

**COMMUNICATION FROM THE EUROPEAN COMMUNITIES
AND THEIR MEMBER STATES^{1/2}**

GATS 2000: Transport services

The attached communication³ has been received from the delegation of the European Communities and their Member States with the request that it be circulated to Members of the Council for Trade in Services.

A. GENERAL COMMENTS ON THE TRANSPORT SECTOR

A.I. MODES AND SECTORS COVERED

1. According to the WTO classifications transport services are divided into the following main sectors (modes of transport):

Maritime Transport Services

Air Transport Services

Land

- Rail Transport Services
- Road Transport Services

Other modes

- Internal Waterways
- Space Transport
- Pipeline Transport
- Services auxiliary to all modes of transport
- Other Transport Services

Altogether these modes cover around 40 subsectors.

¹ Hereinafter "The EC".

² The EC reserve their right to modify this proposal at any time. This proposal does not prejudice EC's position on other services sectors, nor any possible future offer on this or other sectors. This proposal has to be read together with the general approach of the EC to the services negotiations.

³ This document should be read in conjunction with S/CSS/W/32.

Existing Commitments

2. The Uruguay Round had limited implications for the transport sector. A critical mass for commitments in Maritime transport was not reached so most countries withdrew offers, and the MFN obligation does not apply to international maritime transport. A standstill clause was agreed to protect the introduction of new restrictions. Air transport was partially excluded, and MFN exemptions taken in relation to covered areas (Computer Reservations Systems and sales and marketing). Land transport is covered by few commitments other than for commercial presence for road transport and some maintenance activities. MFN exemptions are common for cross-border provision of road and waterways services.

A.II MAIN STATISTICS FOR THE TRANSPORT AREA

3. In the EU the transport area generated a total of 375 billion € (1998). It comprised around 750,000 European enterprises and employed directly around 6 million individuals. The transportation area is a key services sector for facilitating international trade, with a further 6 million individuals employed in related services.

4. International trade in transport is a significant part of total trade in services. For the EU, total exports amounted to approximately 60 billion € in 1997 (27% of total export of services). Imports of transport services in 1997 were also around 60 billion € (or 29 % of total import of services).

5. Although cyclical depending of the general economic development, considerable growth in both value and volume in the transport area has remained a trend over the last decades. Growth rates in maritime services have usually averaged 3-5% a year, with container activities above this level, and bulk showing a more varied pattern. Air transport has seen yearly rates in the 5-10% range.

A.III MAIN OBJECTIVES FOR THE GATS 2000 FOR TRANSPORT SERVICES

6. The proposals by the EC aim at engaging WTO Members in negotiations to reduce unnecessary trade distortive barriers while preserving the quality of the service, public safety, and the rule of law.

7. The proposals are developed and based on the following principles:

- In order to reduce the need for reciprocity that several members wished to preserve through MFN exemptions, and to impose access and national treatment in a sector essential to all international trade; substantial commitments - by a critical mass of members - should be sought.
- Market access agreed in the WTO should not be seen to undermine standards and regulatory measures (in areas such as safety). In this respect, current work in multilateral organisations (i.e. ICAO, IMO) should continue, and ensure that appropriate levels of safety and employment conditions are maintained and dealt with in the appropriate bodies. The disciplines to be established for domestic regulation should not jeopardise the development of rules and standards in these organisations.
- Where possible, commitments should be offered and sought so as to facilitate multimodal transport operations (through broad-based commitments on auxiliary services to transport and commitments ensuring access to competitive services provided in other transport areas).

8. Beyond these common principles the proposals are specific for the main modes of transport. A more horizontal approach may develop for some auxiliary services, in particular in areas such as warehousing, and freight forwarding.

A.IV MULTIMODAL ASPECTS

9. In the Uruguay round there was already some degree of recognition of the importance of multimodal activities. In the maritime negotiations, these activities were discussed as a fourth pillar supplementing the model schedule, but limited to activities where a maritime leg was involved. Similarly, for air and land transport operators and especially for freight integrators, there is a growing need for provision of complete multimodal door-to-door services. Activities cover pre- and onward-transportation services in rail, road, inland waterways and seaways, and the commercially related auxiliary services (such as cargo handling, storage, warehousing, logistics activities, container stations and depots, container servicing, freight groupage, agencies, freight forwarding). Commitments will be asked within each mode of transport as negotiations develop, and should take into consideration that some non-transport operators may be considered for certain of these activities.

B. GATS 2000: AIR TRANSPORT

B.I INTRODUCTION

10. The supply of Air Transport Services is governed by over 3000 bilateral agreements world wide, regulated by a multilateral organisation, ICAO, on the basis of the 1944 Chicago Convention. In principle, these bilateral agreements, which cover routes, capacity and prices, govern access to the airspace itself and, therefore, access to the supply of air transport services. Reciprocal traffic rights are granted among countries to the exclusive benefit of their own national airlines. This bilateral tradition is also motivated by the importance of ensuring a similar national preferential treatment when allowing market access to foreign air transport services providers.

11. The Air Transport Annex (Paragraph 1) establishes that "...any specific commitment or obligation assumed under this Agreement shall not reduce or affect a Member's obligations under bilateral or multilateral agreements that are in effect on the date of entry into force of the WTO Agreement". The Annex also provides for the exhaustion of the dispute settlement procedures in bilateral and multilateral agreements before using the WTO Dispute Settlement Understanding.

12. The number of commitments taken at the Uruguay Round was limited. Between 30 and 35 WTO members took commitments on "Maintenance and repair" and "Supporting services". Other air transport services were only committed by 5 WTO Members or less.

B.II SCOPE OF THIS PROPOSAL⁴

WTO Classification

13. Notwithstanding the limitations of coverage mentioned below, the WTO standard classification of services covers potentially all air transport services divided into the following subsectors:

- Passenger transportation
- Freight transportation
- Rental of aircraft with crew
- Maintenance and repair of aircraft
- Supporting services for air transport

GATS Coverage

14. Following the Uruguay round, the supply of air transport services directly related to the exercise of traffic rights was the only sector to be substantially excluded from the GATS – all other tradable services are covered. This exclusion is set out in a specific Annex to the GATS in which coverage is only explicitly extended to three areas:

- aircraft repair and maintenance,
- sales and marketing of air transport services, and
- CRS-services (Computer Reservations Systems).

⁴ The coverage of this proposal is without prejudice to EC's final positions on classification issues and to EC's classification of their existing commitments. CPCs mentioned refer to Provisional CPC classification.

15. Other services related to air transport can also be considered to be included if they are not directly related to the exercise of traffic rights. Some additional air transport related services are included under other headings, for example leasing of aircraft (as business services), catering (as hotels and restaurant services) and crew training (as educational services). These services are treated by the EC under these other headings, as appropriate.

16. The most important part of the Air Transport Services, the exercise of so-called "hard rights", or in other words the actual rights to fly cargo and passengers, is therefore excluded from the GATS for the time being, although the Annex must be reviewed at least every five years "with a view to considering the possible further application of the Agreement" to the sector.

17. The five-yearly review is currently ongoing and the EC reserve the right to amend this proposal after the results of the review are known should coverage be extended. Among the subjects that may come under discussion are franchising, rental and leasing with operator for aircraft, the link with tourism development, ancillary measures for air cargo and the right of transit. The EC will revisit these issues according to the results.

B.III PROPOSAL

18. Without intending to prejudge the results of the review, the Council for Trade in Services in Special Session should initiate a debate, whether in the Council or in a subsidiary body established for the purpose, on broad aims for negotiations in the sector. Such debate on air transport should include the following issues:

19. Proposals to increase the number and quality of commitments made for services already included in the current annex. It remains an important objective to expand existing commitments on marketing/sales, maintenance, and CRS of other Members in this respect, since these services are essential to the efficient functioning of air carriers and benefit consumers by facilitating purchase of the product. Only a few countries made commitments, and around half took MFN exemptions. The EC propose that WTO members raise their level of commitments, at least up to that of the EC.

20. With regard to the results of the ongoing review, consider taking commitments in services that facilitate the exercise of air carriers' existing Commercial traffic rights. It is important for air carriers to have access to high quality and cost-effective ancillary services if they are to operate efficiently. The EC consider that a number of services could be identified as being of key importance to air carriers, and that negotiations could be conducted with a view to ensuring that commitments on these services are made more widely and that these facilitating and enabling services are more fully and explicitly covered by the GATS. While ensuring that appropriate levels of safety, security and employment conditions are maintained and dealt with in the appropriate bodies, the following services could be covered:

- Ground-handling Services:
- Ground Administration – supervision and administration at the airport (CPC 7461);
- Passenger Handling – assisting arriving, departing and transfer passengers (CPC 7461);
- Baggage Handling – handling baggage in the sorting area (CPC 7461);
- Freight and Mail Handling – physical handling of freight and mail, dealing with security and customs procedures (CPC 74110 (container handling services) and 74190 (other cargo handling services));
- Ramp Handling – marshalling and moving the aircraft, loading and unloading of aircraft, transport of passengers, freight, supplies (CPC 7469);

- Aircraft Services – cleaning the aircraft, heating and cooling, removal of snow and ice (CPC 7469);
- Fuel and Oil Handling – organisation and provision of fuel and oil;
- Flight Operations and Crew Administration – preparation of the flight, inflight and post-flight assistance, crew administration;
- Surface Transport – organisation and execution of transport within airport – except to and from aircraft;
- Catering Services – administration, storage, preparation and delivery of bar and food supplies (CPC 6421/6431).

21. Where so-called “self-handling” by airlines is permitted for certain services, this possibility should be available to all individual airlines on a neutral, transparent and non-discriminatory basis, subject to them already having the necessary traffic rights to the airport concerned. The right to self handle cannot be used to open-up traffic rights.

Airport management services

(CPC 74610) Provision of air terminal services and runway operating services. In most countries, the state still performs a major role in provision of these services. But in so far as such services are open to foreign operators it could be considered whether GATS could contribute to ensure transparent procedures and non-discrimination, bearing in mind that the State is ultimately responsible for safety and security, and in the view of the monopolistic nature of airport management.

Leasing Or Rental Services Concerning Aircraft Without Operator.

(CPC 83104) Leasing without crew (dry-leasing) is widely used throughout the air transport industry and is essential for airlines to be able to procure the aircraft they need. The traffic rights remain with the airline, so are not a matter for the lessor. Some Members have already made commitments in this area.

Services Auxiliary To All Modes Of Transport When Delivered In An Air Transport Context

In addition to cargo handling as mentioned above in the ground handling section, there is also storage and warehousing (CPC 742) for which commitments should be considered.

C. GATS 2000: MARITIME TRANSPORT

C.I INTRODUCTION

22. At the end of the Uruguay Round it became clear that no satisfactory way could be found of effectively incorporating market access commitments by the key players in maritime transport into the GATS. Although a multilateral negotiating process was set up with a deadline of the 30 June 1996, negotiations on maritime transport services were finally suspended at the time, until comprehensive negotiations for the liberalisation of services resume in the GATS 2000.

23. The Council of Trade in Services agreed on a standstill clause, under which they undertake not to apply "... Any measures affecting in the maritime transport services except in the response to measures applied by other countries, and with the view to maintaining or improving the freedom of provision of maritime transport services...".

24. The EC offered extensively in the Negotiations Group for Maritime Transport Services (NGMTS) on the basis of the model schedule. The reasons for this were the size and competitive strength of the EC maritime industry, and an understanding of the central role of the maritime industry as a facilitator for international trade. EC offers were withdrawn after the negotiations ended.

25. Few countries have scheduled substantial commitments in schedules. MFN exemptions apply for 14 Members of the 29 that have maintained specific commitments in the sector. All in all, there is no solid base of commitments for starting negotiations on maritime transport, other than what was offered during the last round. However it is a fact that international maritime services are already quite liberal compared to most other services, with few restrictions apart from those in mode 3 and 4, whereas national treatment remain an issue in some countries.

C.II SCOPE OF THIS PROPOSAL⁵

26. Although W/120 covers maritime transport, to better facilitate the negotiations a model schedule was developed during the Uruguay round. The model schedule is not directly compatible with the W/120 classification but reflects what was found to be the best way to organise talks, and the EC continue to support this classification. The schedule includes:

- (i) Maritime transport services
- (ii) Maritime auxiliary services
- (iii) Port services

27. This classification remains open for the inclusion of multi-modal activities, related to the provision of international maritime transport.

⁵ The coverage of this proposal is without prejudice to EC's final positions on classification issues and to EC's classification of their existing commitments. CPCs mentioned refer to Provisional CPC classification.

C.III PROPOSAL

28. The Council for Trade in Services in Special Session should initiate a debate, whether in the Council or in a subsidiary body established for the purpose, on broad aims for negotiations in the maritime services sector.

29. Overall, we believe that WTO Members should aim to substantially reduce barriers to trade without affecting the quality of the service and the right to regulate in pursuance of non-trade objectives such as safety, environment and social cohesion.

30. International maritime services are already quite liberal, and distinctively more so than land and air transport. The most important limitations in international maritime transport include, but are not limited to: foreign equity ceilings, requirement to appoint a local agent (restrictions on establishment of owned branch offices), limitations on government owned cargoes (preferential cargo allocation, discriminatory measures favouring the use of national carriers), restrictions on consecutive cabotage, discriminatory taxation and port charges, restricted/regulated access to port and port services, cumbersome procedures and/or personal harassment during port calls, unrealistic and unjustifiable liability claims by customs.

31. To overcome these limitations to trade, the proposals for maritime services are based on the widely accepted model schedule developed during the last round, with the objective to bind existing liberalisation and obtain extended commitments as set out in the model schedule (see annex A). The proposals in the model schedule can be summarised as follows.

- (i) International transport (freight and passengers). Free access to international cargoes (Mode 1: none. Mode 2: none, Mode 3: unbound, except for supply of other international maritime shipping services, Mode 4: Ships crews: unbound, Key-personnel: none for activities covered under mode 3). Container stations and depot services (Mode 1: unbound, Mode 2: none, Mode 3: none, Mode 4: none/except horizontal).
- (ii) Auxiliary services (Freedom of establishment for shipping agency activities, freight forwarding services, cargo handling, storage and warehousing, customs clearance) (Mode 3: unbound, but for the supply of international shipping: none) Mode 4: none/except horizontal).
- (iii) Freedom to use and access of on a non-discriminatory basis to port services (Pilotage, towing, provisioning etc.).
- (iv) Ability to carry out multimodal operations, using land transport services where an international sea leg is involved.⁶

32. The model schedule concerns only international maritime services. However, proposals could be considered for activities where an international leg of sea transport is involved, such as feeder services related to international cargo, reposition of equipment/movement of empty containers, etc.

⁶ The multi-modal activities (also known as a fourth pillar) was not formally introduced in the previous negotiations, but emerged as a tool for to facilitate multi-modal requests/offers. Limitations to the right to exercise multi-modal activities will have to be included and developed in the negotiations.

33. Further development of multimodal proposals will also have to be considered, and should be based on the development of the industry, where door-to-door concepts increasingly defines the competitive edge

34. In its section on additional commitments, the model schedule provides for the possibility for shipowners to consume land transport services, but not to provide them directly. However, in many instances providers of international transport services involving a sea leg are interested in providing and complete multimodal door to door service where they would master the whole logistic chain. During negotiations, consideration should be given to the possibility of allowing such activities without implying a complete liberalisation of road transport services, or to include some activities in road haulage, rail transport or use of internal waterways.

DRAFT SCHEDULE ON MARITIME TRANSPORT SERVICES

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<p>TRANSPORT SERVICES</p> <p>MARITIME TRANSPORT SERVICES</p> <p>International Transport (freight and passengers) CPC 7211 and 7212 <u>less</u> cabotage transport</p>	<p>1) (a) <u>Liner Shipping</u>: none</p> <p>(b) <u>Bulk, tramp, and other international shipping, including passenger transportation</u>; none</p>	<p>1) (a) None</p> <p>(b) None</p>	<p>The following services at the port are made available to international maritime transport suppliers on reasonable and no discriminatory terms and conditions</p> <ol style="list-style-type: none"> 1. Pilotage 2. Towing and tug assistance 3. Provisioning, fuelling and watering 4. Garbage collecting and ballast waste disposal 5. Port Captain's services 6. Navigation aids 7. Shore-based operational services essential to ship operations, including communications, water and electrical supplies 8. Emergency repair facilities 9. Anchorage, berth and berthing services <p>1) See note</p>

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<p>TRANSPORT SERVICES MARITIME TRANSPORT SERVICES</p> <p>International Transport (freight and passengers) CPC 7211 and 7212 <u>less</u> cabotage transport (cont.)</p>	<p>2) None</p> <p>3) (a) Establishment of registered company for the purpose of operating a fleet under the national flag of the State of establishment: unbound</p> <p>(b) Other forms of commercial presence for the supply of international maritime transport services (as defined below – 2): none</p> <p>4) (a) Ships’ crews: unbound</p> <p>(b) Key personnel employed in relation to a commercial presence as defined under mode 3b) above</p>	<p>2) None</p> <p>3) (a) Unbound</p> <p>(b) None</p> <p>4) (a) None</p> <p>(b) None</p>	<p>3) (b) See Note 2</p>

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
MARITIME AUXILIARY SERVICES			
Maritime Cargo Handling Services (as defined below – 4)	1) Unbound* except for – no limitation on transshipment (board to board or via the quay) and/or on the use of on-board cargo handling equipment 2) None 3) None** 4) None	1) Unbound* except for no limitation on transshipment (board to board or via the quay) and/or on the use of on-board cargo handling equipment 2) None 3) None 4) None	
Storage and warehousing Services CPC 742 (as amended)	1) Unbound* 2) None 3) None** 4) None	1) Unbound* 2) None 3) None 4) None	
Customs Clearance Services (as defined below – 5)	1) Unbound* 2) None 3) None** 4) None	1) Unbound* 2) None 3) None 4) None	

Sector or Sub-Sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
MARITIME AUXILIARY SERVICES (cont.)			
Container Station and Depot Services (as defined below – 6)	1) Unbound* 2) None 3) None** 4) None	1) Unbound* 2) None 3) None 4) None	
Maritime Agency Services (as defined below – 7)	1) None 2) None 3) None 4) None	1) None 2) None 3) None 4) None	See Note
(Maritime) Freight Forwarding Services (as defined below - 8)	1) None 2) None 3) None 4) None	1) None 2) None 3) None 4) None	See Note

* A commitment on this mode of delivery is not feasible.

** Public utility concession or licensing procedures may apply in case of occupation of the public domain.

NOTE TO THE SCHEDULE

Where road, rail, inland waterways (and) (related) (auxiliary) services are not otherwise fully covered in (this) (a Member's) schedule, a multimodal transport operator shall have the ability to rent or lease trucks, railway carriages or barges, and related equipment, for the purpose of inland forwarding of cargoes, or have access to, and use of, these forms of multimodal activities on reasonable and non-discriminatory terms and conditions for the purpose of carrying out multimodal transport operations. (« Reasonable and non-discriminatory terms and conditions » means, for the purpose of (multimodal transport operations), (this additional commitment), the ability of the multimodal transport operator to arrange for the conveyance of its merchandise on a timely basis, including priority over other merchandise which has entered the port at a later date).

DEFINITIONS

1. Without prejudice to the scope of activities which may be considered as « cabotage » under the relevant national legislation, this schedule does not include « maritime cabotage services », which are assumed to cover transportation of passengers or goods between a port located in ... (name of country or, for EEC, « a Member State ») and another port located in ... (name of the country or, for EEC, « the same Member State ») and traffic originating and terminating in ... the same port located in (name of country, or for the EEC, « a Member State ») provided that this traffic remains within ... (name of country or « this Member State »)'s territorial waters.
2. « Other forms of commercial presence for the supply of international maritime transport services » means the ability for international maritime transport service suppliers of other Members to undertake locally all activities which are necessary for the supply to their customers of a partially or fully integrated transport service, within which the maritime transport constitutes a substantial element. (This commitment shall however not be construed as limiting in any manner the commitments undertaken under the cross-border mode of delivery).

These activities include, but are not limited to:

- (a) marketing and sales of maritime transport and related services through direct contact with customers, from quotation to invoicing, these services being those operated or offered by the service supplier itself or by service suppliers with which the service seller has established standing business arrangements;
- (b) the acquisition, on their own account or on behalf of their customers (and the resale to their customers) of any transport and related services, including inward transport services by any mode, particularly inland waterways, road and rail, necessary for the supply of the integrated services;

- (c) the preparation of documentation concerning transport documents, customs documents, or other documents related to the origin and character of the goods transported;
- (d) the provision of business information by any means, including computerised information systems and electronic data interchange (subject to the provisions of the annex on telecommunications);
- (e) the setting up of any business arrangements (including participation in the stock of a company) and the appointment of personnel recruited locally (or, in the case of foreign personnel, subject to the horizontal commitment on movement of personnel) with any locally established shipping agency;
- (f) acting on behalf of the companies, organising the call of the ship or taking over cargoes when required.

3. « Multimodal transport operators » means the person on whose behalf the bill of lading /multimodal transport document, or any other document evidencing a contract of multimodal carriage of goods, is issued and who is responsible for the carriage of goods pursuant to the contract of carriage.

4. « Maritime cargo handling services » means activities exercised by stevedore companies, including terminal operators, but not including the direct activities of dockers, when this workforce is organised independently of the stevedoring or terminal operator companies. The activities covered include the organisation and supervision of:

- the loading/discharging of cargo to/from a ship;
- the lashing/unlashing of cargo;
- the reception/delivery and safekeeping of cargoes before shipment or after discharge.

5. « Customs clearance services » (alternatively « customs house brokers' services ») means activities consisting in carrying out on behalf of another party customs formalities concerning import, export or through transport of cargoes, whether this service is the main activity of the service provider or a usual complement of its main activity.

6. « Container station and depot services » means activities consisting in storing containers, whether in port areas or inland, with a view to their stuffing/stripping, repairing and making them available for shipments.

7. « Maritime agency services » means activities consisting in representing, within a given geographic area, as an agent the business interests of one or more shipping lines or shipping companies, for the following purposes:

- marketing and sales of maritime transport and related services, from quotation to invoicing, and issuance of bills of lading on behalf of the companies, acquisition and resale of the necessary related services, preparation of documentation, and provision of business information;
- acting on behalf of the companies organising the call of the ship or taking over cargoes when required.

8. « Freight forwarding services » means (the activity consisting of organising and monitoring shipment operations on behalf of shippers, through the acquisition of transport and related services, preparation of documentation and provision of business information).

D. GATS 2000: LAND TRANSPORT

D.I INTRODUCTION

35. The land transport sector covers a wide range of activities which often have little in common. Thus, some types of transport are highly capital-intensive (rail transport), whereas others require relatively little investment (taxis, trucks, coaches). Moreover, some of these activities take place within a regulatory context characterised by planning considerations and the need to provide a public or universal service (urban public transport, passenger rail transport), whereas others are clearly treated as purely market activities (freight transport by road and rail). The degree of concentration is also extremely variable. Some activities are in the hands of monopolies or oligopolies (rail transport), while others are carried out by companies of various sizes or even by individuals (taxis, urban and suburban road passenger transport, road haulage). This results in diversity of economic and regulatory characteristics.

36. Common features of transport activities include provision of "horizontal" services which benefits the economy as a whole, including the production of both goods and services, and if it is paralysed, then it is the economy as a whole that suffers. Transport is a "downstream" secondary activity whose cycles follow and amplify those of the general economy, i.e. an increase in GDP results in a more than proportional increase in the demand for transport. Furthermore, these are activities to some extent compete with each other and with other modes of transport. Thus, taxis, urban buses and subways compete for urban passengers; rail, road, inland waterways and cargo ships compete for freight traffic; and trains, aircraft, coaches and even taxis compete for the interurban passenger business. This intermodal competition and the move from rail to road which began in the 1930s are largely responsible for the regulatory regime governing land transport, with the "foreign competition" element being marginal and a consideration only in the road freight transport sector.⁷

37. The nature of rail operations makes this industry more sensitive to opening of market access, but has to be seen in relation to the on-going liberalisation of the area. Some opportunity for effective operation of rail services should be considered but may only be possible through guarantees of provision of adequate quality services, at competitive prices, by already established suppliers. On rail, between 8 and 16 WTO members have taken commitments on passenger and freight transportation and for maintenance and repair.

38. Our proposal aims at engaging WTO Members in negotiations to reduce unnecessary trade distortive barriers while preserving the quality of the service, public safety, and the rule of law.

D.II SCOPE OF THIS PROPOSAL⁸

39. Commitments for these transport activities area are based on the WTO classification.

40. Rail Transport Services

- Passenger transportation
- Freight transportation
- Pushing and towing services

⁷ "Land Transport Services", WTO Background paper s/c/w/60-1998.

⁸ The coverage of this proposal is without prejudice to EC's final positions on classification issues and to EC's classification of their existing commitments. CPCs mentioned refer to Provisional CPC classification.

- Maintenance and repair of rail transport equipment
- Supporting services for rail transport services

41. Road Transport Services

- Passenger transportation
- Freight transportation
- Rental of commercial vehicles with operator
- Maintenance and repair of road transport equipment
- Supporting services for road transport services

D.III PROPOSAL

42. The Council for Trade in Services in Special Session should initiate a debate, whether in the Council or in a subsidiary body established for the purpose, on broad aims for negotiations in land transport services sectors.

Road:

International passenger and freight transport, and rental of commercial vehicles with operator: for mode 2 and 3 Members should consider commitments or justify why any restrictions could be relevant.

Maintenance and repair of road transport equipment, supporting services for transport services: for mode 1, 2 and 3 Members should consider commitments or justify why any restrictions could be relevant.

43. Exceptions and/or restrictions may need to be taken into account on a case by case basis in mode 3 for transport of passengers and freight.

Rail:

Maintenance and repair of rail transport equipment, supporting services for transport services: for mode 2 and 3 Members should consider commitments or justify why any restrictions could be relevant.

E. GATS 2000: OTHER TRANSPORT MODES

E.I INTRODUCTION

44. This varied group of transport activities represents areas of economic interest and growth potential depending of geographical locations and business structure.

45. Current commitments in GATS are quite limited. 28 WTO members have taken commitments in Services auxiliary to all modes of transport, 6 in internal waterways, and 8 in other areas.

46. Our proposal aims at engaging WTO Members in negotiations to reduce unnecessary trade distortive barriers while preserving the quality of the service, public safety, and the rule of law.

E.II SCOPE OF THIS PROPOSAL⁹

- Internal Waterways
- Services auxiliary to all modes of transport
- Other transport Services

E.III PROPOSAL

47. The Council for Trade in Services in Special Session should initiate a debate, whether in the Council or in a subsidiary body established for the purpose, on broad aims for negotiations in these other transport modes and supporting services.

48. The approach for proposals in these transport activities is more varied, and will in some cases have to await progress in the other modes of transport. In particular, a debate could address the following issues:

49. Auxiliary services: Mode 1, 2 and 3: Substantive commitments should be considered by all Members, giving consideration to if and how restrictions could be justified in certain areas.

50. Mode 4: The EC schedule includes, *inter alia*, temporary movement of intra-corporate transferees as well as contractual service suppliers (i.e. the service is supplied, on the basis of a contract, by an employee of a company not established in the Member's territory). The EC propose that, on this basis, further discussions are held on how to improve and facilitate the temporary movement of natural persons for the provision of specific services.

51. Internal waterways proposals can develop as a multimodal extension of maritime negotiations. The area is mainly of commercial interest for countries where sea–river transport is an important feature of the transport economy. Limitations may sometimes have to be accepted.

⁹ The coverage of this proposal is without prejudice to EC's final positions on classification issues and to EC's classification of their existing commitments. CPCs mentioned refer to Provisional CPC classification.