Brussels, 19 June 2015

ESF priorities for a European "Trade and Investment Strategy for Jobs and Growth"

This paper describes the various priorities of the European services sectors for the trade and investment strategy for jobs and growth on which the European Commission is currently working on, updating the "Global Europe: Competing in the world" strategy launched in October 2006 and the Communication on "Trade, Growth and World Affairs: Trade Policy as a core component of the EU's 2020 strategy" of 2010.

It makes a preliminary analysis of the importance of services in the EU and in the world trade and investment, making the case for fully embracing an offensive trade policy in all areas of interest to service businesses that are active in non-EU markets. It then sets out the industry priorities first by geographical regions before analysing the priorities on horizontal trade policy issues.

I. IMPORTANCE OF SERVICES IN EU AND WORLD TRADE

The fact that services sectors input to the European Union economy is more that 70% of the total GDP and that the private services sectors provide more than 55% of all employment is now well known, but the impact of the services sectors on the EU total trade and investment is still not sufficiently well assessed, and the consequences to the EU trade policy not always sufficiently considered.

The European Union is by far the larger exporter of services in the world, and the EU services sectors are by far the biggest global investors in the world. Indeed, the EU exported US$891 Billion of services in 2013, representing 25.2% of the world export of trade in services. This represents the extra-EU exports. However, many countries still count the 28 EU countries as individual trading partners instead of one - notably the US, allowing it to rank itself as the biggest services exporter with US$662 Billion (18.7%), on a basis that it includes US businesses' intra-EU trade in services[1]. On the same basis (i.e. if the EU figures included the intra- plus the extra-EU trade), the EU would account for nearly US$2 Trillion in 2013, representing 42% of world trade, significantly above the US and China (205 Billion – 5.8% world share). EU trade in services generated a net surplus of 223 Billion $ in 2013, three times bigger that the EU benefit in trade in goods (+72 Billion $) in 2013.

International trade in services represents only 20% of global trade in goods and services when using balance of payment figures. But these figures do not reflect economic reality. When using the more accurate "Trade in Value Added" (TiVA) method now developed by the OECD and the WTO, trade in services counts for 45% of the world trade. And for developed countries this figure rises to nearly 55% of their exports. This share is much more significant and should be taken into consideration when developing the new EU Trade Policy Strategy.

Even these figures do not fully reflect the international economy of the services sectors. Indeed, it is well known that the preferred routes for European services companies to do business outside the EU is by setting up a local presence in the overseas host country where they want to serve their clients and to expand. These activities, classed as "commercial presence" (or Mode 3 of the General Agreement in Trade in Services (GATS) tend to be classed as foreign direct investments (FDI) in many countries' economic statistics and hence are omitted from trade figures. According to Eurostat, the EU held Foreign Direct Investment (FDI) stocks of €4 900 billion in the rest of the world at the end of 2013, while stocks held by the rest of the world in the EU amounted to €3 778 billion, meaning that the EU held a net investment position vis-a-vis the rest of the world of €1.1 trillion. Analysis of the origin of these investments shows that 58% of the total is accounted for by

[1] See WTO International Trade Statistics 2014 – pages 28 & 29.

services sector[2] companies, showing that FDI is a crucial element to take into consideration for services sectors when considering trade policy priorities.

Finally, it is also important to draw attention on the significant role played by services sectors into global public procurement. Many services sectors participate in public procurement contracts, including construction and related services (architecture, engineering, urban planning, etc.), ICT services, environmental services (water, waste, etc.), energy services, catering services, cleaning services, business services (also often related to maintenance contracts of goods/machinery, etc.), auditing and accounting, transport and logistics services, etc. It is unfortunately extremely difficult to find figures on the share of the various sectors in public procurement, but there is no doubt that construction & related services (infrastructure or "works") plus the purchases of services by the public entities constitute the lion's share of the total. Public procurement affects a substantial share of world trade flows, amounting to € 1000 billion per year. It also makes up a significant part of national economies (some 10-25% of gross domestic product (GDP). In the EU, public purchasing of goods and services has been estimated to account for 16% of GDP. The EU is very much open to services providers from outside the EU, but this is not replicated in many trading partners, including those parties to the Government Procurement Agreement (GPA). The updated EU Trade Policy Strategy must put even more emphasis on the public procurement element in all multilateral, plurilateral and bilateral negotiations.

II. ESF PRIORITIES THROUGH GEOGRAPHICAL REGIONS

This section analysis the priorities of the European Services Forum in the various on-going trade negotiations, and also expresses ESF views on possible new trade negotiations for the forthcoming five years.

A. Multilateral agenda through the World Trade Organisation

- The European services industry has always been in favour of a strong multilateral trade system. Coherent rules and greater market access among a large number of countries is the ultimate objective of the global services industry. ESF was among the first supporters of an ambitious and balanced outcome in the Doha Development Agenda (DDA). Unfortunately, the WTO has not yet been able to deliver. The services negotiations have never been given their due weight by many emerging and developing country members of the organisation. This led a number of countries, with the backing of the business community, to seek new approaches, resulting in the current initiative for a plurilateral agreement on services, the Trade in Services Agreement (TiSA) - see below).
- ESF is a strong advocate for an ambitious TiSA outcome. But ESF also remains a strong advocate for the WTO in all its functions, including its crucial negotiating role. Without that role the WTO will slowly but surely lose influence. ESF therefore continues to encourage the EU and all trading partners to seek a conclusion of the DDA as early as possible, and hopefully by the WTO 10th Ministerial Conference in Nairobi in December 2015. All parties should now work towards significant progress to achieve the overdue "Post Bali Work Programme". ESF is of the view that WTO members should if necessary look for a lower ambition compromise, so as to allow the organisation to look beyond this round, while remaining eager to see worthwhile efforts in the DDA services negotiations by major emerging countries that are not yet TiSA participants.
- In addition of the negotiating role of the WTO, ESF also strongly supports the other important functions of the organisation and call upon the European Union to ensure a continued support to improve them. In particular, the role of enforcement, encompassing the sustainability of the dispute settlement body as well as getting more systematic respect of the notification obligations (for instance, transparency obligations enshrined in Art III §1, 3 & 5). We also welcome the

[2] Eurostat - International trade and foreign direct investment - 2013 edition – page 70.

vibrant monitoring role of the WTO Trade Policy Review mechanism that must continue and all countries should be encouraged to properly take into consideration the remarks of the members.

- The WTO should also evaluate more precisely non-tariff barriers which substantially impact global trade and investment, for instance through the development of new tools based on the Services Trade Restrictiveness Index – OECD. We encourage the work done in cooperation with OECD on the "Trade in Value Added" (TiVA) and the "I-TIP Services" joint initiative with the World Bank, setting up links between databases that provides information on Members' commitments under the WTO's General Agreement on Trade in Services (GATS), services commitments in regional trade agreements (RTA), applied measures in services, and services statistics. More information on trade in services are definitely needed and the WTO is the right venue for that exercise.

  Finally, as services are a direct and indirect contributor to the global value chain, there is a need to further take into consideration the impact of the "servicification" and the "digitalisation" of the global economy on international trade. ESF would like therefore to invite WTO members to start discussions on a new "mode 5" of liberalization for services incorporated in manufacturing products. Indeed, contrary to common understanding, some cross-border services pay duties (e.g. software incorporated in a computer).

B. <u>Plurilateral negotiations of Trade in Services Agreement (TiSA):</u>

- TiSA is a key priority for ESF and its members.
- ESF wants the negotiators to try to achieve TiSA by end 2015/beginning of 2016, but the quality of any agreement remains critical.
- ESF supports the EU in seeking strong new market access commitments, in particular in countries with which the EU does not have an FTA (or on-going FTA negotiations) namely Australia and New Zealand, Hong-Kong and Taiwan, Israel, Pakistan and more importantly Turkey.

  ESF supports the EU in seeking strong new disciplines at horizontal level (transparency on domestic regulation, licensing procedures, Mode 4, etc.) and at sector specific levels (financial services, telecom, professional services, postal services, express services, direct selling services, etc.). ESF also underlines its strong wish to be informed and consulted about their detailed content before adoption. ESF calls on the Commission to make further progress on finding ways of including other countries in TiSA negotiations (including, but not limited to, China). We welcome Uruguay and Mauritius, which have just engaged in TiSA negotiations, and hope that others will follow suit.

C. <u>TTIP – Transatlantic Trade and Investment Partnership</u>

On TTIP, ESF has already expressed its views on various occasions. We would like here to emphasise the following issues:

- Trade in services is more important to trade between the EU (31% of EU overall exports to US) and the US (42% of US overall exports to EU) than to trade with any other countries (the average with other countries in the world is 25%), and therefore the commitments in this field are of the utmost importance for both partners.
- ESF supports a negative list for the scheduling of services commitments in TTIP, but seeks transparency on restrictions at US sub federal level (i.e. where these impose restrictions on market access for EU businesses). We strongly encourage the US to enhance transparency, as was achieved by the EU and Canada at central and sub-central level in the EU-Canada CETA.
- European services sectors have offensive interests in many areas, and we would like the US to look at the EU's requests, in particular on air and maritime freight transportation services, telecommunication services, professional services, financial services and public procurement.

- ESF wants a strong chapter on regulatory disciplines including all services sectors regulators wherever they are, i.e. in federal regulators in certain financial services and telecoms, but also in insurance and professional services, where regulation is at sub federal level. We note that the EU has made a revised Proposal on regulatory coherence and compatibility on "non-central" measures.
- The US public procurement market remains relatively closed both at a committed level (i.e. GPA in terms of coverage [only 37 US states are committed] and of thresholds [lower than the EU in many instances] and applied level). EU service providers not only want greater access but greater security from protectionist swings. TTIP should go beyond the revised GPA, and provide access to all US states for all public entities. ESF believes that there ways and means to obtain greater access without repealing the "Buy America Act" and the "Buy American Act". ESF strongly supports the EU proposal for a transatlantic preference.
- The EU is the biggest investor in the world and in the USA: 34% of EU FDI stocks are invested in USA (€1.4 Trillion), 59% of which are in services companies (US$1.1 Trillion). Similarly, 55% of US FDI stocks are invested in the EU (€1.7 Trillion), 57% of which are in services companies (US$ 1.4 Trillion). It is vital to have a strong investment protection chapter in TTIP, with a "state of the art" ISDS mechanism (see below).
- While the US has a general policy of openness to foreign investment, foreign investment in certain US assets is restricted. Specific foreign ownership restrictions are applicable in the USA for areas considered particularly sensitive such as parts of the energy sector, defence industry, communications sector, flight industry, mining and shipbuilding, banking and insurance, or the acquisition of land. In many cases such restrictions do not exist in the EU and should be removed to achieve a level playing field among all actors in the Atlantic economy.

D. **<u>EU-Canada CETA agreement</u>**:

- ESF supports the deal reached in September 2014, which will set a clear new benchmark in EU FTAs;
- ESF welcomes the negative list approach, with transparency on restrictions at Provincial and Territories levels; ESF applauds EU Member States for allowing the scheduling through a full negative list approach, listing the restrictions at EU and at Member State level. This provides a clear picture of the state of play of EU legislation, which is valuable for business.
- ESF welcomes the progress made on better access to public procurement on services at federal, provincial and local levels. This is one of the most important elements of the agreement, where real new market access has been gained for EU services businesses.
- But ESF remains concerned by the restrictions on financial services listed by Canada, which are numerous and complex;
- ESF also remains concerned with the investment protection chapter (redefinition of eligible investments which excludes sales of services, introduction of a financial services filter);
- ESF will follow closely the CETA signature and call for a quick ratification of the agreement.

E. <u>EU-Japan FTA/EPA:</u>

- ESF supports and welcomes the continuation of the talks with Japan. EU exporters of both goods and services encounter Non-Tariff Barriers as obstacles to doing business with Japan, and the only way for services market access barriers to be removed is to pursue the negotiations.
- ESF welcomes the services negotiations through the negative list approach with Japan, which is a developed economy, and willing to list all kind of remaining restrictions at all levels.

- Among the major priorities for ESF are:
  a. Japan Post Inc., which benefits from privileges and discriminatory treatment in its favour in Banking, Insurance services;
  b. Postal & Express delivery services where discriminatory measures are applied to similar services,
  c. Distribution services, where there are difficulties in opening up/extending commercial reach
  d. Better market access to public procurement in services (GPA+) and strong investment protection to boost bilateral investment.
  e. The setting-up of a regulatory cooperation process that will enable liberalisation achieved in the agreement to be built upon.
  f. Revision of merger and acquisition rules that will allow European companies to merge with established Japanese companies rather than being obliged to start very complex green-field operations.

F. EU-Vietnam FTA, and other South East Asia countries

- ESF supports the prompt conclusion of a highly ambitious EU-**Vietnam** FTA.
- ESF calls for significant concessions from Vietnam on removal/relaxation of equity caps, which in practice affect all services sectors;
- ESF would not find it acceptable to sign an FTA with Vietnam, if Vietnam continues with its draft Decree on Information Technology Services, under which foreign suppliers would not be able to serve state-owned entrprises (the vast majority in that country). We welcome the fact that Vietnam has now suspended the draft Decree: Vietnam should now replace it with FTA provisions providing legal security for market access. We urge the Commission to negotiate provisions that would prevent Vietnam from imposing new forced localisation requirements/barriers, new types of local content and local performance requirements in any services sectors.
- ESF supports the reopening of the negotiations with **Malaysia**, which is – like Vietnam – a party to the on-going TPP (Trans-Pacific Partnership) negotiations. Malaysia is a middle income country in the region with high growth potential.
- Trade talks with **Thailand** should resume as soon as politically possible towards an ambitious FTA with this leading country in ASEAN.
- ESF would support opening negotiations with **Philippines** as soon as an acceptable scoping exercise can be concluded.
- ESF welcomed the conclusion of the FTA negotiations with **Singapore**, (a virtually entirely services-driven economy) which should allow EU services businesses to use this city-state as a hub for business and investment in the whole ASEAN region. ESF will monitor closely the ratification process of the agreement.
- **South East Asia is one of the regions where the growth rates are the highest in the world, and the EU cannot afford to lose market share in that region**. Efforts to encourage **ASEAN** countries into the TiSA negotiations should be undertaken by the EU. Furthermore ESF welcomes the recent announcement in April 2015 in Kuala Lumpur (Malaysia) that the European Union and ASEAN have agreed to study ways to resume talks for a region-to-region trade agreement; six years after the negotiations broke down. We look forward a positive outcome by the end of 2015.

G. EU-China BIA

- ESF welcomed the launch of the negotiations of the Bilateral Investment Agreement (BIA) with **China**. The negotiations must cover not only the post market access protection of the investment, but must also ensure greater market access for services sectors' investors. The negotiations should in particular focus on removing the market access limitations that are spread across many services sectors (e.g. Joint Venture requirement, transfer of technologies, local content, localisation requirements, restriction on company's legal form, etc.);

- The BIA must also include a state-of-the-art ISDS (investor-to-state dispute settlement) to allow neutral way for redress in case of breach of investment treaty obligations contracted by States parties (see below). The level of protection should at least be the same level than the one which exists in the current 25 individual Bilateral Investment Treaties between China and EU member states;

H. Other possible FTAs of interest to the EU

- In the framework of the "New Trade Policy Strategy" that the European Commission is currently preparing, ESF is open to discuss in details about the opening up of possible new negotiations of Deep and Comprehensive Free Trade Agreements (DCFTAs) with **Australia** and **New Zealand**; and of the launch of negotiations for a bilateral investment agreement with **Taiwan**, as a way towards a full Economic Partnership at a later stage.

  These countries are significant trading partners for the EU and are developed countries which have already undertaken many domestic unilateral economic reforms and have signed trade agreements with other trading partners, which should allow for easier and faster trade negotiations. We welcome the fact that these three countries are participating to the TiSA talks, but DCFTAs should allow even deeper market-opening commitments through a negative list approach, as well as provisions on public procurement and behind the borders regulatory cooperation.

- Furthermore, ESF urges the EU not only to update or review the goods related parts of the EU-**Turkey** Customs Union, but also to negotiate new market access for European services businesses in Turkey and to assess the need for a more robust dispute-settlement mechanism. Turkey is an important neighbour with huge potential, but Turkey's GATS commitments are poor and Turkey is not yet very active in TiSA. Moreover, the country has introduced a growing number of protectionist measures over recent years in various services sectors like financial services and distribution services.

- Among the old FTAs that the EU has signed are those with **Chile** (2002) and **Mexico** (2000, and 2001 for services). The commitments on services in these FTAs are very limited and ESF encourages the EU to undertake a complete review of these two agreements to include not only new market access commitments on services, but also to cover new areas like public procurement, investment protection and regulatory cooperation.

- Back in December 2011, the Commission received a Council mandate to negotiate a DCFTA with some Mediterranean countries (**Egypt, Jordan, Morocco, Tunisia**) with which the EU has already signed Association Agreement which provides for a Free Trade Area mainly covering trade in goods. ESF calls upon the EU to pursue the efforts to negotiate DCFTA with these countries that should aim at extending significantly beyond the scope of the existing Association Agreement to include trade in services, government procurement, competition, intellectual property rights, and investment protection. We welcome the recent announcement by **Tunisia** to start the talks by end of 2015.

- Finally, ESF welcome the various **Economic Partnership Agreements (EPAs)** with many African regions. Unfortunately none of them have included any serious commitments on the services sectors, unlike the EPA with the CARIFORUM region in 2008. We believe that this is a serious weakness, since all economic surveys indicate a clear and urgent need for these countries to develop their services sectors to boost their economic development and integrate themselves in global value chains. ESF calls upon the Commission to continue to engage with these regions and in particular with the non-LDC countries to negotiate services commitments.

I. EU-Ecuador FTA

- Although the ESF welcomes the recent deal that will allow Ecuador to join the Andean trade agreement with the EU, we regret that Ecuador has introduced , after the conclusion of the agreement, new protectionist measures in areas such as financial services (particularly reinsurance).
- The restrictions translate into the effective exclusion of European service providers from this market and put into question the EU's preferential trade relationship with Ecuador.

II. ESF PRIORITIES ON HORIZONTAL TRADE POLICY ISSUES

The first three following issues are not only of interest to all services sectors but also to all economic sectors across the board, including agriculture and mining, as well of course as manufacturing. But they are often seen as a services related issue and they are indeed incorporated in the services parts of the trade agreements.

A. Transparency in trade negotiations:

- ESF welcomes the new initiatives by EU Trade Commissioner Malmström towards more transparency in the trade negotiations (in TTIP and in TISA). Many of the negotiating proposals or mandates do not include sensitive information and could safely be published. However, ESF understands why negotiators need to keep strategic negotiating positions confidential.
- ESF welcomes the current arrangements for stakeholders to present their views at open civil society dialogue meetings.
- ESF supports the establishment of Domestic Advisory Groups (DAGs) as part of the Civil Society Forum in the various recent FTA negotiations, but would like to see the scope and competence of these groups extended to monitoring the implementation of the full agreements, not just their sustainable and development chapter. The composition of the DGAs would need to change to reflect their enhanced role and increased economic competence.

B. Mobility of highly skilled personnel:

- We welcome the adoption by the EU of the Directive on Intra Corporate Transferees (ICTs) (presented and adopted during Cecilia Malmström's term as Commissioner for Home Affairs – Directive 2014/66 of 15 May 2014). This can now be used by trade negotiators to obtain comparable access for European professionals in third countries with which the EU negotiates, including TiSA participants.
- We applaud the Mode 4 commitments taken by the EU and Canada in CETA (on ICTs, on Contract Service Suppliers (CSS) and Independent Professionals), which should become the new benchmark, and encourage the EU to negotiate similar commitments in all its trade deals.

C. Cross border data flows:

- We understand that this is a very sensitive issue for the EU, within the Commission, among EU member states and in the European Parliament. It goes without saying that ESF accepts that businesses must comply with data protection and security rules in force in the country of residence of their data subjects. But cross border data flows are an important element of the today's modern economy and globalisation cannot be sustained if countries start to impose unjustified server localisation and local content requirements. Unfortunately, many emerging countries (including Russia, China, Indonesia, Vietnam (see above), etc.) are increasingly taking measures that threaten the economies of scale and other efficiencies resulting from digital innovation. While there may be instances where public policy interests cause governments to take legitimate action to limit data flows, any such limitations should be consistent with agreed GATS commitments and applied fairly to all actors in the ICT economy, including local and foreign companies alike, in the least-trade restrictive way while being equally efficient.

- With this in mind, governments, including the EU, should try to respect these principles in trade agreements, legislation and regulatory proceedings. Therefore, in principle, ESF calls on the EU to support the adoption of disciplines on cross border data flows in TISA, TTIP and other FTAs.

D. Mutual Recognition of Qualification:

- Securing market access for firms and getting new commitments allowing individuals to move across borders (Mode 4) will frequently be insufficient for professional services providers (regulated professions like lawyers, accountants, auditors, architects and engineers, etc.) if they do not have means of ensuring that their qualifications are recognised by the regulators in the countries they seek to enter to serve their clients. We welcome the result achieved in CETA on this matter and urge the Commission to negotiate similar result with the US in TTIP and with Japan and other markets, as well as, if possible, in TiSA.

E. Public Procurement in Services

- Public procurement is relevant not only to goods, but also - and increasingly - to services. Many services sectors participate in public procurement contracts; including of course construction and related services (architecture, engineering, urban planning, etc.), ICT services, environmental services (water, waste, etc.), energy services, catering services, cleaning services, business services (also often related to maintenance contracts of goods/machinery, etc.), auditing and accounting, transport and logistics services, etc. ESF fully supports the Commission's intention of negotiating ambitious market access and rules in public procurement in EU DCFTAs, as well as in TiSA. Preferential agreements should include commitments permitting EU businesses to bid for all tenders let by all public entities (central, non-central administrations and authorities, and schools, universities, hospitals, etc.)

F. Investment Protection and ISDS

This is a horizontal issue that arises in many FTAs (Canada, Singapore, US, Japan, etc.) and bilateral investment agreements - BIAs (China, Myanmar). ESF seeks to engage in the debate on investment and ISDS with facts and figures, so as to counter negative political overtones:

- We welcomed the public consultation by the Commission. ESF has contributed after thorough internal consultation. See also recent ESF letter on that issue.
- We favour recent proposals for the reform of ISDS, which can lead to an efficient and modern dispute settlement system in BITs and will also improve the credibility of TTIP. We welcome notably suggestions for more transparency in the dispute process, for new ways of choosing the arbitrators, for the launch of the discussions about a possible appeal mechanism and we will closely look at proposals towards the creation of a permanent arbitration court.

- We are however concerned at some aspects of the current debate. In the ESF view, protecting EU businesses from discriminatory treatment by host governments should remain the guiding principle for negotiating ISDS clauses, rather than protecting a host government from cases brought by business.
- UNCTAD figures show that businesses win against states in only a minority of cases (31% (85) of the 274 concluded cases), while 43% were won by States (118), and 26% were settled[3]. More than 70 per cent of all new claims concern investments in the services sector.
- More importantly for the debate in the EU trade policy, it must be underlined that the EU investment protection will apply only to FDI by non-EU investors in the EU. It is striking to note in a recent European Commission report that over a period of 50 years, only in 29 cases, investors from outside the EU have challenged one EU Member State (less than 5% of all ISDS cases globally).
- It is a strong concern of the EU services sector to ensure robust investment protection provisions as the benchmark for future BITs round the world.
- BITs should include an investment chapter with ISDS. Omitting ISDS could result in denial of justice, since local courts often have no power to rule on cases dealing with international public law. Replacing ISDS with state-to-state dispute settlement could create its own problems, including political pressures affecting the willingness of one state to bring a case against another

G. Ratification and implementation of the WTO Trade Facilitation Agreement

- ESF has long called for the finalisation of an ambitious Trade Facilitation Agreement within the WTO. Although often considered as a goods-related matter, facilitating trade (allowing goods to cross borders with improved customs procedures) is of equal concern to services businesses (logistics, shipping, trucking, railways, express delivery, air-cargo, customs agents and port and airport auxiliary businesses).
- ESF therefore welcomed the conclusion of the Trade Facilitation talks at the Ninth WTO Ministerial Conference held in Bali, Indonesia, from 3 to 7 December 2013. We call for swift ratification of the agreement by two-thirds of the WTO Membership by the time of the next Conference in Nairobi in December 2015, to allow full implementation of the agreement. In particular, ESF urges the European Union and its 28 Member States to complete their own ratification process as early as possible. This is a long term commitment that will clearly contribute to the development of world trade.

H. Notification for implementation of the LDC Waiver in services

- The General Agreement on Trade in Services (GATS) requires each WTO member to provide non-discriminatory treatment to services and service suppliers of other WTO members (Most-Favoured Nation (MFN) principle). However, the Least-Developed Countries (LDCs) Services Waiver, adopted at the WTO Eighth Ministerial Conference (MC8) in 2011, allows non-LDC members to grant preferences to provide all LDCs greater access to their markets, over and above their MFN obligation. Given the lack of notifications of specific preferences, WTO Ministers decided at the Ninth Ministerial Conference in Bali in December 2013 to take further steps towards operationalising the waiver.
- An important step in implementing these measures in support of LDCs was a high-level meeting of the WTO Council for Trade in Services on 5 February 2015, where WTO members discussed measures to support the growth of services trade in LDCs through preferential treatment. Members addressed most of the 74 services sectors and modes of supply identified by LDCs in a collective request submitted on 21 July 2014. Preferences

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[3] *See Also recent UNCTAD Report Recent Trends in IIAs and ISDS – February 2015*

would include expanding access for the temporary movement of business people (Mode 4) from LDCs for a range of services professions and occupations; waiving fees for business and employment visas for LDC personnel; dismantling economic needs and labour market tests for LDC members; and extending LDC professionals' duration of stay. All such preferences would be implemented on completion of domestic processes and notification to the WTO.

- ESF applauds the EU's active role in presenting positive and concrete proposals for giving effect to such preferences and calls for the EU and its member states to pursue this effort by implementing them, as agreed, by the end of July 2015.

I. The Environmental Goods and Services Agreement

- Since the Asia-Pacific Economic Cooperation (APEC) Leaders' agreement in September 2012 to reduce applied tariffs on a list of 54 environmental goods by the end of 2015, interest has been growing among APEC and non-APEC economies in Geneva in finding a way to re-engage in environmental goods tariff negotiations at the WTO. Building on the APEC List of Environmental Goods, 42 countries, including 28 EU Members, announced on 8th July 2014 the launch of negotiations on the Environmental Goods Agreement (EGA), with the shared goal of global free trade in environmental goods. The participants to this plurilateral agreement together account for more than 85 percent of global trade in environmental goods. ESF understands that, as a first phase of intensive negotiations, the talks will focus on reducing tariffs to 5% or less on an as broad a list as possible of goods related to the "green economy" by 2015.
- ESF supports this initiative and encourages the adoption of a 'living agreement' which can respond to new technologies and add new products and services in the future. ESF calls on the EU and other participants to include environment-related services in these talks. The negotiations should ensure that the enabling services linked to green goods are also dealt with in these negotiations. Non-tariff barriers, such as local content requirements or restrictions on investment, should also be addressed. A negotiation confined to reducing or removing tariffs on relevant products will not deliver the desired green growth necessary to foster environmental protection, action on climate change, and sustainable development. ESF encourages the EU to continue to push for an ambitious and comprehensive agreement that will bring real benefits to trade and to the environment.

III. CONCLUSION

In conclusion, we would like to emphasise that in order to properly implement all of these elements of the new EU Trade Strategy, there is a clear need for the European Commission to be well equipped. The European Union needs to ensure that the Member states provide the negotiating institution with the sufficient resources to apply fully the new competence attributed by the Lisbon Treaty. Similarly, the management of the European Commission needs to ensure that DG Trade, the department in charge of the negotiations, benefits from the appropriate resources to fulfil its mission. Trade policy is an EU common policy that brought tremendous welfare to the EU economy in the past and the new Trade strategy will even further contribute to enhance jobs and growth for all European citizens.

See below the list of ESF Supporting this Position Paper.

LIST OF ESF MEMBERS

SUPPORTING THIS POSITION

- Ageas Insurance
- Architects' Council of Europe –ACE
- British Telecom Plc
- BDO
- Bundesverband der Freien Berufe - BFB
- Bureau International des Producteurs et Intermédiaires d'Assurances – BIPAR
- BUSINESSEUROPE
- BUSINESSEUROPE WTO Working Group
- Deutsche Bank AG
- Deutsche Telekom AG
- Deutsche Post DHL
- DI – Confederation of Danish Industries
- Digital Europe
- Ecommerce Europe
- EK - Confederation of Finnish Industries
- Ernst & Young
- EuroCommerce
- EuroCiett
- European Association of Cooperative Banks – EACB
- European Banking Federation – FBE
- European Community Shipowners' Associations – ECSA
- European Express Association – EEA
- European Federation of Engineering and Consultancy Associations – EFCA
- European Public Telecom Network – ETNO
- European Savings Banks Group – ESBG
- European Satellite Operators Association - ESOA
- Fédération des Experts Comptables Européens – FEE
- Fédération de l'Industrie Européenne de la Construction – FIEC
- Foreign Trade Association – FTA
- HSBC Group
- IBM Europe, Middle East & Africa
- Inmarsat
- Irish Business and Employers' Confederation - IBEC
- KPMG
- Law Society of England & Wales
- Le Groupe La Poste
- Microsoft Corporation Europe
- Mouvement des entreprises de France – MEDEF
- Oracle Europe, Middle East & Africa
- Prudential Plc.
- SELDIA – European Direct Selling Association
- Standard Chartered Bank
- Svenskt Näringsliv (Confederation of Swedish Enterprise)
- Tata Consulting Services - TCS
- Telenor Group
- TheCityUK
- Thomson-Reuters
- Zurich Financial Services