



100 Years Standing Up for American Enterprise
U.S. CHAMBER OF COMMERCE



June 29, 2012

The Honorable Ron Kirk
United States Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Dear Ambassador Kirk:

We are writing to express our strong support for a Trans-Pacific Partnership (TPP) agreement that includes major commitments aimed at further liberalizing cross-border trade and investment in services.

A robust TPP agreement can deliver an impressive new level of services trade and investment across the Pacific -- with related benefits rippling through the manufacturing and agricultural sectors. Those benefits can be realized only if the TPP includes meaningful disciplines and market-access commitments that support

the services sector, building upon the high standards achieved through existing bilateral and plurilateral free trade agreements (FTAs) between the United States and its trading partners. These include the following:

- The TPP should be comprehensive in coverage and include all sectors;
- The services, financial services, investment, and intellectual property chapters must, at a minimum, reflect the high standards achieved in recent free trade agreements (FTAs), such as the Korea-US FTA;
- The TPP should also include strong disciplines, including on national treatment and competition policy, to address newer and increasing challenges in the international economy, particularly the proliferation of state-owned enterprises (SOEs), state-supported enterprises (SSEs), and domestic localization and preference requirements, all of which have the potential for distorting trade and investment, thereby undermining the competitive opportunities for U.S. enterprises;
- Provisions relevant to supporting express delivery services, such as the Customs Chapter and the Express Delivery Services (EDS) Annex, should be strengthened and improved over previous FTAs/TPAs. Significant standards have been agreed to date which should be maintained and not diluted;
- The e-commerce chapter should include strong commitments to ensure cross-border information flows, not mandate the use of local computing infrastructure as a condition of supplying services, and also ensure that digital products are not subject to customs duties and fees; and
- The TPP should include rules prohibiting regulations requiring local content for service providers as well as rules prohibiting requirements that business services be provided locally.

Commitments such as these are critical given the broader economic importance of the services sector, which accounts for 70 percent of world economic output and 70 percent of employment. All of the TPP members are significant services traders. Taken together, the worldwide services exports of the current TPP members (including Canada and Mexico that have recently been invited to join the negotiations) totalled \$823.87 billion in 2010; if exports of Japan (which has expressed interest in the TPP) are included, the total increases by an additional \$138.86 billion. It would, therefore, be short-sighted of TPP participants not to include high-standard, market-opening provisions in this 21st-century accord that would unleash this sector's potential to spur economic recovery in the Asia Pacific as well as throughout the world.

As WTO Director-General Pascal Lamy so aptly declared recently, "It is high time that we put services at the heart of our trade-opening agenda." We very much appreciate the leadership that the United States has exhibited in the TPP negotiations, and beyond, to achieve just such a result.

Services are important in their own right, but the importance of a strong outcome on services is also driven by the fact that services are essential inputs into the production of virtually all products. They are enablers and catalysts for all sectors of the economy. This is particularly true in view of the rapid advances in information and communication technology (ICT) that allow services businesses, as well as those in agriculture and manufacturing, to use electronic platforms to reach and sell to new customers and to manage their own businesses operating overseas. The price and quality of services also influence costs and productivity in other sectors of each economy. Thus, when liberalized and made more efficient, services have a strong multiplier effect on the competitiveness of every economy.

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For the United States alone, some 80 percent of GDP and 80 percent of employment are in services. U.S. services exports in 2011 were \$589 billion, which is more than the combined total of 2nd-ranked Germany and 3rd-ranked Britain. Of that total, the Bureau of Economic Analysis estimates that \$400 billion of these cross-border exports were digitally enabled and grew at a rate of nine percent. By comparison, all other services, which mainly consist of travel, passenger fares, other transportation, education, and construction, grew at three percent.

In closing, we stand ready to help you realize these negotiating priorities and are working with our companies throughout the region to bolster support for these outcomes with other TPP countries as well. We greatly appreciate your effort in negotiating recent free trade agreements that set important new standards for the services sector. We stand ready to work closely with you and look forward to ongoing dialogue.

Thank you for your consideration.

Sincerely,

American Council of Life Insurers
American Insurance Association
American Legislative Exchange Council
Business Software Alliance
Coalition of Service Industries
Emergency Committee for American Trade
Express Association of America
International Association of Drilling Contractors
Motion Picture Association of America
National Foreign Trade Council
National Retail Federation
Retail Industry Leaders Association
Securities Industry and Financial Markets Association
Software & Information Industry Association
TechAmerica
The Council of Insurance Agents & Brokers
U.S. Chamber of Commerce
U.S. National Center for APEC
United States Association of Importers of Textiles and Apparel
United States Council for International Business
United States-New Zealand Council
Washington Council on International Trade