

For immediate release

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Global Industry Groups: Liberalization of Services Trade Must Move Forward

(Geneva, Switzerland) Leaders of major global service industry associations representing the EU, Australia, Hong Kong, Japan, and the United States today called for urgent progress in the multilateral liberalization of trade in services.

“WTO members must summon the political will necessary to make the difficult decisions, not least on agriculture, that will ultimately break the impasse, and get the Doha negotiations relaunched. Then we can press ahead with talks on services liberalization from which everyone stands to gain” said Sir Iain Vallance, Chairman of the European Services Forum, and Vice Chairman of Royal Bank of Scotland (RBS).

In a press briefing today, the services organizations stressed that negotiators must make greater progress on the services talks, and that the agriculture and other issues that stand in the way must be resolved.

The services negotiations, part of the Doha Round of global trade talks, are linked to movement in the Round’s agricultural negotiations. The failure to reach agreement on agriculture was one of the factors leading to the collapse of the September 2003 WTO Ministerial Meeting in Cancun, and since then, WTO members have been unable to reach consensus on how to move the agricultural negotiations forward. Services talks have languished as a result.

The groups emphasized the tremendously important role of the services sector in developed and developing economies alike:

- In the OECD countries, services account for 69% of economic output, while agriculture accounts for 2.1%.
- Even in low income countries, services account for an average of nearly 50% of GDP, with agriculture representing 23%.
- More than half of all global flows of foreign direct investment are now in the services sector. This investment is normally in the form of investment in local companies, often with local partners. Access to modern services (financial, professional and infrastructure services, for example) is essential to growth and development in any country. WTO commitments are vital to attracting this investment.
- While the value of trade in services is well below that of merchandise trade, services account for a larger portion of virtually all the world’s economies; liberalization of services trade is therefore clearly in the interest of developing countries.

Presently, the value of services trade is estimated at only 25% of the value of merchandise trade, largely because markets for services are much more protected. Little progress was made in the Uruguay Round, and many barriers to services trade remain, which underscores why this negotiation is so important. Liberalization brings efficiency and modernization, and is crucial in attracting foreign direct investment. The more the negotiations are delayed, the longer developing countries are denied these benefits.

To date, only 41 WTO members have tabled services offers (in spite of a March 31, 2003 deadline), and they are not ambitious enough, according to the organizations. Many more are needed to begin to realize the potential of the Doha Round, and they should be broader in terms of the sectors covered, and deeper in terms of the levels of market access. By tabling quality services offers, developing countries can demonstrate to trading partners the new market opportunities that could result from a successful Round, the groups said.

All WTO members have much to gain from the liberalization of trade in services, but a strong new commitment will be necessary for this negotiation to engage a critical mass of WTO Members and to achieve its promise of substantial liberalization, the organizations said.

The groups participating in the visit to Geneva include the Australian Services Roundtable, the European Services Forum, Financial Leaders Group, the Hong Kong Coalition of Service Industries, the Japan Services Network, and the U.S. Coalition of Service Industries, along with representatives of more than 40 major global services companies. During its visit to Geneva, the delegation is meeting with the WTO leadership and with Ambassadors and senior officials from key developing and developed countries.

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