Plurilateral Trade in Services Agreement (TiSA): How it differs from the GATS and potential opportunities for LDC services providers; Emerging trends in other FTAs (e.g. TTIP).

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ESF Membership covers a large range of services sectors and Horizontal federations:

- Insurance
- Banking
- Business services: IT & Computer; consulting, advertising, after-sales services, News Agencies
- Professional services:
  - Legal services,
  - Accountants,
  - Architects,
  - Engineers, etc.
- Construction services
- Distribution services
- Postal & Express Delivery
- Audio-visual services
- Energy related services
- Environmental services
- Telecommunication services, e-commerce
- Tourism
- Maritime Transport

&

- BUSINESSEUROPE
- Confederation of Danish Industries (DI)
- Confederation of Finnish Industries (EK)
- Confederation of Swedish Enterprises (SN)
- Irish Business and Employers Confederation (IBEC)
- Confederation of French Enterprises (MEDEF)

For more information, see [www.esf.be](http://www.esf.be)
Some ESF COMPANY MEMBERS:

For more information, see www.esf.be
Some of the ESF Associations’ Members
Size of global trade – Export of goods and services

Total: 23 461 Bio

- World Exports of Goods: 18 816 (80.2%)
- World Export of Services: 4 645 (19.8%)

(including intra EU) Bio US$ - 2013

Source: WTO ITS 2014
But if we use the trade in value-added (TiVA) indicators, the share of services is 45% of the total world trade! (more than 50% in the EU countries)

Source: OECD-WTO TiVA database - 2012
THE IMPORTANCE OF THE EU IN GLOBAL SERVICES TRADE

Services Exports in Millions $US

If we take intra and extra EU together, EU export of services represent 42% of global export of services.

EU is by very far the biggest exporter of services: 24% of world export of services.

MULTILATERAL versus NEW EU BILATERAL TRADE POLICY

Only 30 Countries, not 161 WTO Members!

China
Taiwan
Saudi-Arabia
Vietnam
Ukraine
Cambodia
Russia
Kazakhstan (?)

CariForum (15) ✓
Korea ✓
Columbia ✓
Peru ✓
Central America (6) ✓
Ecuador (2014?)
Mercosur (4)?

Mexico
Chile
Euromed

• Canada ✓
• Singapore ✓
• India
• Malaysia
• Vietnam
• Japan
• USA
• Thailand
• Philippines (?)

Market access level

WTO UR (1995-1997)
DDA Offers (July 2008)
WTO Access since 2001
Old EU FTAs
US FTAs
New EU FTAs

US Parity
• Market Acc +
• Public Proc +
• Mode 4 +

Market Acc +
Public Proc. +
IPR +
BIT +
SOE +
Reg. Coop. +

DDA +
EPA

EU-China BIT

Approximation (EU law)

Multilateral
Plurilateral
Bilateral

EU-FTA

• Ukraine ✓
• Armenia, Georgia ✓,
Moldova ✓,
Egypt, Morocco, Tunisia

Only 30 Countries
WTO Members!
EU Bilateral Trade Agreements

Implemented FTA: (27)
Concluded FTA: (2)

EPAs with ACP: (64)

FTA under negotiations: (16)
“Scoping Exercise”: (2)
I. EU Bilateral Trade Agreements

EU Trade Policy: ➔ Concluded Agreements:

1. EU-Mexico (2000) (few and low services Commitments)
2. EU-Chile (2002) (modest services commitments)
3. EU-Cariforum (15 countries) (2008)
4. EU-South Korea (ratified en 2011) (current Benchmark)
5. EU-Colombia (ratified en 2012)
6. EU-Peru (ratified en 2012)
7. EU-Central America (6 countries) (ratified en 2012)
9. EU-Singapore (Political deal: December 2012, Initialled; September 2013)*
   * To be signed by the Council and ratified by the European Parliament.
10. EU-Canada CETA (Political deal: Oct. 2013 (?)*)
On-Going EU FTA negotiations:


2. EU-Malaysia FTA (started in 2010 – 7 rounds, stalled since 09/2012, elections in 06/2013, 8th round not scheduled yet; may-be in 03/2014)

3. EU-Vietnam FTA (started in 06/2012 – 7 rounds, last round: 03/2014)

4. EU-Thailand (started 03/2013, 1 round: 05/2013, 2nd round: 09/2013, 3rd round: 12/2013)

5. EU-India (TIA) (started in 2006 - elections in 2014 – stalled in 2013)

6. EU-MERCOSUR FTA (Argentina, Brazil, Uruguay, Paraguayan) (blocked)

7. EU EPAs with ACP countries (5 African regions, but nothing on services)


On-Going negotiations (2): BIG FTAs!


- TiSA (Plurilateral Trade in Services Agreement) (See below)
II. EU-US TTIP (Transatlantic Trade & Investment Partnership)

Time line of the talks =
– Mandate by the EU Council to European Commission: 14/06/2013
– First Round of negotiations: Week 8th July 2013 in Washington DC
– Third Round: 16-21 December 2013, Washington DC
– Stocktaking exercise by the leaders: 17-18 February 2014 in DC.
EU-US = IMPORTANCE OF SERVICES IN EACH ECONOMIES

EU - US : Percentage of GDP by Sector - % - 2011

- Agriculture: EU 1.8%, USA 1.1%
- Industry: EU 25%, USA 19.5%
- Services: EU 73.1%, USA 79.4%

EU exports to US: 158.8%
US Exports to EU: 196.1%

42.7%

35.5%

TRADE
- Services Exports
- All Other exports

Source: Eurostat
Bio € - 2013

Outward EU27 FDI Stocks. 2011 - Bio €

- Primary (Ag, Mining,...): 3119.8
- Manufacturing: 1245.8
- Services: 454.3

63.1%

Share of stocks held by the EU in the rest of the world, 2013

US: 34%

Share of stocks held by the rest of the world in the EU, 2013

US: 44%
A. **ESF Market Access Priorities in TTIP (1):**

1. **Negative list approach with full transparency** on the current restrictions –
   - **But** US not able or willing to deliver, so no visibility to invest or trade in US States, and EU uses hybrid approach: more complicated to read
   - **But** US Services Offer: KorUS level (2007!): 21st Century Deal???

2. **Professional services** (Accountants & Auditors, Architects, Engineers, Lawyers, etc.) in all US States
   - **But** US not willing to negotiate remaining obstacles at states’ level

3. **Maritime Transport** (international maritime services, port services, ground services, Containers’ feeder ing, dredging, ship building, etc.)
   - **But** US not willing to negotiate the most protectionist legislation ever: the Jones Act (Merchant Marine Act of 1920) !!
**ESF Market Access Priorities in TTIP (2):**

4. **Aviation Transport** (Cargo and Express courier)
   - **But** US not willing to negotiate in TTIP, but possibly in Joint Committee of Aviation Agreement that has no binding impact!

5. **Financial Services** (Remaining barriers in banking & trade in Securities; Insurance collateral, etc.)
   - EU linked this issue with Regulatory Cooperation in Financial Services.
   - **But** US Treasury refusal so far.

6. **Mobility of services suppliers** (Mode 4): Transatlantic Business Visitors Card, Quota for EU business suppliers, Expedite procedure for business visas & work permits
   - **But** US not willing to negotiate seriously on that issue before passing the “Immigration Bill” stuck in Congress

7. **Public procurement in services:** better access to the US markets at all level for all public entities
   - **But** “Buy America/n Act”, US not willing to negotiate beyond “central level”! We want GPA Plus!
B. **Regulatory Cooperation:**
- **Horizontal chapter:** all services regulators, wherever they are, should cooperate towards more efficient and less burdensome regulations.

  ➞ **But** no clear text showing that regulators at state level will cooperate with their EU colleagues regulators of the various and numerous services sectors!

  – **Financial services** must be included: 80% of global financial transactions are made by the EU & US.

  ➞ **But** US Treasury not willing to include that sector in TTIP!

C. **Rules:**

  – No local servers requirement for cross border data flows

  – Disciplines for State Own Enterprises: level playing field with private companies

D. **Investment Protection:** TTIP must provide strong investors protection, with state of the art ISDS Mechanism.
III. TRADE IN SERVICES AGREEMENT – TiSA -

24 “Real Good Friends of Services” (RGFS) in Geneva (23 + 1(28) =51
Australia, Canada, Chile, Colombia, Costa Rica, European Union (28),
Hong Kong, Israel, Japan, Liechtenstein, Mexico, New Zealand, Norway,
Pakistan, Panama, Uruguay, Paraguay, Peru, South Korea, Switzerland,
Taiwan, Turkey, and United States.

➔ Services exports to the world represented +/- 70% of global services exports.

➔ Using the GATS treaty, dock-able to it, and then when time is ripe (critical mass), the aim is to multilateralise the text and the Commitments and the additional disciplines

How to deal with new comers?

➔ China has asked to join in Sep 2013!
➔ Uruguay and Mauritius now joined, making the group up to 25.
➔ Multilateralisation of TiSA?

=> As a standalone agreement? Or in DDA?

How to deal with TiSA Dispute Settlement System?
TRADE IN SERVICES AGREEMENT – TiSA

Time line of the talks = Start on 18-19 March 2013, 12 rounds


Future Rounds = 13th: Week 6-10 July; Plus sessions scheduled in October and December

Deal? 2016?
A. Market access negotiations in TiSA

- **The Method: “The Hybrid List Approach”**
  - Scheduling of Market access commitments using a **Positive List** (list of sectors & sub-sectors open, with list of remaining barriers)
  - Scheduling using **Negative List for National Treatment** (given by default, with negotiated exceptions)

- **The Modalities:** To start the market access discussion by agreeing to table the highest level of commitment expressed by each party under its best (implemented) free trade agreement (FTA)
  - Adoption by TiSA countries of “**Minimum standards** of Market Access Commitments (e.g. Removal of all equity caps, with negotiated exceptions, etc.) to enhance the ambition on market access. (?)

- **The Offers:** First Offers: US & Japan: September 2013 –
  - EU: 4th November 2013; The EU offer is substantive and based on the EU-Korea FTA. It covers all sectors and all modes.
  - Others: between 4 & 30 Nov 2013 - Today: **21 Offers on table.**
  - Missing: Pakistan, Paraguay, Uruguay, … Mauritius
  - Revised offers? Mexico, Chile,..?
B. RULES MAKING IN TiSA

- In addition of the Market access component, TiSA countries will also adopt a new **Set of regulatory disciplines**:
  - Adoption of a Horizontal Paper on **Domestic Regulation Disciplines** (transparency, licensing procedures, etc.)
  - Adoption of disciplines on **temporary mobility of personnel** (Mode4)
  - Adoption of **Sector Specific Reference papers** or Disciplines (e.g. on Telecoms, Postal & express, Energy, Maritime transport, etc.)
  - Revision of WTO Understanding on **Financial Services** + Annexes
  - Adoption of disciplines on State Own Enterprises (SOEs)
  - Adoption of disciplines on cross border data flow (?)
  - Increased public procurement market access & disciplines (?) (GPA+?)

ITC
What is of interest to LDC? (1)

1. The world has changed since UR GATS 1995:
   a) Increase of services share in GDP
   b) Increase of services share in Global Value Chain

2. DDA has not delivered. Developed countries felt hostage of lack of progress on Ag & NAMA. Hence more FTAs, Hence TiSA.

3. DDA light in Nairobi? Last chance for negotiating role of WTO

4. What solutions for LDC?
   a) LDC Waiver = good first step. Need confirmation of Countries commitments through notifications (EU, Canada)
   b) Extension of TiSA results to LDCs = Why not?
V-A Attribution: Smiley Face

(Source: Stan Shih, Business Week International online extra, 16/5/2005)
The Role of Services

Cost Breakdown by Country

Manufacturing Costs and Invisible Assets

Invisible Assets
- Services (retail, logistics, banking, etc.)
- Intellectual Property
- Profits
- Other Unknowns
What is of interest to LDC? (2)

- BUT this (DDA light, LDC waiver, TiSA extension) is not going in any case to solve the problems of the LDC!
- LDC need to ensure that they can be an integral part of the Global Value Chain for the production of goods and services
- They need to attract Foreign companies to invest, to bring know-how and management expertise in their territories.
- To achieve this, they need to open up their market and provide legally secure environment to the investors
  - Through progressive commitments in FTA,
    - e.g. Services chapter of the EU Economic Partnership Agreements (EPA) or in AGOA. So far only focus on goods!
    - Major mistake in terms of development!
  - **In exchange of targeted technical assistance in training the services regulators**
Thank you for ATTENTION!

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