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1 ANNEX ON ARTICLE II EXEMPTIONS OF THE GENERAL AGREEMENT ON TRADE IN SERVICES

1.1 Text of Annex on Article II exemptions

Annex on Article II Exemptions

Scope

1. This Annex specifies the conditions under which a Member, at the entry into force of this Agreement, is exempted from its obligations under paragraph 1 of Article II.
2. Any new exemptions applied for after the date of entry into force of the WTO Agreement shall be dealt with under paragraph 3 of Article IX of that Agreement.

Review

3. The Council for Trade in Services shall review all exemptions granted for a period of more than 5 years. The first such review shall take place no more than 5 years after the entry into force of the WTO Agreement.
4. The Council for Trade in Services in a review shall:
 - (a) examine whether the conditions which created the need for the exemption still prevail; and
 - (b) determine the date of any further review.

Termination

5. The exemption of a Member from its obligations under paragraph 1 of Article II of the Agreement with respect to a particular measure terminates on the date provided for in the exemption.
6. In principle, such exemptions should not exceed a period of 10 years. In any event, they shall be subject to negotiation in subsequent trade liberalizing rounds.
7. A Member shall notify the Council for Trade in Services at the termination of the exemption period that the inconsistent measure has been brought into conformity with paragraph 1 of Article II of the Agreement.

List of Article II Exemptions

[The agreed list of exemptions under paragraph 2 of Article II is omitted.]

1.2 Paragraphs 3 and 4: Reviews of Article II exemptions

1. At the meeting of the Council for Trade in Services of 18 October 1999, it was agreed that the first review of exemptions from the Most-Favoured-Nation (MFN) obligations under Article II had begun.¹

2. The Council conducted a review of MFN exemptions at meetings held on 29 May 2000, 5 July 2000, and 5 October 2000.² The Council decided that a further review of MFN exemptions should take place no later than June 2004.³

3. At its dedicated meetings held on 30 November 2004 and 23 February 2005, the Council undertook the second review of MFN exemptions. At its regular meeting on 24 June 2005, the Council addressed outstanding questions on MFN exemptions and concluded the second review by deciding that the next review should begin in 2010 and no later than June 2010.⁴

4. The third review of MFN exemption formally began at the meeting of the Council held on 30 June 2010. At its dedicated meetings held on 17 November 2010 and 9 March 2011, the Council undertook the substantive part of the review. At its regular meeting on 2 May 2011, the Council addressed outstanding questions on MFN exemptions and concluded the third review by deciding to hold its next review no later than 2016.⁵

5. At its meeting held on 17 June 2016, the Council formally began the fourth review of MFN exemptions. At its dedicated meeting held on 17 March 2017, the Council undertook the substantive part of the review. The Council decided, at its regular meeting on 16 June 2017, to conclude the fourth review and to reconvene to decide on the date of the next review at its first meeting of 2022.⁶

6. The fifth review of MFN exemptions formally began at the meeting of the Council held on 7 December 2022. At its dedicated meeting held on 12 June 2023, the Council undertook the substantive part of the review. The Council pursued the review discussions at its regular meetings held on 3 October and 7 December 2023.⁷⁸ The Council decided, at its meeting held on 27-28 March 2024, to conclude the fifth review.⁹ At its dedicated meeting of June 2023 meeting, the Council had agreed to determine the date of its next review no later than 2028.¹⁰

1.3 Paragraph 7: Format for notifications

7. With respect to the format for notifications required under paragraph 7 of the Annex on Article II Exemptions, see the Guidelines for Notifications under the General Agreement on Trade in Services.¹¹

1.4 Terminations, reductions and rectifications of MFN exemptions

8. At its meeting of 5 June 2002, the Council for Trade in Services adopted Procedures for the Certification of Terminations, Reductions and Rectifications of Article II (MFN) Exemptions.¹²

Current as of: June 2024

¹ [S/C/M/40](#), para. 53.

² See [S/C/M/44](#); [S/C/M/45](#); and [S/C/M/47](#).

³ [S/C/M/53](#), Section A.

⁴ [S/C/24](#).

⁵ [S/C/M/105](#), para. 35.

⁶ [S/C/M/132](#), para. 8.24.

⁷ [S/C/64](#).

⁸ [S/C/M/156](#), paras 7.1-7.33

⁹ [S/C/M/157](#), para. 5.4

¹⁰ [S/C/M/153](#), para 2.16

¹¹ [S/C/M/1](#), paras. 10-11. The approved Guidelines can be found in [S/L/5](#).

¹² [S/L/106](#).