



June 2005

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Global Services Coalitions lobby the WTO

Australia has tabled an excellent revised services offer in the WTO. And all APEC economies except Papua New Guinea have now tabled at least an initial offer. Nevertheless, the Australian Services Roundtable remains very concerned about the extent and pace of progress on services in the WTO Doha Round. mu

Our Vice President, Peter Walsh, joined in a global services coalition visit to the WTO in Geneva on 24 June to deliver the message that the current situation is unacceptable to the business community.

This was one of our last opportunities to influence the negotiations as WTO members seek to set benchmarks in all segments of the round in advance of the Hong Kong Ministerial in December.

The Australian Services Roundtable joined with the Chilean Service Coalition of Exporters, the European Services Forum, the Japan Services Network, NASSCOM and the US Coalition of Service Industries in the following media release.

Media Release

24 June 2005
(Geneva, Switzerland)

“The WTO services negotiations are in crisis, and all WTO members need to demonstrate the political will necessary to ensure that they do not fail.

This is the message from the Global Services Coalition, which includes the leading service industry associations of Australia, Chile, EU, India, Japan, the United States, and other countries. It is a message coming from the private sector in both developed and developing countries.

The deadline for WTO members to submit initial services offers passed more than two years ago, but nearly 30 WTO members, not counting the least developed countries; still have yet to submit an initial offer. The offers that have been tabled moreover – many of which have only been put forth in recent weeks – provide little new liberalization, and in many cases do not even capture existing levels of market openness. Revised offers, meanwhile, were to be submitted on May 31 of this year, an obligation met by only 9 WTO members.

There has been some progress in recent weeks. For example, several additional revised offers came in after the May 31 deadline. In addition, all but one of the APEC member economies have now



submitted at least an initial offer. However, that recent effort has not been matched in other regions.

Last year, the Global Services Coalition and its constituent organizations strongly supported the effort to get agricultural negotiations back on track because, without agriculture, there would be no Round. Unfortunately, services have not kept pace. The talks are in crisis because the politically difficult work needed in capitals to formulate meaningful services offers, is not, by and large, being done. The expected conclusion of the Round at the end of 2006 presents a daunting deadline; without significant progress by the Hong Kong Ministerial this December, the deadline will be impossible to meet.

A Round that ends with agriculture and goods agreements but no meaningful progress on services is unacceptable. Services are an integral part of the negotiations, and must be accorded the same stature, and addressed with the same negotiating intensity, as agriculture and goods. This in turn requires

a continued mobilization of political will, and the Global Services Coalition calls on WTO members to move with all haste, and mount the political effort necessary to produce more commercially meaningful services offers.

In our view, "meaningful" offers will, as a starting point, capture existing liberalization, with a view toward broadening and deepening commitments, in all modes of supply, across as many service sectors as possible.

We do not underestimate the difficulty in achieving meaningful offers. However, the opportunity for WTO members to significantly boost their trade, economic output, and employment is at stake. Last year, total world trade in services represented only 23% of the value of world trade in goods, largely because of the prevalence of barriers to international trade in services. There is thus tremendous scope for growth in services trade, and numerous studies have pointed to the welfare gains to be had from the liberalization of trade in services. A University of Michigan study, for example,

calculates that the global welfare gain from the elimination of all services barriers would be \$1.6 trillion, far greater than the potential gains from barrier reductions in agriculture and goods.

The services crisis demands bold action. WTO members must take into consideration the lack of progress in the quality of the services offers when making the "First Approximation" in July, which will be crucial to a successful Hong Kong Ministerial in December, and ultimately a WTO services agreement that opens up markets and provides new trade, investment, and employment opportunities for services suppliers worldwide. A statement noting the tabling of new offers in recent weeks and merely inviting WTO Members to continue to participate actively will not be sufficient."

**Congressmen lobby
USTR for WTO
progress on
Services**
26 Members of Congress
wrote on 24 June to USTR
Ambassador Portman



urging more attention to negotiations on services

"We are writing to encourage sharply increased U.S. emphasis on the liberalization of trade in services in the Doha Round of negotiations in the World Trade Organization (WTO). The Hong Kong ministerial meeting on WTO negotiations is now less than eight months away. Unfortunately, negotiations on services lack energy and momentum. Only half of the WTO's members have submitted initial offers, the deadline for which passed two years ago. Those offers that have been tabled provide for little new liberalization, and in many cases do not even reflect existing levels of openness. Many governments are simply not focused on services, and some countries are, at best, paying lip service to this critical component of the Round. The United States should not accept this circumstance; services are an integral part of the negotiations and should be accorded the same emphasis as agriculture and goods.

As you know, services represent 80 percent of U.S.

GDP and 80 percent of private sector employment in our country, and services liberalization offers tremendous potential gains to both the United States and our trading partners. Nonetheless, there is a seemingly low priority placed on services in the Doha Round that is both striking and disturbing. This dynamic needs to be altered immediately to get services negotiations back on track.

U.S. service suppliers supported the effort to get agricultural negotiations back in gear because, without agriculture, there would be no comprehensive round. However, negotiations in services now need the same level of attention. The Doha Round represents the first opportunity in a decade to realize multilateral liberalization across the spectrum of services sectors; it is an opportunity we must not fail to seize."

Shanghai Services Forum Report

A delegation put together by the Australian Services Roundtable joined more than 500 delegates at the Forum on World Trade in Services

held in Shanghai this month to contribute along with a range of speakers from China and around the world. In addition to our Vice President, participants included Ross Wraight, CEO of SAI Global, Professor Richard Braddock of Macquarie University and Peter Chesworth of the DITR Office of Small Business.

The Forum's major event was an all day Conference on 9 June with senior speakers drawn from the Chinese national, Shanghai provincial and city governments and representatives from commercial services companies with substantial service operations in China, especially in Shanghai.

The highlight of the Conference was the keynote address of Mr Bo Xilai, China's Minister for Trade who outlined the substantial concessions made by China in opening its service industries to world trade in the process of its accession to the WTO.

Bo Xilai also indicated that China was considering more concessions via a revised services offer in the WTO Doha Development Round.



Expectations however were somewhat dampened down later in the Conference by Mr Vi Xiozhun, Assistant Minister of Commerce, who said that it would be unlikely there would be any substantive revision in the key areas of telecommunications, banking and insurance.

Mr Bo Xilai's appearance was significant including in relation to the level of media attention he drew. His address made pages 1 and 6 respectively of the Shanghai and National English press.

Australia/China FTA Consultations

Reminder: On 11/12 July DFAT is conducting services industry consultations at the NSW State Office, Angel Place, Sydney.

Mon 11 July

9:30 – 10:30 am

Financial Services

10:45 – 11:45 am

Education/ Culture/ Arts

12:00 – 1:00 pm

Legal Services

2:00 – 3:00 pm

Professional Services/ Engineering/ Architecture

3:15 – 4:15 pm

Open Sessions and NGO's Community Consultations

4:30 – 5:30 pm

ICT

Tuesday 12 July

9:00 – 10:00 pm

Exporting SME's

1:30 – 2:30 pm

Transport/ Logistics/ Tourism

4:00 – 5:00

State Government

Consultations

Register by 1 July to

sharyn.wood@dfat.gov.au

Trans -Pacific FTA between New Zealand & Chile, Singapore & Brunei

Brunei, Chile, New Zealand and Singapore announced the conclusion of negotiations of a four way Trans-Pacific FTA at the APEC Trade Ministers meeting in Jeju, Korea, on 3 June.

The 4 countries have also negotiated a parallel Environment Cooperation Agreement and a Labour Cooperation MOU. The Agreements are expected to enter into force on 1 January 2006.

Formerly known as the Pacific Three Closer Economic Partnership, negotiations were launched by Chile, Singapore and New Zealand at the APEC Leaders Summit in 2002. The shared vision was to create a trade agreement that could be used as a model within the APEC region, and which could act as a platform for expansion. In Jeju, Brunei was accepted as a founding member of the Trans-Pacific Agreement, subject to an exchange of letters signed in JeJu setting out some conditions. In essence, Brunei will join in on completion of its market access schedule negotiations. It has also been granted specific flexibilities in light of its late entry to the negotiations and the small size of its economy – on services, government procurement and competition policy.

Importantly, this is the first FTA between four individual countries spanning the Asia-Pacific region, with all four participants being APEC member economies.

With respect to goods, the Agreement provides for comprehensive tariff elimination. There are no



Australian Services Roundtable

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quotas and very limited use of special transitional safeguards. When tariff elimination is subject to phasing, there is scope within the Agreement to accelerate reductions in the future.

With respect to services, the agreement uses a 'negative list' approach and includes an MFN clause so that each participating country will benefit automatically from any future liberalisation negotiated by the partner countries in the context of an FTA with any other trade partner. It also includes the so-called 'ratchet clause' which ensures each country automatically receives the benefit of any future unilateral liberalisation of a measure initially exempted from the Agreement.

There are also provisions to facilitate greater recognition of qualifications and professional registration regimes. Priority will be given to enhancing recognition of architects, accountants, engineers, geologists, geophysicists and planners.

The agreement has a specific 'Strategic Cooperation' chapter, establishing a platform for

mutually beneficial cooperation with a focus on innovation, research and development. Attention is given to economic, scientific, technological, educational, cultural and primary industry cooperation.

There is a commitment to negotiate on investment within two years after entry into force of the Agreement.

Chilean President to Visit Australia

President Ricardo Lagos of Chile is making the first State visit to Australia in 10 years on 14/16 July.

Australian Services Roundtable members are invited to attend the corporate luncheon at which President Lagos will present the keynote address. Luncheon is preceded by a morning forum on the Australia-Chile mining relationship and the potential for increased trade and investment flows in this important sector.

Reminder

Friday 15 July
Grand Ballroom II,
Shangri-La Hotel, Sydney
Mining Forum ; 9am to 12pm

Luncheon; 12pm for 12:30 to 2:30pm. \$110 per person or \$1500 for corporate table.

Register via
members@alabc.com.au

For more information or to join the Roundtable Contact

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