



Trade Facts

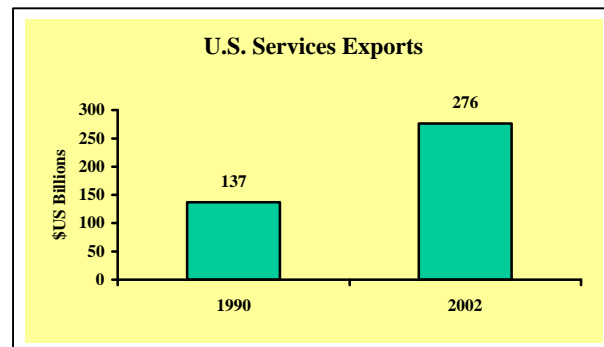
Office of the United States Trade Representative
Washington, DC 20508

www.ustr.gov

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

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 64 percent of total output in the United States.
- In 2002, U.S. exports of commercial services totaled \$276 billion, doubling since 1990 and contributing to a commercial services trade surplus of more than \$58 billion. U.S. services account for approximately 28 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, pilots, 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, the 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, energy services, healthcare, higher education, and environmental services. In line with WTO rules, the U.S. requests of

foreign countries are mindful of other countries' desire to protect consumers, the environment, and other vital domestic interests. The U.S. offer is the result of a detailed consultation process with state and local governments and regulatory authorities in the United States.

- In previous rounds of negotiations on 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 – if others are willing to catch up to our current levels of openness.
- The U.S. services offer is part of a long-term process of expanding choice and opportunity for U.S. consumers of commercially important services. The offer addresses some of the requests of trading partners by incorporating new liberalization, filling gaps in the current U.S. schedule, expanding our current GATS commitments, and offering to undertake new regulatory disciplines if others do the same. Highlights of the U.S. offer:
 - *Insurance*: The U.S. offer demonstrates the willingness of the U.S. to build on its already substantial GATS commitments for insurance. The U.S. offer provides more expansive access for insurance brokers and agents. Foreign brokers are offered broader access to handle large U.S. contracts. In addition, the U.S. offer build on existing entry rights for insurance branches.
 - *Banking and Other Financial Sectors*: Reduces registration requirements that may discriminate against foreign-owned banks and establishes a framework for financial modernization so that non-U.S. entities can provide a variety of competitive financial services.
 - *Telecommunications and Information Services*: Allows foreign ownership of cable television networks and allows non-U.S. satellite companies to broadcast directly to American viewers. Expanded ability for foreign companies to provide information services, such as Internet access, directly to U.S. customers.
 - *Environmental Services*: The U.S. proposes to enhance U.S. environmental services commitments by reflecting today's focus on pollution prevention services, and emphasizing the importance of further liberalization in this area.
 - *Energy Services*: The U.S. is proposing to offer foreign companies market access for services incidental to mining and energy distribution, and new commitments for pipeline storage of fuels, storage and warehouse services, bulk storage of liquids and gases, and some technical testing and analysis services. The U.S. offer does not contain any commitments on production of energy, mining, or ownership of energy resources.
 - *Express Delivery*: New commitments to provide access to the U.S. market and give equal treatment to foreign-owned express delivery providers. U.S. companies are extremely competitive in these activities worldwide.

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 give foreign service suppliers the right to acquire or invest in government monopolies supplying services. For example, the U.S. offer proposes no commitments in the monopoly area of the U.S. Postal Service and would in no way privatize any aspect of U.S. postal activity.

- *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.
- *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. There is no intention to promote the privatization of public educational institutions.
- *No Privatization or Deregulation of Water Distribution:* The GATS does not require privatization or deregulation of any public service, including water supply or distribution services. The U.S. offer does not include water supply or distribution. GATS is not the appropriate vehicle for pursuing privatization of U.S. public services.