Services and Digital Trade Are Critical to U.S. Competitiveness and Middle-Class Job Creation

Services and Middle-Class Jobs: Services and digital trade firms provide millions of good, high-paying jobs. Nearly 52 million workers in services occupations – which employ Americans with high school degrees only, as well as college degrees – earn middle class wages as defined by the Pew Research Center. The software industry alone supports over 14 million jobs – positions that pay more than twice the average annual wage for all occupations and are often accessible without a college degree.

Half of U.S. Manufacturing Jobs Are in Services Occupations: Services make U.S. manufacturing more competitive. Nearly half of all employees that are technically classified as manufacturing workers actually hold services jobs.

Services and Small Businesses: Digital tools enable small businesses to be globally competitive. In 2018, 90% of all minority-owned small businesses were services firms.

Services Jobs Growth: Many services jobs, including those located within the manufacturing sector, require digital skills. Services and digital trade firms have developed a wide array of training programs, but government training initiatives need to be expanded to prepare workers for jobs of the future.

Services and digital trade providers are key partners in efforts to end the pandemic, address environmental challenges and advance racial and economic inequity.

Services in the Pandemic: Services and digital trade firms – and their workers – have enabled U.S. economic resiliency through the pandemic. They have allowed millions of Americans to remotely work, learn, and shop from home. They have helped keep small businesses functioning and ensure that goods are delivered, aided in cross-border scientific collaboration, including on vaccines, and facilitated access to social services.

Services and the Environment: Digital technologies such as cloud services are fundamental to sustainable agriculture, reducing our carbon footprint and providing natural disaster relief.
**Services to Advance Racial Equity and Assist Underserved Communities:** Services and digital trade firms provide access to low-cost financial products for the “unbanked” as well as credit to small businesses. They also play an essential role in expanding broadband internet access to rural areas and underserved communities.

**To remain competitive and create good U.S. jobs, services and digital firms need expanding trade and investment opportunities.**

**Global Markets Matter:** U.S. services and digital trade firms and workers need a global customer base that provides growing demand for new products and services. Services need to be able to reach that global customer base through exports and foreign direct investment to expand revenue and create U.S. jobs.

- Export-intensive services firms pay higher wages than services firms that are not export intensive.
- U.S. exports of digital services, which account for more than half of all services exports, have surpassed $500 billion and created a $200 billion digital services surplus.
- U.S. exports of manufactured goods that contain significant services content, such as aircraft, autos, machinery, telecommunications equipment, and other connected devices, have exceeded $500 billion.
- Services investments, both inbound and outbound, are a growing source of American middle-class jobs.
- Most global services trade – two thirds – occurs through investment rather than cross-border trade, in many cases due to regulatory and foreign presence requirements.

**Foreign Barriers to Services and Digital Trade and Investment:** Multilateral and bilateral agreements have so far failed to eliminate many foreign restrictions on services trade, particularly with respect to cross-border trade.

**Services and Digital Foreign Barriers Are Increasing:** These barriers negatively impact services and digital trade providers and their U.S. workforce, as well as U.S. manufacturing and the other sectors that heavily rely on services to grow, build, and sell their products. They also impact efforts to get past the pandemic and address climate issues.

**Conclusion:** CSI members support efforts to expand middle-class jobs, promote post-pandemic recovery, address climate change, and promote inclusive prosperity for all segments of the workforce. To do this, however, we need the administration’s assistance in promoting better access to global markets for American services and digital trade products. The goal is to create a foundation to enhance U.S. competitiveness – which translates to more American jobs that pay better.