

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Group of Negotiations on Services

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COMMUNICATION FROM JAPAN

The Government of Japan wishes to inform the following in connection with the Services negotiations in the Uruguay Round.

1. In order to further promote progress in the Services negotiations, Japan submitted on 1 September, a third revision of its offer on initial commitments in services in the form of a draft national schedule. The Japanese submission significantly expanded sectoral coverage and improved the substance of liberalization commitments in response to requests presented by negotiating partners. Furthermore, Japan made particular effort in minimizing horizontal limitations that affect all sectors, thereby substantiating the content of the offer.
2. The following issues remain to be resolved:
 - (i) The use of an MFN exemption request amounting to a sectoral carve-out from the GATS cannot be justified. Neither is it acceptable to resort to an MFN exemption request carving out preferential treatment accorded to a limited number of countries based on economic integrations falling short of the requirement of Article V of the GATS. The continuing reference to reciprocity conditions must also be removed when offers are revised.
 - (ii) A number of negotiating partners have inscribed in their offers major horizontal reservations that extend to all sectors. In particular, horizontal reservations entered on mode 3 substantially reduce the value of commitments; all sector entries should not be used to inscribe serious limitations that adversely affect sectoral commitments.
 - (iii) Due to outstanding issues related to the finalization of the text of the GATS, Japan finds it difficult to finalize its position on some services sectors including those subject to the Annex on Air Transport Services.
 - (iv) Likewise, lack of clear understanding on the scope of the GATS concerning measures on visas, placement of job seekers, social security, etc., makes it difficult for Japan to determine what measures, if any, must be reserved under the GATS.

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- (v) Due to the lack of consensus on the treatment of tax and subsidy type measures under the GATS, Japan finds it difficult to finalize its position with respect to these issues.
- (vi) With regard to Maritime Services and Financial Services, further technical clarity will be required to finalize the Japanese draft schedules.
- (vii) Furthermore, with regard to the Maritime Services and Financial Services, Japan wishes to emphasize the following points:
 - (a) Maritime Services is an important sector that needs to be included in the multilateral liberalization framework of the GATS. An enormous amount of resources have been spent under the Services negotiations aimed at achieving a meaningful liberalization commitment in this sector. Such liberalization commitment should be shared by the countries forming the "critical mass", and Japan expects this objective to be achieved before the end of the Uruguay Round negotiations.
 - (b) The Japanese draft schedule on Financial Services is submitted in accordance with the "Understanding on Commitments in Financial Services". Japan expects that the negotiating partners, in the case of those partners who have committed themselves to do so, will present their offers on the basis of the said Understanding, and that other partners will respect the commitments made under the said Understanding.

3. As indicated above, Japan undertook its third revision of offers in good faith. Japan expects other negotiating partners to respond in the same spirit by presenting improved offers.

4. No single country can deliver a successful services package; Japan awaits all participating negotiating partners to contribute, to the best of their abilities, in making the services negotiations a success substantiated with meaningful liberalization commitments.