

10 September 2013

The Honorable Karel de Gucht  
Commissioner for Trade  
European Commission  
Brussels, Belgium

Dear Commissioner de Gucht:

It has been almost twenty years since the GATS has taken effect. The world has changed dramatically in the intervening years -technologically, commercially, financially, and politically. There is an urgent need to update the rules for services to reflect the realities of today's world.

The member businesses represented by the Global Services Coalition strongly support the efforts of nearly a third of WTO members to negotiate an ambitious Trade in Services Agreement (TiSA). We urge you to press ahead with determination and ambition in these negotiations. In preparation for the next stage in the negotiations, the members of the Global Services Coalition are writing to share our views with you.

The Global Services Coalition brings together a broad range of representative bodies speaking for the services sector in their countries. Services, such as financial services, professional services, ICT (information and communications technology), E-commerce, electronic security services, express delivery and logistics, retail services, and energy and environmental services lie at the heart of the functioning of modern, competitive economies. We have a shared interest in liberalisation of trade and making new modernized rules in services.

The world economy is increasingly dependent on services. According to the WTO, global services trade has reached over \$4.3 trillion, with 68.3% conducted among TiSA engaged markets. Services supply the linkages for the important synergies that exist within both the global and our national economies. Major advances in ICT, logistics, and financial services have driven this economic shift. It reflects how services now provide essential components in all global supply chains and represent a growing share of value-added embodied in traded goods. This has resulted in the rise of knowledge-based activities, the importance of intangible assets in all economies, and the enhanced interplay between services and the manufacturing and agricultural sectors. These changes have provided the

platform for raising countless small and large service companies from local establishments to international businesses, and are creating millions of jobs world-wide.

Unfortunately, the international legal framework needed to further this growth is critically weak and outdated. Trade in services rules seriously lag behind those established for goods trade. Removing restrictions in this now dominant sector of the global economy will generally result in significant global welfare gains, including enabling more and more economies to find an entry into global supply chains, thereby enhancing growth, development, and job opportunities.

In September 2012 the Global Services Coalition welcomed the efforts of several delegations in Geneva to consider how to allay business frustration over stalled Doha Round outcomes on services. We now applaud their success, which has resulted in agreement on the shape and programme of the TiSA negotiations, along with expanded membership.

Now that the TiSA negotiations have begun, it is crucially important to maintain momentum and retain a high degree of ambition. The negotiating parties should leverage the early goodwill towards this initiative to produce an ambitious agreement that will lay the framework for modern international services trade. We believe that an ambitious agreement should cover “21st century issues”, including cross border data flows, regulatory transparency and cooperation, movement of business persons, and rules for state owned and state-sponsored enterprises that compete in commercial markets and the digital economy.

Our members are looking for real market access gains across all services sectors. The TiSA should bind the highest level of commitment expressed by each party under the GATS and other free trade agreements (FTAs). But to create genuine new opportunities, the agreement must be comprehensive in coverage and include new market access commitments beyond current openness. We support the hybrid approach for the scheduling method, as proposed by the participating countries. To maximize all members’ economic growth, TiSA participants should, as far as possible, seek the elimination of discriminatory foreign ownership provisions such as equity caps, localisation requirements, performance requirements, discriminatory economic needs tests, etc. Enabling businesses to establish in markets of their choice, and freely move their business personnel, represent further critical areas of the TiSA. It should include new market access

along with significant coverage for temporary entry of skilled business persons, improvements in the mutual recognition of professional credentials, and the removal of restrictions on nationality or residency requirements for the selection of personnel.

We also urge the negotiating parties to build a framework that enables a coherent regulatory environment that includes the recognition of international standards commanding wide adherence and that avoids the creation of unnecessary barriers to trade. It is important that TiSA partners work towards regulatory and administrative frameworks that are transparent, effective, align across jurisdictions, and maintain non-discriminatory enforcement under domestic law.

Establishing rules that ensure cross border data flows is an essential component of a successful TiSA negotiation. Requirements regarding the international transfer of data should support the flow of data integral to business operations, while striving to achieve high levels of protection of personal privacy and national security.

While maintaining the goal of a high level of ambition, the Global Services Coalition believes that negotiating partners should keep in mind a mid-to-long term goal of attracting maximum support and, ultimately, offering a means for extending its provisions to all WTO members. Hence the text of the new agreement should be developed based on the text of the GATS to facilitate the multilateralisation of the agreement while, as much as possible, avoiding any ambiguity in the meanings of the new rules and commitments. In that regard, we urge continued efforts to expand the number of participants, including among emerging markets, provided that new members are ready to adhere to the TiSA parties' objectives and guiding principles.

The Global Services Coalition welcomes the active engagement of the TiSA participants in presenting horizontal and sector specific proposals. We encourage parties to rapidly transform these proposals into negotiating texts that could serve as a basis for horizontal and sectoral disciplines to be incorporated into the TiSA. We call upon the TiSA participants to maintain the momentum by finalising the core text of the agreement and to start the exchange of offers as soon as possible.

Finally, in order to ensure the final agreement truly provides the building blocks

for economic growth and the expansion of jobs in the services sector, it is vital that Global Services Coalition representatives have access to proposals and negotiating text. This can be done while protecting the need for non-disclosure during the negotiations.

The Coalition's members stand ready to support the negotiators in any way we can.

Australian Services Roundtable  
Business New Zealand  
New Zealand Chambers of Commerce  
Canadian Services Coalition  
Coalition of Services Industries (CSI)  
European Services Forum (ESF)  
Hong Kong Coalition of Service Industries  
Japan Services Network (JSN)  
Taiwan Coalition of Services Industries  
TheCityUK

cc: Ambassador Angelos Pangratis

