

Global Services Coalition Mission to Geneva, 16-17 April 2008
Notes of Meetings

(All meetings chaired by Ambassador Sergio Marchi, Canadian Services Coalition, and held in the Centre de Conference de Varembe, unless otherwise stated.)

Overall schedule

16.4.08	Side-meeting (a)	Informal meeting of heads of delegations
	Side-meeting (b)	Coordination Meeting
	Meeting 1	Ambassador Fernando de Mateo, Chair of services negotiations Hamid Mamdouh, WTO Director of Services
	Meeting 2	Canada: Ambassador Don Stephenson
	Side meeting (c):	Working Lunch Meeting Meeting
	Meeting 3	US: Ambassador Peter Allgeier Japan: Ambassador Ichiro Fujisaki EU: Deputy Ambassador John Clark
	Meeting 4	Pascal Lamy, WTO Director General Hamid Mamdouh, WTO Director of Services
	Side meeting (d):	Press Conference
	Side meeting (e):	Dinner reception
17.4.08	Meeting 5	Brazil: Paulo Mesquita
	Meeting 6	India: Krishina Gupta
	Meeting 7	South Africa: Sudhir Sooklai
	Meeting 8	China: Li Enheng and Zhang Liping
	Meeting 9	Thailand: Chutintorn Gongsakdi Philippines: Jose Victor Chan-Gonzaga
	Meeting 10	Australia: Ambassador Bruce Gosper

**Side meeting (a): Informal meeting of heads of delegations
8:30 am, Grand Hotel Kempinski**

Present:

- John Goyer, Bob Vastine, Ekrem Sarper (US),
- WK Chan (Hong Kong),
- Christopher Roberts, Pascal Kerneis (ESF),
- Peter Bartlett (Australia),
- Sergio Marchi (Canada)
- John Cooke (IFSL, UK)

Main messages:

- The draft Joint statement was considered and agreed to.
- Wanted: deliverables from the services Signaling Conference.
- Emphasizing that we are here to help, the GSC wants to press the case for better offers. Services should be brought in when the time comes for horizontal trade-offs.

**Side meeting (b): Coordination Meeting
10:30 am**

Ambassador Sergio Marchi: Opening

- A possible deal is now in the making, with positive sense of momentum. Our task now is to underline the importance of services.
- What is needed is the same level of political will and ambition for services as for agriculture and NAMA.
- The services negotiations have benefitted from a better process now than last September, with consultation and Green Rooms on services having taken place.
- For this GSC conference, we want to stress the need for parity in political will and level of ambition in all 3 pillars of market access, and press the Ambassadors for specifics for the Signaling Conference.

Christopher Roberts

- An extra argument for the GSC could be that the recent credit crunch and global economic difficulties would call for a bigger effort to achieve a good deal for the Doha Round.
- Business is in support of Doha and government needs to look to business for support.

Meeting 1 11:00 am
Ambassador Fernando de Mateo, Chair of WTO Council for Trade in Services
(Special Session), and Hamid Mamdouh, Director, Trade in Services, WTO

Ambassador Fernando de Mateo

- Negotiators are in high spirits now, and want conclusion of negotiations in the next few weeks.
- As an overview, there is a lot of progress in agriculture; there are many issues on NAMA but they can be resolved. Other issues e.g. trade facilitation and environment are all text-based issues on which ministers are not going to make decisions.
- May is the main opportunity for a ministerial (because hotels would not be available in June/July). The Green Room will proceed on dual tracks: multilateral and plurilateral.
- The Signaling Conference will be like a Green Room involving 30-plus members who are the main participants of the plurilateral process, as a proxy for modalities in services (as compared to modalities in agriculture/NAMA). It will be chaired by Trade Negotiations Committee Chairman Pascal Lamy. Preparation on substance is needed. The result is expected to be a Chair's report with substance from the ministers.
- Following that, there will be improved offers, and a few months afterwards, final offers.
- The multilateral track will be based on Annex C. A services text can be expected after the texts on agriculture and NAMA are completed by end-April. For services, the issues are clustered around four groups of countries:
 - Opposition to a text
 - Modes of delivery of interest to developing countries
 - Demandeurs
 - Middle-grounders

Hamid Mamdouh

- In September, we talked about "ministerial attention deficit" and lack of substance. Over the past 6 months, the situation has changed. Services has come back to attention with ministerial involvement now. There is now less objection to a services text. The last GSC visit in September has been significant in generating the progress so far.
- The vague idea of a "pledging conference" has now matured into a Signaling Conference, which is less threatening. We have progressed to clarify the objective of the conference and have now agreed on the form of outcome, which will be a report by Pascal Lamy to the TNC on positive signals from the conference in relation to sectors and modes of supply.
- Signals may have different shades (e.g. strong vs conditional as in agriculture/NAMA). It is crucial to prepare for the Signaling Conference. The emphasis is to know the objective, so as not to become finger pointing.
- The week of 5 May will be for senior officials to meet, to enable senior officials to make decisions and adjust wavelengths from negotiators to ministers.

Comments and questions from GSC members

(From Peter Bartlett, Australian Services Roundtable; John Cooke, IFSL; Frank Swedlove, Canadian Life and Health Insurance Association; Pascal Kerneis, ESF; Helmuth Martin, Commerz Bank; Eoin O'Malley, ESF; Bob Vastine, USCSI; WK Chan, HKCSI; Richard O'Toole, Goldman Sachs)

- The ambition on services has been little and disappointing to business so far. Would there be meaningful commitments in the signaling round? If there were a crisis in the background, e.g. the financial crisis at the time of the financial services negotiations in 1997, would that help facilitate an agreement?
- On the services text, is it likely to see the draft text before release? Is the crunch in the wording, e.g. using best-endeavors language instead of definitive language as in agriculture/NAMA? Ambitious results are important. The domestic regulations text is not ambitious enough.
- How to engage more actively the countries targeted by the US? How to break through to that group?
- Mode 1 & Mode 3 are of interest to financial services especially securities industry.
- Services are the most creative in the Doha negotiations, with innovations like the plurilaterals and the Signaling Conference. At the Signaling Conference, what is the centre of gravity with regard to sector and modes?
- Will there be a black and white report for the Signal Conference?
- The dates for the revised offers should be before summer to keep the momentum going. Beyond the Signaling Conference, how would the scheduling timetable develop?

Ambassador Fernando de Mateo

- A Round without services is not acceptable. Let us go for the most ambitious sectors for the text. This is the end game; will be driving the final offers. The level of ambition has to be mandated, but must be the result of negotiations.
- The Signaling Conference will take place after the Agriculture/NAMA Green Rooms. The Conference report will not be a clean text, but will be an oral report which will become black and white after being minuted.
- For US engagement, each country is different. China will come through with better offers.
- Yes services has been creative. It needs to be as the Request/Offer process is very inefficient. As to centre of gravity, each country is different, depending on what minister say.
- The scheduling will take place at about the same time as agriculture/NAMA. There will be two dates, one for tabling of revised offers, the other for final schedules, with the time in between being the time for improved offers.

Meeting 2 12:00 noon

H E Don Stephenson, Ambassador of Canada (NAMA Chair)

Ambassador Don Stephenson

- The negotiations are getting to first base, the sequence designed in Hong Kong: agriculture/NAMA first, then services offers, then other issues. This sequence implies the need for ministerial first for agriculture/NAMA before moving on to services.
- It has been agreed that the coming ministerial meeting does not require ministerial decisions yet. For services, rules and TRIPs, what is needed now is “comfort”, not decisions yet.

- The Signaling Conference is an invention for problem solving, to create a milestone effect leading eventually to final offers. Ministers' interventions are expected to be statements of intentions and further efforts.
- On rules and anti-dumping, a second text is being called for to reflect positions.
- For TRIPs, focus is especially on geographical indications, which for the EC is linked to agriculture.
- NAMA: the target now is to the text by end-April. The architecture is OK but a revised text is now needed.
- On services, the aim is to make the Signaling Conference as substantive as it can be.

Comments and questions from GSC members

(From Tobias Unkelbach, Association of German Banks; Hugh Savill, Association of British Insurers; Tilman Kupfer, British Telecom; Pascal Kerneis; David Hartridge, White & Case; Klaus Deutsch, Deutsche Bank; Christopher Roberts; Anton Van Der Lande, UPS; Nick Miller, Reuters)

- On trade facilitation, would Doha conclusions fail or be further delayed? Is trade facilitation a sleeper? Or can it be used as trade-off for NAMA, because custom procedures are non-tariff barriers? Can you wake them up?
- What is the link between TRIPs and agriculture?
- Rules and TRIPs are not at the same level as services, which is on par with agriculture/NAMA as the 3 pillars. Will bad results in services destroy the round? As compared to rules/TRIPs?
- Report on the Signaling Conference: we need to know which countries to signal to move, if there were to be parity with agriculture/NAMA. What is the interaction between the Green Rooms on agriculture/NAMA vs services?
- Will the negotiations be delayed? There were two developments in the last two months: food supply pressure and credit squeeze. Both have brought attention to global interdependence. Can these macro-economics development play a part in this negotiations positively?
- Hope Canada will improve its offers, e.g. in financial, legal and distribution services. What is Canada's commitment in news agency services?

Ambassador Don Stephenson

- Trade facilitation would not fail. With the weight of agreement on modalities, the other issues would be put to conclusion. Yes there is linkage between NAMA and trade facilitation but the NAMA chair will not make that linkage; that is to come from negotiators.
- The link between TRIPs and agriculture is in advancing commercial opportunity for brands of agricultural products. TRIPs is not a secondary issue and could be a deal-breaker, likewise services, because the political calculus in capitals includes services.
- Trade negotiations takes a long time and with paradigm changes on the way. Yes, global macro situation can influence the round. Some crisis or another has accompanied the launch or conclusion of previous rounds.
- Agree with the importance of services; that is why we fight for a Green Room for services. On report of the Signaling Conference, we do not expect country-level attribution as we cannot ask ministers to deliver final offers at this stage. If we push for country-level attribution that could mean less substance delivered.
- Link of the Green Rooms : senior officials will be in the Green Rooms and act as the link. The final link is business we are getting.

- On the services text, there is no text yet because there was no agreement on one. There already exists the multilateral Annex C; the Signaling Conference applies only to the plurilateral process and there are worries the plurilateral Signaling Conference may impose new obligations on those who are not interested or involved.
- On specific service sectors, Canada will improve its offers.

Side meeting (c): Working Lunch Meeting, 1:00 pm

Present: Bob Vastine, John Goyer, Ekrem Sarper, Peter Bartlett, Christopher Roberts, WK Chan, John Cooke, Pascal Kerneis, Richard O'Toole

- Bob Vastine proposed that the GSC consider joint action and coordination on demands on seven major countries (such as India and China) in line with the Very Good Friends of Services group's consolidated Request list of priority sectors of market access.
- GSC members agreed on the need for more coordination subject to the outcome of the Signaling Conference.

Meeting 3 2:30 pm

Ambassador Peter Allgeier, United States

Ambassador Ichiro Fujisaki, Japan

John Clark, Deputy Ambassador, European Union

Ambassador Peter Allgeier

- This GSC mission has come at a good timing. If there is a services passage, business needs to help push through respective legislatures.
- The US wants binding of unilateral liberalizations plus further market access.
- There is progress in two fronts, namely, the services text on expectation of ambition, and the Signaling Conference. The Signaling Conference is to put services back in the triangle of agriculture/NAMA/services. It will see 25-30 ministers getting together on services and give indications on improvements likely in revised offers, e.g. Brazil to say opening up in mode of financial services or capital level for telecommunications.
- In order to prepare for that, services will be brought into the dynamics of trade-off in offers across sectors horizontally among member countries.

Ambassador Ichiro Fujisaki

- This conference has come at an opportune time (He will be leaving WTO soon). This time really the time has come; we are grateful to the EC for coming up with the idea of the Signaling Conference. We hope to be able to also determine the timing of services offers.
- The de Mateo text will be based on Annex C. There is cautious optimism though we need to craft carefully.
- The key words heard are "Two-way", i.e. reciprocal; and "special and preferential treatment" for developing countries.
- Japan is conducting sector by sector consultation with ministries on our best offers.
- Besides agriculture, NAMA and services, rules is also an important area.

John Clark

- The EU is keen to have ambitious and substantive outcome. This GSC Conference shows the sustained business interest in Doha. We expect a deal in agriculture/NAMA in end April, but services needs two more months for offers to be put together.
- The Signaling Conference is to give signal of political nature on progress on substance. There is buy-in on the notion of a Signaling Conference. Pascal Lamy will chair the conference and there will be report to the GNC. The key infrastructure sectors i.e. financial services, telecommunications, postal, construction, distribution, maritime, etc. will be covered.
- The EU will comp up with improved services offers in preparation for the Signaling Conference.
- Hope the de Mateo text will provide timeline and road map.
- Besides rules, geographical indicators and trade facilitation are also important issues on which the EC hopes to have successful outcome.

Comments and questions from GSC members

(From Christopher Roberts; Klaus Deutsch; Richard O'Toole; Ricardo Camargo Mendes, Brasscom; Nick Miller, Reuters; Tobias Unkelbach; Wolf-Dieter Zumpfort, TUI AG)

- The Signaling conference will provide a very good opportunity for demandeurs to signal their own offers. Some of these will be difficult e.g. Mode 4. For European businesses, instead of a concern or a concession, Mode 4 is welcomed as they see it as something that enables them to meet their business needs by bringing in people.
- Financial services remains a priority for G7 countries. Hope progress in Mode 1 and Mode 3 for the securities industries will be reflected in the offers. Can financial information services be covered? It was not in the Financial Services Agreement.
- The financial services sector is important, especially in light of the recent financial turmoils – the problems being outside of WTO – which calls for more financial services liberalization.
- Services trade is important to emerging economics too. What do they want to see the Brazilian government pushed on progress in services?
- Can the US and EC combine effort so other countries can follow? Will there be impact from the expiry of the US Trade Promotion Authority and the election?

Ambassador Peter Allgeier

- On financial information, there is a case with China which they are pursuing through the dispute settlement mechanism.
- Brazil needs financial services and telecommunications to grow the manufacturing sector, therefore liberalization is needed. The energy and environment services sectors are also important.
- On services EU and the US have worked together and coordinated very well. But a larger coalition than the Quad is needed for progress now.
- If there is a strong package, we are confident we can get these through Congress. Multilateral deals and bilateral deals are different; the Democrats opposes the bilateral deal with Colombia but may not oppose multilateral deals.

John Clark

- The concern with Brazil is in telecommunications (limit on foreign capital), as well as liberalization in industrial goods.
- The EC has put high priority on logistics.

Meeting 4 4:00 pm (At the Director General's "Green Room" at the WTO)
Pascal Lamy, Director General, Trade in Services, WTO and
Hamid Mamdouh, Director, Trade in Services, WTO

Ambassador Sergio Marchi

- The GSC is bringing 3 messages: (i) business is a strong supporter of services and the WTO generally; there is a sense of optimism now; (ii) need for parity among agriculture, NAMA and services; (iii) we support the Signaling Conference and would like to know its state of play.
- On the Signaling Conference, what form will the DG report to TNC on take? Will ministers in agriculture/NAMA Green Rooms be the same as those attending the Signaling Conference?

Pascal Lamy

- The services negotiations is still based on the Request/Offer method. We may have to improve the "negotiating technology" on services next time.
- The psychology remains that MFN means trying to get more than others but give less than others. Therefore the final offers won't be on the table until the final day, thus a date is needed. Hence we need to put pressure on negotiators to provoke activity in capitals to collect results, thus the Signaling Conference.
- Admission that there is progress from plurilaterals (i.e. the Signaling Conference) has not been easy but we have it now. The senior officials meeting starting 5 May is to come to new negotiating grid on services.
- Tough issues remain, e.g. Mode 4. Also, special attention is needed on countries with difficulties at home to liberalise, e.g..China, India. China has long memory on accession.
- On the Signaling Conference, we cannot do country-by-country but can do by-sector and mode of delivery. The Ministers will be roughly the same as those attending the agriculture/NAMA Green Rooms. The DG's report to the TNC will be minuted.
- The TNC (not Green Room) then takes decision on modalities. The modalities will bring about the final set of commitments which are the legal documents. The report of the Signaling Conference plus the reports on other subjects such as agriculture, NAMA, environment, trade facilitation etc. will be all part of the single undertaking. The sequence would be the agriculture/NAMA modalities first, then the Signaling Conference, then the TNC to take account of these and all other issues.

Comments and questions from GSC members

(From Richard O'Toole; Peter Bartlett; Nick Miller; Pascal Kerneis; Bob Vastine; Christopher Roberts; Anton Van Der Lande; Tobias Unkelbach)

- European business does not expect to get much from NAMA, therefore they have high expectation of services and will support movement in Mode 4 which they see not as a concession but a business need.
- Trade facilitation is a win-win; can it be the glue to keep the 3 pillars up?
- On the wording of the services text, suggest that there should be binding wording like that of agriculture/NAMA, not just best-endeavor wordings. Likewise, for the Signaling Conference. For improved offers, suggest 60 days not 90 days to avoid the August holidays.
- The recent financial turmoil should not be an excuse for keeping away from financial services liberalization. Business is ready to help and explain to enable what little progress we can get for the securities sector, e.g. the model schedule, especially Mode 1 & Mode 3.

- Given that WTO negotiations are often leaked, instead of inaccurate leaks from the Signaling Conference, would not a formal document be preferred?
- As a real example of the benefits of liberalization, Reuters has provided an information service for Indian farmers which has helped them tangibly.
- In the US/India bilateral, India has been unwilling to move. How do we engage India?

Pascal Lamy

- European business *will* get from NAMA. ASEAN is occupied with safeguards but this concept is ambiguous and difficult to apply for services.
- There are no modalities in services; the nearest would be Annex C but there may not be agreement technically. On the date for offers, if there is modalities in agriculture/NAMA, we shall need 7-8 months to finish the round. As for the gap between revised and final offers, according to Annex C it was July for revised offer and October for final offer, i.e. three months, but the gap can be shrunk.
- For the Signaling Conference, the DG report will be official after it is reported to and minuted by the TNC.
- Nobody understands trade facilitation, despite its huge potential. It is going well and will be reported to the TNC. More publicity and explanation is needed to get public support
- India has offensive interest on Mode 1 & Mode 4. Politically it is important for them. They will negotiate; they are masters of complexity.

Side meeting (d): Press Conference 5:30 pm

Present: Bob Vastine, Sergio Marchi, Christopher Roberts, Pascal Kerneis, WK Chan, Richard O'Toole, John Cooke, Peter Bartlett, Ricardo Camargo Mendes; with seven reporters from Washington Post, Reuters, etc.

- Questions were on the Signaling Conference, Pascal Lamy's sequence, sectors and countries, US domestic issues and their difficulties in maritime services and Mode 4, innovation in services negotiations, financial crisis.

17 April 2008

Meeting 5 9:00 am
Paulo Mesquita, Counsellor in charge of services, Brazil
(Chair: Bob Vastine, President, USCSI)

Paulo Mesquita

- This morning the Director General chaired an informal TNC.
- Brazil agrees that services is an important pillar. But Brazil has deficit in trade in both goods and services, and is still grappling with the linkage of services with others.
- Between market access and rules, ultimately, market access is about rules.
- The push for raised profile for services has been successful, e.g. most agreed with the idea of a Signaling Conference. Accepting a Signaling Conference is already a sign of commitment.
- As to result in services, this is very much in the eyes of the beholder.

Comments and questions from GSC members

(From Bob Vastine; Pascal Kerneis; David Hartridge; Aarti Holla, European Satellite Operators Association; George H Theuvenet, ING; Enrique Velazques, European Banking Federation; Hugh Savill; Tilman Kupfer; John Cooke)

- What is Brazil's position on the de Mateo text?
- The Brazilian trade deficit is not entirely true: the EU has a trade deficit with Brazil on services.
- Regulations are for consumer protection, and should be technology-neutral.
- Can Brazil be more aggressive in liberalisation? What would Brazil do in the Signaling Conference? What Brazil says in the Signaling Conference will have huge influence on others.
- What is the prospect of restrictions being lifted for the satellite sector? Can Brazil liberalise more in telecommunications? Is there scope for improvement in the financial services package? In particular, The Presidential Decree is creating uncertainties.
- Is there concern with the lack of time for the services negotiations to convert promises (at the Signaling Conference) to legal commitments? With a leadership role in the Signaling Conference, Brazil is urged to make "conditional offers" to expedite negotiations.

Paulo Mesquita

- For the de Mateo text, the difficulty is to capture in a general statement the reality of the wide range of perceptions. We are concerned with the idea of the text as a "benchmark" – this is one-sided and requiring too much.
- Trade statistics is deficient. Brazil's statistics shows a deficit versus the EU.
- The Presidential Decree has been extensively explained. It is a means to exercise maximum flexibility given the stricter limitations imposed by the Constitution. In practice, there has been no case where a bank application was turned down by Presidential Decree. We will not change the Constitution or give concessions that are not proportional to agriculture/NAMA, so it is natural we are more defensive in these cases.
- Originally the round is for 3 years, now we are into the 6th year, so time is not the issue.

- Brazil has a few aces up the sleeve, and are readier to do more than what the EU is doing in agriculture/NAMA. We have not seen conditional offers in agriculture, and do not know what the US is really offering.

Meeting 6 10:00 am

Krishina Gupta, Services Negotiator, Permanent Mission of India to the WTO

(Chair : Christopher Roberts, European Services Forum)

Krishina Gupta

- The services negotiations are proceeding along two tracks. The multilateral track is the de Mateo text, where there is some convergence and some difference. The plurilateral track is the Signaling Conference.
- The signals sometimes are not very encouraging from some developed countries, e.g. the US is becoming more protectionist.

Comments and questions from GSC members

(From John Cooke; Anita Gray, Standard Chartered Bank; David Whyte, Sun Life; Ralph Carter, Federal Express; Alex White, IFSL; Nick Miller; Klaus Deutsch; Tobias Unkelbach; Tilman Kupfer; Brad Smith, ACLI; Adam Hemphill, Walmart; Peter Bartlett; Christopher Roberts)

- What is the progress in liberalizing the capital requirement for insurance? The equity capital allowed for the insurance sector is too low, at 26 %. Would national treatment for pension funds be offered?
- Standard Chartered has applied for 100 branches in the rural area and has not got a license yet. Rural retail finance is not what foreign banks are familiar with. What is expected to come out from the Signaling Conference on banking? Would branch license restrictions be liberalized, or are the human resources, finance and back office functions considered branches?
- India wants US investment in infrastructure but is rolling back in liberalization in the courier services sector.
- Reuters has been providing a financial information service to Indian farmers, with developmental benefits. But India has no commitment in financial information sector.
- There is strong interest in India's telecommunications sector. What is the progress in liberalization of the retail sector?
- There has been less engagement from India over past few months. How can this be improved? Will India put all offers on the table?
- India has offensive interest in Mode 1 & Mode 4. European business supports improved offers in Mode 1 & Mode 4 despite US political difficulty. What is the conclusion in the plurilateral negotiations?

Krishina Gupta

- For insurance, government has attempted to take proposals to the legislature but there is not enough support yet. With an election it is difficult to get into legislative change.
- In banking, most foreign banks are interested in the cities but there is a lot of opportunity in the rural area. On bank branches, ATM are not considered branches, but not sure about other back office functions such as HR.

- In the Postal Act 1898 there is no courier services. The government is the service provider and regulator, with a weight criteria of 2 kg. For courier services, therefore, there is a gray area, with unregulated activities. The new amendment is to regulate these by establishing a new regulator.
- For telecom and retail, regulations apply not just to foreign but to local operators because of competition issues.
- In liberalization, India's level of engagement has gone up rather than down. Liberalisation has to take place one step at a time, until the market is stabilized.
- On Mode 4, we remain to be satisfied and are deeply disappointed with the US reaction. Japan's autonomous regime is more liberal than their commitment. Australia and Canada list their offers according to occupation not sectors, while the EU offer is conditional. These are all problems in Mode 4. It is better for Mode 1 but there are too many exclusions.

Meeting 7 2:30 pm
Sudhir Sooklai, Services Negotiator, South Africa

Sudhir Sooklai

- South Africa will continue to be a strong demandeur of a services outcome. They have submitted revise offers.
- There is serious concern over demand on developing countries e.g. binding of existing market access and national treatment, which is beyond Annex C mandate. It is a right for developing countries to schedule commitments in line with their development needs.
- A contradiction can be observed in the attitude of developed countries: seeking unfettered access in South Africa on the one hand but unwilling to move on domestic negotiations, especially the US, on the domestic negotiations text. The Chair's current draft reflects differences, with Japan and Korea also trying to water down the text. Market access and domestic regulations negotiations cannot be separated.
- MFN exemption should be addressed. Reluctance to do so would prevent balanced outcome.
- South Africa will not come to the Signaling Conference if tangible offers are not put on the table by ministers who come to pocket concession for others. The Signaling Conference can be parked aside until agriculture/NAMA are resolved. Timetable of the Signaling Conference may be put back to June/July.

Comments and questions from GSC members

(From John Cooke; W K Chan; Aarti Holla; Clare Kelly, White & Case; Christopher Roberts; Bob Vastine; Pascal Kerneis; Klaus Deutsch; Tobias Unkelbach)

- Agreed that liberalization has to go with effective regulations, but you cannot wait for domestic regulations before you liberalize, both can take place at the same time. The ESF also regrets the watering down of the domestic regulations text, and strongly supports progress in this round, agreeing that "best endeavour" clause are not strong enough. Not all developed countries are opposed to domestic regulations. How would it feed into the Signaling Conference?
- How far would the technical assistance programme help bridge the gap?
- Why does Annex C prohibit binding of liberalization?

- Which sector is South Africa ready to move in? Satellite operators pay high fee now and should benefit from liberalization. What is the banking content of the final offer?
- What is South Africa's offensive interest at the EU?

Sudhir Sooklal

- Liberalization without domestic regulations will not bring benefits originally assured. But this is not saying that countries should not liberalize without domestic regulations. We are concerned with the first draft on the necessity test. Criteria should be decided for dispute resolution on domestic regulations. Domestic regulations is not raised as a quid pro quo, but needs to be part of the Round's conclusion.
- The domestic regulations text is essential in helping developing countries integrate into world trade. Yes technical assistance is important but the development language is not enough.
- There are different interpretations of Annex C. The understanding is that the wording "should be guided" means it is not mandatory. The US itself, while demanding aggressively liberalization in equity restriction, maintains its own equity restrictions e.g. in telecommunications, with nationality requirements in financial sector.
- Satellite services is limited to state-owned and yes it is high-cost. But the telecommunications regime is being transformed. There will be major moves.
- Will make improvements in telecommunication, financial services, computer, environment services, but have difficulty on maritime transport.
- We want to see improved offers from the EC on professional services and also the Mode 1 offer should not come with Mode 3 obligations (e.g. the requirement for people to register with EU authorities before providing Mode 1 services.)

Meeting 8 1:30 pm

Li Enheng, Deputy Permanent Representative of China and Zhang Liping, China

Le Enheng

- China has a deficit in trade in services, with an import of \$100B in 2006 and export of \$90B. We are not strong in hi-tech industries though we have some strong points on maritime, medical and education but in general services are not strong.
- Attitude towards services negotiations is positive. We support the Signaling Conference to go ahead with the agriculture/NAMA Green Rooms but no final decision has been made by the WTO.
- On the de Mateo text, there is no consensus yet. China is flexible whether it's a text or a Chair's report.

Comments and questions from GSC members

(From Pascal Kerneis; John Cooke; Brad Smith; WK Chan; Aarti Holla; Bob Vastine; Tobias Unkelbach; Wolf-Dieter Zumpfort; Enrique Velazquez)

- Hope the Chinese minister will come to the mini-ministerial. The Chinese economy has expanded enormously since accession, therefore there should be tremendous room for foreign participation. China's free trade agreement with Hong Kong and New Zealand indicates that higher level of liberalization is possible.

- Which sectors will China be able to improve offers on? China's export of services is small. To expand the services sector, it is recommended that China embrace FDI in services.
- With the introduction of a new competition law, and coupled with the technical assistance program, are these helping China to schedule liberalization commitments more aggressively?
- In the insurance sectors, with Chinese companies now aiming to expand overseas, will it offer concessions also? Will there be further commitments in financial services especial banks?
- Will the satellite sector be open? Would outbound tourism and cabotage in shipping be offered?

Li Enheng

- The new minister planned to come but the time kept being changed.
- We are going through the rounds among ministries on offers to be improved. Will have something at the Signaling Conference. China implemented all WTO commitments, but even now there are different views on the impact of these commitments on China. The subprime crisis has made many ministries cautious in further liberalization.
- China's FDI in services is already very open. For Tourism, the Ministry of Commerce will advise the China National Tourism Administration to be more open but the result is not known yet.
- Hope the GSC will also ask their governments to give more in the Signaling Conference.

Zhang Liping

- The competition law has just been adopted; the result has yet to be seen. As for technical assistance, it is mostly applied to the GATT rather than GATS.
- From experience, joint venture is still essential in sectors like telecommunications. For insurance, however, there are only a few reservations in China's commitments.
- In this round cabotage will not be negotiated in the WTO. In banking, trade negotiators have agreed with the need for prudential considerations by regulators.

Meeting 9 3:45 pm

Negotiators from ASEAN:

Chutintorn Gongsakdi, Minister, Deputy Permanent Representative of Thailand;

Kanitha Kungsawanich, counselor, Permanent Mission of Thailand to the WTO;

Jose Victor Chan-Gonzaga, Secondary Secretary of the Philippines

Chutintorn Gongsakdi

- Negotiators already have mandate to conclude on agriculture/NAMA and will go on to services. The expectation is that decisions will be made at the Signaling Conference, which will close some gaps between commitment and practice, and meet some requests.
- We also attach importance to the outcome of negotiations on domestic regulations which is not ambitious enough – due to “best endeavor” clauses – but we still prefer to have it.

Jose Victor Chan-Gonzaga

- For the Philippines, on market access, there are constitutional restrictions, e.g. on public utilities. There are also stakeholder difficulties e.g. in distribution, and regulatory ambiguity e.g. in environment services.
- The Philippines is prepared to participate in the Signaling Conference.
- On the de Mateo text, Philippine has said a text is not needed but understands some members may need it for comfort, and ASEAN will be engaged accordingly. So the issues are balance (not just market access) and binding (which is problematic and divisive).
- On emergency safeguard measures, for ASEAN there must be a credible outcome from the negotiations though that may not be on ESM per se.

Comments and questions from GSC members

(From John Cooke; Ralph Carter; Pascal Kerneis; Bob Vastine; Aarti Holla; Enrique Velazquez)

- We are concerned with difficulties and the divisiveness caused by binding autonomous liberalization, and cannot understand ASEAN's demand for results on emergency safeguard measures. A credible outcome on ESM and yet not necessarily on ESM – what does that mean?
- We are disappointed and want more offers through trade-offs in the WTO.
- ASEAN has signed on to the Logistics Roadmap, which includes making WTO commitments. Are ASEAN countries ready?
- There are no regulations in Thailand on communication and satellite. Will there be draft regulations to allow foreign operators in?
- Will restriction on bank ownership e.g. equity caps be liberalized?

Chutintorn Gongsakdi

- On ESM, it has been 10 years into the negotiations and if there is a face saving way out, that would be OK, e.g. our offers conditional being upon ESM.
- In logistics, the Thai Post is holding it up but it is hoped progress can be made e.g. through free trade agreements.
- On equity participation, the Foreign Business Act allows requests to increase the cap from 49%, and most were approved by the Foreign Business Committee. This may be reflected in the revised schedule.
- There are no negotiations on satellite, while awaiting the National Broadcasting and Telecommunication Commission to be set up.
- It has not been easy to get what we have in our pocket.

Jose Victor Chan Gonzaga

- There are positive signals in satellite and financial services.
- On binding, there is no problem in accepting this bilaterally or plurilaterally, but there is a problem in accepting it multilaterally.
- On equity capital, despite what was said, it seems FDI is still coming in. So, not sure if it is really a problem.

Meeting 10 4:45 pm
Ambassador Bruce Gosper and Paul Myler, services negotiator, Australia

Ambassador Bruce Gosper

- Australia has a high-quality offer and will make further improvements. Sectors of export-interest to us include legal and education.
- We want to see progress in equity cap liberalisation especially from ASEAN countries. On Mode 4, we are disappointed at ASEAN.
- We have written to 27 ministers on precise requests. There is a high expectation of the Signaling Conference. There will be two rounds in the Signaling Conference, one for ministers to put offers on the table and the second round to response.
- This morning's TNC is a culmination of recent Green Room consultations.
- The agriculture/NAMA texts should be available by end-April; thereafter the horizontal process will begin.

Comments and questions from GSC members

(From Peter Bartlett; Ralph Carter; Pascal Kerneis; John Cooke)

- Is the date of the Signaling Conference confirmed?
- What is Australia's ambitious on the de Mateo text?
- What would be Australia's improvements in its offers? Can Australia act as an example to ASEAN countries on opening its express services? What sectors are being targeted by the Good Friend of Services group?
- Some said they do not see the need for a services text. Can they wreck the effort of those who want a text?

Bruce Gosper

- The timing is that the text will be followed by a senior officials meeting, then a meeting of the ministers. It cannot be precise but hopefully by 19th May.
- Ministers' main job is to establish modalities for agriculture/NAMA and to move in other parts of the Round. The whole thing may take 4-5 days with services on the 3rd day.
- In Hong Kong Annex C was a long and bitter fight. We do not want to use the Signaling Conference to fight this language of Annex C again. A text will be useful for technical reason to facilitate negotiations, so to let different perceptions of Annex C co-exist.