Internet Association

May 16, 2017

The Honorable Robert Lighthizer
Ambassador
United States Trade Representative
600 17th Street NW
Washington, D.C. 20006

Dear Ambassador Lighthizer:

Internet Association congratulates you on your confirmation as U.S. Trade Representative. We look forward to working with you as you begin crafting and executing an ambitious U.S. trade agenda.

Internet Association represents the world's leading internet companies.[1] The internet sector is responsible for 6 percent of U.S. GDP and 3 million American jobs. IA members help power a massive $159 billion digital trade surplus for the United States, and each year, help U.S. manufacturers export $86.5 billion in products and services through online sales. American exporters – small and big – from every state and in nearly every sector of the economy rely on internet-enabled tools to reach foreign customers and suppliers.

Our members are creating new opportunities for U.S. workers, farmers, and businesses by facilitating millions of transactions around the world through e-commerce, cloud computing, online advertising, communications, and content-delivery platforms. While domestic growth of the internet sector continues to accelerate, an increasingly significant portion of our members' customers and revenues now come from abroad. Unfortunately, governments around the world – from China to Brazil to the European Union – are enacting anti-internet laws and policies that restrict or block the ability of U.S. exporters from realizing the potential benefits of digital trade. In order to maintain U.S. leadership in the digital economy, the United States must push back on these policies and pursue rules that enable the free and open internet to thrive worldwide.

As you begin developing, implementing, and enforcing U.S. trade policy, we encourage you to put digital trade at the center of your trade agenda. In particular, we look forward to working with you on the following priorities:

- **Cross-Border Data Flows and Data Localization Restrictions**

  The movement of electronic information across borders is critical to all U.S. economic sectors, but the rules governing flows of digital goods, services, and data are uncertain. The internet industry urges the Administration to craft specific strategies to ensure that

[1] Airbnb, Amazon, Coinbase, DoorDash, Dropbox, eBay, Etsy, Expedia, Facebook, FanDuel, Google, Groupon, Handy, IAC, Intuit, LinkedIn, Lyft, Match Group, Microsoft, Monster Worldwide, Netflix, Pandora, PayPal, Pinterest, Practice Fusion, Rackspace, reddit, Salesforce.com, Snap Inc., Spotify, SurveyMonkey, Ten-X, TransferWise, TripAdvisor, Turo, Twitter, Uber Technologies, Inc., Upwork, Yahoo!, Yelp, Zenefits, and Zynga.

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our trading partners allow the cross-border transfer of information by electronic means and eliminate restrictions on requirements that data be stored or processed and computing facilities be located domestically.

- **Balanced Intellectual Property Frameworks**

  Balanced copyright promotes innovation and creativity. Fair use is critical for web search, machine learning, computational analysis, text/data mining, and cloud-based technologies. Internet companies rely on safe harbors and limitations on liability in order to advance technology and create new products. The internet industry encourages the U.S. to promote the balanced framework of its existing copyright laws, recognizing rights reserved for creators, but also limitations and exceptions such as fair use and first sale.

- **Intermediary Liability Protections**

  Section 230 of the Communications Decency Act is a core foundation of the United States internet economy; it has enabled the development of digital platforms and the free flow of information that powers the U.S. economy. Section 230 ensures that cloud or other internet services can host massive amounts of speech without the internet service being considered the 'speaker.' The internet industry supports prohibiting governments from making online services liable for third-party speech. Intermediary liability protections enable features such as customer reviews, which have been essential to building customer trust for e-commerce businesses.

- **Customs and Trade Facilitation**

  Customs formalities, inspections, requirements, and administrative procedures can present significant market access barriers for internet-enabled businesses, especially small and micro businesses. Streamlining and expediting customs procedures and reducing duties by increasing de minimis thresholds to commercially meaningful levels and making permanent the WTO customs moratorium on electronic transmissions would significantly ease the frictions these businesses face when seeking to grow their global footprint.

- **Digital Services**

  Some countries are erecting barriers to digital services, including by imposing onerous restrictions or even outright prohibitions. In order to ensure that digital services keep growing and contributing to the health of the United States economy, governments should ensure non-discriminatory market access to enable current business models, and also enable entirely new services to emerge, while also eliminating forced technology transfer requirements.

- **<u>Senior Official for Digital Trade</u>**

  The internet sector has a greater weight in GDP than many other sectors of the economy, and has a cross-cutting role for all U.S. trade. Staff at USTR currently dedicated to addressing barriers to digital trade is not commensurate with the importance of our sector to the overall U.S. economy. To prioritize and enhance coordination on digital trade, the internet industry supports the designation of a chief digital trade negotiator or other senior-level official responsible for digital trade and to add resources at all levels of the agency towards advancing work on these issues. In addition, the industry supports renewal of USTR's Digital Trade Working Group and would welcome the expansion of this group to include the participation of additional agencies.

Internet Association appreciates your attention to these critical issues and again congratulates you on your confirmation as U.S. Trade Representative. Our organization looks forward to an open and meaningful dialogue with you and your new team. As you begin, I would welcome the opportunity to meet with you to speak in greater depth about our industry's digital trade policy priorities.

Sincerely,



Michael Beckerman
President & CEO
Internet Association

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