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Committee on Economic and Monetary Affairs

2005/2247(INI)

20.2.2006

OPINION

of the Committee on Economic and Monetary Affairs

for the Committee on International Trade

on Results of the Sixth Ministerial Conference of the World Trade
Organisation WTO in Hong Kong
(2005/2247(INI))

Draftswoman: Margarita Starkevičiūtė

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SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on International Trade, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Encourages the Commission to intensify its efforts to achieve progress in WTO negotiations, bearing in mind their multi-sectoral character; regrets that political attention within the EU on WTO negotiations has tended to focus on agricultural and textile production and has somehow ignored the far more significant economic potential of commercial services, including financial services and Trade Related Aspects of Intellectual Property Rights;
2. Points out that poor access to finance, including a wide range of innovative financial products, hinders the economic growth of developing countries; in this regard, recalls that EU countries cannot bring to fruition the enormous potential of financial services; reiterates the importance of technical and administrative cooperation between European and developing countries' administrations in order to improve the quality of local legal and regulatory frameworks, in particular where financial services are concerned;
3. Notes that a fair balance should be struck between the profits and losses resulting from WTO Agreement;
4. Notes that the advance knowledge to others of relatively fixed EU negotiating positions can lead to disadvantages in negotiation, and that strategies to tackle this disadvantage should be investigated;
5. Considers that trade in financial services, as in other services, should be supported by strong GATS scheduled commitments pertaining to the cross-border supply of goods, consumption, commercial presence, and movement of natural persons of a foreign country; the Hong Kong Ministerial Declaration provides a roadmap for achieving significant progress in financial services liberalisation; the following commitments should be sought by WTO members: (i) full market access in Mode 1 means that suppliers and consumers of capital-market related services are allowed to transact business on a cross-border basis, free from quantitative restrictions, economic needs testing, or discrimination based on nationality, (ii) in Mode 2 members should ensure their consumers can travel outside their territories to obtain capital-market related services, (iii) in Mode 3 foreign service suppliers should be able to establish and operate enterprises in other members' territory, free from quantitative restrictions, economic needs testing, restrictions on corporate form, limits or caps on foreign ownership, and measures that discriminate on the grounds of nationality, (iv) in Mode 4 members should commit themselves to ensure that all measures relating to financial services are accepted and applied in a fair, non-discriminatory, transparent and efficient manner; concludes that financial supervision and banking systems in developing countries need to be strengthened in order to avoid financial crises in the future;
6. Welcomes the opportunity afforded by the WTO Doha Development Round to eliminate barriers to business, to improve regulatory transparency, and to increase legal security through the adoption of regulations on a par with EU standards;

7. Applauds the Declaration's commitment to the elimination of non-tariff barriers; stresses that these are an important source of distortion in international trade and therefore calls for an increased focus on their removal, in particular within the scope of NAMA negotiations;
8. Reaffirms the importance of multilateral recognition of financial markets' regulatory standards, in the context of which mutual recognition of, and compliance with, international accounting standards and rules on capital requirements between the EU and the USA are of paramount importance;
9. Advocates the use of Model Schedules to assist WTO members when scheduling their commitments on financial services, in order to achieve the most effective commercial impact possible and boost economic growth and job creation in both developed and developing countries; that include an assessment of the regulatory framework, e.g. the Financial Sector Assessment Programme of the IMF, of the countries to whom the request is addressed; Notes the increasing relevance of cross-border mergers and acquisitions in international economic relations; recognises the decisive role, in this respect, of corporate governance rules and therefore calls for corporate governance to warrant greater attention in WTO negotiating rounds; Notes the potentially trade-distorting effect of inadequate competition frameworks in individual countries; calls for strong WTO vigilance towards abuses of dominant market positions and collusive behaviour;
10. Acknowledges that developing countries might need to have a sufficiently flexible framework to accommodate the phasing-in of regulations during transitional periods; believes, however, that such measures should not be used as a means of protecting a country from global competition;
11. Respects the time and pace that developing countries need to open up their financial markets;
12. Notes that countries may adopt measures for prudential reasons, including for the protection of investors, depositors, policy holders and for the preservation of the integrity and stability of the financial system;
13. Emphasises the progress reached when examining the relationship between trade, debt and finance and calls upon the European Commission to incorporate in its multilateral and bilateral requests to its WTO trading partners new and improved GATS commitments in financial services, in order to ensure that trade liberalisation, particularly where financial services are concerned, is mutually beneficial to the involved parties;
14. Highlights that recent experiences have shown that liberalisation of capital movements should not come before the opening up of banking sectors to foreign competition and the reforming of supervisory systems. This argument should be taken into account when setting the deadlines for implementation of liberalisation measures.

PROCEDURE

Title	Results of the Sixth Ministerial Conference of the World Trade Organisation WTO in Hong Kong
Procedure number	2005/2247(INI)
Committee responsible	INTA
Opinion by Date announced in plenary	ECON 2.2.2006
Enhanced cooperation – date announced in plenary	
Drafts(wo)man Date appointed	Margarita Starkevičiūtė 13.12.2005
Previous drafts(wo)man	
Discussed in committee	13.2.2006 20.2.2006
Date adopted	20.2.2006
Result of final vote	+ : 27 – : 2 0 : 0
Members present for the final vote	Zsolt László Becsey, Pervenche Berès, Sharon Bowles, Udo Bullmann, Ieke van den Burg, David Casa, José Manuel García-Margallo y Marfil, Jean-Paul Gauzès, Robert Goebbels, Gunnar Hökmark, Karsten Friedrich Hoppenstedt, Sophia in 't Veld, Wolf Klinz, Guntars Krasts, Joseph Muscat, Astrid Lulling, Cristobal Montoro Romero, John Purvis, Karin Riis-Jørgensen, Dariusz Rosati, Peter Skinner, Margarita Starkevičiūtė, Ivo Strejček, Sahra Wagenknecht
Substitute(s) present for the final vote	Harald Ettl, Klaus-Heiner Lehne, Thomas Mann, Diamanto Manolakou, Corien Wortmann-Kool
Substitute(s) under Rule 178(2) present for the final vote	
Comments (available in one language only)	