

TRADE IN SERVICES AGREEMENT (TiSA)

BACKGROUND

ACLI advocates on behalf of the life insurance industry, working to expand the presence of private, U.S.-based life insurers across international boundaries. U.S. life insurers offer financial and retirement security products around the world. U.S. life insurers in emerging markets play an important role for families and businesses as they plan for their future and save for retirement.

The Trade in Services Agreement (TiSA) is a major opportunity for world leaders to improve and expand international trade and market access in the services sector, including financial services. Life insurance and other financial and retirement security products should be positively impacted by TiSA.

The United States is the world's largest and most competitive provider of services. A recent report released by the U.S. International Trade Commission in May 2014 shows that services are accounting for a growing share of the U.S. economy, while helping narrow the trade deficit. U.S. exports of the services industries totaled \$621 billion, or 14 percent of global exports in 2012, outpacing imports valued at \$411 billion. U.S. companies operating in foreign countries are performing well too, with sales increasing by 11 percent to \$1.3 trillion.

Despite continued growth, U.S. services firms competing abroad face major entry barriers, discriminatory treatment, and outdated international trade rules that have not kept pace with modernized technology and other developments. TiSA negotiations reflect an attempt to modernize the services sector rules to better address and facilitate current global services trade today.

Key barriers to effective international operations for U.S. life insurers include:

- Ownership restrictions including equity caps.
- Prohibitions on cross border data flow and forced localization of servers and data.
- Regulatory discrimination, lack of transparency, and unclear and inconsistently applied administrative procedures, and unfair competition from state-owned/state-sponsored enterprises.

ACLI is working closely with United States governmental agencies, including the United State Trade Representative (USTR), the U.S. Department of State, the U.S. Department of Commerce, the National Association of Insurance Commissioners (NAIC), and the U.S. Department of the Treasury, and its Federal Insurance Office (FIO), to ensure TiSA negotiators work to tackle these foreign barriers to U.S. life insurance operations.

STATUS

TiSA was initiated by the United States and Australia. The agreement is currently being negotiated in Geneva with participation by 50 countries that represent 70 percent of the world's trade in services. In December, 2012, the parties reached a consensus on a basic framework for the TiSA negotiations. Formal negotiations began in April 2013. Six rounds of negotiations have been held to date, with the seventh round scheduled for late June 2014.

Current TiSA participants include: Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, the European Union (28 countries), Hong Kong, Iceland, Israel, Japan, Lichtenstein, Mexico, New Zealand, Norway, Pakistan, Panama, Paraguay, Peru, Republic of Korea, Switzerland, Turkey and the United States.

China and Uruguay have expressed interest in TiSA, but have not yet joined.

ACLI POSITION

ACLI supports negotiation of a strong and comprehensive TiSA to help companies compete in international markets and create U.S. jobs.

AT A GLANCE

- The United States is the world's largest and most competitive provider of services.
- U.S. exports of the services industries totaled \$621 billion, or 14 percent of global exports in 2012, outpacing imports valued at \$411 billion.
- Insurance is one of the fastest growing U.S. services exports, increasing by 15% every year since 2002.
- Life insurers' products help provide financial and retirement security to emerging markets.
- More than one in five—38.1 million—U.S. jobs depends on international trade.
- The Trade in Services Agreement (TiSA) will support the global services sector, which is the world's largest employer producing 70% of global gross domestic product.

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