

**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 oral report made to the TNC on 10 June 2003 I wish to make this formal written report.

The Special Session of the Council for Trade in Services in Special Session met on 3-10 July 2003.

**I. STATUS OF WORK**

1. With respect to the "Assessment on Trade in Services" the Council had a substantive discussion in part based on a particularly rich oral statement by Malaysia on its experience with the liberalization of its financial services sector. A few delegations echoed comments from this statement that the sequencing and pace of reforms in this sectors was of critical importance. The Council expressed its gratitude to the government of Canada for a financial contribution to the International Trade Centre which is ear-marked for a project that assists governments in conducting national assessments on trade in services. The Council agreed to invite the ITC to a future meeting to make a presentation on how Members might better take advantage of this programme. Finally, a number of delegations suggested that elements contained in the submissions made under this item to date could be used to structure the Council's on-going work. I will pursue consultations in this regard over the coming weeks.

2. Under "Proposals Relating to the Negotiations under Article XIX" India presented a proposal on behalf of 15 developing country Member co-sponsors on the liberalization of movement of natural persons.<sup>1</sup> Discussion on this proposal was substantive and characterised by a large number of interventions underlining the importance of this mode of supply, particularly to developing country Members. A number of points were raised in the course of the discussion including the need to examine the current nature of mode 4 commitments, administrative procedures relevant to mode 4, the recognition of qualifications of service suppliers and a possible model schedule. The proposal has served to draw additional attention to this issue at an important juncture in the request-offer process. Additionally, the delegation of Venezuela expanded upon an earlier presentation of a proposal on energy services.<sup>2</sup> It is worth noting the exemplary nature of the transparency with which the energy friends group has pursued its work as testified to by its oral reports and written submissions.

3. As is to be expected, the Council had substantive and very extensive discussions under the item "Review of Progress in Negotiations". Overall, Members felt that the negotiations to this point

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<sup>1</sup> TN/S/W/14.

<sup>2</sup> S/CSS/W/69/Add.2.

had been running relatively smoothly. Important work has been done on the various elements of the negotiating architecture mandated in paragraph 3 of Article XIX. Market access negotiations were being conducted in a positive and constructive atmosphere, and the participation of Members has been broadening. However, delegations also sought to identify a number of areas of concern. For example, there were some expressions of disappointment with the limited number and the overall modest nature of the offers on the table. Repeated encouragement was recorded for Members to renew their efforts to submit initial offers prior to the Ministerial Conference and eight delegations indicated that this was their intention. Attention was drawn to the difficulties faced by developing countries, and particularly the least-developed country Members, in overcoming the technical and human capacity constraints required in preparing an offer. In terms of the quality of the offers a number of Members indicated it was mixed and at times did not include sectors and modes which they had identified in their requests as being of particular interest to them. Others indicated that they were encouraged by progress in the negotiations on financial, maritime transport and energy services sectors. In terms of the rule-making components of the negotiations, disappointment was expressed with the lack of progress in work, although a few Members noted there were initial encouraging signs emerging from the Working Party on Domestic Regulation. Members highlighted a particular concern over the negotiations on emergency safeguard measures in the context of the preparations for the meeting of Ministers in Cancun. Finally, I would note that the Council held its first discussion under a permanent sub-item on the implementation of paragraph 15 of the Negotiating Guidelines relating to Articles IV and XIX:2 of the GATS. The proponents of this proposal presented a series of questions which they felt could be used as a basis for future work. Due to a lack of time, Members could only commence their discussion of these questions. I will be holding consultations in this regard in order to prepare for continued discussion in October.

## **II. OUTSTANDING ISSUES**

4. Please see my report under this same sub-heading contained in document TN/S/10.

## **III. FUTURE WORK**

5. Please see my report under this same sub-heading contained in document TN/S/10.
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