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## **1 ARTICLE XXI OF THE GENERAL AGREEMENT ON TRADE IN SERVICES**

### **1.1 Text of Article XXI**

#### ***Article XXI***

##### *Modification of Schedules*

1. (a) A Member (referred to in this Article as the "modifying Member") may modify or withdraw any commitment in its Schedule, at any time after three years have elapsed from the date on which that commitment entered into force, in accordance with the provisions of this Article.

(b) A modifying Member shall notify its intent to modify or withdraw a commitment pursuant to this Article to the Council for Trade in Services no later than three months before the intended date of implementation of the modification or withdrawal.

2. (a) At the request of any Member the benefits of which under this Agreement may be affected (referred to in this Article as an "affected Member") by a proposed modification or withdrawal notified under subparagraph 1(b), the modifying Member shall enter into negotiations with a view to reaching agreement on any necessary compensatory adjustment. In such negotiations and agreement, the Members concerned shall endeavour to maintain a general level of mutually advantageous commitments not less favourable to trade than that provided for in Schedules of specific commitments prior to such negotiations.

(b) Compensatory adjustments shall be made on a most-favoured-nation basis.

3. (a) If agreement is not reached between the modifying Member and any affected Member before the end of the period provided for negotiations, such affected Member may refer the matter to arbitration. Any affected Member that wishes to enforce a right that it may have to compensation must participate in the arbitration.

(b) If no affected Member has requested arbitration, the modifying Member shall be free to implement the proposed modification or withdrawal.

4. (a) The modifying Member may not modify or withdraw its commitment until it has made compensatory adjustments in conformity with the findings of the arbitration.

(b) If the modifying Member implements its proposed modification or withdrawal and does not comply with the findings of the arbitration, any affected Member that participated in the arbitration may modify or withdraw substantially equivalent benefits in conformity with those findings. Notwithstanding Article II, such a modification or withdrawal may be implemented solely with respect to the modifying Member.

5. The Council for Trade in Services shall establish procedures for rectification or modification of Schedules. Any Member which has modified or withdrawn scheduled commitments under this Article shall modify its Schedule according to such procedures.

### **1.2 Article XXI:5 Procedures for the rectification or modification of schedules**

1. Since the conclusion of the Uruguay Round, an *ad hoc* certification procedure had been applied for the purpose of introducing changes or adding new commitments to Members' Schedules, pending the adoption of a formal set of procedures under Article XXI (Modification of Schedules). On 20 July 1999, the Council for Trade in Services adopted the Procedures for the Implementation of Article XXI

upon the recommendation of the Committee on Specific Commitments.<sup>1</sup> The Procedures are to be used whenever a Member intends to modify or withdraw a scheduled commitment.

2. On 14 April 2000, upon a recommendation of the Committee on Specific Commitments, the Council for Trade in Services adopted the Procedures for the Certification of Rectifications or Improvements to Schedules of Specific Commitments.<sup>2</sup> These Procedures are to be used whenever a Member intends to undertake new commitments, improve existing ones, or introduce rectifications or changes of a purely technical nature that do not alter the scope on the substance of the existing commitments.

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Current as of: June 2024

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<sup>1</sup> [S/C/M/38](#), section D. The text of the adopted procedure can be found in [S/L/80](#). The text of the decision to adopt Procedures can be found in [S/L/79](#).

<sup>2</sup> [S/C/M/42](#), paras. 38-41. The text of the adopted Procedures can be found in [S/L/84](#). The text of the decision to adopt the Procedures can be found in [S/L/83](#).