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## CTA Statement for the Record

### House Ways and Means Committee Trade Subcommittee

#### September 20 Hearing on Protecting American Innovation by Establishing and Enforcing Strong Digital Trade Rules

October 4, 2024

The Consumer Technology Association appreciates the opportunity to submit a statement for the record for this important hearing. Digital trade enables the success and competitiveness of consumer technology firms of all sizes. Strong digital trade rules - and enforcement of those rules by the U.S. government - disproportionately benefits small business and startups. As several witnesses testified during the hearing, complying with multiple data localization requirements and software source code disclosure mandates is burdensome, overly complex, prohibitively expensive, and potentially dangerous to the health of companies.

Addressing barriers to digital trade should be a high priority for the U.S. government. Sadly, the Office of the U.S. Trade Representative instead has deprioritized addressing barriers to digital trade, taken a still ongoing pause on negotiations on digital trade, and encouraged other governments to discriminate against U.S. technology firms. By contrast, the U.S. International Trade Administration<sup>1</sup> and the Department of State<sup>2</sup> both continue to prioritize digital trade in their work and will defend the digital trade interests of U.S. companies in other markets. If USTR won't include barriers to digital trade in the statutorily mandated National Trade Estimate report<sup>3</sup> on significant barriers to U.S. trade in 2025, we urge ITA and State to include any barriers identified by U.S. industry in their own reports and endeavors. The multi-association memo to the Congress from April 2024<sup>4</sup> is indicative of the types of barriers to trade that USTR is ignoring but which other U.S. government agencies should address.

Furthermore, data and [More, companies are deploying](#) digital tools are increasingly critical to manufacturing processes across all industries, enabling production and supply chain operations across agriculture, healthcare, and other vital sectors of the American economy. However, if USTR does not negotiate and enforce strong protections for software source code and algorithms forming the backbone of technological advancement, the competitiveness of these sectors will

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<sup>1</sup> <https://www.trade.gov/press-release/international-trade-administration-announces-efforts-advance-us-competitiveness-and>

<sup>2</sup> <https://www.state.gov/united-states-international-cyberspace-and-digital-policy-strategy/>

<sup>3</sup> <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2024/march/ustr-releases-2024-national-trade-estimate-report-foreign-trade-barriers>

<sup>4</sup> <https://www.technet.org/media/technet-led-multi-association-memorandum-to-congress-expresses-concerns-with-the-ustrs-2024-national-trade-estimate-report/>

inevitably suffer. Such an outcome would undermine U.S. companies of all sizes and harm broader American economic success. These digital tools that drive innovation include U.S. technology and software, which U.S. companies are often exporting to other markets. This underscores why strong digital trade rules are essential to ensuring that the United States remains the global technology and innovation leader.

For these reasons, CTA urges the subcommittee to organize another hearing with U.S. government leaders from ITA and State who are willing to do the job that USTR cannot. We encourage the subcommittee to ask these leaders what they need, how the Congress can support them, and how they can reflect the views of industry stakeholders - especially startups and small businesses - in their work. Lastly, we urge the Committee to file its own comments with USTR on the NTE by the October 17 deadline<sup>5</sup>, demanding that USTR include barriers to digital trade in the 2025 NTE and that USTR cease its pause and get back at the negotiating table to advance high standard digital trade rules, such as those in the USMCA, in all its bilateral, regional, and multilateral negotiations.

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<sup>5</sup> <https://www.federalregister.gov/documents/2024/09/03/2024-19694/request-for-comments-on-significant-foreign-trade-barriers-for-the-2025-national-trade-estimate>