

Clash looms on services at WTO

By Steve Schifferes

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Rich and poor countries are heading for a fresh falling-out at the World Trade talks in Hong Kong over plans to liberalise the services sector.

Negotiations on services, which offer the biggest gains for rich countries, have been stalled for some time, and WTO boss Pascal Lamy said that they would not be the "focus" of the Hong Kong negotiations.

But now some poor countries want to revise the draft proposals - which open up markets in services - to limit their scope, while businesses involved in services are pressing the WTO to go much further.

Caroline Lucas, the UK's Green MEP who opposes further services liberalisation, says that the issue had the potential to be a deal-breaker that could wreck any hope of a development deal at Hong Kong.

It "beggars belief", she said, that the EU was trying change the rules to force liberalisation in this area while promising more help for the least developed countries.

Service limits

Meanwhile, Collins Magalasi from Malawi, the state which chairs the services sector group of the ACP (African, Caribbean and Pacific countries), said Malawi was proposing that the ACP should push for substantial changes to the current draft plan on services.

Malawi's proposal would eliminate all target dates for implementing individual plans to open service sector markets, and stop countries working together to demand service-sector openings.

Mr Magalasi said that he hoped that other developing countries would join the initiative.

The Asean countries have already tabled a similar amendment.

Teadoro Casino, a member of the Philippines delegation, said voiced concern among smaller states that the WTO's current plan "severely restricts countries' ability to assert their sovereign rights to decide which service sectors to liberalise and lays the basis for severe financial, water health, education, and other crises".

These concerns are shared by the international trade union movement.

"It is simply hypocritical that the world's richest countries, some of whom have protected their own public services from unregulated liberalisation and intend to do so in the future as well, are now pushing developing countries into opening up their services markets," said Guy Ryder, general secretary of the International Congress of Free Trade Unions (ICFTU).

Business dismay

But any proposed changes will be strongly opposed by the international business community and the European Union, both of whom feel that the existing plan on services is already too weak.

International businesses say developing countries have everything to gain by opening their markets - from more efficient services such as banking and insurance to better infrastructure such as faster delivery and shipping and more reliable telecommunications.

But they are worried that services does not seem to be getting the priority it deserves.

Laura Lane, the vice president for global public policy at US media giant Time Warner, said that she did not agree with the approach taken by Mr Lamy in postponing negotiations because "time is very short".

The Global Services Coalition, which represents leading service industries in the EU, US, Japan, India, and Australia, said that the current WTO plans are "an important starting point, but only a starting point" for services negotiations.

"A round which ends with agriculture and goods agreements but no meaningful progress on services would still be an successful round," the group said in a statement.

Time pressure

In a background briefing, EU officials said that opening out the services sector remained a key negotiating objective, and that the text was so weak already that the EU could not possibly accept any amendments which would weaken it further.

But they remained non-committal about whether the EU would offer a stronger text, saying only that they wanted to ensure that developing countries made real and substantial offers within a strict deadline.

Meanwhile David Hartridge, a former director of the WTO's services division, said that time was running out to reach any deal in services.

He said that it could already be too late to agree a services trade deal by the end of 2006, given the current wrangling and the length of time it would take to finalise deals in each sector.

If he is right, then a major element in the Doha Round of trade talks may be running into the sand, just as the other key area - agriculture - remains deadlocked.