

Ms. Sabine Weyand
Director General
Directorate General for Trade
European Commission
170, rue de la loi
BE – 1049 – Brussels

Brussels, 25 February 2022

Subject: **ESF support for a positive agenda in EU Trade Policy**

Dear Director General,

I would like first to thank you for the congratulations and best wishes in my new role as Chair of the European Services Forum, and I am extremely grateful to my predecessor Noel Clehane for having created this valuable relationship with you and your services. I am looking forward to continuing this cooperation.

The European Services Forum would like to express its continued full support for an active and positive EU trade policy, which is one of the most efficient common policies of the Union. Market access is still very much restricted all over the world and an active EU trade policy has proven to be an effective instrument to open markets outside of the EU for European service providers.

Since the new Commission took office, the EU has launched a number of legislative initiatives aiming to equip the EU with new “defensive” instruments that will allow the EU to act and react to coercive economic measures and to address cases of unfair competition. These measures include the International Public Procurement Instrument, the FDI Screening Regulation, the Instrument on Foreign Subsidies, the proposal for a Carbon Border Adjustment Mechanism, the deforestation Regulation and the recent proposal for an Anti-Coercion Instrument. Finally, the nomination of a Chief Trade Enforcement Officer is an important tool to support the enforcement of commitments taken by trading partners.

The European Services Forum has welcomed the objectives of these various initiatives and provided and will continue to provide comments to the EU institutions. It is indeed important that the EU - as the main exporter, importer, and investor in the world - has the appropriate legislative instruments to defend itself, where necessary and justified. So, such instruments are welcomed as long as they are wisely used for the strict purpose for which they have been set up.

It should be well understood by our trading partners that the EU will not become protectionist but aims solely to defend its market to potential unfair economic practices and its democratic values as well as to ensure a certain commercial reciprocity. However, we hear the concerns expressed by our members - European and international service providers - about the worrying trend they perceive in EU trade policy, where political attention is less focused on opening new markets.

We would like therefore, in parallel to that legislative programme, to support you in pursuing the EU's "offensive" trade agenda. The European economy and its businesses have tremendously gained from international trade and the Commission has itself repeatedly published these benefits, where more than "38 million European jobs are related to the EU exports", where "1 in 5 jobs in the EU depends on exports"¹, where more than 16 million EU jobs are related to inward foreign direct investment². The EU economy is built on openness and the EU exports are beneficiary in numerous segments, including on agriculture and on services; and EU imports have allowed better choice for EU consumers. The open flow of data has also clearly benefited the EU economy. Trade creates jobs and wealth, and this has not changed in the recent years, despite the pandemic and aggressive or coercive measures by some third countries.

The EU trade policy has produced positive results in the last decade, but indeed much remains to be achieved in this field. In this regard, we have taken good note of your statement at the Civil Society Dialogue meeting on 25th January 2022 where you argued that nowadays "advocacy for open market has gone out of fashion" in the EU³ and suggested to the proponents of a more "offensive trade policy" to be more outspoken. This is the purpose of this letter.

As ESF, we remain fully committed to helping the European services industries to pursue the efforts towards more open markets in trading partners.

The Commission has done its fair share of the work in the past years by negotiating new agreements like the EU-Mercosur, the revision of the EU-Mexico FTA and the EU-Chile FTA with more on services, and the conclusion of the Comprehensive Agreement on Investment with China. All these deals include new market access for exports and investment by European services businesses. However, they need now to be ratified, and we call upon the Commission, the European Parliament and the EU Council to do their utmost in that endeavour. It is an integral part of the positive trade policy.

As are the ongoing trade negotiations, where texts and schedules of commitments need to be finalised. We of course refer to the talks with New Zealand and Australia, which are often seen as essentially agriculture partners but where more than 35% and 45% respectively of their trade with the EU is about trade in services. These negotiations need to be concluded as soon as possible and then quickly legally scrubbed and ratified. Furthermore, the negotiations with our South-East Asian partners should remain a priority, and the one with Indonesia⁴ in particular. We will come back to you as well on the revision of the Services and Investment chapter of the EU-Singapore FTA. The recently announced negotiations of Digital Partnership Agreements with Japan, South-Korea and Singapore in the framework of the EU Indo-Pacific Strategy is an opportunity to ensure that the EU will remain in the leading countries to frame global rules on cross-border data transfers. One of the most important negotiations in the "offensive" agenda of the Commission should be the resumption of the EU-India FTA talks, and we welcome the nomination of the new EU Chief Negotiator. ESF will bring its input as to ensure that new market access will be granted to EU services businesses. India is already the fifth biggest global exporter of services, with €18 Bn of exports to the EU⁵, but its own

¹ See <https://ec.europa.eu/trade/policy/in-focus/trade-and-jobs/> and the Report "EU exports to the world: effects on employment" – November 2021 – 61% of these 38 millions are in services!

² See https://trade.ec.europa.eu/doclib/docs/2019/march/tradoc_157724.pdf - page 65 - with a significant share in US owned companies - See also <https://www.espon.eu/sites/default/files/attachments/ESPON%20FDI%20-%2002%20-%20Main%20report%20-%20Extra-European%20FDI%20towards%20Europe.pdf>

³ See <https://www.youtube.com/watch?v=fHdt5TWxdSA> – 1h33'

⁴ See ESF Position on EU-Indonesia CEPA here: <http://bitly.ws/oyZI>

⁵ See Eurostat *bop_its6_det* – EU 27 – 2019: EU has a deficit with India in services of +€3 Bio.

market remains rather closed to our services enterprises. The African Continental Free Trade Area is coming to live. The EU must continue to develop its trading links with the continent by reviewing the EPA that must ensure services commitments and we hope that the new Global gateway strategy will strengthen the efforts in this respect. The same is valid with the Gulf Cooperation Council.

Finally, although there are currently no proper trade negotiations, the work launched in the Transatlantic Trade and Technology Council by the EU and US will help at improving trade and investment environment, which is vital for the global economy, since the EU and US economies represent around 50% of global outward and inward FDI stocks, 40% of global trade in services and 30% of global trade in goods⁶. Beyond regulatory cooperation on standards of high technological products, the TTC should explore regulatory cooperation in services sectors as well.

This list above shows that the EU trade policy has still a lot to deliver, from negotiations to implementation, and the European services industries are committed to support the Commission, the Council and the Parliament to fulfil this mission. The credibility of the EU trade policy and championing of EU companies is at stake.

Beyond the bilateral track, the EU has always been a strong supporter of the multilateral trading system, and we encourage the EU to continue its efforts to get the multilateral trade agenda back on track. The parallel plurilateral track has started to bear its fruit, and we were very pleased to hear about the conclusion of the Joint initiative on services domestic regulation, which will help save trade cost up to \$150 Billion per year for services exporters and investors. ESF is particularly interested in seeing progress in the Joint Statement Initiative on E-Commerce where global rules on digital trade are to be agreed. Many other initiatives are ongoing, like the trade and health, trade and climate, investment facilitation, MSMEs, etc. ESF supports these talks and already produced comments.

The European services industries remain committed to support the Commission with the EU's positive trade agenda, which will continue to create jobs and growth, and help in speeding up the recovery process after the pandemic.

As new ESF Chair, I would be pleased to exchange further on these issues and other European services industries priorities and I hope that we will be able to meet soon, should sanitary conditions allow. The ESF Secretariat will contact your office to find an arrangement in due time.

Yours sincerely,



Annette Meijer
ESF Chair

Cc: *EVP Valdis Dombrovskis Cabinet;*
Members of EU Council Trade Policy Committee
Members of INTA Committee – European Parliament

⁶ [WTO Trade Statistical Review – 2021](#).

List of members supporting the above position

- Amfori
- Architects' Council of Europe –ACE
- British Telecom Plc
- BDO
- Bureau International des Producteurs et Intermédiaires d'Assurances – BIPAR
- BUSINESSEUROPE
- BUSINESSEUROPE WTO Working Group
- BSA The Software Alliance – BSA
- Conseil des barreaux de la Communauté Européenne – CCBE
- Danish Shipping
- Deutsche Post DHL
- DI – Confederation of Danish Industries
- Digital Europe
- EK - Confederation of Finnish Industries
- EuroCommerce
- European Banking Federation - EBF
- European Community Shipowners' Associations – ECSA
- European Express Association – EEA
- European Federation of Engineering and Consultancy Associations – EFCA
- European Public Telecom Network – ETNO
- Fédération de l'Industrie Européenne de la Construction – FIEC
- FratiniVergano European Lawyers
- General Council of the Bar of England & Wales
- Google
- Huawei Europe
- IBM Europe, Middle East & Africa
- Insurance Europe
- Irish Business and Employers' Confederation - IBEC
- Law Society of England & Wales
- Le Groupe La Poste
- Microsoft Corporation Europe
- Mouvement des entreprises de France – MEDEF
- Orange
- PostEurop
- Prudential Plc.
- Svenskt Näringsliv (Confederation of Swedish Enterprise)
- TechUK
- Telenor Group
- TheCityUK
- UPS
- Vodafone
- Zurich Insurance