

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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MTN.GNS/9

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Group of Negotiations on Services

NOTE ON THE MEETING OF
29 JUNE - 2 JULY 1987

1. The Group of Negotiations on Services held its eighth meeting under the Chairmanship of Ambassador F. Jaramillo (Colombia) on 29 June, 30 June, 1 July and 2 July 1987.

2. As indicated in airgram GATT/AIR/2442, the first two days of the meeting were devoted to a consideration of statistical issues in trade in services. During the remaining two days the GNS discussed the five elements listed in the programme for the initial phase of negotiations (MTN.GNS/5). Regarding the question of observer status for international organizations, the Chairman indicated that after further informal consultations, it seemed to him that there was still a divergence of views on this matter. He hoped that the issue could be settled by the Trade Negotiations Committee which was scheduled to meet on 3 July 1987.

Statistical issues

3. Referring to document MTN.GNS/W/5 and Addenda 1 and 2, containing the replies of all fourteen international organizations contacted concerning their work on data in services, the Chairman said that the additional replies did not alter the preliminary assessment he made at the last meeting (paragraph 18 of MTN.GNS/8). As had been agreed at the last meeting, representatives of the United Nations Statistical Office (UNSO), the United Nations Centre on Transnational Corporations (UNCTC), the United Nations Conference on Trade and Development (UNCTAD) and the International Monetary Fund (IMF) had been invited to attend this meeting of the GNS on an ad-hoc basis to describe the work carried out by them on statistics on trade in services and to provide advance written statements on this subject. The organizations mentioned had confirmed their attendance and their statements had been circulated in MTN.GNS/W/9 and Addendum 1. In addition, communications from Australia (MTN.GNS/W/11), Canada (MTN.GNS/W/10) and Poland (MTN.GNS/W/15) had been circulated.

4. Before hearing the presentations of the four international organizations the Group had an exchange of views on statistics in the area of trade in services. One member said that improving the measurement of services statistics was a long-term problem. Her authorities were currently developing a data base for the various services industries and improving the recording of internationally traded services for the preparation of the balance of payments accounts. One member pointed out that the problems faced on statistical issues were similar in all

administrations. Another member said that services statistics were now needed for negotiations rather than balance of payments reporting. Participants in the negotiations should exchange information and experience they had in this field. While he strongly supported the improvement of services data, he was of the opinion that problems in trade in services could be tackled also without a complete data base. One member noted that the purpose and the scope of the negotiations should be kept in mind when referring to services statistics. Since balance of payments statistics were not fully satisfactory for present purposes, he questioned whether negotiating countries would want to accept these statistics for services negotiations. Priority should be given to defining the scope of the negotiations, that is the services transactions to be governed by a multilateral régime.

5. One member said that there was need for a general working hypothesis and an agreed definition of services. Regarding statistics, there should be an agreement on how to compile data with a view to quantifying services transactions across borders. The GNS should define the areas of priority in developing a suitable data base. UNCTAD which had already some experience in this field should be considered as a forum for carrying out such work. This view was supported by several members of the Group. One member said that there existed no detailed figures in the category of "other services" in the IMF balance of payments statistics, which covered various types of services of particular interest to the Group. New methodologies should be developed to see how these services influenced the global flows of trade in services.

6. One member said that although negotiators were conscious of the limitations of existing services statistics, the objective should nevertheless be to increase transparency in respect of all elements of the programme for the initial phase of the negotiations. One member emphasized that expeditious work was needed in the GNS in order to remedy the current deficiencies in services statistics in areas such as new computer services, construction and engineering, where services were linked to goods and services produced by affiliates and branches abroad. Another member said that his authorities would respond positively to requests from countries for assistance in improving their services statistics. In his view there was need for a consensus as to the forum where work on the improvement of services statistics should take place. As regards the sectoral coverage of services, it was important to agree on a working hypothesis. Work on statistics by outside organizations would be welcome, but the sectoral coverage should be negotiated within the framework of the GNS.

7. The meeting continued with the representatives of UNSO, IMF, UNCTAD and UNCTC present. Referring to their written communications circulated in MTN.GNS/W/9 and Add.1, the representatives of these organizations introduced briefly the work carried out by them. The representative of UNSO said that given that services statistics were unsatisfactory, UNSO had launched in 1985 a programme to improve these statistics. Three aspects received high priority in the general programme of work, namely (i) the elaboration of activity and product classifications within the services industries, (ii) the improvement of the quantity and price index computations for services, and (iii) the improvement of the measurement of

the external trade of services. Although financial resources were limited, UNSO would circulate a questionnaire to countries to collect more information on national practices in order to improve the methodology used in recording services statistics. On the basis of the information obtained, a report would be prepared and considered by an expert group which would review the nature and scope of possible draft guidelines in this field.

8. The representative of IMF said that the Fund was working with a number of international and regional organizations in harmonizing methodologies in several fields of statistics, including the balance of payments and the System of National Accounts. The Fund had planned to revise the existing IMF (Balance of Payments Manual in conjunction with the International Secretariat Working Group on the Revision of the United Nations' System of National Accounts. Early this year, the Fund had sponsored an expert group on external sector transactions. The expert group agreed that a standard list of services items be used as the basis of a harmonized presentation of statistics on international trade in services, both in the balance of payments and in the national accounts. Tentative proposals on classification of services in the balance of payments would be considered at a meeting to be held late this year.

9. The representative of UNCTAD said that his organization was a user rather than a producer of statistics. The existing data base on services comprised internationally comparable data in the area of trade, production and employment in services. The objective of improving this data could only be achieved over the long-term by building upon the work at the national level to refine such data. It was desirable to establish a forum for the exchange of information. This would include data on trade in services (at a more disaggregated level than currently available) provided by those countries which had made the most progress in overcoming the inadequacies of the current system. A practical data base could only be established through international cooperation in the exchange of experiences and methodologies coupled with technical assistance to developing countries.

10. The representative from UNCTC said that the Centre collected data on foreign direct investment (FDI) and transnational corporations. The sources of information were the balance-of-payments statistics of the IMF, national statistics and corporate reports. The disparities among countries concerning definitions, coverage, and methods of compilation of FDI placed severe constraints on efforts to collect, compare and analyse flows and stocks of such investments at the international level. For example, practical problems arose with the various definitions of foreign direct investment adopted by governments and international organizations. The Centre used the IMF definition of FDI, where 10 per cent or more of equity in an overseas investment was considered to be direct investment. According to this representative, non-equity forms of FDI, such as franchising and licensing, had increased in importance in recent years. Furthermore, due to technological developments, in particular in telematics, it could be foreseen that the tradeability of services might increase in the long term and that the amount of FDI might decrease as a consequence.

11. Referring to the section on statistical problems and methodologies of the analytical summary (MDF/7/Rev.2), one member recalled that the national study of the United States had indicated that the paucity of comprehensive, disaggregated, internationally comparable data on services trade complicated efforts to examine the specific effects of such trade and to place issues in proper perspective for resolving existing and emerging problems in services trade. This member also said that since it was not the purpose of the Group to set up a data base, cooperative work should be launched at regional and international levels for improving statistics with the association of developing countries. Although services statistics were inadequate, they were the necessary underpinning for negotiations, since it was important to know what was the net impact of the negotiations on the economy. The communications circulated by the representatives of the four international organizations showed that while existing statistics served a useful function, they might not be directly pertinent to the work of the Group. A great deal of effort in international cooperation was urgently needed.

12. One member said that although his authorities were aware that it would not be possible to completely solve statistical problems in the Group, it was evident that it would be impossible to proceed in the negotiations without sufficient data to allow a better understanding of the issues. Even if the four organizations were conscious of the existing problems of collecting and processing information relating to production, use and trade in services, they were not in a position to solve them. In her country where exchange controls were applied, the impact of services activities on the balance of payments was known since all services imports paid for in foreign currency were registered by the official banking system. The same did not apply to services exports to the extent that the profits earned abroad were not systematically sent back. Efforts should be directed toward obtaining a deeper knowledge of the economic behaviour of each services sector. She invited the four representatives to reply in writing to a list of preliminary questions on services statistics, drawn up by a group of governmental officials from various national agencies in her country. Another member said that the international meetings which had been held so far on services statistics did not cover sufficiently the concerns of developing countries. There was no adequate representation of developing countries and this geographical imbalance should be corrected as soon as possible.

13. One member said that for the purpose of the negotiations in the Group, there should be a two-stage process, namely a stage for classification and methodology and a stage for compilation and measurement. Reference was made to the national study presented by his authorities, where it was stated that services data would never have the same precision as goods data. He added that the discussion and resolution of most of the important conceptual trade issues in services could proceed on the basis of the currently available statistical data. Another member said that since the lack of viable statistics would prevent the use of traditional negotiating techniques regarding the exchange of quantifiable concessions, non-traditional negotiating techniques were likely to be necessary. He supported the view that, although better statistics were not a sine qua non for negotiations, they would nevertheless enhance the process.

14. In reply to questions raised by members of the Group, the representative of UNCTC said that no links had been set up between UNCTC and UNSO in the area of services statistics, since UNSO did not deal with FDI. It was worthwhile to consider the participation of his organization in UNSO's work relating to the classification of services activities. The coordination among international organizations could be intensified and institutionalized. Regarding the measurement of sectoral flows, he stressed that a great number of difficult questions had to be solved, including the improvement of the collection of data from private corporations. In comparison, it was somewhat easier to measure the relative importance of FDI for the delivery of services to foreign markets. For example, the value of services sold in the United States by foreign affiliates of non-United-States corporations was about four times the value of United States services imports. Estimates for the United Kingdom showed similar results.

15. In response to a question on the concordance between balance of payments statistics and national accounts statistics, the representative of the IMF said that work on the United Nations System of National Accounts and the Balance of Payments Manual would presumably lead to a standard list of services items to be used as the basis of a harmonized presentation of statistics on international trade in services. With regard to the appropriateness of the balance of payments statement for presenting detailed data on international trade in services, he said that just as commodity details were contained in external trade statistical publications, rather than in the balance of payments statement, the detailed statistics on services were best handled as supplementary details (or as satellite accounts) rather than in the balance of payments statement itself. Regarding the breaking down of balance of payments statistics into geographical flows, he said that although such improvement was feasible in the long run, it required the compilation of a large amount of additional information. As concerns the global asymmetry in current account transactions, some work had been done to review flows in shipping, invisible income and transfers. With respect to the improvement of national statistics, the mechanisms existed already to coordinate the exchange of information, but more emphasis should be put on a better coordination of the various groups and increased participation of developing countries.

16. The representative of UNSO said that two meetings under the aegis of UNSO had already been held with a limited participation of ten countries. The UNSO intended to include developing countries at a later stage. On the question of definition of services, consultations were needed between users and producers to elaborate some conventions since there existed no scientific definition of services. Regarding the differences between the System of National Accounts and other definitions of services, governments should eliminate inconsistencies in meetings designed to elaborate a better classification. The representative of UNSO confirmed that the two-stage approach mentioned in his submission consisted, firstly, in preparing guidelines on definitions, classifications and compilation of data and, secondly, in implementing these guidelines. As concerns the time schedule needed to improve the measurement of trade in services, he said that it would not take much time to prepare the methodological guidelines. These

guidelines would be directed to obtaining information on export and import of services either from the producers and users of services or from monetary authorities. Questionnaires would be sent this year. After processing the data and discussing the subjects with national experts, it could be considered that some improvement in the measurement of export and import of services might be available in 3 to 4 years. However it would be too optimistic to expect that considerable improvement in the availability of statistics could be achieved in a 10-year period.

17. The representative of UNCTAD referred to the similarity of the difficulties encountered in measuring trade flows of commodities. The problems dated from 1938. The first guidelines on the concepts and definitions were sent to countries only in 1964. Concerning the exchange of statistical information, any forum to facilitate this task should consist of experts working to improve the data. Work might be based on an existing national framework of statistics, e.g. the one circulated in MTN.GNS/W/10.

18. Some members proposed the establishment of a working group on services statistics concurrently with the work in the GNS. International and regional organizations having an interest in this field should participate in such a group. Thought should be given to the elaboration of a methodology to measure, compile and improve national and international statistics as well as to the provision of adequate technical assistance. One member stated that although a common working hypothesis should be developed in the GNS, this could only be achieved through international cooperation. Another member suggested that the secretariat send questionnaires to countries and that the GNS examine also the experience of the OECD in matters relating to services statistics. The secretariat could prepare a background document summarizing the experience of international organizations and the experience of developed countries.

19. One member pointed out that improvement of the statistical system for recording trade in services was a long-term exercise and that this reform would not benefit the current negotiations. The short-term problem was how to use the available data. He therefore suggested that the existing information be organized so as to be useful in the Uruguay Round. He added that without an agreement in services, there would be no agreement in the Uruguay Round. Delegations should consult informally on the idea of some form of inter-secretariat working party, with the participation of experts, to fill the information gap by using the available data rather than seeking major reform.

20. One member stated that the GNS should not be the forum for discussing methodologies. He shared the perception expressed by the previous speaker of the distinction between short and long term problems. The efforts of international organizations working on statistics should be encouraged and the developing countries should be associated with the exercise to the extent possible. It was also appropriate to determine how to relate work done outside the GNS to the work in the Group since the mandate in Part II of the Declaration referred to the possibility of requesting technical assistance from international organizations. The question the GNS should be focusing on was how to provide a factual data base on trade flows

necessary for the conduct of the negotiations. He could not accept the view that the GNS should define rules and principles and evaluate the impact of these rules and principles on trade in services without statistical data.

21. One member said that the assumption that services activities and trade in services were more dynamic than other sectors and activities did not seem to find support in the data available. The IMF current account data on invisible transactions indicated that trade in goods, in the last decade, had grown more rapidly than trade in services. It would be difficult to proceed in the GNS unless there was a clear picture of the importance of trade in services at the national, regional and international levels. The nature of the information needed for the work of the GNS could be established only by the GNS itself. Even if the GNS arrived at some negotiating techniques different from those traditionally used for the exchange of concessions in goods, one could not imagine the possibility of a negotiation without any quantitative evaluation.

22. One member said the GNS had exhausted the discussions on statistical issues and the only practical way to proceed was to set up a joint working group of the relevant international organizations. He expressed the view, supported by some other delegations, that informal consultations should define the mandate, priorities, composition and the time-limit of the exercise in order to facilitate the work of the GNS. Another member stated that one problem was that international organizations were sometimes working with a limited amount of national support. More reflection should be given to the improvement of statistics at the national level.

23. One member stressed that the message that emerged clearly from the four international organizations was that priority should be given to the improvement of national accounts which constituted the first level of possible improvement of services statistics. Another member asked the representatives of the four organizations to provide a breakdown for trade flows in services, by sector and by country, and to give the definitions used by these organizations in accounting methods. Another member stated that improving the availability of statistics was not the primary objective in the programme for the initial phase of negotiations. It was important that the delegations should be kept informed of the work in the area of statistics proceeding in other international organizations. The GATT secretariat should issue periodic surveys of their work. He was not in favour of setting up an international body since the improvement of statistics was a matter of priority for individual countries.

24. On the basis of the presentations, written submissions, and answers to the questions by the four international organizations, the Chairman identified four main elements. First, there appeared to be a consensus that statistics on the trade and production of services were in need of improvement, particularly when it came to analysing the international dimension of services activities. A second element was that a number of national and international institutions attached an importance to improving the situation and were pursuing this goal to the extent permitted by resource constraints. It had also been suggested that improvement of statistics was a matter for international cooperation, and the need for

establishing a focal point or forum for this purpose had been mentioned. Thirdly, the Negotiating Group should be able to see how it could influence the ongoing work in improvement of the statistics and identify its needs for the negotiations. To this end, the Group should also be in a position to use the GATT secretariat for maintaining liaison and contact with the ongoing work under different auspices. Another idea put forward was that a working group could be set up to examine what may be done over the short-term to facilitate the negotiating objectives of this Group. It had been suggested that informal consultations might be useful in this connection. The fourth element related to the question of technical assistance to developing countries in improving their statistics on trade in services, and the importance of associating developing countries in the ongoing work on improvement of statistics in trade in services. In the light of this, it was his impression that the GNS should be able to come back to problems relating to statistics at its next meetings and that delegations should consult informally on how to proceed. The Chairman thanked the representatives of the four organizations for their presentations and comments.

25. In the discussion on Broad Concepts on which Principles and Rules for Trade in Services, including Possible Disciplines for Individual Sectors, might be based, views were expressed with regard to transparency and non-discrimination respectively on the basis of communications from two members of the Group (MTN.GNS/W/12 and 13). One member wondered whether transparency provisions should apply to rules and practices which did not relate to cross-border transactions. He also suggested that a distinction should be introduced between existing and proposed rules and practices. One should furthermore consider to include, in addition to the generally recognized exceptions for safety, health environmental protection or national security an exception concerning budget secrecy. Another member said that there existed different systems of transparency at national levels. Transparency should not only mean notifications. One main purpose should be to provide knowledge of the regulatory environment in the various services sectors and of available mechanisms for commenting on existing rules and regulations. Another important element was predictability, especially for foreigners.

26. One member said that transparency meant different things in different countries. The question of implementation of that concept should be addressed at a later stage. There were various sub-concepts to transparency, such as publication and notification of national regulations affecting services, consultations or due process, and information about market behaviour of private firms. Since transparency might be diminished through the use of discretionary powers of regulatory authorities, the question arose whether the GNS was in a position to discuss a reduction of discretionary powers of regulatory authorities. In this context, the criteria of desirability and feasibility should be kept in mind. Another member said that there were two phases of transparency: first during the negotiations, where it was important to have a better notion of the regulatory situation in participating countries, and second the inclusion of sub-concepts in the agreement. Notification procedures might be difficult to deal with for practical or legislative reasons.

27. One member said that the proposal on transparency went far beyond the existing GATT provisions relating to goods. The tabling of such ideas was essentially premature. An obligation to notify could only be considered in connection with barriers to trade in services and not as a general obligation. It would also seem difficult to accept obligations for consultations and dispute settlement in the context of proposed regulatory measures, since this would imply the acceptance of outside intervention in domestic legislation. The ideas as presented went far beyond the mandate and the negotiating objectives of the Group. At the present stage, the paper on transparency could not be considered as a basis for negotiations. It could be seen as an effort to project the outcome of the negotiations. Another member said that the formulation in the paper that national regulations often resulted in trade distortions was not his understanding of the objectives of Part II of the Ministerial Declaration. Also the application of the concept of transparency to intended legislation was alien to the existing situation in most countries. Furthermore, the notion of due process of law worked at national level, but to apply it at international level was ambitious and revolutionary. The question was not to restrict the powers of sovereign governments, but rather to make regulatory processes more transparent and effective by applying certain principles. Another member said that transparency should be considered as an auxiliary and not an automatic mechanism, which had to be negotiated among parties. The notion of transparency in the Ministerial Declaration was not one of limiting the right to make regulations. Transparency should not cover all laws and regulations but only those which had potentially adverse effects on trade in services.

28. Some members, referring to the idea of advance notice of all proposed regulatory measures, considered it unrealistic to envisage a dialogue between regulators and operators. One member stated that the concept of transparency included the notion of rule of law which meant that decisions were taken in accordance with rules or norms rather than on the basis of the discretionary powers of administrative bodies. One member said that in his view the concept of transparency included publication of existing rules or norms. He expressed hesitation about a notification procedure which would be more burdensome than the present rules on notifications of GATT. Another member said that the issue of transparency was closely related to the question of perceived barriers to trade in services. Therefore, discussions on transparency might be more useful after the discussion on measures and practices which affected trade in services. Another member said that the idea of putting the burden of the notification on the exporting countries was a good one, since only exporters could know the obstacles to trade in services.

29. One member said that transparency should be fully covered in the framework agreement and should also be tested against specific services sectors. Another member pointed out that the GNS should avoid establishing a cumbersome mechanism for transparency which could not be enforced. Attention should be concentrated on regulations in specific services sectors. Another member stated that it should not be intended to request notification of all laws and regulations. Another member stated that, although transparency was necessary as a general rule, a distinction had to

be made between the requirements of published information for companies operating in foreign markets on the one hand, and what was needed for the purpose of notification and due process on the other hand.

30. The member who had circulated the communication on transparency (MTN.GNS/W/13) stated that the overriding premise was not that regulations were barriers, but that all parties to the multilateral framework would benefit from clear rules. Knowledge improved the functioning of the market place. As to the coverage, two steps should be distinguished, namely the definition of trade in services and the extent to which the regulations should be made transparent. In addition reasonable time should be allowed for governments and interested private parties to make comments concerning a proposed regulation.

31. The member who had circulated the communication on non-discrimination (MTN.GNS/W/12) said that unconditional MFN entailed extension to third parties of the benefits of trade liberalizing measures agreed bilaterally. Conditional MFN meant that parties to the agreement had to provide reciprocal concessions in order to gain the benefits of an action available under the agreement in question. It was important to remember that the difference between conditional and unconditional MFN was one of degree. In a strict legal sense, the General Agreement was a conditional MFN agreement because one had to be a member to be assured of its benefits. In trade in services, the key issue was non-discriminatory application of the benefits of the agreement to all members of the agreement, particularly but not exclusively in terms of market access. One of the basic issues in the negotiations was not whether MFN or non-discriminatory access was granted, but rather how, in a situation where choices had to be made concerning a limited number of entrants, the principle of non-discrimination could be guaranteed. This principle had to be embodied as a basic concept in the agreement. The agreement also had to be framed in such a way that mechanisms to give effect to non-discrimination were available.

32. One member said that his authorities wanted to negotiate an agreement of universal understanding and that they considered that conditionality was not an attempt to limit the benefits but to expand trade liberalization. The extent of conditionality was linked to the nature of the agreement. It was also suggested that the multilateral agreement in services should apply to all sectors and to all signatories and that subsidiary agreements be conditional in their MFN application. One member said that his authorities while supporting a multilateral agreement on services benefiting all signatories might want to move faster at a regional level than in the multilateral negotiations by following an Article XXIV-type approach. One member thought that the notion of MFN treatment would have to be adapted to the specific needs in services. Consideration should also be given to optional MFN treatment with automatic applicability under certain conditions. One member stated that, although in his country unconditional MFN treatment applied to all GATT members in the case of the Government Procurement Code, including to non-signatories to the Code, his authorities were of the opinion that MFN treatment had to be conditional with respect to certain services sectors. Another member said that the two-tier approach of a multilateral framework with broad principles and subsidiary sectoral disciplines was attractive to the extent that the

framework could contain interpretative provisions on the application of specific rules in particular services sectors. The subsidiary understandings would have to be generally in line with the multilateral framework. One member said that, while the principle of general application should be the basis for any multilateral framework, a mechanism would have to be found in order to respond in a flexible manner to the problems countries were facing in the application of the agreement.

33. One member asked whether the principle of non-discrimination would be applicable in all services sectors, including labour services. Another member said that the issue of non-discrimination should not be linked with the issue of liberalization since non-discrimination might be the most important element in promoting trade in services. Some members stated that unconditional MFN treatment should apply to all participating countries in the negotiations. One member did not share the view that the unconditional MFN principle contained in the GATT could apply in abstract terms to trade in services. Only the concept of balance of rights and obligations in the context of mutual advantage could ensure the highest degree of adherence to the multilateral framework. One member said that his authorities were not prepared to accept any kind of derogation from the principle of non-discrimination or equal treatment. The legal technique for the application of this principle was unconditional MFN treatment, meaning that all benefits or privileges were automatically and immediately extended to third parties participating in the framework. This principle would have to be included not only in the multilateral framework but also in sector specific regulations or subsidiary understandings. The subsidiary understandings would have to supplement, specify or in some cases adapt the general rules, but they should not derogate from them. Concerning the relationship of non-discrimination and liberalization, he said that although these were two separate principles, they were intrinsically interrelated by their common function and purpose of expanding international trade.

34. The member who had circulated the communication on non-discrimination said that this concept should apply to all sectors of the multilateral agreement. Concerning the linkage between liberalization and non-discrimination, he considered that the objectives of Part II of the Ministerial Declaration could not be achieved if there was no liberalizing effect on trade in services. In fact the concept of non-discrimination could be operated in a negative way if it was not linked to liberalization.

35. One member said that, while the principle of non-discrimination should be included in the multilateral agreement, it might prove difficult to apply full MFN treatment even among participants because of existing obligations of a bilateral character.

36. No specific views were expressed on the elements dealing with Coverage of the Multilateral Framework for Trade in Services and Existing International Disciplines and Arrangements. On the latter point, the secretariat confirmed that the factual background paper requested by the Group (MTN.GNS/8, para. 46) would be available before the next meeting in September.

37. Concerning Measures and Practices Contributing to or Limiting the Expansion of Trade in Services, including specifically any Barriers perceived by Individual Participants, to which the Conditions of Transparency and Progressive Liberalization might be applicable, the member which had circulated a communication on an inventory of barriers to services exports (MTN.GNS/W/14) said that, in this document, the focus was more on the approach, methodology and classification than on the barriers themselves. The document outlined the structure of a larger inventory which could be made available later in the fall.

38. Several members stated that their authorities had the intention to launch similar surveys or were already in the process of compiling information on measures and practices having an effect on trade in services. They considered the communication to be a useful and informative document. It helped to understand better the two elements of coverage and concepts although a full inventory was not considered a prerequisite for advancing in the negotiations. One member said that the document could help countries in their presentation of problems encountered in trade in services. He encouraged other delegations to submit similar communications. A document containing an illustrative list of selected problems encountered by national services industries in foreign markets had already been submitted by his authorities in September 1985. One member said that his authorities reserved their right to discuss individual items in the document at a later stage. He noted that in compiling the inventory the views of the private sector and other sources concerning their export interests in services had been sought. The results should not necessarily be construed as reflecting national negotiating priorities. He asked whether the delegation which had submitted the document had the intention of seeking the elimination of the measures listed.

39. Some members said that, although the GNS needed to have a clear perception of what constituted a barrier to trade in services, in their view the mandate of the GNS did not cover the compilation of available national inventories into one world-wide inventory of barriers in trade in services. In the absence of defined parameters, such a global inventory would be absolutely premature. Furthermore, the document did not clearly distinguish between different categories of services and no separation was made between services needing establishment/investment and those that did not. Before compiling such an inventory, it was essential to discuss the questions of methodology and concepts in the GNS.

40. The member which had circulated the communication said that it would be preferable to use and adapt existing classification systems of barriers to services exports rather than to draw up new ones. Furthermore, in keeping with the approach to the negotiations which her authorities had taken earlier, all entries which referred only to establishment/investment barriers had been omitted. However, it had not been possible to avoid all references to establishment/investment issues in the document because some entries involved a combination of different types of barriers. Finally, the list of barriers was by no means a negotiating list since it was far too premature to indicate priorities or negotiating targets.

41. In concluding, the Chairman said that unless a decision on this matter was taken in the meantime in the Trade Negotiations Committee, the question of observer status for international organizations should be put as the first item on the agenda for the next meeting to be held on 15-18 September 1987. He would report under his own responsibility to the TNC on the current status of the activities of the GNS. It was so agreed. He invited delegations to submit papers on the five elements of the initial negotiating plan in time for the next meeting.