

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MDF/18

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## SERVICES

### MINUTES OF MEETING HELD ON 15 JULY 1985

Chairman: Ambassador F. Jaramillo

1. The Chairman proposed to open the discussion on three points. Firstly, he would report on informal consultations held since the meeting of 7 June 1985 and ask delegations to respond to this report. Secondly, he would give an opportunity to delegations to raise any points that they would wish on the information contained in MDF/7. Thirdly, he would invite delegations to respond to a suggestion that was made to him, that the meeting could usefully discuss statistical methodology, and to express views on this subject. It had also been anticipated that the representative of Belgium would present his national examination at this meeting and be prepared to reply to questions on its contents. However, the Belgian expert was not available to participate in this meeting, and therefore it was preferable to delay the discussion of the Belgian study until the next meeting. Any delegations that wanted to comment on the national examination by Belgium would be free to do so at this meeting.

2. Concerning the first point, the Chairman recalled that, at the end of the last meeting, he had raised a number of procedural points on which it had been agreed that consultations should be held, so that delegations could take position on them at this meeting. Such consultations had been held on 27 June 1985. They had covered the questions of contributions by international organizations, observer status for such organizations and for non-contracting parties, the schedule of meetings for the autumn, and the report to be made to the CONTRACTING PARTIES in November 1985. Regarding the contribution of international organizations to the exchange of information on services, the view had been held that at this stage it would be preferable to postpone a decision on the matter until delegations had had an opportunity to study the summary of information made available by these organizations to be prepared by the secretariat. If there appeared to be a need for further information from some of the organizations concerned, they could be invited to take part in the meetings on an ad hoc basis. The draft summary of information in question had been circulated on 4 July. The summary reproduced, in the case of UNCTAD, the text of a paper on the activities of that organization supplied by the UNCTAD Secretariat. The GATT secretariat had also contacted the IMF office in Geneva to find out whether any progress had been made by the Working Party appointed in December 1984 to investigate the statistical discrepancy in world current account balances. At this stage, the IMF had nothing to report on the work of the Working Party, but it would inform the GATT secretariat of any progress made in due course.

3. The consultations on the question of observer status for international organizations or non-contracting parties did not reveal any support for granting such status to international organizations at this stage and showed that, should organizations be invited to participate directly in meetings at a later stage, this should not be on a regular basis but on a

meeting-by-meeting basis, as the need arose. Regarding non-contracting parties, there seemed to be a preference for not modifying the procedure followed up to now, that is to say, for not inviting them to participate in meetings on services, although some delegations had no strong views on the matter. In the consultations, he had suggested that two meetings could be held in the autumn and he had proposed the following tentative dates: 18 September and 17 October 1985. The September meeting would be devoted to taking stock of the exchange of information and its follow-up. The secretariat would then prepare a draft of his report to the November 1985 session of the CONTRACTING PARTIES, which would be circulated informally to delegations prior to the October meeting. The October meeting would be devoted to consideration of the final text of that report. These suggestions had seemed acceptable to the delegations.

4. Another question to which he had called the attention of delegations in the consultations related to the proposals for work to be undertaken by the GATT secretariat made by certain delegations at the meetings of 2 May and 7 June 1985. His suggestion had been that these proposals could be looked at in the light of the need for further clarification of issues for purposes of reporting to the CONTRACTING PARTIES at their November 1985 session. In this connection, he recalled that it had been agreed that the secretariat should update the first analytical summary, as well as finalize the summary of information submitted by international organizations in the light of the comments received on the draft from these organizations. As far as the summary of information submitted by international organizations was concerned, the GATT Director-General had written to the Heads of these organizations to ask for their comments on the GATT secretariat's draft, and it was hoped that these comments would be received in time for a final text to be prepared by the end of the summer.

5. The representative of Egypt pointed out that it was important to obtain the views of UNCTAD in the context of the study of the information supplied by international organizations. His delegation was concerned that if one had to wait for the September meeting to take any decision in this respect, not enough time would be left to invite the UNCTAD Secretariat to provide further information that might help the on-going process. The question should be dealt with soon in view of the need for such information from UNCTAD to fulfil the mandate given by the CONTRACTING PARTIES in the 1982 Ministerial decision and in November 1984. He hoped that this problem would be solved shortly and that the Chairman would hold further consultations to that end,

6. The representative of India said that his delegation agreed very substantially with the representative of Egypt. He would repeat some points which had already been made by his delegation on earlier occasions, namely that it might be useful for international organizations, such as UNCTAD, to participate in the work of this group on a selective basis, not as permanent observers but to give their views, when requested, on specific aspects relating to the documents presenting on-going work in these organizations. This position was reflected, for example, in the UNCTAD letter, reproduced in document MDF/7, paragraph 173, which stated that UNCTAD would appreciate the opportunity to submit at the appropriate time comments envisaged in the Agreed Conclusions and to present and explain the UNCTAD documentation in the

area of services when it would be discussed. On an earlier occasion, when the question of the participation of international organizations was debated, his delegation had pointed out that international organizations would not be asked to present any analysis of whether or what multilateral action might be appropriate in respect of services. Their contribution should be confined to a factual presentation of the work done by them. This would be in line with both the 1982 Ministerial decision and the 1984 Agreed Conclusions of the CONTRACTING PARTIES, and it would be entirely appropriate to invite such presentations and explanations of their documentation, as there might be some aspects in oral presentations which might be relevant in the context of the on-going exchange of information. Regarding the parallel drawn by some delegations between contributions by other international organizations and the entrusting of special tasks to the GATT secretariat, he felt this comparison was not a valid one, since international organizations would only be asked to make a factual and objective description of their activities, whereas all contracting parties participating in the present exchange of information were aware of the situation in respect of services within GATT.

7. The representative of the European Community expressed the view that it would be better to reserve judgement on the kind of further information needed concerning the work undertaken by international organizations until delegations had had a chance to study the secretariat's summary properly. He added that the more this document helped delegations, the less need they would have for extra input from other international organizations. He did not see any problem with the Chairman's suggestions for holding two meetings in September and October. The Chairman's consultations between now and the September meeting could lead to the view that extra meetings might be needed, but his delegation would not link this to any specific procedure being followed to obtain additional information. His delegation had already made clear that it would be happy if the information base could be improved. Like others, he had made suggestions in this respect and it was disappointing that the Chairman's consultations had not lead to agreement on these suggestions. He repeated his delegation's view that the GATT secretariat had an analysis capability which could be used and that any decision on procedures should take account of this fact.

8. The representative of the United States said that his delegation endorsed the Chairman's programme for the autumn. The schedule of two meetings for September and October was probably the appropriate number to complete the work undertaken in 1985 pursuant to the November 1984 decision of the CONTRACTING PARTIES. Concerning the participation of other international organizations, he said that his delegation had been particularly interested in their views. UNCTAD, for example, had presented a substantive document in 1984 that had been summarized in the document circulated by the GATT secretariat. While he was of the opinion that it was all right to hypothesize about procedures which might be established to invite UNCTAD to address these meetings, he nevertheless reiterated his delegation's firm position that as long as the GATT secretariat was not allowed to provide any analytical work in this area, his authorities could not agree to oral presentations being made by any other international organizations. Responding to the Indian representative's assertion that GATT and UNCTAD secretariats had different rôles (GATT to give independent views and UNCTAD to provide factual information) he stressed that it was solely up to the services group to prescribe GATT secretariat work. He recalled the proposal of the representative of the European Community at the previous meeting to instruct the GATT secretariat to perform some factual analysis as to statistics. This proposal, however, was rejected by the Indian and other delegations.

9. The representative of Japan said his delegation was of the opinion that the 1982 Ministerial decision had asked delegations to engage in deliberations on other agencies' activities or on-going work on services. This was different from the physical participation of such agencies in the current exercise. At any rate, his delegation was not yet in a position to comment, in one way or another, on the summary of information made available by relevant international organizations.

10. The representative of Argentina said that the GATT secretariat carried out studies or did certain types of work according to the mandates that were given to it. It was not possible to compare with the UNCTAD and other secretariats which had their own mandates given to them by superior instances of these organizations. He believed that no comparison could be made due to the fact that different secretariats operated under different conditions and on the basis of different procedures.

11. The representative of Sweden, speaking on behalf of the Nordic countries, said that Nordic countries were in agreement with the Chairman's outline for further work to be done in the next two meetings. As to the question of additional information and of the form for dealing with this information, it was their view that they should have an opportunity to study the summary of information made available by relevant international organizations before taking a stand. The representative of Canada said that his delegation, which had not had time to study the document, was in a similar position and supported the Chairman's programme for further work.

12. The representative of India said that the position of his country on the larger issue of services was well known. However, this had nothing to do directly with the specific mandate of these meetings. In past meetings, his delegation had not taken the position that a specific presentation or emerging approach either prejudiced the position of his government or supported its views. His delegation had tried to contribute to make this exercise as useful as possible. For example, delegations were aware of the fact that so far no developing country had presented a national study. The views which were reflected in MDF/7 were based upon national studies from developed countries only. However, his delegation had not taken the approach that this situation necessarily prejudiced the position of developing countries for their participation in this exchange of information. His position was that if some work had been done in UNCTAD on the rôle of services in the context of development, then it would be legitimate in the context of the mandate as expressed in the Agreed Conclusions to take this work into account in the fullest possible manner. It had certainly not been the intention to follow a selective approach in this exercise. It would therefore be helpful to allow a process of exchange of information to be as wide as possible which might contribute meaningfully toward developing some sort of consensus view. From this standpoint, it was hard to believe that the mandate could be fulfilled in the limited number of meetings left before the November 1985 session of the CONTRACTING PARTIES.

13. The representative of Israel said that it was well known that his delegation was in favour of the work being done on services in GATT, even if his country was not in a position to supply a national study. Examples in other international organizations showed that not all countries had made a contribution. In addition, the process of decision making in these organizations were of a totally different nature than in GATT. His

delegation supported the Chairman's proposal and hoped that more rapid progress could be made to go beyond the stage of national studies.

14. The representative of Pakistan could not understand the idea of inviting other international organizations to come and participate to this discussion, since these organizations had issued publications which had been efficiently summed up in the secretariat document.

15. The Chairman, drawing this discussion to a close, noted the difficulty of reaching any clear-cut and precise conclusions at this stage. He suggested that the two meetings proposed for September and October 1985 be maintained without prejudice to more meetings, formal or informal, being convened if necessary. Meanwhile, he would carry out further informal consultations on the question of the participation of international organizations in the exchange of information.

16. Several delegations raised questions concerning the national study by Belgium circulated on 3 June 1985. The representative of Japan was interested in knowing the exact criteria for dividing the notions of market and non-market services, the definition of wholesale and retail trade, services to enterprises and communications which figured in tables 1 and 2 on pages 6 and 7 of the study. The representative of the United States asked what the meaning of "end expenditure" on page 4 under item 2 was. Referring to table 7 on page 12, he wondered whether data on exports and imports of goods and services concerned domestically consumed services or only services produced within the domestic economy. He also asked what the meaning of "expenditures of non-residents in Belgium" in table 6 on page 11 was. With respect to the survey of Belgian legislation and regulations in some services sectors, he said that he would like to know more about the conditions for exemption of certain vessels from the requirement to fly the Belgian flag on page 28, the meaning of the expression "limited - liability partnership" on page 32, the treatment of foreign insurance firms which was not dealt with on page 35 as well as the treatment of foreign construction, engineering and architecture firms which was not explained under section IV on page 38.

17. The representative of Canada asked whether disaggregated data could be provided with respect to the heading "income from work and other income" in table 7 on page 12 and whether figures concerning international transactions in services could be given for Belgium in tables 8 and 8 bis on pages 13 and 14. The representative of Switzerland drew attention to the idea expressed on page 23 that "very little legislation comprised a deliberately discriminatory aspect, and where discrimination existed it was generally the expression of legitimate objectives such as consumer protection for example". He asked whether the differentiation made between, on the one hand, "legislation comprising a deliberately discriminatory aspect" and, on the other hand, "the existence of discrimination" was aimed at different situations. Concerning public work regulations, he referred to a sentence on page 39 which noted that "material dealing with procurement of services had not been published" and asked the reasons for this special situation as well as more information on the treatment of foreign firms. The representative of Argentina noted the reference on page 5 about the differences of statistical methodology between table 6 and tables 8 and 8 bis and asked whether they implied differences in substance with respect to the principal categories of

transactions in services. He also asked what the causes of the considerable increase for most of the headings in tables 8 and 8 bis were and why these tables included statistics of the Belgium-Luxembourg Economic Union whereas table 7 dealt only with statistics of Belgium.

18. Concerning the information contained in MDF/7, the representative of Japan said that his delegation would provide statistics for tables 1.3 and 1.4 in due course.

19. With respect to statistical methodology, the Chairman said that the importance of this question had been recognized in the previous discussions and that some delegations had felt that it might be useful to go a little more in depth into the matter. He therefore invited comments from delegations. The representative of India clarified that at earlier meetings some delegations had expressed an interest that the GATT secretariat should undertake some work relating to statistics on services. In that context, his delegation had suggested that while it would not be appropriate within the terms of the Agreed Conclusions of November 1984 for the GATT secretariat to undertake such additional tasks except on an agreed basis, his delegation would have no objection if interested delegations and those working in this area in capitals, particularly those with experience of preparing national studies on services, wished to exchange information on statistics and on methodological approaches to statistics relating to service sectors. This might also be of benefit to other delegations. The Chairman noted that if necessary the meetings could return to this item at some future date.