

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNS/38

27 November 1990

Special Distribution

Group of Negotiations on Services

NOTE ON THE MEETING OF 17-21 SEPTEMBER 1990

1. The Chairman welcomed delegations to the thirty-fourth meeting of the GNS and drew their attention to GATT/AIR/3086 circulated on 11 September 1990 which contained the proposed agenda for the meeting. Under the item "other business", he said he would be submitting reports from the Chairmen of the sectoral working groups that had met since the last meeting of the GNS in August 1990. He intended to devote most of the week to informal consultations, hoping to arrive at a clearer view of the best way to make progress on the work in general and on certain difficult issues in particular. As agreed at the last meeting of the Group, the secretariat had prepared an extended version of document MTN.GNS/35, including a preamble and draft texts of Parts V and VI of the framework.

2. He suggested that under item 2.1 the Group should continue its deliberations on the draft framework in order to achieve, by November this year, a complete draft text. He referred to his introductory note to MTN.GNS/35 which indicated that the entire text in that document was subject to further consideration and that delegations retained their right to make additional proposals or to return to proposals made by them earlier. This applied also to the new texts relating to Part V and VI of the draft framework. Apart from the major issues that had been identified and mentioned in paragraph 6 of the introductory note, considerable work still remained to be undertaken on a number of provisions, including Articles VIII and XIII in Part II of the draft framework in MTN.GNS/35. He pointed out that the list of questions prepared by the secretariat dated 28.08.90 was of particular use for the work of the Group. He then opened the floor for comments on the draft framework text dated 14.09.90.

3. The representative of Egypt drew the attention of the Group to an informal paper being submitted by a number of developing countries concerning issues of interest to these countries which had not been reflected in MTN.GNS/35.

4. The representative of Chile welcomed the informal paper and suggested that the principle of reciprocity be considered by the Group. He said that this principle would not conflict with the notion of special and differential treatment to developing countries since under the framework such a notion would constitute an exception to principles of general application.

5. The representatives of Nigeria, Cuba, Brazil, Pakistan, Morocco and Jamaica supported the informal paper and requested that it be taken into

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account in the consultations the Chairman intended to have with delegations.

6. Under Other Business, the Chairman took up the reports of the working groups on labour mobility, construction and engineering, telecommunications and financial services. As concerned labour mobility, he indicated that the working group had held its second meeting on 3 and 4 September 1990. The group had focused its work on arriving at an assessment as to whether a specific annotation/annex was needed to deal with temporary labour movement for the purpose of providing services. In this context, the working group discussed, inter alia, the following matters: how the draft framework agreement on trade in services could deal with situations involving labour movement (e.g. whether in the framework itself, in an annotation/annex, or in the national schedules); relevant definitional issues including the meaning of the term "essential", the distinction between temporary movement of personnel and immigration issues, and to what extent categories of labour could be distinguished; symmetry of treatment of factors of production; the link between movement of personnel and commercial presence; and priorities for future work. The working group would next meet on 8-9 October in order to finalize its work with a view to preparing a report of its conclusions for presentation to the GNS. The working group on construction and engineering services (CES) had held its second meeting on 4-5 September 1990. It had continued its deliberations towards arriving at a better understanding of the specificities of the sector and any elements that may need to be taken into account in the application of the general framework on trade in services. In this context, the working group had discussed the following matters: the general issues related to definition and scope of CES activities to be covered in the work of the group; market access issues including the nature of commitments in the sector, the role of performance bonds, bidding processes, and CES packages; the relevance of the issues of labour mobility, government procurement and subsidies to the sector; the nature of transparency obligations applying to the sector; general regulatory matters; and the applicability of principles and concepts such as national treatment, most-favoured-nation treatment, non-discrimination and increasing participation of developing countries. A non-paper was circulated by the delegation of the Republic of Korea during the meeting. The next meeting of the working group will take place on 10-11 October 1990. The working group on telecommunications services had held its third meeting on 10-12 September 1990. It had focused its discussion on the specificities of the telecommunications sector and any elements that may need to be taken into account in light of developments in the framework on trade in services. In this context, the working group covered the following matters: discussion of the text of 3 September 1990 on "Further work on sectoral annotations/annexes"; review of sectoral issues identified in proposals of delegations at the 5-6 June and 9-11 July meetings; a synoptic table of proposals and a checklist of issues that it had asked the secretariat to prepare as support for these discussions; sectoral considerations regarding the relationship of the annex/framework to other international organization and agreements; and future programme of work. The Chairman noted that the group would meet again on 15-17 October to finalize its work. The group agreed that the Chairman would consult informally with interested delegations to prepare a

draft of a final report to the GNS and would present the draft report for review at the October meeting of the working group. The working group on financial services including insurance had held its third meeting on 13-14 September 1990 with a view to furthering its understanding of the specificities of the sector. The Group reviewed elements that might need to be taken into account in light of developments in the framework on trade in services. In this context, the group discussed the following matters: a new submission (MTN.GNS/FIN/W/3) by the delegation of Malaysia, on behalf of the member countries of the South East Asia Central Banking and Monetary Authorities (SEACEN); and documentation prepared by the secretariat on the procedures of the GATT Balance-of-Payments Committee. The Chairman noted that the working group would meet again on 19-20 October 1990, with a view to completing its discussions and providing a final report to the GNS.

7. The Chairman said that the current state of discussions had not allowed him to come forward with a new draft during the course of the meeting. He would continue his informal consultations with a view to coming forward with a new version of the draft multilateral framework in time for the group's next meeting. He hoped that his new draft could be finalized by the week of 8 November. He recalled that, as already envisaged by the Chairman of the TNC, it would be desirable for negotiations to speed up the pace of deliberations and be permanently available from 1 October onwards. He recalled that the GNS would next meet during the week starting on 22 October.

8. The representatives of Chile, Cuba, Yugoslavia and Austria reaffirmed their delegations' strong interest in the services negotiations and emphasized the need for the negotiations to be conducted on a transparent basis. They noted that all delegations that had an interest in the subjects being discussed in informal gatherings should have the right to be active participants in the negotiating process.

9. The representative of Uruguay said that his delegation wished to reiterate its support for both the Chairman and the secretariat in their efforts to secure a successful outcome for the negotiations.