

EU statement at High-level meeting on operationalization of the LDC Services waiver, 5-6 February 2015

Statement by Ambassador Angelos Pangratis

Introduction and general comments

The EU would like to thank the CTS Chairman as well as the WTO secretariat for preparing this High-level meeting. We also express our highest appreciation of the leadership shown by the group of LDC countries in their consistent work leading up to this important event, and hence implementing the Bali ministerial decision.

We welcome the presence and active participation of the Ministers of Uganda and Bangladesh and the DG for his support.

A solid result on services is a key pillar of the DDA negotiations, and integrating LDC economies will be a vital part of its success.

The EU attaches major importance to the LDC services waiver. It can be seen as a services equivalent to the “enabling clause” for goods of the GATT that allows, for instance, the EU to maintain the “Everything But Arms” providing duty-free quota-free access in favour of the LDCs.

The indications of unilateral preferences made here today under the services waiver - by Members in a position to do so - will ensure that the Bali ministerial decision is fully implemented. They also represent an important step on the way to implement the ministerial pledge to change and improve the situation for the LDC countries.

The EU preferences will include both a significant sectoral scope, and market access in specific sectors and modes of supply. The indications - or signals - presented today, will be followed by a formal notification with a specification of these unilateral preferences, once we take a formal internal legal decision. The Council for Trade in Services, as the relevant body, will be able to monitor progress as Members will make such notifications during the coming months.



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The services waiver of 2011 and the decision on its operationalization of 2013 give Members an opportunity to revitalize the DDA-offers by including key elements as the basis for the preferences. It also allows us to select some additional elements from our most recent development oriented agreements. The EU has taken an approach that combines elements of these two sets of commitments into unilateral services preferences for the LDC countries.

In general, the EU preferences should be seen in the context of a union that has grown from 12 Member States when GATS commitments were negotiated to 28 members today, all of them also WTO members.

The preferences provided by the EU for the purpose of the waiver would include:

I. Horizontal preferences - Movement of natural persons (Mode 4)

A substantial part of the LDC requests concerns movement of natural persons. For Mode 4 the EU is prepared to offer preferences that constitute a comprehensive improvement over existing GATS commitments. These will include key elements of the improvements made in our DDA offers, such as the expansion of categories, sectoral scope and periods of stay - and benefits found in our recent preferential agreements, such as a broadening of the sectors covered by commitments.

The EU has progressively improved its DDA-offers, for example by adding new commitments for graduate trainees, doubling the period of stay for contractual services suppliers, or adding the categories of *Independent Professionals* (IPs) and *Graduate Trainees*. Further, such consolidated benefits now apply on an EU-wide basis in the enlarged Union, subject to specific limitations.

As a result, LDC services companies will for example be able to transfer management trainees to their affiliated companies in the enlarged EU, and allow them to get up to one year of experience in the EU. LDC companies with a contract to provide services - in any of approximately 30 important sectors or subsectors - will be able to send skilled professional to the EU to provide these services for up to six months at a time. Another improvement brought by the preferences will be for independent services suppliers based overseas to enter the EU for up to six months at a time to provide services to clients based in the 28 EU Member States, on specified conditions and in certain sectors.

The EU preferences would:

For intra-corporate transfers:

- Extend the period of stay for up to three years for managers and specialists, and
- Introduce the new sub-category of graduate trainees, with a 1 year period of stay, and
- Substantially expand the sectoral coverage compared to specific existing commitments.

For Business Visitors, including business visitors for establishment purposes and service sellers:

- Reconfirm the period of stay to be 90 days in any 12-month period, and
- Improve the coverage by adding individual Members States to the relevant sectors (i.e. remove relevant limitations found in GATS)

The additional preferences for the categories above would imply improvements in the majority of the 150+ subsectors covered by the EU offer.

For Contractual Service Suppliers (CSS):

- Double the period of stay from 3 to 6 months in a 12 months period, and
- Introduce a broader sectoral coverage than in both the existing GATS commitments and the DDA offers.
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These two commitments cover more than 1.000 entries in the EU's schedules for such qualified service suppliers. Of these, roughly half are full commitments (i.e. scheduling "none").

II. Preferences related to specific sectors

The collective requests cover almost all sectors used for the classification of services offers. Some requests cover a single sector while others cover more than 75 subsectors.

The EU is preparing preferences, in addition to the Mode 4 elements referred to above, within all groups of sectors identified in the LDC collective requests.

The EU is prepared to offer preferences, going beyond the extensive offers already presented as part of the DDA, in a number of sectors including for example: *Travel and tourism services including also convention services, Financial services, possibly also including payment services; Transport and logistics services; ICT and outsourcing services.*

The collective requests also cover an extensive ("catch-all") list of sectors in addition to the groups mentioned above. The EU welcomes this approach, and is *prepared to offer preferences for a majority of these*. This would imply market access and national treatments commitments, that builds on the EU's DDA offer supplemented with further improvements found in recent development oriented FTAs. Examples of this include professional services such as *auditing* and *taxation* services, business services like *real estate, design, rental and leasing services, management consulting, repair and maintenance services* and several more.

Overall the list of sectors where EU is prepared to offer preferences for market access and national treatment for LDC services suppliers is considerable. In many cases including additional specific improvements through removal of former limitations, and by extending the application of the various improved horizontal Mode 4 categories.

III. Recognition of professional qualifications etc of LDC services providers and accreditation of LDC institutions.

The collective LDC requests address a group of issues on recognition of professional qualifications and academic titles issued by LDC education institutions.

In this context, the EU will refer to the extensive existing cooperation between EU and LDC higher education institutions. Several EU Member States have pointed to how their higher education institutions are working closely together with an extensive network of LDC counter-parts. This

implies that students of either side can participate in exchange programmes. The courses they take can count - fully or partially – towards their degrees. In many cases financing of such exchange of students is also covered. One example is Sweden, which maintains a list of at least 60 education institutions in LDC countries where financing of courses is provided.

A more general example is the EU's Erasmus Mundus Master course programme which has accepted almost 1.600 students from LDC countries for master courses at universities during the years 2004-2013, making LDCs one of the larger groups of users of this specific programme.

IV. Capacity-building

Addressing the level of financing of aid is not part of the waiver itself. The waiver refers to the need for enhanced technical assistance and capacity building to help LDCs benefit from the operationalization of the waiver. It notes how this would imply making optimal use of existing aid-for-trade channels and the technical assistance and capacity building work of relevant international institutions.

The EU and Member States provide approximately 60% of global trade-related assistance (2012). The financing of capacity building takes place in the context of aid programming, in which beneficiary countries identify their own needs. The EU and its Member States are engaged in a wide range of capacity building initiatives. These cover for example strengthening the services business in general, creation of SME networks, support for specific sectors, improving the cooperation between institutions like universities etc.

The LDC collective request provides an important list of relevant issues that reflects practical challenges in doing business faced by LDC-services suppliers. The EU will not be in a position to address all issues in the context of the waiver. This is the case when a request falls outside the remits of trade in services negotiations, and concerns elements such as visa issues, taxation, and social and labour policies. For entry procedures, the EU is however prepared to engage in further information exchange. In this regard, we would like to stress that to obtain a visa to enter the EU to provide services is not subject to quantitative restrictions for LDCs.

Concluding remarks

The EU shares the view - represented by the LDCs' collective requests – that a workable waiver needs to grant preferences in a wide range of services sectors. For this reason the preferences under preparation will build on both the elements of the DDA services offer, and elements that the EU has been able to supplement in other contexts.

The preferences announced today cover market access, as set out in the waiver, but also removal of national treatment limitations. The EU believes that the extension of market access preferences to national treatment is a natural development to ensure the practical effect of preferences.

The EU contributions to the implementation of the Bali decision, as outlined above, will be followed by a notification of these unilateral preferences as foreseen in the decisions on the waiver. The EU is looking forward to continue working closely together with the LDC group in all relevant fora to improve the potential for trade in services to support development.