



2022 Virtual Global Services Summit
*Creating Greater Opportunities for Workers and their Families
through Expanding Services and Digital Trade*
October 12-13, 2022

Day One: Administration Overview and Congressional Perspective

1. Keynote Address: Armchair Discussion with U.S. Trade Representative Katherine Tai

Moderator: Ambassador Mike Froman, Vice Chairman and President, Strategic Growth, Mastercard,

Ambassador Katherine Tai said trust in the economy — including the digital economy — is the “core of what we’re trying to build.” That includes building confidence that prosperity will be shared and that guardrails can be set up to mitigate the downsides of the digital economy. She added that some challenges are specific to the digital economy, while others, such as forced labor and trafficking, are analog problems that have migrated online. On addressing trade barriers in Europe, Tai said the key is for both sides to start conversations early, the better to “figure out differences before they get baked and hard wired to the point where we’re stuck battling each other.” Commenting on the backlash to economic globalization, Tai said there are multiple factors involved, but that the “fundamental competitive tension we have with China” is a key reason why too many Americans feel the system is unfair. At this point, she said, the goal is to “create space to defend our economic activity and stakeholders to thrive in a world where our systems can be pretty incompatible.”

2. Presentation of CSI Congressional Leadership Award to Rep. Suzan DelBene

Arrow Augerot, Director of Americas Public Policy at Amazon presented CSI’s Congressional Services and Digital Champion award to Representative Suzan DelBene for her outstanding leadership and excellence in the area of services and digital trade. In her acceptance remarks, DelBene explained the critical role of services and digital trade to all sectors of the U.S. economy. Digital trade isn’t just about the traditional tech industry, she said – 60 percent of jobs created through digital trade are in industries like agriculture, manufacturing, and retail. International supply chains are becoming increasingly data-driven. Digital trade is most important for small and mid-sized businesses that want to reach new customers overseas through e-commerce. The U.S. must work with like-minded democracies, particularly in Europe and the Indo-Pacific, to be rule-makers, not rule-takers, in this space, DelBene urged. The U.S. must negotiate strong digital trade commitments and unite around common standards to ensure principles of democracy, freedom of speech, human rights, privacy, and a free and open internet are at the core of digital governance. China is advancing a model for digital governance at home and abroad through the Digital Silk Road Initiative that favors censorship, surveillance, human and worker rights abuses, forced tech transfers, and data flow restrictions, she said. The U.S. must also continue to oppose efforts to impose tariff and non-tariff digital and services trade barriers. On digitally-inclusive initiatives such as IPEF and the U.S.-Taiwan Initiative on 21st Century Trade, DelBene

encouraged the Biden administration to engage in robust consultations with Congress and the Ways and Means Committee. DelBene referenced the bipartisan digital trade resolution she led with Rep. Darin LaHood (R-IL), to push the Biden administration to prioritize renewing the longstanding ban on tariffs on digital goods and digital services at the World Trade Organization's 12th Ministerial Conference this past June. A failure to renew that agreement would have been chaotic for global trade and damaging for American workers in a variety of successful industries, she warned.

3. Keynote Remarks: State Department Under Secretary for Economic Growth, Energy and the Environment Jose Fernandez

Under Secretary Fernandez said U.S. APEC priorities are trade and investment; innovation and digitalization; and strong, balanced, secure, sustainable, and inclusive growth. Fernandez said that APEC economies need services industries to achieve growth, and the U.S. should use its host year as an opportunity to continue progress in creating a favorable environment for services trade that underpins resilience and connectedness in the region. Fernandez also raised the Americas Partnership for Economic Prosperity (APEP), calling it an opportunity to promote inclusive economic growth, foster innovation, and address the climate crisis through increased public and private investment. He said the U.S. has engaged in consultations with regional partners and stakeholders on several areas of focus: reinvigorating regional economic institutions; making more resilient supply chains; creating clean energy jobs and advancing decarbonization and biodiversity; and ensuring sustainable and inclusive trade. On the transatlantic front, work with the EU, including on restoring stability for transatlantic data flows and in the TTC is a high priority for the State Department, and that TTC co-chairs are keen to see progress on aligning our approaches on artificial intelligence, creating an early warning system to address potential semiconductor supply chain disruptions, and joint work on promoting trusted telecom vendors in third countries.

4. Armchair Discussion with Representative Adrian Smith (R-NE-03), Ranking Member of the House Ways and Means Trade Subcommittee

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

The U.S. must 'lean into lean into [services and digital] trade more,' Representative Adrian Smith repeatedly stressed. The previous administration did just that which resulted in the successful renegotiation and passage of USMCA on a bipartisan basis, he asserted. Expanding services and digital market access is critical because other countries, such as the EU, are taking increasingly digital protectionist measures and still others are taking steps to gain market share in these areas. Smith referenced the digital trade resolution he co-sponsored led by Reps. DelBene and LaHood that emphasized the importance of services and digital trade and the need for greater U.S. leadership in this area. It is time to negotiate new agreements with other countries including Kenya, he stated.

5. Legislative Outlook for Promoting Services and Digital Trade. This session was off the record.

Moderator: Ari Giovenco, Senior Manager, US Trade Policy, Amazon

Speakers:

- Mayur Patel, Chief Minority Trade Counsel, Senate Finance Committee
 - Evan Giesemann, Staff Director, Senate Finance Subcommittee on International Trade, Customs, and Global Competitiveness
 - David Giordano, International Trade Policy Advisor, House Committee on Ways and Means, Republicans
 - Abe Friedman, Senior Policy Advisor, Representative Suzan DelBene (D-WA-01)
-

6. Keynote Address: Armchair Discussion with Commerce Department Under Secretary for International Trade Marisa Lago

Moderator: Christine Bliss

Services are deeply integrated into U.S. industries ranging from manufacturing to education to business services, said Commerce Under Secretary Marisa Lago. The digital economy has now grown to account for 10 percent of GDP in 2020 and support nearly 8 million jobs – roughly the population of New York City. The Biden administration is focused on strengthening U.S. competitiveness both within the U.S. and abroad, she said. At home, Lago pointed to the enactment of the CHIPS and Science Act, which will provide \$52 billion in funding to boost semiconductor manufacturing. Overseas, one of the ITA's goals is to strengthen international commercial relationships and to “reinforce an open global system in which U.S. businesses can seek new customers and new markets, and where they can operate on a level playing field.” On that front, one major administration accomplishment is the Data Privacy Framework. Lago said the new mechanism for cross-border flows of personal data reflects a joint effort by the U.S. and EU to restore trust and stability to data transfers.

7. Addressing the Challenge of Growing Trade Barriers in Services and Digital Trade and Their Impact on Workers and Small Business

Moderator: Sarah Thorn, Senior Director, Global Government Affairs, Walmart

Speakers:

- Ed Gresser, Vice President and Director for Trade and Global Markets, Progressive Policy Institute
- Kati Suominen, Founder & CEO, Next Trade Group LLC
- Gary Clyde Hufbauer, Nonresident Senior Fellow, Peterson Institute for International Economics

Panelists discussed how small businesses have benefitted from going online and utilizing digital tools, including faster growth, higher profit margin, and increased employment. Increased services and digital trade, particularly those offered by telecommunications and financial services companies, have had a huge impact on the wealth and safety of workers. Panelists all emphasized that certainty and harmonized digital trade rules would significantly benefit small businesses, which Kati Suominen noted, if a business is going digital, the business will need access to data. High fixed costs for venturing into foreign markets is particularly difficult for small businesses and also noted was the need to streamline

customs regulations and de minimis provisions, copyright laws pertaining to e-commerce and data privacy laws. Ed Gresser stated that the number of American companies exporting has declined in recent years, citing the importance of removing these barriers. In order to participate in trade, businesses need financing, customers need means of payment, in addition to developed logistics and communication systems. All things trade policy can help enable.

8. Workforce Reskilling: Role of Government and Private Sector

Moderator: David Weller, Director of Economic and Trade Policy, Google

Speakers:

- Orit Frenkel, Co-Founder, American Leadership Initiative
- Elizabeth Economy, Senior Advisor, Department of Commerce
- Yelena Vaynberg, Government and Regulatory Affairs Executive, IBM
- Jane Drake Brockman, Director, Australian Services Roundtable

Panelists noted the importance of expanding digital infrastructure, diversifying hiring practices and the necessity of digital training in schools (including K-12 and community colleges) as well as reskilling for adults, particularly those working for SMEs. Orit Frenkel noted that many U.S. companies are partnering with city governments to provide trainings in schools and more government incentives are needed for these types of programs. She added that it is critical for TAA to be reauthorized and updated, particularly to include digital training. The department of Commerce sought out American companies already doing skilling programs and asked them to create or scale up digital skilling for women and girls in the Indo-Pacific and found themselves surpassing their goals for the IPEF Upskilling Initiative. Liz Economy called this an extraordinary example of what the government and private sector can accomplish together. Jane Drake Brockman highlighted the need for skilling is particularly important for the services sector, as well as the need to evaluate changing workforce needs to train the workforce of the future, noting that workers struggle to identify the skills needed and pathways for jobs of the future. All panelists reinforced the need for the private sector and government to work closely together to expand existing programs and make them more agile.

9. Looking Ahead: Impact of Web 3.0 and Digital Assets on US Services and Financial Firms and Workers

Moderator: Daniel Castro, Vice President, Information Technology and Innovation Foundation (ITIF) and Director, Center for Data Innovation

Speakers:

- Paul Thanos, Director, Office of Finance and Insurance Industries, International Trade Administration, Department of Commerce
- Matt Swinehart, Managing Director, Rock Creek Global Advisors

Daniel Castro spoke about the myriad existing and potential use cases of digital assets. Among other things, non-fungible tokens are digital representations of ownership, can be used in trade by tracking in supply chains. NFTs are not just for goods, but rather can be used to tokenize services, which could

enable greater services trade, he explained. Paul Thanos gave an overview of the Commerce Department framework on the competitiveness of digital assets, which supports establishing the regulatory and market conditions that foster competition and new commercial opportunities for responsible businesses; calls for robust stakeholder engagement; and recognizes the need for continued research and technological development of digital assets. Panelists also discussed the next iteration of the internet, Web 3.0, which aims to develop a more decentralized experience where users have more agency over their data and content they create. Matthew Swinehart explained that effective regulation of digital assets will lay foundation for trade rules in this area. He provided an overview of the international work in this area at the Financial Stability Board, the Basel Committee, and the G7. On the matter of digital assets and services and trade, Swinehart pointed out that rules in services are designed to be technology neutral so many existing services trade rules should be applied, particularly as they relate to digitally enabled services, restrictions on the cross-border movement of data, investment, and intellectual property.

Day Two: Focus on International Outlook Pathways to Progress in Responding to Global Challenges to Services and Digital Trade

1. Discussion of Digital Services Standards Initiative

Moderator: Christine Bliss

Speakers:

- Joe Whitlock, Executive Director of the Global Data Alliance and Director, Policy at BSA|The Software Alliance
- Megan Funkhouser, Director of Policy, Tax and Trade, Information Technology Industry Council

The global services market faces a growing risk of fragmentation as more governments adopt country-specific or regional standards instead of using international standards, panelists agreed. Such measures often have a discriminatory impact since foreign services firms may be shut out of the local standards-setting process and put at a competitive disadvantage. Megan Funkhouser offered multiple examples of how standards and conformity assessment can be used in protectionist ways. As Christine Bliss pointed out, the number of U.S. small businesses engaged in exporting is already on the decline. While there are multiple reasons behind the trend, it only underscores the need to address trade barriers that make it harder for exporters to sell services abroad. Existing and well-recognized trade principles on national treatment, non-discrimination and transparency that cover goods could also be leveraged to apply to standards on services. One approach could be to clarify that the Agreement on Technical Barriers to Trade applies to digital services, said Joe Whitlock. Parties to IPEF could make similar commitments among themselves, extending TBT disciplines to services or digital services, he added.

2. Prospects and Priorities in Improving US-EU Ties on Services and Digital Issues. This session was off the record.

Moderator: Jake Jennings, Assistant Vice President, Head of Global Trade Policy, AT&T

Speaker: Michael Hager, Head of Cabinet for Trade Commissioner Valdis Dombrovskis, European Commission

Jake Jennings of AT&T moderated an off-the-record conversation with Michael Hager, Head of Cabinet for the European Commission's Executive Vice President Valdis Dombrovskis. Hager offered an EU perspective on trade policy, delving into areas of broader trans-Atlantic cooperation such as the extension of the WTO e-commerce moratorium and specific bilateral initiatives including the Data Privacy Framework and the Trade and Technology Council. He also commented on major pieces of EU digital policy legislation including the Data Act now under consideration.

3. Advancing Services and Digital Trade Through the IPEF

Moderator: Yancy Molnar, Vice President, Chubb Group and Senior Vice President, Head of Chubb International Government Affairs and Public Policy

Speakers:

- Aaron Maniam, Deputy Secretary for Industry and Information, Ministry of Communications and Information (MCI), Singapore
- Ambassador Jose Manuel Romualdez, Embassy of the Philippines
- FUJISAWA Hideaki, Minister, Economic Section, Embassy of Japan, METI (Ministry of Economy, Trade and Industry)
- Andrew Jory, Minister-Counsellor (Trade), Embassy of Australia
- Robb Tanner, Director for ICT Services and Digital Trade, USTR

Panelists expressed enthusiasm for IPEF to advance inclusive and sustainable growth, particularly by supporting small business and workers in their countries. Andrew Jory highlighted the opportunity for IPEF to help Australian small businesses to access export opportunities and Ambassador Jose Manuel Romualdez shared the opportunities for the Philippines' BPM and services sector. Panelists highlighted the significance of IPEF as a platform to cooperate, share best practices and promote capacity building and shared approaches to evolving digital areas like AI or cybersecurity standards. Deputy Secretary Aaron Maniam noted the cross-cutting nature of digital technology and the need to focus on cooperation on applications to emerging technology rather than the technology more broadly. Several panelists emphasized the significance of enabling cross border data flows for small businesses, noting that if IPEF does not enable this, knowledge will become more expensive. While also noting the need for building more trust in the digital space. Robb Tanner said IPEF partners are aiming for ambitious rules and that IPEF is a platform to collaborate and work on evolving digital issues.

4. Prospects for Progress in WTO E-Commerce Negotiations and E-commerce Moratorium Extension

Moderator: Anabel Gonzalez, Deputy Director-General, WTO

Speakers:

- Hon. George Mina, Australian Ambassador to the WTO
- Hon. Hung Seng Tan, Singaporean Ambassador to the WTO
- Naoki HIKOTA, Deputy Permanent Representative, Permanent Mission of Japan to the International Organizations in Geneva
- Wei Guo TANG

Providing an update on WTO e-commerce negotiations, Naoki Hikota said the participants of the JSI on E-Commerce had come to agreement on eight core provisions of an agreement and next aim to accelerate discussions on data flows and data localization. The number of countries engaged in negotiations has grown from 76 countries in 2019 to 87 today. The broader base of participants "means there's potential for more markets to adopt similar baselines and rules," pointed out Ambassador Hung Seng Tan. A wider membership base will strengthen the legitimacy of the plurilateral effort and "disabuse cynical skeptics questioning the legality of the JSI in the WTO," he added. The three co-convenors of negotiations plan to identify key ministerial checkpoints next year with the goal of generating political consensus, he said. Ambassador George Mina said one challenge confronting negotiators is the vocal minority of countries questioning the value of the WTO moratorium on duties on electronic transmissions. However, there continues to be broad-based support for the duty ban among

WTO members. Mina noted that ahead of the 12th WTO ministerial, a diverse group of over 50 countries joined a draft ministerial decision in support of extending the moratorium.

5. Trade Outlook: Evolving US China Strategy

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

Speakers:

- Lauren Mandell, Special Counsel, Wilmer Hale
- Anna Ashton, Director, China Corporate Affairs and U.S.-China, Eurasia Group
- Clete Willems, Partner, Akin Gump

New export controls mark a major shift in the U.S. approach to China and will have the effect of substantially slowing Chinese development of critical technologies, panelists agreed. Clete Willems called the recent expansion of chip-related export controls “fairly earth shattering” in its reversal of long-standing precedent. “We are now fully using export controls to slow another country’s indigenous development, as opposed to their traditional use, which is to deal with nonproliferation related to weapons of mass destruction and sanctions evasion.” The tightening of export control policy toward China is likely to be followed by a corollary policy: an outbound investment screening framework, which will also mark a sea change in U.S. trade and economic policy. Lauren Mandell said investment screening is an insufficient term “because more robust proposals go far beyond screening investment to a wide range of economic activities. They’re also not just focused on China or even individual companies. The scope could be much broader.” He added that there is now “a galvanizing sense on the Hill and in the executive branch of needing to make up for lost time, to address the military and other challenges the U.S. faces” from China.” As ties to China fray, Anna Ashton underscored the need to strengthen alternative market and trade relationships and for Washington to “proactively shape trade rules and norms” to help ensure continued U.S. leadership.

6. Americas: from USMCA to New Trade Initiatives and Focus on Competitiveness

Moderator: Sahra English, Managing Director, Citi

Speakers:

- Daniel Watson, Assistant U.S. Trade Representative for Western Hemisphere
- John Layton, Minister (Economic), Embassy of Canada to the United States
- Edgar Braham, USMCA Implementation Office, Embassy of Mexico to the United States

John Layton laid out how USMCA has benefited Canada-U.S. and Mexico-U.S. services trade flows by providing services suppliers with more confidence they are operating on a level playing field. He credited provisions in USMCA such as the digital trade chapter and provisions that provide for good regulatory practices, as major improvements to the North American trade landscape. On the Americas Partnership for Economic Prosperity (APEP), the Canadian government sees an opportunity to work collaboratively on hemispheric challenges like COVID recovery, safeguarding democracy, and greater collective prosperity. Services suppliers are often small and medium sized enterprises, and there should be more work to find ways to engage with SMEs, Layton urged. Daniel Watson called the USMCA the point of

departure for U.S. trade in the Americas. The U.S. seeks to extend USMCA outcomes to the rest of the region, particularly in the areas of trade facilitation, good regulatory practices, anti-corruption measures, and high-standard digital provisions with climate, labor, and inclusivity considerations at their core. Edgar Braham called the second anniversary of USMCA an opportunity to further enhance North American economic integration and credited digital services trade for bolstering economic resilience through the COVID-19 pandemic and increasing transparency in regional supply chains.

7. Role of Services and Digital Trade in Promoting Sustainability

Moderator: Sarah Stewart, Executive Director, Silverado Policy Accelerator

Speakers:

- Aik Hoe Lim, Director, Trade and Environment Division, WTO Secretariat
- Chris Barber, Trade Specialist in the Trade Policy and Negotiations Division, New Zealand Ministry of Foreign Affairs and Trade
- Khalil Gharbieh, Trade Policy Counsel, Microsoft

Panellists highlighted the role of services in the sustainability agenda, including to decarbonize supply chains, advance circular economies, and the use of innovative tech to track carbon emissions. Also discussed were the growing opportunities to cooperate multilaterally, including a surge in participation as seen in the over 85 WTO members taking part in the discussion on trade and environmental sustainability (TESSD), a significant increase from previous years. Panellists also identified challenges including services trade restrictions, which both hamper environmental services trade and the ability to use services trade for sustainability. Also raised were the challenge of traceability, standards and new metrics being used for sustainability issues, creating concern around fragmentation. Panelists expressed the need for multiple fora and platforms to build on each other, for example lessons learned from APEC and the ACCT should be applied to the TESSD. Further, sustainability efforts need common standards. As Khalil Gharbieh stated, “we can’t fix what we can’t measure.” This applies to finding a universal definition of what is considered an environmental service and a common approach for reducing market entry barriers, as well as common carbon emissions measurement standards. Innovative tools that companies like Microsoft have developed to measure its own emissions and implement changes can be shared more widely. Panelists agreed that there is ample room for policymakers, researchers and the private sector stakeholders to work more closely together.
