

May 3, 2005

**MEMORANDUM TO STATE POINTS OF CONTACT AND THE  
INTERGOVERNMENTAL POLICY ADVISORY COMMITTEE (IGPAC)**

**FROM:** Christopher A. Padilla  
Assistant U.S. Trade Representative  
For Intergovernmental Affairs and Public Liaison

**SUBJECT: Updated U.S. Submission to the WTO General Agreement on Trade in Services (GATS) Negotiations. \*\*No further action regarding any state measures is required.\*\* Opportunity for Comment by States by May 26, 2005. SPOC/IGPAC TELECONFERENCE on Thursday, May 5, 2005, 3:00 p.m. EST**

As part of the ongoing WTO Doha services (GATS) negotiations, by May 31, 2005, all WTO Members are required to make updated market access submissions. The updated U.S. submission includes some market-opening measures that states have implemented independently in certain services sectors over the last few years. **PLEASE NOTE: This updated submission does not require any state to take any further action regarding its existing laws or regulations in services sectors.** It simply reflects the current state level treatment accorded to domestic and foreign service suppliers.

In preparing the U.S. submission, we have consulted with relevant federal and state-level professional associations and regulators to ensure that this submission reflects existing state law and practice. To ensure that the U.S. submission accurately reflects your existing state law or practice, we are providing you with the opportunity to submit comments by May 26, 2005. For ease of review, attached is a summary of sector-specific elements under consideration for inclusion in the updated U.S. GATS submission, for use by state officials and IGPAC members only. We have scheduled a conference call for 3 p.m. on Thursday, May 5, 2005 to answer any questions regarding this memorandum and attachments.

**If you have any comments, please contact Charles Hooker, USTR Office of Services and Investment, by email [Charles\\_Hooker@ustr.eop.gov](mailto:Charles_Hooker@ustr.eop.gov), or phone (202) 395-9596 or by fax at (202) 395-3891 no later than Thursday, May 26, 2005.**

**We will hold a conference call this Thursday, May 5m at 3:00 p.m. EST to answer any questions you may have. *This call is for state officials and IGPAC members only.* Please RSVP with your name and organization to Lois Stith at [Lois\\_Stith@ustr.eop.gov](mailto:Lois_Stith@ustr.eop.gov).**

**BACKGROUND**

The purpose of the GATS negotiations is to ensure non-discriminatory treatment for services suppliers, and to expand services market access. The United States is the world's leading exporter of services, which account for about three quarters of our GDP and 8 out of every 10 jobs in the United States. International markets generate huge opportunities for US service

providers -- e.g. banking, telecommunications, express delivery, retailing, and professional services -- and make up nearly one-third of our exports. Our U.S. services market, which is in many instances regulated at the state level, is already one of the most open, competitive and transparent in the world. But foreign markets are often closed to U.S. service providers through discriminatory policies and barriers, so we seek to level the playing field and open overseas markets through trade agreements like the GATS.

## **Facts about the GATS**

In order to clear up any misinformation that states may have received, it is important to understand that the GATS fully respects the sovereign right of WTO members to regulate services and to introduce new regulations as necessary. Trade agreements such as the GATS *do not* automatically preempt, invalidate or overturn state laws. Nothing in any trade agreement prevents the United States or any state from enacting, modifying, or fully enforcing domestic laws. Also, WTO panels set up to facilitate the resolution of disputes between trading partners have no authority to change U.S. law or to require any state or local government to change its laws or decisions. Only the federal or state governments can change a federal or state law.

Nor does GATS in any way require deregulation or privatization of any public service. Non-discrimination in services is not the same thing as requiring deregulation or privatization. Like any trade agreement, GATS simply says that if a state chooses to allow private competition in services, it should give U.S. and foreign firms a chance to compete on an equal footing. All relevant domestic regulations apply to both domestic and foreign service providers.

In sum, while the U.S. domestic services market is already very open, transparent, and competitive, foreign markets are not. Through the GATS negotiations, the U.S. seeks to level the playing field for U.S. businesses providing services overseas, and encourage foreign countries to adopt the same types of principles of good governance that we practice here in the U.S. at all levels of government.

## **Contact Information**

We appreciate your timely assistance in this matter. If you have specific questions regarding the U.S. GATS submission, or the GATS negotiations, you may contact Charles Hooker, Director for Services Trade Affairs at (202) 395-4510 or by e-mail at: [charles\\_hooker@ustr.eop.gov](mailto:charles_hooker@ustr.eop.gov). For other questions, you may contact Christina Sevilla, Director of Intergovernmental Affairs and Public Liaison, at (202) 395-6120.

Thank you.

### Attachments

-Sector-specific elements under consideration for inclusion in the updated U.S. GATS submission (*for use by state officials and IGPAC only*)

-Trade Facts:

- State Sovereignty and Trade Agreements: the Facts
- The WTO General Agreement on Trade in Services: the Facts