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European Voice

TRADE Public services

Commission wants to include public services in trade negotiations

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To boost external trade opportunities, the European Commission is seeking to make changes within the member states that would open up certain public services to private competition. In a confidential paper seen by *European Voice*, the Commission proposes to dilute the current protection provided by a blanket exclusion of public services – such as healthcare or energy – from trade talks. Instead, it envisages narrower exemptions.

The Commission's primary aim is to force trading partners to let European companies bid for public-service contracts. But commitments to open up public services to competition will also apply to member states. In support of the concept, the Commission cites the EU's "important offensive interests in certain privatised public utilities/services, notably in telecommunications, postal, and energy".

According to the Commission's paper, the current horizontal exclusion has become "difficult to maintain" because there is no commonly accepted definition of 'public services'. The exclu-

sion is based on language agreed on under the General Agreement on Trade in Services (GATS), which entered into force in 1995, but whose further evolution has been in dispute for years. The Commission's paper mentions not only services that have been liberalised under EU directives but also some that have not, including healthcare, social services and water.

Protection v liberalisation

The paper also argues that the current blanket exclusion of public services from trade talks has allowed trading partners to maintain greater protection in areas where the EU member states have already liberalised. The issue has become topical in the current trade negotiations with Canada (see below). The European Commission has asked Canada to include its municipal water utilities in the negotiating chapter on public procurement, which would in principle open them up to competition from private European providers.

Member states' trade diplomats were scheduled to have a first exchange of views on the paper yesterday (11 May).

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