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GENERAL AGREEMENT ON TARIFFS AND TRADE

SERVICES

DRAFT MINUTES OF THE MEETING HELD ON 17-18 APRIL 1986

Chairman: Ambassador F. Jaramillo

1. The Chairman noted that, as agreed at the last meeting (MDF/W/62, paragraph 55), the meeting would resume the discussion of document MDF/W/59 on "Issues and Concepts Related to Regulations Affecting International Transactions in Services", focussing on the questions which appeared in paragraph 23 of that document. He recalled that the discussion of questions 1 and 2 had been completed and that some of the points raised in questions 3 and 4 had been touched upon. In addition, it had been suggested at the last meeting that the whole issue of "tradeability" of services was one which deserved further attention.

2. Before addressing questions 3 and 4, the representative of India commented on the structure of document MDF/W/59 which, in his view, did not in fact draw upon the information available to the meeting and on the discussions held so far, nor upon any aspects of the points raised in the national examinations or in document L/5911, but made reference to material which was not part of the documentation on hand. This was a disappointment, as he believed that the meeting could not afford to be selective in its approach about what should be taken in for consideration in the exchange of information for the purpose of clarification of the issues. Turning to questions 3 and 4, he recapitulated some of the views expressed earlier by his delegation, stressing that it would be a gross misperception to view services primarily from the viewpoint of trade alone. Hence it was inappropriate to equate services regulations with barriers to trade in services. Services regulations performed legitimate functions. Their complexity and diversity reflected the complexity and diversity of the services sectors themselves. It was the function of governments to regulate the services sectors in accordance with the socio-economic policies that the governments had adopted, since they were obligated to provide, maintain and ensure adequate and appropriate networks of services for the well-being of their citizens. Traders in services, that is those who sought to provide services through trade, in his view did not have the right to set themselves in judgement over sovereign governments to decide what the regulatory framework should be and, least of all, question the motivations of governments which instituted regulations. He said that an examination of regulations on services could only be justified insofar as they impinged on trade alone. In any case, the complexity and diversity of services was such that they did not lend themselves to an across-the-board approach. With regard to international regulations, he said they clearly showed that the approach adopted so far was necessarily sector-specific. Therefore there was no reason to presume that there should be a consistent set of international regulations, as suggested in paragraph 16 of MDF/W/59. In this connection, he pointed to Table III.I of the analytical summary contained in document

MDF/7/Rev.2, which showed that international regulations of one form or another already existed in most services sectors. Several national examinations of Denmark, Canada, Finland, France, Norway, the EEC and the United States had also taken account of the existing international regulations applicable or potentially applicable to services, and the national study of France referred to the competence of international institutions in various services sectors. He considered therefore that this meeting should not assume an approach to national and international regulations based on document MDF/W/59.

3. The representative of Australia said that if the purpose behind domestic regulations governing services and goods was purely to limit competition from imports or to achieve social objectives (such as consumer and environmental protection), then there were no generic reasons why regulations governing services and goods should be fundamentally different. However, historically a number of services had been provided as public utilities, more so than goods, and consequently government involvement in their provision had led to monopoly structures. In some sectors with more significant private participation, such as transport and communication, there had still been a tendency to a monopoly/oligopoly structure, due in some cases to the large infrastructure needed and to very high entry and exit costs. Regulations had thus arisen out of sector-specific needs and had taken very different forms. Hence a special characteristic of services was that there tended to exist an inverse relationship between their public utility and their international tradeability. With respect to international regulations much the same could be said. Another relevant factor was the impact of internationally traded services on "cultural" values (eg entertainment) and the desire by governments to limit this impact. His authorities had never thought that any investigation of regulations relating to services would be a simple matter. The task of this meeting, which had to face all questions, was rather a lengthy one. At the end, this meeting might find a greater degree of commonality than had ever been suspected at the start. His authorities did not think that the diversity of existing regulations meant that the matter could not be discussed in a productive way.

4. The representative of the United States shared the view that some factors contributed to a greater degree of regulation of services than of goods, given that a number of services were provided as public utilities. It was also obvious that for a number of services sectors it was necessary to have a high degree of regulation because of the nature of their output. Thus, one of the most intensively regulated sectors was banking where individual institutions were regulated on a daily basis insofar as their deposits and capital reserves were concerned. These regulations were necessary from the standpoint of consumer protection. Inevitably, questions might arise as to whether regulations were reasonable or excessive, but there were indeed factors which resulted in increased regulations for services generally. However, he did not see that generically there was an important distinction between goods and services as to why they were regulated. The basic reason for regulation related to the effect of a good or service on the public. In this respect, there existed a clear commonality between goods and services. Concerning international regulations the same criteria applied. In each instance, the purpose was to deal with problems as they arose. Economic stability was one important consideration in such regulations, although sometimes this could lead to excessive control over competition, as in the UNCTAD Liner Code.

5. The representative of the European Community was not sure whether it was relevant to know the extent to which regulations governing services were different or not from those governing goods. A great number of services were regulated to ensure the protection of consumers or the quality of professional services. Consumers needed to be protected because it was often difficult for them to judge not so much the quality of the services themselves but the quality of the service provider. In that sense, reasons for maintaining regulations governing services were generic, although there were sub-sets of services sectors which may be regulated because of their particular economic characteristics, or for the achievement of national cultural aims. In fact there existed a whole range of reasons for regulating services sectors, so that the answer to question 3, as to whether reasons for maintaining regulations were generic or sector-specific, was that the whole range was involved. Concerning existing international regulations, there were many good reasons to justify the existence of perfectly legitimate and desirable regulations. For example, in order to achieve international compatibility of services, necessary work was being done on standards in the International Telecommunication Union (ITU) and in the International Civil Aviation Organization (ICAO). Another reason was when there existed limited world resources which had to be shared among countries of the world. This applied in particular to the geostationary orbit and to radio frequencies and these subjects were also regulated by the International Telecommunication Union. Similarly, there existed a need for more international regulations in the services area, i.e. general rules to ensure that a legal framework encouraged trade in services within the limits of appropriate regulations, which might have some general and some sector-specific components. International rules referring to national regulations of services could of course not be developed only from the point of view of encouraging trade. In developing multilateral rules for international transactions in services, a balance would need to be achieved between the goals of trade liberalization and the legitimate goals which were pursued by national regulations of many services sectors.

6. The representative of Japan suggested a methodological approach to deal with questions 3 and 4 on the basis of a vertical listing of various types of problems, for example governmental subsidies to civil aviation or shipping. Such a list could also include problems such as market access, technical standards, government procurement, as well as various barriers in goods trade accompanying services trade, regulations on manning or staffing, discrimination in taxation, protection of intellectual property, or remittance of currencies across borders. On the horizontal axis, services sectors would be indicated, like engineering, banking, insurance etc. Commonalities in terms of motivations might be found among services and also between goods and services. At the same time, specific features concerning only services could be identified, like privacy protection, cultural considerations or national security motivations. In the banking and insurance sectors, there were various motivations for regulations, such as the protection of small depositors, or the need to ensure sound competitive conditions in the financial market, or the need to maintain the degree of effectiveness of a given monetary policy. Policy objectives attached to regulations should be subject to trade-offs against the gains which could be obtained through competition, either domestic or international.

7. The representative of Brazil said that the basic approach to question 3 would be that in some cases the reasons were the same as those involved for consumer protection, but that in other cases the reasons might be different. Although a number of these reasons had already been presented by the previous speakers, he mentioned specifically the fact that production of services were closely interlinked not only with the production of goods but with the production of other services as well, which might or might not be the case with goods. Certain services might have a key role in promoting development, for instance, and this might be one reason for maintaining regulations in services sectors which would not apply to goods. On the question whether these reasons were generic or sector-specific, the answer again was that in some cases they would be generic, and in some other cases, sector-specific. Although the aspect of the interlinkage between services and goods, and between services and other services, might be a generic aspect, there might be individual services sectors where a country would have to take into consideration national sovereignty, social and cultural objectives, security goals, etc., which might not apply to other services sectors. On considering question 4, difficulties arose when comparison was made between a situation of international trade in goods and transactions in services. In his opinion, the meeting had not yet reached a consensus on the notion that trade in goods should be compared with transactions in services, which involved aspects that were not included in trade in goods. In trade in goods, the reasons for maintaining regulations were known while in the case of services, regulations sometimes did not even exist except in some specific sectors. If this meeting went into the reasons for maintaining regulations, it would in fact go into the desire that different countries would have for maintaining regulations. On this issue, the perception would vary not only according to the degree of development of individual service industries in different countries, but also for ideological reasons.

8. The representative of Argentina said that he too considered that this meeting should not limit itself to the discussions of the questions listed in document MDF/W/59. On the contrary, in the course of this meeting, his delegation would have comments to make which would throw light on some elements related to another approach than the one in the secretariat document. On question 3, he said that in the case of domestic regulations, the reasons for these regulations could vary from one country to another. For example, there might be a series of services which were provided as public utilities or in a monopoly structure. In general this was not the case for goods and therefore there existed an important difference between goods and services. Another reason for this difference was the characteristics of goods on the one hand and services on the other. In the case of services it was very difficult to determine what were the characteristics of these activities, although the reasons for maintaining regulations might be simple. The need for labelling certain goods was easily justified on the grounds of public health or consumer information. However, in the case of telephone services, the motivations were quite different insofar as the reasons for maintaining regulations were based on development needs, national integration, or even national security and possibly on consumer interests. A comparison between the reasons invoked in the case of goods and in the case of services showed that there was very little common ground between the two. The conclusion could be reached that the only common ground was the need to have some rules to create a certain order of things. This could not in any way be interpreted as meaning that the regulations

should be similar in both cases. The representative of Argentina found it somewhat difficult to answer question 4. There was an assumption in the back of this question which did not correspond to facts. One tried to compare motivations for international regulations of transactions in services with motivations for the international regulation of trade in goods. In reality, there were no existing international regulations on services except in very isolated cases and specific activities. Therefore, the task was rather to define services and the scope of services activities. This raised the difficult question of defining transactions and trade in services. Another question was the movement of services, which did not exist in many cases, and this was again a major difference with goods. Thus, no valid comparison could be made between the motivation for the regulations applying to goods on the one hand and the motivations for the regulations applying to services on the other. The problems, much more than the motivations, were generic, transaction-specific or sector-specific.

9. The representative of Yugoslavia shared the views expressed by the representatives of India and Argentina that document MDF/W/59 should not be the only note that this group should discuss. When comparing regulations in goods trade with regulations in services trade, it should be considered that up to now there did not exist unified international regulations in goods trade. Furthermore, the differences in the reasons for maintaining regulations for services, due to their complexity and variety, were more marked at the national than at the international level. She was interested in discussing more in detail the various regulations, national and international, which applied in services sectors, like banking, insurance and telecommunications.

10. The representative of Switzerland noted that, concerning motivations for regulations, a common element between goods trade and services trade could be found with the motivation of public order. States endeavoured to keep a proper contractual balance among private parties, by protecting consumers against services providers because the latter had an information advantage. In this field, a strong analogy existed between goods and services. Referring to the statement by the representative of the European Community, he agreed that what was important was to strike a balance between motivations and freedom in transactions.

11. The representative of New Zealand said that his authorities were pursuing a very rapid liberalization of the services sector, particularly in the financial area where the government had removed all the remaining monitoring controls over foreign exchange and opened up banking licences to whoever wanted to set up, provided that they met prudential controls. The geographical position of New Zealand gave it a great advantage in terms of data processing, because firms located elsewhere could process material there on a 24-hour basis. This meant that New Zealand was interested in the services sector for its own sake. In the area of services, the dominant factor seemed to be that they were increasingly technology-driven, that services trade could become extremely important but that nobody could seriously pretend to know in what direction it was going to take, or where respective countries were going to see advantages twenty or thirty years from now.

12. The representative of India said that the intervention of the representative of the European Community had taken the debate a step further towards some clarification. The distinctions between general and sector-specific services regulations were vital. In this connection, he said that without first identifying the general or specific characteristics of services, it was difficult to examine the regulatory framework. On also had to take into account the historical background to regulations. The interventions by the previous speakers had suggested that, while there might be certain very broad and general characteristics of services, there were also some very broad apprehensions about foreign involvement in vital sectors of the domestic economy which might apply equally to sensitive sectors of trade in goods, such as agriculture, and to services. There were also some very specific considerations such as conservation of foreign exchange, need for capital formation, need to preserve the cultural identity, sovereignty and national security, and the need to preserve the privacy of individuals. All those were related to the specific characteristics of specific services sectors. On the other hand, it was inappropriate to talk about a legal vacuum existing in international regulations because the international community of nations had always tried to elaborate appropriate frameworks, legislations, or international agreements to deal with specific issues. It could not be said that the Chicago Convention, the International Civil Aviation Organization and the International Air Transport Association did not deal appropriately with problems related to international airlines and therefore justified the setting up of a larger supervisory framework imposed on the existing ones. This sort of framework did not even exist for goods. He would therefore endorse the view expressed by the representative of Yugoslavia that the regulatory framework should be examined sector by sector.

13. The representative of the United States, agreed that a balance should be struck between the reasons for imposing regulations within a national economy, and the international dimension of such regulations. There were elements which legitimized regulations in a domestic context and at the same time, failed to take into account the effects of the regulations on possible foreign entry. On the other hand, the historical basis for regulations was, in his view, not relevant in this context.

14. The representative of India noted that so far certain countries had not seen the need to legislate on certain services sectors but this option should not be foreclosed by any notion of standstill and rollback of existing regulations. This meeting should analyse how regulations had evolved. Regarding the point made by the representative of the United States on the international effects of regulations, he said that if national regulations were intended to promote and to maintain essential services within the domestic economy without any attempt to subsidize exports abroad or to create trade distorting effects, one should recognize that in such situations the maintenance of national regulations was not in itself a source of distortion. There existed legitimate domestic regulations, some of them having trade-distortive effects, which would be maintained and some new similar regulations might even be imposed in the future. Sovereign governments could not be precluded from imposing any regulatory framework. If the question was one of equality of opportunity for foreigners on the domestic domestic market, it should be clear that there existed a whole range of activities where equality of opportunity was never intended to apply to foreigners.

15. The representative of Brazil, noted that the representative of the European Community had referred to the objective of encouraging trade. It might be appropriate to bear in mind that there might be different views with respect to the need to encourage trade in services. Figures about the growth of the deficit in services of developing countries showed that this deficit grew between 1970 to 1982, from US$3.9 billion to US$60 billion. It would seem that trade in services were going in one direction that was not entirely beneficial to these countries. He doubted whether assuming a new regulation internationally would redress to any extent the balance in their favour.

16. The representative of the United States said that the question was whether governments took into account the element of competition which might be useful in the economy at the time they were adopting regulations for other purposes. The formulation of international rules which would be common to all sectors would have value in this respect.

17. The representative of European Community, commenting on the apparent deficit on trade in services of developing countries, noted that the statistical discrepancy on world current account recorded by the International Monetary Fund had increased from a very small figure in 1970 to US$100 billion in 1982. According to the IMF, the major part if not all of this amount was represented by the under-recording of services exports. Available statistics therefore had to be treated with great caution. Quoting from paragraph 14 of document MDF/W/59, he said that international agreements did indeed reflect the willingness of sovereign States to place voluntary restraints on the use of their sovereignty. International rules on trade in services would be designed, at least partly, to agree by mutual consent to limit the use of national sovereignty in regulating services in general and also particular services sectors. For example, countries could agree not to put forward cultural identity as a reason for regulating air traffic or for that matter many other services sectors. This sort of agreement would narrow down the margin of discretion of individual governments in the interest of particular goals. He also felt that this meeting was moving toward a reasonable consensus on the hypothesis that countries wanted to encourage trade, but if some countries thought that encouraging trade in services was not a good idea, he was interested in listening to their arguments.

18. The representative of Brazil doubted that there was an emerging consensus on encouraging trade in all services sectors without discrimination. One problem for his delegation was to determine whether encouraging trade in services by assuming new international obligations would not have collateral effects which would be detrimental to the economic development of some countries.

19. The representative of Egypt said that in view of the diversity of services, he did not see how the same rules could apply to all. Further, developing countries had less regulations than developed countries in the field of services, and it would be mistaken to think that tradeable services were hindered by regulations in developing countries only: the more countries were developed, the more regulations there were. While on the surface legal provisions applying in the services sectors were easy to apprehend, administrative regulations tended to be more complicated. Therefore, transparency seemed to be one of the most important questions to be dealt with in this meeting.

20. The representative of Argentina, commenting on the question of balance between national sovereignty to impose regulations and the encouragement of international trade in services, said one may wonder why there had been such an expansion of services in the world for example in commercial airlines or in maritime transport. It was not clear that better "balance" would create a situation which would be more favourable for the expansion of services nationally and internationally. These ideas had to be discussed much longer before any kind of consensus could emerge. With respect to existing international regulations, the idea of some delegations seemed to be that these regulations were not positive for the simple fact that they were not integrated in a general framework. His delegation wondered, on the contrary, whether experts working on services had not found that the best way to expand services was on a sectoral basis. This was quite different from what happened for goods forty years ago. The turn taken by the discussions seemed to be based on the idea that to have a multilateral framework was a good thing and the absence of such a framework was a bad thing. This conclusion could not be drawn from the discussions which had been held until now.

21. The representative of India said that he had some difficulties with the idea of applying a certain normative framework across-the-board to all services sectors. There might be specific motivations for the kind of regulatory framework which applied to some sectors, and this should be taken into account. The question whether there were potential gains in encouraging trade in services was also important. In this respect, he stressed that the 1982 Decision of the CONTRACTING PARTIES did not embody such an objective. This meeting was called upon to deliberate on whether there was any scope for multilateral action, and what was to be the nature of this multilateral action if it was decided that there was need for such action. The question of the benefits from increased opportunities in trade in services was secondary to this concern. Some countries were seeking to include the subject of services on the agenda for a new round, and specific proposals for a multilateral framework had been made, e.g. in document L/5838. But this was different from saying that governments, in formulating their own policies towards services, should bear in mind the balance to be struck between legitimate national considerations and the benefits to their own economies of improved competition. This was a choice to be made by individual governments, and this meeting could not decide for them what sort of regulatory framework they should accept.

22. The representative of the European Community noted that the positions of various countries had also been expressed orally and were duly recorded in the minutes of these meetings, and that all statements made formed a totality. He expressed surprise at the suggestion by the representative of India that it was a secondary question whether increased trade in services would bring increased benefits. In fact, before turning to what form of multilateral action might be appropriate, this meeting should discuss why multilateral action might be appropriate. His delegations' view was precisely that there would be benefits which could be shared among all trading partners. This was not a secondary, but a crucial issue.

23. The representative of Canada agreed that there existed a wide range of motivations for maintaining regulations, either generic or sector-specific. The discussions in this meeting were in no way intended to question or impinge upon the sovereignty of any governments in adopting or applying

regulations, but rather to look at the impact of regulations on trade, and whether such impact was intentional or incidental. If the answer was that the impact was incidental, then the question would be whether there existed another way of regulating a particular service in order to reduce the impact on trade without rendering the regulation ineffective. If the impact was intended, this situation had ultimately to be discussed between the government which was taking the action and other governments which had trade interests. He hoped that in the future an opportunity would be provided in a broader forum for such discussions.

24. The representative of India said that the entire services issue could not be circumscribed in terms of trade alone. If this meeting was to discuss multilateral action, then it had to consider the implications for all aspects of all services sectors before thinking of any comprehensive approach to services which would be directed primarily to promoting trade. Governments did not introduce national regulations merely or exclusively for the purposes of promoting trade. They introduced them for perfectly legitimate reasons. This meeting had decided, in an arbitrary fashion, to limit the discussions to the trade aspects alone. The question of possible multilateral action was not posed only in terms of trade.

25. Turning to questions 5 and 6 in document MDF/W/59, the representative of the European Community stated that it would, in the view of his delegation, be possible to draw up criterion that would apply to international transactions in services, or to international trade in services in a more narrow sense. One criterion could be transparency in regulations. An international agreement could provide that service regulations having an impact on trade should be transparent. Similarly, with reference to the commonality between trade in goods and trade in services, another criterion could refer to non-discrimination between foreign suppliers of services as well as to non-discrimination between foreign and domestic suppliers of services, that is, national treatment. There was scope for normative concepts, not so much on the basis of which national regulations could be challenged, but initially as a basis on which national regulations could be adapted to conform with an international agreement reached on the basis of mutual consent. His delegation did not think that such a priori criteria would resolve all problems in trade in services. For example, if one looked at national regulations which were seen by exporting countries to have an impact on trade, some of these regulations might clearly fall in a category that could be described as discriminatory and providing protection to the domestic sector. Such regulations could be dealt with under an international agreement. However, there would also be a large category of regulations having an incidental impact on trade which would have to be put in a category called "appropriate regulations". In between, there might be a considerable "grey zone", covering regulations on which one would have no agreement as to whether they were discriminatory or appropriate, and there would then need to be some form of international discussion to see how one could take issues further.

26. The representative of the United States added to the points made by the representative of the European Community that any criteria set up internationally would need to have a binding character. The challenging element would be to find ways of dealing with GATT Article XX-type exceptions in as pragmatic a manner as possible. In the process of discussing

international criteria, such exceptions should be debated in order to determine whether or not there were some justifications, in a commercial sense, for a country to exclude foreigners. This was a necessary, albeit sensitive part of the process. The principles set forth in document L/5838 still held for the United States but the definition of exceptions was clearly a process of negotiations which the United States government recognized as necessary. However, it was desirable that discussions begin with the notion of an open system of trade in services and, in this respect, national treatment was a key principle to be taken into account.

27. The representative of Argentina noted that, in the absence of any multilateral agreement on trade in services, countries were free to adopt criteria, or to invoke motivations, as bases for their regulations. He had gathered from the discussions in this meeting that all the motivations which had been invoked for justifying regulations were valid and even rational. Therefore it was difficult to go along with the idea, suggested in question 5, that the invocation of motivations would lead to paralysis. In his view, if a motivation was rational, there was no reason to discuss its consequences in terms of possible paralysis. On the contrary, one could see that with the present sectorial regulations and without any general framework, there had been an enormous expansion of services trade in the world.

28. The representative of Australia said that, given the present framework, the answer to question 6 would be "one does not know" or even "no". This aspect of work would need a great deal of more deliberations, but ultimately answers would have to be provided to questions 5 and 6. One could very well imagine that the answers would come, possibly in the broader forum to which the representative of Canada had alluded.

29. The representative of Brazil shared the comments made by the representative of Argentina. One of the problems raised by question 5 was that it seemed to imply a value judgement. This meeting could not go on the assumption that any kind of action was really desirable without much more discussion having taken place multilaterally. The way question 5 was phrased implied a bias in favour of action on one hand and of establishing a relationship between regulations and inaction, which was not necessarily a relationship that his delegation acknowledged. Question 6 raised another difficulty which stemmed from the use of the word "scope" which could be understood in different ways, in terms of conceptual instruments that one disposed of, and also in political terms, that is, was there scope politically for attempting such a discussion or was there none.

30. The representative of India said that questions 5 and 6 were not appropriately phrased in order to promote a better understanding of the issues that this meeting was considering. These questions referred to regulations affecting international transactions in services. The question which was of interest was the specific reference to tradeability of services. The reason why this meeting chose the expression of international transaction in services was that it seemed to cover the entire gamut of what actually took place. Governments did not look at services only in terms of trade, but imposed certain terms and conditions on national and international transactions generally. Regarding the concept of national treatment, he noted that this concept referred to specific aspects of trade in goods.

Goods were not granted national treatment at the borders where customs duties were applied. It was only within borders that imported goods were given national treatment in the sense of not being discriminated against when sold domestically. If trade in services were to be defined as movement across borders, perhaps there would be some sense in applying the GATT concept of national treatment. When referred to the whole range of international transactions, including the treatment of subsidiaries of foreign firms, the concept became inevitably confused.

31. The representative of Canada said that it was possible to look at certain criteria which might apply to regulations affecting international transactions in services. A number of concepts had to be examined in order to see how they could apply to services, such as transparency and non-discrimination. He suggested however that he would not see much merit in trying to develop objective standards for reasonable regulations. Each government attempted to develop what it considered to be reasonable regulations governing services. It would not be fruitful to approach the questions from this angle. This meeting should rather look at concepts which could apply to international transactions governing services as well as to possible exceptions.

32. The representative of Japan said that it might be possible to work out both positive and negative criteria. The GATT framework, which already provided for general exceptions for national security and other reasons, could be used as a model for identical or similar concepts for services. There should also be an element to protect the service industries which would be important in terms of their development aspect. It would also be useful to consider further the exact nature of the problems which would occur in relation to national regulations which affected international transactions.

33. The representative of the European Community said that the national treatment concept for trade in services was in no way the concept provided for by GATT Article III. National treatment in services was whether a regulation discriminated between domestic and foreign suppliers of services. All regulations which protected domestic suppliers could be put in one category which would represent regulations which should be liberalized. Since the inception of the GATT, it took seven rounds of multilateral negotiations to lower the level of tariff protection. Similarly, it would not be either desirable or feasible to eliminate protectionist regulations on services overnight. The negotiating process for services would be similar to the one which prevailed for tariffs. National treatment was therefore not so much a principle which had to be respected from the very first day of any agreement, but rather a criterion by which one could judge whether or not regulations belonged in a set which would be gradually dismantled through negotiations. This was a criterion of judgement rather than a normative concept to be implemented immediately by governments. It would be used to select certain regulations which over the longer term should be eliminated. Regulations which did not discriminate between foreign and domestic suppliers, that is regulations which conformed to national treatment and which were based on legitimate grounds would not be subject to international liberalization in any way at all. They would be outside the scope of any liberalization exercise. A very large body of national regulations of individual service sectors conformed precisely to this description. There would probably be disagreement over a number of regulations as to which

category they belonged to. This would then be a subject for international discussion. The principle that there existed two sets of regulations, those which were to be liberalized and those which should not be touched because they were perfectly legitimate and non-discriminatory, was one the European Community would like to be retained.

34. The representative of Argentina said his delegation would answer question 6 in the negative because this meeting did not have any basis to discuss normative criteria and had not yet defined concepts such as trade or transactions in services. Since the final mandate of this meeting was to see whether it would be appropriate to take multilateral action, he wondered whether question 6 should not in fact be that there should be multilateral action. As long as there existed serious doubt about this possibility, it did not make much sense to try to define the criteria on which such action could be based. Referring to the idea that criteria could be discussed in parallel with exceptions, defining which regulations could be excluded for various reasons, he wondered whether it was meaningful to discuss exceptions without knowing what could be the content of a framework. Defining exceptions was not a valid line as long as there existed no agreement on principles.

35. The representative of Sweden, speaking on behalf of the Nordic countries, considered question 5 as an important one; a possible starting point for dealing with it would be to draw on the experiences that countries had with GATT negotiations. As to question 6, he would reply positively although the idea would not be to impose certain types of national regulations on any country. As previous speakers, he felt some balance should be found between the national regulations and their effects on trade, and this was a matter of negotiation.

36. The representative of Yugoslavia said that international regulations in some sectors were needed in the context of the treatment of restrictive business practices. The issue of national treatment was a very sensitive one, but up to now each country remained free to define the kind of national treatment which was to be granted for different kinds of services, since the GATT Article III concept of national treatment did not apply to services and would, in any case, not be appropriate for them.

37. The representative of the United States agreed that there existed two sets of regulations, those which were to be liberalized and those which should not be touched because they were legitimate and non-discriminatory. He added that in situations where either by regulatory practice or by statutory requirement, a monopoly or a cartel existed, prohibiting new entrants into the market, this attitude could raise a market access problem and should not be beyond the scope of examination of question 6.

38. The representative of India said that in the light of the views expressed by the representative of the European Community on the concept of national treatment he wondered what were the justifications for a GATT-like structure to be imposed upon the services sector, if national treatment for services was different from the GATT Article III concept and if "conditional MFN" was to be applied for services instead of the unconditional GATT MFN principle. This might rather mean that new rules would have to be devised. If the principle of national treatment was to be applied on international

transactions, it would mean that the principle of non-discriminatory treatment between domestic and foreign suppliers would be established, that is, that governments would not have the right to prescribe different treatment to foreign and domestic suppliers, and that in fact foreign suppliers had an equal right of opportunity and a right for equal treatment in every respect as compared to the situation of a domestic supplier or a domestic industry. This legal régime would be completely different from the existing theory of trade as applied by the GATT so far. No government could claim that it was providing national treatment in this sense to the trade of any other country. Thus, the way in which the whole concept of non-discrimination would apply to services was unclear.

39. The representative of the European Community recalled that his authorities did not think that the General Agreement as it stand could be applied to services. He could accept the suggestion of the representative of India that a GATT-like structure was not the right type of agreement for services. The main reason was connected with the question of national treatment. GATT Article III was a device for eliminating forms of protection not specifically approved, i.e. other than tariffs, which did not exist for services. This represented the basic weakness in any idea of applying the GATT as it stands to services. This was also the reason why the national treatment principle to be applied to services had to be different. As far as the European Community was concerned, the views expressed by the representative of India were in conformity with theirs. In addition, he said that normally services sectors could be regulated in a legitimate fashion without discriminating. But concerning cultural identity, there might be an exception to this rule.

40. The representative of Egypt was also of the opinion that the General Agreement could not apply to services. Concerning questions 5 and 6, he gave negative answers. With respect to the idea expressed in question 6, he referred to the mandate of this meeting which limited its task to discussing existing national and international regulations, and not to deal with aspects raised by the secretariat in question 6. Concerning national treatment, he wondered whether one could say that services coming from abroad had to receive the same treatment as domestic services, insofar as such a régime did not even exist in goods trade. In addition, one should not forget the development aspect of services, economic, social and political.

41. The representative of the European Community turning to question 7, explained the reasons why his authorities thought that there should be a consistent set of multilateral regulations governing transactions in services. First, the lack of multilateral rules allowed countries to discriminate in favour of their domestic sectors, and to give them protection, compared with foreign suppliers of services, which hampered trade. Secondly, there existed no obligation at all that services regulations be transparent. This non-transparency acted as an obstacle to exports of services. Thirdly, since there were no international obligations, governments could change their regulations whenever they wanted, and this situation lead to uncertainty for exporters concerning the framework within which they would be exporting. The aim of an international agreement on services would be to gradually solve these three problems - protection, non-transparency and uncertainty.

42. The representative of India sought clarification about the content of bilateral FCN treaties concluded by the United States, which seemed to exclude most service sectors. Regarding the points raised by the European Community, he stated that it was not relevant, given the state of complexity and diversity of international transactions in services, to speak of a consistent or coherent set of international regulations. National regulations would stay and international regulations would develop in the manner that governments saw fit that they should develop. It was impossible to have a preconceived notion of what a consistent set of international regulations should to be. Any multilateral approach to address services would also continue to reflect the complexity and the diversity of the services. In the area of telecommunications, there were certain aspects such as geostationary satellites and time-sharing which were being dealt with by the International Telecommunication Union. In this area of services, which might be characterized by the tremendous scope for growth and development, it was not necessary that a set of international regulations dealing with telecommunications be coherent and consistent with the set of international regulations applied to banking, financial services, shipping or civil aviation. All these services had their particular requirements. The argument that the lack of multilateral rules allowed governments to offer protection to their domestic services was based on the assumption that governments were obligated to open their services to free competition, which was not the case. Governments were obliged to provide, in as appropriate a manner as they saw fit, the kind of services they felt were consistent with the socio-economic and political objectives of their countries, and necessary to the well-being of their citizens. Certain services had evolved in such a way that procuring them through international supplies was more efficient and it was up to the national governments to act consequently. This did not mean that they threw open the entire range of services activities that were vital to the national economies for the largely notional and theoretical benefits of free trade in services which might accrue. It was always possible to come up with a more competitive supplier of a specific service in a given set of circumstances, but he could not accept that there had to be an obligation for transparency to begin with. Transparency was certainly in the interest of creating trade opportunities, just as transparency in government tender offers created the opportunities for industries elsewhere in the world. There was no such obligation which existed today and the absence of such an obligation had not prevented services from developing so far. If one went back to the thought that transnational corporations and all large services firms had the most vital interests in services today and had some factors of comparative advantage in their favour and would have the most to gain from transparency, it had to be noted that this meeting had not yet addressed the question of any kind of obligations and commitments that could be imposed upon the transnational corporations in return for providing them transparency. The last point raised by the representative of the European Community - uncertainty for exporters - did not lead to distortions in trade. A basic difference had to be drawn as to whether the absence of a multilateral framework was a trade distortive factor or a trade inhibiting factor. Uncertainty might be trade inhibiting but certainly not trade distorting.

43. The representative of Sweden (speaking on behalf of the Nordic countries) turning to question 7, said that there was a link between this question and question 2, and both questions should receive a positive answer.

He also drew attention to the General Agreement, one of whose greatest achievements was that it created stability and predictability for those involved on trade. The lack of a set of international rules in trade in services meant lack of stability which governments managed to achieve in the field of goods. It should be possible to achieve the same benefits in services as were achieved for goods thanks to the General Agreement.

44. The representative of the United States said that the answer to question 7 was that there would be clear advantages from establishing a set of disciplines which would apply to a wide scope of services. Existing international regulations on services applied on a sector-by-sector basis, except in the case of the OECD Codes which could not necessarily be called a set of regulations on services. In many instances they had no precise orientation as to the very basic question of competitiveness and tradeability. The work done by the International Telecommunication Union had been extremely useful in applying clarification on technical standards. However, there was no effort at all to deal with the most general question of competitiveness in telecommunications. Some technical specifications might affect it but only incidentally. The notion which was important in terms of a set of understandings was that mere existence of a set of rules and disciplines did not by itself ensure liberalization of trade. The notion behind the GATT was that countries would move as far as they could in the direction of liberalization although, at the same time, the GATT provided a basis upon which to request protection. This would also be the outcome of an understanding on services. He also stressed the importance of providing a degree of predictability in services trade aside from the basic principles mentioned by the representative of the European Community. What existed currently in services was a state of anarchy insofar as basic norms were concerned. As regards the fact that in many instances services had been exempted from FCN Treaties, this was because the trading partner concerned was not willing to include specific services or because the local States of the Union regulated certain services and the Federal government, at that time, did not have a consensus with these local States to commit them. However, his authorities recognized that an understanding would have to be agreed upon with States as part of any international agreement on services.

45. The representative of Brazil said that his basic reaction to question 7 was somewhat similar as it had been to question 2. The difficulty for services industries did not come really from the lack of a consistent set of international regulations governing transactions in services. It might rather come from the lack of international regulations governing transfer of technology and restrictive business practices. Difficulties of a much greater kind would arise from a consistent set of international regulations, as they were being envisaged by certain countries which were highly competitive in a number of services industries. To embark upon an exercise which would create international disciplines governing transactions in services might have implications for the development of certain industries in countries like his own, and also for the presence in their markets of certain services which they were already exporting to third markets, not to mention such aspects as vulnerability and dependence. The way in which countries would answer question 7 would depend greatly on how competitive their services industries were, and in this regard the perceptions of developing and developed countries would tend to differ.

46. The representative of Yugoslavia said that a major part of international trade in goods was done on the basis of exceptions to GATT rules, that is exceptions provided by the General Agreement as well as exceptions outside the GATT framework. Her opinion was that obstacles to international trade in services were of a minor importance compared with the problems faced in goods trade. In addition, a number of international organizations, which were already dealing with specific services, knew very well what kind of national regulations were being applied to trade in services. Transparency was provided by the notification of national regulations to these international organizations. If general rules would be agreed upon on trade in services, the exceptions to the general rules would be so numerous that very little would be left to be regulated in an overall framework.

47. The representative of Argentina noted that there existed rules in specific services sectors, which reflected the complexity of the services sectors, and this situation was certainly the best solution at present. He therefore wondered whether question 7 should not be put differently. If it were said that there were international principles governing services, the question to be answered would be to what extent could such international principles have an impact on services industries in developing countries which had a limited competitive advantage. This question would certainly be more realistic, at least from the point of view of developing countries. An alternative question could be, what would be the practical impact of international rules in a situation where a number of services sectors were in the hand of a limited number of countries or firms. The answers would be quite different from the answers which had been given up to now to question 7. They would in fact depend very much on whether the answers were given by an exporter or by an importer. As drafted, the question 7 was based on an unrealistic assumption. This group would be much nearer to the real facts of life if it tried to analyse what had been the developments of regulations in the services sectors until now.

48. The representative of India supported the views expressed by the representatives of Argentina and Brazil. Regarding the explanations given the representative of the United States, he suggested that States did not appear to have jurisdiction over some services excluded from FCN treaties, and that this seemed to show that, historically or even objectively, a differentiated treatment for services had continued to be applied, and might perhaps well be justified in the future.

49. The representative of the United States commented that the situation illustrated the fact that governments would have to deal with GATT Article XX types of exceptions after having subscribed to some basic principles on international transactions in services.

50. The representative of Canada said that the development of a set of rules and obligations governing services on a broad multilateral level should strengthen the world trading system by improving predictability and security of access. At the same time, access to the best services available in the world market would play an important role in enhancing the competitiveness and productivity of service industries.

51. The representative of Switzerland distinguished three types of situations with respect to question 7. In the first situation, there did not

exist any national or international regulations on specific services. In such a situation free competition was the rule. The opposite situation was when there existed a consistent set of international regulations governing transactions in services. An intermediary situation was the one which existed presently, namely national regulations were provided on specific services in certain countries while no regulations existed in others. Such a situation caused difficulties and justified the quest for a convergent and consistent set of international regulations. Various answers could be given to these problems, depending on whether these answers were given by producers or consumers of services. The rôle of the governmental authorities was to try to co-ordinate these various answers and to elaborate a consensus with all interested parties. It would also be useful to agree upon a consistent set of international regulations governing transactions in services as well as transactions in goods, due account being taken of the increasing link between goods and services and the fact that the transactions of goods often met difficulties when non-liberalized services were integrated in these goods. He also shared the views expressed by previous speakers that GATT Article XX-type exceptions would have their place in any consistent set of international regulations.

52. The representative of India asked whether delegations supporting the notion of a consistent set of international regulations were referring to consistency between national regulations on a par with one another, or to consistency across-the-board for all service sectors. The implication were different from the point of view of dealing with the complexity and heterogeneity of service sectors.

53. The representative of New Zealand felt that the distinction presented by the representative of India raised an important point. He suspected that most members in this meeting would accept that, on a priori reasoning alone, there was reason to believe that the lack of consistency within a sector such as civil aviation was likely to inhibit trade and if one was interested primarily in reducing inhibitions to trade, one would want to examine implications of this situation very closely. But if the aim was to establish intra-sectoral consistency, this result would be more likely to be obtained if, in determining the principles to apply within a particular sector, there were some guiding principles covering all sectors.

54. The representative of the European Community saw the idea of consistency as presented in question 7 as meaning that a multilateral agreement acceded to and applied by a great number of parties would provide for no discrimination among parties. The answer to the question as to whether the same set of rules would apply to sectors was that one would be trying to develop rules which would apply to all sectors, but there was no doubt that individual sectors had these specificities. Any set of international rules should take account of these specificities. It was not possible to foresee at this stage whether there would be more sector-specific rules than general rules, or the opposite, in the set of international regulations. The European Community would certainly accept the thesis that sectoral specificity would have to be taken account of in any rules being developed.

55. The representative of Australia, turning to questions 8 and 9, pointed to the difficulty of measuring the effects of regulations, or the absence of regulations, limiting market access for services. Generally, no tariffs

applied on services and, as a result, quantification by way of econometric models was not possible. Sometimes it could be said that the import of a particular service was prohibited. This could mean that the lifting of the prohibition might not in fact lead to any sale as all depended on the type of services and markets. As far as the first sentence in question 8 was concerned, the answer was negative. However, it might still be possible to devise basic principles on which units of measurements could be based concerning some kind of assessment of market share. This would require certain types of statistics. However, the fact that it was difficult to achieve practical measurement did not mean that countries should not try to devise ways and means to achieve trade liberalization in services and to achieve an increase in global services trade.

56. The representative of the United States referring to international and national efforts to harmonize statistical measurements, indicated that the improvement of data had been the focus of much attention in the United States administration, and also in the Trade Act of 1984. One of the major problems facing collectors of data was that most firms, even the largest ones, did not disaggregate data on services, for example on a country-by-country basis. Similar problems arose with respect to services industries carrying out transactions abroad, which were unable to account precisely not only for their cross-border sales, but also for returns on foreign investment. Recently, the administration had put together a sophisticated questionnaire to improve data reporting, which was rejected by firms essentially because it was considered as too burdensome. Furthermore, the fundamental issue of transfers of capital from a goods producing unit from abroad, which was not really a transaction in services, was not covered by this exercise.

57. The representatives of Brazil, Egypt, India and Yugoslavia were of the opinion that answers to questions 8 and 9 should in fact be given by countries which were pressing for international action, though on the whole problems of measurement were somewhat extraneous to present discussions. The representative of Argentina said that it seemed to be quite utopic to try to achieve some quantification or measurement of the effects of regulations, though countries which had maintained regulations in services sectors over say, a 15 or 20-year period, could perhaps see whether they had brought about some development effects in these industries which had resulted in increased exports, employment, and the like.

58. The representative of the European Community said that if EC firms were asked whether some regulations to which they objected were more important than others, then they would give an answer. The European Community had information available from the services sector in general terms, which allowed some comparison of different regulations, and hence some comparison in qualitative terms of the effects. In addition, the EC had information from the same source which allowed it to say that existing regulations had a major constraining impact on international trade. Services were regulated nationally despite the lack of coherent statistics on national services, so the same could be done internationally.

59. The representative of Japan said that the questions of measurement or evaluation of the effects of regulations were important. Any regulation limiting market access for service industries could be formulated in a uniform way so as to discern discrimination, restriction or trade-distorting

elements. In terms of the specific measurement, it was understandable that quantification of the effects of a particular regulation limiting market access for services presented difficulties. But from the hypothetical point of view, evaluation might be possible if one compared the situation where a regulation was applied with the situation where such a regulation did not apply.

60. There were no comments on question 10.

61. Drawing the discussion on document MDF/W/59 to a close, the Chairman opened the discussion on "Conceptual Framework, Statistical Problems and Methodologies" inviting delegations to first address the conceptual framework.

62. The representative of the European Community said that what distinguished services from goods was the need for direct contact between the producer and the consumer of the service while the service was being rendered. Goods could be produced at one place and at one point in time, and consumed at another place and at another point of time. On the contrary, for almost all services, contact between the producer and the consumer was a necessity. One possible notion of trade in services, which was contained in paragraph 21 of document L/5911, was that often marketing facilitation offices were an integral part of trade in services. This could also be expressed differently, namely that a commercial presence of the producer was necessary. Thus, some elements of establishment seemed essential to trade in services, which was not the case for trade in goods. Any definition of trade in services had to take this into account. For this reason, it was incorrect to suggest, as was done in paragraph 22 of L/5911, that it was important to distinguish the trade element in services from establishment aspects. For the European Community, some establishment aspects were an integral part of trade in services. This was, however, not the case for a subsidiary in a foreign country, which had its own legal status and was therefore a separate company subject to investment rules in the country of establishment. The European Community wanted this position to be interpreted as saying that foreign direct investment was not part of trade in services. The European Community was interested internationally in improving market access possibilities which was also, normally, in the interest of all countries. The European Community hoped that improvement in market access could take place through the encouragement of trade. But, for the European Community, the concept of tradeability did not go as far as the "IMF plus" definition as defined in paragraph 7 of document MDF/W/59, and did not include investment.

63. The representative of India said that the views expressed by the representative of the European Community went a step further in the process of clarification of the basic conceptual issues. He questioned, however, whether there was some need for a new appreciation of the concept of trade when applied to services, in the light of the intervention of the previous speaker. An important difference would be introduced if it was accepted that international trade in services had a certain specificity which was manifest in individual services sectors, such as software and civil aviation. Referring to paragraph 21 of document L/5911, where it was said that one national examination had drawn attention to the fact that the establishment of foreign service enterprises could not, to the same extent as for trade in goods, be regarded as merely an alternative to trade, he asked for some

clarification about the full implication of this notion. He also referred to the last sentence in paragraph 21 which indicated that some delegations, which had not yet circulated national examinations, had pointed out that it would not be appropriate to identify the concept of right of establishment with trade. His delegation did not subscribe to the view that, the concept of right of establishment was to be identified with the concept of trade. Questions still to be addressed were whether the establishment of marketing facilitation offices was integral to trade in services, whether this would necessarily apply to all services sectors and to all services transactions, and what was marketing facilitation as applied to, say, financial services, telematics, construction and engineering. But he agreed with the representative of the European Community that no link existed between foreign trade investment and trade in services. This was a reason for maintaining the distinction between trade in services and transactions in services.

64. The representative of the United States noted that cross-border trade in services was larger than was accounted for by existing statistics. With telematics, a considerable number of services were traded across borders without any element of investment abroad, but also without any record. The concept of market facilitation was attributable to the fact that in services more than in goods the notion of human contact was critical. This concept did not entail that the service was produced in the host country. The service could be produced abroad, but require face-to-face communication to be marketed. The reason why the "IMF plus" concept of international transactions was endorsed by his delegation was not because its application would mean absolute equality of opportunity for foreigners, but because some national regulations prohibited cross border sales of services and therefore establishment was mandatory if a foreigner was to provide them. Another situation existed where firms wanted to establish for specific marketing reasons. The key issue was the ability of a foreigner to provide services under law. This meeting had to recognize that services were quite different from goods and that the purpose here was not to talk of services going through customs, but to define the ability to sell from abroad. Thus the concept of commercial presence should also be covered, to deal with situations such as the lack of flexibility in the choice of an agent. A national treatment rule could be applied in such instances, that is the ability of the foreign exporter of services to obtain an agent who would sell services on the same conditions as domestic suppliers.

65. The representative of Japan observed that the delineation between goods and services as well as between exports and imports became more complicated as a result of technological or financial developments, and gave examples to that effect.

66. The representative of Brazil noted that the borderline between establishment, investment, marketing facilitation services and cross-border sales was rather blurred. Referring to page 75 of the United States national study on trade in services, he pointed out that GATT Article III dealt only with foreign products and not with foreign producers. Moreover, national treatment in the broader sense implied equality of opportunity between foreign and domestic producers of services, which did not exist for countries at different stages of economic development.

67. The representative of Canada recalled that the national study of Canada had stressed the importance of establishment/investment in the services field, but that this should not be considered as the central issue. He noted that the "IMF plus" concept might cover transactions which could be considered as not being of an international nature, for example a transaction between subsidiaries of countries A and B in country C.

68. The representative of Sweden suggested that the point of departure for analysis consisted of two basic elements, first that trade in services imposed a contact between importers and exporters and, second, that a close link existed between the issues of trade in services and establishment.

69. The representative of the European Community shared the view that GATT Article III was not applicable to services. There were problems with using old expressions like "national treatment", "trade" and "transactions" in services to express new ideas, but as long as no new words existed, one simply had to accept that they meant something different for services than for goods. It was also difficult to find a unified definition of establishment. Although a commercial presence was often necessary to facilitate trade in services, it did not mean that it was always necessary to the same degree in each sector. The extent to which establishment and commercial presence were important varied from sector to sector.

70. The representative of India saw the need for further clarification of many concepts, such as trade and transactions in services, market access, how services accompanying goods differed from services per se, when was a commercial presence, a representative office or a subsidiary essential for transactions in services, etc. Concerning national treatment, he had no difficulty in using the expression "equal opportunity for foreign suppliers" until a clearer definition could be found. Finally, he wondered how international regulations in services would apply to transactions between services firms established abroad and their clients, and whether there was any scope for applying many existing GATT provisions to services generally.

71. The representative of the United States agreed with the representative of Brazil that GATT Article III did not apply to foreign producers. He stressed, however, that it had never been the view of his delegation that GATT Articles could simply be extended to services, though certain principles of the GATT could. As to the question of the application of international rules to transactions between services firms and their clients, he said an overseas subsidiary, as a corporate citizen of a third country, would abide by the laws and regulations of that country when providing services.

72. The representative of Japan thought it would be useful to study in depth the applicability of GATT principles such as national treatment, transparency, safeguards, notifications, dispute settlement, etc.

73. The representative of the European Community agreed that GATT principles and provisions could be examined although he would not claim that some provisions of the General Agreement covered services. It was time that services transactions took place in anything but a legal vacuum because of all the existing national regulations, but there existed an international legal vacuum, and the question whether international agreements could address themselves to national regulations was affirmative, since the GATT itself had done just that.

74. The representative of Egypt noted that services were not explicitly cited in the General Agreement and cited a note to Article XVII which specifically excluded them.

75. Turning to the next item for discussion, "statistical problems and methodologies", the Chairman referred to paragraph 24 of document L/5911 which, in his view, contained all the essential points that could be made on this subject. The representatives of Argentina, Australia, Canada, India, the European Community, and the United States pointed out that statistical data concerning international transactions in services were inadequate, due to the fact that they were conceptually imprecise, highly aggregated and misleading in international comparisons. Among the problems which were faced with data collection were the coverage of transactions, the method of collection, the clarification of certain services activities and confidentiality requirements. Some of these delegations said that work was under way in their countries to improve the collection and classification of statistics on services and gave up-to-date information on the status of this work.

76. The Chairman drew the discussion on items (3) and (2) in paragraph 15 of L/5911 to a close. He suggested that the next meeting, which would be held on 12-13 May, take up the discussion of item (1) in paragraph 15 of L/5911, namely "general characteristics of services". In addition, that meeting could look into some key services activities, in particular transborder data flows, so as to gain a better understanding of how the various issues and concepts which were discussed so far applied in this areas. As suggested by some delegations, the rôle of transnational corporations in services could also be discussed. He would consult with delegations on the proposal that a representative of the United Nations Centre on Transnational Corporations (UNCTC) should be invited to make a presentation on this subject. Finally, at the meeting following 12-13 May, the fifth and last item in paragraph 15 of L/5911 could be opened for discussion, namely, "items raised in connection with possible multilateral action on services". It was so agreed.