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February 26, 2013

Mr. Douglas Bell
Chair, Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Via Electronic Submission

RE: USTR-2013-0001—International Services Agreement

Dear Mr. Bell:

The Retail Industry Leaders Association (RILA) appreciates the opportunity to provide comments to the Trade Policy Staff Committee of the United States Trade Representative on U.S. interests and priorities with regard to the Administration's intent to enter into negotiations for an International Services Agreement (ISA) with an initial group of 20 trading partners in the World Trade Organization. RILA strongly supports negotiations for a robust ISA, and looks forward to a high standard agreement that enhances competition, reduces the cost of essential goods, and promotes job creation along the entire supply chain.

By way of background, RILA is the trade association of the world's largest and most innovative retail companies. RILA members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than \$1.5 trillion in annual sales, millions of American jobs, and more than 100,00 stores, manufacturing facilities, and distribution centers domestically and abroad.

RILA welcomes an ISA as a means to eliminate barriers to services trade, with liberalization across all modes of delivery for services in each ISA country. In particular, RILA is interested in comprehensive liberalization in retail and distribution services. In many markets, the retail industry currently faces several barriers such as restrictions on investments in certain areas or in respect to certain goods; foreign ownership caps; limits on store ownership, location, and size; limits regarding special sales, prices, and hours; burdensome authorization and licensing procedures; discriminatory inspections; lack of transparency regarding rule of law; and economic needs tests.

In order to address these issues, the ISA should establish full market access for retail and distribution services. In addition, all forms of distribution, including e-commerce, should receive national and most favored nation treatment. The ISA should include retail and distribution rights in both single and multi-brand formats, with no limits on size, location, or assortment of merchandise.

Further, an international services agreement should prohibit performance requirements and restrictions on foreign direct investment in retail; require transparent and predictable licensing rules for new stores; disallow restrictions on certain merchandise to be sold, such as tobacco or pharmaceuticals; require proportional and consistent capital requirements for all retailers based on the size and scope of operations; discourage economic needs tests, allowing them only if their requirements are both transparent and objective; and require land ownership and leasing agreements to be based on transparent and objective criteria.

The retail industry recognizes and anticipates the significant potential gains that come from liberalizing services trade, and as a result, RILA strongly supports the Administration's announcement of negotiations for an international services agreement. We look forward to continuing to work with USTR as the negotiations progress on this important initiative. If you have any questions, please contact me at stephanie.lester@rila.org or by phone at (703) 600-2046.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Lester". The signature is written in a cursive, flowing style.

Stephanie Lester
Vice President, International Trade