

Collective Request in Logistics Services

I. Significance of Liberalization in Logistics Services

1. The co-sponsors of this collective request recall the importance of logistics services to expansion of global trade in goods and services generally and improvements in global economic welfare, as well as the crucial role of efficient freight logistics services to economic development of different economies especially in developing countries, as expounded in the Joint Statement on Liberalization of Logistics Services (document TN/S/W/34) co-sponsored by Australia, Canada, Chile, Djibouti, the European Communities, Hong Kong China, Iceland, Japan, Korea, Liechtenstein, Mauritius, New Zealand, Nicaragua, Norway, Panama, Peru, Singapore, Switzerland, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, and the United States. Given the importance of logistics services to trade and economic development, the co-sponsors would like to present this collective request for liberalization commitments in logistics services.

II. Preamble to Collective Request

2. Further to paragraphs 25 to 27 of the Hong Kong Ministerial Declaration, and in accordance with paragraphs 7 and 11 (b) of Annex C of the Hong Kong Ministerial Declaration, the co-sponsors are pleased to present the delegation of Norway with this collective request to make commitments across a range of services essential or related to the provision of logistics services. Such services have been described in proposals and communications from Members and a checklist of such services is attached at the Appendix. This request is presented on behalf of the following interested Members: Australia, Chile, Hong Kong China, Japan, New Zealand, Switzerland, and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.

3. This request identifies specific objectives for liberalization in logistics services, while recognizing the flexibilities provided for individual developing country Members in accordance with Article XIX:2 of the GATS. The aforementioned interested Members are also deemed to be recipients of this request. In accordance with paragraph 7 of Annex C of the Hong Kong Ministerial Declaration, this collective request is intended to complement, and not supersede, the bilateral request-offer negotiations and the specificity of bilateral requests. The aforementioned interested Members reserve the right to modify the content of this request in the future. The list of interested Members is also subject to change.

4. The checklist at the Appendix aims to provide a comprehensive picture of all activities relating to the supply chains for freight. It is intended as a tool for assisting the making of liberalization commitments essential or related to logistics services. It is not a classification or cluster proposal. While the co-sponsors recognize the need for a holistic approach to seeking liberalization commitments in logistics services, different co-sponsors may not attach the same importance to services across the checklist. Specifically, air transport services are listed in the logistics checklist simply because they can be part of supply chains. It is not intended to request for commitments in those air transport services that are currently excluded from the application of the GATS under the Annex on Air Transport Services. The making of this request does not imply that any co-sponsor supports or requests for commitments across all sectors under the checklist, and is without prejudice to

the position of individual co-sponsors on services covered by the checklist or the specific requests for commitments which individual co-sponsors may pursue bilaterally or otherwise. Support for this request is without prejudice to Members' views on GATS coverage of air transport related services.

5. The co-sponsors also recognize that this collective request on logistics services is complementary to other initiatives in pursuing liberalization commitments in individual sectors. Recognizing that many of the services essential or related to logistics services are being addressed individually through the plurilateral process, including for example maritime transport, air transport, postal and courier including express delivery services, etc., this request focuses on core freight logistics services, freight transport services, and other related logistics services as set forth below. Where liberalization commitments in specific sectors under the checklist are being pursued plurilaterally elsewhere, negotiations in those sectors will be taken up in the context of those other plurilateral initiatives in order to avoid duplication of work. The co-sponsors will maintain an overview of progress of liberalization commitments across the range of services that falls under the checklist with a view to ensuring broad liberalization of services related to the logistics chain.

III. The Collective Request

6. Having regard to the above, with a view to achieving substantive liberalization commitments in logistics services, the co-sponsors request that new or improved commitments be made, in accordance with the objectives for making new and improved commitments in paragraph 1 to Annex C of the Hong Kong Ministerial Declaration, across a broad range of services related to logistics services with reference to checklist of freight logistics services at the Appendix as set out below. We understand that certain services in the checklist including maritime transport and air transport services are currently being pursued in other plurilateral negotiations, therefore those services will not be the focus of the plurilateral negotiations on logistics services.

- (a) **Core Freight Logistics Services** (Part I of Appendix): new or improved commitments with comprehensive coverage of services. Such commitments should include commitments on cross-border supply (Mode 1) and consumption abroad (Mode 2) where technically feasible, and the right to commercial establishment (Mode 3), with no substantial limitations.
- (b) **Freight Transport Services** (Part II(1) of Appendix): new or improved commitments covering different modes of transport instrumental to logistics services as appropriate. Such commitments should include in particular commitments on cross-border supply (Mode 1) and consumption abroad (Mode 2), and the right to commercial establishment (Mode 3) with no substantial limitations.
- (c) **Other-related Logistics Services** (Part II(2) of Appendix): new or improved commitments covering a wide range of activities as appropriate. Such commitments should include in particular the right to commercial establishment (Mode 3) with no substantial limitations, and commitments in other modes of supply as appropriate.

- (d) **Non-Core Freight Logistics Services** (Part III of Appendix): as far as practicable commitments should also be included in such services which are desirable for a comprehensive offer on freight logistics services.

7. The co-sponsors consider that the following objectives are important for the purpose of facilitating the supply of smooth logistics services and ensuring the effectiveness of commitments in logistics services, but recognize that those objectives may be pursued in separate negotiations:

- (a) To ensure that service suppliers will be allowed to supply freight logistics services in combination.
- (b) To ensure that service suppliers will be allowed access to and use of core and related freight logistics services on reasonable and non-discriminatory terms.
- (c) To ensure that various procedures and formalities such as documentary requirements, customs clearance, customs inspection, and electronic processing, would not be unnecessarily burdensome.
- (d) To ensure that electronic versions of trade administration documents will be accepted.

IV. Plurilateral Request-Offer Negotiations

8. The co-sponsors of this collective request intends to engage in request-offer negotiations on a plurilateral basis with Members to whom this request is addressed, with a view to seeking commitments on logistics services in accordance with this request. To this end, the co-sponsors have the further pleasure to invite the delegation of Norway to participate in a plurilateral discussion of this request, which will be organized in Geneva during the Services Cluster due to take place from 27 March to 7 April 2006.

9. Please note that 33 other Members have also received this collective request from the aforementioned group of interested Members, and have also been invited to this plurilateral meeting.

V. Enquiries

10. Any comments regarding this request, including written questions of a technical nature in advance of the plurilateral meeting, may be addressed to the delegation of Hong Kong, China as the co-ordinating Member of this collective request -

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FREIGHT LOGISTICS CHECKLIST¹

I. CORE FREIGHT LOGISTICS SERVICES

Services under this core category are essential to logistics operation and substantial liberalization would be required for viable logistics services.

Description and W/120 category where applicable	CPC codes and inclusions where applicable
<u>11. H. Services auxiliary to all modes of transport</u>	
a. Cargo handling services:	
Container handling services	CPC 7411
Other cargo handling	CPC 7419
b. Storage and warehousing services	CPC 742 (including* distribution centre services and materials handling and equipment services such as container station and depot services)
c. Transport agency services	CPC 748 (including* customs agency services and load scheduling)
d. Other auxiliary services	CPC 749 (including* through-chain logistics services ² , reverse logistics ³ , container leasing and rental services)

II. RELATED FREIGHT LOGISTICS SERVICES

Broadly liberal arrangements for this list of services are crucial to the efficient supply of integrated logistics services as well as providing an enabling environment for third-party logistics services to flourish. Some of these items are already being addressed in ongoing negotiations. The effective liberalization of logistics services would require broad and meaningful liberalization of these related freight logistics services. Members are strongly encouraged to make offers in this area.

(1) Freight transport services

<u>11. A. Maritime Transport Services⁴</u>	CPC 7212, 7213, 7214 and other services identified under maritime transport negotiations
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¹ This checklist is intended as a tool for assisting the making of liberalization commitments essential or related to logistics services, and does not imply that any co-sponsor supports or requests for commitments across all sectors under the checklist. This checklist is not intended to request for commitments in those air transport services that are currently excluded from the application of the GATS under the Annex on Air Transport Services.

* These services are not explicitly listed in the official CPC explanatory note, and should be explicitly listed in schedules for clarity.

² Through chain logistics services are those services relating to the acquisition, storage and management of information relating to the movement and storage of freight along the logistics chain. These services include the key logistics tasks of invoicing and payments collection, shipment tracking, order planning, procurement and inventory management. Examples of through chain logistics services are: inventory management, ordering processing and production planning services.

³ Reverse logistics is about the return flow of freight (i.e. the products) and handling material (i.e. packing) from point of destination to the point of origin concerns both the return of goods that are faulty or wrongly delivered, and the recycling/re-use of goods at the end of their life-cycle.

⁴ The co-sponsors recognize that domestic maritime transport services and internal waterways transport services are important components to the effective delivery of logistics services. However, these services are not included in the plurilateral request on logistics services.

<u>11. B. Internal Waterways Transport Services</u> ⁴	CPC 7212, 7213, 7214, 7222, 7223, 7224
<u>11. C. Air Transport Services</u>	
b. Air freight transport ⁵	CPC 732 (<i>Currently excluded from GATS, subject to Annex on Air Transport Services</i>)
c. Rental of aircraft with crew ⁵	CPC 734 (<i>Currently excluded from GATS, subject to Annex on Air Transport Services</i>)
<u>11. E. Rail Transport Services</u>	
b. Freight transport	CPC 7112
<u>11. F. Road Transport Services</u>	
b. Freight transport	CPC 7123
c. Rental of commercial vehicles with operator	CPC 7124
- without operator	CPC 83102
(2) Other related logistics services	
1. A. e. Engineering services	CPC 8672
1. A. f. Integrated engineering services	CPC 8673
1. F. e. Technical testing and analysis services	CPC 8676
<u>2. A/B. Postal/Courier Services (including express delivery)</u>	CPC 7511/7512
<u>4. A. Commission Agents' Services</u>	CPC 621
<u>4. B. Wholesale Trade Services</u>	CPC 622
<u>4. C. Retailing Services</u>	CPC 631, 632, 6111, 6113, 6121 (including* inventory management of goods, assembling, sorting and grading of goods, breaking bulk, re-distribution and delivery services)
- Other supporting services not covered by 11. H:	CPC 743, 7113, 744 (excluding 7441) and 746.

III. NON-CORE FREIGHT LOGISTICS SERVICES

Availability and efficiency of the following services are important for freight logistics supply chains to operate effectively. Liberalisation in these areas would be desirable for a comprehensive offer on logistics services: computer and related services (CPC 84); packaging (CPC 876); and management consulting and related services (CPC 865, 866).

⁵ The co-sponsors recognize that air freight transport (CPC 732) and rental of aircraft with crew (CPC 734) are critical components to the effective delivery of logistics services. Nevertheless, pursuant to footnote 1, these services are not included in the plurilateral request on logistics services.

* These services are not explicitly listed in the official CPC explanatory note, and should be explicitly listed in schedules for clarity.

