

- The evaluation of barriers to services entry requires a qualitative approach, which poses analytical challenge since the existing economic models require quantification (and, it was noted, the models yield quantitative results that vary by such a wide range as to undermine any confidence in their projected outcomes).
- On safeguards, there is a difficult issue, related to the data gap, of a country proving that it has a problem in order to trigger a safeguard action (although some questioned why safeguards are required in services in the first place).
- Subsidies pose big issues—the biggest being how to define a trade-distorting subsidy; it was ventured that services sector subsidies will prove too hard to deal with.
- Regulatory frameworks also raise tricky issues: how, for example, does one define “necessity” in respect of a regulation?

There now is talk that the reference paper approach used for the telecommunications sector might be adopted to facilitate negotiations in other sectors; specifically, this has been mooted for the energy and postal services. Whether this approach will gain momentum is, however, still an open question. An issue which affects the reference paper approach—and is one of the biggest issues in services more generally—is the question of classification: what is the scope of a particular service sector? A related technical issue is whether a reference paper would necessarily have binding status as is the case with the telecommunications paper—a panel recently struck on a Mexico-US dispute is in fact based on the binding nature of the telecommunications reference paper.¹⁰

The technical difficulties in this negotiating area are sector-specific and complex, which is generating a lot of demand for

¹⁰ Editors' note: The panel on *Mexico-Measures Affecting Telecommunications Services* which was established on March 17th, 2003, will consider a challenge by the US that Mexico's implementation of its commitments are inconsistent with particular aspects of the Reference Paper.