

# The Office of the United States Trade Representative

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## Free Trade in Services: Opening Dynamic New Markets, Supporting Good Jobs

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### Services Trade Benefits Americans

- Services - such as accounting, finance, insurance, education, medicine, engineering, travel, tourism, construction, express delivery, advertising, retailing, telecommunications, computer services, environmental services - accounts for approximately 75 percent of total output in the United States.
- In 2004, U.S. exports of services totaled \$340 billion, nearly doubling over the past 10 years and contributing to a services trade surplus of more than \$48 billion. U.S. services account for approximately 30 percent of the value of America's exports.
- Service industries account for 8 out of every 10 jobs in the United States, and provide more new jobs than the rest of the U.S. economy combined. Over the past two decades, the services sector has added almost 40 million employees across the full range of services: doctors, nurses, lawyers, bankers, insurance adjusters, software engineers, tour operators, teachers, and many other professions.

### Services Trade Benefits Developing Countries

- Services liberalization enhances the gains from liberalization in goods and agriculture by making the infrastructure of modern economies - express delivery services, reliable communications, financial services, transportation services and others - more widely available.
- For poor countries, services trade offers innovative opportunities to jump-start growth and development, and to tackle endemic poverty. Services promise poorer countries a chance to leap over the industrial revolution and directly enter the information revolution.
- The World Bank has reported that services typically account for around 54 percent of GDP in developing countries, and that services are the fastest growing sector in many of the least-developed economies.

### The U.S. Approach to Services Negotiations

- The United States is seeking broad removal of foreign barriers in sectors such as financial services, legal services, telecommunications, express delivery and logistics, energy services, higher education, and environmental services. In line with WTO rules, the U.S. requests of foreign countries are mindful of all countries' desire to protect consumers, the environment, and other vital domestic interests.
- In previous rounds of negotiations under the General Agreement on Trade in Services (GATS), the United States made commitments in services well beyond those of most nations. America's WTO partners have asked the U.S. to continue this trend with additional market opening measures. The U.S. intends to do so - but others simply must make real progress toward our current levels of openness.
- The revised U.S. offer improves upon a robust set of existing commitments by offering new or enhanced commitments in a number of important sectors. At the same time, the U.S.

offer responds to requests from our trading partners to extend our commitments to areas where autonomous liberalization has taken place, to make improved commitments in sectors like logistics, professional services, and translation services, and where appropriate, to clarify the scope of our existing commitments by providing direct references to the United Nations Provisional Central Product Classification (UNCPC).

- We understand that developing countries have made new temporary entry commitments from the United States a major issue in the negotiations. However, it's hard to understand the urgency of the developing country request with respect to the United States, since our existing temp entry commitments are among the most generous of all WTO Members in terms of entry categories covered and the fact that they apply to all services sectors where we have commitments. Only a handful of developed countries have comparable Mode 4 commitments.
- The United States has nonetheless responded to numerous requests to provide greater transparency concerning U.S. policies and procedures for the temporary entry and stay of foreign service suppliers by offering to establish a single Internet-based information resource. We believe this should facilitate the ability of US and foreign service suppliers to gain access to the US temp entry regime.

### **What the U.S. is NOT Offering**

- Government Monopolies Supplying Services: The U.S. offer applies only to services open to private sector participants and does not in any way involve privatization or deregulation of any service sector.
- Regulatory Interests: The United States and sub-federal governments will continue to be able to establish, maintain, and fully enforce domestic laws protecting consumers, health, safety, and the environment, whether in the areas of healthcare, education, energy, or any other service.
- U.S. Citizen- and Minority-Specified Programs: The offer does not require changes to federal and sub-federal assistance programs that are available only to U.S. citizens or U.S.-owned companies, such as Small Business Administration loans, Overseas Private Insurance Corporation (OPIC) insurance, Trade and Development Agency financing, and other programs.
- Non-Interference with U.S. Education Institutions: Nothing in the offer will interfere with the ability of individual U.S. education institutions to maintain autonomy in admissions policies, setting tuition rates, and developing curricula or course content. The offer does not apply to public elementary or secondary schools, or to public funding. The United States has no intention to promote the privatization of public educational institutions.
- Water Distribution: The GATS does not require privatization or deregulation of any public service, including water supply or distribution services. Privatization and deregulation of water supply and distribution services is not being discussed in the negotiations. In addition, the U.S. offer does not include water supply or distribution services.
- Energy: The GATS does not address mining, production of energy, or ownership of natural resources as these are not services. The U.S. offer addresses only services provided to producers of energy resources, such as various field services that support the extraction of oil.