

Enhancing Trade in Services with Third Countries

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The European Union (EU) views the concept of consultation as an all round 'win-win situation'. This is confirmed by the fact that consultation mechanisms form part of the activities of all EU institutions throughout the whole legislative process, from policy shaping to final adoption and implementation of a measure by the legislature.

Consultation is intended, and indeed essential, to provide opportunities and fora for input from representatives of regional and local authorities, civil society organisations, undertakings, the citizens, academics and technical experts, and interested third parties in third countries.

In other words, consultation is a tool that effectively strengthens the principle of subsidiarity. Although there are advisory bodies to assist the Institutions, namely the European Economic and Social Committee (EESC) and the Committee of the Regions (CoR), wide consultation is one of the Commission's duties, and helps to ensure that proposals put to the legislature are sound and have the input of those who will be affected most. This is along the lines of Article 5 of the Treaty on European Union (TEU) which ensures that decisions are taken as closely as possible to the citizen.

One of the consultation processes being conducted by the European Commission at present revolves around the Trade in Services Agreement (TiSA) - a stand alone plurilateral agreement on trade services between the EU and currently 21 World Trade Organisation (WTO) members, namely: Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, Hong Kong, China, Iceland, Israel, Japan, the Republic of Korea, Mexico, New Zealand, Norway, Panama, Paraguay, Pakistan, Peru, Switzerland, Turkey and the USA.

The TiSA is to be based on the General Agreement on Trade in Services (GATS) and its aim is to advance the stalled multilateral negotiations carried out under the umbrella of the WTO with those countries that are willing to continue negotiations in the area of services. Following the stalemate of the 2011 Doha negotiations, the impasse was recognised by governments and this stand alone agreement is one of the proposed solutions to keep things moving in particular areas.

The European Commission is holding an online public consultation which is divided into two sections, the first one aimed at businesses and their associations, and the second part relevant for other organisations and stakeholders. The consultation, which is open till September 6, 2013, will provide the Commission with the necessary information to assist it in establishing priorities and taking decisions throughout the negotiating process.

The importance of TiSA to the EU should not be underestimated. Services constitute the single most dynamic economic activity in the EU and accounts for almost 75% of GDP and employment. Furthermore, EU companies do not only enjoy the status of being leading providers of services in a myriad of sectors, but are the largest exporters of services worldwide.

EU companies account for 26% of world total export of services and for half of all foreign investment flowing from the EU to other parts of the world. This highlights the importance of new and improved commitments from all WTO Members and makes legal security and new market access opportunities a crucial necessity for European companies and the European economy.

On the other hand, the group of countries potentially participating in the negotiations on TiSA represent around 58% of EU exports of commercial services and 59% of EU imports in the same sector. Admittedly this average is hugely influenced but the statistics relative to USA, Switzerland, Japan, Norway, Australia and Canada, which alone contribute to almost 50% of EU imports and exports.

However this should not diminish the importance of the other group of countries with which the EU either already has agreements where commitments for services could be deepened, or has no agreement including a services chapter. These countries together represent circa 22% of EU exports

and more than 20% of EU imports of commercial services, amounting to €123 billion and €90 billion respectively.

In TiSA, the European Commission is looking towards an ambitious agreement which will be comprehensive in scope, and with commitments that reflect in principle as closely as possible the autonomous level of liberalisation. TiSA should also provide new and improved market access.

Moreover, new and enhanced disciplines should be elaborated on the basis of proposals put forward by participants in areas such as domestic regulation, international maritime transport services, ICT services, e-commerce, computer related services, financial services, temporary movements of natural persons, government procurement of services, export subsidies and state-owned enterprises.

The questionnaire which constitutes the European Commission's public consultation on the TiSA can be accessed on http://trade.ec.europa.eu/consultations/index.cfm?consul_id=177.