



EUROPEAN COMMISSION

Directorate-General for Trade

Directorate D - Co-ordination of WTO and OECD matters. Services.

Dispute settlement and Trade Barriers Regulation

Trade in services (including e-commerce); GATS

**WTO MEMBERS' REQUESTS
TO THE EC AND ITS MEMBER STATES
FOR IMPROVED MARKET ACCESS
FOR SERVICES**

Consultation Document

**FOREWORD BY THE
EC TRADE COMMISSIONER PASCAL LAMY**

During the Fourth Ministerial Conference in Doha, Qatar, in November 2001 Trade Ministers launched a new round of WTO trade negotiations. In the context of a continuing global slowdown and worsening outlook for the international economy, the successful outcome of these negotiations remains as crucial as ever.

Services play an increasingly central role in the global economy, but their strong and growing role is still not reflected in its share of world trade. Various entry barriers still hamper trade in services and act as a brake on economic growth. In virtually every country the performance of the service sector can make the difference between rapid and sluggish growth, as services constitute essential inputs in the production of goods and other services. They encompass a vast and disparate range of economic activities and dominate the economies of developed and many developing countries. Access to high-quality services, in particular infrastructure-related services such as telecommunications, transport, and financial services, benefit the whole economy by increasing productivity across sectors and are crucial for economic development.

The GATS negotiations are about opening up services trade. They are not about deregulation of services, many of which are closely regulated for very good reasons, such as ensuring quality and equal access to public services, social and territorial cohesion.

The EC has important stakes in the current services negotiations. Services constitute the single most dynamic economic activity in the EC accounting for at least two thirds of GDP and employment. Services also account for more than half of the EC's incoming and outgoing foreign direct investments. The EC is at the same time the biggest world exporter and importer of services, with 24% of world trade in services (while it covers 19% of world trade in goods).

It was therefore of critical importance that Ministers in Doha agreed to provide new impetus to the services negotiations started in 2000 by setting clear deadlines for the submission of initial requests for market access (30 June 2002) and for the presentation of initial offers to other members (31 March 2003). In accordance with this mandate the EC submitted in early July 2002 its initial requests for improved market access in services sectors to 109 WTO Members. The EC has in return since July 2002 received a number of initial requests from third countries seeking further access to the EC's services market for their services providers. Other countries are at this point in time in various stages of preparing their initial requests. While the services negotiations are generally on track it is important that all EC partners take an active part in the negotiations and submit their initial requests and subsequently offers. Only when negotiations are comprehensive can an overall balance of rights and obligations be secured.

With the tabling of initial requests by Members the focus of work has now shifted from the multilateral arena to bilateral negotiations between trading partners

with a view to the preparation of initial offers due to be submitted by end of March 2003.

Since I took office in 1999 I have been committed to being transparent and to engage in a continuous dialogue with all interested parties on trade issues. It is only if we have a broad debate with all stakeholders about the issues, real or perceived, raised by trade liberalisation that we can garner the support necessary for carrying these important negotiations to a successful conclusion.

This consultation is reflective of this commitment to transparency and dialogue and is aimed at seeking public input into how the EC should respond in its initial offer to the request it has received from third countries. I therefore invite you to study this document and let us know your views on the issues at stake before 10 January 2003.

Pascal LAMY

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THE GATS 2000 NEGOTIATIONS

I. INTRODUCTION

At the Ministerial Conference in Doha, Qatar, in November 2001 Trade Ministers agreed on a timetable for the ongoing negotiations on services under the General Agreement on Trade in Services (GATS). The Declaration adopted by Ministers at Doha calls as far as services is concerned for the submission of initial requests for specific commitments from other members by 30 June 2002 and for the presentation of initial offers to other members by 31 March 2003.

In accordance with this mandate the EC and its Member States¹ submitted in early July 2002 its initial requests for improved market access in the services sectors to 109 other WTO Members. A summary of the EC's requests is accessible at the DG Trade web site². In return the EC has since July 2002 received initial requests from a number of third countries seeking further access to the EC's services market for their services providers³. The countries from which the EC has so far received requests are set out in Annex I. Other countries are at this point in time in various stages of preparing their initial requests and further requests are therefore expected to be submitted in the months to come.

With a worsening outlook for the global economy the importance of a successful outcome of these negotiations should not be underestimated. Services are essential inputs in the production of goods and other services. They encompass a vast and disparate range of economic activities and dominate the economies of developed and many developing countries. Access to high-quality services, in particular infrastructure-related services such as telecommunications, transport, and financial services, benefit the whole economy by increasing productivity in all sectors and are crucial for economic development. By removing pervasive entry restrictions for service suppliers and thereby creating greater international competition the GATS can push companies towards greater economic efficiency and competitiveness and help to ensure consumers a better and wider choice in terms of quality and price of goods and services.

II. PURPOSE OF CONSULTATIONS WITH CIVIL SOCIETY

The EC is committed to ensuring a regular and transparent dialogue with representatives of civil society with regard to all aspects of the GATS negotiations. As part of this commitment the EC has undertaken regular

¹ Hereinafter referred to jointly as the EC

² http://europa.eu.int/comm/trade/services/index_en.htm

³

consultations in various formats since 1999 on the issues raised by these negotiations. The Commission's efforts to consult with civil society are of course supplemented by the consultations that take place at national level on an continuous basis and which help shape the positions Member States adopt when the Commission consults them through the relevant Council Committees. In order to facilitate the comprehension of the terms used in this document a glossary has been added at the end.

This consultation reflects the EC's commitment to transparency and dialogue and is aimed at seeking public input on the issues raised by these negotiations and on how the EC should respond in its initial offer to the request it has received from third countries. In view of the deadline for tabling of initial offers all interested stakeholders are invited to submit their comments to the address given below **before 10 January 2003**.

Joao Aguiar Machado
Head of Unit
Trade in Services, incl. e-commerce
DG Trade
European Commission
Rue de la Loi 200
B-1049 Brussels

Or by email to:
TRADE-GATS-CONTACT-POINTS@cec.eu.int

III. THE IMPORTANCE OF SERVICES LIBERALISATION

Services play an increasingly central role in the global economy. Services also tend to be an important source of employment and employment creation. Many traditional services, such as distribution and construction are particularly labour intensive and it has generally proved more difficult in these areas to substitute equipment for human inputs than in manufacturing. The rapidly expanding services sector is contributing more to economic growth and job creation worldwide than any other sector. According to the World Bank's Global Economic Prospects 2002:

“Services have been among the fastest growing components of world trade over the last 15 years. Over the period 1985-99, the compound annual growth rate for services exports on a balance-of-payments basis – which covers primarily cross-border supply and consumption abroad – was over 9 percent per annum, compared to 8.2 percent per annum for merchandise.”

In developing countries, the average share of services in GDP increased from around 40 percent in 1965 to around 50 percent in 1999, while in the OECD countries the average share increased over the same period from 54 percent to over 60 percent.

But while services currently account for over 60 percent of global production and employment, they represent no more than 20 per cent of total trade⁴. This seemingly modest share of total world trade should not however lead one to dismiss the importance of the sector. Many services, which traditionally have been considered domestic activities, have increasingly become tradable internationally. Owing to the introduction of new transmission technologies (e.g. electronic banking), the opening up in many countries of long-entrenched monopolies (e.g. voice telephony and postal services), and regulatory reforms in sectors that until more recently have been tightly regulated, this trend is likely to continue.

In the EU services constitute the single most dynamic economic activity accounting for at least two thirds of GDP and employment. Services also account for more than half of the EC's incoming and outgoing foreign direct investments.

Furthermore, the EU is the biggest world exporter and importer of services, with 24% of world trade in services (while it covers 19% of world trade in goods). Against the overall predominance of services in the EU economy, it is noteworthy that currently only about 25% of the EU's total exports consist of services (measures on a BOP basis). In other words, there is an important gap between the role played by the services sector in the EU's economy and its share in the EU's international trade,

⁴ Calculated on a balance of payment (BOP) basis.

illustrating the scope for further growth and employment in services trade.

World* Trade Volume Commercial Services**

(bn Euro)

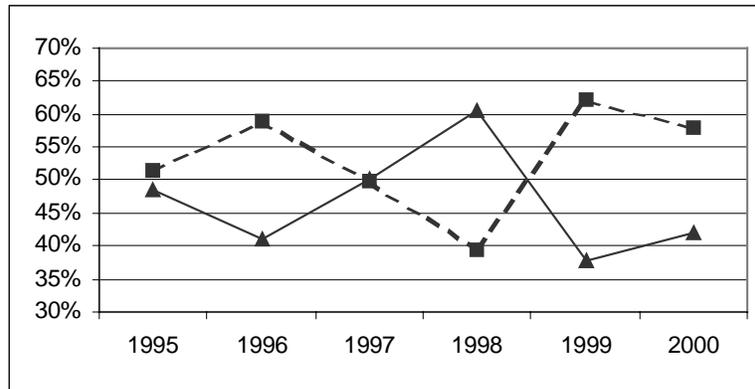
	1995	2000
EU	329	577
USA	250	513
Japan	142	199
Rest of the World	661	1.134
World Total	1.382	2.423
EU as % Total	24%	24%

* World excluding Intra-EU trade

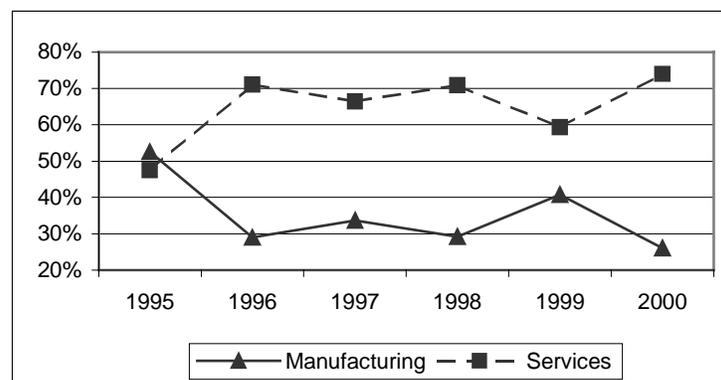
** Commercial services = Services - Government services

EU FDI OUTFLOWS

Extra-EU flows, excluding reinvested earnings.

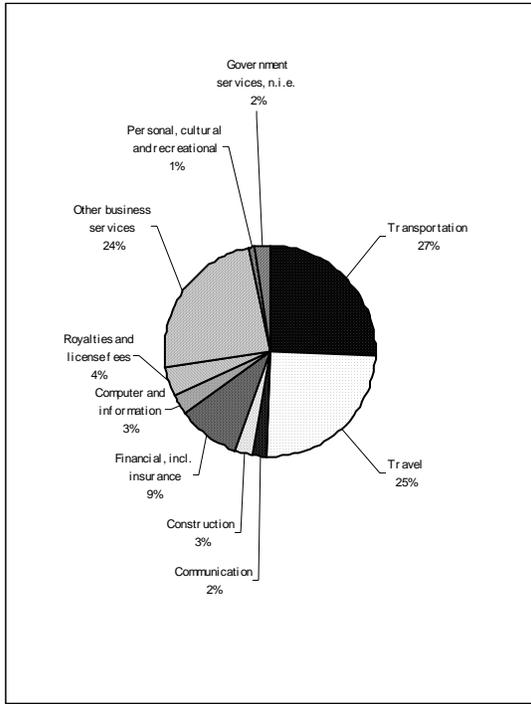


EU FDI INFLOWS



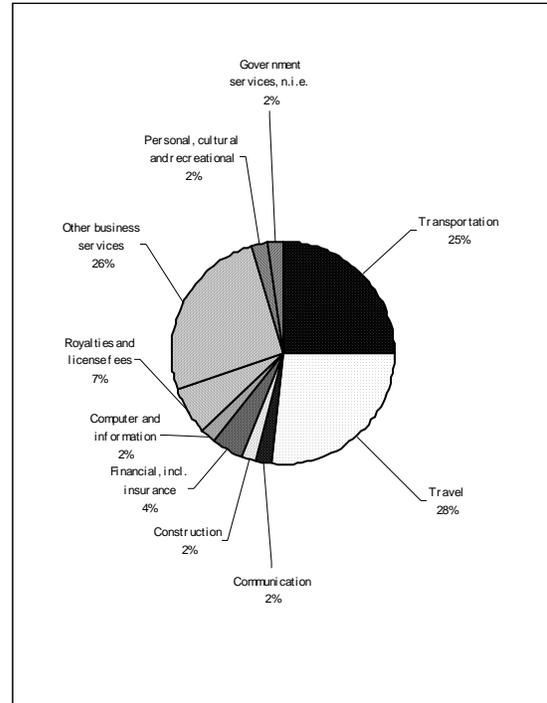
EU SERVICE EXPORTS 2000

Excluding Intra-EU exports

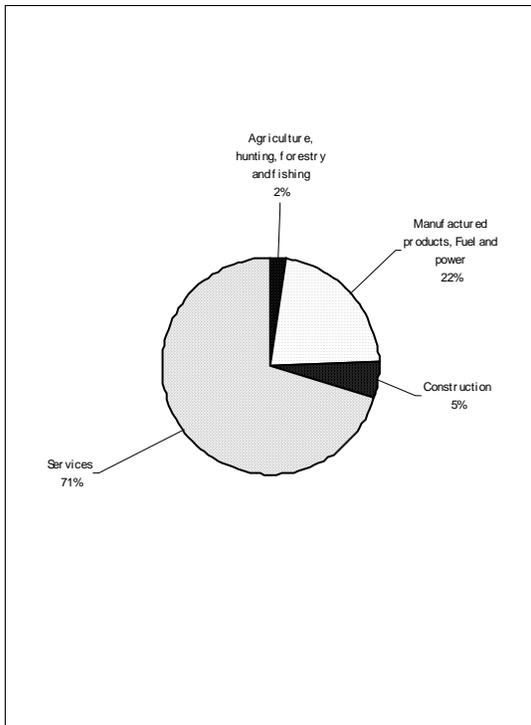


EU SERVICE IMPORTS 2000

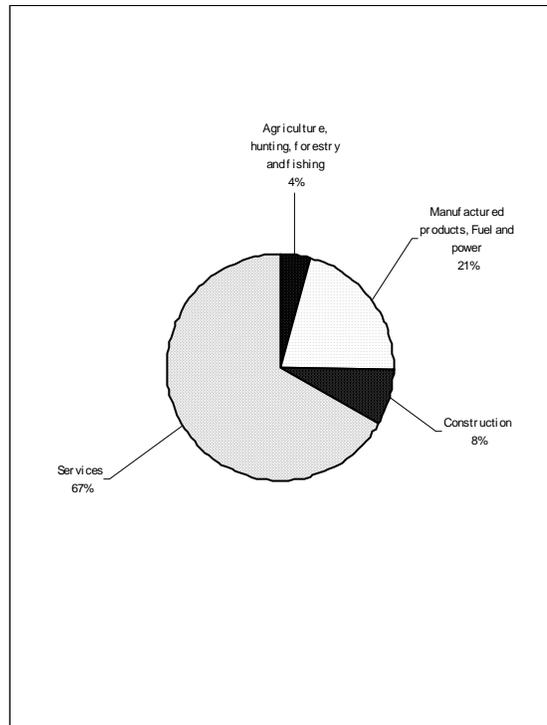
Excluding Intra-EU imports



EU GROSS VALUE ADDED 2000



EU TOTAL EMPLOYMENT 2000



Source: Eurostat

IV. LIBERALISATION OF TRADE IN SERVICES UNDER THE GATS

A. THE AIM OF THE GATS

The creation of the GATS was one of the major achievements of the Uruguay Round. The GATS, which entered into force in January 1995, was inspired in large part by the same objectives as its counterpart in trade in goods, the General Agreement on Tariffs and Trade (GATT), namely: Creating a credible and predictable system of international trade rules; ensuring fair and equitable treatment of all participants (principle of non-discrimination); stimulating economic activity; and promoting trade and development through progressive liberalisation.

Three essential considerations helped shape the GATS.

First, the creation of a multilateral framework of principles and rules, aimed at progressively opening up trade in services, was seen as a way to help trade in services expand and contribute to economic development worldwide.

Second, a general recognition that WTO Members would still need to regulate the supply of services to meet national policy objectives. Third, a desire to help developing countries to take a fuller part in world trade in services, particularly through strengthening the capacity, efficiency and competitiveness of their own domestic services.

Rules for trade in services agreed within a rules-based organisation like the WTO gives small countries and big ones a voice and tends to foster a world where persuasion replaces coercion. Since decisions are taken by consensus the WTO provides leverage to even relatively small economies in dealing with the political pressures sometimes exerted by larger economies. Through its MFN obligation the GATS promotes the development of multilateralism and acts as a restraint against discriminatory trade barriers, which together helps reduce trade friction among parties. When disputes do occur they can be settled on the basis of mutually agreed procedures rather than through unilateral actions based on size or political might.

B. BASIC STRUCTURE OF THE GATS

The agreement as a whole has six parts. An opening section sets out the scope and definition of the agreement. Part II deals with general obligations and disciplines that for the most part apply to all services and all members. Part III sets out rules governing the specific commitments in schedules. Part IV concerns future negotiations and the schedules themselves. Parts V and VI cover institutional and final provisions.

The agreement applies to measures by WTO members that affect trade in services and in principle covers all commercially traded services. All services are covered, except those “supplied in the exercise of

governmental authority”, these being defined as services which are neither supplied on a commercial basis nor in competition with other service suppliers, for example central banking or social security.

WTO Members commitments are laid down in so-called country schedules, one for each Member. The schedules of Commitments resulting from the Uruguay Round negotiations cover roughly 160 different service sectors. The legal nature of a schedule as well as the need to evaluate commitments, require the greatest possible degree of precision and clarity in the description of each sector or sub-sector scheduled. In general the classification of sectors and sub-sectors should be based on the WTO Secretariat's Services Sectoral Classification List (commonly referred to as the “W/120”).⁵ Each sector contained in the Secretariat list is identified by the corresponding Central Product Classification (CPC) number. Where it is necessary to refine further a sectoral classification, this should be done on the basis of the CPC or other internationally recognised classification (e.g. Financial Services Annex). A breakdown of the CPC, including explanatory notes for each sub-sector, is contained in the UN Provisional Central Product Classification.⁶

Each Member determine the list of activities for which they are prepared to offer market access and national treatment to foreign service providers (“bottom-up approach”). There is considerable scope to tailor national schedules so as to cater for domestic policy objectives and constraints. For example, the GATS does not prescribe the number, level or sectoral pattern of a country's commitments.

For any sector included in its services schedule, a Member is required to specify the commitments that it is prepared to undertake on market access and national treatment (see below Section IV.G). Departures from market access and national treatment are not prohibited *per se*, but they must be listed in the schedule as limitations. Limitations applying to all scheduled sectors may be inscribed in a horizontal section, to avoid repetition. The GATS is therefore based on a “hybrid” approach: it combines a positive listing of sectors with a negative listing of restrictions.

The non-scheduling of a sector or a non-commitment on a particular mode do not imply that the relevant policies are beyond all GATS disciplines. Some basic obligations, such as the most-favoured-nation (MFN) principle⁷, apply regardless of such circumstances. The MFN obligation prohibits any form of discrimination between trading partners, i.e. any concessions granted to one Member must be extended to all. Thus, while a WTO Member may prohibit all trade in a non-committed

⁵Document MTN.GNS/W/120, dated 10 July 1991.

⁶Statistical Papers Series M No. 77, Provisional Central Product Classification, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991.

⁷ See Section IV.F. below.

sector or mode, it must, as a rule, operate this prohibition on a non-discriminatory (an MFN) basis, that is to say equally vis-à-vis all other WTO Members. Exceptions relate to preferences granted amongst participants in economic integration agreements (Article V GATS). In addition, exemptions from MFN treatment could have been sought, for a period not exceeding 10 years in principle, at the date of entry into force of the Agreement or, for new WTO Members, at the date of accession.

C. MEASURES FALLING OUTSIDE THE SCOPE OF THE GATS

Although the scope of the GATS is wide, dealing with "all measures affecting trade in services", some matters lie outside the GATS disciplines:

- ◆ immigration rules;
- ◆ services supplied under Governmental Authority;
- ◆ fiscal policy and taxation measures – although there are disciplines to ensure that taxation is applied on a Most-Favoured Nation (MFN) basis, and is not unduly distortive;
- ◆ customs systems - the import of equipment necessary for the supply of a service;
- ◆ certain aspects of investor protection, concerning the movement of capital;
- ◆ exchange rate management;
- ◆ privatisation - forms of ownership as such are not addressed, but there are disciplines for state-owned trading entities and monopolies.

D. MODES OF SUPPLY

The GATT Agreement for trade in goods had only to deal with products crossing the border as the only form of supply. But reflecting the need in many service sectors for direct physical interaction between supplier and consumer, the range of transactions covered by GATS is particularly broad. Thus the GATS distinguishes between the four modes of supplying services depending on the origin of the service supplier and consumer, and the degree of territorial presence that they have at the time the service is delivered. The four modes are:

Mode 1: *Cross-border supply* is defined as covering services provided from the territory of one Member into the territory of another Member (e.g. banking or architectural services transmitted via telecommunications or mail). In other words only the service itself crosses the border, without the movement of persons. Cross-border supply of services corresponds with the normal form of trade in goods. It is in many ways the most straightforward form of trade in services, because it resembles the familiar subject-matter of the GATT, not least in maintaining a clear geographical separation between seller and buyer, only the service itself crosses national frontiers.

Mode 2: *Consumption abroad* refers to situations where a service consumer (e.g. tourist or patient) moves into another Member's territory to obtain a service. Typically, this will involve the consumer travelling to the supplying country, perhaps for tourism or to attend an educational establishment. Another example of consumption abroad would be where the property of the consumer crosses the border to make use of services abroad, such as the repair of a ship or aircraft outside the consumer's home country. Like cross-border supply, this is a straightforward form of trade that typically raises few problems, since it does not require the service supplier to be admitted to the consuming country.

Mode 3: *Commercial presence* implies that a service supplier of one Member establishes a territorial presence, including through ownership or lease of premises, in another Member's territory to provide a service (e.g. domestic subsidiaries of foreign insurance companies or hotel chains). Examples would be the establishment of branch offices or agencies to deliver such services as banking, legal advice or communications. This is probably the most important mode of supply of services, at least in terms of future development, and also raises the most difficult issues for host governments and for GATS negotiations. A large proportion of service transactions require that the provider and the consumer be in the same place.

Mode 4: *Presence of natural persons* or the admission of foreign nationals to another country to provide services there. Mode 4 may be found alone (such as in the case of employees of a foreign service provider), or together with another mode of supply (most usually mode 3, in the case of intra-corporate transferees for example). The scope of mode 4 is limited by an Annex to the GATS which makes clear that the agreement does not apply to permanent migration, residence or employment and has nothing to do with individuals looking for employment in another country. Even if members undertake Mode 4 commitments to allow natural persons to provide services in their territories, they may still regulate the entry and stay of the persons concerned, for instance by requiring visas, as long as they do not prevent the commitments from being fulfilled⁸.

⁸ *Ibid.*, Annex on Movement of Natural Persons Supplying Services under the Agreement.

E. WHAT ARE THE BASIC OBLIGATIONS UNDER THE GATS?

Obligations contained in the GATS may be categorized into two broad groups: General obligations, which apply directly and automatically to all Members and services sectors, as well as commitments concerning market access and national treatment in sectors that Members decide to commit in the course of negotiations. Such commitments are laid down in individual country schedules whose scope may vary between Members. The relevant terms and concepts are similar, but not necessarily identical to those used in the GATT; for example, national treatment is a general obligation in goods trade and not negotiable as under the GATS.

The rules of the GATS result not so much in a “level playing field” in the style of the European Single Market, but more in a road with standardised signs, indicating limitations and restrictions to be observed. The GATS can also be considered to set out the traffic management code that Member governments must abide by when painting in the road markings and positioning the signs.

F. GENERAL OBLIGATIONS

MFN Treatment: Under Article II of the GATS, Members are held to extend immediately and unconditionally to services or services suppliers of all other Members “treatment no less favourable than that accorded to like services and services suppliers of any other country”. This amounts to a prohibition, in principle, of preferential arrangements among groups of Members in individual sectors or of reciprocity provisions, which confine access benefits to trading partners granting similar treatment.

Derogations are possible in the form of so-called Article II-Exemptions. Members were allowed to seek such exemptions at the time the Agreement entered into force. New exemptions can only be granted to new Members at the time of accession or, in the case of current Members, by way of a waiver under Article IX:3 of the WTO Agreement, or as part of economic integration agreements (Article V GATS) . All exemptions are subject to review; they should in principle not last longer than 10 years. As mentioned above (Section IV.B.) the GATS also allows groups of Members to enter into economic integration agreements (Article V) or to mutually recognize regulatory standards (Article VII), certificates and the like under certain conditions.

Transparency: Transparency is another key principle to achieve multilateral liberalisation. It helps Members identify restrictions and possible protectionism. GATS Members are required, inter alia, to publish all measures of general application and establish national enquiry points mandated to respond to other Member's information requests (Article III).

G. SPECIFIC COMMITMENTS

Market Access: Market access is a negotiated commitment to guarantee as certain level of access in specified sectors. It may be made subject to various types of limitations that are enumerated in Article XVI:2. For example, limitations may be imposed on the number of services suppliers, service operations or employees in the sector; the value of transactions; the legal form of the service supplier; or the participation of foreign capital.

National Treatment: A commitment to national treatment implies that the Member concerned does not operate discriminatory measures benefiting domestic services or service suppliers. The key requirement is not to modify, in law or in fact, the conditions of competition in favour of the Member's own service industry. Again, the extension of national treatment in any particular sector may be made subject to conditions and qualifications.

As stated earlier Members are free to tailor the sector coverage and substantive content of such commitments as they see fit. The commitments thus tend to reflect national policy objectives and constraints, overall and in individual sectors. Since market access and national treatment each apply to the four modes of supply, trading conditions are defined in the form of eight entries per sector. These may vary within a spectrum whose opposing ends are guaranteed market access and/or national treatment without limitations, referred to as full commitments with the relevant entry in the schedule being “none”, and the denial of any such guarantees, referred to as no bindings with an entry of “unbound”.

H. DEROGATIONS

The GATS permits Members in specified circumstances to introduce or maintain measures in contravention of their obligations under the Agreement, including the MFN requirement or specific commitments. The relevant Article provides cover, inter alia, for measures necessary to:

- ◆ protect public morals or maintain public order;
- ◆ protect human, animal or plant life or health; or
- ◆ secure compliance with laws or regulations not inconsistent with the Agreement including, among others, measures necessary to prevent deceptive or fraudulent practices.

Moreover, the Annex on Financial Services entitles Members, regardless of other provisions of the GATS, to take measures for prudential reasons, including for the protection of investors, depositors, policy holders or persons to whom a fiduciary duty is owed by a financial service supplier, or to ensure the integrity and stability of the financial system.

Finally, in the event of serious balance-of-payments difficulties Members are allowed to temporarily restrict trade, on a non-discriminatory basis, despite the existence of specific commitments.

V. THE RESULTS OF THE URUGUAY ROUND

A cursory look at current schedules reveals significant disparities in the level and extent of GATS commitments. Of the 160 odd sectors covered the Sectoral Classification List generally used by Members for scheduling purposes, one-third of Members have committed on 20 sectors and less, one-third on between 21 and 80, and the remaining third on between 81 and 145. During the Uruguay Round the EC made extensive commitments – making commitments in more than 120 sectors⁹ - and its trade interests in this area are essentially offensive.

For the EU, some of the key objectives of the services negotiations are:

a) to improve the conditions of access for EC services exporters in third country markets¹⁰,

b) to make progressive liberalisation of trade in services not only consistent with, but also supportive of, sustainable development, while

c) ensuring that WTO Members can adequately protect their national policy objectives.

VI. REQUESTS TO THE EC

The EC has received requests from a number of WTO Members (list attached as Annex I). A short description of the requests is set out in the following pages. For each sector there is a short description of the scope of the sector, the EC's current commitments, and the nature of the requests received.

Given that further requests may be submitted to the EC after the publication of this document, the Commission will update the description

⁹ Austria, Finland, and Sweden were not yet members of EC at the conclusion of the Uruguay Round and therefore have schedules separate from the others members of the EC. The EC's current schedule of commitments and the country schedules for Austria, Finland and Sweden are available on the WTO web site (http://www.wto.org/english/tratop_e/serv_e/serv_commitments_e.htm). Please note that the EC's original schedule of commitments from 1994 has been modified by the following supplements: Supplement 1 (Financial Services); Supplement 2 (Mode 4); Supplement 3 (Telecommunications Services); and Supplement 4 (Financial Services)

¹⁰ The EC's general objectives for the GATS negotiations as well as its objectives for most of the sectors covered by the GATS have been publicly available for some time through, for example, the EU and WTO web sites. Indeed, the sectoral proposals were all submitted to the WTO in December 2000 and a communication on the EC's general objectives was submitted in March 2001, see Annex II.

as necessary on its website where this document will be posted. So we invite you to check this document from time to time for possible updates.

The Commission invites all interested parties to examine this document and to submit their comments **before 10 January 2003**. In preparing your comments, you might like to address one or more of the following issues:

- The impact (either positive or negative) that individual requests might have on – for example business, consumers – if the EC and its Member States were to decide to agree to the request;
- Whether or not the EC and its Member States should agree to a request, either fully or in part, with an explanation of your reasons.

HORIZONTAL COMMITMENTS

INVESTMENT REGIME

A. Current EC commitments

In its schedule of specific commitments, the EC has inscribed limitations related to the investment regime. The limitations can be grouped in three categories:

- ◆ at EC level, subsidiaries of third-country companies are treated like any company created by EC investors, and benefit from the advantages of the single market. In various sectors, that encompasses benefiting from the single passport within the EC, i.e. from the freedom to branch and to provide cross-border services within the EC. On the contrary, direct branches from third-country companies do not enjoy the same advantages. Moreover, in order to enjoy those benefits, subsidiaries need to show that they possess an “effective and continuous link” with the economy of the EC;
- ◆ authorisation by public authorities of investment is required in several Member States, if the investment is above certain levels (Finland, France and Portugal), is performed by government-controlled entities (in Spain) or concerns certain sectors, such as defence, transport, telecommunications and energy (in Italy);
- ◆ foreign participation in privatised companies may be limited (France, Italy and Portugal).

B. Requests to the EC

Most of the requests submitted, both from developing and developed countries, address these limitations. Some of the requests ask for clarification, but most requests are seeking elimination of those limitations.

REAL ESTATE

A. Current EC commitments

1. Two Member States (Denmark and Greece) have scheduled market access restrictions on the purchase of real estate requiring the purchaser to obtain an authorisation from the authorities.

2. Five Member States (Germany, Ireland, Austria, Sweden, Finland) have all scheduled national treatment limitations subjecting the acquisition of land by non-nationals and in some cases leasing of real estate to an authorisation from the authorities. In certain cases the requirement to obtain an authorisation is limited to:

- ◆ Certain geographical areas: Germany, Greece, Ireland, Finland (Åland).
- ◆ Second homes/leisure time dwellings: Sweden, Finland.

3. Italy has scheduled unbound for the purchase of real estate.

Italy has also scheduled an MFN exemption for all sectors and for all countries for an indefinite period combined with a reciprocity requirement.

B. Requests to the EC

Requests covering real estate have been tabled by about half WTO members. They can be described as follows:

- ◆ Elimination of all restrictions: One country plus one country that only seeks elimination in relation to financial, maritime and tourism and related services.
- ◆ Denmark's market access restriction: Removal (five countries), reduce its scope (two countries), or clarify (one country).
- ◆ Greece's market access restriction: Removal (two countries), reduce its scope (one country), or clarify (one country).
- ◆ Germany's national treatment limitation: Removal (four countries) or clarify (three countries).
- ◆ Ireland's national treatment limitation: Removal (five countries), or clarify (two countries).
- ◆ Italy's national treatment limitation: Removal (six countries), narrow its scope (one country), or clarify (one country).

- ◆ Austria's national treatment limitation: Removal (one country), or narrow its scope (two countries).
- ◆ Sweden's national treatment limitation: Removal (two countries).
- ◆ Finland's national treatment limitation for leisure homes: Removal (two countries)
- ◆ Finland's national treatment limitation for Åland: Removal (one country)
- ◆ Italy's MFN Exemption: Removal (five countries)

MOBILITY OF PERSONS (MODE 4)

Scope of coverage

Mode 4 is the provision of services through the temporary presence of foreign nationals, in other words, when people travel abroad to provide services. Mode 4 is an important means of providing services where personal contact with clients, or travel to the site where the services are to be provided, is a significant element.

The scope of coverage of Mode 4 is limited by a specific Annex to the GATS, which makes clear that the GATS does not apply to permanent migration, residence or employment. It also does not apply to “measures affecting natural persons seeking access to the employment market”. Finally, the GATS also makes clear that countries should remain free to regulate the entry and stay and persons into their territory (including in relation to visa policy) provided that the measures adopted do not have a trade restrictive effect. A visa requirement for certain nationalities is not regarded as having a trade restrictive effect.

A. Current EC commitments

In the Uruguay Round, the EC and its Member States made commitments which allow some foreign nationals to temporarily enter the European Union for the purpose of the provision of services. They include commitments made during the extended negotiations on Mode 4 after the end of the Uruguay Round and included in Supplement 2 to the EC’s schedule.

These commitments relate to three categories of international service providers and can be summarised as follows:

Intra-corporate Transferees (ICTs): An ICT is an employee of a foreign firm, who is temporarily transferred to an establishment of that firm (subsidiary, branch or office) in the territory of an EU Member State. Commitments are limited to senior and specialised personnel. Entry is permitted without compliance with a labour market test (LMT)¹¹ (except for Finland), although all other requirements concerning entry, stay, work and social security measures continue to apply. The permitted length of stay is not stated, and national law therefore applies. ICTs must have worked within the company for at least one year prior to transfer.

Business Visitors (BVs): A representative of a foreign services supplier who is seeking temporary entry into the territory of an EU Member State for one of the following purposes: (a) to negotiate the sale of services; (b)

¹¹ A labour market test is a requirement imposed by governments in order to determine whether or not to allow persons to “work” in that country, based on an assessment of the (un)employment situation.

to conclude contracts to sell services; or (c) for senior personnel only - to set up an establishment (subsidiary, branch or office). BVs must not make direct sales to the public or supply services themselves. The permitted length of stay is not set out, so national law applies.

Contractual Service Providers (CSS): Employees who work for an overseas company which has obtained a services contract in an EU Member State, which involves sending its employees to that EU Member State to fulfil the contract. Commitments have been made for stays of up to three months and for certain sectors only (individual Member States have committed different sectors). Only skilled employees are covered. There is a minimum prior employment requirement of one year (two years for Greece). Entry is permitted without compliance with a LMT (except in the case of France, Italy and the UK, where a LMT may be required for some sectors). All other requirements concerning entry, stay, work and social security measures continue to apply.

Three Member States have listed additional horizontal limitations:

- ◆ France and Italy require that third country nationals who are not permanent residents must have a specific authorisation to carry out “commercial, industrial or artisanal activities”;
- ◆ Austria requires that Managing Directors and persons responsible for the observance of the Austrian Trade Act be resident in Austria.

B. Requests to the EC

Most of the requests received address Mode 4 at a horizontal level (i.e. not sector specific but across all sectors committed). A number of countries have also made requests on Mode 4 for specific sectors of interest. The level of ambition of the requests vary widely, from requests to allow complete free movement of persons providing services, to rather more limited requests to improve transparency.

The most frequently made requests (each made by five or more countries) are as follows:

- ◆ Sectoral coverage of CSS to apply equally to all Member States (in other words, if one Member State has made a commitments on – say – management consulting – this should be made by all Member States),
- ◆ Sectoral coverage of CSS to be extended to cover sectors not currently committed (some countries have specified sectors of interest, whilst others seek a commitment for all service sectors covered by services classification (W/120)),
- ◆ Extend the permitted length of stay for CSS (to between one and three years),

- ◆ Specify the length of stay for ICTs (between three years and indefinite stay),
- ◆ Specify the length of stay for BVs (90 days),
- ◆ Create a new category of ICT for training purposes,
- ◆ France and Italy to remove their limitations on access to industrial, commercial and artisanal activities,
- ◆ Removal of Labour Market Testing requirements,
- ◆ Removal of MFN exemptions (which mostly reflect historic/cultural ties between EC Member States and third countries),
- ◆ Acceptance of the principle that the third country qualifications recognised by one EC Member State should be recognised throughout the EC,
- ◆ Improved transparency of rules and procedures linked to mode 4 (e.g. in relation to work and residence permits), and faster processing times.

In addition, the following requests have been made by two or more countries:

- ◆ Removal of all restrictions, allowing free movement of persons who provide services (two countries have requested this for all categories of service supplier, one country for ICTs only and one country for certain job types only),
- ◆ Commitments on lower skill levels,
- ◆ Commitments on foreign employees of domestic companies (persons recruited directly from overseas),
- ◆ Commitments on independent professionals (self-employed persons established overseas and entering the EC to provide services on the basis of a contract),
- ◆ Allow persons to provide after-sales/after-lease services without requiring a work permit,
- ◆ Austria to remove residence requirement,
- ◆ Automatic work permits for spouses of ICTs,
- ◆ Permit multiple entry for persons covered by commitments.

MFN EXEMPTIONS

Nature of MFN Exemptions:

Most WTO members have listed a number of so-called MFN exemptions. These allow measures that deviate from the basic principle of most favoured nation (Article II of the GATS agreement). The measures covered by the exemptions vary considerably. Exemptions are listed with a specific scope (for a specific sector or covering all sectors), with a description of the type of measure applied, the geographical extension, the duration and a short motivation for the exemption.

A. Current EC Exemptions

The EC also has a list of exemptions. Some cover policies at European level, others refer to specific measures in individual Member States. At community level the measures cover specific activities in the areas like transport, the audio-visual sector and Mode 4. Some cover agreements or measures in relation to certain geographical areas. Exemptions listed for individual Member States are usually covering measures in specific sectors¹².

B. Requests to the EC

The request received from WTO Members in many cases address some or all of the exemptions listed by the EC. In several cases the removal of all MFN exemptions is requested as a matter of principle. One request aims at changing the duration from “indefinite” to a specific range of years. In most cases individual exemptions are targeted as part of the sector specific requests. Some trading partners use a combination of these approaches.

Specific requests are made to remove the EC level exemptions in the Mode 4, audio-visual sector, measures on legal entities in relation to small states (Andorra, San Marino etc), bilateral agreements with Switzerland and in relation to air transport (Computer Reservations Systems).

Request made on exemptions taken by individual Member States include the elimination of the following exemptions: Real estate (Italy), access to artesianal professions (France), work permits to Commonwealth citizens (UK), seasonal workers (Italy), Nordic Co-operation (Sweden, Finland,

¹² For further details on the MFN Exemptions for the EC and Austria, Finland, and Sweden the exemptions lists can be consulted at the following WTO website:
http://www.wto.org/english/tratop_e/serv_e/serv_commitments_e.htm

Denmark), national treatment of investors (Sweden), restrictions on printing and publishing services (Italy) and on maritime cabotage (Finland, Sweden).

SERVICE SECTORS

PROFESSIONAL SERVICES

Scope of sector coverage

According to W/120 classification, the professional services sector covers the following sub-sectors: Legal Services, Accounting, auditing and bookkeeping services, Taxation services, Architectural services, Engineering services, Integrated engineering services, Urban planning and landscape architectural services, Medical and dental services, Services provided by midwives, nurses, physiotherapists and para-medical personnel, others services .

A. Current EC commitments in the sector

The EC has taken commitments for all sub-sectors listed under professional services, as well as for pharmacists (supply of pharmaceuticals to the public) and surveyors (related scientific and technical consulting services). In principle, there is full coverage of the sub-sectors, except for legal services (only advice on home country law and on public international law) and taxation services (only tax advisory services). Commitments are subject to a number of limitations, mainly in terms of nationality and residency requirements, ENTs¹³, forms of establishment and conditions of admission for contractual service suppliers.

B. Requests to the EC

Most of the requests received so far address professional services and it is very likely that those to come will also do. If all the requests are put together, the EC is being asked to take full market access and national treatment commitments for all modes of supply in all professional services sub-sectors identified in the services classification (W/120) without limitation on their coverage.

However, those sectors that have attracted main interest are legal, accounting, architectural, engineering and integrated engineering and urban planning and landscape architectural services. Some developing countries, though not all of them, have also tabled requests on the professional services sub-sectors related with human and animal health.

Both developed and developing countries are seeking full market access and national treatment on mode 1 (cross border supply). For other modes

¹³ An ENT can generally be characterised as a provision in national regulations, legislation or administrative guidelines that imposes a test having the effect of restricting the entry of service suppliers on the basis of an assessment of the « market needs ».

of supply, the accent is put on mode 4 (presence of natural persons) by developing countries (with a request for full commitments), while developed countries tend to concentrate their requests on mode 3 (commercial presence). In this context, the EC is being asked to remove all current scheduled limitations, but mainly ENTs, nationality and residence requirements.

In addition to those demands which are more or less common to the requests received so far, there are others that are more specific and have only been identified by a reduced number of WTO Members and sometimes only by one. They can be summarised as follows:

- ◆ Extension of the sectoral coverage of commitments for legal services (to all types of legal services and to all fields of law) and taxation services (to all of them) and the addition of other health services (acupuncture, feet-care,...)
- ◆ Request for additional commitments to address some regulatory issues concerning legal services (provision of advice on third country law without being qualified in that law, full EC recognition of accreditation granted by a single Member State to a foreign lawyer, simplified licensing systems for foreign legal consultants, definition of the scope of legal activities and facilitation of visas), accounting services (implementation of the WTO Accountancy disciplines) and architectural services (simplified licensing systems and practice in a host nation in association with a local architect even if the qualification of the foreign architect has not been recognised)
- ◆ Requests for the negotiation of mutual recognition agreements (MRAs)

COMPUTER SERVICES

Scope of sector coverage:

According to W/120 classification, the computer and related services sector covers the following sub-sectors:

- consultancy services related to the installation of computer hardware;
- software implementation services (software being defined for the purpose of this subheading as “the sets of instructions required to make computers work or communicate”);
- data processing services;
- data base services;
- maintenance and repair services; other computer services not elsewhere classified.

A. Current EC commitments in the sector

The EC has made full commitments in modes 1 (cross border supply), 2 (consumption abroad) and 3 (commercial presence) for all subheadings listed under computer and related services in W/120, except for Austria, which has not committed part of the last subheading*.

B. Requests to the EC

About half of the requests received address computer and related services.

- ◆ Developing countries address first and foremost Mode 4 (presence of natural persons) restrictions, asking for their elimination.
- ◆ Developed countries ask for the extension of the coverage of commitments to the subheading not yet fully committed by Austria*.
- ◆ One request asks for commitments to be scheduled in a single entry for the whole sector (without differentiating between subheadings) and two requests ask for the scope of coverage of the sector to be discussed multilaterally and clarified in consideration of the rapid technological changes.

* other computer services not elsewhere classified, e.g. training services for staff of clients and other professional computer services

BUSINESS SERVICES

Scope of sector coverage:

The business services sector covers¹⁴: Research and Development services (on natural sciences, social sciences and humanities, and interdisciplinary services), Real estate services, Rental and leasing services without operators (related to ships, aircraft, others), Advertising, Market research and public opinion polling, Management consulting, Services related to management consulting, Technical testing and analysis, Services incidental to agriculture, hunting and forestry, Services incidental to fishing, Services incidental to mining*, Services incidental to manufacturing, Services incidental to energy distribution*, Placement and supply of personnel, Investigation and security, Engineering-related scientific and technical consulting, Maintenance and repair of equipment (ex. maritime vessels, aircraft and other transport equipment), Building cleaning, Photographic services, Packaging services, Printing and publishing, Credit reporting, Collection agency services, Telephone answering services, Duplicating services, Translation and interpretation, Mailing list compilation and mailing services, Speciality design services, Convention services.

A. Current EC commitments in the sector

The EU has taken commitments in the majority of business service sectors. However, a few sectors are unbound, including: i) some back-office business services (collection, telephone answering, duplicating services, etc.), ii) R&D services on natural and interdisciplinary sciences (except Austria), iii) services incidental to manufacturing, and iv) investigation. Other sectors are committed partially, like services incidental to agriculture and fishing, which are committed for advisory and consulting services only.

Frequently, commitments are limited by country-specific restrictions. These include:

- ◆ Condition of nationality, e.g.: in Spain, Greece, Denmark and Finland for real estate services
- ◆ Residence requirements, e.g.: in Italy and Portugal for technical testing and analysis, and for engineering-related scientific and technical consulting
- ◆ Registration or authorisation requirements, e.g.: in Spain for security services, and in Denmark for airport guard services
- ◆ Activities reserved to certain professionals, e.g.: activities reserved to agronomists and “periti agrari” in Italy

¹⁴ Professional services and computer and related services are handled separately

* Services incidental to mining and energy distribution are included in the energy section.

- ◆ Ceilings on foreign share of capital, e.g.: in Italy for printing and publishing companies

B. Requests to the EC

Around 75% of the requests received include business service sectors. In most cases, WTO members are making very targeted requests according to their respective national interests (no more than 5 sectors). The sectors most frequently included in the requests are the following:

- ◆ R&D on natural sciences
- ◆ Real estate services
- ◆ Advertising
- ◆ Management consulting
- ◆ Technical testing and analysis
- ◆ Engineering related scientific and technical services (surveyors)
- ◆ Printing and publishing
- ◆ Translation and interpretation
- ◆ Speciality (interior) design

The requests received so far address points related to:

- ◆ Taking commitments in sectors currently unbound, like R&D on natural sciences, interdisciplinary R&D services, credit reporting, mailing and collection agency services.
- ◆ Removal of nationality or residence requirements in sectors like real estate services, printing and publishing, technical testing and analysis, and engineering-related scientific and technical services.
- ◆ Removal of other country-specific limitations. For instance, some countries ask for the removal of Portugal and Italy's restriction to the access to the profession of psychologist to natural persons only, and the related residence requirements (R&D services on social sciences). As a second example, other countries are requesting to remove the existing limitations on real estate services in Ireland, Spain, Denmark and other countries.
- ◆ Additional commitments related to the presence of natural persons. Some countries are requesting the removal of all existing limitations in sectors like advertising, market research, management consulting services, and others. Other countries are making very targeted

requests, in most cases related to nationality or residence requirements as mentioned above.

POSTAL AND COURIER

Scope of sector coverage:

According to the W120 classification, “postal services” are rendered by the national postal administration and contain:

- pick-up, transport and delivery of letters, newspapers, journals, periodicals, brochures, leaflets and similar printed matters;
- pick-up, transport and delivery of parcels and packages;
- services rendered at post office counters (registered mail, sale of postage stamps, etc...) and other postal services (poste restante, mailbox rental, etc...).

Courier services consist in pick-up, transport and delivery of letters, parcels and packages and other services, all of which are not rendered by the national postal administration.

The EC believes that this current classification, based on the nature of the operator, does not correspond to the economic reality of the sector and has proposed a new classification based on the activity of the operator¹⁵.

A. Current EC commitments in the sector

The EC has no commitments in the sector, except Austria, which has taken commitments in the courier sector under the current CPC classification.

B. Requests to the EC

So far, less than half of the countries which have submitted requests to the EC are asking for specific commitments on “postal/courier” services. Whereas all requests received on this sector cover the current “courier” subsector, one country only requests express delivery services and several other countries also ask for commitments in postal services. Only two countries ask for full commitments (i.e. schedule “none”) in the sector. One country also asks for additional commitments on the prevention of cross-subsidisation of express delivery services by revenues derived from monopoly services.

¹⁵ The classification proposed by the EC (see EC negotiating proposal on postal and courier services, S/CSS/W 61, available on WTO website) identifies eight subsectors (handling of written communications, of parcels and packages, of press products, of non-addressed items, register/insured mail, express delivery, document exchange, other services)

TELECOMMUNICATIONS SERVICES

Scope of sector coverage:

According to the definition contained in the EC GATS schedule, "Telecommunications services are the transport of electro-magnetic signals - sound, data image and any combinations thereof, excluding broadcasting¹⁶." Therefore, they do not cover the economic activity consisting of content provisions that require telecommunications services for its transport. The provision of that content, transported via a telecommunications service, is addressed in other relevant sectors. The sector has been divided in a number of subsectors under the W120 classification.

A. Current commitments in the sector

EC commitments reflect the full opening of the EC telecom internal market. The EC has however scheduled a few national restrictions: on the cross border supply of services in Portugal, on the ability of a telecom company to engage in other activities in Greece, on the legal form of telecom companies in Greece, on the nationality of Members of the board of directors of telecom companies in Finland, and on foreign ownership in France and Portugal. Additionally the EC registered a few transition periods (to introduce full competition) for some Member States, as had been agreed under the internal market calendar: these periods have all elapsed by 1 January 2003. The EC also did not make any commitments in one sub-sector (enhanced facsimile services -including store and forward, store and retrieve). The EC finally included commitments on regulatory principles as laid out in the reference paper agreed by WTO Members, who participated in the negotiations on basic telecommunications services concluded in 1997; these principles include independence of the regulator, measures against anti-competitive practices and for interconnection with major suppliers, fair attribution of scarce resources (such as frequencies and numbers), adequate licensing procedures, and competitive neutrality of the universal service.

B. Requests to the EC

Half of the requests received so far address telecommunications services.

All requests aim at the removal of the remaining national restrictions mentioned above and, for some of them, at getting commitments on the sub-sector that was not included in EC commitments.

¹⁶ Broadcasting is defined as the uninterrupted chain of transmission required for the distribution of tv and radio programme signals to the general public, but does not cover contribution links between operators.

Some developing countries request unlimited commitments for mode 4 (presence of natural persons) in the sector.

Finally, some developed countries request additional commitments (or sometimes clarifications) on regulatory issues: one requests asks that Reference Interconnection offers of major suppliers include the period of time required for interconnection (EC commitments today state that such interconnection should be timely but do not talk about a standard period of time); one WTO member requests that regulatory provisions of the Reference Paper will be applied uniformly throughout Europe; one WTO Member requests clarification that interconnection rules are applied to so-called internet delivery services.

AUDIOVISUAL SERVICES

Scope of sector coverage:

According to W/120 classification, the audio-visual services sector covers the following subheadings:

- Motion picture and video tape production and distribution services;
- Motion picture projection service;
- Radio and television services;
- Radio and television transmission services;
- Sound recording;
- Other.

A. Current EC commitments in the sector

The EC has made no commitments in the audio-visual sector. In addition to this, a number of MFN exemptions have been scheduled:

- ◆ Redressive duties against unfair pricing practices by distributors of audio-visual work [applying to all WTO Members].
- ◆ Countermeasures against adverse, unfair or unreasonable conditions or actions taken by other Members [applying to all WTO Members].
- ◆ Extension of national treatment to audio-visual works which meet certain linguistic and origin criteria regarding access to broadcasting [applying to European countries].
- ◆ Extension of national treatment to audio-visual works covered by co-production agreements [applying to all countries with whom an agreement may be concluded].
- ◆ Granting of benefits of programmes such as MEDIA and EURIMAGES to works and suppliers meeting European origin criteria [applying to European countries].
- ◆ 3 MFN exemptions for measures applied by specific Member States (Spain, Italy, Nordic Countries)

B. Requests to the EC

Half of the requests received so far address audio-visual services. The level of ambition of these requests is very diverse. Two WTO Members

ask for full commitments in Market Access and National Treatment, for all subheadings in all modes. Most requests are more targeted, asking for the binding of the current level of market opening or for commitments in some specific subheadings, usually film production, distribution and projection services, sometimes sound recording.

Radio and television services are less targeted, but the elimination of quotas, the scheduling of discriminatory measures and the reduction of discriminatory subsidies is requested. One request asks for foreign service suppliers to be allowed to produce motion pictures and radio and TV programmes in co-operation with domestic producers. Another one asks for the elimination of discriminatory withholding tax treatment applied to films in some Member States.

MFN exemptions are asked to be removed by a majority of the requests received.

CONSTRUCTION AND RELATED ENGINEERING SERVICES

Scope of sector coverage:

According to W/120 classification, the construction and related engineering services sector covers the following sub-sectors:

- General construction work for buildings;
- General construction work for civil engineering;
- Installation and assembly work;
- Building completion and finishing work;
- Pre-erection work at construction sites; special trade construction work such as foundation work, water well drilling, roofing, concrete work, steel bending and erection, and masonry work; renting services related to equipment for construction or demolition of buildings or civil engineering works, with operator.

A. Current commitments in the sector

The EC has made commitments for all subheadings listed under construction and related engineering services in W/120, except for Finland and Sweden, which have not committed some peripheral subheadings. Commitments are subject to three national limitations in Mode 3 (commercial presence): Portugal and Italy indicate that they maintain exclusive rights for the construction, maintenance and management of certain highways, whilst Greece imposes nationality requirements for managers at the board of directors. Mode 1 (cross border supply) is committed only for a few subheadings as cross-border delivery of construction services is generally not considered feasible. Mode 4 (presence of natural persons) is committed as in horizontal section, with limitations scheduled for Greece (nationality requirement) and for Austria (commercial presence required). 7 Member States (France, the Netherlands, Belgium, Germany, Denmark, United Kingdom and Sweden) have made commitments for Contractual Services suppliers with specific conditions (on qualifications, ENTs etc.).

B. Requests to the EC

More than half of the requests received address construction and related engineering services. The level of ambition of these requests is very diverse, but the EC is most frequently being asked to:

- ◆ take full commitments for market access and national treatment in Mode 4 (presence of natural persons);
- ◆ eliminate the remaining national restrictions in Mode 3 (commercial presence);

- ◆ extend the coverage of commitments to the whole construction and related engineering services sector for Finland and Sweden;
- ◆ take full commitments for market access and national treatment in Mode 1 (cross border supply) when it is technically possible.

Developing countries put the focus on the first two of these requests, whilst developed countries are interested in the last three.

DISTRIBUTION SERVICES

Scope of sector coverage:

The current classification of distribution services covers the following sub-sectors: Commission agents, Wholesale trade, Retailing, Franchising.

A. Current commitments in the sector

The EU has taken commitments in all distribution sub-sectors (with the exception of Austria for franchising). These allow for a largely open distribution trade, except for limitations on certain goods (arms, chemical products, explosives and precious metals), and economic needs tests (ENT's) for large department stores.

In some cases, commitments are limited by country-specific restrictions. These include:

- i) Product-specific limitations on tobacco (France, Portugal, Italy, Spain and Austria), alcoholic beverages (Ireland, Sweden and Finland) and matches (France)
- ii) Residence requirements (Spain, Italy and Portugal for commission agents and wholesalers)
- iii) Condition of nationality (France for wholesale pharmacies, commission agents in markets of national interest and tobacconists)

Cross-border supply of retailing services is committed for mail order only. Some services are not committed in certain countries: franchising services (Sweden), wholesale trade of pharmaceutical products (France), and cross-border supply of commission agents' services (France and Italy).

B. Requests to the EC

More than 50% of the requests received address specifically the distribution sector. The areas most frequently requested refer to retailing services and the presence of natural persons.

- ◆ Retail distribution: 11 countries are making requests on commercial presence. These requests target the removal of economic needs tests, and limitations related to state monopolies on tobacco. The elimination of restrictions on distribution of alcoholic beverages are also requested by a smaller number of countries. Cross-border supply of retail trade (currently bound only for mail orders) is also a frequent target of WTO members, which request that the EU would take broader commitments.

- ◆ Presence of natural persons: 11 countries are making requests on any of the distribution forms: commission agents, wholesale trade, or, less frequently, retailing services. They focus on the elimination of restrictions related to nationality condition and residence requirements.

EDUCATIONAL SERVICES

Scope of sector coverage:

According to W/120 classification, the sector of education services is divided in five categories: Primary Education Services; Secondary Education Services; Higher (Tertiary) Education Services; Adult Education; Other education services. Training is considered as part of education services and defined as “vocational education” and included under several of the above-mentioned sub-sectors.

A. Current commitments in the sector

The EC has taken commitments in the following sub-sectors: primary education, secondary education, higher education and adult education. Only “other education services” were not committed. The EC commitments only apply, in general, to “privately funded education services”. Three countries (Austria, Finland and Sweden) have not committed all or some sub-sectors. Commitments are limited by country-specific restrictions, which include condition of nationality (France, Denmark, Greece, Italy), limitations on recognition of diplomas granted by foreign institutions established in the country (Greece), economic need test (Italy, Spain).

B. Requests to the EC

About half of the requests received ask for specific commitments in the area of “education services”, including developed and developing countries. These requests mostly address the area of higher education, adult education and other education services. In these areas, the requests ask for the elimination of existing reservations in all modes of supply and for full commitments under market access and national treatment for all modes of supply in areas not yet committed (notably the sub-sector of “other education services”). Some of these requests are quite specific and aim at such areas as educational testing services and training, and language training.

However, a certain number of countries request the elimination of existing reservations also for primary and secondary education.

ENVIRONMENTAL SERVICES

Scope of sector coverage:

Current commitments on environmental services by WTO members are on the basis of the existing classification in GATS which covers sewage services (CPC 9401), refuse disposal services (CPC 9402), sanitation and similar services (CPC 9403), cleaning services of exhaust gases (CPC 9404), noise abatement services (CPC 9405), nature and landscape protection services (CPC 9406) as well as 'other environmental services' (CPC 9409). Requests are partly based on the EC proposal for a revised classification for environmental services, which covers water collection, purification and distribution services, and waste water services, solid/hazardous waste management, protection of ambient air and climate, remediation and cleanup of soil & water, noise & vibration abatement, protection of biodiversity and landscape, and other environmental & ancillary services.

A. Current EC commitments in the sector

The EC has taken wide ranging commitments:

- ◆ environmental services have been committed almost completely by the EC.
- ◆ These commitments usually cover modes 2 (consumption abroad), mode 3 (commercial presence), and mode 4 (presence of natural persons). Mode 1 (cross border supply) has been considered “unfeasible for technical reasons” and been left unbound. While mode 4 (presence of natural persons). is committed, as for all other sectors, with reference to the EC's horizontal commitments on that mode of supply, modes 2 (consumption abroad) and 3 (commercial presence), have been bound with practically no restrictions;

B. Requests to the EC

The EC has received requests for improved environmental services commitments from both developing and developed countries. Several base their request, as the EC, on the proposal for a revised classification of environmental services.

- ◆ Given the high level of commitments of the EC, requests mainly concern a 'completion' of our commitments, eliminating the few remaining restrictions. Only noise abatement services have been left unbound by all Member States (with the exception of Austria, Sweden and Finland who have fully committed this sector). Only Finland has left Sewage disposal services, and sanitation and similar services unbound.

- ◆ Some request full commitments also for the cross-border supply of all environmental services.
- ◆ Only one request asks for commitments in mode 1 (cross border supply) and 4 (presence of natural persons) for water collection, purification and distribution services.
- ◆ Some developing countries request full commitments for mode 4 (presence of natural persons) in this sector.

FINANCIAL SERVICES

Scope of sector coverage:

The current classification, set in the Annex on Financial Services of the GATS, covers the whole range of financial services, namely:

- ◆ insurance services: direct life and non-life insurance, reinsurance, insurance intermediation and auxiliary services, such as actuarial services;
- ◆ banking services: acceptance of deposits, lending and payment services;
- ◆ securities services: asset management, trading and participation in issues of securities, settlement and clearing services;
- ◆ other services: provision of financial information and advisory services.

A. Current EC commitments in the sector

At the conclusion of the Uruguay Round in December 1993, WTO Members could only agree on a transitory solution for the financial services sector. After extended negotiations until the end of 1997, the EC has taken wide-ranging commitments:

- ◆ the whole range of financial services has been committed for the establishment and operations of a commercial presence (mode 3), with qualifications pertaining mainly to direct branches from third-country companies. Subsidiaries of third-country companies benefit fully from the single passport within the EC, i.e. from the freedom to branch and to provide cross-border services within the EC;
- ◆ the cross-border supply of services (mode 1) directly from third countries is committed for the following activities: reinsurance, maritime and air transport insurance (with some limitations in Austria, Denmark, Finland, France, Germany, Italy, and Portugal), services auxiliary to insurance, provision of financial information and advisory services;
- ◆ the commitments on provision of services through temporary movement of natural persons (mode 4) are identical to the ones undertaken in all sectors, except for some residency and nationality requirements, e.g. for managers or members of the board of a company.

B. Requests to the EC

Most of the requests received both from developing and developed countries seek commitments on financial services. Despite their variety

and the fact that the elimination of most existing limitations is requested, the main issues addressed are the following ones:

- ◆ elimination of existing restrictions on the cross-border supply of maritime and air transport insurance;
- ◆ liberalisation of the cross-border supply of asset management services and, generally speaking, of banking and securities services to professional clients;
- ◆ liberalisation of the establishment of branches from third countries. In certain EC Member States (Austria, Finland, Ireland, Italy, and Portugal), certain types of activities, such as investment services, must currently be provided through subsidiaries, and not branches ;
- ◆ adoption of regulatory principles focusing on transparency of the regulatory process, e.g. via compulsory consultation of the public before regulations are adopted;
- ◆ elimination of residency and nationality requirements.

HEALTH RELATED AND SOCIAL SERVICES

Scope of sector coverage:

According to W/120 classification, the sector of health and social related services is divided in four categories: Hospital Services, Other Human Health Services, Social Services, Other. The main distinction between hospital services and health-related professional services (Medical and dental services, Veterinary Services, Services provided by midwives, nurses, physio-therapists and paramedical personnel) depends mainly on whether the relevant activities include some type of institutional nursing.

A. Current EC commitments in the sector

EC committed in “hospital services” and “social services” (but in this latter only for a very limited sub-activity: convalescent and rest houses). Two countries (Finland and Sweden) have not committed this area. EC commitments contain a number of country-specific limitations, mainly regarding economic need test (linked to the health planning: number of beds per inhabitant). Only one Member State (Austria) has taken commitments in the area of “Other human health services” (only part of this sub-sector).

B. Requests to the EC

Only a very limited number of requests address health and social related services, mainly from developing countries. Such requests ask for the elimination of existing reservations in the sub-sectors of “hospital services” and “social services”, in particular with regard to modes 3 (commercial presence) and 4 (temporary movement of natural persons).

TOURISM AND TRAVEL RELATED SERVICES

Scope of sector coverage:

Tourism and travel related services cover hotel and restaurant services, and catering services (CPC 641, 642, 643), travel agency and tour operator services (CPC 7471) and tourist guide services (CPC 7472).

A. Current EC commitments in the sector

The EC has taken wide ranging commitments :

- ◆ All three subsections have been committed by the EC. Only air catering services are excluded from the current commitments.
- ◆ These commitments usually cover all modes. For Hotel and Restaurant services, mode 1 - cross border supply - has been considered “unfeasible for technical reasons” and been left unbound, and mode 2 (consumption abroad) is fully committed. Commitments for travel agency and tour operator services in mode 1 and 2 are unrestricted. Mode 3 (commercial establishment) has been committed for both hotel and restaurant services, and travel agency and tour operator services, but some limitations have been retained by individual Member States. Such limitations concern the establishment conditions, and licensing requirements, for travel agencies, and hotels and restaurants. Tourist guide services are fully committed for mode 2 and 3. Mode 4 (natural persons) for all subsectors is committed, as for all other sectors, with reference to the EC's horizontal commitments. In addition, most EC Member States have taken commitments for tour managers under the mode 4 commitments for contractual service suppliers (CSS). Some Member States restrict the provision of tourist guide services to their nationals

B. Requests to the EC

The EC has received requests for improved commitments in tourism and travel related services from both developing and developed countries.

- ◆ The requests mainly concern a “completion” of our commitments, eliminating the remaining restrictions.
- ◆ Most requests ask for the elimination of all restrictions, in particular ENTs, for mode 3 (commercial presence) in all subsectors. However, the reservation relating to the protection of areas of particular historic or artistic interest is subject to very few request.
- ◆ Most requests concern nationality requirements for tourist guides, and the opening of new bars in France.

- ◆ A few requests from developing countries ask for specific commitments under mode 4 (presence of natural persons) for certain professionals active in the tourism sector (chefs, hotel managers, etc).
- ◆ Only one developing country takes up some of the issues proposed in the 'tourism annex' (proposal by 9 Caribbean and Latin American countries to the CTS - WTO document S/CSS/W/107) This proposal for a tourism annex focuses on regulatory aspects of the tourism sector, in particular the issue of risk of anti-competitive practices in the sector, access of developing country service providers to Computer Reservation Systems, and sustainability of tourism. In addition it proposes a new, very wide classification of tourism services (including air transport services, recreational services, certain financial services, etc).

RECREATIONAL, CULTURAL AND SPORTING SERVICES

Scope of sector coverage:

WTO services classification lists currently the following sub-sectors as part of Recreational, Cultural and Sporting Services (other than audiovisual services):

- ◆ Entertainment services
- ◆ News agency services
- ◆ Libraries, archives, museums and other cultural events
- ◆ Sporting and other recreational activities

A. Current EC commitments in the sector

EC has taken quite wide-ranging commitments on recreational, cultural and sporting services with the exception of subcategory “libraries, archives, museums and other cultural services”. However, in some sub-sectors and some modes of supply, the EC has scheduled a few national restrictions. In more details, the commitments have been taken in the following way:

- ◆ **Entertainment services:** EC has taken commitments with the exception of Finland . Cross-border supply of services (mode 1) is not committed with the exception of Austria. Three Member States have restrictions in commercial presence (mode 3): France and Italy have excluded subsidies and other forms of direct and indirect support under commercial presence. Sweden has excluded targeted financial support to specific local, regional and national activities under commercial presence. . Three Member States have additional restrictions in movement of natural persons (mode 4): France on access to management functions (which is subject to authorisation by competent authorities), on nationality requirements for managers of entertainment enterprise (condition of nationality if authorisation for more than two years is required), on the length of the work permit, on granting the employment contract and paying taxes. France also has an economic needs test. Italy has an economic needs test and Austria a restriction on access (which is limited to persons whose main professional activity is in the field of fine arts, deriving the major part of their income from that activity, such person shall not exercise any other commercial activity in Austria).
- ◆ **News agency services:** EC has taken commitments in cross-border supply of services (mode 1), consumption abroad (mode 2) and commercial presence (mode 3) without restrictions with the exception of four member states . Sweden has residency requirements of

publisher and owner of publishing and printing company under cross-border supply of services, commercial presence and movement of natural persons. .. France, Italy and Portugal have foreign ownership restrictions (France: foreign participation in companies publishing publications in the French language may not exceed 20 per cent of the capital or of voting rights in the company, press agencies is not committed. Italy: Special anti-concentration rules operate in the daily press and broadcasting sectors, specific limits are fixed to multimedia ownership. Foreign companies may not control publishing or broadcasting companies and foreign equity participation is limited to 49 %. Portugal: Foreign participation, whether natural or juridical persons, in the capital of publishing companies, including newspapers, is limited to 10 per cent, without voting rights. News companies, incorporated in Portugal in juridical form of “Sociedade Anonima”, must have the social capital in the form of nominal stock. Portugal has a nationality requirement for administrators and managers under France has scheduled two MFN exemptions, which relate to news agency services

- ◆ **Libraries, archives, museums and other cultural services:** EC has no commitments with the exception of Austria that has taken full commitments in cross-border supply of services, consumption abroad and commercial presence.
- ◆ **Sporting and other recreational services:** EC has taken commitments, which, however, do not cover the entire sub-sector. The commitments in cross-border supply of services (mode 1), consumption abroad (mode 2) and commercial presence (mode 3) are without restrictions with the exception of Sweden. Sweden has excluded targeted financial support to specific local, regional or national activities under commercial presence. Italy has an economic needs test under movement of natural persons.

B. Requests to the EC

So far, only a limited number of requests have been made on recreational, cultural and sporting services. Most requests address all four sub-sectors with a request to extend the sectoral coverage and/or to remove the existing restrictions that were highlighted above. Some requests require unlimited commitments in movement of natural persons (mode 4).

TRANSPORT SERVICES

Scope of sector coverage:

According to W/120 classification, trade in this area cover the following modes of transport: maritime, internal waterways, air, space (e.g. launch of satellites), rail, road, pipeline, auxiliary services to all modes of transport and other transport services (e.g. combined transport).

A. Current EC commitments in the sector

The EC has taken commitments on a range of transport services, including on **air, rail, road, auxiliary services** and **combined transport**. In addition, the EC has commitments for related services such as rental and leasing of vessels or aircraft. Commitments are subject to a number of limitations, mainly in terms of nationality and residency requirements, ENTs and the forms of establishment. In key areas like maritime transport the EC, like many other WTO Members, withdrew its commitments following the unsuccessful completion of the extended maritime negotiations in 1996 - and for air transport the essential activities relating to traffic rights are not covered by the GATS agreement.

B. Requests to the EC

The Uruguay Round failed to deliver adequate results for transport services. In particular for maritime transport services, several WTO Members now turn to this round of GATS negotiations as an opportunity to build the legally binding framework required for the massive and long-term investments related to for the provision of modern and efficient transport services.

Most of the requests received address several modes of transport. Overall, the EC is being asked to take full market access and national treatment commitments for all modes of supply in all transport services identified in services classification (W/120) without limitation on their coverage.

However, the sectors that have attracted most interest from other WTO Members by and large match those identified in the EC negotiating proposal (S/CSS/W/41) where the focus is on maritime transport, air transport (groundhandling and air port management), certain land transport activities and auxiliary services to transport, in particular warehousing, storage, agency activities and freight forwarding.

Transport requests are made with focus on Mode 1 (cross-border supply) and on Mode 3 (Establishment/Commercial presence). Binding the right

for European companies to choose a transport operator freely is reflected in the requests on Mode 2.

Maritime transport. With the majority of World trade being moved at sea, maritime transport takes up an important part of the requests received so far. Most requests adopt the approach of the so-called "maritime model schedule". This is a compilation of specific and additional commitments that WTO Members have developed to ensure that commitments will cover the most important elements of the maritime services, in a manner that reflects how the industry is operating. Several trading partners (like the EC itself) go one step further in order to secure ways to include efficient operations throughout the entire transport chain whenever an international sea-leg is involved. The aim is to allow service providers to optimise and integrate their transport products in concepts such as "door-to-door" services. In addition, several partners focus on "multimodal" activities, and on "logistics" in a broader sense, which provides a link-up to other modes of transport, to auxiliary services, and to some general business services such as inventory management and production planning services.

Requests are also made seeking the elimination of state aid to European vessels, and encouraging the EC to bind principles such as: free access to cargo, free choice among shippers and providers, and non-discriminatory practices for use of scarce infrastructure such as ports.

The requests on multi-modal transport have implications for the current restrictions in the EC on **internal waterways** (generally restricted for non-European operators), **rail transport** (where the EC has no commitments for transportation and in practice only allow foreign investment in some Member States) and on **road transport**.

Road transport is requested by several WTO Members. These requests cover Mode 1 (cross border supply) which is restricted in the EC since liberalisation in this area has been pursued through bilateral agreements, mainly with geographical neighbours. The requests also cover Mode 3 (commercial presence), where limitations are currently found for freight transportation in Austria, Finland, Italy, Spain and Sweden. In the case of road transport of passengers, limitations are common and therefore scheduled for most Member States.

The opening of **rail transport** (freight and passengers) is requested by several WTO members, directly or in the context of multimodal transport and logistics services as mentioned above. EC legislation does not require Member States to open for investors from third countries, and most Member States maintain restrictions.

For **air transport** the EC already has commitments on all three explicitly covered areas; repair and maintenance, selling and marketing, and computer reservation systems. The EC also maintains a MFN exemption concerning reciprocity on access to computer reservation systems. The

EC is in particular requested to bind Mode 1 (cross border supply) for repair and maintenance and to remove the MFN exemption. The EC is also requested to take commitments on services supporting air transport, such as cargo/ground- handling, air traffic control services and other air transport related activities. With the exemption of air traffic control, this broadly corresponds with the requests that the EC has made on ground-handling and air port management.

Requests are also made on **space transport, pipeline transport** and **combined transport** without reference to specific restrictions in the EC or in Member States.

Auxiliary services to all modes of transport are widely requested, directly or in the context of logistics related services. The EC has already committed storage and warehousing, pre-shipments inspection, and freight transport agency activities and freight forwarding services. Requests go further and cover cargo-handling, which is an area where restrictions apply in most Member States (in ports, freight terminals concerning rail or for road transport, and in airports).

For freight forwarding services, the requests address specific restrictions in Member States in particular in relation to requirement of minimal capital (Belgium), limitations on employment of foreigners (France, UK) and capital restrictions/foreign employment restrictions (Germany). Elimination of warehousing monopolies and cargo handling in certain ports is requested (Germany, Greece, Italy) and restrictions on residential requirement for customs clearance services (Italy, Greece). Finally, as an additional commitment level of port charges is addressed (UK).

ENERGY SERVICES

Scope of sector coverage

W/120 classification does not include a specific sector of energy services. However, some energy services sub-sectors are entrusted within other sectors, mainly under “Other business services” (services incidental to mining and services incidental to energy distribution), « Distribution » (wholesale and retail sale of energy products) and “Transport” (Transportation of petroleum and natural gas, Bulk storage services of liquid or gases). Work is ongoing in order to organise an appropriate classification for energy services.

A. Current EC commitments in the sector

The EC has taken commitments in the area of advisory and consulting services incidental to mining and on bulk storage services of liquid and gases.

B. Requests to the EC

Almost half of the requests received address energy-specific services.

However, only a few countries addressed separate requests specifically with regard to the energy services, while others included requests on the above-mentioned energy services within the framework of the respective sector (e.g. “Other business services”, “transport”).

The requests address on the one side the elimination of existing reservations (extension of coverage for services incidental to mining) and the request for full commitments on not committed sub-sectors (for example in services incidental to energy distribution).

In addition, the separate requests for energy services address the need to duly cover the area of energy services in a comprehensive way, in order to focus on energy services not properly individualised in W/120. Such requests make sometimes explicit reference to the fact that requests must be seen in the perspective of the ongoing work on classification. Some countries also address the need to take into account the regulatory principles of a competitive energy framework in a view of completing the schedules with additional commitments.

GLOSSARY

GATS terms

Additional Commitments: commitments made on regulations relating to qualifications, standards and licensing matters, which do not discriminate against foreigners.

Affiliate: see ownership and control

Balance of payments: the difference between the income and expenditure of a country on its external account, resulting from exports and imports of goods, services, and governmental transactions.

Bilateral: an agreement between two governments with the benefits not shared with third countries

Binding: a self-imposed specific obligation appearing in a schedule of commitments (also termed "bound").

Commercial presence: any type of business or professional establishment, including branches and representative offices.

Consumption Abroad: this relates to services consumed by nationals of a member, in the territory of another member where the service is supplied. Essentially, the service is supplied to the consumer outside the territory of the member where the consumer resides. This is typical of tourism, and also where the property of the consumer crosses the border to be serviced abroad, such as when ships go for repairs in another country (for financial services, see purchase abroad).

Cross-border services: where the trade takes place from the territory of one member into that of another. Only the service itself crosses the border, without the movement of persons, such as information and advice passing by means of fax or electronic mail, or cargo transportation. The service supplier does not establish any presence in the territory of the member where the service is consumed.

Denial of benefits: Members do not have to extend the benefits of the GATS to non-members.

Dispute settlement system: the binding procedures whereby the WTO solves disputes between Members.

Economic Needs Test: An ENT can generally be characterised as a provision in national regulations, legislation or administrative guidelines

that imposes a test having the effect of restricting the entry of service suppliers on the basis of an assessment of the « market needs ».

Establishment & non-establishment: the right of a private firm to establish a commercial presence in a foreign country; or to supply services cross-border without having to establish locally.

Exceptions: some laws justified for certain overriding public policy objectives are not covered by the GATS disciplines.

GATS: General Agreement on Trade in Services.

GATT: General Agreement on Tariffs and Trade, established in 1947, and heavily revised during the Uruguay Round of negotiations.

Grandfathering: permanent exemption of specific measures from coverage of a trade agreement when it enters into force; alternatively, under national regulations, respect of rights acquired by firms established before the entry into force of a new restrictive regulation.

Juridical person: "any legal entity duly constituted or otherwise organised under applicable law, whether for profit or otherwise, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, joint venture, sole proprietorship or association".

Market Access: not defined as such in GATS: ability to supply a service to a market through any one, or more, modes of delivery.

Measures: government laws, regulations, rules, procedures, decisions, administrative actions, and any other forms. Covers central, regional and local authorities; and the rules of non-governmental bodies in the exercise of powers delegated by any of them.

Measure affecting trade in services: includes those concerning the purchase, payment or use of a service, and access to and use of other services generally available to the public, if needed to supply the services, and those affecting firms and people in the market.

MFN: the most-favoured-nation treatment principle. Foreign services and services suppliers have to be treated alike (i.e. not discriminated between, since each has to be accorded treatment "no less favourable" than that accorded to others).

MFN Exemption: measures inconsistent with the MFN principle listed by countries in the Annex, for which the MFN obligation is waived for a specified period.

Modes of delivery: forms under which a service can be supplied from a country into another country. There are four modes: cross-border supply,

consumption (or purchase) abroad, establishment of commercial presence, through temporary movement of natural persons.

Multilateral: an agreement between many governments: the WTO is the only multilateral trade agreement.

National Treatment Principle: foreign services and services suppliers and their local counterparts have to be treated alike.

Non-application: where one Member does not extend the benefits of the agreement to another Member, either wholly (global non-application), or for a specified aspect (partial, or selective non-application). WTO only provides for global non-application of the WTO Treaty at the time of signature of the WTO agreement itself, or when a country accedes to WTO.

Non-discrimination: the prohibition of discrimination.

None: indication in a schedule of commitments according to which there are no limitations or restrictions to market access, or national treatment, in the mode of supply indicated for that sector.

Notification: a Member must notify the Council for Trade in Services of new laws, and changes to existing measures, where specific commitments have been made; another Member can allege that changes have been made and take it up in the WTO.

Presence of Natural Persons: this mode applies to natural persons only, when they stay temporarily in the market, for the purposes of supplying services, for example the self-employed, and the employees of service providers.

Plurilateral agreement: an agreement between a number of governments, but without the quasi-universal country coverage as the WTO.

Purchase abroad: in financial services, for those countries applying the specific provisions contained in an "Understanding" on specific commitments attached to the WTO agreement, purchase abroad replaces the concept of consumption abroad as a mode of delivery of a service: countries shall allow the purchase abroad of a number of financial services, regardless of where the financial service is actually supplied or consumed, and without requiring any movement of a physical person into the territory of another country.

Prudential "carve-out": Members remain free to enact regulations to protect "investors, depositors, policy holders or person to whom a fiduciary duty is owed by a services supplier, or to ensure the integrity and stability of the financial system", provided they are not "used as a means of avoiding their commitments or obligations".

Quantitative restriction: a numerical limit on imports from a country for a product.

Reciprocity: the exchange of exactly similar concessions (known as direct or sectoral reciprocity). Many GATS Members have taken MFN exemptions to preserve laws that require reciprocity when granting market access.

Rollback: repeal or phasing out of trade restrictive and discriminatory measures. Specific commitments can schedule time limits for the future roll-back or elimination of measures.

Round: multilateral trade negotiations under the auspices of the WTO.

Safeguards: measures suspending commitments under certain emergency situations. Disciplines for these situations have to be developed by June 1999.

ECO: equal competitive opportunities: variation of the definition of national treatment, which implies that national treatment is provided not only when regulations grant formally an identical treatment, but also when they grant in effect equal competitive opportunities to foreign service suppliers as compared to domestic ones (similar to de facto national treatment).

Sector: each country can use its own definition for any commitments made.

Service: any service in any sector, except those supplied in the exercise of governmental authority. The GATS does not define a service.

Specific Commitments: negotiated obligations assumed by Members either not to impose new laws limiting market access where there are none, or not to add further limitations apart from those listed, and similarly with respect to conditions on national treatment; and any additional commitments scheduled.

Standstill: commitment not to adopt or enforce any measure that would be more trade restrictive or discriminatory than existing ones. Also used where Members agree not to introduce new trade-restricting measures during negotiations.

Subsidy: not defined in GATS, but is considered to be a measure. Disciplines have to be developed to avoid their trade-distortive effects. For goods, disciplines are defined in the Subsidies Agreement.

Substantive business operations: a test for the country of origin of a juridical person is if it is "constituted or otherwise organised under the law of that other Member, and is engaged in substantive business operations in the territory of that Member or any other Member".

Supply of a service: this includes production, distribution, marketing, sale and delivery.

Surveillance: the monitoring of Members' compliance with their obligations.

TPRB: Trade Policy Review Body.

TPRM: Trade Policy Review Mechanism.

Transparency Principle: publication and avail-ability for scrutiny of information from Members on measures (i.e. you can see the rules because they are not hidden).

TRIMS: Agreement on Trade-Related Investment Measures.

TRIPS: Agreement on Trade-Related Aspects of Intellectual Property Rights.

Unbound: indication in a country's schedule according to which no specific commitment is made.

UNCTAD: United Nations Conference on Trade and Development, in Geneva.

Uruguay Round: the Multilateral GATT trade negotiations launched in September 1986 at Punta del Este, Uruguay, and completed in Geneva in December 1993.

Violation: a measure that is not consistent with the GATS or a Member's obligations

Waiver: Members' agreement to the exemption from the obligations of the GATS for a Member's measure that is not consistent with the GATS.

WTO: World Trade Organisation - successor to GATT 1947 - entered into force on 1 January 1995.

ANNEX I

<p>LIST OF THIRD COUNTRIES THAT HAVE SUBMITTED INITIAL REQUESTS TO THE EC</p>
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- ◆ Argentina
- ◆ Australia
- ◆ Brazil
- ◆ Canada
- ◆ China
- ◆ Egypt
- ◆ Hong Kong
- ◆ India
- ◆ Japan
- ◆ Kenya
- ◆ Korea
- ◆ Mauritius
- ◆ Mexico
- ◆ New Zealand
- ◆ Panama
- ◆ Paraguay
- ◆ Singapore
- ◆ Switzerland
- ◆ Taiwan
- ◆ Uruguay

◆ United States

ANNEX II

EC NEGOTIATING PROPOSALS*:

- ◆ Communication from The European Communities and their Member States: **Overall Approach to Services Negotiations**, (S/CSS/W/15 - 30 November 2000).
- ◆ Communication from The European Communities and their Member States: *GATS 2000: Professional Services*, (S/CSS/W/33 - 22 December 2000).
- ◆ Communication from The European Communities and their Member States: *GATS 2000: Business Services (Other than Professional Services)*, (S/CSS/W/34 - 22 December 2000).
- ◆ Communication from The European Communities and their Member States: *GATS 2000: Telecommunications*, (S/CSS/W/35 - 22 December 2000).
- ◆ Communication from The European Communities and their Member States: *GATS 2000: Construction and Related Engineering Services*, (S/CSS/W/36 - 22 December 2000).
- ◆ Communication from The European Communities and their Member States: *GATS 2000: Distribution*, (S/CSS/W/37 - 22 December 2000).
- ◆ Communication from The European Communities and their Member States: *GATS 2000: Environmental Services*, (S/CSS/W/38 - 22 December 2000).
- ◆ Communication from The European Communities and their Member States: *GATS 2000: Tourism Services*, (S/CSS/W/40 - 22 December 2000).
- ◆ Communication from The European Communities and their Member States: *GATS 2000: Transport Services*, (S/CSS/W/41 - 22 December 2000).
- ◆ Communication from The European Communities and their Member States: *GATS 2000: Temporary Movement of Service Suppliers - Mode 4*, (S/CSS/W/45 - 14 March 2001).
- ◆ Communication from The European Communities and their Member States: *GATS 2000: Energy Services*, (S/CSS/W/60 - 23 March 2001).

* These negotiating proposals are available for perusal at http://docsonline.wto.org/gen_search.asp by entering the document number (e.g. S/CSS/W/60) in the box entitled Document symbol.