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A Conference organised by the **European Services Forum** and the  
London School of Economics and Political Science

**“WHY SERVICES ARE CRUCIAL FOR CONCLUDING THE DOHA ROUND”**

15 October 2007 – 17:00 – 18:30

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Introduction: **Lord Vallance of Tummel**,  
Chairman of the European Services

Ladies and Gentleman,

Welcome to this seminar on the subject of “Why services are crucial to the successful conclusion of the Doha Round” – and an especial welcome to our two principal speakers, Pascal Lamy the Director-General of the World Trade Organisation, and Peter Sutherland, a former Director-General, who now has extensive business interests in the services and other sectors.

Thank you too to the LSE for joining the European Services Forum [the ESF] in organising and hosting the seminar.

For the avoidance of doubt, I am Iain Vallance, the Chairman of the ESF, which is a Brussels-based lobby comprising over 40 major services companies and 40 European service sector federations covering all the key areas of financial services, tourism, telecommunications, transport, business and professional services, distribution, and so on. Our sole purpose is the promotion of trade and we are open to any of you who would like to support our cause.

M. Lamy knows only too well where the ESF stands on the subject of the current Doha round. He has heard the case often enough [even in his earlier guise as European Trade

Commissioner]. But it bears repetition and I shall outline it very briefly to set the scene before inviting Peter and Pascal to speak.

The ESF is a fervent supporter of the WTO and of a multilateral approach to trade negotiations and, not surprisingly, we seek an early and successful conclusion to the Doha round, not least to ensure the sustainability of the multilateral system.

In our view, a successful conclusion of the round must, by definition, include significant progress on the services front, in terms both of trade liberalisation and of securing a legally secure environment for foreign direct investment.

The economic case is compelling. Services represent over 75% of the European economy [and even in developing countries this tends to be over 50%]. They are the main growth area in Europe and elsewhere and a driving force in the provision of employment.

Much progress has been made, over the years, on reducing trade barriers to exports of goods but, as of today, services lag away behind. Indeed, they make up only 20% of world trade. As a result, they clearly offer the greatest opportunities for growth and expansion in the future. The World Bank has assessed that, on a conservative basis, service sector liberalisation through the Doha round could result in global welfare gains of \$1.7 trillion – more than double the potential gains from goods and over 30 times the potential gains from agriculture.

So far as the European Union is concerned, the services sector also commands a substantial current account trade surplus. Indeed, without services, the EU's overall deficit would be twice what it now is.

And that is only part of the story. More than 60% of world foreign direct investment comes from the services sector [the majority of this from the EU] and that proportion is growing. This investment creates significant employment opportunities in developing countries and, indeed, the provision of modern financial, transport, telecommunications, distribution and professional services is also fundamental to the promotion of growth and economic development in the other sectors of goods and agriculture.

With such a compelling business case for further services liberalisation – to the benefit of developing and developed countries alike – one might have expected trade ministers to have the sector at the top of their agenda.

But, as we know only too well, the time and effort spent on agriculture, the NAMA and services has, perversely, been in inverse proportion to their economic significance. Short term, national political interests and the pre-occupations of NGOs have prevailed; so that, over the 6 years of negotiations of the Doha round, fewer than 5 hours worth of official Ministerial meetings have been devoted to services.

So far as the members of the European Services Forum is concerned, this is not an acceptable way for trade ministers to order their priorities – just as it would be quite unacceptable to us for the Doha round to conclude in a traditional compromise between agriculture and goods which left services [and thereby the bulk of the world's potential economic gains] out in the cold.

Well, that sets the scene so far as the ESF is concerned and we can now move on to our two main speakers. The “batting order” will be Peter Sutherland first, followed by Pascal Lamy, followed by your questions from the floor.

Peter, over to you....

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