

Geneva, 1<sup>st</sup> July 2005

To Ambassadors of WTO Missions in Geneva

## Stop the GATS power play against citizens of the world!

We, the undersigned civil society organizations from around the world, wish to express our deep concerns regarding the current round of negotiations on the General Agreement on Trade in Services [GATS] of the World Trade Organization [WTO], following the effective inclusion of these negotiations as part of the 'single undertaking' through the highly criticized July 2004 Framework Agreement.

### **The forces driving GATS**

The current Doha Work Program on global trade negotiations at the WTO was to have been geared towards the critical needs and concerns of the peoples of the Global South. We have always been skeptical of that rhetoric. Today enormous pressure is being put on these countries to open up their service markets to powerful foreign-based, for-profit corporations from the industrialized countries. With only 50 countries making offers so far (counting the 25 EU member states as one), developed countries continue to demand that 40 developing countries and 32 less developed countries make offers to open up their service markets. This makes a mockery of claims that the GATS is a flexible agreement, in which countries could elect to put specific services on the negotiations table or not.

Key sectors in which developed countries are seeking further commitments from developing countries are, among other, finance, energy, environment, water, tourism, distribution and transportation services. On the one hand, these are among the service sectors where the EU and US are the home base of for-profit corporations seeking to expand their global market reach. On the other hand, these sectors represent crucial and necessary bases for the fulfillment of human rights and they provide the fundamental support services required for agricultural and industrial production.

The GATS is essentially an investment treaty. It is designed, first and foremost, to protect investor rights and extend and 'lock-in' liberalization in the service sectors of other countries for foreign-based service corporations. This is why big business lobby machines like the U.S. Coalition of Service Industries and the European Services Forum, which represent the major for-profit corporations in key service sectors, are openly pushing hard for developing countries to make commitments now. And, once these commitments are made, they are "effectively irreversible". At the same time, the capacity of developing countries to have their

own service industries operating 'competitively' in global markets is very small or non-existent, making these negotiations very one-sided.

### **Increasing pressures**

To accelerate the pressure and ensure an outcome in services negotiations, developed countries, such as the European Commission and the United States have advocated the establishment of 'benchmarks' for the GATS negotiations and are coordinating these demands through informal 'friends' groups in key sectors. Imposing benchmarks would imply that WTO members would not have any more the flexibility to decide whether to table offers and engage in commitments or not.

We especially condemn moves to reclassify telecommunications to include value-added content as a back door route to secure - commitments that governments are unwilling to make. Commitments made under the proposed new classification would deprive governments of the chance to assess the implications of these technologies and decide the appropriate form of regulation.

This erosion of the so-called flexibility in the GATS negotiations - along side the failure of industrialized countries to propose and support significant development-oriented proposals in the simultaneous agricultural negotiations and in the so-called Non Agricultural Market Access (NAMA) negotiations - exposes the gulf between the rhetoric and reality of the so-called "Doha Development Round".

### **The experience of services liberalisation**

Liberalisation commitments in services will undoubtedly have severe impacts upon national development policy options and their implementation. Contrary to the claims being made about services liberalisation:

- The "locking-in" of deregulation and market access for foreign-based service corporations through the GATS will not enhance development goals and priorities in developing countries and truly address the needs and concerns of citizens.
- Foreign direct investment in many services sectors mostly happens through multinational enterprises taking over privatized public services and existing local companies, rather than building up new enterprises;
- There is little evidence of the creation of new employment opportunities but rather retrenchments and job losses accompanying privatization;
- There is evidence that any extension of services remains limited and essentially restricted to the elite.
- When public services such as water, education and health are exposed to liberalization, the people suffer the consequences. Consider what happened

when Argentina allowed an essential service like water/waste water to be taken over by the global water giant, Suez. Argentinean's experienced rising rates, broken promises for expanded services, and the construction of a new treatment plant that dumped raw sewage into the Rio de la Plata.

- Furthermore, in addition to all the above, there is the track record of these same service providers demanding compensation for their own failures and using trade language to justify their self-serving business interests.

### **The current negotiation realities**

The WTO has ignored the repeated requests of developing countries for a comprehensive, assessment of the developmental, environmental, social and gender impacts of service liberalization before continuing with the GATS negotiations. A recent study paper by the UNCTAD secretariat questions the promised benefits of privatization and liberalization in the service sector and shows how developing countries will lose flexibility in public policy making under the GATS. Moreover, recent WTO rulings on services such as the Telmex case and the U.S. gambling case highlight the dangers of making commitments to open-up service sectors without knowing the full implications, even for countries experienced in trade matters.

The GATS regime contains other equally pernicious measures that can be used to undercut or reduce the space of governments for public policy making. The Domestic Regulation Article VI.4 of the GATS makes provisions for governments to challenge unwanted laws and regulations of another country, which may be perceived as a disguised barrier to trade. Yet, as the UNCTAD secretariat study points out, such challenges can also reduce the policy making and regulatory flexibility/security of developing countries. The right to regulate and maintain policy flexibility is essential for developing countries to ensure that their own development priorities and strategies are advanced, especially since most of them do not have optimal policy-making and institutional frameworks in place.

At the same time developing countries are hopeful of enormous gains under the Mode 4, which refers to the movement of 'natural persons' into other countries to supply services. Yet it is clear that most developed countries such as the US will not make substantial offers, particularly in relation to low and unskilled workers, due to internal political pressures. On the other hand, the potential impacts on developing countries of the loss of skilled workers in health, education or professional services have not been assessed. Nor have rich countries recognized any obligation to compensate those countries for the cost of training these professionals.

In addition to the above, the manner in which the GATS negotiations have been proceeding and the established experiences of services liberalisation-and-privatization give reason for working people to be concerned about job losses, job insecurity, curtailment of workers' rights, decline in real wages and increased

demands in labour flexibility, since the protection of labour rights and promotion of core labour standards are increasingly being viewed as 'protectionist measures or barriers to 'free trade.'

### **The demands of civil society organizations**

Civil society organizations throughout the world are concerned that trade policies should truly serve the priorities and needs of all peoples in all countries.

As trade negotiators prepare to gather once again in Geneva this summer, it is important to stress that civil society organizations around the world remain opposed both to the processes and the direction of the WTO's service negotiations.

We call upon the WTO members to stop the current push for a deeply questionable agreement that serves the expansionary interests of service corporations and will be a profound disservice to citizens around the world. We demand that

- a comprehensive independent assessment be made of the developmental, environmental, employment, social and gender impacts of the liberalization of services, in all countries, but especially in developing country economies, before proceeding any further with the current round of GATS negotiations;
- any continuation of service negotiations must be preceded by comprehensive national policy making processes involving all affected constituencies domestically and the public at large, and all requests and offers must be made fully public without delay;
- no selective 'benchmarks' or other changes in the negotiation process should be introduced which force developing countries to make precipitated commitments in specific sectors;
- no modalities in domestic regulation should be decided upon that limit the possibility of governments to introduce rules and regulations of their choice to protect their people and environment and that would put trade interests above all other interests;
- no government should submit any bilateral offers or respond to any requests while there are ongoing multilateral discussions on the framework of rules that will apply to services in areas such as Domestic Regulations, Subsidies, Government Procurement and Emergency Safeguards.

- certain services sectors must be explicitly excluded from multilateralised liberalization, especially health, education, cultural/audio-visual, social assistance, water, postal services and energy services, and in the classifications related to new technologies;
- all WTO members must be able to define service sectors that they wish to be fully excluded;
- international financial institutions like the World Bank and the International Monetary Fund must respond immediately to global civil society demands and developing country government requests for the immediate cancellation of all odious and illegitimate Third World debts, and an immediate end to the pressures on developing countries to liberalize and privatize their public services through regulatory or institutional impositions or by placing such economic policy conditions on their loans.

If negotiations do not proceed on the above terms, we call upon developing countries to seriously consider how or whether the negotiations should continue. Simply put, access to essential services and the livelihoods of millions of people in the developing world are at stake.

We welcome the opportunity to clarify these views further and would appreciate a response to this communication.

#### *Co-signators --- Organizations*

1. Ação Educativa, Brazil
2. Action, Research and Education Network of Aotearoa (ARENA), New Zealand
3. ActionAid International
4. Africa-Europe Faith Justice Network (AEFJN), Belgium
5. African Forum on Alternatives, Senegal
6. Afrika-Europa Netwerk, The Netherlands
7. Alab Katipunán, Philippines
8. Alliance for Democracy, US
9. Alliance of Progressive Labor (APL), Philippines
10. Alternative Information and Development Center, South Africa
11. Arab NGO Network for Development (ANND)
12. Articulação de Mulheres Brasileiras (AMB), Brazil
13. Associação Alternativa Terrazul, Brazil
14. Association Internationale des Techniciens Experts et Chercheurs (AITEC-IPAM), France
15. Attac Santiago de Chile, Chile
16. Attac Argentina
17. Attac Austria

18. Attac Belgium
19. Attac Denmark
20. Attac France
21. Attac Germany, Working Group on International Trade
22. Attac Hungary
23. Attac Italy
24. Attac Japan
25. Attac Luxembourg
26. Attac Netherlands
27. Attac Norway
28. Attac Québec, Canada
29. Attac Spain
30. Attac Sweden
31. Attac Switzerland
32. Australian Fair Trade and Investment Network, Australia
33. Bangladesh Jatiya Krishok Jote, Bangladesh
34. Bangladesh Jatiya Sromik Jote, Bangladesh
35. Bangladesh Krishok Federation, Bangladesh
36. Begegnungszentrum fuer aktive Gewaltlosigkeit, Austria
37. Blue Planet Project, Canada
38. Bothends, The Netherlands
39. Buendnis fuer Eine Welt /OeIE (Alliance for One World), Austria
40. Campagna per la riforma della Banca mondiale (CRBM), Italy
41. Campaign for the Welfare State, Norway
42. Canadian Auto Workers, CAW, Canada
43. Canadian Council of Professional Fish Harvesters (CCPFH)
44. Canadian Environmental Law Association (CELA)
45. Canadian Federation of Students, Canada
46. Canadian Labour Congress
47. Canadian Union of Postal Workers (CUPW)
48. Canadian Union of Public Employees (CUPE), Canada
49. Center for Reflection, Education and Action, Inc. (CREA), US
50. Center for development, education and business HUMANITAS, Bosnia and Herzegovina
51. Central Unica dos Tralhadores (CUT), Brazil
52. Centrale des syndicats du Québec (CSQ), Canada
53. Centro de Estudios Nacionales de Desarrollo Alternativo, Cenda, Chile
54. Chile Sustainable Program, Chile
55. Christian Trade Union Confederation of Belgium (ACV-CSC), Belgium
56. Citizens Trade Campaign, US
57. Combined Pensioners & Superannuants Association of NSW Inc (CPSA), Australia
58. Committee of Civil Servants Trade Unions, Hong Kong Confederation of Trade Union, Hong Kong China
59. Confederação Nacional dos Trabalhadores em Seguridade Social (CNTSS/CUT), Brazil

60. Confederation of Canadian Unions
61. Confederazione Generale Italiana del Lavoro (CGIL), Italy
62. Conference of Leaders of Religious Institutes (NSW), Australia
63. Congregation of Sisters of St. Joseph of Peace, US
64. Corporate Europe Observatory (CEO), The Netherlands
65. Cristianos por el socialismo, Spain
66. Czech-Moravian Confederation of Trade Union (CMKOS), Czech Republic
67. Dachverband entwicklungspolitischer Organisationen in Kaernten, Austria
68. Dansk Magisterforening (DM), Denmark
69. Dutch GATS-platform, The Netherlands
70. Ecologistas en Acción, Spain
71. EcoNews Africa, Kenya
72. Education International
73. El Encuentro Popular de Costa Rica
74. ENDYL - European Network of Democratic Young Left
75. Entrepobles, Spain
76. Equations, India
77. Espacio Alternativo, Spain
78. European Federation of Public Service Unions (EPSU)
79. Fédération Générale du Travail de Belgique (FTGB), Belgium
80. Food and Environmental Hygiene Department Foremen Grade Staff General Union, Hong Kong China
81. Food First/Institute for Food and Development Policy, US
82. Fórum Brasileiro de ONG's e Movimentos Sociais para o Meio Ambiente e Desenvolvimento (FBOMS), Brazil
83. Forum za Levico (Forum on the Left), Slovenia
84. Forward Aid
85. French Network of Elected Officials against GATS, France
86. Frente Nacional de los Trabajadores (FTN), Nicaragua
87. Friends of the Earth Canada
88. Friends of the Earth United States, US
89. Fundacion Sociedades Sustentables, Chile
90. GATS-Free Local Governments, France
91. Gender and Trade Network for Africa
92. Gewerkschaft, Erziehung und Wissenschaft (GEW - Trade Union of education), Germany
93. Global Exchange, US
94. Government Employees Solidarity Union, Hong Kong China
95. Government Mod 1 Staff General Union, Hong Kong China
96. Greenpeace International
97. Hong Kong and Kowloon Life Guard's Union, Hong Kong China
98. Hong Kong People's Alliance, Hong Kong
99. Hospital Authority Employees General Union, Hong Kong China
100. Initiative Colibri, Germany
101. Initiative for Democratic Education In the Americas (IDEA)
102. Institute for Agriculture and Trade Policy, US

103. Institute for Economic Relocalisation, France
104. Institute for Global Justice (IGJ), Indonesia
105. Instituto Brasileiro de Analisis Sociais e Economicas (IBASE),  
Brazil
106. Instituto de Ecologia Politica, Chile
107. Instituto de Estudos Sócio-Econômicos (INESC), Brazil
108. Instituto Eqüit, Brazil
109. Instituto Políticas Alternativas para o Cone Sul (PACS), Brazil
110. Instituto Brasileiro de Defesa do Consumidor (IDEC), Brazil
111. International Federation of Building and Wood Workers (IFBWW)
112. International Forum on Globalisation, US
113. International Gender and Trade Network (IGTN)
114. International Metal Workers Federation (IMF)
115. International Transport Workers Federation
116. International Union of Food, Agriculture, Hotel, Restaurant,  
Catering, Tobacco and Allied Workers Associations (IUF)
117. Journal for Critical Education Policy Studies, UK
118. Karmojibi Nari, Bangladesh
119. Korean Confederation of Trade Unions, Korea
120. KPMP - Congress of Workers' Unity, Philippines
121. Liquor, Hospitality & Miscellaneous Union (LHMU), Australia
122. LOKOJ Institute, Dhaka, Bangladesh
123. Maan ystävät - Friends of the Earth Finland
124. Medical Mission Sisters
125. Migrants Rights International (MRI)
126. Minnesota Water Alliance, US
127. Mondiaal Platform Asten, The Netherlands
128. Monitoring Sustainability of Globalisation (MSN), Malaysia
129. National Union of public and General Employees (NUPGE),  
Canada
130. NetAct, Australia
131. Network in Solidarity with the People of Guatemala (NISGUA), US
132. Norwegian Latin-American Solidarity Comitee, Norway
133. Norwegian Trade Campaign, Norway
134. Norwegian Union of Municipal and General Employees (NUMGE),  
Norway
135. Nucleo Amigos da Terra, Brazil
136. Observatorio de la Deuda en la Globalización, Spain
137. Oxfam Solidarity, Belgium
138. Plataforma por la Defensa de los Servicios Públicos-Madrid, Spain
139. Polaris Institute, Canada
140. Public Citizen's Global Trade Watch, US
141. Public Services International (PSI)
142. Red Mexicana de Acción frente al Libre Comercio (RMALC),  
Mexico
143. Red Nacional de Accion Ecologica, Chile

144. Rede Brasil sobre Instituições Financeiras Multilaterais, Brazil
145. Rede Brasileira Pela Integração dos Povos (REBRIP), Brazil
146. Sempre Viva Organização Feminista (SOF), Brazil
147. Sierra Club, Canada
148. Sierra Club, US
149. Sindicato de Eletricários do Ceará (SINDELETRO), Brazil
150. Sisters of Charity Advocacy Network, Australia
151. Solidariedade e Educação (FASE), Brazil
152. Somo - Centre for Research on Multinational Corporations, The Netherlands
153. SOS Corpo - Instituto Feminista para a Democracia, Brazil
154. South African Municipal Workers Union (SAMWU), South Africa
155. Southern and Eastern African Trade and Information Negotiations Institute (SEATINI)
156. Suedwind, Austria
157. Sungi Development Foundation, Pakistan
158. Sustainable South Cone Programm (PCSS)
159. Swisscoalition, Switzerland
160. Terra de Direitos, Brazil
161. The Association of Government Technical and Survey Officers, Hong Kong China
162. The Association of Staff in Tertiary Education - Te Hau Takitini O Aotearoa, New Zealand
163. The Berne Declaration, Switzerland
164. The Council of Canadians, Canada
165. The Development Fund Norway
166. The Global Network
167. The Greens in Norway, Norway
168. The Hunger Project, India
169. The Institute for Education Policy Studies, UK
170. The National Union of Students in Austria (OeH), Austria
171. The Oakland Institute, US
172. Third World Network, Malaysia
173. Transnational Institute, Netherlands
174. Transport and General Workers Union, UK
175. Sustainable Agriculture Action Group (SAAG), Pakistan
176. Unidad Civica por la Republica, Spain
177. Union of Hong Kong Post Office Employees, Hong Kong China
178. Union of White-collar, Technical and Executive Employees (BBTK SETCA), Belgium
179. Unione Italiana del Lavoro (UIL), Italy
180. UNISON - The public service union in the UK
181. Unité de Recherche, de Formation et d'Information sur la Globalisation (URFIG), France
182. UnitingCare NSW.ACT, Australia
183. Vedegylet, Protect the Future, Hungary

184. War on Want, UK
185. Water Movement Norway
186. Wemos Foundation, The Netherlands
187. Wervel, Belgium
188. Women in Development Europe (WIDE)
189. Women's International League for Peace and Freedom (WILPF),  
UK
190. World Development Movement, UK
191. World Economy, Ecology & Development (WEED), Germany
192. World Forum of Fish Harvesters and Fishworkers (WFF)
193. World Forum of Fisher Peoples (WFFP)
194. WTO Watch Group (WWG), Pakistan
195. WTO Watch Qld, Australia
196. Xarxa de Consum Solidari, Spain
197. XminusY Solidarity Fund, The Netherlands
198. 11.11.11- Coalition of the Flemish North-South Movement, Belgium

This letter was sent to the Heads of Delegations, the Chair of the Services negotiations, the Chair of the General Council and to Dr. Supachai Panitchpakdi, WTO Director General.