

The Trans-Pacific Partnership: Modernized Rules for the U.S. Services Sector

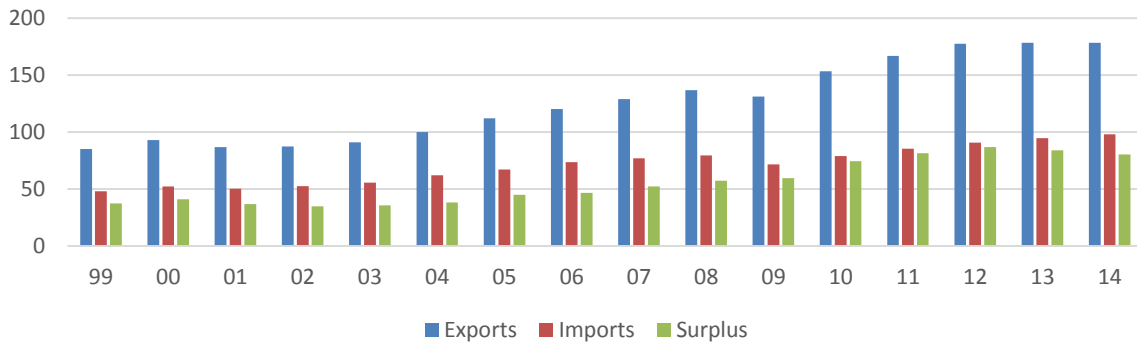
What is the Services Sector?

The services sector is a vital part – the oil for the engine – of U.S. economic growth. You can't create something, grow it, manufacture it, order it, move it or deliver it without various services components. In the United States today, services industries provide approximately 100 million jobs, or over 80 percent of total private sector employment. Most new U.S. jobs are services jobs, which in 2014 fueled \$710 billion in U.S. services exports, providing a *surplus* of \$233 billion in cross-border trade. U.S. services have seen steady growth, with the services trade surplus having grown 110 percent in the last 10 years.

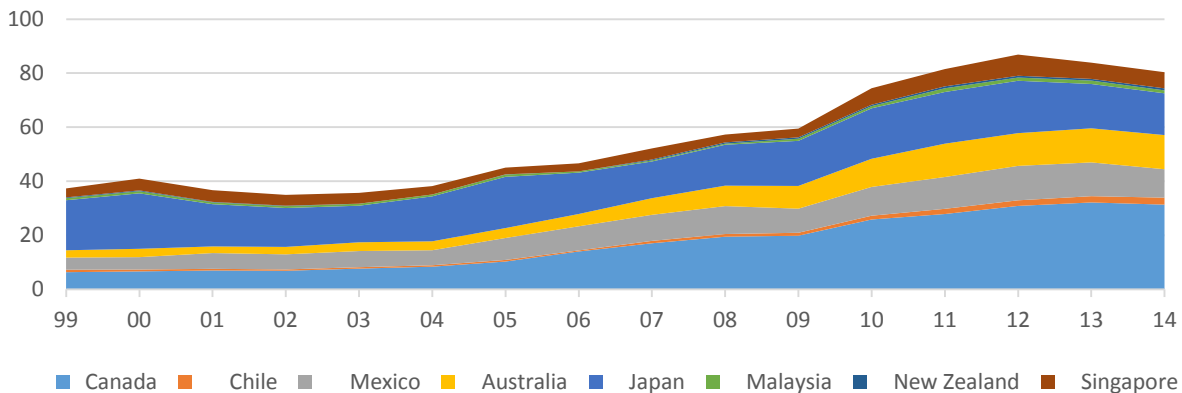
Services Trade with the TPP Countries

TPP countries collectively represent our largest U.S. services trading partner, importing \$178 billion in U.S. services and accounting for a U.S. surplus of \$80 billion in 2014. Those numbers represent 25 percent of all U.S. services exports and 34 percent of the U.S. services trade surplus. With reduced barriers and modernized rules, the TPP provides fertile ground for the U.S. services sector.

Services Trade with TPP Countries
(in billions)



U.S. Services Trade Surplus
(in billions)



Source: Bureau of Economic Analysis (BEA)

Key TPP Outcomes for the U.S. Services Sector

The TPP services and services-related commitments (found mainly in Chapters 9, 10 and 11 of the TPP) will create greater certainty and access to foreign markets for U.S. trade and investment.

Sector-specific services provisions cover accounting, architectural and engineering, audiovisual, electronic payment, energy, express delivery, financial, healthcare, legal, maritime and trade promotion services, to name a few. Highlights include:

- **Cross-Border Trade in Services:** The TPP provides important assurances of open and fair treatment, prohibits requiring specific types of legal entities for foreign service providers and prohibits requiring a local presence as a condition of the cross-border supply of a service. It also requires that cross-border payments and transfers related to cross-border services can be made freely and without delay.
- **Domestic Regulations:** Transparency and fairness are important to services companies. The TPP includes provisions to ensure that all measures of general application affecting trade in services are administered in a reasonable, objective and impartial manner.
- **Investment:** The TPP includes important disciplines on investment and investor state dispute settlement for most industries. The TPP also includes comprehensive prohibitions on performance requirements.
- **State-Owned Enterprises (SOEs):** The TPP takes innovative steps to address unfair competitive practices of SOE companies. TPP countries' SOEs must provide any commercial services in accordance with general commercial considerations and act in a non-discriminatory fashion in their sale or purchase of goods and services. In addition, TPP parties are enjoined from providing non-commercial assistance to their SOEs. The TPP also includes rules that prohibit unfair practices of postal monopolies cross-subsidizing their own or any other competitive supplier's express delivery or insurance services with revenues derived from monopoly postal services.
- **E-Commerce:** The TPP ensures the free flow of cross-border data and, for most sectors, prohibitions on requirements to localize data servers. For services companies, the ability to move data freely across the globe is essential.
- **Customs and Trade Facilitation:** Improvements in this area will benefit express delivery services and their customers, including fewer document requirements and electronic pre-arrival processing and clearance. Expedited customs procedures for express shipments will help packages move more quickly, with fewer holds and more reliable delivery.