



International Trade Committee

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Challenges ahead on the road to Cancun
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THE STAKES OF EUROPEAN COMMERCE IN THE WTO NEGOTIATIONS ON TRADE IN DISTRIBUTION SERVICES

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At this critical stage of the ongoing WTO Round of negotiations, it is my pleasure and honour to contribute to this well-timed symposium, and I would like to extend my thanks to the WTO for giving me the opportunity to contribute the point of view of the European Commerce Sector on the GATS negotiations, in particular on distribution services.

EuroCommerce is the umbrella organisation of the Commerce Sector in Europe: 4.7 million companies – 95% of them SMEs in the field of retail, wholesale and international trade. Our members are individual companies as well as trade associations, covering 26 countries and providing jobs for 22.5 million employees, which is equivalent to 16% of total EU employment.

A core objective of European Commerce is to meet the needs of over 370 million consumers, and many more after May 2004, in the enlarged EU. Our companies have taken a firm commitment to deliver products of best price and quality to their customers.

Retailers, wholesalers, importers and exporters in the EU certainly belong to the most reliable supporters of trade liberalisation. This applies not only to the field of trade in goods, where EuroCommerce has continuously been pushing the European Commission to give up remaining relics of protectionism (e.g. in agricultural trade, the textiles and clothing sector etc.). EuroCommerce is also in favour of meaningfully strengthening the WTO rules on anti-dumping and the start of ambitious negotiations on Trade Facilitation at the 5th Ministerial Conference in Cancun.

Not less determinedly, EuroCommerce supports the negotiations on liberalisation of trade in services. When I read certain press articles on the GATS and its alleged disadvantages concerning, for instance, water and education, I sometimes wonder whether some anti-globalisation and anti-GATS campaigners have fully understood what liberalisation of trade in services is all about.

A few weeks ago, the EU has published its conditional offer, and if you read the text it is obvious that these concerns are not justified. On the contrary, opening services markets world-wide further can help developing countries to create the basic infrastructure that is inevitably needed for any kind of economic development. In this context, it may be useful to recall that economic development constitutes one of the three pillars of sustainable development (together with the social and environmental dimension), and that as such it prepares the ground for developing countries' ability to ensure and to afford social and environmental development lastingly.

Beyond the development aspects, we expect liberalisation of services to provide an enormous boost to the EU's economy in general and to distribution companies in particular. Hence, European Commerce fully supports the GATS negotiations as a whole as well as the Commission's ambitious strategy for improved access to services markets worldwide.

When I say world-wide, it goes without saying that some countries attract our members' interest more than others – China, India, Japan, the United States of America, Mexico, Brazil and Australia are certainly among the most important markets for European distributors. Beyond this, there is also considerable interest in some candidates for accession to the WTO, especially Russia and Vietnam. We hope that these countries will soon be able to become members of the World Trade Organisation.

The benefits at stake for European distributors are meaningful in each of the respective export markets. As an example, I would just like to mention some obstacles our members are facing in the People's Republic of China:

- Approval of each new retail store is still required from central authorities.
- To open up a store, seven levels of government may have to be involved.
- China has reserved certain products (like grain, vegetable, oil, sugar, cotton, tea, rice, corn, oil, silk etc.) to state trading and thus excluded from Chinese WTO retailing commitments.
- There are still too many and too far-reaching restrictions on the acquisition of real estate.

The ongoing GATS negotiations can contribute much to soften or even to resolve these and other problems, not only in China, but in all 146 member countries of the WTO. This would be a step forward towards equal conditions for national and foreign providers and, as a consequence, towards creating a level playing field, characterised by non-discrimination, predictability and legal certainty. Of course, this implies also the temporary free movement of key business personnel – the so-called "mode 4".

As traders we know very well that trading is a game of give and take: if you want others to liberalise, you have to make concessions in your own country, too. EuroCommerce is fully committed to this principle.

The EU initial offer on distribution services gives non-EU nationals the same treatment as granted to EU nationals when they apply for the opening of new department stores. Thus, the granting of licences for new department stores will be done on the merits of each application including its compliance with non-discriminatory national regulations, such as land-use planning laws, regardless of the nationality of the companies. In addition, the offer allows commission agents to provide cross-border services and liberalises franchising in some Member States.

Our members support this position, and beyond that we would also welcome if remaining limitations on alcoholic beverages in some Member States could be abolished – as well as the Economic needs Tests for large department stores. We are of the opinion that companies that are willing to invest in the EU should at least have the right to legal certainty which requirements they have to fulfil – as we expect it when we expand ourselves to countries outside the Union.

Let me conclude by flagging three points:

1. Liberalisation of trade in services is a basic condition for economic development worldwide.
2. Commerce in Europe fully supports the Commission's pro-active strategy in the DDA negotiations.
3. EuroCommerce is member-driven and our members are consumer-driven. No other services sector is more dependent on consumers' choice than distribution. As I said, providing the consumer with products of best price and quality is our highest goal, and with the support of the GATS Agreement we are confident that we will be able to achieve it easier and even better.