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**GLOBAL SERVICES COALITION  
JOINT STATEMENT  
JULY 15, 2004**

**WTO MEMBERS MUST REDOUBLE EFFORTS TO ENSURE SUCCESS IN DOHA ROUND**

The Doha Round of global trade talks are at a critical juncture. With less than two weeks until the World Trade Organization (WTO) General Council meeting, significant obstacles remain to an agreement on a framework for agriculture. The Doha Round cannot move ahead without this framework, and WTO members absolutely must use the small amount of remaining time to forge a broad agreement.

Should negotiators be unable to adopt a framework this month, some believe that it would spell the end of the Round; at a minimum, the Round will fall into a state of inactivity for at least a year, owing to upcoming changes in the leadership of the European Commission, and the US Presidential election, among other factors. The “lost year” scenario that advocates of trade around the world have worked so hard to avoid would become a reality.

The impact of this failure will be borne by developed and developing countries alike. They will continue to be denied the benefits of further trade liberalization while the Doha Round languishes.

Progress in global trade talks hinges on agriculture, but nowhere will the effects of failure be felt more broadly than in the services sector, which comprises the bulk of economic output in both developed and developing countries.

Services liberalization promises greater economic welfare gains (\$1.2 trillion globally, according to one study) than liberalization in any other sector. Services account for 45% of GDP on average in low-income countries, and a much higher proportion in developed countries. Agriculture, by contrast, represents 25% of GDP in low income countries, and only 2% in high income countries.

Efficient, high-quality services are crucial inputs to the agricultural and manufacturing sectors. Sixty percent of foreign direct investment worldwide now flows into the services sector. However, services currently represent only about 20% of total world trade, a reflection of the relatively closed markets for services around the world. Services liberalization is the best opportunity for global economic growth.

Time is now of the essence. It is critical that all WTO members redouble their efforts to agree on a framework that will allow global trade negotiations, including those on services, to continue. The failure of the Cancun WTO Ministerial last September shook confidence in the multilateral trading system, and led to several months of drift in global trade talks until, with considerable difficulty, a concerted effort was undertaken earlier this year to re-start the Round. We once

again face the disturbing possibility that the Round will be derailed. This will be bad for world trade, for global prosperity, and for the WTO.

Australian Services Roundtable

Canadian Services Coalition

Coalition of Service Industries (U.S.)

European Services Forum

Japan Services Network

Hong Kong Coalition of Service Industries

NASSCOM (National Association of Software & Services Companies of India)