) objective criteria as a basis for action. Two additional principles - referred to in the Hong Kong, China paper - were also of relevance: (i) an ESM should be limited to the minimum necessary to tackle the problems arising from an emergency situation; and (ii) any action would be subject to dispute settlement under GATS Article XXIII. With respect to the proposed clear specification of the measure, the US paper was more specific than the Hong Kong, China paper; in ASEAN's view, rules in services might go a step further than those in the goods sector by specifying the particular safeguard measures that might be applied if the investigation established injury caused by increased consumption of foreign services. Possible measures had to include suspension of

¹ This point reads: "inclusion in a schedule of a safeguards-type provision in a given sector must be paired with a commitment to liberalization in that sector".

obligations under GATS Articles XVI, XVII and XVIII, and should be applicable across all sectors. With respect to other principles identified in the US paper, ASEAN would like to have more details, for instance: on degressivity, what kind of timeframe was envisaged for the phasing-out period and would Article 7 of the AS be a suitable model? On the question of frequency in invoking safeguards, what kind of timeframe and other conditions were envisaged? On the principle of compensation, should there be no such possibility at all or would an adapted version of Article 8 of the AS be acceptable? On this last point, ASEAN was of the view that the purpose of Article XXI was different from that of a safeguard mechanism: while the former provided for longer-term or permanent adjustments, a safeguard was of temporary nature. With respect to the Hong Kong, China paper, ASEAN wished to have further clarification on two principles (contained in paragraphs 11 and 12): (i) public policy concern; and (ii) remedying the injury identified.

21. On a preliminary basis, the representative of the Unites States noted that the concept of degressivity, similar to that of limited duration, was linked to the stated purpose of an ESM: structural adjustment. Thus, while there could be temporary relief, an industry should be taking necessary measures to become competitive in the domestic and global market. Article 7 of the AS set forth the principle but did not contain any concrete rules on how it might be applied. His authorities were currently considering whether greater precision was needed for services. The concept of frequency was also linked to the concept of structural adjustment, in that relief should not be granted over and over again. Finally, the concept of non-compensation was related to the basic objective of a safeguard, which was distinct from that of Article XXI. The history in the goods area, predating the existence of the AS, showed that when governments were faced with requests from industries to provide relief, they would look at the various options available to them, including GATT Article XIX and Article XXVIII. The latter path was often preferred because it was the easiest one. Both provisions required compensation, but Article XIX required in addition that there be findings of injury and causality. The authorities concerned thus tended to address structural adjustment problems with Article XXVIII and, as a result, Article XIX had become a dead letter. The solution, found in the AS, was a provision allowing for safeguard measures during a short period of non-compensation. The objective was to create an incentive to use the proper measure, i.e. a safeguard, as opposed to Article XXVIII.

22. With respect to the issue of compensation and possible relevance of Article 8 of the AS, the representative of India noted that the compensation should depend on the nature of the safeguard measure adopted. This issue should be separated from GATS Article XXI. The need for compensation should be considered later, once the Working Party had reached a common understanding on the circumstances under which an ESM could be used and the types of measures that would be permissible.

23. The representative of Hong Kong, China said that the objective of the paper previously presented by his delegation was to see whether a mechanism not open to abuse could be set up and be workable. Hong Kong, China saw the need for flexibility, but also wanted to ensure that the scope for abuse was minimized. This was the intention underlying the two points identified by Thailand - public policy concern and remedying the injury identified. His delegation had a kind of "necessity test" in mind: the envisaged measure had to be necessary to address the emergency. Turning to the issue of MFN introduced by the Chairman in his opening remarks, he failed to see a problem. As to "acquired rights", he agreed this was a difficult issue which needed to be further discussed. Its relevance depended on whether an ESM differentiated between national and domestic service suppliers.

24. The Chairman said that MFN issues related, for instance, to the situation of the already established foreign services supplier, *vis-à-vis* foreign services suppliers which were outside the invoking country. Assuming that the invoking country did not impose restrictions on the established

services suppliers, what would be the impact, in terms of access, on foreign services suppliers not established.

25. The representative of Japan noted that the AS was relevant for the discussion of the Working Party. A safeguard was an exceptional action in emergency situations, which required advance notice, temporary application, degressivity, clear specification of the measures envisaged. Moreover, the measures taken should be limited to the minimum necessary to tackle the problem, and as closely specified as possible. Japan considered that any action should be taken on behalf of all domestic suppliers in a sector, irrespective of ownership.

26. The representative of the Republic of Korea said that it was necessary to clarify the meaning of "acquired rights", since it might be inconsistent with the MFN principle. The notion of "acquired rights" had to be interpreted strictly, to exclude the suspension of basic business requirements. With respect to degressivity, there was a need to examine the relationship with the principle of temporary application: if a safeguard action was temporary and short, degressivity might not be relevant.

27. In summing up, the Chairman encouraged Members to contribute to clarifying the concept of "acquired rights" in submissions. The relationship between Article XXI and any possible safeguard mechanism under Article X also needed to be further explored. This was closely related to the issue of compensation.

(c) Applicable measures and other relevant issues

28. The Chairman invited delegations to comment on three points. First, while many Members had expressed the view that it should be possible in safeguard cases to suspend commitments under Article XVIII, others had raised doubts as to whether this should include the suspension of regulatory principles (e.g. principles spelled out in the telecommunications Reference Paper). Second, delegations might want to introduce any new thoughts on whether certain types of safeguard measures, e.g. subsidies, should be preferred to others, e.g. quotas (W/27/Rev.2, para. 27). Third, delegations might need to further discuss the idea that safeguard actions under certain modes, e.g. modes 1 and 2, should be given priority over actions under other modes (W/27/Rev.2, para. 14).

29. The representative of Japan noted that a safeguard action could include the suspension of commitments under Articles XVI and XVII, but also under Article XVIII. As additional commitments varied among Members, this opened different options. His delegation felt that, in principle, it should be up to the Member concerned to choose.

30. The representative of Thailand, speaking on behalf of ASEAN, said that suspension of additional commitments under Article XVIII should be possible. However, some issues, such as regulatory disciplines, might need special consideration. ASEAN was prepared to further examine this point. Subsidies and other measures suspending national treatment commitments should be treated on an equal footing with the suspension of other obligations. Given the particularities of each mode of supply, ASEAN was willing to discuss the idea of prioritising actions under certain modes, although this might raise difficult questions.

31. The representative of the Republic of Korea said that trading conditions under modes 3 and 4 tended to be more restricted than under other modes. Considering that safeguard situations required immediate action, he doubted whether actions under certain modes should unconditionally be given priority. It was up to Members to choose the proper mode to remedy serious injury.

32. In summing up, the Chairman suggested that the Working Party come back to the points raised by Japan with respect to Article XVIII. The question of whether it should be possible to suspend regulatory principles under a safeguard mechanism was important; it went beyond the scope

of the Reference Paper in telecommunications. Should a distinction be made between the different modes of supply in safeguard situations? He noted that several views had been expressed on this question. He encouraged delegations to make written submissions to support the work of the Working Party.

B. NEGOTIATIONS ON SUBSIDIES UNDER ARTICLE XV OF THE GATS

33. The Chairman recalled that the delegation of Norway had proposed at the April meeting that Members discuss subsidy-related problems they might have encountered in export markets. No submissions had been received so far on this subject.

34. The representative of New Zealand proposed that the Working Party focus on the two issues contained in the Chair's Note (Job No. 5352). His delegation intended to provide a more detailed contribution at a future meeting. The Secretariat's paper S/WPRG/W/9, dated 6 March 1996, was still a useful starting point.

35. The representative of Hong Kong, China agreed with New Zealand that W/9 should be used in future discussions and noted that, as reflected in that paper, the interpretation of the national treatment obligation was relevant in addressing subsidies. He thought it would be useful to have more background information and suggested that the Secretariat look at other papers, for instance in the area of investment, where services subsidies might have been discussed.

36. With respect to export-enhancing subsidies, the representative of Japan recommended that the Working Party consider which of the arguments used in the goods sector would be relevant for services. For example, if a government subsidized a university to attract foreign students, should this be considered as an export-enhancing subsidy under mode 2? Subsidies could result in very different types of trade distortions depending on the areas involved, and it might be necessary to develop a sectoral categorisation.

37. The representative of the European Communities noted that the subsidy programmes referred to in point (b) of the Chair's Note (Job No. 5352) appeared to be *de facto* export subsidies, although the Note did not explicitly mention it. He called for a restrictive definition of export subsidies, as laid down in Article 3 of the Agreement on Subsidies and Countervailing Measures. The interpretation of *de facto* export subsidization developed by some recent panels should be kept in mind.

38. The Chairman proposed that the Working Party address the various points contained in W/9 before considering the need for rules in this area. The relevance of the rules existing in the goods area could also be discussed in that context. He suggested that the Secretariat be requested to look at the work done in other WTO bodies, to see what could be relevant for this Working Party. It was so decided.

C. NEGOTIATIONS ON GOVERNMENT PROCUREMENT UNDER ARTICLE XIII OF THE GATS

39. The Chairman recalled that, at its last meeting, the Working Party had discussed the range of entities which might be deemed to carry out "government procurement". Nevertheless, doubts had remained as to whether and in what circumstances entities that were not directly owned and controlled by the government should be covered. This could include, for instance, private companies mandated to exercise some exclusive rights (such as monopoly providers of telecommunication or transport services). Another question was whether government-owned entities operating under competitive market conditions should fall under possible government-procurement disciplines.

40. The representative of Japan said the definition of "government procurement" needed to be elaborated further, based on concrete examples. He noted that the disciplines contained in

Section B.2 of the Understanding on Commitments in Financial Services were expressed in general terms. The question which arose was how to concretely ensure MFN and national treatment. Such issues were being considered in the context of the review of the Agreement on Government Procurement. Japan considered it would be appropriate to wait for the outcome of this review. This would be particularly relevant for the definition of entities deemed to carry out government procurement. Japan had submitted informal proposals on this topic in the review of the Agreement on Government Procurement.

41. The representative of Thailand, speaking on behalf of ASEAN, said that, while it was important to develop a definition of government procurement under Article XIII, ASEAN would support the idea of working on possible disciplines, including non-discrimination, at the same time. Speaking on behalf of Thailand only, he suggested that the Working Party concentrate on the wording contained in Article XIII and try to define the term "governmental agencies".

42. The representative of New Zealand asked whether it would be possible to circulate the papers Japan had referred to in its intervention, noting that not all Working Party Members participated in the Agreement on Government Procurement. The representative of Mexico supported this proposal. The Chairman indicated that he would explore this possibility.

43. The representative of the United States said that, with respect to definitions, there was a need to concentrate on the text of Article XIII. The definition contained in that provision was sufficient and had worked well in other contexts. As to the notion of government agencies, his delegation understood that it covered a wide variety of entities. Entities having some exclusive rights, without being directly controlled by the government, might be an obstacle to market access, but should not raise procurement-related issues, especially if there was no government ownership. The question of government-owned enterprises engaged in commercial activities in competitive markets was more difficult.

44. The representative of the European Communities said that the Working Party should concentrate on the mandate contained in Article XIII, i.e. consider multilateral disciplines on government procurement. Procurement was also discussed in other fora and work was currently carried out to arrive at multilateral rules on transparency. It was important for this Working Party to explore substantial rules, i.e. the application of the MFN principle and national treatment, and to examine existing discriminatory practices.

45. The Chairman invited delegations to comment on the three points contained in his Note (Job No. 5352), which built upon a paper previously submitted by New Zealand (Job No. 5446, 30 September 1997). The three points related to the substantive mandate contained in Article XIII.

46. The representative of New Zealand recalled that the paper presented by his delegation was an attempt to explore possible areas of common understanding in the application of fundamental WTO principles to government procurement in services. First, the Working Party should confirm the importance of the MFN and national treatment obligations. Second, it should examine measures departing from these obligations and weigh them against other criteria used by Members for procurement decisions. This examination should be based on an analysis of different types of measures rather than on individual Members' practices. Third, the Working Party should discuss the concept of "full and fair opportunity" for domestic suppliers and the extent to which it was compatible with the non-discrimination principle. In this regard, New Zealand acknowledged that Members, whilst seeking the best price or the economically most advantageous tender, might wish to ensure that domestic suppliers were not overlooked and had a full and fair opportunity to compete. It should therefore be examined how the concept of "full and fair opportunity" for domestic suppliers could be given effect in ways which were compatible with the non-discrimination principle. In New Zealand's view, the concept as such was consistent with MFN and national treatment. Further discussion on the

ways in which it could be given effect might help to meet some concerns that MFN and national treatment obligations in government procurement could disadvantage domestic suppliers *vis-à-vis* foreign competitors. New Zealand's preliminary thinking was that "full and fair opportunity" might call for public advertising of opportunities to tender, openness to registration of interest, market research, etc. Fourth, the Working Party might need to explore the possibility of transition mechanisms to ensure gradual implementation of the non-discrimination principle.

47. The representative of the United States said that the Working Party should continue its work on parallel tracks, i.e. on definitional issues and on possible disciplines, as mandated in Article XIII. It should take into account the work on transparency in government procurement which was going on in another forum and avoid duplication.

48. The representative of Canada agreed that the Working Party should proceed on parallel tracks and, in doing so, examine the questions raised in the New Zealand paper as well as any other pertinent issues.

49. The representative of Hong Kong, China said that the MFN principle was a very important starting-point for government procurement in services. National treatment was negotiable under the GATS but there should be as little departure as possible. Transparency was a very important principle, and the work done in the Working Group on Transparency in Government Procurement was fully relevant. At this stage, the Working Party should be focusing on more general procurement disciplines rather than pursuing the type of sectoral approach adopted in the Understanding on Commitments in Financial Services.

50. In summing up, the Chairman noted that Members were ready to focus on the substance contained in the Article XIII mandate. There seemed to be broad agreement that the Working Party should get beyond discussions on definition and begin to consider multilateral disciplines. Useful work had been carried out by other WTO bodies dealing with government procurement and the Working Party should draw on that work in fulfilling its mandate. The New Zealand paper provided a good basis but delegations should be open to additional questions. The Understanding on Commitments in Financial Services was referred to as an example but it should not prejudice the scope or direction of future work. The Chairman encouraged delegations to submit contributions.

D. DATE OF THE NEXT MEETING

51. The Chairman proposed that, in view of the preparation of the Seattle Ministerial Conference, the Working Party should hold its next meeting early next year, at a date to be announced in due course.

52. The Working Party so agreed.

E. OTHER BUSINESS

53. The Chairman said that the decision not to schedule an additional meeting this year had implications for the Annual Report which had to be submitted to the Council for Trade in Services. He intended to circulate first draft, which was modelled largely on the Working Party's last year report. He suggested to adopt an *ad referendum* procedure, i.e. delegations could forward their comments, if any, to the Secretariat by 20 October. If no comments were received by that date, the Annual Report would be considered adopted.

54. The Working Party so agreed.
