



**OPEN MARKETS & INTERNATIONAL TRADE**

**APRIL 2014**

*CCIA continues to strongly support open markets and expanded trade. The global trade apparatus must extend to embrace the Internet economy and the new business models and supply chains it has enabled.*

*U.S. trade policy should work to eliminate impediments to cross-border data flows, mandates on the location and use of technology infrastructure, forced technology transfer, unreasonable liability rules regarding third-party activity, and unbalanced IP laws.*

**Background:** Since CCIA was founded over four 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. A McKinsey study has shown that the Internet is a multiplier, with 75% of its benefits conferred on traditional industries. A vibrant high-tech sector also benefits our economy generally.

**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. However, in order to fully realize the needs of 21<sup>st</sup>-century commerce, U.S. trade policy must do more to respond to the challenges Internet businesses face in the global marketplace. CCIA believes there is an urgent need to update the international trade system to reflect the reality of a globally networked world. Increasingly, businesses, especially small and medium-sized enterprises, rely on Internet services to connect with customers and sell their products. Internet services are what create economic and productivity multipliers for such products as computers, smartphones and tablets. Yet concerns over impediments to the free flow of information continue to grow as communications and commerce over the Internet increase. Numerous restrictions on this flow harm U.S. trade and commerce, as well as innovation in Internet communications and services. In the new world of electronic commerce and digital trade, removing obstacles and helping trade flow as freely as possible means safeguarding the free flow of information. The global trade apparatus must extend to embrace the Internet and the new business models and supply chains it has enabled.

**Current Issues:** Negotiations continue for the Trans-Pacific Partnership (TPP) Agreement with Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. CCIA continues to support inclusion of provisions regarding intellectual property

safeguards and electronic commerce that permit the smooth functioning of the Internet. The international trade regime has generally lacked flexible IP provisions to promote innovation, and it is necessary to modernize IP provisions to be consistent with Internet and high-technology innovation. TPP should also promote the free flow of information online, recognizing that blocking bits at the border is as much of a trade barrier as blocking physical goods. While originally targeted for completion in 2013, CCIA is still hopeful that negotiations will result in a gold-standard integration agreement that would serve as a tangible sign of the U.S. commitment to free trade and to the Asia-Pacific region.

Negotiations were also launched last year for the Transatlantic Trade and Investment Partnership (T-TIP) agreement. CCIA strongly supports the T-TIP, viewing it as an opportunity for the world's two most advanced and open economies to provide a model for how to update trade rules to reflect the realities of a 21st century economy. In testimony before the International Trade Commission last year, CCIA focused on the need for a strong e-commerce chapter, strong intermediary liability protection, opposing forced localization, and customs harmonization.

In order to win Congressional approval of these and other trade agreements once negotiations are completed, the Trade Promotion Authority (TPA) will be indispensable. Congress last considered the TPA in 2002, so updating the trade framework to promote 21st century trade is long overdue. The Bipartisan Congressional Trade Priorities Act of 2014 makes many strides toward achieving this. CCIA will continue to push for measures to address the numerous barriers faced by Internet businesses: impediments to cross-border data flows, mandates on the location and use of technology infrastructure, forced technology transfer, unreasonable liability rules regarding third-party activity, and unbalanced IP laws.