

## **FTA Statement on GATS 2000 Negotiations Proposals on Distribution Services**

Meeting with European Commission on 10 December 2001

The FTA is a European federation based in Brussels that represents mainly the importing European trading sector. The members of FTA are partly national trade associations (retail and wholesale trade) and partly individual firms. Members are, amongst others, major retail companies such as Auchan, Carrefour, Metro, Otto Versand, Arcadia Group and C&A.

The FTA very much welcomes the efforts to further liberalise trade in services, as this rapidly expanding sector is contributing more to economic growth and job creation world-wide than any other sector. It is the key to the future of the world economy and is an increasingly important competitive tool for EU businesses.

### **Specific trade obstacles**

The main trade obstacles our members encounter in establishing stores and liaison offices in some countries are the following:

- too much delay in obtaining authorisations because of bureaucracy
- no long-term visas available for expatriates
- difficulties in moving the local personnel from one office to the other, from one country to the other, also for short time
- very high social taxes on wages
- difficulties in obtaining the texts of local regulations
- corruption

### **Further liberalisation in Distribution Sector is needed**

A significant proportion of foreign direct investment in trade in services has been made in the distribution sector. GATS commitments in this sector refer to commission agents services, wholesale distribution and retail trade. Only less than one third of WTO Members have made commitments regarding distribution, for the most part in both retail and wholesale services. It is necessary that all Member States take commitments in this sector.

It is most significant that a general foreign investment regime for services is developed in the framework of GATS. The protection for investment provided by the GATS now is too weak. Clear government regulations, like regulations on urban planning, easy approval of building permissions, public order in general, protection of historical sites, specific rules concerning the distribution of certain products, competition laws, no restrictions on cross-border supply and no currency control, are of the utmost importance for the distribution sector. For Mode 3, there should, therefore, be no restrictions at all, i.e. neither product exclusions nor sectoral limitations.

This strengthening of the investment rules within GATS does, however, not abandon the need to establish a multilateral framework of rules governing international investment, as proposed by the Commission.

### **Improvement of the mode of supply with regard to presence of natural persons**

The FTA urges the European Commission to take active steps to remove barriers to the temporary international mobility of personnel between WTO Member States. Whether facilitating a business visit, an international assignment or an intra-company transfer, business faces a variety of hurdles that act as non-tariff barriers to trade (e.g. complex and time-consuming procedures to obtain work permits; restriction on movement of foreign workers once in a recipient state; quantitative and qualitative restrictions such as local market tests). Therefore, agreement should be reached on transparent procedures, which facilitate compliance with necessary requirements for obtaining permission for entry. A clear set of rules for moving key personnel is indispensable for internationally operating business. These commitments should, of course, be signed by as many WTO Members as possible.

### **The work on electronic commerce should be carried out in the GATS Council**

Given the large expansion of electronic commerce, a comprehensive debate by WTO Members seems urgently needed in order to see whether and how greater legal certainty could be provided. A level of trust has to be insured between Members, sufficient to avoid any blockages of trade flows or trade distortions on the grounds of data protection.

The electronic delivery of content requires efficient supply of some telecommunications services, some computer-related services, advertising services and some payment services. These services constitute the infrastructure of e-commerce and ensure the take-off of international trade in e-commerce. If market access and national treatment are restricted on those sectors, electronic deliveries will be hampered or illegal under WTO rules.

Moreover, in order to maintain current practice, it is of the utmost importance to not impose any sort of duties on the import of services provided across borders by electronic means.