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**COMMUNICATION FROM THE EUROPEAN COMMUNITY
AND ITS MEMBER STATES**

Revised MFN Exemption List of the European Community and its Member States

The following communication is circulated at the request of the European Community and its Member States to the members of the Group of Negotiations on Services.

The European Community and its Member States herewith submit a revised list of MFN-exemptions reflecting the present stage of the negotiations. The list has been prepared in accordance with the Secretariat's explanatory note entitled List of MFN Exemptions dated 15 September 1993.

All along the negotiations, the importance of arriving at a satisfactory package of commitments on an MFN basis has been stressed. It is with this guiding principle in mind that the revised list of MFN exemptions has been prepared. The economic value of the measures listed and their impact on the value of the commitments are limited to the bare minimum. Indeed, most of the MFN exemptions required have to be seen in the European geographical and regional context which has historically created very specific institutional and other links with a number of neighbouring countries.

As stated above, the attached list reflects the intentions at this stage of the negotiations: the final list will depend on the overall outcome of the negotiations in services and in particular whether effective liberalization has been achieved in the key sectors. In this context, the European Community and its Member States recall that reciprocity measures are currently in place (an illustrative list is attached to the draft schedule on initial commitments) for which it fully reserves the right to take MFN exemptions if the outcome of the negotiations proves to be unsatisfactory. In addition, certain broad MFN exemptions, pursued by our trading partners, would necessarily oblige the European Community and its Member States to review their own position on MFN based commitments.

Finally, the European Community and its Member States reserve the right to review their list of MFN exemptions so as to cover, as the case may be taxation measures and the issues related to the scope of the GATS, as listed in the note by the Secretariat (MTN.GNS/W/177/Rev.1) of 4 November 1993. This is particularly the case for social security measures. In the absence of a collective understanding which provides for legal certainty on the nature and impact of a number of measures, the European Community and its Member States will be obliged to take MFN exemptions so as to fully cover themselves against possible unreasonable actions.

GATT SECRETARIAT

(1)	(2)	(3)	(4)	(5)
Sector or Sub-Sector	Description of Measure indicating its Inconsistency with Article II	Countries to which the Measure applies	Intended Duration	Conditions creating the Need for the Exemption
Audiovisual Services - Production and distribution of audiovisual works through broadcasting or other forms of transmission to the public.	Measures which define works of European origin, in such a way as to extend national treatment to audiovisual works which meet certain linguistic and origin criteria regarding access to broadcasting or similar forms of transmission.	Parties to the Council of Europe Convention on Transfrontier Television or other European countries with whom an agreement may be concluded.	Indefinite. Exemption needed, for certain countries, only until an economic integration agreement is concluded or completed.	The measures aim, within the sector, to promote cultural values both within EC Member States and with other countries in Europe, as well as achieving linguistic policy objectives.

Sector or Sub-Sector	Description of Measure indicating its Inconsistency with Article II	Countries to which the Measure applies	Intended Duration	Conditions creating the Need for the Exemption
Audiovisual Services - Production and distribution of cinematographic works and television programmes.	<p>Measures based upon government-to-government framework agreements, and plurilateral agreements, on coproduction of audiovisual works, which confer National Treatment to audiovisual works covered by these agreements, in particular in relation to distribution and access to funding.</p>	<p>All countries with whom cultural cooperation may be desirable (agreements already exist, or are being negotiated, with the following countries: Algeria, Angola, Argentina, Australia, Brazil, Burkina Faso, Canada, Cape Verde, Chile, Côte d'Ivoire, Colombia, Cuba, Egypt, Guinea Bissau, India, Israel, Mali, Mexico, Morocco, Mozambique, New Zealand, São Tomé e Príncipe, Senegal, States in Central, Eastern and South-Eastern Europe, Switzerland, Tunisia, Venezuela).</p>	Indefinite.	<p>The aim of these agreements is to promote cultural links between the countries concerned.</p>

Sector or Sub-Sector	Description of Measure indicating its Inconsistency with Article II	Countries to which the Measure applies	Intended Duration Conditions creating the Need for the Exemption
Audiovisual Services - Production and distribution of television programmes and cinematographic works.	Measures granting the benefit of any support programmes (such as MEDIA or EURIMAGES) to audiovisual works, and suppliers of such works, meeting certain European origin criteria.	European countries.	Indefinite. Exemption needed, for certain countries, only until an economic integration agreement is concluded or completed.
Audiovisual - Distribution services.	Waiver of the requirement in Spain to obtain licences for the distribution of dubbed films of non-Community origin, granted to films of European origin which are especially recommended for children's audiences.	Parties to the Council of Europe.	Indefinite. Exemption needed for certain countries, until an economic integration agreement is concluded or completed.

Sector or Sub-Sector	Description of Measure indicating its Inconsistency with Article II	Countries to which the Measure applies	Intended Duration	Conditions creating the Need for the Exemption
Audiovisual services:	<p>Measures taken in Denmark that are adopted for the implementation of benefits in conformity with such support programmes as the NORDIC FILM and TV FUND in order to enhance production and distribution of audiovisual works produced in Nordic countries.</p>	<p>Finland, Norway, Sweden, Iceland.</p>	<p>Indefinite.</p>	<p>Preservation and promotion of the regional identity of the countries concerned.</p>

Sector or Sub-Sector	Description of Measure indicating its Inconsistency with Article II	Countries to which the Measure applies	Intended Duration	Conditions creating the Need for the Exemption
International carriage of goods within a maritime liner conference, by liner members of the conference.	Implementing and enforcing measures based on Article 39 of the UN Convention on a Code of Conduct for Liner Conferences (Liner Code) taken by the Community or its Member States, in order to guarantee the preferential participation of national lines of parties to the Liner Code mentioned in column 3, into such conferences.	African countries which are parties to the Liner Code, and who are effectively implementing it with the EC or its Member States.	Indefinite.	The need for exemption may lapse in relation to particular countries if and when they modify their current policy with regard to conference trade.

P.M.: The operation of conferences in liner trade is authorized insofar as this trade remains open to fair competition by outsiders.

Sector or Sub-Sector	Description of Measure indicating its Inconsistency with Article II	Countries to which the Measure applies	Intended Duration	Conditions creating the Need for the Exemption
Road transport - passenger and freight.	<p>Provisions in existing or future agreements on international road haulage (including combined transport - road/rail) and passenger transport, concluded between the EC or its Member States and third countries, which:</p> <ul style="list-style-type: none"> - reserve or limit the provision of a transport service between the contracting parties or across the territory of the contracting parties to vehicles registered in each contracting party; - provide for tax exemption for such vehicles. 	<p>Switzerland, States in Central, Eastern and South-Eastern Europe and all Members of the Commonwealth of Independent States, Albania, Turkey, Lebanon, Israel, Syria, Jordan, Egypt, Tunisia, Algeria, Morocco, Cyprus, Malta, Iran, Afghanistan, Iraq, Kuwait.</p>	Indefinite.	<p>The need for exemption is linked to the regional characteristics of the cross-border provision of road transport services.</p>

Sector or Sub-Sector	Description of Measure indicating its Inconsistency with Article II	Countries to which the Measure applies	Intended Duration Conditions creating the Need for the Exemption
Internal waterways transport.	Measures based upon existing or future agreements on access to inland waterways (incl. agreements following the Rhine-Main-Danube link), which reserve traffic rights for operators based in the countries concerned and meeting nationality criteria regarding ownership.	States in Central, Eastern and South-Eastern Europe and all Members of the Commonwealth of Independent States.	Indefinite. Exemption needed, for certain countries, only until an economic integration agreement is concluded or completed.
Internal waterways transport.	Regulations implementing the Mannheim Convention on Rhine Shipping.	Switzerland.	To regulate transport capacity on inland waterways taking into account geographic specificity.

Sector or Sub-Sector	Description of Measure indicating its Inconsistency with Article II	Countries to which the Measure applies	Intended Duration	Conditions creating the Need for the Exemption
Direct non-life insurance.	<p>Measures based on a bilateral agreement between the European Economic Community and Switzerland on direct insurance other than life insurance. This agreement provides on a reciprocal basis for freedom of establishment and the right to take up or pursue non-life insurance business for agencies and branches of undertakings whose head office is situated in the territory of the other contracting party.</p>	Switzerland.	Indefinite.	<p>Need to remove obstacles to the taking up and pursuit of non-life insurance business in the framework of an agreement between the European Community and Switzerland on non-life insurance consistent with the provisions of paragraph 3 of the Annex of Financial Services.</p>
Financial services.	<p>Measure granting favourable tax treatment (off-shore regime) in Italy to service suppliers trading with the countries to which the measure applies.</p>	<p>States in Central, Eastern and South-Eastern Europe, and all Members of the Commonwealth of Independent States.</p>	10 years.	<p>The need to aid the countries concerned in their transition to a market economy.</p>

Sector or Sub-Sector	Description of Measure indicating its Inconsistency with Article II	Countries to which the Measure applies	Intended Duration	Conditions creating the Need for the Exemption
All sectors.	<p>Measures taken in Denmark aimed at promoting Nordic cooperation, such as:</p> <ul style="list-style-type: none"> - guarantees and loans to investment projects and exports (the Nordic Investment Bank) - financial support to R&D projects (the Nordic Industrial Fund) - funding of feasibility studies for international projects (the Nordic Fund for Project Exports) - financial assistance to companies(*) utilizing environmental technology (the Nordic Environment Finance Corporation). 	Sweden, Finland, Iceland and Norway.	Indefinite.	To maintain and develop Nordic cooperation.

(*) Applies to East European companies, which are cooperating with one or more Nordic companies.

Sector or Sub-Sector	Description of Measure indicating its Inconsistency with Article II	Countries to which the Measure applies	Intended Duration	Conditions creating the Need for the Exemption
All sectors.	For citizens of Commonwealth countries with a grandparent born in the UK, the UK waives the requirement for a work permit in all services sectors.	Countries members of the British Commonwealth of Nations.	Indefinite.	This measure reflects historical links between these countries and the UK.
All sectors.	Measures based on bilateral agreements between the European Community and/or its Member States and Switzerland with the objective of providing for the movement of all categories of natural persons supplying services.	Switzerland.	Indefinite.	The agreements reflect a process of progressive trade liberalisation between the EC and its regional trading partner.

Sector or Sub-Sector	Description of Measure indicating its Inconsistency with Article II	Countries to which the Measure applies	Intended Duration	Conditions creating the Need for the Exemption
All sectors.	Measures based on existing or future bilateral agreements between the European Community and certain Member States and the countries and principalities concerned, providing for:	<p>San Marino, Monaco, Andorra, Vatican City State.</p> <ul style="list-style-type: none"> a) the right of establishment for juridical and natural persons and b) waiving the requirements of work permits for natural persons supplying services. 	Indefinite.	<p>The geographical situation and historical, economic and cultural links between the Member States of the European Communities and the countries and principalities concerned.</p>
All sectors.	Facilitation of access procedures in France for the exercise of certain services activities and professions by natural and legal persons of certain third countries.	Francophone African countries, Algeria, Switzerland and Romania.	10 years.	<p>This measure reflects historical links between France and these countries.</p>

Sector or Sub-Sector	Description of Measure indicating its Inconsistency with Article II	Countries to which the Measure applies	Intended Duration	Conditions creating the Need for the Exemption
All sectors - principally construction and hotel and catering.	Measures based upon bilateral agreements between Community Member States and European and Mediterranean countries guaranteeing work permits, for the purposes of temporary contract work, on the basis of contracts between an employer of the third country concerned and a company in the Member State concerned, and which permit limited numbers of workers from the countries concerned to be employed in certain service sectors; the numbers are subject to variation according to criteria established in the agreement.	States in Central, Eastern and South-Eastern Europe, including Russia, Ukraine, Belarus and Georgia, and in the Mediterranean Basin.	Indefinite Exemption needed, for certain countries, only until an economic integration agreement is concluded or completed.	The agreements form part of a broader initiative to assist the countries concerned in their process of economic transition and development.