

Before the
Office of the United States International Trade Commission
Washington, D.C.

In re

Economic Impact of Trade Agreements
Implemented Under Trade Authorities
Procedures, 2021 Report

Investigation No. TPA-105-008

**PROPOSED HEARING STATEMENT OF
COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION (CCIA)**

Pursuant to the notice issued by the U.S. International Trade Commission (USITC), the Computer & Communications Industry Association (CCIA) submits the following hearing statement in relation to Investigation No. TPA-105-008, *Economic Impact of Trade Agreements Implemented Under Trade Authorities Procedures, 2021 Report*. CCIA represents large, medium, and small companies in the high technology products and services sectors, including computer hardware and software, electronic commerce, telecommunications, and Internet products and services. CCIA welcomes the opportunity to discuss the economic impact of U.S. free trade agreements to the digital economy.

Respectfully submitted,

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PROPOSED HEARING STATEMENT

The Computer & Communications Industry Association (CCIA) appreciates the U.S. International Trade Commission's efforts to highlight the benefits and economic impact of U.S. free trade agreements. CCIA represents large, medium, and small companies in the high technology products and services sectors. Our members are either directly engaged in trade in digital goods and services or play a key role in facilitating trade.

The United States is a world leader in high-tech innovation and Internet technology — a central component of cross-border trade in both goods and services. Digitally-enabled exports were valued at 82.6 billion in 2019, a figure that has steadily grown for over two decades according to BEA estimates. The removal of foreign obstacles to Internet-enabled international commerce and export of Internet-enabled products and services is thus critical to the growth of the American economy. CCIA encourages countries to adopt regulatory and legal frameworks that lower barriers to trade and urges the U.S. to pursue trade policies that work towards this goal.

U.S. free trade agreements have gradually progressed to account for digital services. Strong commitments on intellectual property, customs facilitation, telecommunications and electronic services have enabled U.S. technology exports to flourish abroad over the enforcement of multiple trade agreements. The U.S.-Mexico-Canada Agreement which came into force in July 2020 is the current gold standard for trade agreements, building off the progress made in previous agreements, and should serve as the model going forward.

The following are key features of U.S. trade agreements that have enabled digital trade and that the U.S. should continue to include in any future trade agreement: enabling cross-border data flows; regulatory certainty for online intermediaries; source code protection; ensuring privacy and data protection; promotion of risk-based cybersecurity measures; customs facilitation for e-commerce; and copyright commitments that encourage balance in limitations and exceptions and innovation in next-generation technologies.

One of the longstanding commitments the U.S. and its trading partners have pursued is the ban on imposing customs duties on electronic transmissions. In 1998, WTO members recognized

that in order to facilitate the growth of the Internet economy, customs duties should not be extended to electronic transmissions. This moratorium has been key to the development of global digital trade and shows the international consensus with respect to the digital economy, reflected in the number of commitments made in free trade agreements among multiple leading digital economies. Permanent bans on the imposition of customs duties on electronic transmissions are included in U.S. trade agreements, including USMCA. However, some countries are taking steps to eliminate, or at the very least undermine the moratorium. Attempts to undermine or eliminate the moratorium will do little to address revenue concerns and will deter growth by introducing significant compliance burdens. Making this moratorium permanent will encourage e-commerce and provide predictability. A departure from the moratorium would create difficulties in technical feasibility as well as increase costs for U.S. exporters.

Pursuing ambitious and comprehensive trade agreements is increasingly important as trading partners adopt laws and regulations that hinder the further growth of cross-border delivery of Internet services and technologies. Protectionist policies create barriers to entry in economic sectors that may not traditionally be considered part of the technology industry, but which now rely upon Internet-enabled services and hardware to reach new customers. CCIA welcomes the analysis of the USITC to study these important issues and inform policymakers going forward to ensure that U.S. digital industries are able to continue to grow and expand to new markets abroad.