

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNS/22
18 May 1989

Special Distribution

Group of Negotiations on Services

NOTE ON THE MEETING OF 18-20 APRIL 1989

1. The Chairman welcomed delegations to the twentieth meeting of the GNS and drew their attention to GATT/AIR/2755, circulated on 11 April 1989, which contained the proposed agenda for the meeting. He opened the floor to comments on agenda item 2.1 by noting that, as requested in paragraph 10(a) of the Montreal text, the Secretariat had prepared a sectoral reference list which was before the Group in MTN.GNS/W/50 and entitled "Reference list of sectors". He noted that the list should be seen as being of relevance for reference purposes only and to assist participants in the process of drawing up their own indicative lists of sectors of interest to them. Therefore, while comments on the list were welcome, it was not his understanding that the list should in any way be negotiated or modified, other than for technical modifications.

2. The representative of Hungary said that the Secretariat's reference list of service sectors constituted a useful starting point for conducting the sectoral testing exercise. He noted that to serve as a point of reference, it was important that the list cover as wide a range of commercially tradeable services as possible. In this light, he suggested that the sections of the list dealing with distribution services be completed by adding a sub-heading relating to repair services of personal and household goods. The latter service category already appeared in both the CPC and the ISIC Rev.3, as well as in the listing of the components of tourism-related products and services which the Secretariat had provided in Appendix 1 to MTN.GNS/W/50.

3. The representative of India felt that although the Secretariat had devoted considerable effort to drawing up the reference list of sectors, his delegation had some concerns over its contents. He noted that whereas the Secretariat had been authorised by Ministers at Montreal to list a universe of sectors which could serve as a useful input into the negotiating process, the format of the document which had been put before the Group was more in the nature of an approach paper than a reference list. His delegation felt that the first two pages of MTN.GNS/W/50, which were explanatory in nature, did not have any place in a document of the type which the Secretariat had been mandated to produce. He recalled that the underlying idea of the Ministerial Declaration was to have a reference list as exhaustive as possible. Were a reference list of service sectors to be derived from the various existing classification systems, his delegation would have hoped that this exercise be done on the basis of the criteria in paragraph 4 of

the Montreal text. While on this subject, he requested the Secretariat to provide a specific list of labour and labour-intensive services which could be of particular interest to developing countries. In discussing the reference list and the sectoral coverage which it encompassed, his delegation wished to reiterate that work would be required on the definition of trade in services in the light of the four criteria contained in paragraph 4 of the Montreal text. This important element of the TNC decision, he added, would prima facie rule out the inclusion of foreign direct investment or establishment within the multilateral framework for trade in services. Any reference list from the Secretariat or submissions of indicative lists by participants would have to be looked at and tested in view of these criteria. He emphasised that his delegation was a party to negotiations aimed at formulating a multilateral framework on international trade in services, as opposed to one applying to all service transactions. He noted, finally, that whereas the Secretariat had excluded from its reference list services "which may be seen as neither tradeable nor commercially provided", it had still chosen to include items such as hotels and restaurants, which appeared to prejudge the issue of establishment.

4. The representative of the European Communities stated that members should be careful in re-interpreting the meaning of the Montreal text. He said that he did not share the Indian delegation's perception of the implications of paragraph 4 of the Ministerial Declaration. He felt that it was wholly appropriate that the Secretariat explain the basis on which it had produced its reference list, adding that his delegation generally viewed the reference list as a useful contribution to having a clearer idea of the universe of service sectors which might be covered by discussions in the GNS. He noted that the reference list was a starting point, and no more than that. He agreed with the Chairman that the Secretariat's list was not a negotiable document. He noted that the European Communities might well offer, on a bilateral basis, a few technical comments on the reference list. He felt that the reference list would undoubtedly help participating countries to draw up their own indicative lists of sectors, noting however that members should not attempt to engage in negotiations over the coverage of the agreement on the basis of the list. The issue of coverage would have to be decided once members had a clearer understanding of the provisions to be included in an agreement.

5. The representative of Singapore agreed that the reference list should be looked upon as a negotiating tool. Its only purpose, he said, was to provide participants with a better understanding of what the universe of service sectors might consist of. He expressed some surprise at seeing film distribution and related services subsumed under the reference list's communication services heading, and noted that this delegation tended to view telecommunications as service sector in its own right rather than as a sub-category of so-called communication services. While there might be a need for greater disaggregation, particularly for the purposes of the examination of the sectoral applicability of concepts and rules, he observed that the Secretariat's reference list was a useful starting point for addressing the complex issues that remained before the Group.

6. The representative of Egypt said that the statistical approach which had guided the Secretariat in drawing up its reference list might not be wholly appropriate from the point of view of the negotiating process. Nonetheless, his delegation viewed the reference list as a starting point which did not have any definitive value insofar as the classification of sectors - and of transactions within them - were concerned. Citing the example of legal services, he recalled that national definitions differed greatly between countries with regard to the types of transactions which were allowed. He noted that the fourteen sectors identified in the reference list contained within them numerous components which could be considered as important sectors in themselves. The category of professional services, which was listed under the sectoral heading of business services, was in his view one such example. Recalling that the prime purpose of the reference list was to assist delegations in the sectoral examination exercise, he noted that this exercise would be facilitated if a certain degree of homogeneity was attained as regards both the classification of sectors and of categories of service products and transactions taking place in them. There might well be, as had already been suggested, a need for a revised version of the reference list to provide as disaggregated a service sector classification as possible. He suggested that such a revision be made at a later stage in the Group's deliberations.

7. The representative of the United States agreed with the Chairman's characterisation of the objective of the reference list, adding that it was a tool designed to help participants draw up their lists of sectors which they would like to see covered by an understanding. He agreed that the configuration of the reference list could not be expected to match all national classifications but felt that the Secretariat had struck a realistic compromise among the various classification schemes which have been - or are currently being - developed at the international level. He noted that the appendix describing tourism-related products and services was particularly imaginative as it captured the diversity of transactions characterising a sector of great importance to all members. He agreed that the reference list should only be revised at a much later stage of deliberations. Addressing the comments which the representative of India had made earlier, he noted that while numerous interpretations could be given to the Montreal text, the statement that investment was excluded by virtue of the criteria listed in paragraph 4 was unfortunate. He recalled that the former representative of the Indian government had on numerous occasions made it clear that the language contained in paragraph 4 did not prejudice whether or not investment would be covered in the agreement. He emphasised that the Montreal text had clearly left open the nature of activities that might be covered by an agreement.

8. The representative of Brazil shared the concerns raised by the delegates of India and Egypt with respect to the sectoral reference list. She said that the appropriate approach to the relevant sectors should emerge from the negotiations and not be chosen by the Secretariat. The same was true for the eventual exclusion of sectors. She noted that the GNS needed as disaggregated a reference list as possible so as to gain a better

understanding of the characteristics of the different service transactions. Without such knowledge, it would not be possible to carry out a meaningful examination of the applicability of concepts, principles and rules to be included in a multilateral framework for trade in services. She noted that the mandate set forth in paragraph 10(a) of the Montreal text was not an abstract one. Indeed, the Secretariat's reference list, together with those mentioned under paragraph 10(b) were tools with which to conduct the sectoral testing exercise. She recalled that paragraph 5 of the Montreal text established that work would proceed without excluding any sector of trade in services on an a priori basis, with a view to reaching agreement on the sectoral coverage, in accordance with certain considerations. Among these considerations, her delegation wished to underline one which it considered to be most difficult to address effectively - that relating to the inclusion of sectors of interest to developing countries. She observed that the share of developing countries in the international services market was typically very small, that it was restricted to a small number of transactions and that it was shrinking in some of them due to the lack of competitiveness of these countries. In the view of her delegation, the examination of the implications and applicability of concepts, principles and rules for particular sectors and specific transactions, if carried out carefully and seriously, could help to identify sectors and transactions of interest to developing countries.

9. Noting that the comments she had received from her capital on the reference list were only preliminary, she nonetheless felt it might be useful to exemplify some of the concerns which the list had raised so as to have them taken into consideration when the list was revised and improved. She indicated, firstly, that the list proposed in MTN.GNS/W/50 was very unequal with respect to the disaggregation of its different items. She gave as an example the case of "professional services", and in particular the treatment of the category "agriculture, forestry and fishing services", observing that to be complete the category should be divided so as to include agricultural planning, selection and classification of animal and vegetal origin products, consulting in phyto and zoo technics, phyto and zoo-sanitary services, survey, classification and conservation of soils, irrigation and drainage, topographical services, etc. She expressed some surprise at the different approaches taken in classifying service sectors. For instance, some were disaggregated following the steps of the execution of the service (construction), other following the means of execution (telecommunication and transport services), and others following the objectives of the service (financial services, insurance). She said that her delegation would like a clarification between postal and courier services. Did the first relate to state monopolies and the second to private entities? Her delegation would also be grateful to the Secretariat if it could elaborate technical notes explaining its reasons for the subdivision of services. It was said in the introduction to the reference list that a system based on a product classification (and not on activities) had been adopted. That could possibly be better elaborated with respect to every subdivision, taking into account the specificities of each sector and the negotiating objectives of the classification the GNS was dealing with.

She added that her delegation would also consider it very useful if the Secretariat could obtain and make available to the GNS the results of the United Nations International Study Group on Statistics that had been working on the International Standard Industrial Classification (ISIC) for three years. In concluding, she emphasised that her delegation's interest in a more disaggregated reference list arose from its analytic interest in trade in services. She noted that her delegation recognised the need for a better knowledge of the characteristics and the role played by services in international trade. As such, her delegation's comments on the methodology employed in the elaboration of the list should be construed as a request for a greater degree of detail rather than a proposal to reduce the number of items included in other headings, provided these could be classified strictly as "services".

10. The representative of Mexico felt that the Secretariat's reference list of sectors was a good starting point for drawing up national indicative lists. He raised a number of questions of a more technical nature regarding various items contained in the reference list. For one, he noted that the CPC contained an item relating to the "construction or demolition of buildings with operators". In this light, he asked why the Secretariat had chosen to list, under Business Services, the category "rental/leasing of equipment without crew". Another question related to Professional Services and, in particular, to the category "agricultural, forestry and fishing services". He noted that his delegation shared the view expressed earlier by the Brazilian delegate over the need to paint a more detailed picture of such services given the diversity of activities which they encompassed. The same was true, he noted, for the category "mining and oil-field services". More generally, he observed that there was a variety of engineering-related activities under which services such as those he had just mentioned could be classified. He felt that it might be important for the Group to review the reference list at a later stage and agreed that it should ultimately be made available in a more disaggregated form.

11. The representative of Switzerland felt that the reference list represented a good approach which was well suited to the needs of the Group. He agreed that it was not a negotiable document but emphasised the useful role it could play in providing a backdrop against which countries could delineate their own indicative lists of sectors. He shared the view of those proposing a revision of the list only at a much later date and once the Group had more information at hand.

12. The representative of Peru agreed with the Chairman that the Secretariat's list should be viewed solely as a reference document. For this reason it was non-negotiable, although it might be worthwhile to revise its contents at a later stage.

13. The representative of New Zealand agreed that the reference list was a good starting point. While her delegation had a few technical comments to make on the contents, these were not significant enough to be made during the course of the meeting. She pointed out that while the Group could

engage in endless arguments over the configuration of the list, it might be better to simply use it as an input into the process of fulfilling the work agenda set forth in the Montreal text. She emphasised that the issue of coverage remained to be negotiated and was in no way prejudged at this stage of deliberations. She felt that the Secretariat had provided as wide a universe of tradeable services as might have been expected, in line with the agreement reached in Montreal that no sector would be excluded on an a priori basis. She observed that her delegation did not view the Secretariat's list as a final classification of traded services. Such an attempt could be envisaged at a much later stage of the Group's work. She added that, for current purposes, the reference list provided a level of disaggregation which her delegation deemed appropriate.

14. The representative of Argentina noted that the reference list was a useful instrument for the GNS. It should not, however, become the object of negotiations in itself, although it might well be envisaged that a later attempt at revising it could serve a useful purpose.

15. The representative of the European Communities wondered whether a much greater level of disaggregation would really serve a useful purpose. He pointed out that statistical information was in most instances not available at a more disaggregated level and expressed grave doubts over the possibility of ever gathering such information. He suggested that it might perhaps be sensible to leave the classification exercise in large measure to those experts involved in ongoing and long-term efforts aimed at collecting better service statistics. Similarly, he expressed some reservations concerning the need to conduct the sectoral testing exercise at a high level of disaggregation, noting that delegations might not even be able to fully distinguish the range of sectoral issues emerging from a consideration of the universe of sectors as currently described in the reference list.

16. The representative of Canada felt that the Secretariat had responded comprehensively to the request made to it in the Montreal text. The approach was one in which no sector had been excluded on an a priori basis. He agreed that the purpose of the document was that which the Chairman had outlined in his opening remarks. He stated that the sectoral coverage in the document was appropriate in the view of his delegation. There were perhaps some minor items which his delegation felt might have been overlooked, but these would be communicated to the Secretariat on a bilateral basis. He noted that his delegation went along with the product-based approach which the Secretariat had taken. While this approach did not capture intra-unit transactions, this did not represent a serious problem for the GNS. He felt that the Secretariat should only attempt, if at all, to revise its reference list at a much later date.

17. The representative of Hong Kong noted that the reference list illustrated well the diversity of service activities that might be of interest to Group members. His delegation shared the Chairman's views as regarded the purposes of the reference list. While a few technical amendments could be made, the approach taken in drawing up the list should

not in his view be changed. He noted that the level of disaggregation provided in the list was for current purposes broadly appropriate. He pointed out that his delegation did not see the need to build up a so-called "Thesaurus" of traded services. Indeed, in keeping with the language contained in the Montreal text, work in the Group should proceed without excluding any service sector (paragraph 5). In other words, the universe should be seen as infinite. He commented briefly on the earlier statement of the Indian delegate on the issue of definition (paragraph 4), recalling that his delegation's understanding was quite different and that no final agreement had yet been reached on the issue of definition. Finally, he shared the view put forward by other speakers that the reference list had no bearing whatsoever on the ultimate coverage of an agreement.

18. The representative of Japan found the reference list a most useful document to refer to in trying to determine what the universe of service sectors consisted of. He agreed with the representative of the European Communities that a detailed discussion of the contents of the reference list was of limited value, although his delegation might seek some technical clarifications from the Secretariat.

19. The representative of China said that his delegation might wish to comment on the reference list at a later stage, once officials in Geneva as well as those of the relevant departments at home had studied it in fuller detail.

20. The representative of Israel felt that a product-based approach was well suited to the needs of the GNS. Like others, he viewed the reference list as merely a starting point, one which did not prejudge the coverage of a possible agreement. He noted that some clarifications might be needed given the different levels of disaggregation contained under the list's various headings.

21. The representative of Jamaica said that his delegation had no particular difficulty with the rationale offered by the Secretariat in proposing a product-based classification system. The approach taken did not prejudge what sectors or transactions might be subject to negotiations or be held to be consistent with paragraph 4 of the Montreal text. For the time being, his delegation considered the reference list as only an input which could help in focusing thought on the possible contents of Jamaica's indicative list of sectors and sub-sectors.

22. The representative of Australia acknowledged that in coming up with an aggregated version of the CPC, the Secretariat was performing a task which was bound to exclude particular service products which might happen to be of interest to some Group members. In this context, it was important to recall, as others already had, that the reference list did not have any implications for the coverage of an agreement. She noted that her delegation shared the Chairman's characterisation of the list's purpose. It was a reference document, not a definite classification system and thus responded to the current needs of the GNS as spelled out in the Montreal

text. She added that the reference list also played a useful background role in helping to guide the sectoral work currently being undertaken in her capital. She noted that it was possible that the GNS might at a later stage wish to return to the reference list with a view to using it for other purposes. It was thus useful to keep the Group's options open insofar as revisions were concerned. Finally, she agreed with those who had expressed concerns over attempts to re-interpret the language contained in paragraph 4 of the Montreal text, recalling that such language was intended to be non-prejudicial with respect to the issue of coverage and that the considerations which had been inserted into paragraph 4 were simply there to guide the process of negotiation, not to determine its outcome.

23. The representative of Malaysia agreed with the Chairman's characterisation of the reference list. His delegation felt that the list was particularly useful in that it focused the attention of Group members on a universe of service sectors and products to which a framework agreement might possibly apply. While the list was not exhaustive, his delegation felt that it nonetheless provided a welcome departure from the state of limbo in which the Group was until recently with regard to sectoral considerations. He shared the concerns expressed by the representative of the European Communities over the risks of what he termed "over-disaggregation", which could well complicate the work of the Group. He said that his delegation was satisfied with the level of disaggregation contained in the reference list, although there might be a need, such as for recreational and cultural services, to provide a greater degree of detail so as to help countries determine their interests lying in the sector.

24. The representative of Yugoslavia said that her delegation felt that the determination of national interests in the negotiations would be facilitated by the provision of as disaggregated a reference list as possible. This list, of course, would in no way prejudge the issue of coverage. She endorsed the idea put forward by the Brazilian representative of seeing a revised version of the list contain technical explanatory notes. Taking into account the Montreal Declaration, and in particular paragraph 2 which provided that work in the GNS should proceed in a parallel and inter-related way, she suggested that Group members devote some thought to the ways in which the reference list could be used to arrive at a definition of trade in services and to determine what statistical information was currently available on the elements contained in the list.

25. The representative of Sweden speaking on behalf of the Nordic countries noted that his delegation was keen to move from abstract to more practical discussions. He felt that the sectoral testing exercise, if properly organised, would yield practical results. He observed that the reference list was a useful, albeit non-negotiable, document. He added that the notion of negotiating a reference list represented a contradiction in terms. The list, he added, was merely a tool at the disposal of Group members, one which did not in any way prejudge the coverage of a possible services trade agreement. Addressing the issue of paragraph 4 in the Montreal text, he noted that several Group members had been present at the time of drafting

the Montreal Declaration. It was essential, in his view, to have a clear and vivid memory of what had gone on in Montreal, adding that all who were present agreed - and indeed should agree today - that the language contained in paragraph 4 did not equate to any definite interpretation of the definition of trade in services. Similarly, the language did not in any way rule out the possibility that services might be rendered by established service providers. This issue had been left open, he noted, because it was the only way to reach agreement on the wording of paragraph 4.

26. The representative of Uruguay said that his delegation shared the views put forward by most Group members, in particular those of Argentina and Hong Kong as regards the reference list.

27. The representative of Poland saw the reference list as playing a useful role in helping Group members define those service sectors in which negotiations could begin. He saw little use in negotiating the contents, noting that it should merely be used as a basis upon which to draw up indicative lists of sectors of negotiating interest. He observed that his delegation did not wish to involve itself in a process of reinterpreting the Montreal text, noting that the language contained in the Ministerial Declaration gave sufficient guidance to the Group insofar as its future priorities were concerned. As regarded paragraph 4, he reiterated his delegation's view that it was not necessary to engage in a detailed discussion on definitions, this issue being in the main addressed through the determination of coverage. He noted with regard to future work that the issue of coverage would need to be addressed more pointedly, adding that the submission of indicative lists of sectors was one pragmatic way of approaching the issue. He said that his delegation saw the need for the process of selecting sectors to be covered by an agreement to parallel that of examining the actual meaning of concepts, principles and rules. Both processes were linked, he noted, by virtue of the applicability (or not) of particular concepts in particular sectors. Finally, as concerned the actual selection of sectors for the testing exercise, he felt that the Group should consider the use of a cluster approach, as in the case of tourism in the reference list. The consideration of as wide a number of elements relating to a particular sector might well be one practical way of addressing the issue of sectoral disaggregation which several participants had previously alluded to.

28. The representative of Morocco said that his delegation saw no need for commenting on the reference list inasmuch as the Secretariat's document was a starting point and not an end-result. He did, however, agree that some degree of disaggregation could prove useful in helping countries to determine areas of interest to them. This, he noted, should be done whenever necessary to promote the smoothness of the sectoral testing exercise.

29. The representative of Korea felt that the reference list was a useful starting point for future work and agreed that it should be used solely for reference purposes. He noted that the reference list contained two sectors

- construction and distribution - which were presented in a rather broad and vague manner. He agreed therefore that further efforts could be devoted to improving the reference list.

30. The representative of Nigeria agreed with the Chairman's characterisation of the reference list. He noted, however, that the list before the Group could show a tendency to influence the way in which Group members approached particular sectors. It was thus important in his view that any revisions to the list take into account the interests of all members and the development level of their service sectors.

31. The representative of Canada indicated that his delegation was fully supportive of the comments which the representative of Sweden had made earlier on paragraph 4 of the Montreal text.

32. The Chairman noted that the Secretariat had taken due account of all the observations which had been made on its reference list and agreed that the list would have to be reviewed at a later stage.

He then asked whether any delegations wished to provide information relating to the indicative lists mentioned in paragraph 10(b) of the Montreal text, recalling that the Ministerial Declaration had set the date of May 1989 for the submission of such lists.

33. The representative of the European Communities said that his delegation was in the throes of preparing an indicative list of sectors of interest for submission to the GNS at an early date, possibly before the end of the current meeting of the GNS. Describing the European Communities' approach in drawing up its indicative list, he noted that paragraph 10 of the Montreal text reflected a number of different approaches to getting sectors on the table, so as to move the Group away from the somewhat academic negotiation it had engaged in to date and see how particular concepts and principles might work in the real world. So far as the European Communities were concerned, the main purpose of these lists was to facilitate the process of sectoral testing as referred to in paragraph 10(c) of the Montreal text. He added that it would be erroneous to confuse such testing with the negotiating either of specific sectoral obligations or indeed of the overall sectoral coverage of the agreement. He recalled, however, that in relation to the coverage issue and in keeping with the language contained in paragraph 5 of the Montreal text, the European Communities' position was that in principle all internationally tradeable service sectors should be covered. The enumeration of sectoral coverage would only be possible once Group members were a good deal clearer on the specific provisions to be included in a general framework. He noted that the indicative list which his delegation would put forward resulted from a preliminary examination of the sectoral applicability of the general principles of a services agreement which had been referred to in MTN.GNS/W/29. The list, he noted, would contain certain service sectors which the European Communities saw as relevant to the testing of sectoral specificities. He noted that the list would not be an exclusive list as the European Communities might wish to

refer to other sectors in the course of the GNS' examination of sectoral specificities.

34. The representative of the United States said that his delegation had not yet determined what the final make-up of its indicative list would be, but noted that it would not in any way relate to the process of sectoral testing. It would, rather, be a list designed to reflect his delegation's view of what sectors should be the object of negotiations. The list, he added, would leave open the questions of whether some of the sectors contained in it would be removed, whether some might be added or whether some might be the object of separate undertakings. In addition, he observed that the United States' indicative list, which would be submitted sometime in May, would address the question, raised by many so far, of the desirable level of disaggregation, noting that the list would reflect the precision needed in any eventual agreement as to what particular sectors and activities within them should be covered. He noted that the United States' list would suggest that not all service sectors be covered by a trade understanding. The inclusion of all service sectors was not in his view a manageable option. For one, some services were simply not traded, either across borders or through an established foreign presence. Moreover, some services did not lend themselves easily - particularly given the current time constraints - to the liberalising concepts under consideration by the Group. He noted that his delegation viewed the sectoral testing exercise as inherently complicated, suggesting the need for some boundaries to be placed around the sectoral coverage. The United States' indicative list would reflect this concern, with the caveat however that the government was not locked into it. His delegation was prepared to add to - and subtract from - the list as the negotiations went along.

35. The representative of Sweden said that the Nordic countries were in the process of finalising their indicative list, adding that the target date of May would be met. He emphasised that, in the view of the Nordic countries, the question of sectoral testing did not relate in any way to that of coverage.

36. The representative of Poland said that his delegation was also in the process of delineating its sectors of interest in the negotiations and would submit an indicative list in time to meet the deadline specified in paragraph 10(b) of the Montreal text.

37. The representative of Canada said that his delegation did not regard the submission of indicative lists as an essential element in the current stage of discussions, recalling that his delegation adopted the approach - spelled out in paragraph 5 of the Montreal text - that work in the Group should proceed without excluding any sector on an a priori basis. He hoped that the process of submitting indicative lists would not take the Group in the direction of removing sectors from the negotiating table, noting that the question of coverage would have to be dealt with towards the end of the negotiations. Work at this stage should thus proceed on as broad a front as possible.

38. The representative of Japan indicated that his delegation was also mindful of the target date of May and was of the view that indicative lists should describe the services sectors which participating countries should bear in mind as the Group continued its work on the elaboration of a multilateral framework. As such, indicative lists did not prejudice the issue of coverage.

39. The Chairman opened the discussion of item 2.2 of the agenda - namely, the possible approach concerning the process of examining the implications and applicability of concepts, principles and rules for particular sectors and specific transactions (paragraphs 6 and 10 (c) of MTN.TNC/7(MIN)). He said that after having carried out informal consultations on this issue he proposed the following main conclusions: (a) the process of examination should in no way prejudice the coverage of the future multilateral framework; (b) as a starting point the process should be carried out with respect to the concepts, principles and rules set out in the Montreal Decision (paragraph 7 of MTN.TNC/7(MIN)); (c) in principle the Group should devote time at its next three meetings (in June, July and September 1989) to the process of examination; (d) in each of these meetings the Group should focus its work on two sectors, while allowing flexibility to permit delegations to extend their comments to different sectors and types of transactions; (e) the Group should maintain the flexibility of identifying additional concepts, principles and rules, and possible additional sectors for the purpose of this examination; it should also maintain flexibility as to the timing of the exercise; and (f) the Secretariat should be requested to support the testing exercise by drawing up a list of questions that could be of relevance in the examination of the applicability of the concepts, principles and rules and by producing factual background papers on each of the sectors to be tested. The sectors to be tested should be as follows: (a) at the meeting of June 1989, telecommunications services and construction services (as described in the reference list of sectors proposed by the Secretariat, MTN.GNS/W/50); (b) at the meeting of July 1989, transportation and tourism and (c) at the meeting of September 1989, professional services and financial services including insurance. The content of the sectors to be covered at the July and September meetings would need further refinement. The Chairman invited comments.

40. The representative of Brazil said that if the process of examination was to be meaningful, it should be carried out on a sector-by-sector and transaction-by-transaction basis. The reason for this approach was firstly that all participants should have a clear view of the functioning of each sector and of the effects of applying the different principles and rules to it. Secondly, the application of different rules and principles would have not only specific implications in each sector but also combined implications deriving from the interaction of the application of various concepts to particular sectors. Thus, it was not desirable to take only one principle or rule and apply it across different sectors. Thirdly, no participant could be expected to subscribe to rules and principles, the implications of the application of which were not known. This was the case for all sectors, whether from the providing or the consuming country's perspective. She

suggested that the sectors to be discussed be made known in advance of each meeting of the GNS so that participants could adequately prepare themselves for the discussion, including the possibility of having specialists from the capital attend the meeting. Finally, she said that some flexibility would be desirable in order to allow the examination process to reach maturity and provide the Group with some concrete elements for negotiation.

41. The representative of India also considered the sectoral testing exercise of utmost importance and hoped that it would proceed expeditiously with a view to enable the Group to have a clearer picture of the elements which would go into the draft text of the framework agreement. He said that the application of concepts, rules and principles should be attempted in as large a number of sectors as possible in order to permit their application under the final agreement to as broad a coverage of sectors as possible. Once the sectoral testing was completed it would be desirable to have an overview of how the concepts, rules and principles would appear in a multilateral framework. This was essential because of the interlinkages which existed among the concepts. It was also desirable to have a high level of disaggregation in each of the sectors to be examined. While there should be a time limit for the discussion this should not be an obstacle to a substantive and detailed examination. It would therefore not be appropriate at this stage to prejudge the number of meetings required for completing the exercise. He supported the idea that the Secretariat provide a list of questions but in his view the list should not be exhaustive. He agreed also that the Secretariat should provide background notes on the sectors to be discussed. Finally, he suggested that the agenda of the Group should not be overloaded so that substantive discussions could take place.

42. The representative of the United States said that the indicative list to be submitted by his delegation might not include some of the sectors which had been selected for discussion in the sectoral testing exercise.

43. The representative of the European Communities agreed that the basis of the sectoral testing exercise should be MTN.TNC/7(MIN) and that the concepts contained in that document should be given priority. He assumed that the discussions would be structured so that the concepts would be examined one by one before attention was given to the globality of the application. He also saw as desirable some flexibility in the process which would follow the individual sectoral examinations so that participants could raise concerns relating to the application of concepts across several sectors at a time. As to the content of the sectoral testing exercises he said the broadest possible coverage should be attempted within the sectors selected for examination.

44. The representative of Egypt said that the reliance on the secretariat's reference list as a basis for the content of the sectors to be examined should in no way imply any binding status to that list. He supported the idea that the Group might need to discuss the content of the sectors to be tested. As to the documents to be prepared by the Secretariat he said that delegations should be given the opportunity to transmit ideas to the

Secretariat as the work proceeded. He agreed with the representative of India that the Group would ultimately need to take account of the overall implications of the examination of certain concepts in specific sectors. MTN.TNC/7(MIN) should represent at most a starting point, providing for only a minimum of relevant concepts for discussion.

45. The Chairman suggested that the Group take note of the statements made under item 2.2 of the agenda and that his conclusions be approved. This was agreed.

46. Turning to item 2.3 of the agenda on how further work should proceed on concepts, principles and rules, etc., the Chairman noted that there were eight sub-paragraphs under paragraph 7 of the Montreal text dealing with these important issues. In some cases the language of the Montreal text indicated the basic ideas which a future provision of the general framework would have to contain and therefore provided a skeleton around which the final text would have to be built (e.g. transparency, progressive liberalisation, national treatment, market access, increasing participation of developing countries, regulatory situation). In other cases, however, (e.g. m.f.n./non-discrimination, safeguards and exceptions) the Montreal text contained only the decision that such provisions would have to be included in the framework. The question was how the Group would proceed to provide more content to these concepts, principles and rules.

47. Concerning the organisation of work for this year, the representative of the United States said the fundamental objective was to try to complete the draft text for the framework. The Montreal text left open a number of important questions which needed resolution in order to meet that objective. He needed assurance that at the next and at subsequent sessions the GNS would address in a systematic way the principles contained in the Montreal text and any other principles considered appropriate. In order to get closer to a negotiating mode, he suggested that at the next meeting the GNS should agree to discuss the question of definition contained in paragraph 4 of the text as well as transparency. As appropriate guidance he further suggested a background paper by the Secretariat which could help focus the debate in the GNS. He stressed that although the next meeting of the Group would not deal solely with those two principles, it would be helpful to have some preparation in advance of each future meeting so that the discussions could be more of a negotiation.

48. The representative of Egypt agreed that there were certain concepts mentioned in MTN.TNC/7(MIN) which were not sufficiently elaborated and that further work was necessary on those concepts. Work in the GNS should not be confined to those concepts as it was up to delegations to put forward other concepts including those in MTN.GNS/21. He supported the idea that the Group agree in advance to deal with a group of concepts at future meetings although he considered that "definition" should not be regarded as a concept but as an item by itself on the agenda.

49. The representative of Brazil noted that in discussing paragraph 7 of the Montreal text, the GNS should also take into account elements contained in MTN.GNS/21 such as "activities and practices of market operators", "access to modern technology" and "relative reciprocity".

50. The representative of the European Communities also considered it useful to try to focus the discussion in the GNS along the lines suggested by the United States representative. Concerning other aspects of paragraph 7, progress would depend on greater inputs from delegations. Taking transparency, for instance, there had been a good deal of detailed discussion before Montreal which provided a basis for further progress beyond what was in the Montreal text. Regarding other elements, such as m.f.n. treatment, the Group was not likely to make progress unless countries were prepared to put clear ideas on the table. His delegation intended to put forward ideas in a number of areas. In this regard MTN.GNS/21 was a useful source which had to be used intelligently to move the process forwards, and not backwards, from Montreal.

51. The representative of India felt that work on assembling the necessary elements for a draft framework text should proceed as expeditiously as possible. In addition to the concepts and principles contained in MTN.TNC/7(MIN), other elements including those stated in MTN.GNS/21 could be discussed. The discussion of concepts would have to benefit from the simultaneous sectoral testing exercise in order to ensure that the multilateral framework would be applicable to a broad coverage of service sectors. The work on definitions was important, required a special status and would have to be carried out on the basis of the elements of paragraph 4 of the Montreal text. Although this did not prejudice anything, it was necessary to come to an acceptable definition which would be relevant to the coverage of the multilateral agreement.

52. The representative of Canada noted that while it was possible in some cases for the Secretariat to do some useful work, in other cases it would be more difficult given the present state of play. It was clear that the work in this respect would have to be driven mainly by the contributions of delegations and his delegation was planning to do so in some areas including progressive liberalisation. He suggested as a starting point that the GNS work its way through document MTN.TNC/7(MIN) on a flexible basis, beginning with definitions and moving onto the eight concepts contained in paragraph 7. Assuming that three elements could be dealt with per GNS meeting, it was possible to get through them over the next three meetings. If delegations wished to refer to other points in the discussion this should be done on a flexible basis. It would be helpful to structure the process to some extent to enable the Group to move forward and get the necessary homework done involving a variety of departments, agencies and other bodies in many national capitals.

53. The representative of Peru concurred with the idea of a structured debate on the entire document MTN.TNC/7(MIN) and it would be advisable if the GNS agreed which topics should be dealt with at the next meeting.

54. The representative of Japan considered a structured discussion necessary as the work to be done in the GNS was complex and had to meet an ambitious deadline. With respect to document MTN.GNS/21, his delegation supported the view of the European Communities.

55. The representative of Austria considered that two elements should be elaborated further: first, regarding the definition of trade of services, the sectoral testing exercise would help the GNS get a much clearer picture of what kind of transactions could be included in the definition. Second, the meaning of progressive liberalisation should be elaborated upon as soon as possible. It was closely linked to market access and national treatment and these three elements were the key elements of the agreement. Many questions were still open, including how progressive liberalisation should take place, what should be liberalized, and how countries should start the process. In the GATT, the tariff liberalisation process was more straight forward than in services where there were very few tariffs and many national regulations, some of which acted as non-tariff barriers. Would progressive liberalisation mean a step-by-step removal of certain national regulations? Who would decide which regulations should be dealt with? His delegation considered that it was important for work in capitals to have a better understanding of progressive liberalisation.

56. The representative of the United States noted that although his opinion was not shared by everyone, he considered MTN.GNS/21 one of the best working documents that came out of the GATT. He shared the view that MTN.GNS/21 had to be put into some context as the Group went through its discussion in putting together the framework. Referring to the concepts in the Montreal document, he agreed that country contributions could be the most significant aspect of the entire discussion. His previous remarks did not suggest the exclusion of those initiatives, but he considered it useful for the Group to have some basic information from the Secretariat to set the debate in a negotiating mode. He was flexible about the number of items to be dealt with at each meeting and the order in which they were taken. He agreed that the GNS needed more time to think about the important concept of m.f.n., but considered transparency to be better understood. He was willing to discuss any concept at the next meeting which was contained in document MTN.TNC/7(MIN). The Group simply needed to discuss a minimum number of concepts in a structured manner and to allow for preparation ahead of time. Since definition permeated the whole set of concepts, he considered it useful to start with this item.

57. The representative of Hong Kong welcomed the proposal for a structured and systematic discussion of the concepts and suggested an approach for the next three or four meetings. He agreed that definition permeated the discussion of concepts and it was therefore useful to tackle definition first. Transparency could also be discussed at that meeting. National treatment, market access and m.f.n. were three closely associated concepts and it would be useful to discuss them in one batch. Progressive liberalisation was closely tied to the increasing participation of developing countries and these concepts could be usefully discussed

together. Safeguards and regulatory situation could then be discussed together although he had no preference with respect to order.

58. The representative of Argentina said it was important to introduce structure and to be flexible in the discussion on concepts and principles so as to allow each country to express their views as they matured. He agreed that concrete proposals from participants on each of the concepts was important. This was why the GNS should give sufficient time for the preparation of substantive discussion. It was now necessary to be more specific about each of the items and sub-items. Eight concepts and the issue of definition had been identified in MTN.TNC/7(MIN) and MTN.GNS/21 contained other useful inputs for the Group. He seconded the proposal made by Canada as an appropriate working method. The representative of Australia supported the previous speaker on the need for both structure and flexibility in discussing the framework elements.

59. Regarding document MTN.GNS/21, the representative of Egypt noted that it contained many useful ideas which, in their proper context, could provide for further progress. Concerning definitions, there was a qualitative difference between addressing the question of definitions and the concepts in documents MTN.TNC/7(MIN) and MTN.GNS/21. As the former permeated the Group's agenda items, it was not possible to address it in only one meeting as a concept and not to return to it. He suggested an approach to provide delegations with the flexibility to raise any question relating to definition as a basic agenda item at any meeting in order to better understand the applicability of other concepts to specific transactions.

60. The representative of New Zealand also favoured a more structured discussion and welcomed the Canadian proposal. There were a number of interlinkages between the different elements in document MTN.TNC/7(MIN) and the groupings suggested by the Hong Kong delegate were logical. She expected proposals from individual delegations and hoped to provide ideas on specific elements during the course of the year. Such papers were the best means of ensuring that the Group move to a negotiating phase to meet the target set out in Montreal. She welcomed brief background papers from the Secretariat to provide a starting point for the discussion.

61. The representative of Morocco noted that the Group should concentrate on the elements contained in document MTN.TNC/7(MIN) as well as on other elements, including those mentioned in MTN.GNS/21 where concepts of particular interest to developing countries were included. The GNS should have a flexible approach to its work regarding paragraph 4 of the Montreal text.

62. Regarding the question of how to deal with progressive liberalisation, the representative of Canada wished to ensure that matters relating to measures and practices, and barriers to services trade would be taken up in the GNS work programme at an appropriate point.

63. The representative of Hungary welcomed the Canadian and Hong Kong proposals regarding the Group's work programme on concepts and principles. He noted that in document MTN.TNC/7(MIN) ministers had recognized the necessity of parallel and interrelated progress in all areas and, regarding the issue of coverage, they had given clear guidelines in paragraph 5 of the text. In assembling the elements of the draft framework, the Group would need clearer ideas on how to handle the coverage issue. One way to make progress related to the submission of sectors of interest by participants. Various participants viewed the indicative lists in different ways, but whatever meaning was attached to these lists, they could help the Group to come to grips with the coverage question. It was therefore useful if as many countries as possible put forward such lists. It was also necessary to keep in mind the interrelationship of the various elements of the framework, in particular concerning definitions, as all participants were aware of the difficulties in arriving at a mutually acceptable definition of trade in services.

64. In summing up the discussion so far, the Chairman noted that there was a clear tendency for the topic of definitions to be included as an item on the Group's next agenda. The basis for discussion would be provided by the guidelines contained in paragraph 4 of document MTN.TNC/7(MIN), by previous discussions, and by any further contributions delegations considered necessary. Concerning concepts, principles and rules, there was a strong tendency to examine the various concepts contained in document MTN.TNC/7(MIN). There were concepts on which some agreement existed. In some cases the Montreal text gave ideas which provided a good basis for further negotiations whereas for others this was not the case. The Montreal document reminded the Group also that other concepts had been raised and required discussion. In order to make progress, it would be necessary, in addition to definitions, to agree to examine one or two concepts at the next meeting. Mention was made of transparency in this regard and he considered it important for delegations to make submissions in the GNS concerning such concepts. The Chairman raised the question of whether it was necessary to have a programme at this stage for discussing the concepts.

65. The representative of the European Communities remarked that Hong Kong had suggested a possible grouping of concepts. He was not sure that it was possible to produce perfectly valid groupings and whether they would help the GNS. He considered that the GNS was not in a position to agree to a programme of concepts without a clearer idea of some of the other likely inputs from delegations; in particular on the concepts contained in MTN.TNC/7(MIN). For example, there was a need to go further into the issue of progressive liberalisation, as in the case of m.f.n. Proposals were also necessary with respect to market access and the question of the increasing participation of developing countries. Concerning document MTN.GNS/21, he urged caution in reopening the debate on some of the "sub-concepts" contained therein.

66. The representative of Canada understood the need of some delegations to reflect on some of these subjects before discussing them in detail but noted that the GNS had a very intensive work programme ahead. There was a wide degree of support for structuring the discussion and his delegation favoured the addition of one more concept to the agenda for the next meeting. He suggested working down the list of concepts contained in the Montreal text. On that point, the representative of Egypt pointed out that that list should not constitute the only basis for the discussion on concepts. Regarding definitions, it was important to keep definitions on the agenda as the Group went along. The representative of Australia warned against overloading the work programme.

67. The Chairman stated that definitions would be an important part of future discussions. Regarding concepts, the agenda could include transparency and progressive liberalisation on the understanding that the Group would follow the order in the Montreal text. The Chairman noted the Group's agreement in the matter.

Concerning the next item, coverage, he believed that this matter could fruitfully be discussed only at a later stage. He enquired whether there was merit in including the topic on the agenda of the next meeting.

68. The representative of Egypt saw some merit in including coverage on the GNS agenda as a separate item as it would help the Group to make a clear distinction between the question of coverage and the sectoral testing. The representative of the United States considered that coverage was being dealt with now to the extent that participants were either testing sectors or were providing indicative lists and thought that was effectively all the Group could do. He doubted whether the GNS could make a separate intellectual input to the matter given the workload already agreed for the next meeting. The representative of Canada noted that it was not necessary to address the question of coverage at every single meeting. His delegation considered that the discussion on testing was not about coverage, but about testing of concepts. The representative of Argentina agreed with the view of the Egyptian delegate and said that the GNS needed to tackle coverage even if this was not on the agenda at the next meeting. The representative of the European Communities did not see coverage as an issue to be dealt with early on and warned against taking up too many agenda items simply because they had been mentioned in the Montreal text. The representative of Hungary asked what the Chairman intended regarding the further treatment of indicative lists in the Group's future work. Was it foreseen that the indicative lists submitted by participants would be discussed at GNS meetings? How would they be dealt with as they became available?

69. The representative of India was surprised to hear some delegations say that the sectoral testing exercise had nothing to do with the issue of coverage. He said that even though this exercise was not to prejudge the ultimate coverage of the agreement, it should be clear that there was indeed a close linkage between the coverage and sectoral testing. Sectoral testing was after all supposed to provide the group with a better understanding and

appreciation of what might be included in the agreement. He mentioned items (a), (b) and (c) of paragraph 10 of the Montreal text to support this contention since these items indicated a clear progression from reference and indicative lists to the process of examining the implications and applicability of concepts, principles and rules for particular sectors and specific transactions. In other words, the undertaking of the sectoral testing exercise was based on lists of sectors which participants would supposedly like to see included in the final agreement. Also, he disagreed with some participants that the exercise was only intended to test concepts and not sectors. The testing would in effect be of concepts in relation to sectors so that the sectors would also be tested in the process. Finally, his delegation would like the next meeting's agenda to include "coverage" as one of its items.

70. The representative of Korea doubted that the Group would be able to deal with the issue of coverage in addition to the issues of definitions, transparency and progressive liberalisation during the next meeting. He said that the indicative lists should only be dealt with after the sectoral testing exercise since only then would participants know what sectors they might be interested in including in their own lists.

71. The Chairman called attention to the relation between paragraphs 6 and 10 of MTN.TNC/7(MIN). He also pointed out that sub-paragraphs (a) and (b) of paragraph 10 set out instruments with which the coverage issue could advance. Both the reference list prepared by the Secretariat as well as the indicative lists put forward by the participants should serve to clarify the scope of transactions in a particular sector and the sectors themselves which could be included in the ultimate coverage of the agreement.

72. The representative of the European Communities warned against including items in the agenda which might not necessarily require a great deal of discussion. He said that his delegation would prefer not to deal with indicative lists under the item "coverage" since these lists related to many other aspects of the negotiations as well. He suggested that coverage be included only if subjects other than the indicative lists were to be raised under it.

73. The representative of the United States agreed that the Group would not be ready to engage in a wide-ranging discussion of coverage at the next meeting. He suggested that instead of dealing with the coverage issue in a broad sense, participants should concentrate on the indicative lists which might be made available and take the opportunity to ask specific questions to those participants which had submitted them.

74. The representative of Mexico agreed with the representative of Argentina that the sectoral testing should not prejudice the ultimate coverage of the agreement. Also, if indicative lists were made available for the next meeting, the agenda should contain a separate item relating to those lists.

75. The representative of Canada agreed that a separate item should be included in the agenda on indicative lists. A broader discussion on the coverage issue would seem more appropriate only at a later stage.

76. The representative of Egypt had no objections to excluding the item coverage from the next meeting's agenda but warned against spending too much time on deciding on the agenda for every meeting. He reminded the Group that the discussions should be conducted in a parallel and interrelated fashion so that participants should be able to raise issues of interest whenever necessary. As to indicative lists, the intention had been to use them as a means to consider the sectoral coverage of the final agreement.

77. The representative of the Nordic countries agreed that a specific item should be included in the agenda for the next meeting relating to indicative lists. To place the discussions on these lists under an item such as "coverage" would negate the purpose of the lists since they were intended to contribute to the sectoral testing exercise and not to the issue of coverage as such.

78. The Chairman concluded that (a) at its next meeting the Group would discuss definitions as well as transparency and progressive liberalisation; (b) other concepts, principles and rules mentioned in paragraph 7 of the Montreal text would be dealt with by the Group at its following meetings in the order as they appeared in that paragraph; international arrangements and disciplines, and statistics would be before the Group and dealt with as participants deemed necessary; (c) if indicative lists of sectors from participants became available they would be before the Group for possible comments and explanation.

He then turned to the next item of this meeting's agenda, international arrangements and disciplines which was referred to in paragraph 3 of MTN.TNC/7(MIN).

79. The representative of Egypt said that the consideration of international arrangements and disciplines had two dimensions. First, there was the level of the sectoral examinations for which relevant international organisations could be invited as a source of information whenever the sector in which they had an expertise was being discussed. Second, there was the treatment of the issue itself, in accordance with paragraph 8 of MTN.GNS/21 which stated that due account should be taken of the role of existing international arrangements and disciplines.

80. The representative of the European Communities agreed that relevant organisations dealing with sectors of interest to the GNS could be invited for the sectoral testing phase but stressed that the question of how these arrangements would relate to the final agreement could only be dealt with at a later stage.

81. The Chairman suggested that the Group take note of the statements made and opened the floor for comments on statistics.

82. The representative of Egypt said that, as stated in paragraph 7 of MTN.GNS/21, improved statistics would assist in assessing the implications of rules and principles and the interests of participants in specific sectors. The same paragraph also made reference to the role of the Secretariat in providing the Group with the most disaggregated and complete information possible. He said that this role was already relevant in the context of the upcoming sectoral examinations for which detailed information on the selected sectors for discussion would be very helpful.

83. The representative of Brazil requested that the Secretariat make available to the Group the results of the United Nations International Study Group on Statistics.

84. The representative of the European Communities said that it might be useful that the Secretariat inform the Group of the work which had been undertaken in other international organisations on trade in services statistics.

85. The representative of the Secretariat said that a note had previously been prepared by the Secretariat with respect to work on statistics on services; work undertaken by other organisations on how to improve relevant data, and work within the Secretariat with a view to providing participants with statistical data available in other organisations. This note could be updated by the Secretariat. In addition, the Secretariat could provide some statistical information to support the upcoming sectoral testing exercise.

86. The Chairman suggested that the Group take note of the statements made on statistics and said that an updated version of the Secretariat's previous note on statistics (MTN.GNS/W/41) would be made available for the next meeting.

87. The representative of the European Communities returned to item 2.1 of the agenda and presented a paper containing his delegation's indicative list of sectors of interest to the European Communities. As stated in the paper, all internationally tradeable service sectors should in principle be covered, but an enumeration of these sectors could only be agreed after the draft agreement was itself available. As to the sectoral examination, the paper supported the idea that a broad approach should be attempted. The indicative list that appeared in the document was without prejudice to the coverage of the final agreement and was intended only as a way to advance the process of the examination of the implications and applicability of concepts, rules and principles to sectors. In response to a concern raised by the the representative of Japan, he said that the sectors indicated in the list were those which were particularly relevant to his delegation. The points made in the paper were points which his delegation was likely to raise in the negotiating process.

88. The Chairman suggested that the Group take note of these statements and turned to item 2.4 of the agenda namely the timetable for GNS meetings. He

proposed the weeks of 5 June, 17 July and 18 September for the next meetings of the Group. This was agreed.

89. Turning to item 2.5, other business, the Chairman read out a letter dated 20 April addressed to him by Mr. Butler, Secretary General of the International Telecommunications Union (ITU) where a request was made that the ITU should be able to follow the GNS deliberations as a permanent observer, and in any event during the discussion relating to the telecommunications sector. The Chairman suggested that the question of permanent observer status be treated in the context of the next meeting. He proposed that, as concerned the next meeting of the GNS in June where the examination of telecommunications sector was to take place, an ad hoc invitation be addressed to ITU to participate as observer in that particular discussion.

90. The representative of the European Communities said that his delegation would need some more time to reflect on the issue of whether the ITU could be brought in as a permanent observer to the GNS deliberations.

91. The representative of the United States agreed with the representative of the European Communities that the issue of permanent observer would need further consideration. He suggested that a decision on the issue should be made through informal consultations and communicated to the ITU some time before the next meeting. This would avoid any misunderstandings between the GNS and the ITU.

92. The representative of Australia agreed that further consideration needed to be given to the issue but said that in principle it should be quite in order for the ITU to attend sessions where the telecommunications sector was being discussed.

93. The representative of the European Communities said that the participation of the ITU as a source of assistance could indeed be very helpful but consideration should be given as to how to deal with other sectoral organisations which may also like to participate in the deliberations of the GNS, especially once the precedent was set with the participation of the ITU.

94. The Chairman said that the ITU would be invited to follow the discussion on the telecommunications sector during the next meeting of the GNS on the understanding that this invitation was not to imply a positive response to its request for permanent observer status. This issue would be treated in the context of the next meeting.

95. The representative of Costa Rica said that his country had made considerable progress in the process of accession to GATT and that it was of great interest to his delegation to take part in the GNS negotiations. He hoped to provide the Group as soon as possible with an indicative list of sectors of interest to Costa Rica.