



Optimizing Digital Trade

The Internet Drives Trade

3.2bn Consumers

More than 3.2 billion internet-connected consumers exist worldwide.

\$8 Trillion E-Commerce

Nearly \$8 trillion is exchanged through global e-commerce annually.

\$159bn Trade Surplus

The United States runs a huge \$159 billion trade surplus in digitally-deliverable services.

55% of Services Exports

Digital trade represents nearly 55 percent of U.S. services exports.

GDP ↑ 3.4% to 4.8%

U.S. GDP increased by 3.4 to 4.8 percent because of digital trade.

75%+ Economic Value

More than 75 percent of the economic value created by the internet is captured by companies in traditional industries, many of them small businesses located in every state.

70% Users Overseas, 50% Revenue Abroad.

U.S. based internet companies have over 70 percent of their users overseas and earn over 50 percent of their revenues from abroad.

The continued growth of the internet as a global medium for innovation, trade, and commerce is made possible by laws that preserve the vitality of an open and consumer-oriented internet environment. The internet industry is responsible for 6 percent of U.S. GDP and nearly 3 million American jobs. The internet is helping change the way we work, learn, communicate, and trade. Businesses of all sizes and in nearly every sector – from auto manufacturing, to agriculture, to insurance – are harnessing the power of the internet to optimize the way they reach new customers in foreign markets.

Unfortunately, the free and open nature of the internet is under threat abroad. Countries are increasingly enacting laws and policies targeting U.S. internet companies, putting the integrity of the internet ecosystem at risk. China is enacting burdensome rules that make it nearly impossible for cloud service providers to access the market, while the EU is promulgating unbalanced intellectual property proposals that would make sharing links online effectively illegal.

To ensure the internet continues to be a key driver of U.S. economic strength and growth, the Internet Association believes the U.S. should take a leadership role in promoting digital trade commitments in ongoing and future trade agreements.

Trade Policies Should Support the Digital Economy

→ **Cross-Border Data Flows and Data Localization Restrictions:** The internet is a borderless medium. Movement of electronic information across borders is critical to global businesses, but the rules governing flows of digital goods, services, and data are uncertain. The Internet Association strongly supports the inclusion of provisions in trade agreements that protect legitimate, cross-border information flows. This includes language that prohibits the use of differing privacy regimes as non-tariff barriers and policy measures that link market access or other commercial benefits to local infrastructure, investment, or data storage requirements.

→ **Balanced Intellectual Property Frameworks:** Balanced copyright provisions promote innovation and creativity, which stimulates growth of the \$4.2 trillion internet economy. In the digital economy, fair use is critical to the functioning and development of technology and services. Internet companies rely on safe harbors and limitations on liability in order to flourish. The Internet Association 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 for consumers.

→ **Intermediary Liability:** The United States has the most internet-friendly legal system in the world. As a result, the U.S. is a net exporter of internet-related products and services. Generally, an internet company in the U.S. is not held liable for the conduct or content of third parties who use its platform. Section 230 of the Communications Decency Act allows for this limitation. The Internet Association supports the inclusion of this policy in ongoing and future trade deals with the recognition of different traditions regarding freedom of expression.

→ **Trade Facilitation:** While the internet industry experiences unique non-tariff barriers, our industry also faces considerable barriers that are found in the offline world. Compliance with various countries customs formalities, inspections, requirements, and administrative procedures presents a significant barrier to markets access for internet-enabled businesses, especially small and micro businesses. Improving customs and duties processes by harmonizing de minimis thresholds, as well as urging our trading partners to increase de minimis thresholds where they are artificially low, would significantly ease the frictions these businesses face. Additionally, provisions ensuring duty free treatment for all technology goods and eliminating non-tariff barriers on technology and other goods and services would allow internet-enabled small businesses to engage in global trade and commerce.