

**Council for Trade in Services  
Special Session**

**SPECIAL SESSION OF THE COUNCIL FOR TRADE IN SERVICES**

Report by the Chairman to the Trade Negotiations Committee

Further to my interim oral report made to the TNC on 9 May 2003, I wish to make this formal written report.

The Council for Trade in Services in Special Session met on 19-22 May 2003.

**I. STATUS OF WORK**

1. Under the item "Assessment for Trade in Services" the Council held a substantive discussion which included statements noting the importance of this exercise for developing countries and calling for further assessment work on a sectoral basis. Most delegations emphasised that work on this item was an on-going process. It is not an academic exercise, but has practical implications. Members noted that the information required for conducting an assessment could be lacking; that there was a need for a broader range of sources of information to be used where those sources exist; and that developing countries required technical assistance to conduct assessments. The suggestion was also made that I hold consultations on this item in order to better focus the Council's work.

2. On the "Modalities for the Special Treatment for Least-Developed Countries", a revised draft of the Modalities was presented by the LDC group. A substantive discussion was held in which Members expressed their desire to move forward in a constructive, positive and expeditious manner. The view was expressed that the modalities should not seek to determine an outcome, but rather allow LDCs to better formulate and pursue their interests in the negotiations. Given the fact that we are now in the initial offers stage, the Council also took note of the relative urgency of its work on this item. A number of delegations noted that they withheld detailed comments on the draft in order to present these in an informal meeting to be held on 11 June.

3. Regarding the item "Proposals Relating to the Negotiations under Article XIX", the Council held substantive discussions, in part on two proposals on the scheduling of energy services. The importance of this sector in supporting economic growth for all Members was underlined. The proposals presented are the fruit of considerable on-going work of a "friends group" on energy services. I encouraged others to follow this example and to apprise the Council of the work of such friends groups, as further transparency helps to advance discussion in these sectors. A contribution was also made on cultural services, in which the sensitivities and complexities of conducting negotiations were touched upon, as well as suggestions on how to appropriately overcome them. Further support was expressed for a joint communication on maritime transport services presented at the last formal meeting. Interventions were also made highlighting the importance of logistics services in international transport, as well as certain aspects of health services.

4. Under the item "Review of Progress in Negotiations", the Council's discussion was characterised by a large number of interventions and the raising of substantive points demonstrating that the negotiations had moved to a new level following the circulation of the first initial offers.

Delegations indicated that there had been a healthy exchange of views in bilateral consultations, both in terms of clarifying initial offers and, in a few cases, requesting deeper commitments. In this regard, concerns were raised with respect to possible roll-back, which would require clarification. Most Members indicated that they felt that the 25 initial offers circulated to date was a positive sign of engagement; however, it was observed that a clearer picture of the level of ambition would require a qualitative assessment in addition to the quantitative analysis. Some developing country Members expressed disappointment that sectors which they had indicated as being of interest to them were not sufficiently reflected in the offers. A number of delegations indicated that their offers were in the final stages of preparation; others underlined that capacity-related delays in submitting an offer should not be interpreted as a lack of interest on their part. A number of Members took the opportunity to present their offers and indicated that these had been formulated with a view to establishing positive linkages. There were interventions to the effect that there remains important unfinished business in areas outside the market access negotiations, namely in GATS rules and domestic regulation. I also think it worthwhile to point out that Members indicated that bilateral consultations and the work of the Special Session has been characterised by a positive atmosphere.

5. Finally, in my last written report to the TNC, I stated that a proposal originally tabled last October by a group of developing country Members was an Outstanding Issue. The proposal concerns paragraph 15 of the Guidelines and Procedures for the Negotiations on Trade in Services, which refers to an evaluation of the results obtained in the negotiations in terms of the objectives of Article IV (Increasing Participation of Developing Countries) of the GATS. Members have now agreed to include a permanent sub-item on the agenda under the item "Review of Progress in Negotiations".

## **II. OUTSTANDING ISSUES**

6. With respect to Outstanding Issues, there is a sense that the Council must pursue its work on the Modalities for the Special Treatment for Least-Developed Countries with a sense of priority. An open-ended informal meeting will be held on 11 June to allow a technical discussion on the revised draft.

## **III. FUTURE WORK**

7. Under the item "Organisation of Future Work", I informed the Council about a letter I received from the Chairman of the General Council regarding Agreement-specific proposals on Special and Differential Treatment. As you know, these proposals have been referred to negotiating bodies for their consideration. The Special Session of the Council for Trade in Services will hold an informal meeting in June in order to prepare the groundwork for the consideration of a report to the General Council at the July cluster of services meetings.

8. Lastly, I informed the Council that, in preparation for the Fifth Ministerial Conference, I am preparing a report on my own responsibility for submission to the TNC on the work of the Special Session since the Fourth Ministerial Conference.

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