

The Role of Private Sector Organizations in Promoting the Use of Negotiations to
Increase Services Export Opportunities: The US CSI Experience

First Session: Organization of the Coalition of Service Industries

Remarks of Robert Vastine, President, Coalition of Service Industries

At a

Conference Organized by the Ministry of Commerce, ProExpo, and the Bogota Chamber
of Commerce

Bogota, Colombia

January 26, 2004

- I. CSI founded 1982
 1. private sector initiative
 - i. by three multinational business leaders
 - ii. includes all service industry sectors (financial services, telecoms, exp. Delivery/logistics, tourism, maritime, info tech, prof services)
 1. more influence
 2. motivated by realization that
 - i. no institutional or legal framework
 - ii. no means to secure removal of barriers
 3. entirely privately funded
 4. not driven by US government
 - i. indeed, first job was to convince USTR to negotiate services
- II. CSI is a lobby organization, focused on liberalizing US **foreign** services trade and investment
 1. important nexus with services trade and investment
 - i. most services trade takes place as a result of direct investment
 1. Sales by US foreign affiliates far larger than crossborder exports
 2. Thus investment provisions of trade agreements highly important
 3. US Gov officially recognizes this link when reporting services “trade”
 2. Domestic regulation
 - i. transparency a key objective in all US trade negotiations
 - ii. domestic regulation important for particular sectors
 1. example, insurance
 3. Improve government service sector statistics
- III. Corporate Form of CSI

1. CSI is “non profit corporation” under US tax law, incorporated in the District of Columbia (Washington, DC)
2. CSI governed by Board of Directors
 - i. CEO level representatives of member companies at highest level of dues
3. President
 - i. Appointed by Board of Directors
4. Vice President and other staff appointed by President

IV. CSI Research and Education Foundation

1. organized as charitable corporation in District of Columbia
 - i. contributions tax deductible
2. Board of Directors,
3. Objectives
 - i. Improve public understanding/statistics
 - ii. Promote trade liberalization
 1. World Services Congress

IV. Financing of CSI and CSI Foundation

1. CSI
 - i. member dues on a “scale”
 - ii. annual fundraising event
 - iii. special access meetings
- b. Foundation
 - i. conferences
 - ii. congressional staff trips
 - iii. special events/World Services Congress

V. CSI Objectives

1. Education

- a. services were considered “invisibles”
- b. educate opinion leaders [Congress]
 - i. services jobs low wage jobs?
 - ii. in fact services 80% of US GDP and employment
 - iii. average annual wages in services are fair to excellent
 1. depends on sector
 - a. retailing lowest
- c. improve statistics
 - i. demonstrate importance of services to opinion leaders
 - ii. help secure appropriations for US Government statistical agencies
 1. importance of services employment to US economy
 2. measure accurately US international services trade

2. Trade and Investment Liberalization

- b. Uruguay Round
 - i. Negotiation of the GATS
 - ii. framework of principles
- c. Now use “all targets”, all negotiations which can secure liberalization
 - i. since passage of Trade Promotion Authority Act
 - ii. permits negotiation in WTO/FTA’s/FTAA

- 2. Improve US Tax Laws Affecting Global Business Operations
 - i. Example: FSC/ETI and leasing contracts
 - ii. Example: discrimination against “active” foreign income of financial services companies
- 3. Export Promotion Never a CSI mission

VI. Summary of Essential Elements of CSI Organization

- 1. privately funded
- 2. includes (almost) all sectors
 - a. not distribution
- 3. narrowly focused objectives

VII. Comparison with Services Associations in Other Countries

- 1. European Services Forum (ESF)
- 2. Japan Services Network (JSN)-Keidanren
- 3. Hong Kong Coalition of Service Industries
- 4. Australian Services Roundtable
- 5. Coalition of Service Industries/Chamber of Commerce of Santiago de Chile
- 6. International Financial Services/London (IFSL)
- 7. Argentinian Union of Services Enterprises

VIII. Essential Differences

- 1. Government support
 - a. strong government initiative to create
 - i. governments assure association has influence
 - 1. endorse as principal representative of service sector
 - b. direct and indirect financial and logistical support
- 2. export promotion on behalf of government
- 3. provision of services on behalf of government
 - a. statistical etc.

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Second Session: How CSI Operates to Achieve Goals

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- I. CSI Seen as Principal Private Sector Advisor to Government Negotiators on Services
 1. CSI over 2 decades earned place as principle adviser to government
 4. government calls on CSI for advice, but CSI very frequently initiates contacts [two-way street]
 5. the relationship is informal and trusting
 - a. information is shared
 6. in general industry and government agree

- II. How CSI Decides its Policy Objectives and Actions
 1. CSI is member driven
 - a. Essential element for a successful association
 2. policies developed in working groups of member company representatives, chaired by member company officials
 - a. usually Director or VP/SRVP of international government relations
 3. Develop working papers/studies to inform decisions
 4. working Groups meet frequently
 - a. with government representatives/trade negotiators
 - b. with private sector consultants/foreign govt representatives/academics
 1. example: Saudi accession
 2. example: CSI session with Min Botero
 - c. to obtain information and advice
 - d. to decide what policy is appropriate
 - e. to determine what actions to take

- III. Courses of Action to Secure Objectives in Order of Escalation of “Intensity”
 - 1. discuss and explain objectives with working level government officials
 - iii. Informal meetings with CSI working groups
 - 4. meet with, write letters to senior officials, i.e., USTR Zoellick, or Deputy USTRs
 - i. letters from CSI Chairman/President
 - 5. brief Congressional staff members & Members of Congress
 - 6. obtain letters and statements from Members of Congress
 - 7. discuss with media

- V. Relationships with US Congress
 - 1. maintaining relationships with Members and staff a constant goal
 - i. briefings on important issues
 - ii. Organize Congressional staff delegations to WTO
 - iii. targeted visits to lobby viewpoints, obtain support
 - iv. provide working materials for use by Members/staff
 - 1. example: Feinstein Amendment

- VI. How Does CSI Represent Interests of Entire Services Sector and Interests of Individual Sectors (viz, Financial Services)
 - 1. key: all CSI members same general goal of liberalization
 - 2. all realize they are stronger as a unit (coalition) than individually
 - 3. but accept that frequently a specific sector’s needs must be addressed
 - 4. CSI responds to general issues by developing common positions for all sectors
 - i. example, Working Group on Services Trade and Investment Negotiations, which develops positions on
 - 1. WTO negotiations
 - 2. FTAs
 - 3. accessions to WTO (viz., Russia, Saudi Arabia)
 - 4. Free Trade Area of the Americas
 - ii. Example: position on investment chapters of FTAs
 - 5. and CSI develops positions for specific sectors and markets
 - i. Financial Services Group
 - ii. Logistics and Trade Facilitation Working Group
 - iii. Media, Telecommunications and Electronic Commerce Group
 - iv. China Working Group

- VII. CSI’s “Global Reach”
 - 1. CSI uses international contacts to help obtain objectives
 - i. Relationships with foreign private sector associations
 - 1. Like ESF, etc., discussed in first session this morning
 - ii. Financial Leaders Group and Working Group
 - iii. Global Services Network (GSN) www.globalservicesnetwork.net
 - 1. please give me your business card to learn more

- iv. Friends of Services
- 2. Missions to WTO in Geneva
 - i. Meetings with Secretariat
 - ii. With foreign delegations
 - iii. With press
- 3. Participation in International Negotiations
 - i. Business Forum of the Americas
 - ii. WTO Ministerials
- 4. Conferences
 - i. World Services Congress (1999, 2001, 2004?)
 - ii. Ditchley Park
- 5. Message: trade and investment liberalization is in the interest both of developing countries and developed countries
 - i. Need modern services in order to compete
 - ii. To develop export markets
 - iii. To attract investment

VIII. CSI Approach to Range of Current Trade Negotiations

- 1. US can pursue multilateral, bilateral, and regional negotiations simultaneously
 - i. US committed to 7 bilateral negotiations in addition to 3 pending completion this week
 - ii. WTO negotiations
 - iii. Regional FTAA
- 2. WTO of overall importance
 - i. But effectiveness may be limited by
 - 1. positive list
 - 2. danger of negotiating a services safeguard
 - 3. difficulty of agreeing on agriculture
 - 4. reluctance to bind even current levels of liberalization
 - 5. unrealistic expectations of US on Mode 4 (temporary entry)
- 3. We obtain more liberalization in bilateral FTAs
 - i. Domestic regulation and transparency
 - ii. Market access (fewer NCMs)
- 4. Looking forward to Colombia-US FTA
 - i. Market access crossborder and for investment
 - 1. financial services
 - a. insurance
 - 2. telecommunications
 - 3. express delivery [cross-subsidization]
 - 4. audiovisual
 - 5. professional services
 - a. legal consultants
 - b. engineers
 - c. consultants

- 6. energy services
- ii. domestic regulation, especially transparency
 - 1. need for independent regulation (telecoms ref paper)

IX. How Private Sector Engagement Improves Services Export Opportunities

- 1. Demonstrated above how US industry obtains its objectives
 - i. Our process makes negotiators accountable
 - ii. Congressional approval required for trade deals
 - 1. CSI support important to secure approval
- 2. Why US trade negotiating partners need greater private sector participation
 - i. Case of Costa Rica
 - 1. objections of domestic interests slow (defeat?) interests of
 - 2. Costa Rican economy and the export sector
 - ii. Case of Brazil/FTAA
 - 1. agriculture interests defeat interests of services sector

X. Conclusion

- 1. Successful CSIs require
 - i. Government endorsement
 - ii. Member driven
 - iii. Adequate funding by members
 - iv. Most effective when truly independent of government
 - 1. government funding reduces independence
 - 2. though sometimes it is necessary
- 2. Join with other global business associations to achieve same goals