EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

JAN 15 2013

The Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Speaker:

On behalf of President Obama, I am pleased to notify Congress that the Administration intends to enter negotiations for a new trade agreement aimed at promoting international trade in services.

Under President Obama's National Export Initiative, the Administration has created and seized opportunities to expand and enhance trade to support increased U.S. exports and jobs. The President's decision reflects input from a wide variety of stakeholders, including business leaders and Members of Congress who have urged the Administration to address the enormous potential for a new international services agreement to support additional U.S. exports and jobs.

We intend to begin negotiations on this new agreement no later than 90 days after the transmittal of this notification. We will be conducting negotiations with an initial group of 20 trading partners – Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, European Union on behalf of its member states, Hong Kong China, Iceland, Israel, Japan, Korea, Mexico, New Zealand, Norway, Pakistan, Panama, Peru, Switzerland, and Turkey. This group includes a range of developed and developing economies, representing nearly two-thirds of global trade in services, and we anticipate that this group will expand as negotiations progress to include others who share our ambitious goals. This expansion will help further U.S. objectives for this agreement rather than change them.

Every $1 billion in U.S. services exports supports an estimated 4,200 U.S. jobs in America. Service industries employ workers in every congressional district across the United States, and approximately three out of every four American workers nationwide. The United States is currently the world's largest services trader. In 2011, U.S. exports of private services measured almost $600 billion, and sales through foreign affiliates exceeded $1 trillion. Taken together, international sales of services by U.S. companies are on the order of $1.7 trillion per year, an amount equal to approximately 11 percent of U.S. GDP.

However, a recent study published by the Peterson Institute for International Economics estimates that tradable business services remain five times less likely to be exported than manufactured products. If business services achieved the same export potential as manufactured goods globally, U.S. exports could increase by as much as $800 billion. To begin to realize this potential, we need to surmount a range of barriers that lock out, constrain, or disrupt the international supply of services. An ambitious, high-standard international services agreement presents a tremendous opportunity to remove these impediments and boost U.S. economic growth and support additional jobs.

The agreement we envision will place a high priority on enabling our service suppliers to compete on the basis of quality and competence rather than nationality. Given a fair opportunity, we are confident that U.S. companies and entrepreneurs will be able to compete and succeed. The agreement must also permit comprehensive coverage of all services, including services that have yet to be conceived. U.S. service companies are diverse and constantly innovating. We cannot afford to conclude an agreement that is obsolete on the day it is signed.

The agreement must seek to secure greater transparency and predictability from our trading partners regarding regulatory policies that present barriers to trade in services and hinder U.S. exports. To address this challenge, we will seek agreement on practices like providing the public with advance notice and an opportunity to comment on proposed regulations consistent with current U.S. practice. With regard to the substance of regulations, the agreement must respect the role of regulatory authorities across all levels of government and protect their ability to introduce new regulatory policies over time in fulfillment of their responsibilities.

To remain relevant into the future, the agreement must address new issues arising in the global marketplace and changes in the way we trade. For example, technology is changing the way we live and do business. Internet usage has increased by 500 times since 2001, when the last multilateral trade negotiation was launched. The development of appropriate provisions to support services trade through electronic channels therefore must be an important component of any new agreement.

To ensure that our negotiating objectives appropriately reflect key U.S. interests and concerns, we will intensify consultations with Congress, including but not limited to USTR's committees of jurisdiction, as well as a wide range of stakeholders over the coming months. We will also publish notices in the Federal Register seeking comments from the public, hold public hearings, and meet with relevant trade policy advisory committees.

As 95 percent of the world's consumers live beyond U.S. borders, trade agreements that level the playing field for our exporters will play a vital role in America's continued prosperity. We look forward to working together closely as we further develop U.S. objectives and carry out negotiations to conclude this new agreement with timely and positive results for the United States.

Sincerely,

Ron Kirk

Ambassador Ron Kirk