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22. Condemns the US's 'global gag rule' which prevents foreign NGOs that receive USAID (United States Agency for International Development) family planning funding from using their own, non-US funds to provide legal abortion services, medical counselling or abortion referrals;

23. Instructs its President to forward this resolution to the Council, the Commission, the Governments and Parliaments of the Member States, the UN Secretary-General, the Inter-Parliamentary Union, and the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD).

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## Trade in services

P6\_TA(2008)0407

### European Parliament resolution of 4 September 2008 on Trade in services (2008/2004(INI))

(2009/C 295 E/17)

*The European Parliament,*

- having regard to the General Agreement on Trade in Services (GATS) entering into force in January 1995,
- having regard to the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions, entitled 'Global Europe: Competing in the World. A contribution to the EU's Growth and Jobs Strategy' (COM(2006)0567),
- having regard to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled 'Global Europe: A stronger partnership to deliver market access for European exporters' (COM(2007)0183),
- having regard to the proposal for a Council Decision on the signature and provisional application of the Economic Partnership Agreement between the European Community and its Member States, of the one part, and the Cariforum States, of the other part (COM(2008)0155),
- having regard to the proposal for a Council Decision concluding the Economic Partnership Agreement between the European Community and its Member States, of the one part, and the Cariforum States, on the other part (COM(2008)0156),
- having regard to its resolution of 22 May 2007 on the Global Europe — External Aspects of Competitiveness <sup>(1)</sup>,
- having regard to its resolution of 19 February 2008 on the EU's Strategy to deliver market access for European companies <sup>(2)</sup>,
- having regard to its resolution of 13 December 2007 on trade and economic relations with Korea <sup>(3)</sup>,
- having regard to its resolution of 8 May 2008 on trade and economic relations with the Association of South East Asian Nations (ASEAN) <sup>(4)</sup>,
- having regard to its resolution of 4 April 2006 on the assessment of the Doha Round following the WTO Ministerial Conference in Hong Kong <sup>(5)</sup>,

<sup>(1)</sup> OJ C 102 E, 24.4.2008, p. 128.

<sup>(2)</sup> Texts Adopted, P6\_TA(2008)0053.

<sup>(3)</sup> Texts Adopted, P6\_TA(2007)0629.

<sup>(4)</sup> Texts Adopted, P6\_TA(2008)0195.

<sup>(5)</sup> OJ C 293 E, 2.12.2006, p. 155.

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- having regard to its resolution of 12 October 2006 on economic and trade relations between the EU and Mercosur with a view to the conclusion of an Interregional Association Agreement <sup>(1)</sup>,
  - having regard to its resolution of 1 June 2006 on EU-US transatlantic economic relations <sup>(2)</sup>,
  - having regard to its resolution of 13 October 2005 on prospects for trade relations between the EU and China <sup>(3)</sup>,
  - having regard to its resolution of 28 September 2006 on the EU's economic and trade relations with India <sup>(4)</sup>,
  - having regard to Rule 45 of its Rules of Procedure,
  - having regard to the report of the Committee on International Trade and the opinions of the Committee on Economic and Monetary Affairs and the Committee on Internal Market and Consumer Protection (A6-0283/2008),
- A. whereas the EU is the most competitive actor regarding trade in services; whereas the EU is the world's largest exporter and the biggest service provider with more than 28 % of the world's total exports and therefore has a strong interest in ensuring that new markets for goods, services and investments are opened,
- B. whereas the total percentage of the share of GDP in the EU 25 in 2007 was comprised of more than 75 % for the service sector; whereas the share of GDP for services in 2007 was around 78 % for North America, 52 % for Africa and 60 % for Asia,
- C. whereas trade in services so far amount to 25 % of world trade; whereas the sector has a huge potential and more jobs are created in this sector than in any other sector of the economy,
- D. whereas the development of quality employment has been accompanied by a quantitative increase in jobs; notes that it is in the services sector that the highest level of part-time employment is being created and that, for the development of this economic sector, account must be taken of the recommendations of the International Labour Organisation (ILO),
- E. whereas the multilateral trading system, embodied in the World Trade Organization (WTO), remains the most effective framework for achieving fair and equitable trade in goods and services on a global basis, by developing appropriate rules and ensuring compliance with those rules; whereas the role of the WTO with regard to the General Agreement on Trade in Services (GATS) has to take into account the different nature of the services sector which does not lend itself to quantitative measurements of its degree of liberalisation or remaining barriers to trade,
- F. whereas GATS is and must be the multilateral framework for the regulation of trade in services; whereas this does not prohibit states and notably the EU from negotiating bilateral agreements which have further reaching schedules of specific commitments, taking however into account that bilateral agreements may impact negatively on the advancement and importance of the multilateral framework,
- G. whereas an efficient services infrastructure is a precondition for economic success; whereas access to world-class services helps exporters and producers of goods and services in developing countries to capitalise on their competitive strength; whereas a number of developing countries have also been able, building on foreign investment and expertise, to advance in international services markets; whereas services liberalisation has thus become a key element of many development strategies,
- H. whereas obstacles to trade and behind-the-border barriers not only limit trade in goods but also significantly affect trade in services and public procurement,

<sup>(1)</sup> OJ C 308 E, 16.12.2006, p. 182.

<sup>(2)</sup> OJ C 298 E, 8.12.2006, p. 235.

<sup>(3)</sup> OJ C 233 E, 28.9.2006, p. 103.

<sup>(4)</sup> OJ C 306 E, 15.12.2006, p. 400.

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- I. whereas in opening up the services market a clear distinction should be made between industrialised countries and developing countries and between the individual developing countries in order to take into account different levels of development,
- J. whereas some developing countries, and in particular the least developed countries, should reinforce their governance and create efficient structures and infrastructures for enhancing trade and expanding services markets,
- K. whereas it is important that the Parliament has access, in due time, to the texts of the various negotiating mandates given to the Commission,

**General remarks**

1. Notes that international trade geared to development and poverty reduction must also contribute to social progress and quality employment; trade regulations must comply with ILO social standards; measures to combat all forms of exploitation at the workplace (prohibiting forced labour and child labour in particular), together with respect for trade union liberties, are essential for balanced trade in the interest of all; reaffirms the need to examine the interaction between trade and social issues;
2. Draws attention to the high level of external competitiveness of EU services providers; calls on the Commission to pursue, in trade negotiations, both the progressive and reciprocal opening of access to the services market and a policy of increased transparency and predictability of rules and regulations, accompanied by strict rules and sanctions to fight against corruption and monopolies, in order that citizens and entrepreneurs of both parties to an agreement can have access to a wider range of services;
3. Fully recognises the existing distinction among the different nature of services, especially the need to distinguish between commercial and non-commercial services; stresses the need for a differentiated approach in opening the markets in services of general interest;
4. Recalls that the Commission must take the different Member State interests and those of the developing countries, together with economic inequalities between categories of individuals, into account when negotiating commitment schedules;
5. Takes the view that an effectively functioning internal market in services is important for the global competitiveness of EU enterprises; stresses that the timely and correct implementation and transposition of Community legislation, including Directive 2006/123/EC on services in the internal market <sup>(1)</sup>, is important to this end;
6. Underlines that the services sector can bring many solutions to environmental problems and believes services are one of the main elements of added value in the EU's exportation of know-how; underlines that the importance of the services sector needs to be taken into account when designing a policy for sustainable development;
7. Welcomes the Commission's emphasis on ensuring that the positive effects of globalisation are passed on to consumers; stresses that, in combination with a high level of consumer protection, fair competition in services is crucial in order to ensure that consumers benefit from liberalised EU markets;
8. Is convinced that services play an important role in every economy and considers that a wider opening of access to the services market, which takes into consideration the different economic realities is therefore important not only for developed countries, but also for developing countries;
9. Emphasises the need for the EU to take into account the different degrees of development when requiring deregulation and liberalisation of services, and therefore underlines that the EU cannot and should not impose a one-size-fits-all model on other countries;

<sup>(1)</sup> OJ L 376, 29.12.2006, p. 36.

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10. Takes the view that, in order to ensure favourable results, liberalisation of a new services sector, particularly in the developing countries, must in every case be accompanied by new regulations and supervision and implementation mechanisms so as to contain the impact on the population and the environment, and to limit any abuse of a dominant position or concentration, and be phased in and accompanied by the necessary ancillary measures;

11. Is aware that the newly proposed disciplines on domestic regulation would be added in the form of an annex to the GATS requiring an amendment to the agreement; calls on the Commission to keep Parliament informed about the proceedings of the GATS Working Party on Domestic Regulation and to submit any decision about an amendment to the GATS Agreement to Parliament under the codecision procedure;

12. Acknowledges states' sovereignty and thus their right to regulate in all areas of services in particular in the area of public services, irrespective of whether commitments have been undertaken in the framework of the GATS, provided that any such regulations are made in conformity with Article VI of GATS on Domestic Regulation; believes that service markets require clear and legally unequivocal regulations in order to operate efficiently;

13. Suggests that the efficiency gains that could be obtained thanks to opening markets to services competition, when accompanied by domestic regulatory measures, could allow less developed countries to provide a greater range of services for their citizens; stresses the importance of universal accessible and sustainable services with affordable prices and high-quality standards;

14. Underlines the need for rules and standards to govern liberalisation; encourages compliance with environmental and quality standards in a reasonable and objective manner, without constituting unnecessary barriers to trade;

15. Welcomes the fact that the Commission has publicised the Community's package of offers in the current GATS negotiations; considers, however, that the Commission should discuss current developments in greater detail with Parliament and its relevant committees;

16. Points out that trade in services is in large measure a transfer of expertise between countries and that, therefore, free trade in services is an important part of any development strategy since it enables in depth know-how to be transferred swiftly and effectively;

17. Recognises that frequently some of the problems regarding fairness and transparency in the provision of services in some developing countries are brought about with the complicity of companies from developed economies;

18. Requests from the Commission a detailed overview of specific service sectors like software, film, logistics and financial services which play a crucial role in certain developing countries and which are provided and distributed worldwide; further requests from the Commission a detailed analysis of how this affects the European service market;

19. Requests from the Commission a detailed overview of substantial data mining services which are operating on a global scale; further requests from the Commission detailed information about location, operators, size and quality of service in this sector;

#### ***The Doha Development Round and GATS***

20. Recalls Article XIX of GATS stating 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; recalls that such negotiations take place in the frame of the single undertaking principle and therefore have to be balanced against interests put forward in other areas of negotiations;

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21. Recalls that the principles of GATS do not prohibit either privatisation or deregulation; underlines therefore that each state is free to liberalise any service sector; stresses that GATS schedules deal with the bound commitments of each WTO member in terms of trade in services and that each member is free to open its market beyond its GATS commitments provided that the Most Favoured Nation principle enshrined in Article II or Article V of GATS on Economic Integration is respected;

22. Recalls that the Doha Development Round must focus on development and, accordingly, that negotiations on trade in services must serve both the interests of the EU and the economic growth of the poorest countries;

23. 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;

24. Takes note of the request from developing countries to the EU and US in particular to improve offers in Mode 4; considers it necessary to find the right balance in order to satisfy both sides; requests that the Commission inform it about any changes from the original requests;

#### ***Bilateral and Regional Agreements***

25. Encourages a clear and ambitious level of commitments in the upcoming bilateral and regional trade agreements and those currently being negotiated; stresses the importance of including therein provisions relating to human rights and social standards;

26. Takes note of the results achieved in the Economic Partnership Agreement with the Caribbean Forum of ACP States (Cariforum); believes that trade in services is a vehicle for development subject to the condition that sound and transparent domestic regulations to govern services are in place; calls for universal, accessible, sustainable and affordable public services with high-quality standards to be ensured for all;

27. Notes that the investment chapter of the Cariforum EPA guarantees to foreign investors their expected benefits, as a result of commitments made under that Agreement;

28. Supports specifically the agreement on Mode 4 in the EU-Cariforum agreement; considers this to be a means of avoiding the brain drain;

29. Believes with regards to the negotiation of the EU-ASEAN Free Trade Agreement (FTA) that aspects of the agreement affecting public procurement, investments and services should recognise the varying level of development of ASEAN members and respect the right of all participants to regulate public services, particularly those relating to basic needs — this, however, should not prevent private companies filling in the gap where the state fails to provide services required by citizens;

30. Is aware with regards to the negotiation of the EU-Korea FTA about the difficulties that foreign firms face in gaining access to the Korean market for services including banking, insurance, telecommunications, news agencies and legal advice; also urges the Commission, when addressing this issue in the negotiations on the FTA, to take into account the growing concerns in the EU about the crisis-prone effects of a banking and insurance sector whose pace of liberalisation is not accompanied by sound and transparent domestic regulation;

31. Stresses with regards to the negotiation of the EU-India FTA the importance of our partnership with India and the need to get an ambitious agreement with substantial and broad commitments, with the fewest restrictions on Indian market access possible across all modes of supply. Points out that liberalisation of trade in services should be at least 90 % by both sectoral coverage and volume of trade in line with the requirement of substantial coverage under GATS Article V; Stresses that restrictions are particularly acute in financial services, securities, accountancy, telecommunications, distribution, postal and courier, and legal services;

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32. Is concerned with regards to the negotiation of an EU-Gulf Cooperation Council FTA about the level of transparency and accountability in financial services and, in particular, in the area of investments made by sovereign wealth funds;

***Specific sectoral issues***

33. Notes that no WTO member has yet made any commitments on the water distribution sector; stresses that should a such commitment be made it does not prohibit the state from setting levels of quality, safety, price or other policy objectives as they see fit, and the same regulations would apply to foreign suppliers as to local suppliers;

34. Underlines the importance of cultural services, such as the audiovisual, musical and publishing sectors for both EU industries and for our trading partners; calls on the Commission to ensure that trade in cultural services is therefore properly balanced, while respecting the protection of intellectual property rights;

35. Stresses that specifically the tourism sector contributes largely to the economy in a number of developing countries; considers it therefore vital that the EU assists through development cooperation and technical assistance;

36. Believes that, on the basis of prior established sound and transparent domestic regulation, a cautious and phased opening up of the market in financial services in developing countries may offer citizens and entrepreneurs access to funds in order to create local jobs and alleviate poverty since they are no longer forced to rely on state monopolies or institutions;

37. Considers, that, in order to increase its external competitiveness, the EU must take measures under its commercial policy to strengthen the security of electronic transactions and trade and to improve data protection;

38. Notes that services, in particular financial services, affect many fields of competence and underlines that the focus of this Resolution is on trade in services, i.e. achieving market access by the voluntary opening of markets through the request and offer method of negotiations; suggests that areas such as financial supervision, regulation and other issues dealing with different aspects of financial services should be dealt with in the appropriate forum;

39. Strongly supports the Commission's view that market access and free trade in services are an essential component of the Lisbon agenda for growth and jobs; underlines that open markets in combination with balanced and regulated free trade in services will benefit all participating countries and regions;

40. Notes that EU companies are increasingly active internationally, that global economic growth is, to a large extent, driven by third countries, and that improved market access would therefore contribute towards strengthening the EU's competitiveness;

41. Considers that trade in services is a necessary complement to trade in goods but that they should be considered as distinct from one another;

42. Considers that the service economy has become the most quantitatively important economic sector in the OECD economies and that increased trade and availability of services will increase economic growth and facilitates business growth and development, improving the performance of other industries, as services provide key intermediate inputs especially in an increasingly interlinked globalised world;

43. Recognises that achieving market access for services is a difficult process within the ongoing WTO Doha Development Agenda negotiations; calls on the Commission to pursue a balanced package with an ambitious offer in services, especially in financial services, where the EU industry has competitive expertise and has a strong potential for growth; Notes that compliance with rules and standards is necessary in order to prevent non-tariff barriers, which may be sensitive in the area of services;

44. Calls on the Commission to take full account in trade negotiations of the existence of general interest services and the potential impact of market opening on their organisation;

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45. Notes that with regard to financial services, the EU has one of the most open markets in the world, but underlines that the EU has to pursue more offensive and balanced trade in services negotiations and endorse the principles of openness, development and reciprocity;
46. Stresses the importance of financial service authorities keeping pace with all developments on the European and global financial services markets; calls on the Commission and the Member States to enhance the European regulatory frameworks, as well as to intensify the regulatory dialogue between the EU and its trading partners with the aim of reducing trade barriers;
47. Calls on the Commission to look into the 'offshore' practices of third countries which jeopardise a mutually beneficial opening up of markets;
48. Calls on Member States to work towards a more integrated and coherent trade policy with the Commission, in particular in the area of investments; points out that Member States should not overstate the risks of foreign investment, but aim for effective openness of their economies, and for a common approach in the context of sovereign wealth funds; takes note of the need to evaluate issues such as security of supply, especially concerning foreign investments in the energy sector made by state-owned entities, recalls that such evaluation cannot be used as a protectionist measure;
49. Draws the Commission's attention to the potential risks, with regard to compliance with the competition rules within the EU, due to the lack of reciprocity in the WTO agreement on public procurement;
50. Calls on the Commission to take stronger action against counterfeiting, particularly via the Internet, inter alia, by encouraging better cooperation between national administrations, and strengthening the means of observation and evaluation of counterfeiting; furthermore asks the Commission to present to Parliament and to the Council a proposal with a view to providing the Community and its Member States with qualitative and statistical data at European level on counterfeiting, particularly via the Internet;
51. Shares the Commission's strong support for multilateral trade negotiations, but notes that for trade in services, especially concerning financial services, free trade agreements may be better suited for achieving market access; considers 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;
52. Underlines that effective market access for financial services creates better opportunities for competition, transparency and diversification; notes that, in the emerging economies in particular, effective market access could lead to a stronger local financial market development for the benefit of firms wishing to establish themselves, as well as provide consumers with more choice and better products;
53. Mindful of the weak financial, administrative and institutional capacity of the ACP countries, invites the Commission to ensure respect for the internationally agreed standards for regulation and supervision in the financial services sector when negotiating and implementing trade agreements with countries that are considered to be tax havens;
54. Considers that access to financial services (micro credits, access to bank accounts, basic banking services, mortgages, leasing and factoring, insurance, pensions and local and international transfers), in particular, is necessary for individuals in developing countries to engage in basic economic activities, and therefore asks the Commission to promote better market access for financial services in developing countries and to encourage sound prudential regulation, the development of competitive markets and financial services education.

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55. Instructs its President to forward this resolution to the Council and Commission, the governments and parliaments of the Member States, the World Trade Organisation and to its member countries.
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