



**2021 CSI Global Services Summit Highlights**  
**Services and Digital Trade Promoting Growth, Sustainability and Inclusion: June 23-24**

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**Day One: Focus on Domestic Outlook and Shape of New US Trade Policy**

**1. Importance of TPA Renewal and TAA Modernization in Advancing Services and Digital Trade Priorities**

Moderator: Christopher Melly, Vice President, Government Affairs, AIG

Speakers:

- Kelly Ann Shaw, Partner, Hogan Lovells
- Mason Bishop, Visiting Fellow, American Enterprise Institute

Panelist Kelly Ann Shaw expressed doubt that the Biden administration would request TPA renewal, but added that if the Administration did request renewal it is likely that there would be discussion of the statute's transparency, termination and renegotiating authority, and environmental labor provisions. Shaw said that the administration and Congress recognize the importance of digital trade in the economy and as a result, in any TPA renegotiation services might have a stronger presence at the negotiating table.

Mason Bishop of AEI explained that TAA was historically linked to TPA, noting that the perception in the late 20<sup>th</sup> century was that "TAA was a price to pay for TPA." However, over the last two decades, there has been an increased perception that American workers are hurt by trade and a greater recognition of the need for assistance programs for those who may be displaced. Mason pointed out the limitations of TAA and recommended it evolve into a flexible program that states can administer. He also noted that that the dislocations workers face varies significantly by geography and industry.

Shaw noted a greater willingness to decouple TPA and TAA, and pointed to the recent effort by the House Democrats to link TPA authorization to GSP and MTB in its companion to the Senate's recent China package.

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**2. Presentation of CSI Lifetime Services Champion Award to Representative Kevin Brady (R-TX)**

CSI Chair Candi Wolff of Citi presented Congressman Brady with CSI's Lifetime Congressional Services Champion Award for his many years of leadership on service trade and investment issues as Chairman and Ranking Member of the Ways and Means Committee. Brady accepted the award and thanked CSI for "bearing its mark" on USMCA's ambitious digital and services provisions. He emphasized the need for bipartisanship on trade issues and said "trade lies at the heart of the free enterprise system". Brady lauded the USMCA agreement for laying the groundwork for future bipartisan trade legislation. He expressed concern with the Biden Administration's "moratorium on new trade agreements" and said its pause to take stock of U.S. trade policy could lead to Congressional inaction in the face of GSP expiration and the lack of a Miscellaneous Tariff Bill which could place undue burdens on work families. Brady said

that he introduced legislation to extend GSP and MTB authority and also stressed the importance of finding a “bipartisan way forward” on TPA.

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### **3. House Services Caucus Roundtable**

Moderator: Maggie Gage, Head, U.S. Government Relations, MetLife

Members of the House Services Caucus (\*co-chairs):

- Ways & Means Ranking Member Representative Kevin Brady, R-Texas
- Representative Jimmy Panetta, D-CA\*
- Representative Tom Suozzi, D-NY\*
- Representative Ron Estes, R-KS\*
- Representative Mike Kelly, R-PA\*

Representative Jimmy Panetta (D-CA) credited digital services for boosting tourism and efficient agricultural production in his district. He said that Biden’s infrastructure proposals will create agricultural services jobs. For those perceived to be impacted negatively by free trade, Panetta referenced his party’s recent introduction of a ‘robust TAA improvement bill’ and expressed confidence that Ambassador Tai will take trade actions with workers in mind. Representative Mike Kelly (R-PA) said that services are integral to the manufacturing, sale, and distribution of autos and that services made it possible for auto manufacturers to compete anywhere in the world. Representative Estes (R-KS) credited services for the efficient operation of oil and gas facilities in his district. Estes also said that digital services help “mom and pop” businesses stay open and access global markets.

Rep. Brady said that services provide 3 out of 4 good paying jobs for families in his district. He added that the U.S. runs a services trade surplus and said that services help the competitiveness of agriculture and manufacturing. Brady also noted the increasing rise of ‘sophisticated’ foreign services trade barriers, both border and behind the border measures and called for modern trade agreements to address these foreign services barriers and to create jobs and opportunities for American workers. He then called for the U.S. to support high standards in the e-commerce negotiations at the WTO, urged the Biden administration to ‘get back on the field’ by continuing negotiations with the UK and Kenya, to continue negotiations with the EU and Japan, move to a phase 2 market access agreement with China, and to work towards more comprehensive regional trade agreement in the Asia Pacific.

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### **4. Keynote Event: Conversation between U.S. Secretary of Commerce Gina Raimondo and CNN Host Fareed Zakaria**

Moderator Fareed Zakaria opened the discussion by calling attention to the heavy services orientation of the U.S. economy, with almost 80% of U.S. jobs in the services sector. Commerce Secretary Gina Raimondo responded that she sees a “big opportunity” to boost exports of high-quality U.S. services. Asked for takeaways from last week’s U.S.-EU Summit in Brussels, Raimondo said EU officials she met with are “very much leaning forward to want to improve the transatlantic relationship and commerce.” Alluding to services and digital trade barriers that hinder U.S. sales in the region, she said she left Europe “even more optimistic than when I arrived that we will be able to work through some of these regulatory hurdles.”

The Secretary remarked that given the shared democratic values between the United States and EU, it would benefit both partners to work together to write new rules for the digital economy to prevent China from stepping into the breach. As an example, she noted that European small companies – just like their American counterparts – rely on cross-border data flows to do business quickly and affordably. “That is all the more reason for the U.S. and EU to negotiate a successor agreement to the now-defunct Privacy Shield framework”, Raimondo said. However, Raimundo acknowledged that forging U.S.-EU agreement will not be easy, citing ongoing frictions over areas like privacy protection and the EU’s Digital Markets Act and Digital Services Act.

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## **5. Creating a New Pathway for US Trade Agreements**

Moderator: Brian Pomper, Partner, Akin Gump

Speakers:

- Hon. Arthur Sinodinos, Australian Ambassador to the United States
- Hon. Dame Karen Pierce, U.K. Ambassador to the United States
- Wendy Cutler, Vice President, Asia Society Policy Institute

Asia Society’s Wendy Cutler said it would serve the U.S. national and geopolitical interest to “get back in the game and be at the table helping set the rules” through a significant multilateral deal, even if the Biden administration has signaled a disinclination to rejoin CPTPP. Cutler highlighted the value of including provisions for cooperation and discussions on new technologies, while acknowledging this would mark a shift from prior U.S. approach to negotiations. Australian Ambassador to the U.S. Arthur Sinodinos agreed, adding that such a deal would offer meaningful benefits not only economically, but also in terms of national security. “Looking at how [an agreement] could promote standards consistent with our values and interests, that is where these sorts of digital agreements can be very important.” British Ambassador to the U.S. Dame Karen Pierce said the U.K. is open to enhancing labor and perhaps other provisions in the U.S.-U.K. trade agreement whose negotiation was launched under the Trump administration but has now been put on hold. “In the post-covid recovery, it’s important to show that when we build back better, we really do so in a way that ordinary citizens see benefits,” she said.

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## **Day Two: Focus on International Outlook**

### **1. Keynote Address: WTO Director General, Dr. Ngozi Okonjo-Iweala**

In her remarks about the importance of the services sectors in the global economy, the DG explained that services trade can create jobs, raise living standards, and address consumer needs. Ngozi also called for a secure digital trade environment. The DG pointed out that lesser developed economies have experienced the largest decline in services trade and noted an urgency to restoring services exports in lesser developed countries. Dr. Ngozi outlined three concrete deliverables for the next Ministerial MC12: an agreement to curb harmful fisheries subsidies, agriculture outcomes with a focus on food security, and a framework to better equip the WTO to support efforts to end the pandemic. Dr. Ngozi also acknowledged a need to address dispute settlement and expressed hope that by the next Ministerial WTO members could reach an understanding on the reforms they would like to see. Notably, the DG also said that the moratorium on electronic customs duties has been "helpful in securing a good digital environment for the transfer of digital goods." Noting the substantial work that lies ahead for the WTO, Ngozi cited the ongoing work on domestic regulations, extension of the e-commerce moratorium, investment facilitation, women's economic empowerment, the growth of small and medium enterprises, and environmental issues such as the regulation of plastics pollution.

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### **2. Prospects for Progress in WTO Services and E-Commerce JSI Negotiations and Priority Deliverables for November WTO Ministerial**

Moderator: Angela Ellard, Deputy Director-General, WTO

Speakers:

- Hon. George Mina, Australian Ambassador to the WTO
- Hon. Hung Seng Tan, Singaporean Ambassador to the WTO
- Katsuro Nagai, Deputy Permanent Representative to the WTO for Japan

At a panel featuring representatives from the WTO JSI on E-commerce Co-convenors (Australia, Singapore, and Japan), WTO Deputy Director-General Angela Ellard said the past year's covid pandemic has highlighted the importance of services: "E-commerce and digital trade have been even more important for business and consumers in times of crisis and as a [means] for recovery." At the WTO, Australian Ambassador George Mina said the "negotiating energy" for an e-commerce agreement is "quite extraordinary" and predicted that "we will make substantial strides forward in the next few months," even if there is not time to reach a conclusion by the 12<sup>th</sup> trade ministerial later this year. In contrast, there is hope for a deal on services domestic regulation by MC12, he added. Singaporean Ambassador to the WTO Hung Seng Tan said the WTO e-commerce co-convenors' goals include identifying the tough issues that will require senior political negotiation. Chief among these is how much room to allow for public policy exemptions on rules to enable cross-border data flows. Japan's Deputy permanent representative to the WTO Katsuro Nagai said an agreement that sets rules on digital trade would help "show the WTO is relevant to the 21<sup>st</sup> century."

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### **3. Private Sector Perspectives on the Outlook for the WTO's JSI on E-Commerce and November Ministerial**

Moderator: Christine Bliss, President, President, Coalition of Services Industries

Speakers:

- Pascal Kerneis, Managing Director, European Services Forum
- John Cooke, Chairman, Liberalisation of Trade in Services (LOTIS) Committee, TheCityUK
- Jane Drake-Brockman, Founding Director, Australian Services Roundtable

A WTO agreement on services domestic regulation – which hopefully will be reached by MC12 -- would help enshrine principles that are essential to improving the business environment for services, said the European Services Forum's Pascal Kerneis. These include common sense ideas that are already practiced in a number of countries, such as promoting transparency, providing information about regulatory requirements in English, and allowing for comment periods. John Cooke of TheCityUK emphasized the value of making permanent the WTO moratorium on e-commerce duties, dispensing with the long-time practice of extending a temporary ban on duties in two-year increments. Jane Drake-Brockman of the Australian Services Roundtable likewise underscored the importance of a ban on import duties on e-commerce transmissions. "A nondiscriminatory sales tax is one thing, but a discriminatory border tariff is another," she said. Drake-Brockman added that a permanent moratorium on e-commerce duties is essential for any eventual WTO e-commerce deal to be considered credible by the business community.

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### **4. Achieving Closer Coordination with Allies in Responding to the China Challenge**

Moderator: Sharon Yuan, President, The Asia Group

Speakers:

- Scott Kennedy, Senior Adviser and Trustee Chair in Chinese Business and Economics at the Center for Strategic and International Studies
- Clete Willems, Partner, Akin Gump
- Nazak Nikakhtar, Partner, Wiley Rein

Scott Kennedy of CSIS said that President Biden has taken a distinctly different tack in its China policy from Trump-era attempts at negotiation. "The Biden administration has been essentially ignoring China; there's very little engagement." The focus now is on investing in U.S. competitiveness and collaborating with allies. Kennedy added that the U.S. has "probably got all it's going to get" from China in areas such as expanding market access in financial services or e-commerce. He expects the U.S. government to issue more restrictions on investment in China, especially tied to human rights. Akin Gump's Clete Willems endorsed Biden's focus on strengthening the domestic economy and outreach to allies but said he sees a "gaping hole" in the lack of "any sort of offensive trade agenda." Even if the U.S. is not prepared to rejoin CPTPP, he urged the administration to create "building blocks," such as smaller deals with allies to set rules for the digital and services economy. Part of the goal would be to set rules-based norms as a counterweight to China. Wiley Rein's Nazak Nikakhtar, who served in the prior administration, took issue with the claim that Trump officials did not make a push for closer cooperation with U.S. partners to address problems in China. "We did outreach, but our allies were not there yet" in terms of acknowledging China-related risks, she said. Nikakhtar added that in sectors critical to national security, U.S. companies "should not be building out industries in China" but should instead invest in U.S. allies.

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## 5. Role of Services and Digital Trade in Global Efforts on Climate Change and Sustainability

Moderator: C.J. Mahoney, Deputy General Counsel, U.S. International Trade and Azure, Microsoft  
Speakers:

- Hon. Rosemary Banks, New Zealand Ambassador to the United States
- Aik Hoe Lim, Director of the Trade and Environment Division, World Trade Organization

Ambassador Banks and Aik Ho Lim both agreed that services and digital trade are key parts of the effort to address climate change and sustainability. Aik Hoe Lim said that in order to effectively address climate change, consumer preferences must shift towards more environmentally conscious consumption, and linked to that, there needs to be more technological innovation. These two factors create a stronger demand for digital and traditional services, which are key to deploying technologies that mitigate climate change. Ambassador Banks said that New Zealand is leading negotiations on the Agreement on Climate Change, Trade and Sustainability (ACCTS) with Fiji, Norway, Costa Rica, and Switzerland. Banks said that carbon border adjustments are not part of the negotiations.

Aik Hoe Lim pointed out that a coalition of WTO members are calling for the re-launch of the environmental services negotiations with the aim of securing a declaration at MC12 to revive the agreement. Mahoney questioned whether the WTO was qualified to successfully advance an agenda, given its failure to produce agreement on fisheries and digital trade issues. He also pointed out existing environmental trade barriers, such as the latest Executive Order from President Biden banning the import of solar panels from China. Lim countered Mahoney's suggestion by that the focus in the WTO had been on trade facilitation in environmental services rather than trade liberalization. Lim said we should stop thinking about climate related conversations as trade negotiations, and rather approach this as a climate negotiation and examine how trade actions fit within that. Mahoney pointed out that many digital services providers have a small carbon footprint and asked how services providers can bridge the gap between carbon intensive and digital companies. Aik Hoe Lim pointed to the importance of services companies providing innovative digital solutions to address these challenges. He also said there is an enthusiasm for moving towards a circular economy but acknowledged that trade restrictions make circularity more difficult. Ambassador Banks said that the best way to sell the climate and environmental trade agenda to carbon intensive countries is by providing financial incentives.

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