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## OPEN LETTER

25<sup>th</sup> June 2004

**Subject: Services Industry Leaders' message on the crucial importance of services in the DDA**

Dear Dr Supachai,

As leaders of the global service industry, we have been encouraged in recent months by a renewed willingness by both developed and developing countries to do the hard work necessary to advance the Doha Development Agenda. Following the collapse of the Cancun Ministerial, and the threat that no progress could be made this year, this constructive energy has been especially heartening.

We know that difficult decisions remain to be taken, particularly in the agriculture sector. But we believe it is absolutely essential to resolve these issues by the July General Council meeting. The stark fact is that services negotiations continue to be hostage to agriculture, though the service sector dwarfs the agriculture sector in volumes of global trade, worldwide GDP, and employment.

We are therefore writing to support your efforts to bring a resolution to the agriculture negotiations by agreeing on a framework for negotiations by July.

Services liberalization promises more economic welfare gains than liberalization in any other sector. Services account for nearly 50% of GDP on average in low-income countries, and a higher proportion in developed countries. Efficient, high-quality services are crucial inputs to the agricultural and manufacturing sectors. Sixty percent of foreign direct investment worldwide now flows into the services sector. However, services currently represent only about 20% of total world trade, a reflection of the relatively closed markets for services around the world. Services liberalization is the best opportunity for economic growth.

But services negotiations are complex and time-consuming, and have a markedly different dynamic than tariff negotiations. Despite a March 31, 2003 deadline, only 43 initial services

offers have been tabled thus far, and in many cases the quality of the offers needs to be improved. This means that a tremendous amount of work in services is yet to be done, which will take many months to complete. In recognition of that, earlier this year our organizations led a large business delegation to the WTO both to encourage improved offers, and to persuade those countries that have not yet done so to table initial offers.

WTO officials, delegates, and other observers in Geneva and in other capitals have acknowledged to us that, should WTO members fail to agree on a framework by July, the negotiating window for 2004 is effectively closed. In that scenario, the Round would fall back into a state of torpor until at least well into 2005. The longer that situation persists, should it come to pass, the longer that the benefits of the Round will be denied to all WTO members.

In the event that an agreement is reached in July, it must be accompanied by a timetable for submitting improved services offers, as the draft Ministerial text for Cancun envisaged. There is a great deal of work to be done if services negotiations are to succeed.

Sincerely,

- Mr. Peter Walsh, Chairman, Australian Services Roundtable (ASR);  
Standards Australia, Sydney – Australia
- Mr. Jayson Myers, Chairman, Canadian Services Coalition (CSC)  
Ottawa, Canada
- Mr. Norman Sorensen, Chairman, Coalition of Service Industries (CSI - USA)  
President, Principal International Inc. - Des Moines - USA
- Sir Iain Vallance, Chairman, European Services Forum (ESF) – Brussels - Belgium  
Vice Chairman, Royal Bank of Scotland – London – UK
- Mr. Naoyuki Akikusa, Co-Chairman, Japan Services Network (JSN)  
Chairman and Representative Director, Fujitsu Limited
- Mr. K C Kwok, Chairman, Hong Kong Coalition of Service Industries (HK CSI);  
Chief Economist of Standard Chartered Bank - Hong Kong - China
- Mr. Adolfo Sepúlveda, President, Service Coalition of Exporters (CES),  
Chamber of Commerce - Santiago - Chile
- Mr. Kiram Karnik, President, NASSCOM (National Association of Software &  
Services Companies) - New Delhi – India
- Mr. Kwee Liong Keng, Chairman, Singapore Coalition of Service Industries Executive  
Committee, Singapore Business Federation - Singapore

cc: All WTO Heads of Delegations