
Executive Summary: The Comprehensive Impact of Offshore Software and IT Services Outsourcing on the U.S. Economy and the IT Industry

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THE COMPREHENSIVE IMPACT OF OFFSHORE SOFTWARE AND IT SERVICES OUTSOURCING ON THE U.S. ECONOMY

The continued growth in offshore software and IT services outsourcing has fueled the debate on the costs and benefits of this trend to the U.S. economy. Along with this debate has come a wealth of new research in the last year analyzing various aspects of offshore ITO. To help understand the comprehensive economic impact of offshore software and IT services outsourcing and to consider this new research, Global Insight has revisited its analysis undertaken in 2004 on behalf of the Information Technology Association of America (ITAA). The 2005 analysis was undertaken in the context of Global Insight's economic models and incorporates information from third-party research reports, members of the IT industry, and primary research surveys.

Key Findings

Through new research, analysis, and model simulations, Global Insight's major findings are:

- While global software and IT service outsourcing displaces some IT workers, total employment in the United States increases as the benefits ripple through the economy. The incremental economic activity that follows offshore IT outsourcing creates over 257,000 net new jobs in 2005 and is expected to create over 337,000 net new jobs by 2010.
- The benefits of global sourcing of IT services and software contribute significantly to real Gross Domestic Product in the United States, adding \$68.7 billion in 2005. By 2010, real GDP is expected to be \$147.4 billion higher than it would be in an environment in which offshore software and IT services outsourcing does not occur.
- Demand for U.S. exports is expected to increase due to relatively lower prices of U.S. produced goods and services and higher incomes in the offshore outsourcing destinations. Real exports are estimated to be \$5.1 billion higher in 2005 and are expected to be \$9.7 billion higher by 2010.
- Workers are expected to enjoy a bump up in real wages. Offshore software and IT services outsourcing actually increases average real wages of U.S. workers. With lower inflation and higher productivity, real wages are estimated to be \$0.06 higher in 2005 and are expected to be \$0.12 higher in 2010.
- Cost savings and use of offshore resources lower inflation, increase productivity, and lower interest rates. This boosts business and consumer spending and increases economic activity.
- Spending for global sourcing of computer software and services is expected to grow at a compound annual rate of just over 20%, increasing from approximately \$15 billion in 2005 to \$38 billion in 2010. During the same time period, total savings from the use of offshore resources are estimated to grow from \$8.7 billion to \$20.4 billion.
- The impact of global sourcing on employment varies by industry sector. The major industry groups that are expected to gain a significant number of incremental jobs over the next five years include Professional, Consulting and Business Services; Transportation and Utilities; Education and Health Services; Construction; Retail Trade; Wholesale Trade; Manufacturing; and Financial Services.
- The U.S. has a large and rapidly growing trade surplus in services. The expected increase in offshore software and IT services outsourcing will not reverse this trend. Our findings conclude that while certain tasks may be performed offshore, many high-end activities are likely to remain near the client.

Highlights

Although “lower cost” is the most commonly cited reason for offshore outsourcing, intense global competition in an environment of slower growth and low inflation demands constant vigilance over costs. Due to the low costs and high quality, using offshore resources in selected countries makes good economic and marketing sense for companies interested in profit maximization. Beyond the cost incentive, global sourcing provides several other practical benefits including: the ability of multinational organizations to efficiently stage 24x7 operations; the opportunity to customize products and services to meet local needs; and the means of geographically deploying workers and facilities to succeed in globally dispersed, highly competitive markets. With an estimated creation of 337,625 net new jobs and an additional \$0.12 in real hourly wages by 2010, Global Insight's 2005 analysis confirms that offshore ITO benefits more than the companies who engage in it: it provides net benefits to U.S. workers and the economy as a whole.

To reflect the new information gathered over the last year, Global Insight has modified some of its base assumptions. The changes between the 2004 report and the 2005 analysis are as follows:

2005 Assumptions	2004 Assumptions
<p>Cost Savings Annual cost savings average 36%. Actual yearly baseline estimates will be based on Global Insight's Cost Savings Schedule. Yearly savings range from 30% in 1995 to 35% in 2010.</p>	<p>Cost Savings Baseline estimates were based on an average cost savings of 40%</p>
<p>Offshore Spending Offshore spending now estimated at \$9.8 billion in 2003 and is expected to reach \$38 billion in 2010. From 2004-10, average annual growth in spending is 21%.</p>	<p>Offshore Spending Offshore spending estimated at \$10 billion in 2003 and was expected to reach \$36 billion in 2008. From 2003-08, average annual growth was 26%.</p>
<p>Price/Economic Impacts It is unclear as to how a particular company exploits its cost savings; however, the net effect to the overall economy is still captured in an adjustment to the price deflators, thus the price deflators will be handled as they were in 2004.</p>	<p>Price/Economic Impacts It was assumed that 100% of the cost savings were passed on to the consumer; adjustments were made to price deflators to reflect cost savings.</p>

Source: Global Insight, Inc.

Cost Savings Estimate:

Recent research indicates that there is a range of savings associated with offshoring. In general, savings are dependent upon a company's internal efficiency, whether or not a specific offshoring strategy is being employed, and the company contracted as the offshore partner. Our research shows that there are many companies that actually incur *higher* costs in their first year of offshoring than if the work had been done internally. These higher costs are the result of a combination of higher-than-expected legal costs, negotiating costs, severance costs, and productivity loss in the domestic operation.

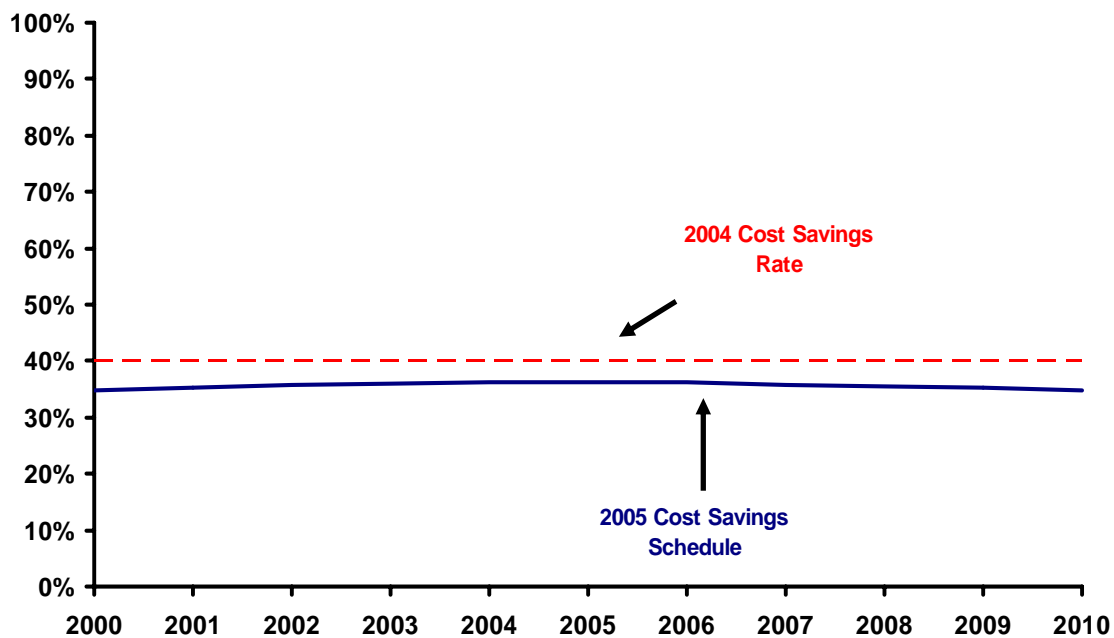
Because of these findings, we have developed a cost savings schedule that incorporates several phases of cost savings. That is, the average savings rate is lower for new offshore outsourcers, but it increases over time with experience

According to the schedule, we expect that in 1995, average cost savings across all companies amounted to 29.2%. Some of those companies are experienced users of offshore resources and had higher savings, while others are novice users of offshore resources and have much lower—perhaps even negative—savings. However, as end-user businesses move up the offshoring learning curve and service providers become even more adept at execution, the average savings rate across experienced and novice users rises to 36.4% by 2005. Rising wages in India and other offshoring destinations will only slightly erode the average cost savings over the forecast interval. By 2010, companies can expect to save an average of 34.9%. The average savings over the 2004 to 2010 interval is 36%. Despite the fact that this cost savings schedule implies a lower average savings than the 40% savings rate assumed in the 2004 report, and implies a smaller impact of offshore ITO on the U.S. economy, Global Insight believes it to be a better "real-life" representation of the cost savings that companies incur when engaging in offshore ITO.

Savings Schedule	
Year	Average
1995	29.2%
1996	30.5%
1997	31.9%
1998	33.0%
1999	34.0%
2000	34.7%
2001	35.3%
2002	35.8%
2003	36.0%
2004	36.2%
2005	36.4%
2006	36.1%
2007	35.8%
2008	35.6%
2009	35.1%
2010	34.9%

Source: Global Insight, Inc.

Figure 1: Last Year's Cost Savings Rate vs. This Year's Cost Savings Schedule



Source: Global Insight, Inc.

As is evident in Figure 1, the cost savings estimates in this year's report are somewhat lower than those estimated in last year's report and will contribute to a reduced economic impact in the 2005 report.

Offshore Spending Estimate:

Global Insight estimates that total U.S. software and IT services spending offshore totaled \$9.8 billion in 2003 (rather than our previous estimate of \$10 billion). We expect growth to decelerate over the next several years as the reality of offshoring (higher-than-expected start-up costs, quality and security issues, average cost per engagement falls, negative publicity) slows the offshore movement. After 2008, we expect spending growth to increase as the business model for offshoring improves. This is expected to grow to \$38.2 billion in 2010.

Total U.S. software and IT services spending offshore occurs in several sectors, including government. Note that while governments often outsource, Global Insight has assumed that the large federal government sector makes minimal use of offshore ITO. Thus, this segment's share of total software and IT services spending outsourced offshore rounds down to zero. This is likely the result of a political choice to promote the domestic expansion of software and services, despite the fact that there could be cost savings. While it appears unlikely that there will be an expansion of purchases of offshore outsourced software and services at the federal level, ever-tightening state and local budgets combined with predicted domestic talent shortages may increase the willingness of these governments to consider all sourcing options in the future.

IT Offshoring (Billions)		
	Total	Year-Over-Year % Change
2003	9.8	30%
2004	12.3	26%
2005	15.2	24%
2006	18.4	21%
2007	22.1	20%
2008	26.3	19%
2009	31.6	20%
2010	38.2	21%
Average Annual Growth		
1999-2004		31%
2004-2010		21%

Source: Global Insight, Inc.

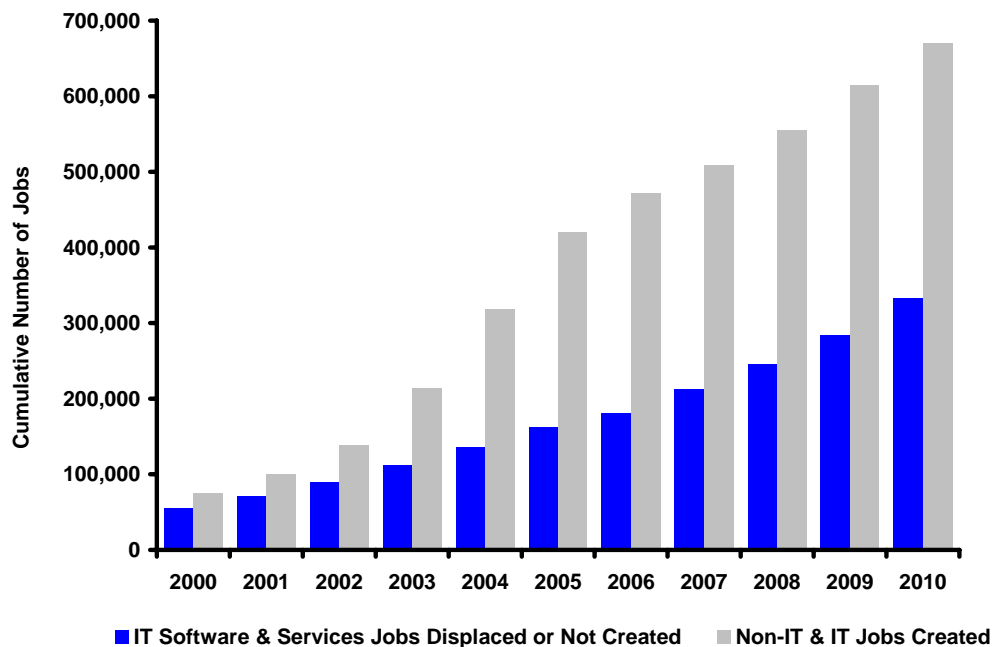
Study Summary

The benefits of free trade—lower costs, higher labor productivity, and more efficient production—induce businesses to leverage offshore resources. The use of offshore resources lowers costs, frees domestic resources to pursue other productive ends, yields high quality software and services, and increases labor productivity among end-users. These benefits flow through to lower prices, lower interest rates, and higher spending throughout the economy. While offshore software and IT services outsourcing (ITO) has displaced and will continue to displace workers in software and IT services occupations, increased economic activity creates a wide range of new jobs—both IT and non-IT. As the benefits compound over time, the U.S. economy operates more efficiently, achieves a higher level of output, creates more than twice the number of jobs than are displaced, and increases the average real wage.

Global Insight has estimated that the number of displaced software and IT services jobs due to offshore ITO as of 2003 was below 112,000, less than .006% of the national workforce. This includes not only jobs that were eliminated by some U.S. companies that substituted offshore resources for domestic resources, but it also includes jobs that were never created as other U.S. companies expanded their IT activities using offshore resources without reducing their domestic resources. However, it is important to note that the total number of software and IT services jobs that have been lost between March 2001 and November 2003 when the dot-com bubble burst is 425,000. Therefore, over 313,000 software IT and services jobs disappeared for other reasons including:

- The end of the dot-com boom in 2000 halted and reversed the aggressive hiring trend of the late 1990s and led to a correction in wages, bonuses, and other perks.
- The mild recession in 2001 caused businesses to tighten their belts to prepare for slower economic growth following the exuberant economic growth in the late 1990s.
- Labor productivity gains and technological advances lowered the labor requirements for most information technology processes and IT-intensive processes throughout the economy.

Figure 1: Cumulative Non-IT and IT Jobs Created Due to Increased Economic Activity vs. Cumulative IT Jobs Lost or Not Created Due to Offshore ITO

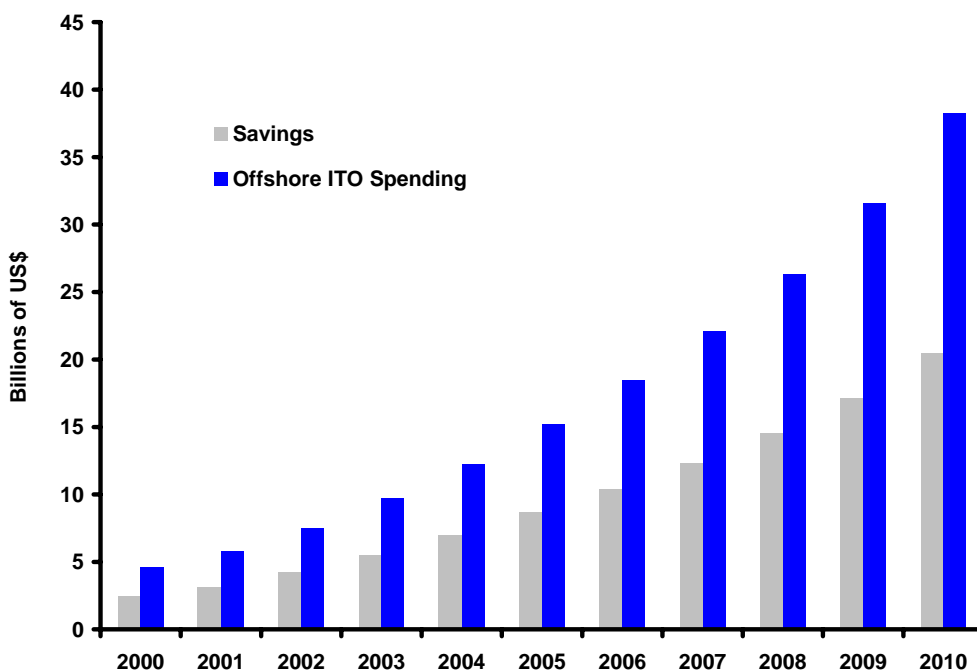


Source: Global Insight, Inc.

Offshore IT Spending Lowers Costs

From 1998 through 2004, offshore software and IT services spending increased from \$2.5 billion to \$12.3 billion. This represents a compound annual growth rate of 30.4% over the six-year interval. The cost savings in 2004 reached \$7.0 billion. This represents an assumed 36.2% savings rate in 2004 versus what would have been spent if domestic resources had been used instead of offshore resources.

Figure 2: Estimated Offshore ITO Spending and Potential Savings



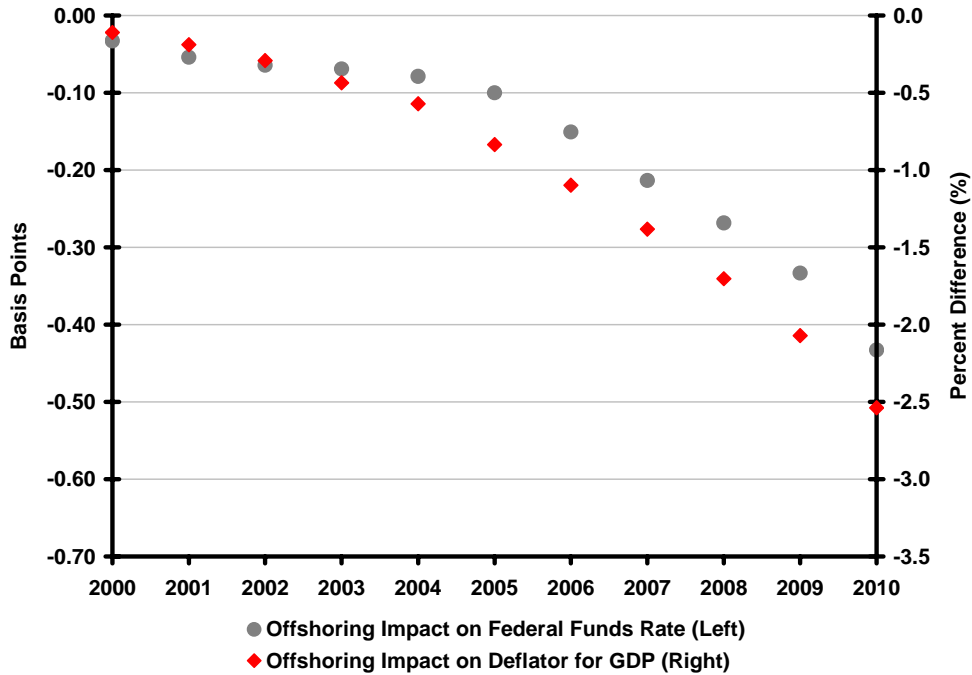
Source: Global Insight, Inc.

From 2005 to 2010, offshore software and IT services spending will continue to grow at a rapid pace. Global Insight estimates the likely spending amount will be over \$38 billion in 2010. The key reasons for going offshore now and in the foreseeable future are cost savings, software quality, access to global markets and talent, and labor productivity gains. The potential savings implied by the projected spending amount in 2010 is just over \$20 billion. For businesses operating in increasingly competitive, low-inflation markets, the advantages of offshore software and IT services outsourcing often result in lower output prices for the goods and services they produce. As the estimated savings grow over the next five years, benefits to U.S. corporations, consumers, and the rest of the economy are expected to grow as well.

Lower Inflation Spreads throughout the Economy

The benefits that businesses derive from offshore ITO set off a chain reaction throughout the economy that accumulates over time. In 2005, the overall price level is estimated to be 0.8% lower after a decade of increasing offshore ITO spending. As the offshore ITO spending and the associated savings and productivity benefits increase through 2010, the GDP price level is expected to be 2.5% lower in an environment with offshore ITO than without it.

Figure 3: Lower IT Costs and Higher Productivity Yield a Lower GDP Price Level and Lower Interest Rates



Source: Global Insight, Inc.

Economic Activity Increases

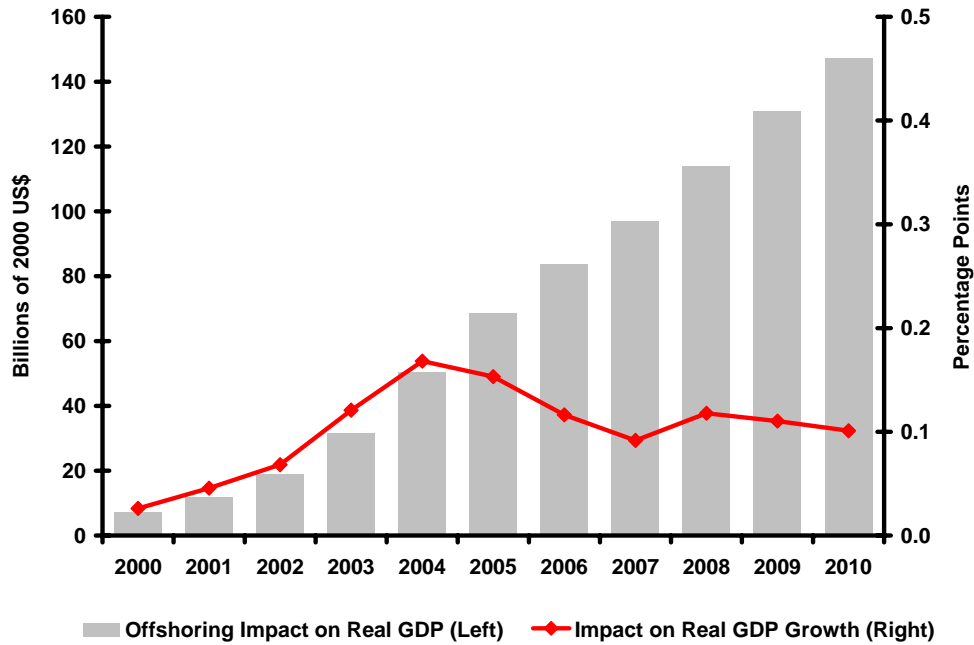
Lower inflation, lower interest rates, higher real wages, and higher labor productivity are expected to generate additional consumer and business spending and higher total output. Global Insight has estimated that some gains have already been realized, even though the offshore ITO spending amounts have been relatively small until very recently. But additional, larger gains are expected as offshore ITO spending increases significantly over the next five years.

By 2005, cumulative offshore ITO spending and, more importantly, the cumulative savings, higher productivity, lower inflation, and lower interest rates yield an additional \$68.7 billion in real GDP. As offshore ITO spending and the related impacts grow through 2010, the positive impact on real GDP is expected to increase as well. By 2010, real GDP is expected to be \$147.4 billion greater in an environment in which offshore resources are used to lower production costs in the U.S. The estimated gains in each year are not due simply to the spending levels in that year: they are due to the accumulation of the savings, quality, and productivity benefits over time.

Real Wages Get a Boost

Lower inflation and higher labor productivity boost real wages throughout the U.S. economy. In 2005, the estimated real hourly wage gain is estimated at \$0.06. As offshore ITO spending increases over the next five years and savings and productivity increase in response, the incremental real wage gain is expected to reach \$0.12 in 2010.

Figure 4: Real Gross Domestic Product Responds to Higher Productivity and Greater Consumer and Business Spending Levels



Source: Global Insight, Inc.

Exports Rise with Offshore Incomes and Lower U.S. Prices

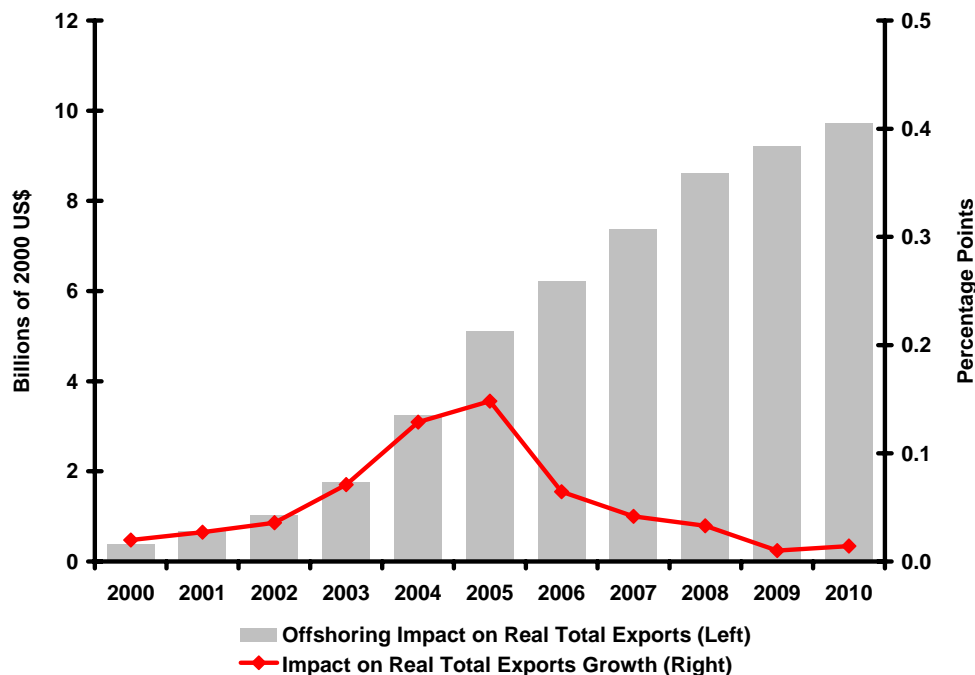
While personal consumption spending and business investment comprises most of the positive real GDP impact, real exports increase as well. The increase in offshore ITO spending by U.S. companies directly increases income among offshore service providers and their employees. The increase in savings due to the use of offshore resources restrains price increases in response to already low inflation and competitive pressures. Some of the additional offshore income creates an increase in demand for U.S. exports. The lower price level spurs demand for U.S. exports as well. In 2005, the real value of U.S. exports will be \$5.1 billion higher due to the effects of offshore ITO spending. By 2010, the impact on real exports is expected to increase to \$9.7 billion.

Additional Economic Activity Creates New Jobs

Offshore software and IT services outsourcing has a positive, cumulative effect on job creation throughout the U.S. economy. In fact, the economic benefits of offshore ITO creates many more jobs than are displaced. While offshore outsourcing has and will continue to displace workers in the software and IT services profession, the positive gains to the economy as a whole, will stimulate job creation in various industries throughout the economy. The overall gain is positive: an estimated 419,579 new jobs will be created this year and over 669,800 new jobs are expected by 2010, if offshore ITO continues. These estimates include both IT and non-IT jobs. After accounting for the number of displaced software and IT services jobs, the net number of new jobs in 2005 is estimated to be over 257,000, and the net number of new jobs in 2010 is expected to be over 337,000.

The net employment gains are not limited to one industrial sector or state. Most industries are expected to gain net new jobs as a result of the estimated economic benefits that accompany offshore ITO spending.

Figure 5: Real Exports Rise as Offshore Incomes Increase and U.S. Prices Respond to Lower U.S. Costs



Source: Global Insight, Inc.

As the economy expands, several broad sectors lead the way in terms of net new job creation. These include Education and Health Services, Transportation and Utilities, and Construction. Other sectors that are expected to gain a significant number of jobs include Professional, Consulting and Business Services, Financial Services, Manufacturing, Retail Trade, and Wholesale Trade. Most of the displaced software and IT services jobs are expected to occur in two sectors: Publishing, Software and Communications and Professional, Consulting and Business Services. In the Publishing, Software and Communications sector, the new high-wage jobs created, while substantial, do not offset the number of displaced software and IT services jobs, resulting in a net decrease by 2010. However, in the Professional, Consulting and Business Services sector, the number of newly created jobs exceeds the number of displaced software and IT services workers, resulting in a net gain by 2010. The job creation in the other sectors helps absorb the displaced software and IT services jobs throughout the economy. For example, some IT services workers are likely to migrate into professional, consulting and business services.

Global Insight also estimated the total number of net new jobs by state, by examining each state's industry employment concentration and projected industrial growth. It is no surprise that the larger, more economically diversified states are expected to gain the most net new jobs. States such as California, Texas, Florida, New York, Illinois, Ohio, and, Pennsylvania are the largest beneficiaries, primarily due to their sheer size. However, other states—such as Nevada, Arizona, Hawaii, and Utah—will lead in terms of the expected growth in the number of net new jobs.

**Table 1: Incremental Employment Impacts by Industry
(Number of Net New Jobs)**

INDUSTRY SECTOR	Net New Jobs With Offshore ITO		Total Employment With Offshore ITO	
	2005	2010	2005	2010
Professional, Consulting & Business Services	39,711	41,312	16,711,378	19,145,269
Natural Resources & Mining	1,778	797	601,112	579,206
Construction	51,231	88,275	7,161,639	7,718,713
Manufacturing	3,575	4,281	14,267,957	14,006,677
Wholesale Trade	47,937	39,905	5,706,514	5,899,787
Retail Trade	25,484	30,234	15,227,458	15,803,696
Transportation & Utilities	44,246	70,295	4,837,185	5,226,552
Publishing, Software & Communications	(34,044)	(60,658)	3,094,599	3,296,742
Financial Services	21,612	43,905	8,148,196	8,404,071
Education & Health Services	44,795	58,731	17,321,941	18,542,773
Leisure, Hospitality & Other Services	8,097	13,697	18,214,009	19,463,266
Government	2,620	6,850	21,829,642	22,795,624
Total Employment	257,042	337,625	133,121,686	140,887,527

Source: Global Insight, Inc. and NAICS

**Table 1: Estimated and Expected Employment Impacts by State
(Number of Net New Jobs)**

STATE	2005	2010	STATE	2005	2010
Alabama	3,530	4,757	Montana	832	1,054
Alaska	647	904	Nebraska	2,015	2,540
Arizona	5,760	8,736	Nevada	3,250	5,577
Arkansas	2,280	3,017	New Hampshire	1,222	1,516
California	27,845	33,931	New Jersey	8,565	10,875
Colorado	4,250	5,625	New Mexico	1,574	2,206
Connecticut	3,065	3,965	New York	14,687	18,633
Delaware	916	1,210	North Carolina	7,242	9,940
Dist. of Columbia	690	782	North Dakota	675	853
Florida	17,596	23,062	Ohio	9,832	13,030
Georgia	7,512	9,866	Oklahoma	2,592	3,381
Hawaii	1,258	1,873	Oregon	3,189	4,168
Idaho	1,309	1,756	Pennsylvania	11,559	14,203
Illinois	11,663	15,295	Rhode Island	898	1,139
Indiana	5,614	7,610	South Carolina	3,239	4,503
Iowa	2,651	3,612	South Dakota	738	992
Kansas	2,249	2,954	Tennessee	5,463	7,299
Kentucky	3,517	4,855	Texas	19,563	26,252
Louisiana	3,842	5,400	Utah	2,274	3,250
Maine	1,164	1,463	Vermont	570	730
Maryland	5,349	6,912	Virginia	6,871	8,791
Massachusetts	5,909	7,314	Washington	4,751	6,026
Michigan	7,458	9,927	West Virginia	1,357	1,707
Minnesota	5,275	7,140	Wisconsin	5,239	6,840
Mississippi	1,928	2,681	Wyoming	574	723
Missouri	4,996	6,750	Total	257,044	337,625

Source: Global Insight, Inc.

Conclusions and Recommendations

Offshore software and IT services outsourcing is rapidly creating a new competitive reality for employers, employees, government agencies, and academia. This year's analysis finds that the U.S. economy has much to gain from global sourcing and an environment of free trade, open markets, and robust competition. The economic benefits include job creation, higher hourly compensation, higher real GDP growth, contained inflation, expanded exports, and others enjoyed throughout the economy. The major conclusions are:

- After considering new research available this year and adjusting our offshore ITO model accordingly, the improved model continues to clearly indicate that offshore ITO yields positive economic benefits.
- Spending for global sourcing of software and IT services is expected to grow at a compound annual rate of 20%, increasing from \$15.2 billion in 2005 to \$38.2 billion in 2010. During the same time period, total savings from the use of offshore resources are estimated to grow from \$8.7 billion to \$20.4 billion.
- While global IT software and service outsourcing displaces some IT workers, total employment in the United States increases as the benefits ripple through the economy. The incremental economic activity that follows offshore IT outsourcing creates over 257,000 net new jobs in 2005 and is expected to create over 337,000 net new jobs in 2010. Sectors that stand to gain include business, consulting and professional services, health care, education, construction, and others. These job gains will be seen throughout the nation.
- The cost savings and use of offshore resources lower inflation, increase productivity, and lower interest rates. This boosts business and consumer spending, and thereby increases economic activity.
- Workers are expected to enjoy a small bump up in after-tax hourly compensation. Offshore software and IT services outsourcing actually increases the after-tax hourly compensation of U.S. workers. With lower inflation and higher productivity, hourly compensation is estimated to be \$0.06 higher in 2005 and is expected to be \$0.12 higher in 2010.
- Demand for U.S. exports is expected to increase due to relatively lower prices of U.S. produced goods and services and higher incomes in the offshore outsourcing destinations. Real exports are estimated to be \$5.1 billion higher in 2005 and are expected to be \$9.7 billion higher by 2010.
- The benefits of global sourcing contribute significantly to real Gross Domestic Product in the United States, adding \$68.7 billion in 2005. In 2010, real GDP is expected to be \$147.4 billion higher than it would be in an environment in which offshore software and IT services outsourcing does not occur.
- The impact of global sourcing on employment varies by industry sector. The major industry groups that are expected to gain a significant number of incremental jobs between 2005 and 2010 include Professional, Consulting & Business Services, Construction, Transportation & Utilities, and Education & Health Services.
- The U.S. has a large and rapidly growing trade surplus in services. The expected increase in offshore software and IT services outsourcing will not reverse this trend.
- While cost savings is a prime factor considered by companies when deciding to move offshore, other critical factors, such as the talent shortages, ability to maintain 24-hour work days, and local market knowledge, also motivate companies to move IT operations offshore.

Given the benefits that are expected to accompany offshore ITO spending by businesses in the United States, it would be unwise to enact protectionist legislation or regulations as a result of political pressures being created by this economic transition. Creating a "digital fortress" is not the answer. At the same

time, however, government and industry should be responsive to the needs of displaced IT workers, as well as to the need to continue encouraging the next generation of workers to enter the IT field. To retain preeminence in global markets and respond to the growing needs for IT professionals in the United States despite the use of offshore resources for some IT activities, businesses, government, schools, and workers must recognize the competitive realities of global markets and respond to the challenges by improving competitive performance.

The central issue surrounding the impact of offshore ITO is whether displaced software and IT services workers in the U.S. will remain unemployed or underemployed. Some workers might not be able to afford the cost of training or certification programs to upgrade their skills. Others might be close enough to “retirement age” that finding suitable employment becomes difficult. In software and IT services—both the industry and occupations across all industries—the pace of change is more rapid than that seen in most manufacturing sectors. Thus, skill obsolescence is a threat many displaced domestic software and IT services workers face and their dislocation could become more “permanent” than “temporary.” Access to retraining programs or the funds with which to re-orient one’s skills are necessary to maintain or expand the current stock of human capital.

The industry implications due to offshore ITO also need to be considered. Incentives should be provided to encourage continued investment in research and development (R&D) in the United States. New software and IT services products and capabilities will continue to yield labor productivity enhancements for the foreseeable future. This affects not only the IT industry, but it also affects all industries and businesses that implement IT systems to leverage their employees’ time and effort. To stay on the cutting edge of technology and its practical applications throughout business, a healthy level of R&D must be maintained domestically.

Overall, adopting a free-trade posture toward offshore ITO will yield benefits to the U.S. economy. Aggressively implementing policies to retrain displaced workers and to encourage continued R&D investment could increase the benefits to the U.S. economy over the next few years.

Strategy Recommendations

The following recommendations are offered:

- Strengthen American leadership in innovation by doubling the number of Science, Technology, Engineering, and Math (STEM) graduates over the next 10 years and encouraging the federal government to commit substantial funding to providing quality STEM education through loan forgiveness, scholarships, and grants.
- Promote a more positive image of the technology fields to increase student interest in math and science.
- Preserve American leadership in innovation by supporting basic research and development programs through grants, extension of the R&D tax credit, and other such policies to help ensure continuing U.S. leadership in innovation based on advanced science and technology.
- Provide greater opportunities for women and other underrepresented groups to help increase the STEM worker pipeline.
- Nurture public/private partnerships that link technology and entrepreneurial education as a way to draw students to STEM programs.
- Build a public policy agenda that addresses the legitimate concerns of the American people, while achieving for their benefit the greatest economic growth through enhanced trade, improved education, beneficial immigration, increased employment, and other important related issues.

- Make information technology and other service sector workers eligible for government assistance when their jobs are displaced by foreign operations.
- Consider offering assistance to service workers similar to that offered to manufacturing workers, in a variety of forms, including skills training (and compensation during the training period), job search and relocation allowances, and in appropriate circumstances, transportation, childcare, and healthcare assistance.
- Continue full and fair enforcement of U.S. trade laws as a high priority. The U.S. government should investigate moving against countries that are not following international agreements by using tariff or non-tariff barriers to harm global trade, including trade in services and government procurement. The U.S. should continually encourage other countries to remove their existing barriers to U.S. exports and open their services markets to foreign competition in the current international trade negotiations.
- U.S. trade agreements should encourage trading partners to adhere to labor and environmental standards similar to those followed by U.S. corporations to level the playing field between United States and foreign companies.
- Students should be encouraged to learn a diverse set of skills. As such, current laws and legislation should be reviewed to assure that the U.S. educational system is being adequately supported at all levels from the earliest schooling to advanced post graduate degree programs.
- Better ensure that U.S. corporations have access to the best talent in the world through improvements in the nation's immigration system and increases in the number of visas available to specialized knowledge workers and others annually.
- Review current law and legislation to assure that everything possible is done to foster a business climate that encourages risk and rewards entrepreneurial effort.