900 17th Street, N.W.
Suite 1100
Washington, DC 20006
Phone: 202.783.0070
Fax: 202.783.0534
Web: www.ccianet.org
Computer & Communications Industry Association

ABSTRACT

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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.*
- *The global trade apparatus must extend to embrace the Internet economy and the new business models and supply chains it has enabled.*

Background: Since CCIA was founded 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 recent 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. CCIA has long believed that comprehensive multilateral negotiations at the WTO should be the forum for expanding free trade. However, with the protracted stalemate of the Doha Round, we acknowledge the value of pursuing bilateral and regional agreements as well.

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.

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. The global trade apparatus must extend to embrace the Internet and the new business models and supply chains it has enabled.

CCIA is deeply concerned that the 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.

Current Issues: The three FTAs left over from the previous administration (Colombia, Panama and South Korea) were finally passed by Congress last year. With the decks having been cleared, new initiatives are being discussed, which we hope will address the new issues critical to the continued growth of the Internet economy.

Negotiations continue for the Trans-Pacific Partnership (TPP) Agreement with New Zealand, Singapore, Chile, Peru, Australia, Vietnam, Brunei and Malaysia. In addition to these countries, Canada, Mexico and Japan have expressed interest in joining the talks. CCIA supports their inclusion to ensure that three of our four largest trading partners would operate under the same "high-standard" 21^{st} century trade framework. CCIA is strongly pushing for the inclusion of provisions regarding intellectual property safeguards and electronic commerce that permit the smooth functioning of the Internet. We are hopeful that it will result in a gold standard integration agreement without inappropriate expansion of poorly conceived intellectual property rights provisions, and a tangible sign of the U.S. commitment to the Asia-Pacific region.

CCIA also supports efforts under way at the WTO focusing on the removal of trade barriers in services. Given that the major WTO agreement governing the worldwide trade in services, the General Agreement on Trade in Services (GATS), could not envision the Internet or its impact on trade, these talks are long overdue. The sad fact is that the biggest trade enabler to the global economy – the Internet – is one of the least liberalized. Our inherently global industry badly needs an agreement on ICT services liberalization.

With Russia set to join the WTO this year, Congress will be debating repeal of the Jackson-Vanik amendment, which would extend permanent normal trade relations (PNTR) to Russia. Social networks and the Internet were utilized to inform and organize the mass demonstrations held in Russia prior to the presidential election, and there were reports of jammed mobile Internet service and DDoS attacks against opposition websites. At a time when the Russian government's stance on Internet freedom is worsening, CCIA believes the U.S. should not repeal Jackson-Vanik, which is symbolic of U.S. commitment to human rights, without addressing the issue in a way that results in a 21^{st} century update of that commitment.

Finally, CCIA has deep concerns about policies of the Chinese government, such as Internet censorship and Indigenous Innovation procurement requirements, that seek to either restrict access to Chinese markets or force foreign companies to acquiesce to Chinese government demands as the price of access. Concerted action between the U.S. government and partners such as the E.U. and Japan have resulted in the Chinese moderating some of their policies, but continued multilateral vigilance is needed to convince China that access to its markets is not a coin that enables them to buy their way out of playing by the global trading system rules.