

**UNICE Roadmap to Hong Kong**

**UNICE Fiche:  
Services/GATS Negotiations**

The EU is the world's largest trader of commercial services and further liberalisation of services in the WTO DDA negotiations is a UNICE priority. In fact, progress in services liberalisation will be one of the benchmarks by which UNICE will evaluate the overall balance of the round. Services liberalisation will provide gains for all types of companies: service providers gain access to new markets while industrial companies benefit from more competitive and efficient services. Services liberalisation is also beneficial to developing countries which have competitive service industries or which need access to high quality services to strengthen their global competitiveness.

To date, UNICE has been disappointed with the slow progress in WTO DDA GATS negotiations. While welcoming the increasing number of offers on the table, we consider that the quality of the offers, with few exceptions, lacks ambition both in terms of the number of sectors covered and the scope of the commitments under each mode of supply. Despite the political statements in support of services liberalisation from both developed and developing WTO Members, progress is lacking. UNICE is therefore extremely concerned that GATS negotiations, which require intensive technical discussions during scheduling, could miss the conclusion of the DDA round. UNICE calls on WTO Members to use the time from now until Hong Kong to put ambitious GATS offers on the table.

UNICE's main objectives in the WTO DDA GATS negotiations are as follows.

- **Market Access for EU services exporters:** Substantially improved market access for European services exporters, especially in OECD and emerging country markets. Market access should include broad and deep coverage of services sectors across all four modes of supply. However, UNICE considers that mode I (cross-border) and mode III (national establishment) will provide the greatest overall economic benefits. However, UNICE is also very interested in mode II and mode IV liberalisation. UNICE also looks for substantial market access in GATS negotiations on public procurement.
- **At a minimum, GATS offers should reflect the current practice of service market openness.** Countries that have already liberalised through "autonomous liberalisation" or have signed bilateral treaties that, for instance, include negative lists should be ready to bind equivalent levels of services liberalisation in the multilateral process
- **Liberalisation of the EU market:** UNICE believes that further liberalisation of the EU market for services is essential to strengthen the competitiveness of the EU economy by increasing competition. UNICE therefore welcomes the EU's GATS offer which demonstrates a genuine willingness to open the EU market.
- **National treatment commitments:** Services trade often requires national presence or establishment. Therefore, UNICE looks for vastly improved national treatment commitments in the GATS to ensure that domestic and foreign providers are treated equally.
- **Domestic Regulation:** GATS negotiations on domestic regulation should be based on pro-competitive principles to avoid discrimination against foreign service providers. In addition, UNICE looks for broad standstill commitments and binding commitments on existing regulatory practices.

- Mode IV (temporary movement of service providers): In a modern services economy, companies often move their personnel to different locations or hire foreign providers to provide certain services functions on a project basis. Complex rules can make this aspect of services trade very difficult, if not impossible, which hurts the competitiveness of EU companies. UNICE therefore welcomes the ambitious offer tabled by the EU in the WTO to facilitate the temporary movement of key business personnel and service contractors. We call on other WTO Members to make similar commitments.
- Developing country concerns: UNICE believes that developing countries can gain from services liberalisation by boosting services exports and making their own economies more competitive through services imports, notably in the infrastructure services sectors. Technical assistance should be provided to developing countries to assist them in making services offers and, more critically, to adapt their national regulatory structure to pro-competitive principles. UNICE believes that small developing countries should receive credit for binding their autonomous liberalisation of services markets.
- Emergency Safeguard Measure (ESM): UNICE is concerned that proposals for an EMS will undermine the very objective of the GATS negotiations – to progressively liberalise services trade. Indeed, the practical workings of an ESM to a services investment by a provider that benefits from national establishment would significantly increase the risks associated with that investment. Even if an ESM were only applied to “new” investments, it could considerably affect pre-existing investments if, for example, a service provider was not able to invest further in the development of its operations due to the application of an ESM.

### **Conclusion**

UNICE is a strong supporter of services liberalisation in the WTO. We are extremely concerned that current GATS offers are inadequate and could jeopardise the DDA. UNICE calls on WTO Members to significantly improve their services offers by the Hong Kong Ministerial in December 2005.

UNICE is prepared to support this position in constructive dialogue with relevant EU officials and institutions, with partner business organisations around the world and with the EU’s WTO partners to ensure that WTO DDA GATS negotiations are a success.

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