



October 17, 2016

The Honorable Ambassador Michael Froman
United States Trade Representative
Executive Office of the President
600 17th Street NW
Washington, DC 20508

Ambassador Froman:

On behalf of the world's leading internet and technology companies, we commend you for prioritizing efforts to conclude negotiations on a Trade in Services Agreement (TiSA) fit for the 21st century. As negotiations reach a critical phase, we urge you to intensify efforts to reach an agreement that will promote digital trade and empower small businesses, entrepreneurs, developers, and users.

TiSA represents a unique opportunity to create a new framework that promotes cross-border trade in digital services, protects the free and open internet, and encourages the free flow of information, both among TiSA's twenty-three dynamic economies and around the world. According to recent data, the United States exported over \$385 billion in digitally enabled services – one measure of digital trade – in 2014.¹ Digital trade represents nearly 55 percent of U.S. services exports and has generated an annual trade surplus of over \$150 billion. The benefits of digital trade are felt well beyond our industry. Seventy-five percent of the value created by the internet and technology sector is captured by companies in traditional industries who embrace digital trade to connect with new customers and suppliers in markets around the world.² These figures are only expected to increase over the next decade as the digital ecosystem continues to grow and flourish.

However, companies that engage in digital trade are facing increasing challenges globally. Countries are adopting approaches to internet and technology-related regulation that are not innovation-oriented and hurt U.S. companies. These barriers hurt not only technology companies but businesses across all sectors who use digital tools to trade globally, including the small businesses who increasingly rely on the internet to reach new customers.

¹ http://www.bea.gov/scb/pdf/2016/05%20May/0516_trends_%20in_us_trade_in_ict_serivces2.pdf

² <http://www.mckinsey.com/industries/high-tech/our-insights/internet-matters>

As your office has made clear, changes to the way we trade – through new technology – require the United States to inject new disciplines into the global trading system. To ensure that U.S. industry is able to continue providing high-quality digital services, a final TiSA agreement must include binding and enforceable language that (1) allows data to flow freely across borders at a level that meets or exceeds the highest internationally agreed standard; (2) prohibits requirements to store, manage, or otherwise process data locally at a level that meets or exceeds the highest internationally agreed standard; (3) ensures that TISA’s disciplines apply to all services, including new services; (4) enables open online and cloud platforms by not holding them accountable for content created by others (other than with respect to intellectual property, which is not addressed by TiSA); and (5) limits the number and scope of the departures that TiSA parties may take from the market access and national treatment obligations. As our industry considers the nature and extent of its support for a final TiSA agreement, it will be vital to see concrete results in these critical areas.

Thank you for your leadership on digital trade issues. As you continue to work to finalize TiSA, we encourage you to help ensure the agreement supports U.S. digital innovation, small businesses, entrepreneurs, developers, and users. We stand ready to provide whatever support and assistance we can to you and your colleagues in this crucial effort.

Sincerely,



Michael Beckerman
President & CEO
Internet Association



Ed Black
President & CEO
Computer and Communications
Industry Association



Dean Garfield
President & CEO
Information Technology Industry Council



Victoria Espinel
President & CEO
BSA | The Software Alliance



Morgan Reed
Executive Director
ACT | The App Association



Gary Shapiro
President & CEO
Consumer Technology Association



David Snead
Board Chair
Internet Infrastructure Coalition

Cc: The Honorable Jacob Lew, Secretary of Treasury
The Honorable Penny Pritzker, Secretary of Commerce
The Honorable Jeffery Zients, Director of the National Economic Council