



Opportunities for the U.S. Service Sector



Key Market Access Benefits and Commitments

TPP strengthens the United States' standing as the world's **#1** services exporter.

TPP will expand **market access and investment opportunities** in a number of services sectors, including entertainment, telecommunications, software licensing, Internet industry, retailing, and logistics and express delivery.

To facilitate **Internet-based trade** in services, **TPP** will bar discrimination against **digital provision** of services and prevent any imposition of customs duties on electronic transmissions.

U.S. Exports in Total Services to TPP Countries in 2013

Canada	\$63.3 Billion
Japan	\$46.3 Billion
Mexico	\$29.9 Billion
Australia	\$19.1 Billion
Singapore	\$11.4 Billion
Chile	\$3.6 Billion
Malaysia	\$2.7 Billion
New Zealand	\$2.1 Billion

Note: Data not available for Brunei, Peru, or Vietnam.

TPP Countries are Important Markets for U.S. Services Exports

\$178 Billion U.S. Service Exports to TPP Countries in 2013[†]

6.9% Growth in U.S. Service Exports to TPP Countries 2011-2013[†]

\$597 Billion Total Services Imports by TPP Countries in 2012 (Excluding the United States)

[†]Note: Does not include Brunei, Peru, or Vietnam.

* **TPP Countries:** Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam
 ** **New TPP Countries:** Countries with which the United States currently does not have preferential market access – Brunei, Japan, Malaysia, New Zealand, and Vietnam

Importance of U.S. Services Sector

Services Accounts for **67.5%** of U.S. GDP in 2014

\$710.5 Billion

Value of U.S. Services Exports in 2014

Services Account for more than **30%** of U.S. Exports in 2014

\$233.1 Billion

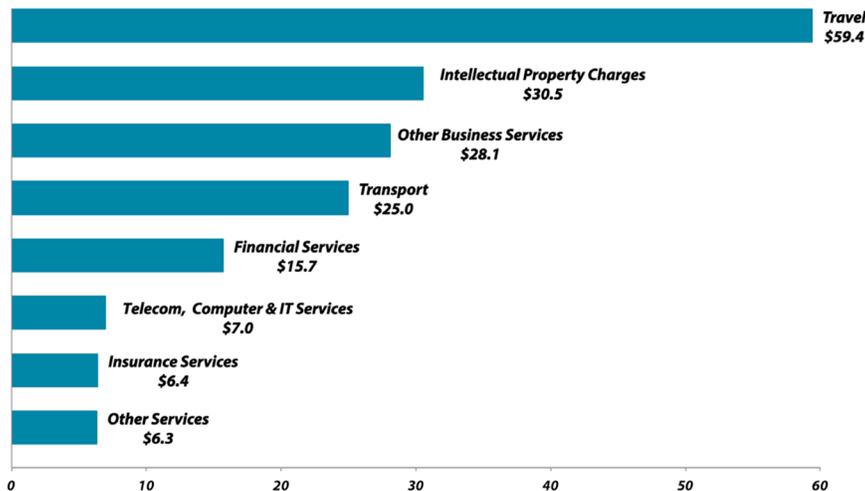
Value of U.S. Services Surplus in 2014

4.6 Million U.S.

Jobs are Supported by Services Exports in 2014

TPP Strengthens the U.S. position as the World Leader in Services Exports

2013 U.S. Services Exports to TPP Markets by Category (Billions of Dollars)



Note: Data not available for Brunei, Peru, or Vietnam.

Important TPP Commitments that Benefit U.S. Service Suppliers

▶ **Retailers** will be able to export more American goods and services and establish stores in new markets like Vietnam, since many trade-distorting and unnecessary barriers that reduce the efficiency of global supply chain networks will be removed.

▶ **Franchisors** will enjoy new and strengthened protections and commitments for their concept's trademarks.

▶ **Direct marketers** will be more competitive as new commitments provide non-discriminatory network access for telecommunications suppliers, allow for the cross-border transfer of data while ensuring data protection and protecting privacy, and eliminate localization requirements that force businesses to place computer infrastructure in-country.

▶ **Express Delivery Service providers** will benefit from having clear and specific commitments with substantive legal provisions to protect their investment, and from more predictable customs procedures that will expedite and facilitate trade and help better link small, medium, and large companies operating in the TPP area into regional production and supply chains.

▶ **Professional Services suppliers** will benefit from higher standards and increased transparency in licensing and qualification regulations and procedures.



Digital Economy

In 2014, the Telecommunications and E-Commerce sectors employed 2.5 million people in the United States and contributed to \$808 billion to U.S. GDP.

Chapter-Specific Commitments

- The **telecommunications services** chapter establishes pro-competitive regulatory policies and international best practices; addresses technical issues; establishes guidelines for the non-discriminatory treatment of new entrants by major suppliers; and sets out principles for regulatory independence.
- The **electronic commerce** chapter includes best practices and disciplines that help U.S. companies take advantage of online trade opportunities, as well as leverage Information and Communication Technologies (ICT) services to streamline their global business operations and deliver innovative products and services worldwide. Key provisions include: non-discriminatory treatment of digital products, online consumer protection, electronic authentication/signatures, and principles on access to, and use of, the Internet.

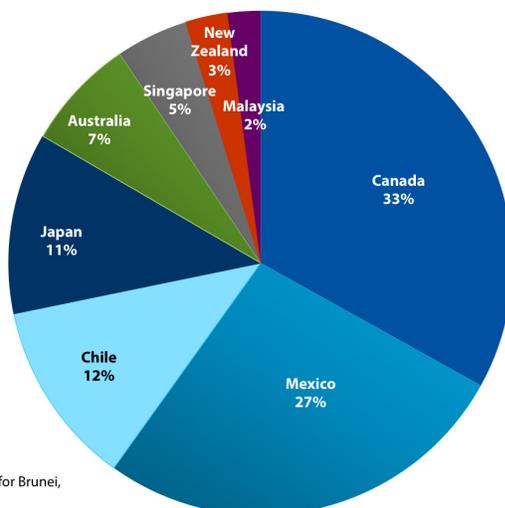
New Market Access

- In the telecommunications services chapter, coverage of **mobile service** suppliers and commitments on international mobile roaming create new market access opportunities and expand upon commitments in previous free trade agreements.
- In the electronic commerce chapter, commitments on the **cross-border transfer** of information (i.e. data flows) and the location of computing facilities represent significant gains for businesses that use and/or provide ICT services, while commitments on unsolicited e-mails (i.e. spam) and personal information protection help consumers.

Other TPP Highlights

- For the first time in a U.S. free trade agreement, **cybersecurity cooperation** was included in the electronic commerce chapter.
- In addition, commitments on access to **source code** address another market barrier affecting software.

U.S. Exported Nearly \$2 B in Telecommunications Services to TPP Countries in 2013



Note: Data not available for Brunei, Peru, or Vietnam.

Digital Economy Market Opportunity Story

Japan's E-Commerce market is over \$60 billion and is the fastest growing sector, with growth of around 8% per year. In 2013, the Japanese public cloud computing market size reached about \$1.4 billion, a 39.4% increase from the previous year according to IDC Japan, an American market research firm. IDC predicts that the size of the Japanese public cloud computing market will more than triple by 2017. U.S. firms are highly competitive in this sector and the TPP will provide additional opportunities in the Japanese market.



Insurance

The Insurance sector employed 4 million people in the United States in 2014 and contributed \$421 billion to U.S. GDP in 2013.

Sector-Specific Commitments

- **Services chapter** commitments will help level the playing field for insurers competing against state-owned enterprises, and provide investment protections.
- **Services chapter** commitments will limit the preferences that **post offices** receive when they sell insurance products, which have limited U.S. insurers' growth due to unfair competition.

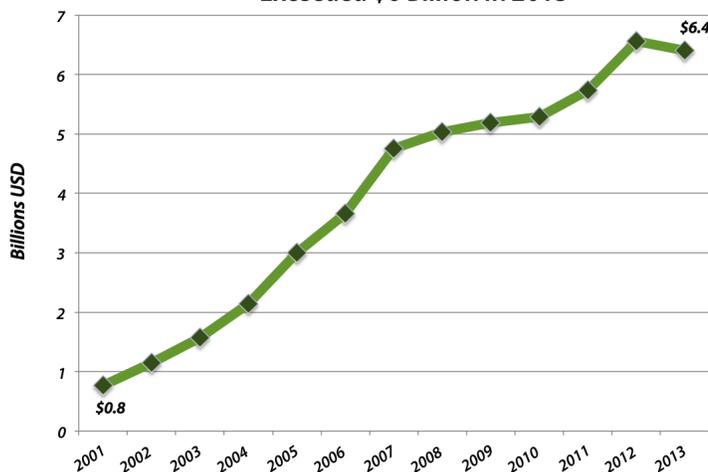
New Market Access

- **Japan** is the second largest insurance market in the world; its market is of great importance to U.S. insurance companies. However, U.S. insurance company's growth has been limited by unfair competition and regulations in Japan. Overall TPP commitments, in addition to the bilateral Japan Post specific commitments, will help provide a level playing field for U.S. insurance companies.
- **Vietnam's** state-owned insurance companies make up more than **75%** of the non-life insurance market and the Ministry of Finance plays an active role as the parent of these companies. The state owned enterprises commitments in TPP, which Vietnam has been a productive partner in shaping, will help level the playing field for U.S. insurance companies.

Other TPP Highlights

- **TPP will also restrict** the TPP Partners from instituting **market access barriers**, such as limits on the numbers of U.S. insurance companies that can operate in their markets or the total value of insurance transactions from U.S. insurance companies.
- **The Agreement** will include recognition from the other TPP Partners of the importance of **expediting** the availability of new insurance products and commitments to expedite approvals of certain types of insurance in a prudentially-sound manner.

*U.S. Insurance Services Exports to TPP Countries
Exceeded \$6 Billion in 2013*



Note: Data not available for Brunei, Peru, or Vietnam.

Insurance Market Opportunity Story

Japan is one of the largest foreign insurance markets for U.S. insurers. According to the American Council of Life Insurers (ACLI), the U.S. life insurance industry's premium income in Japan in 2011 reached \$66.6 billion. Japan ranks second in global premiums (\$531 billion), tenth in insurance density (\$4,207 per person), and seventh in penetration (11.1% of GDP). Japan is a mature market of great importance for U.S. insurers. Any removal of trade barriers offers potential to unlock additional market share.