ARTICLE VI OF THE GENERAL AGREEMENT ON TRADE IN SERVICES

1.1 Text of Article VI

**Article VI**

**Domestic Regulation**

1. In sectors where specific commitments are undertaken, each Member shall ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner.

2. (a) Each Member shall maintain or institute as soon as practicable judicial, arbitral or administrative tribunals or procedures which provide, at the request of an affected service supplier, for the prompt review of, and where justified, appropriate remedies for, administrative decisions affecting trade in services. Where such procedures are not independent of the agency entrusted with the administrative decision concerned, the Member shall ensure that the procedures in fact provide for an objective and impartial review.

(b) The provisions of subparagraph (a) shall not be construed to require a Member to institute such tribunals or procedures where this would be inconsistent with its constitutional structure or the nature of its legal system.

3. Where authorization is required for the supply of a service on which a specific commitment has been made, the competent authorities of a Member shall, within a reasonable period of time after the submission of an application considered complete under domestic laws and regulations, inform the applicant of the decision concerning the application. At the request of the applicant, the competent authorities of the Member shall provide, without undue delay, information concerning the status of the application.

4. With a view to ensuring that measures relating to qualification requirements and procedures, technical standards and licensing requirements do not constitute unnecessary barriers to trade in services, the Council for Trade in Services shall, through appropriate bodies it may establish, develop any necessary disciplines. Such disciplines shall aim to ensure that such requirements are, *inter alia*:

   (a) based on objective and transparent criteria, such as competence and the ability to supply the service;

   (b) not more burdensome than necessary to ensure the quality of the service;

   (c) in the case of licensing procedures, not in themselves a restriction on the supply of the service.
5. (a) In sectors in which a Member has undertaken specific commitments, pending the entry into force of disciplines developed in these sectors pursuant to paragraph 4, the Member shall not apply licensing and qualification requirements and technical standards that nullify or impair such specific commitments in a manner which:

(i) does not comply with the criteria outlined in subparagraphs 4(a), (b) or (c); and

(ii) could not reasonably have been expected of that Member at the time the specific commitments in those sectors were made.

(b) In determining whether a Member is in conformity with the obligation under paragraph 5(a), account shall be taken of international standards of relevant international organizations\(^3\) applied by that Member.

\(\textit{footnote original}\) 3 The term "relevant international organizations" refers to international bodies whose membership is open to the relevant bodies of at least all Members of the WTO.

6. In sectors where specific commitments regarding professional services are undertaken, each Member shall provide for adequate procedures to verify the competence of professionals of any other Member.

1.2 General

1.2.1 Electronic commerce

1. With respect to the application of Article VI to electronic commerce, see the Progress Report adopted by the Council for Trade in Services in the context of the Work Programme on Electronic Commerce on 19 July 1999.\(^1\)

1.3 Article VI:4

1.3.1 Working Party on Professional Services/Domestic Regulation

2. With respect to the Working Party on Professional Services and its successor, the Working Party on Domestic Regulation, see the document on Article XXIV of the General Agreement on Trade in Services (GATS) (Practice).

1.3.2 Guidelines for Mutual Recognition Agreements or Arrangements in the Accountancy Sector

3. On 29 May 1997, the Council for Trade in Services approved the Guidelines for Mutual Recognition Agreements or Arrangements in the Accountancy Sector\(^2\), which had been recommended by the Working Party on Professional Services.\(^3\) These non-binding Guidelines aim to provide practical guidance for governments, negotiating entities, or other entities entering into mutual recognition negotiations on accountancy services. The objective of these Guidelines is to make it easier for parties to negotiate recognition agreements and for third parties to negotiate their accession to such agreements or to negotiate comparable ones.

1.3.3 Disciplines on domestic regulation in the accountancy sector

4. On 14 and 15 December 1998, with a view to ensuring that domestic regulations affecting trade in accountancy services meet the requirements of Article VI:4, the Council for Trade in Services adopted the Disciplines on Domestic Regulation in the Accountancy Sector\(^4\), which had been

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\(^1\) S/L/74, para. 11.
\(^2\) S/L/38.
\(^3\) S/C/M/19.
\(^4\) S/C/M/32, section A. The adopted Disciplines can be found in S/L/64.
recommended by the Working Party on Professional Services\(^5\). These Disciplines contain, *inter alia*, the following provision under the heading "General Provisions":

"Members shall ensure that measures not subject to scheduling under Articles XVI or XVII of the GATS, relating to licensing requirements and procedures, technical standards and qualification requirements and procedures are not prepared, adopted or applied with a view to or with the effect of creating unnecessary barriers to trade in accountancy services. For this purpose, Members shall ensure that such measures are not more trade-restrictive than necessary to fulfil a legitimate objective. Legitimate objectives are, *inter alia*, the protection of consumers (which includes all users of accounting services and the public generally), the quality of the service, professional competence, and the integrity of the profession."\(^6\)

5. These Disciplines are to be applicable to Members who have entered into specific commitments on accountancy in their Schedules.\(^7\) It was further decided that the Working Party shall aim to develop general disciplines for professional services while retaining the possibility to develop or revise sectoral disciplines, including those concerning accountancy.\(^8\) Whilst the general disciplines for professional services are adopted, the accountancy disciplines would not yet enter into force. The Decision on Disciplines Relating to the Accountancy Sector provides that:

"No later than the conclusion of the forthcoming round of services negotiations, the disciplines developed by the WPPS are intended to be integrated into the General Agreement on Trade in Services (GATS)".\(^9\)

1.3.4 Relationship with Articles XVI and XVII of the GATS

6. On 10 December 1998, the Working Party on Professional Services submitted a report to the Council for Trade in Services on the development of Disciplines on Domestic Regulation in the Accountancy Sector, including an informal note by the Chairman entitled "Discussion of Matters Relating to Articles XVI and XVII of the GATS in Connection with the Disciplines on Domestic Regulation in the Accountancy Sector."\(^10\)

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\(^5\) The Working Party on Professional Services was established by the Council for Trade in Services in 1995 to develop recommendations on disciplines for professional services, with priority for disciplines in the accountancy sector.\(^3\)

\(^6\) S/L/64, para. 2. See also S/WPPS/W/21, para. 2.

\(^7\) S/L/63.

\(^8\) S/L/63.

\(^9\) S/L/63.