

Global Services Coalition Mission to Geneva, 26-27 September 2007
Report by the HKCSI

Background

1. The Sixth Ministerial Conference of the WTO in Hong Kong in December 2005 mandated that the WTO continue to take forward the negotiations under the Doha Development Agenda (DDA) of the WTO, with a view to reaching agreement on liberalization of trade in agriculture and non-agricultural market access (NAMA, i.e. industrial goods), as well as trade in services. However, WTO negotiators failed to meet the timetable agreed in Hong Kong, with the result that the negotiations on agriculture and NAMA were stalled in 2006. In 2007, a renewed effort was made by the WTO to revive the talks on agriculture and NAMA, with a view to agreeing on “modalities” for liberalization (i.e. formulas for market access).

2. The Global Services Coalition (GSC) is an informal network of service sector organizations advocating liberalization of trade in services. While supporting a speedy conclusion to the negotiations on agriculture and NAMA, the GSC has consistently advocated a strong package of liberalization in the service sectors. The latest GSC mission, held on 26-27 September 2007 in Geneva, was to coincide with another round of the “services cluster” of meetings of the WTO. Jointly coordinated by the USCSI and the European Services Forum (ESF), the mission was led by Ambassador Sergi Marchi of the Canadian Services Coalition, who was former Ambassador of Canada to the WTO and former Chairman of the WTO General Council. Hong Kong was represented by HKCSI Secretary General Dr WK Chan.

3. There were a total of 46 participants from various service sector organizations from the following economies.

| | |
|----------------|-------------|
| Australia | Belgium |
| Brazil | Canada |
| Chinese Taipei | Denmark |
| France | Germany |
| Hong Kong | India |
| Japan | Malaysia |
| Netherlands | Switzerland |
| UK | US |

Conference structure

4. The meetings started in the morning of 26 September and ended in the afternoon of the 27th. Except for the meeting with WTO Director Pascal Lamy which took place in WTO headquarters, all meetings were held in the World Meteorological Organisation. The meetings were hosted by Ambassador Sergio Marchi and USCSI Executive Director Bob Vastine.

5. A total of nine meetings were held with senior trade negotiators, many at ambassadorial level. The meetings included the following:

| <i>Country/Organisation</i> | <i>Representative</i> |
|--|---|
| 1. WTO Council of Trade in Services and services directorate | Ambassador Fernando de Mateo, Mexico and Chair of the Special Session of the Council for Trade in Services and Mr Hamid Mamdouh, WTO Director of Services |
| 2. Brazil | Mr Ronaldo Costa, Services negotiator |
| 3. India | Ambassador Ujal Singh Bhatia |
| 4. WTO Director General | Director General Pascal Lamy, with Hamid Mamdouh |
| 5. Canada | Ambassador Don Stephenson |
| 6. EU | Ambassador Eckart Guth |
| 7. China | Zhang Liping, Counsellor for Trade in Services |
| 8. Japan | Ambassador Ichiro Fujisaki |
| 9. Argentina | Louis Niscovolos and Roberto Bosch, services negotiators |
| 10. Thailand | Mr Boonyarit Kalayanmit, Chief Negotiator for Services |

6. Besides the formal meetings, a number of side events were also held as follows.

| <i>Meeting/theme</i> | <i>Details</i> |
|-----------------------------|--|
| 1. Overview | Preparatory meeting for full delegation |
| 2. Lunch with Ambassadors | Lunch hosted by heads of GSC delegations with Ambassadors of the Enchiladas Group, including Ambassador Crawford Falconer of New Zealand, Ambassador Bruce Gosper of Australia, Ambassador Peter Allgeier, Deputy USTR, and Ambassador Manuel Teehankee of Philippines |
| 3. GSC reception and dinner | Dinner at Kempinski Hotel. Major guests of honour included Australian Ambassador Bruce Gosper, EU Ambassador Eckart Guth, and Chinese Ambassador Sun Zhunyu. |
| 4. Press conference | Press meeting with a joint statement by the GSC. |

7. After the conference, Dr Chan also met over dinner with Salina Yan, the Deputy Representative of the Hong Kong Office, and Angela Lee from Trade and Industry Department.

Key message and result

8. This GSC delegation was the most well-represented private-sector presence in the WTO, at a critical time during the WTO negotiations. The delegation was well received by the WTO secretariat (the Director General himself) and the negotiators of various countries.

9. Market access lies at the heart of the DDA negotiations. The negotiations were structured around a “triangle” of issues including agriculture, NAMA and services. However, the negotiations were dominated by agriculture and NAMA, with insufficient attention being paid to services.

10. The chairmen of the negotiating groups on agriculture and NAMA have formulated draft texts which formed the basis of negotiations over “modalities” (formulas) to be agreed in agriculture and NAMA. By contrast, the services negotiations have been falling behind. Member economies were to submit revised offers for liberalization, but few have done so and for those who have, the quality of offers was poor. Lately, the chair of the services negotiations, Ambassador Fernando de Mateo of Mexico convened a group of WTO members more involved in services, known as “Enchiladas Group”, to take forward the negotiations. Hong Kong is also a member of the Enchiladas Group.

11. After 18 months of negotiations using the new plurilateral methodology agreed in the Hong Kong ministerial, the main parameters in the services negotiations are now known: There are a critical mass of about 30 WTO members interested in a range of sectors that have been identified, e.g. financial services, tourism, engineering, architecture, etc. What is lacking is the political will from ministers to reach a deal in services.

12. Developing countries, on the other hand, wanted the private sector to help them get results from the agriculture and NAMA negotiations, as well as market access in service sectors of their interest. While many would pursue autonomous liberalization (i.e. de facto market opening without committing to the WTO), they are keen to see emergency safeguard measures built into the services text (giving them exceptions from liberalization commitments on emergency grounds) before making further commitments – an aspiration which is resisted by some GSC members.

13. Anticipating that agreement on the modalities for agriculture and NAMA might be possible, the key message of the GSC was to urge the negotiators to restore the “attention deficit” on services, to negotiate a substantive and meaningful outcome, and to formulate a realistic timetable with clear milestones for doing so. Towards that end, two specific suggestions were considered, including (a) a possible “signaling conference” on services to facilitate scheduling of liberalization offers, and (b) the WTO to start work on a draft text on services that sets a high level of ambition on the outcome of the services negotiations.

14. At the second day of the GSC meetings, on 27 September the GSC held a press conference and issued a press statement calling on ambitious results (“binding-plus”) to be delivered on the services negotiations beyond simply bindings of existing market access. The press conference was hosted by Ambassador Sergio Marchi and supported by heads of organizations from India, Hong Kong, Australia, US, Canada, Brazil, Malaysia, Taiwan, UK and Japan, and attended by editors and reporters from six media organizations. At the press conference the GSC called for a text on services to be prepared to provide a roadmap towards a successful conclusion of the services negotiations.

15. On 28 September, the WTO Services Negotiating Committee authorized the preparation of a text that would state a strong level of ambition for the services negotiations. The text would accompany any agreement on agriculture and non-agricultural market access (NAMA). As a key objective of the GSC mission, securing such a text was a major achievement of the GSC during this mission.

16. It is noteworthy that this GSC meeting was joined by two newly formed coalitions of service industries, one from Malaysia and the other from Chinese Taipei.

Looking forward

17. The best outcome would be for agreement over modalities on agriculture and NAMA to be reached by the end of the year or early next year, together with a strong text on services. This could be facilitated by a possible “mini-ministerial”. When the full package comprising agriculture, NAMA and services is ready, a ministerial conference of the WTO could then be called to close the deals. That next ministerial would be an appropriate occasion for the GSC to meet again and to continue work on strengthening substance of the services agreement.

18. However, if agreement is not reached in time, the US election would be in full swing next year and the DDA negotiations may be in danger of being “put in deep freeze”.

19. Another possibility is for a deal to be reached on agriculture and NAMA, but with a feeble text on services which is not acceptable to the more aggressive parties, e.g. the US. Whether the opposition would be strong enough to derail the overall deal remains to be seen.

20. HKCSI’s position remains that we support early conclusion of the DDA, and that the best effort should be made to preserve the result of MC6 (the “Hong Kong Declaration”). Thus we would support early conclusion of the negotiations, even if that means a “Doha-lite” package with less liberalization than we had wanted.

21. A new counterpart from Mainland China is expected to be involved in the GSC, with the impending establishment of the Trade in Services Association in Beijing. The Trade in Services Conference to be held in Shanghai at the end of November should provide a clearer indication of the Mainland service sector’s plans.

Acknowledgement

22. As with previous years, the HKCSI’s participation in the mission was part-sponsored by Cathay Pacific Airways, to which the HKCSI is grateful.

Appendices

- I. Attendance list
- II. Notes of meeting by HKCSI
- III. Press statement