






Procedure file

Basic information		
INI - Own-initiative procedure	2008/2004(INI)	Procedure completed
Trade in services		
Subject		
2.40 Free movement of services, freedom to provide		
6.20 Common commercial policy in general		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 International Trade		26/09/2006
		PPE-DE KAMALL Syed	
	Committee for opinion	Rapporteur for opinion	Appointed
	 Economic and Monetary Affairs		15/01/2008
		ALDE SCHMIDT Olie	
	 Internal Market and Consumer Protection		31/01/2008
		ALDE BUȘOI Cristian-Silviu	
European Commission	Commission DG	Commissioner	
	Trade	MANDELSON Peter	

Key events			
17/01/2008	Committee referral announced in Parliament		
24/06/2008	Vote in committee		Summary
02/07/2008	Committee report tabled for plenary	A6-0283/2008	
03/09/2008	Debate in Parliament		
04/09/2008	Results of vote in Parliament		
04/09/2008	Decision by Parliament	T6-0407/2008	Summary
04/09/2008	End of procedure in Parliament		

Technical information	
Procedure reference	2008/2004(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	INTA/6/57997

Documentation gateway					
Committee draft report		PE405.975	06/05/2008	EP	
Committee opinion	IMCO	PE404.423	28/05/2008	EP	
Amendments tabled in committee		PE407.724	04/06/2008	EP	
Committee opinion	ECON	PE404.510	09/06/2008	EP	
Committee report tabled for plenary, single reading		A6-0283/2008	02/07/2008	EP	
Text adopted by Parliament, single reading		T6-0407/2008	04/09/2008	EP	Summary
Commission response to text adopted in plenary		SP(2008)6073	17/10/2008	EC	
Commission response to text adopted in plenary		SP(2008)6486	17/12/2008	EC	

Trade in services

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.

Trade in services

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.