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Global Services Coalition: Doha Round Services Negotiations Must Deliver Ambitious Results

(Geneva, Switzerland) The Global Services Coalition, meeting in Geneva today, said that it could only support an outcome to the Doha Round which delivered ambitious results in services.

The Global Services Coalition is comprised of the leading service industry associations from Australia, Brazil, Canada, Barbados, EU, Hong Kong, India, Japan, Malaysia, Taiwan, the United States, and other countries. Following a series of meetings over the last two days with World Trade Organization (WTO) Director-General Pascal Lamy and with the Ambassadors to the WTO from Brazil, EU, India, the United States, and other countries, the Coalition said that the Doha Round must deliver new trade liberalization, not simply bindings of existing market access.

“The agriculture and NAMA texts have clearly provided room for the Round to move forward. That’s the good news. The bad news is that there is not yet any corresponding text for services,” said delegation leader Sergio Marchi, Chairman of the Canadian Services Coalition and a former Canadian Ambassador to the WTO. “We need to be clear: services are a full and equal component of this Round. A roadmap toward a successful conclusion of the services negotiations must be put forward, as it has in agriculture and NAMA.” The Global Services Coalition pointed out that such a text should also call for a dedicated Ministerial meeting on services, and a clear view of key Members’ liberalizing intentions.

“This Round does not end when agriculture and NAMA modalities are agreed,” added Marchi, who also served as Chair of the WTO General Council during his term in Geneva. “We have said repeatedly – here in Geneva, and in our own capitals – that absent an ambitious deal in services with substantial and commercially meaningful new market access, including and acknowledging interlinkages across the four modes of supply, the deal would be incomplete, unbalanced, and difficult to sell or support.”

Study upon study has demonstrated the importance of services to economic growth and competitiveness, and the development benefits that flow from services trade liberalization. According to a 2006 analysis,

services account for 50-60% of economic activity in most developing countries, and 70% or more in developed countries. The services sector is also creating jobs. From 1995-2005, worldwide employment in services increased from 34% to 39% of the global workforce. However, neither the vastness of the sector, nor its immense economic importance, has been adequately reflected in the negotiations.

This disparity is evident when comparing the size of the service economy with the value of services trade. While services accounts for 2/3 of world GDP, world *exports* of services were equivalent to only 5% of world GDP last year. By contrast, total world exports of goods were approximately 25% of global GDP. This imbalance can be attributed in large part to the prevalence of barriers to trade in services, barriers which are not currently being addressed with sufficient priority. At the same time, it points to the enormous potential for growth in world services trade.

"WTO members owe it to themselves, and to the multilateral trading system, to resist protectionist pressures and see this Round through to a successful conclusion, with real results for services as well as for agriculture and NAMA," said Marchi.

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