



**Computer & Communications
Industry Association**
Tech Advocacy Since 1972

May 11, 2017

The Honorable Robert Lighthizer
U.S. Trade Representative
600 17th St. NW
Washington, DC 20006

Dear Ambassador Lighthizer:

On behalf of the Internet Infrastructure Coalition (i2Coalition) and the Computer and Communications Industry Association (CCIA), we congratulate you on your confirmation as the U.S. Trade Representative. Our organizations, who represent a broad range of internet and technology infrastructure companies, look forward to working with you in your new capacity to help you shape U.S. trade policies that support innovation, technology infrastructure and the digital economy.

The digital economy is now a significant portion of the U.S. economy. In 2014 the internet sector was responsible for \$966 billion, or around 6% of U.S. GDP, and accounted for 3 million U.S. jobs.¹ The U.S. internet sector leads the world, generating an overwhelming \$159 billion digital trade surplus for the U.S. economy. Today, hundreds of thousands of U.S. businesses of all sizes and from all sectors, from manufacturing to agriculture to financial services, use the internet to export American goods and services to nearly every foreign market around the globe. Three-quarters of these economic benefits resulting from technology integration accrue to traditional sectors of the U.S. economy.

The United States leads the world in internet innovation. Our organization's members are helping change the way businesses and consumers participate in international commerce and trade. Small businesses, who until recently struggled to navigate foreign customs procedures and had a hard time finding foreign customers, are now using the internet to export American goods and services globally. By breaking down barriers to communications, advertising, content-delivery, IT capabilities, and language, the internet is now a critical tool for powering U.S. trade. And with more than 3 billion people connected to the internet worldwide, it is imperative that U.S. trade policy prioritizes policies that will maintain U.S. leadership in the digital economy.

Challenges Facing U.S. Internet and Technology Companies

Regrettably, governments are increasingly promulgating protectionist laws and regulations designed to limit U.S. competitiveness. These rules come in many forms, through unbalanced intellectual property regimes that provide overbroad enforcement of copyright rules, through

¹ <https://internetassociation.org/reports/refreshing-understanding-internet-economy-ia-report/>

insufficient intermediary liability protections, or through restrictions on cross-border data flows. Low de minimis thresholds for duty-free commerce also pose an unnecessary barrier to small business Internet exports. In all cases, internet-enabled businesses suffer when governments threaten the integrity of the free and open internet.

Both of our organizations are concerned about the global trend towards restricting the flow of data across borders. The U.S. Trade Representative is in a unique position to ensure that the free flow of data, which has been the hallmark of the growth of the internet economy, is not restricted. In particular, we recommend particular attention to issues like data localization and the importance that intermediary liability protections play in enabling U.S. digital exports.

Senior-Level Negotiator for Digital Trade

We encourage you to designate a chief digital trade negotiator or other senior-level negotiator for digital trade in order to ensure that these issues are prioritized and that results are delivered. Senior-level staff on this issue are necessary to ensure proper coordination and consistent, cross-cutting approaches on digital trade across the agency. We also recommend continuing the Digital Trade Working Group and expanding it to include other agencies to support a whole-of-government approach to digital trade.

Coordination with Industry and Transparency

Smart collaboration with industry trade groups such as ours is essential to ensure workable outcomes. In addition, we encourage you to maintain as much transparency in trade negotiations as is reasonably possible. More open negotiation processes will contribute to increased support for the trade agenda.

Relationship with China

We also have deep concern about the future of cloud computing and associated services in the Chinese market. Over the course of the past five years, the Chinese government has implemented or proposed regulations that would significantly limit the ability of non-Chinese companies to participate in this growing market. Some of these regulations, including forced technology transfer requirements, localization measures, and prohibitions on the use of dedicated bandwidth connections and virtual private networks, appear to conflict with China's bilateral and WTO commitments. We strongly suggest that in your role, you review the extent to which China has strayed from both its bilateral and WTO commitments related to key services sectors, and insist that China provide non-discriminatory treatment for U.S. cloud and associated services suppliers.

In the coming months, we seek the opportunity to meet with you and your staff to discuss the issues laid out above.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Snead". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping tail.

David Snead
Board and Policy Working Group Chair
Internet Infrastructure Coalition - I2Coalition

A handwritten signature in black ink, appearing to read "E. Black". The signature is cursive and somewhat stylized, with a large initial "E" and a long, sweeping tail.

Ed Black
President & CEO
Computer and Communications Industry Association - CCIA