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ABSTRACT

Computer & Communications Industry Association

OPEN MARKETS & INTERNATIONAL TRADE

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- *CCIA continues to strongly support open markets and expanded trade. Trade policy should be above partisanship and needs to be debated on its long-term merits. The use of "free" trade agreements to expand IPR regulatory controls beyond consensus norms should be stopped.*

Background: Since CCIA was founded over three decades ago, support for free and open markets has been a core principle of the association. CCIA recognizes that free trade advantages all nations, as they can focus on production of goods and services most suitable to their resources and workforce. Moreover, as the leading export industry of the U.S., the high-tech sector in particular benefits greatly from expanded trade. Since high-tech products and services are high revenue, high wage, produce little waste or pollutants, and drive advanced education and scientific research, a vibrant high-tech sector also benefits our economy generally.

U.S. government officials, in their proper quest to get countries without meaningful intellectual property rights (IPR) laws to adopt basic protections which can facilitate trade, have constantly raised the demands on our trading partners. At a time when significant sectors of our economy are calling for reform of both patent and copyright laws, it remains the U.S. government's policy to require our trading partners not only to duplicate but actually expand upon U.S. IPR regimes in their domestic legislation.

CCIA's Position: CCIA continues to promote expanded trade and market access for high-tech exports through the abolition of tariffs and non-tariff barriers. CCIA believes that multilateral negotiations at the WTO should be the forum for expanding free trade. We have concerns that the recent movement toward bilateral trade agreements may undermine efforts at the WTO.

We have also noticed a disturbing trend in recently negotiated free trade agreements: the inclusion of counterproductive provisions (such as overly broad intellectual property protections) in the name of free trade. Trade agreements are being used to inappropriately and unwisely alter and expand intellectual property protection regimes domestically as well as internationally. Intellectual property regimes need to be balanced and fair to all legitimate stakeholders. Trade agreements should be for facilitating the import and export of products and services, not used as a back door vehicle for the exportation of the details of an IP protection regime that remains domestically controversial. While CCIA reiterates its commitment to free trade, the concerns over these IP provisions must be addressed.

Current Issues: There are three FTAs left over from the previous administration now pending before Congress: Colombia, Panama, and South Korea. The KORUS FTA is the largest trade agreement to come before Congress since NAFTA, and as part of the U.S.-Korea FTA Business Coalition, CCIA continues to follow its progress closely.

CCIA has also opposed the European Union's imposition of duties on certain high-tech products that are covered by the WTO's Information Technology Agreement (ITA). In 1997, ITA conferred duty-free treatment on information technology products and has had a huge impact on promoting global trade in IT products. However, the European Commission (EC) has removed some products from ITA coverage, such as computer displays and multifunction printers, because these products have incorporated additional features that did not yet exist when the ITA was established in 1997. As a result, exporters are effectively being penalized for innovation. USTR has requested WTO dispute settlement action.

Public and political support for free trade is at its lowest point in decades. Trade has become a scapegoat for the economic anxiety felt by people facing a rapidly changing world. The confrontation between the previous administration and Congressional Democrats over the Colombia agreement threatened to unravel the entire framework of cooperation between Congress and the Executive Branch that had worked well in passing past FTAs. CCIA is deeply concerned that the recent exploitation of trade as a partisan wedge issue has shattered the bipartisan free trade consensus that had guided the U.S. economy through a period of unprecedented expansion. Support for free trade is not a political decision, but a principled stand that puts the long-term greater good of the nation ahead of short-term political calculation. As such, trade needs to be insulated from politics and partisanship as much as possible. CCIA believes that we must get back to debating and voting on trade agreements according to their own merits, not according to electoral advantage.

The worldwide economic crisis has proved to be a further blow to free trade. The inclusion of Buy American provisions in the stimulus bill, even applied in a manner consistent with U.S. obligations under international agreements, could be interpreted as a weakening of the U.S. commitment to free trade. For decades, the U.S. has been the standard-bearer in the promotion of free trade and greater access to global markets. If the U.S. is seen as wavering in that fight, it could give other countries an excuse to engage in the kind of very short sighted protectionism that worsened and prolonged the Great Depression. In a globally connected economy, and a global economic crisis, recovery must also be a global recovery.