



General Agreement on Trade in Services

The U.S. business community remains committed to the World Trade Organization (WTO) and the global rules-based trading system. However, the WTO's Doha Round has stalled and a new agenda for the WTO is emerging. Interest is growing in an agreement that would liberalize trade in services under the WTO. This proposed International Services Agreement would go beyond what was achieved in the 1995 General Agreement on Trade in Services (GATS).

A focus on services is a natural for the United States. America is by far the world's largest exporter of services, which surpassed \$600 billion last year. The United States is home to large numbers of world-beating services firms in such sectors as audio-visual, banking, energy services, express delivery, information technology, insurance, and telecommunications.

U.S. services companies have seen regulatory barriers multiply in ways that could not be foreseen when the GATS was negotiated nearly two decades ago. New challenges are particularly prevalent in the digital economy – including cross-border data flows, privacy issues, and cyber security – and supply chain issues that go beyond familiar customs clearance matters.

Negotiating an International Services Agreement would present opportunities to address the opportunities and challenges of the digital economy and the spread of global supply chains. A successful agreement would strengthen the global rules-based trading system, which some believe has been weakened by the long impasse in the Doha Round.

This approach would also present powerful incentives for countries to join in. Benefits would be extended only to those countries that sign up, and there is ample precedent for “plurilateral” agreements among a set of path-breaking countries expanding overtime to cover all or a vast majority of world trade in the sectors addressed.