Trade in services

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The Committee on International Trade adopted an own initiative report by Syed **KAMALL** (EPP-ED, UK) on trade in services.

The report stresses that the total percentage of the share of GDP in the EU25 in 2007 was comprised of more than 75% for the service sector, whereas, in the same year, the share of GDP for services was around 78% for North America, 52% for Africa and 60% for Asia. **The European Union is the world's largest exporter and the biggest service provider** with more than 28% of total global exports. Convinced, that services constitute the backbone of every economy, MEPs reiterate that liberalisation of services is therefore important not only for developed countries, **but particularly for developing countries**.

Drawing attention to the high level of external competitiveness of European services providers, the report calls on the Commission to pursue, in trade negotiations, both the **progressive and reciprocal liberalisation of services** and a policy of increased transparency and predictability of rules and regulations and rigorous sanctions in order to combat corruption and monopolies.

MEPs also reiterate the need to address the **interaction between trade and social issues** by recalling that: (i) an international trade system which serves the needs of development and poverty reduction should also contribute to social progress and decent employment; (ii) trade rules should not impinge on the social standards established by the ILO; (iii) the fight against all forms of labour exploitation (prohibition of forced labour and child labour, in particular), together with respect for trade union freedoms, is vital to the organisation of a fair trade system that serves the interests of everyone.

The Commission is called upon to **take the different Member State and developing country interests into account** when negotiating commitment schedules. MEPs consider that the EU cannot and should not impose a one-size-fits-all model on other countries and that it must take the different stages of development into account when calling for the deregulation and liberalisation of services.

Furthermore, the committee acknowledges **states' sovereignty** and thus their right to regulate in all areas of services including in the area of **public services**, irrespective of whether commitments have been undertaken in the framework of the General Agreement on Tariffs and Trade (GATS), provided that any such regulations are made in conformity with GATS. MEPs also encourage **compliance with environmental and quality standards** in a reasonable and objective manner, without constituting unnecessary barriers to trade.

The report also stresses that an effectively functioning internal market in services is important for the global competitiveness of EU enterprises and calls for the timely and correct implementation and transposition of Community legislation, including Directive 2006/123/EC on services in the internal market.

In terms of the **Doha Development Round**, the report recalls that Article XIX of the GATS states that ‘members shall enter into successive rounds of negotiations, beginning not later than five years from the date of entry into force of the WTO Agreement and periodically thereafter, with a view to achieving a progressively higher level of liberalisation’. MEPs recall that these negotiations take place in the framework of the single undertaking principle and that, as a result, it is necessary to ensure a balance with the interests defended in other areas of negotiation.

The report also recalls that each state is free to liberalise any service sector and stresses the need to leave developing countries a degree of freedom concerning the degree of reciprocity in opening exchanges by letting them decide on their rate of liberalisation.

MEPs encourage a quick resolution on the package of modalities on negotiations on agriculture and on Non-Agricultural Market Access (NAMA) so as to move on with the negotiations on GATS. They welcome, in this respect, the announcement of a signalling conference to advance the stalled Doha Development Round negotiations on services.

The committee encourages a clear and ambitious level of commitments in the currently negotiated and upcoming **bilateral and regional trade agreements**. It considers that trade in services is a vehicle for development provided that a solid and transparent national normative framework is put in place for services. In this regard, the committee notes the results achieved in the Economic Partnership Agreement with the Caribbean Forum of ACP States (CARIFORUM).

Lastly, the report stresses the need to deal with a certain number of **specific sectoral issues**, such as: support for the development of solid national rules for the service sector in countries such as Ethiopia, Nigeria, Kenya and Uganda; commitments among WTO members on the water distribution sector; balanced trade in cultural services, respecting the protection of intellectual property rights; assistance for the tourism sector through development cooperation and technical assistance; stronger action against counterfeiting or even the progressive opening of the financial services sector in developing countries.