

Mr. Peter Mandelson
Member of the European Commission
Trade Commissioner
European Commission
Rue de la Loi, 200
B - 1049 - Brussels

London, 1st November 2007

Subject: **NEGOTIATIONS OF SERVICES COMMITMENTS IN THE
EUROPEAN PARTNERSHIP AGREEMENTS**

Dear Commissioner

As you are aware, the European Services Forum speaks for the interests of European service industries that export and invest outside the EU27. In this context, ESF monitors the negotiations between the EU and the African, Caribbean and Pacific (ACP) countries on Economic Partnership Agreements (EPAs). The ACP includes 79 countries and therefore represents a large number of existing and potential markets and trading partners for our companies.

ESF is aware of the slow progress in the on-going EPA negotiations and fully acknowledges the political difficulties behind the deadline of 31st December 2007, the expiry date of the WTO waiver for the EU's preferential treatment of ACP countries.

ESF therefore understands the need to accept interim agreements on goods only (including trade facilitation) for those EPA regions that are not ready to conclude a full agreement. This will ensure continuity in market access to the EU for commodities from ACP countries which were running the risk of market disruption.

However, such interim agreements can in no way be seen by the negotiating partners, or by industry in Europe, as a satisfactory result. To unleash the potential of trade to create employment and growth in the private sector of the EPA regions, ESF encourages the continuation of the negotiating process so that the EPAs can be concluded within a reasonable deadline, and that the outstanding issues such as services and intellectual property rights can be satisfactorily resolved,

ESF therefore asks you to ensure that the interim agreements contain binding commitments to continue negotiations. Experience has shown that a review clause does not always fulfil its purpose. Our EPA partners must now fully engage in negotiations on the remaining issues to give investors transparent and secure conditions to participate in the development of the often missing infrastructure of the economy of these regions.

The autonomous liberalisation that has taken place in some service sectors in certain EPA countries has proved to be insufficient so far to ensure competition and reduce the high costs of doing business in these regions. More should be done, and this needs to be accompanied by regulatory reform and the effective enforcement of transparent regulation. Offers of technical assistance can be deployed in support of regulatory change. ESF would certainly support priority being given to those service sectors that facilitate trade and investment (e.g. transport, professional and financial services) and those that lead to the development of other services (e.g. telecommunications and computer related services, etc.).

In the recent European Commission communication “Global Europe: Competing in the World”, the EU has reaffirmed that the EU trade policy must go beyond traditional cuts in industrial tariffs. The European service industries cannot agree that commitments on services can be left out of EPA agreements. We understand that the level of development must be taken into consideration, and that longer transitional periods can be envisaged, but it would be a major mistake not to allow developing and least developed countries to take advantage of globalisation. That is not in their interest, any more than it is in ours.

I look forward to hearing from you on this important issue. Your services are of course welcome to contact the ESF secretariat for any further information.

*Yours ever,
Lord Vallance*

Lord Vallance of Tummel
ESF Chairman

Cc: Mr. David O’Sullivan – Director General DG Trade
Mr. Karl Falkenberg – Deputy Director General DG Trade