

**THE PRESIDENT'S EXPORT COUNCIL**  
WASHINGTON, DC 20230

October 1, 2003

The President of the United States of America  
The White House  
Washington, DC 20500

Dear Mr. President,

Your administration has demonstrated its commitment to opening world markets first in its success in obtaining trade promotion authority from Congress and since then in the leadership it has shown in pressing ahead in bilateral and regional trade negotiations and with the Doha Round of World Trade Organization (WTO) negotiations. We share the disappointment expressed by U.S. Trade Representative Robert Zoellick with the recent developments in Cancun, and are concerned about the future of this Round. We do believe, however, that the obstacles posed in Cancun can be overcome by the good will and determination of the world's trading nations. It is especially important not to lose the critical momentum that has already been achieved in services liberalization, which is part of the built-in agenda of the Uruguay Round. Accordingly, we urge you to continue your efforts to promote free trade for services industries and to strongly oppose any attempts to limit further liberalization of trade in services.

The global economy is entering the dawn of a new era of commerce. Services make it possible for people – the goods they make, the ideas they generate, the resources they use – to move among companies, markets and countries. The services industries include financial services, entertainment, e-commerce, travel and tourism, express delivery, and a host of other seemingly disparate businesses. They enable commerce to be funded, delivered, shared, stored, packaged, promoted, and protected.

Trade in services is one of the most important issues that must be addressed in negotiations regarding bilateral free trade agreements (FTAs), the Free Trade Agreement of the Americas (FTAA), and the WTO Agreements. More than 80 percent of the nation's private sector GDP is comprised of services, where the U.S. enjoys a significant comparative advantage. Cross-border trade in services accounts for more than 22 percent of world trade – more than one trillion dollars annually. U.S. exports of services more than doubled in the 1990s. Moreover, services are the fuel of the international economic engine; they provide the critical infrastructure for trade in goods. On Labor Day, you reminded all Americans of the vital role that manufacturing plays in the U.S. economy, but a strong manufacturing sector cannot reach its full potential without the infrastructure the services sector provides. Barriers to trade in services affect not only the relevant service sector, but also numerous other sectors that rely on service providers to facilitate the sale and delivery of goods.

The creation of the General Agreement on Trade in Services (GATS) in the Uruguay Round of trade negotiations was an essential first step in the effort to unleash competitive opportunities for services in the global marketplace. Unfortunately, the commitments to

liberalize services trade made by most countries in the Uruguay Round were extremely modest. Accordingly, we must seek significantly expanded commitments throughout all service sectors from our trading partners in bilateral FTAs, the FTAA and the Doha Round. Achieving significant expansion of world markets in services will not only directly benefit U.S. export performance, but it will also act as a much-needed engine to propel world economic growth. The United States has the most to gain from true liberalization of services trade, as the most competitive services exporter.

In this light, we are particularly concerned about attempts to trim back efforts to liberalize trade in services and service-related investment, such as recent proposals to significantly reduce the scope of the FTAA negotiations. Such a move would set a dangerous precedent for future negotiations and have a negative effect on commercial activity in the Americas. The Western Hemisphere represents a critical market for the U.S. service providers, accounting for billions of dollars in annual trade. The negotiation of commercially meaningful commitments regarding trade in services and service-related investment in the FTAA (and all other agreements) is essential to ensuring that U.S. providers can compete effectively in critical markets. Reducing our goals for services trade in the FTAA negotiations will severely limit the potential growth-stimulating effects of the Agreement for the U.S. and its 33 partners in the hemisphere. These considerations are even more important in light of the current challenges facing the Doha Round.

We urge you and Ambassador Zoellick to make services liberalization a top priority throughout all bilateral FTA, FTAA and WTO negotiations. The events of Cancun, important as they are, should not overshadow the tremendous progress that has been made, and can continue to be made, on services liberalization.

Sincerely,



J.W. Marriott, Jr.