



Global Services Coalition Statement on WTO Priorities on the Eve of MC12

The Global Services Coalition (GSC) speaks for the services sector in its members' respective economies on international trade and investment matters and represents these industries internationally. Services now account for half of global trade on a value-added basis and are on a faster long run underlying growth path than merchandise trade. Services industries are increasingly digital and much of the current and future growth of services trade is tied to the growth of digital trade and the rise in digitally enabled services – a trend accentuated by the global pandemic and unlikely to be reversed. At the same time, trade and investment restrictions, particularly impacting digital trade, are growing.

A strong, revitalized World Trade Organisation (WTO) is an essential structural pillar in ensuring that services and digital trade continue to fuel economies worldwide and create new opportunities for jobs and greater inclusion at all levels of society. The GSC delegation visiting Geneva for the Public Forum last month was encouraged by the WTO Director-General's determination that the WTO should succeed in its endeavours, and that the 12th WTO Ministerial Conference (MC12) should deliver tangible results.

It is vital that MC12 should be a success. The final preparations for it represent a critical window of opportunity. There is strong political will among governments and the private sector to rebuild and expand opportunities and to close the digital divide in the global economy. As the world begins to emerge from the pandemic there is also a renewed belief in multilateralism and in cooperation between trade partners, in the wake of some less progressive policies that held sway in some countries as the pandemic gained hold. The evidence in the public domain from respected entities, including the OECD Services Trade Restrictiveness Index and the Global Trade Alert, underlines, however, that barriers to trade have grown and have yet to reduce to pre-Covid levels. They are evidence, if evidence were needed, that the WTO continues to have an essential role, which it needs to perform efficiently and effectively.

The GSC welcomes the progress that has been made in preparations for MC12. GSC members support all tangible results that will strengthen the multilateral system, such as the conclusion of the negotiations on fisheries subsidies; the launch of work programmes for WTO reforms in all three of the WTO's functions (negotiations, implementation and monitoring and dispute settlement), a work programme for trade and health with a roadmap to prepare for future pandemics including essential

services, and a work programme for trade and environmental sustainability with a specific roadmap for future negotiations towards an environmental goods and services agreement.

The latest developments in bringing to fruition the JSI on Services Domestic Regulation are particularly to be applauded, and GSC members welcome the steps taken by WTO Members to submit draft schedules of commitments. WTO Members should apply the proposed domestic regulation disciplines not only to services sectors subject to existing GATS commitments but also, to the extent possible, to services sectors where no specific commitments have yet been made.

In the GSC's view it also remains critical for all WTO Members - whether developed or developing - that the WTO Moratorium on Customs Duties on E-Transmissions be extended. The Moratorium remains a core pillar of the global foundation of the digital economy and a potent example of how the multilateral system can promote policies that foster innovation and growth, particularly for small and medium sized enterprises. The GSC welcomes the recent studies published in November 2021 by the University of St Gallen and the Indian Institute of Management, Bengaluru (Bangalore), providing insights into the value of digital trade in developing and emerging economies and highlighting why ending the Moratorium would be disruptive and self-defeating. The GSC urges all WTO members to ensure the Moratorium is extended at MC12, preferably well beyond the traditional 2-year extension period.

The GSC also attaches especially high priority to JSI E-Commerce negotiations. These have made timely progress, and their momentum needs to be maintained. Key priorities continue to be strong disciplines on data flows and prohibition of data localization in all sectors; the adoption of a permanent ban on customs duties on e-transmissions; the prohibition of mandatory transfer of source code or algorithms; market access commitments for relevant services; trade facilitation provisions; and promotion of risk-based cybersecurity measures. Commitments on market access need to include telecommunications, ICT, computer services, data processing, e-payments and other financial services, distribution, logistics and enhanced business consulting and professional services.

The list of digital rules that the GSC has proposed is not exhaustive. It simply identifies some key elements that GSC members consider should be included in an e-commerce agreement. To build trust in the online environment, these rules must allow for data security and appropriate and effective protection of personal data, to be assured through compliance with local privacy and security regulations. Any exceptions should be limited to legitimate public policy objectives and only in full compliance with the provisions of GATS Articles XIV and XIVbis, and should provide for equal treatment of local and foreign services providers, without discrimination. It will take a further short period to negotiate on all these issues. In the meantime, the GSC calls on Ministers at MC12 to encourage progress in the negotiations, endorsing a road-map and a deadline for achieving the objectives that have been set.

Finally, the GSC notes the significance of recent exploratory discussions in the Council for Trade in Services (Special Session) on Members' areas of interest in further liberalisation, including services sectors impacted by the COVID-19 pandemic. Recalling the agreed built-in mandate in GATS Article XIX, the GSC supports the intensification of work towards embarking on market access negotiations with a view to contributing to more sustainable, inclusive, and resilient economic growth.

The GSC is well aware that the WTO and its Members are now embarked on the final journey of a few critical remaining days for preparing for MC12 and settling the modalities for how MC12 carries out its work. The GSC applauds the efforts undertaken by all stakeholders to make MC12 a progressive event at which common objectives are successfully pursued. We look forward to a

fruitful outcome that will reinforce the multilateral rules-based system, for which the WTO is such an important guardian.

Australian Services Roundtable
Coalition of Services Industries
European Services Forum
Hong Kong Coalition of Services Industries
Japan Services Network
Sociedad de Fomento Fabril (SOFOFA)
TheCityUK
Taiwan Coalition of Service Industries