



Remarks by Ambassador Ron Kirk to Coalition of Service Industries 2010 Global Services Summit

Ambassador Ron Kirk, United States Trade Representative

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"Thank you, Bill, for that kind introduction and for your leadership of the Coalition of Service Industries. We are all grateful for CSI's dedication to keeping services among the top items on the trade agenda.

"Good morning, friends, colleagues, and distinguished guests. I am honored and humbled to address such an impressive audience.

"Let me first recognize my colleagues, government ministers who are here this morning – we have Minister Sharma from India, Minister Ferrari from Mexico, Minister Mustapa from Malaysia, Minister Groser from New Zealand, Lord Brittan from the United Kingdom, and our new colleague, Minister Emerson from Australia. And I know many of our other distinguished colleagues will be joining you later today. I want to say thank you to all of my fellow ministers for ongoing contributions to our sustained dialogue on trade in services.

"We will also have leaders from the U.S. Congress here. To Chairman Levin and Ranking Member Camp, and the Congressional Services Caucus – thank you for helping the Obama Administration craft trade policy that creates job opportunities and ensures a level playing field for hard-working Americans in every economic sector, including services.

"And to members of the Global Services Coalition – thank you for your daily work to build strong businesses, serve customers, and keep employees on the job around the world.

"It's good to be back for the second Global Services Summit. The attendance of so many important stakeholders reflects the reality that services must be part of any serious trade discussion these days. Overlapping and complementary services networks are like stitches in the fabric of the global economy – holding everything together, providing stability and flexibility at the same time.

"Financial services like banking and insurance help businesses and entrepreneurs obtain the capital to grow, and offer security in case of unforeseen events.

"Logistics and express delivery services connect people, places, and things from every corner of the globe.

"Information and communications services drive the expansion of knowledge and accelerate the global flow of commerce and ideas.

"We know how services fuel economic growth, development, and job creation. But not too long ago, services were not given their due in trade policy creation. In fact, trade in services was once actually called "invisibles trade" by international economists. Thank goodness times have changed.

"As part of President Obama's fresh approach to trade policy, USTR has consistently called on all our trading partners to recognize the significant role of services.

"The global marketplace is changing rapidly. Policymakers must keep up with – and anticipate – the needs of services industries, or run the risk of actually creating trade policies that hinder economic growth and job creation.

"Here in the United States, trade policy, including services, is a central component of President Obama's overall strategy to jumpstart job creation and to lay the foundation for a future of U.S. economic growth fueled more by what we produce and sell, and less by what we buy and consume.

"I want to share three numbers that inform our services trade perspective:

"Eight out of ten. That's how many U.S. jobs are in the services sector. Services account for the largest share of employment in every U.S. congressional district, with jobs that pay salaries averaging total annual compensation of more than \$55,000. Some of those jobs already involve selling services to customers overseas, and many more will in the future. Furthermore, services like information technology and logistics and express delivery support jobs in other sectors of the economy as well. Services like these enable our farmers, ranchers, and manufacturers to grow and build better products and get them to overseas markets more efficiently.

"Ninety-five percent. That's how many of the world's consumers live beyond U.S. borders. So it's easy to see why we need to open up markets and create opportunities for American service providers – and U.S. farmers, ranchers and manufacturers – to sell more to customers overseas.

"\$132 Billion. That's the services trade surplus the United States had last year, when foreign customers bought over \$500 billion worth of American services from finance and insurance to energy and the environment. American service providers are industry leaders in everything from legal services to supply chain logistics. And I'll throw in another vital stat, for good measure: service providers make up 70 percent of U.S. GDP, but only 30 percent of U.S. exports. So we have enormous room to grow our services trade surplus.

"Services have to be high on our agenda as we work to double U.S. exports over the next five years and support up to two million additional American jobs.

"In creating the National Export Initiative, President Obama called for a special focus on helping America's small- and medium-sized businesses export more. Right now only one out of every 100 small businesses in the U.S. export. But we know those that do tend to grow faster and hire more people. Helping more small businesses sell abroad creates jobs more quickly here at home – it's that simple.

"But we need robust trade in services to make that happen. Because small businesses depend on communications, information, transportation, distribution and financial networks to make the leap from local to global markets.

"We'll learn more about American small businesses and services trade next month, when the International Trade Commission publishes a study USTR requested last year. CSI has also been a leader in developing this kind of trade data specific to services industries, and I look forward to sharing the results with you.

"Another way we can grow the economy and spur job creation is to provide small businesses with tax cuts and make loans more available. That's what a bill we hope Congress sends to the President this week would do. President Obama has called for passage of this small business jobs bill that passed the Senate with bipartisan support last week. Business groups both large and small support the jobs bill because it is the right thing to do for Americans who need jobs and small business owners who want to hire more workers, tap into global services networks, and start selling to more new customers overseas.

"Small business needs a boost, and when Congress passes this legislation it will send a strong message that in times like these we can still all come together and do what is necessary – and what is right – to grow jobs and put more people to work.

"Commonsense economic initiatives like these are designed to promote growth and hiring in the short-term, and increase U.S. competitiveness in the long-term.

"The benefits of services trade aren't for America alone. Liberalizing trade in services can accelerate economic growth and development, especially in emerging markets.

"That is why last year I said we all needed to speak more clearly about the central role of services liberalization on the Doha Development Agenda. Since then we've made progress and the global community accepts that a satisfactory Doha package must include a robust outcome on services on par with agriculture and industrial market access.

"Now the challenge is for us to take this consensus and turn it into a tangible trade deal that can win the approval of all participants.

"Indeed, Doha could produce strong results for the American economy and achieve the promise of trade-driven prosperity for our developing country partners, creating new export and job opportunities for member nations worldwide. Entrepreneurs who are just getting started on foreign shores today could very well be major buyers of American services exports tomorrow. A rising economic tide can lift boats in every country as long as we maintain open, transparent, and nondiscriminatory trading systems.

"But in order for the Round to move forward, the world's big emerging economies must make fair contributions. We want to achieve an agreement that creates real access to key global markets including existing openness as well as new market access in services. And we all know this isn't easy. But we've got to keep working at it, because the results of Doha will frame the terms of trade through the next decade and well beyond.

"However, I want to be clear that our current challenges in the Doha round should not obscure some promising signs of new energy in the services trade arena. At the WTO there are ongoing discussions about a new "clustering" idea that attempts to capture a more realistic vision of how services are commercially deployed. While this kind of sustained, collaborative effort could produce a real achievement in the services negotiations, we must remember Doha is not the only topic on the overall trade agenda

"We should not lose sight of our ultimate goal to create a world where services are traded freely. For the United States, services are a priority in every discussion we have – whether it is at the bilateral, regional, or multilateral level – and in every forum – ranging from working group consultations to formal free trade agreements. In all of these fora we are working to create a fair and open services trading environment that allows game-changing technology and innovation to prosper like the Internet has, for example.

"Indeed, as The Economist magazine recently noted: "The internet is as much a trade pact as an invention." Sounds funny at first, right? After all, there is no formal global Internet free trade pact.

"I think what the statement really refers to is how an informal system of generally accepted standards allowed the Internet and related technologies to develop rapidly over the past twenty years. It is almost as if the principles of open access, transparency, and non-discrimination are embedded into an accepted code of the Internet.

"Now the question facing us in the information and telecommunications sectors – as well as other services industries – is whether current regimes are appropriate for present circumstances, and maybe more importantly, for what the future may hold?

"I don't have all of the answers, but I can tell you that at USTR we are always working to develop creative approaches in coordination with our trading partners and private sector stakeholders.

"For example, lately we've been doing a lot of thinking about the policy issues presented by information and communication technologies that offer massive scale and efficiency for users but raise important questions with respect to individual privacy, data security, and third-party access.

"Perhaps the basic caveat for all of us to consider is that while we work to strengthen a rules-based global trading system, we should be wary of becoming bound to traditional ways of thinking that stifle productivity-boosting technology or otherwise threaten to suffocate innovation.

"Instead, we should aim to facilitate new and exciting trends in the private sector. So we need to anticipate and act on trade issues that will make or break the next big opportunity to fuel economic growth and create jobs.

"And when the time comes we must be ready to take these insights from the drawing board to the board room, to translate ideas into real trade commitments that expand market access, reduce barriers to trade in services, and enhance policy and regulatory coordination.

"For example, we are excited about the United States hosting the Asia-Pacific Economic Cooperation forum in 2011. Next year as host country we will seek outcomes to improve market access in the Asia-Pacific region, including for U.S. services suppliers, by addressing next generation trade issues like transparency, innovation, and competitiveness. Many of you are on the frontlines of trade in Asia and we look forward to working with you to achieve outcomes that make it cheaper, easier, and faster to trade services in the region.

"I'm also enthusiastic about the progress we are making in our negotiations on the Trans-Pacific Partnership Agreement. With this initiative we are leading the drive to create a high standard 21st century regional trade agreement that we hope will ultimately span the dynamic Asia-Pacific region. Improving access for services providers is high on the agenda in the TPP negotiations as we are seeking far-reaching benefits through provisions on services, investment, financial services, telecommunications, e-commerce, intellectual property, and transparency.

"Finally, we are eager to resolve outstanding issues with the U.S.-Korea Free Trade Agreement, because it has far-reaching market access commitments that extend across all major services industries. Korea's services market is valued at nearly \$560 billion, and our two-way trade in services with Korea is already over \$21 billion per year.

"The commitments in the U.S. – Korea Free Trade Agreement will provide new opportunities for U.S. service providers and workers in services industries, so we look forward to resolving outstanding issues with the Agreement by November's G-20 summit in Seoul and submitting it to Congress for approval in the following months.

"And the President also intends for us to resolve the outstanding issues with Panama and Colombia so that we can seek Congressional approval as soon as possible for our trade agreements with them – agreements which hold similar potential for services liberalization.

"Let me be clear – we're ready to consider serious proposals on services liberalization at any time and we'll keep pushing for commitments to the principles of market access, transparency, and non-discrimination in all negotiations and framework agreements. But, we can't wait for formal negotiations to develop forward-thinking policy on trade in services. Because services don't remain stagnant – they constantly evolve – and so trade rules and commitments related to services have to evolve and mature as well.

"Just think, technologies like social networking, cloud computing, and voice-over-internet-protocol were only in nascent stages of development when the Doha round began. So our trade dialogue must keep pace with the dynamic services sector to maximize opportunities for economic growth and development.

"Every day at USTR we are focused squarely on creating job opportunities for hard-working Americans and fostering shared prosperity through trade around the world. We are all partners in this common cause, and I look forward to continuing our work together."

