



## Coalition of Services Industries 2026 Agenda:

### American Services and Digital Trade Delivering Technological Innovation and Competitiveness

Services and digitally enabled services are essential ingredients of American economic growth and competitiveness. They also underpin the expansion of U.S. manufacturing and agriculture products.

As a global leader in services exports, the U.S. boasts a longstanding services trade surplus. According to the most recent data, American service suppliers generated an annual \$1.2 trillion in cross-border exports and an even bigger \$2.2 trillion in sales from offices overseas.

Services account for a significant share of value in American goods exports as well. In fact, manufacturers are the second largest U.S. exporter of services, after the financial services sector. Think not only of robotics and advanced manufacturing, but also cutting-edge financial services in banking, electronic payments and insurance, as well as logistics<sup>1</sup>. Yet rising barriers to services and digital trade threaten the U.S. competitive edge and leadership in AI. Such barriers include limits on cross-border data flows, data localization requirements, and discriminatory rules and standards. These barriers also impose onerous new requirements on American small businesses engaged in cross-border trade through online platforms.

Restrictions on foreign direct investment and the narrowing of investor protections represent another hurdle to the growth of digital exports and continuing expansion of U.S. services and digital companies. To gain access to foreign markets, U.S. services suppliers not only often require proximity to customers, but often are mandated to invest local capital and open local offices—especially in highly regulated sectors such as financial services and telecommunications. These foreign affiliates can't be reshored, they make important contributions to the U.S. trade surplus, and they support jobs in the U.S.

**CSI believes the following recommendations should be implemented to address these barriers and to support American technological innovation and competitiveness:**

#### I. General Policy Recommendations

**Reassert U.S. leadership in digital trade.** Ensure that any new trade deals (including reciprocal trade agreements) include core digital trade commitments modeled on those in USMCA and the U.S.-Japan Digital Economy Agreement.

**Ensure the continuation of USMCA, particularly the digital and services provisions.** The USMCA six-year review should be conducted trilaterally and used to reinforce and build on existing services and digital provisions.

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<sup>1</sup> <https://apps.bea.gov/scb/issues/2024/05-may/0524-profile-services-traders.htm>

**Secure a permanent WTO moratorium on duties on e-transmissions at MC14.** The e-commerce work program should be extended with a duration matching that of the moratorium. To complement the e-commerce work program's traditional focus on narrowing the digital divide, it could also address how to tackle regulatory challenges and create enabling environments for digital services. The US should re-engage in the Joint Statement Initiative on E-commerce and pursue a robust phase two of negotiations for commercially meaningful digital trade provisions. WTO members should be encouraged to engage in meaningful reforms of the institution to modernize and restore trust in the organization.

**Check the global spread of digital services taxes as well as other taxes on the services sector that are discriminatory.**

**Minimize collateral damage from the use of tariffs.** Tariffs should be implemented in a targeted, transparent manner allowing for stakeholder and congressional input and consultation, with a goal to avoid harmful retaliatory measures. A well-run exclusion/exemption process is vital to minimize unintended harm, including the disproportionate impacts felt by American small businesses and consumers, especially on low-value shipments.

**Ensure U.S. AI leadership and export promotion efforts include coordinated diplomacy with foreign governments.** This should build confidence in the U.S. AI stack and reduce barriers to adoption of U.S. cloud and AI services, including pushing back against alternative regulatory models, including those led by China and the EU.

**Fully enforce services and digital disciplines and market access commitments in existing FTAs.** Ensure U.S. trading partners do not discriminate against U.S. exports in violation of their own commitments.

**Pursue a balanced economic security agenda while coordinating with allies.** Employ a targeted approach to economic security concerns, coordinating with allies where possible, to help minimize unintended consequences to services exports and FDI.

**Support trade facilitating trade measures.** When possible, pursue trade facilitation and customs commitments that streamline and simplify procedures for U.S. exporters, including for low-value shipments utilized by small businesses, many of which contain used goods.

## II. Country/Region Specific Recommendations

**Engage with priority markets and forums to eliminate barriers to services and digital trade and stop the proliferation of digital regulations that disadvantage U.S. service suppliers.**

*Europe:* Prioritize preservation and strengthening of the U.S.-EU bilateral relationship by supporting constructive bilateral consultations with an aim to encourage EU approval of the U.S.-EU trade agreement. Discourage the adoption of tech sovereignty policies that asymmetrically benefit EU firms at the expense of U.S. exporters. Advocate for digital rules to be designed and implemented in an impartial manner with clear parameters for compliance. Prevent adoption of de facto network usage fees or other new regulations scoped to target U.S. technology leaders. Ensure that problematic existing policies are not expanded (e.g., the potential expansion of the Digital Markets Act to cover AI and cloud). Encourage efforts to modernize, simplify and harmonize the EU telecom rules.

Canada and Mexico: Engage constructively in the USMCA review process on a trilateral basis and prioritize enforcement of USMCA commitments, including by removing Canada's inequitable requirements targeting U.S. online streaming services, and addressing Mexico's discriminatory treatment of U.S. firms through taxation and data reporting measures and other market access barriers for insurers, e-payment providers, telecommunications providers, gaming firms, and suppliers of IT goods and services. Encourage the three parties to resume annual meetings of the Financial Services Committee and strengthen protections for U.S. investors in Mexico, particularly in light of recent discriminatory actions and Mexico's judicial reform.

Korea: Address discriminatory cloud policies, network segregation requirements, and data localization requirements such as restrictions on the use of geospatial location and financial services data. Ensure that Korea does not move forward with proposals that target and disadvantage U.S. digital platform providers. Use the KORUS Services and Financial Services Committees to assist Korea in meeting their commitments in the joint U.S.-Korea Fact Sheet and finalizing their KORUS implementation for insurance.

Brazil: Prevent adoption of discriminatory competition legislation, artificial intelligence regulations, and internet levies, which threaten U.S. technology and AI leadership.

India: Engage constructively in the Trade Policy Forum and the U.S.-India Financial Regulatory Dialogue and prevent discriminatory competition policies targeting U.S. services and technology leaders. Any bilateral agreement that the U.S. negotiates with India should have meaningful disciplines and market access commitments on services and digital trade. It should also include a commitment that India will support extension of the WTO e-commerce moratorium.

China/Asia Pacific: Enforce China's obligations from Phase One, including those contained in the financial services chapter on electronic payment services market access. Work with partners to combat discriminatory Chinese services and digital policies and regulations and counteract China's influence in the Asia-Pacific region.

Indonesia: Ensure that the Indonesian government fully implements its commitments in the reciprocal trade agreement, as well as its commitments to allow U.S. reinsurers access to the Indonesian market.

Philippines: Ensure the development of the implementation regulations for the data classification Executive Order allows for meaningful stakeholder consultation and do not impede U.S. cloud services in the Philippines public sector.

Americas: Address EPS barriers in Costa Rica and promote efforts by the new Chilean government to draft implementing regulations that do not impede market access of U.S. pension providers.

Australia: Stop proposed news bargaining incentive that would impose a digital services tax on U.S. digital platforms and investment obligations that discriminate against U.S. online streaming providers.

APEC: Continue to pursue work to promote adoption of APEC best practices, including in areas such as cloud, AI, and digital.

GSP/AGOA: Work to align and build digital trade provisions as part of updated criteria for new reauthorized programs.