Trade in services

2008/2004(INI) - 04/09/2008 - Text adopted by Parliament, single reading

The European Parliament adopted by 525 votes to 77, with 7 abstentions, a resolution on trade in services.

The own initiative report had been tabled for consideration in plenary by Syed **KAMALL** (EPP-ED, UK) on behalf of the Committee on International Trade.

The resolution recalls that services make up an increasing percentage of GDP. In 2007, the total percentage of the share of GDP in the EU25 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. MEPs are convinced that services play an important role in every economy and consider that a wider opening of access to the services market is important not only for developed countries, but also for developing countries.

Progressive and reciprocal liberalisation: drawing attention to the high level of external competitiveness of European services providers, the Parliament 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, accompanied by strict rules and sanctions to fight against corruption and monopolies, so that citizens and entrepreneurs of both parties to an agreement can have access to a wider range of services.

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 resolution 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.

Doha Development Round and GATS: MEPs recall that these negotiations take place in the framework of the single undertaking principle and, therefore, have to be balanced against interests put forward in other areas of negotiations. They consider that negotiations on trade in services must serve both the interests of the EU and the economic growth of the poorest countries. The resolution also stresses the need to allow developing countries political space regarding the level of reciprocity in the opening up of trade by enabling them to decide for themselves the depth and the speed at which liberalisation may be pursued.

Bilateral and regional agreements: the Parliament encourages a clear and ambitious level of commitments in the upcoming bilateral and regional trade agreements and stresses the importance of

including therein provisions relating to human rights and social standards. It supports specifically the agreement on the Movement of natural persons (Mode 4) in the EU-CARIFORUM agreement, considering this to be a means of avoiding the brain drain. It also calls for universal, accessible, sustainable and affordable public services with high-quality standards to be ensured for all. The resolution stresses that, when full Economic Partnership Agreements with the ACP countries are to be finalised, they could cover not only goods but also services and investment, but only if this is the wish of those countries.

With regards to the negotiation of the EU-Association of South East Asian Nations (ASEAN) Free Trade Agreement (FTA), MEPs consider that aspects of the agreement affecting public procurement, investments and services should recognise the varying level of development of ASEAN members.

Specific sectoral issues: the resolution underlines the need to deal with a certain number of specific sectoral issues, such as: the commitments of WTO members with regards to 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; strengthening the security of electronic transactions and trade and stronger action against counterfeiting; taking full account of the existence of general interest services and the potential impact of market opening on their organisation.

The European Commission is called upon to pursue a balanced package with an ambitious offer in services, especially in financial services, where the EU has competitive expertise and has strong potential for growth. The Commission must also promote better access to financial services in developing countries (micro credits, access to bank accounts, basic banking services, mortgages, leasing and factoring, insurance, pensions and local and international transfers) and encourage sound prudential regulation, the development of competitive markets and financial services education.