THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

March 12, 2013

President of the United States of America
The White House
Washington, DC 20500

Dear Mr. President,

The U.S. services sector is vital to the U.S. economy, employing around 80 percent of private sector employees and producing around 80 percent of total U.S. output each year. Services trade substantially improves the U.S. balance of trade, with the United States consistently maintaining a trade surplus in services.

Yet for many years, efforts to open markets to services exports have lagged efforts to open markets for goods exports. America's current level of about $600 billion in cross-border services exports is only a small fraction of total U.S. services output. If services exports were to rise to the same level as manufactured goods exports, U.S. services exports would total almost three trillion dollars and provide millions of additional, high-paying U.S. jobs. An increase in services exports would also enhance manufacturing and agricultural exports, since many services promote broader economic growth and help enable and make more efficient other business activity.

The United States has already very substantially liberalized its services sector. In contrast, many U.S. services providers face significant non-tariff barriers around the world. The International Services Agreement (ISA) negotiations that are about to begin in Geneva represent a critical opportunity to level the playing field and ensure a more efficient global market for U.S. services. Thus far, twenty other WTO members plan to join the ISA, representing two-thirds of global services trade. These include both important developing economies, such as Turkey, Pakistan, Mexico, and Colombia, and most developed economies. The ISA should remain open to any additional WTO member that is willing to meet the high standards expected for the agreement.

The PEC urges the Administration to continue to push forward on an ambitious ISA, with commitments made in all sectors and covering all modes of delivery. Among the many critical market access barriers that the ISA should address are restrictions on cross-border supply of services, forced localization measures, data flow restrictions, unfair competition from state-owned and state-supported enterprises, foreign equity restrictions and forced joint ventures, and many other behind-the-border measures, such as discriminatory licensing regimes and inadequate regulatory coherence and transparency. This will require both improving upon the disciplines in the WTO General Agreement on Trade in Services (GATS) and going beyond the GATS with new and improved rules, including coverage of new and future services.

An ambitious ISA resulting in significant new market access opportunities would provide a substantial advance in the global trading system while building upon existing regional and bilateral agreements. Such a bold step will benefit the U.S. economy and create U.S. jobs while ensuring all service providers receive equal treatment in national markets. [i]

Sincerely,

Jim McNerney

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[i] Please note this letter was prepared by the private sector appointed members of the PEC.