

**DECLARATION OF THE EUROPEAN SERVICE INDUSTRIES
FOR THE THIRD WTO MINISTERIAL CONFERENCE
TOWARDS THE MILLENNIUM ROUND**

25 October 1999

This Declaration sets out ESF's priorities for the Millennium Round.

A. ESF OVERALL AIMS

Services and other trade-related issues should be combined in a new comprehensive round which should be concluded by a single undertaking. The new round should be of limited duration, lasting no more than three years.

Regarding services, the GATS 2000 negotiations should increase new business opportunities for the service industries, leading to much improved benefits to society world-wide. To that end, the guidelines for the next GATS negotiations to be decided in Seattle should be broad-based and ambitious in setting the goals of the negotiations for liberalisation of the economy.

The forthcoming negotiations should:

- achieve a broad and deep coverage of services sectors in WTO members and acceding countries,
- obtain the full standstill commitments,
- obtain substantial scheduling of commitments from WTO members in individual service sectors which go well beyond binding of previously existing regulation.

The European Services Forum (ESF) takes the view that any remaining impediments to substantially full market access, on an MFN basis (Most Favoured Nation), and to national treatment should be liberalised progressively on an agreed transition schedule. Exceptions to commitments should be precise, transparent, temporary and limited to the minimum required for their purpose.

B. IMPORTANCE OF THE HORIZONTAL APPROACH

Horizontal issues to be addressed include the following:

1. Adoption of horizontal commitments

ESF underlines the importance, as far as it is possible, of the adoption of "horizontal" commitments that would set a high benchmark standard and apply on a cross-sectoral basis. This should obviously not prevent sector specific negotiations and sector specific approaches. Exceptions and transitional periods in the implementation of these general rules would be allowed, but setting up the general rules will improve and speed up the negotiation process. In this context, ESF urges all WTO members to allow foreign companies to establish business operations, without discrimination vis-à-vis foreign companies and to permit them to be progressively wholly owned.

2. Development of the pro-competitive regulatory principles

ESF calls on the WTO members to develop pro-competitive regulatory principles, while preserving or strengthening appropriate regulatory frameworks. Regulation must not be used for the sole purpose of unduly restricting or nullifying market access and national treatment commitments. Regulatory reform that is "pro-competitive" should be a major focus of the new GATS negotiations, as a new concept in the WTO approach. An agreement on pro-competitive regulatory principles would commit governments to do their best to avoid discrimination against foreign services suppliers in their current and future regulation of services. Thus, such a commitment would even benefit types of services that do not yet exist in operation and reduce the need for further traditional GATS rounds.

3. Improvement of the method of scheduling

Efforts should also be made to improve the method of scheduling to achieve greater liberalisation in all four modes: cross-border supply, consumption abroad, commercial presence and presence of natural persons. ESF has put forward some suggestions on this issue and invites all WTO members to agree on a more transparent and better-understood scheduling system: to be truly effective commitments need to be easily understood by businesses that stand to benefit from the new commercial opportunities they offer.

4. Facilitation of the use of electronic commerce

ESF strongly encourages the WTO to provide additional impetus and emphasis the promotion of electronic commerce. Therefore, specific attention needs to be paid in the GATS 2000 negotiations to improving commitments which facilitate the use of electronic commerce for all services sectors. WTO members should refrain from enacting measures that would create barriers to e-commerce. But electronic commerce should not be

the subject of a separate WTO negotiation. In addition, ESF urges WTO members to make binding and permanent the WTO Ministerial Declaration on duty-free treatment for electronic transmissions.

5. Facilitation of movement of key business personnel

ESF calls on the WTO members to consider reducing of government rules and practices which impede or prevent key business personnel from timely movement between, and temporary residence in WTO member states. ESF seeks a harmonised set of rules, which will bring certainty, transparency and speed to the issue of, in particular, intra-corporate mobility of key business personnel.

6. Emergency safeguard measures

ESF believes that, if WTO Members were to intervene, for emergency reasons, in services trade under the GATS, it is of paramount importance for the services industry that such interventions take place in a controlled environment. This would require a pre-defined framework of ground rules for Emergency Safeguard Measures, to be applied on a cross-sectoral basis and supplemented by provisions for accelerated dispute settlement to ensure that concrete safeguard measures affecting services stay strictly in line with the agreed overall framework.

7. Public procurement

ESF urges the WTO Members to bring public procurement within WTO disciplines with the long-term objective of achieving a single set of multilateral rules on procurement based on MFN and national treatment principles. The potential adoption of an agreement on transparency in government procurement at the Seattle WTO Ministerial should be considered as no more than a possible first step of the above mentioned process.

8. Subsidies in services

ESF favours a pragmatic approach to the issue of specific rules on subsidies in services. It would be sensible first to examine whether subsidies in services trade are significant enough to cause problems and if so, whether it is possible to deal with them under the existing GATS rules.

C. KEY ITEMS IN THE COMMITMENTS

Among the goals which should be reflected in the commitments made in national schedules the following are of major importance for ESF:

- a) Foreign service suppliers should have the right to establish and operate competitively in a host country;
- b) Foreign investors should have the same access to domestic markets as domestic enterprises, and the right to wholly own their investments;
- c) Removal of barriers to greater cross-border services in highly international's oriented sectors;
- d) Reduction of government rules and practices that impede the timely movement of business persons on a temporary basis among WTO members and removal of barriers (nationality, residence requirements, etc.) to the posting of key personnel;
- e) Existing investments should be grandfathered.

WHAT IS ESF

The European Services Forum (ESF) is a network of high-level representatives from the European services sector committed to promoting actively the interests of European services and the liberalisation of services markets throughout the world in connection with the GATS 2000 negotiations. It comprises more than 50 major European service companies and more than 30 European service sectors' Federations. This brings the ESF membership to more than 80 members (companies and federations) covering more than 20 service sectors, from banking to tourism, via telecommunications, air and maritime transport, many business and professional services, distribution, postal and express delivery, IT services, energy services, audiovisuals, etc. (see list of members in the web-site: www.esnet.be).

ESF is determined to support and encourage the movement to liberalise service markets throughout the world and to remove trade and investment barriers for the European services sector, in particular in the fields of market access and national treatment.

POSITION PAPERS OF ESF

ESF has adopted Position Papers on the various horizontal issues raised in the above Recommendations, which can be consulted on the following web-site: www.esf.be. Comments can be sent to esf@esf.be.

THE IMPORTANCE OF SERVICES IN THE WORLD TRADE

World trade in commercial services, measured on a balance of payments basis, accounted for around one fifth of world exports of goods and services. Services account for 60%, or \$ 210 billion of annual flows of foreign direct investment. The services sector is provides essential infrastructure and value-added investment for trade in goods. Services are also essential to improving economies of both industrialised and developing countries.

The European Union is the world's largest exporter of commercial services, accounting for 26% of total global services' transactions and for more than 40% in term of balance of payment (Bop) (for a value of >500 bio \$ in 1997). The EU is also the world largest importer of commercial services (around 40% Bop). The European service industries have therefore a key interest in playing a major part in the new round of multilateral negotiations. ESF is a tool to make their voice heard by the authorities.