



May 16, 2017

The Honorable Robert Lighthizer  
United States Trade Representative  
Office of the U.S. Trade Representative  
600 17<sup>th</sup> St. NW  
Washington DC 20508

Dear Ambassador Lighthizer,

Congratulations on your appointment. The Information Technology Industry Council (ITI)<sup>1</sup> welcomes the opportunity to support you in your efforts to grow the U.S. economy. We share your goals of opening markets and increasing U.S. manufacturing and services exports; creating jobs and raising wages in the United States; and improving the U.S. climate for investment and innovation. We are writing to you to encourage USTR to leverage technology as a foundation for a U.S. trade policy that broadly benefits American workers and companies, innovation, and economic growth.

ITI members were pleased with the emphasis that you gave in your confirmation hearing to prioritizing digital issues and to enforcing existing trade agreements to combat foreign trade restrictions. We are pleased by what this says about your readiness to provide leadership and commit the resources necessary to pursue a robust and market-opening trade policy agenda.

The U.S. economy is increasingly reliant on technology products and services and cross-border data flows and, therefore, would benefit from a trade policy that reflects this dynamic. Technology companies [employ](#) over 6.9 million Americans — 5 percent of private sector employment — and account for 7.5 percent of U.S. GDP. Technology products and services drive growth and job creation in virtually every sector of the economy, allowing our manufacturers, automakers, energy firms, construction firms, financial firms, healthcare providers, and other U.S. industries to be more competitive, at home and abroad. U.S. competitiveness, jobs in all sectors, and businesses of all types now depend on companies being able to move digital information rapidly and freely, including across borders, to support their businesses and reach customers in foreign markets. The U.S. Congress, when it enacted the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (“TPA”), acknowledged the central importance of digital trade and cross-border data flows to the U.S. economy by recognizing them as “principal trade negotiating objectives.”

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<sup>1</sup> ITI is the premier advocacy and policy organization for the world’s leading innovation companies. In the United States and around the world, ITI works to bring about policy environments that enable innovation and maximize the benefits that ICT companies provide, including economic growth, job creation, and the tools to solve the world’s most pressing challenges. We work closely with governments to achieve these objectives because we believe that the interests of our industry are fundamentally aligned with those of the economies and societies in which we operate.



As you indicated at your hearing, some foreign governments have turned to discriminatory or otherwise harmful policies that unfairly disadvantage American companies and impede the ability of technology products and services to drive growth. Governments around the world are, for example, preventing U.S. tech companies from selling their products and services abroad; requiring the “localization” of data, software, services, and hardware within their borders; forcing technology transfer; and using regulatory and other barriers to put a thumb on the scale in favor of their own firms. These restrictions harm U.S. companies in all sectors, preventing manufacturers, service providers, and small businesses from entering foreign markets and using technology products and services to support U.S. exports and other U.S. businesses.

Given the above perspectives, we respectfully encourage you and your colleagues to prioritize work on digital issues as outlined below:

- 1. Negotiate new rules to promote greater trade in technology products and services.** U.S. trade agreements must both combat foreign trade restrictions that impact the technology sector and other sectors that use technology, and fight for policies that will benefit U.S. exports and other business activities. We encourage the Administration to craft new rules to achieve these goals, including by: (a) ensuring free cross-border data flows and promoting open Internet policies; (b) prohibiting tariffs, taxes, and other barriers to cross-border data flows, digital products, digital services, and e-commerce; (c) prohibiting requirements to localize data, production, or infrastructure; and (d) prohibiting forced transfers of technology, source code, or encryption keys.
- 2. Enforce U.S. trade agreements to ensure our companies and workers can compete fairly.** The rules in our trade agreements should ensure that U.S. companies and workers are treated fairly and have an equal chance to compete in markets around the world. Enforcement of these rules is critical to U.S. industry. We, therefore, encourage an active and aggressive approach to enforcement of U.S. trade agreements, targeted at problems of significant concern. [The 2017 National Trade Estimate Report on Foreign Trade Barriers](#) and the accompanying fact sheet on [key barriers to digital trade](#) reflect many of our enforcement priorities, including in China, India, and Indonesia. We would welcome the opportunity to engage with you and your staff to discuss these measures and the available enforcement tools to address them.
- 3. Increase efforts and resources to support a digital agenda in U.S. trade policy.** As you review the substantive agenda and staffing at USTR, we hope you will bring fresh energy and leadership of the inter-agency to address the global opportunities and challenges associated with digital trade to U.S. industry. Specifically, we recommend that you elevate and increase USTR’s digital trade efforts by designating a senior official responsible for digital trade and adding resources at all levels of the agency. These steps would be commensurate with the large and growing impact of digital technologies on the global economy and U.S.



competitiveness. Last year, the Departments of State and Commerce enhanced their support for the digital economy with their digital attaché programs; we have encouraged expansion of these programs to more markets. These agencies also have specific responsibilities, including in administering the U.S.-EU Privacy Shield. USTR also took a complementary and important step of creating an internal working group on digital issues. We remain committed to working with USTR as you adopt a whole-of-government approach that reflects the importance of digital issues in a 21<sup>st</sup> century trade policy. More focus is needed, however, especially in light of the TPA negotiating objectives on digital issues; increasing evidence that technology can make trade more inclusive; and the growing barriers impeding trade in digital technologies.

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U.S. trade policies that create market opportunities and protect rights for American companies and workers hold great potential to advance the interests of U.S. innovation, job creation, and economic growth. Trade policies that support a globally competitive technology sector will also make all sectors of the U.S. economy more competitive and innovative. We look forward to working as a partner with you and the Administration as a whole in using trade policy to build better global opportunities for American industries and workers.

Sincerely,

A handwritten signature in black ink, appearing to read "Dean Garfield". The signature is fluid and cursive, with a large initial "D" and a long horizontal stroke across the top.

Dean Garfield  
President and CEO

CC: Secretary Ross, Secretary Tillerson, General McMaster, Director Cohn, and Director Navarro