

# WORLD TRADE ORGANIZATION

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**Council for Trade in Services  
Special Session**

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## COMMUNICATION FROM CANADA

### Initial Negotiating Proposal on Distribution Services

The attached communication has been received from the delegation of Canada with the request that it be circulated to Members of the Council for Trade in Services.

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1. Canada reserves the right to modify this proposal at any time. This proposal does not prejudice Canada's position on other service sectors, nor any future offer on this or other sectors. This proposal should be read in conjunction with the principles and objectives as outlined in Canada's initial negotiating proposal.

#### A. INTRODUCTION

2. Distribution services constitute the principal link in the supply chain between producers and consumers. The performance of this sector has a direct influence on the range of goods and services available to businesses and consumers at competitive prices.

3. In the GATS sectoral services classification list, distribution services include commission agents' services, wholesale trade services, retailing services, franchising and other.

4. The distribution services sector, particularly wholesale and retail, accounts for a large share of economic activity in both developed and developing countries — often in the range of between 10 to 20 percent of GDP. It is a sector that is characterized by high labour intensity.

5. Small- and medium-sized businesses (SMEs) are particularly active in the retail sector. Trade in distribution services, especially for wholesale and retail, has traditionally been characterized by commercial presence and undertaken by larger firms. However, advances in electronic commerce have created new trading opportunities for SMEs to engage in cross-border delivery of distribution services. The efficient operation of distribution services depends on other services such as transportation services.

6. Distribution services are often highly regulated. While the GATS affirms Member rights to regulate, it also obliges Members to be transparent about their regulations. Canada encourages Members to increase their regulatory transparency in the area of distribution services.

7. Canada notes the importance of industry associations in the distribution services sector in helping to maintain and better inform domestic regulatory practices where consumer, social and business issues are concerned. In this respect, Canada notes the importance of strengthening such associations, particularly in developing countries and least-developed countries.

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8. Canada's commitments in this sector are significant. Under the distribution services that we have scheduled, Canada has listed very few limitations.

B. PROPOSAL

9. In the GATS negotiations, Canada believes that Members should:

- improve the quality and quantity of specific commitments in their schedules for distribution services to at least the Canadian level;
- improve the level of transparency for distribution services with respect to domestic regulation;
- secure improved mode 3 commitments, particularly with regard to the type of corporate entities that firms can establish abroad; and
- secure commitments for cross-border trade that are not limited by commercial presence requirements.

10. Canada supports facilitating greater liberalization by allowing Members to phase-in commitments over a specified period. Although a method for phasing in commitments will have to be agreed upon, Canada supports further exploration of this matter in this sector.

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