

Mr. Vital Moreira
Member of the European Parliament
Chairman International Trade Committee
European Parliament
Bât. Altiero Spinelli – 14G351
Rue Wiertz, 60
B - 1047 - Brussels

Brussels, 21 November 2011

Subject: Services Industry Calls the European Parliament to give its consent for the conclusion of the EU-Colombia, Peru and Central American FTAs

Dear Chairman Moreira,

As you know, the European Services Forum (ESF) is a network of high-level representatives of the European Services Sector committed to promoting market-openings in services markets throughout the world via international trade in services negotiations.

As such, we have naturally taken a keen interest in the trade negotiations that have taken place with Colombia, Peru and the Central American countries. On behalf of the business leaders of European services companies and our sector specific trade associations (please see attached), I wish to express our very strong support for the rapid ratification and implementation of these Free Trade Agreements based on three interrelated key arguments.

Firstly, the importance of the services sector to the European economy is now well established with the latest figures (2009) showing that services account for 75% of EU GDP and 68% of EU employment. The impact that trade in services can have on the EU's economy is therefore substantial and of particular importance given the current difficult economic climate. When this situation is coupled with the reality that European growth is slow relative to developing economies it is all the more important to gain access to new markets. The impact assessments carried out for the Commission suggest, for example, that the EU could expect to see income gains from dynamic long term effects close to €4bn for an ambitious FTA with Central America; with similar amounts for an ambitious agreement with Colombia and Peru. In fact, the Colombian, Peruvian and Central American markets are often falsely assumed to be only very modest in size, this is however a dangerous misperception, for the combined population of the eight countries included in the agreements is 118 million, with Colombia the largest accounting for 46 million. This is therefore a large potential market of consumers of middle income level per capita GDP and with impressive growth potential; Peru grew at 10% in 2008 and 9% in 2010 and Colombia averaged 4.6% annual growth between 2000 and 2008. Furthermore, the region's growth in services imports is increasing rapidly with Colombia, for example, seeing commercial services imports more than double between 2000 and 2010 to €6.1bn. Moreover, it should be noted that with the US' recent approval of the US-Colombia FTA, the European Parliament must now be mindful of the competitive disadvantage European companies would face should the EU's own FTA not be consented to.

Secondly, the affects of these agreements will extend beyond the immediate economic benefits gained from direct new market access. The ambition shown in these agreements stand out as examples of committed and determined liberalisation. The services chapters are very ambitious and they set an important example for international liberalisation in services. The commitments taken by Colombia and Peru in virtually all services sectors surpass by far the levels of legally binding commitments undertaken in the Uruguay Round of the GATS and will effectively offer new market

access to our companies in a majority of sectors (see attached document for a comparison). Sectors of particular note in Colombia, for example, are Business, Telecommunication, Construction, Distribution, Financial and Transport services where large-scale commitments have been made for the first time. The level of progress goes further with substantial commitments in public procurement (beyond commitments with any other third country), IPR (including GIs) and improved cooperation, all of which carry significant importance for European services companies and should be praised and capitalised upon.

As a result, in addition to the direct positive effects these agreements will have, the agreements also carry equally important indirect effects as models of ambitious liberalisation at a time when there is paralysis at the multilateral level with the stalling of the Doha round. As such, the world needs ambitious agreements such as these to build momentum and prevent any stagnation or a gradual slide towards damaging national protectionist trade measures. Setting strong precedents for future EU trade agreements could therefore have an immensely positive impact on EU businesses, growth and jobs.

Thirdly, it is vital that the developmental benefits felt by third countries by agreeing ambitious trade agreements with the EU are not pushed aside and ignored. Services are frequently direct inputs into economic activities and therefore determinants of productivity. The rules institutionalised by trade agreements strengthen economic competition and improve value, resulting in a more internationally competitive economy, which ultimately brings benefits to society. The Commission's impact assessment, for example, suggested that the value of Colombian exports to the EU could increase by 9.9% and that dynamic long term effects would result in income gains representing 1.3% of GDP as a result of an ambitious agreement. For Central America, annual national income gains are estimated to range between 0.5 and 3.5% of national income. Furthermore, the study finds that the impact on employment over the long run could be as great as +2 to + 3% in Colombia and Peru, with also a positive outcome on average national wages for skilled and unskilled workers. The very same findings trend has been reported in the impact assessment for the Central America agreement.

We strongly believe that agreements such as these, which will have positive effects for the citizens of all countries involved, should be viewed positively and as a sign of forward looking development and furthermore that they should not be unduly sidetracked in a manner that would ultimately have a detrimental impact. We strongly support the view that trade and investment are key elements in the process of development for developing and developed countries.

We therefore ask Members of the European Parliament to have regard for the importance of these agreements to Europe's economic interests, both direct and indirect, and to the benefits they bring to our trading partners as set out in this letter.

We remain at your disposal should you seek further information.

Yours sincerely,



Pascal Kerneis,
Managing Director

Cc: Rapporteurs; INTA Committee Members.

The European Services Forum (ESF) is a private sector trade association that represent the interests of the European services industry in International Trade Negotiations in Services. It comprises major European service companies at the CEO level and European service sector federations covering service sectors such as financial services, tourism, telecommunications, maritime transport, business and professional services, distribution, postal and express delivery, IT services, energy services and the audio-visual industry (see full list of members on the web-site: www.esf.be). It is estimated that ESF membership covers approximately 80% of Extra EU services exports and investments. ESF members employ more than 90 million workers, are present in more than 200 countries and provide services to hundreds of millions of consumers in Europe and around the world. The European Union is by far the largest exporter of international trade in services (26% of world share).