



Prepared Statement
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TechAmerica

Before the

**U.S. House of Representatives Energy & Commerce Committee
Subcommittee on Commerce, Manufacturing & Trade**

Hearing on

The U.S. – EU Free Trade Agreement: Tipping Over the Regulatory Barriers

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Chairman Terry, Ranking Member Schakowsky and distinguished Members of the Subcommittee, thank you for convening this important hearing and for the opportunity to provide a statement on the Transatlantic Trade and Investment Partnership (TTIP).

TechAmerica represents over 550 premiere global technology companies of all sizes – headquartered both in the U.S. and European Union (EU) – that are engaged in a wide spectrum of the information and communications technology (ICT) sector. TechAmerica and its member companies strongly welcome the launch of the TTIP negotiations and share the goal of concluding a high-standard agreement which could produce up to 1 million new American and European jobs and increase U.S. exports by 8%.

The technology industry directly supports 5.95 million jobs in the U.S. and over 2.4 million jobs in the EU. According to the National Science Foundation, between 1998 and 2010 total export volume for high-tech goods between the U.S. and the EU increased by 5-7% annually, and according to the U.S. Trade Representative (USTR), in 2012, the U.S. exported over \$31 billion in computer and electronic goods to the EU. Among the top five exporters of computer and electronic goods to the EU were California (\$6.9 bn), Texas (\$4.5 bn), Massachusetts (\$1.7 bn), New York (\$1.7 bn) and Illinois (\$1.3 bn), respectively. Considering the already robust economic relationship the two allies have, we believe that there is even more potential to achieve economic growth through the TTIP negotiations. For example, the TTIP could increase GDP for both the EU & U.S. by 3%, and potentially increase global GDP by almost \$128 billion.

We believe that the opportunities provided by these negotiations have the potential to not only shape the trading relationship between the U.S. and the EU, but also establish a 21st century model for future trade agreements. Therefore, negotiations should be pursued in ways that encourage innovation and creativity, reduce regulatory barriers, with the recognition that differing approaches to these issues can achieve compatible outcomes.

My statement today highlights the technology sector's four key priorities (below) to ensure the TTIP becomes a 21st century trade agreement that drives innovation in both economies and throughout the world.

TechAmerica's Four Key Priorities

1. Cross-Border Data Flows
2. Digital Goods and Services
3. Privacy
4. Cybersecurity

1. Cross-Border Data Flows

We believe the number one priority for the negotiations should be to preserve the ability to allow cross-border data flows between the EU and the U.S., which is a universal issue that impacts every industry that uses the internet to market and sell their services and/or goods through websites, e-mail, social media, mobile devices, cloud services and online money transfer services. In fact, through the utilization of cross-border data flows, cloud computing has increased efficiency and productivity of businesses, and supported

research and development across the globe. According to a study, U.S. exports of cloud computing services in 2010 were estimated to be worth \$1.5 billion with projections indicating a 600% increase by 2015.

Since 1998, the EU - U.S. Safe Harbor Agreement has successfully bridged the different regulatory approaches the two allies have on privacy matters and the movement of data. However, we think that there is still more work to be done. We believe the TTIP should further promote the ability to transfer data across borders with strong and binding provisions, prohibit server and data localization requirements, and make commitments on the transatlantic transfer of data on a “negative list” basis while establishing an interoperable system with the EU’s Binding Corporate Rules and the Asia-Pacific Economic Cooperation’s (APEC) Cross-Border Privacy Rules (CBPR) rules. We also recommend the expeditious allocation of all available spectrum using impartial, market-based mechanisms on service-flexible, technology-neutral terms.

The TTIP is an unprecedented opportunity to build on the achievements of 1998 and set the next level example on how governments across the globe can foster cross-border data flows, while promoting free market policies and protecting legitimate privacy and security concerns.

2. Digital Goods and Services

The U.S. and the EU are the world’s largest exporters of digital goods and services, accounting over 70% of global services trade. Considering the new technologies such as cloud computing, mobile application development and big data analytics, we believe that there are incredible new opportunities to provide new technologies to consumers across the globe, and particularly to small businesses and entrepreneurs. For example, small businesses can use internet enabled platforms and services to boost productivity and efficiency, while expanding their reach to new markets around the world. Studies have also shown that businesses that use the internet grow faster than companies that are not online.

As new technologies rely more on cloud resources, new opportunities will surface to build faster and more reliable ICT infrastructure to keep with soaring demand; therefore, supporting hardware suppliers. However, we believe the TTIP must ensure that governments promote consumers’ ability to access and distribute information and run applications and services of their choice regardless of their origin. The TTIP should also include non-discriminatory access to respective markets to avoid any requirements that force ICT service providers to use local infrastructure, or establish local presence as a condition of supplying services. Lastly, the allocation of spectrum for commercial purposes should be carried out in an objective, timely, transparent and non-discriminatory manner, with the aim of fostering competition and innovation.

3. Privacy

New analytical solutions are revolutionizing the way we process data, giving us the opportunity to drive greater benefit in the areas of medicine, science, education, healthcare, government and cybersecurity. Unfortunately, divergent legal and regulatory obligations surfacing across the globe could endanger the ability to provide consistent protections to consumers. Therefore, we believe that the mandatory government collection/processing of data and its use should not be conflated with private sector collection of data and should not endanger the promise of the TTIP negotiations. Both parties should also work to preserve the U.S.-EU Safe Harbor Framework and expand the ability to obtain safe harbor protections. Lastly, the TTIP should avoid any specific technology or technological specifications to conduct transatlantic trade.

4. Cybersecurity

Just as cross-border data flows, digital goods and services, and privacy, cybersecurity should be viewed through a global lens, considering the cross-border nature of cyber threats and the interdependent nature of cyberspace. To ensure protections from the treats of cyberspace, there must be continued coordination on various cybersecurity policies across the globe to ensure the security of the Global Digital Infrastructure (GDI). Therefore, in order to further cooperation and collaboration with the EU and its 28 member countries, we suggest that the TTIP:

- includes guiding principles and best practices regarding security requirements and their impact on market access issues.
- aims to strengthen public-private partnerships and avoid any EU-or-U.S. specific approaches to cybersecurity that fail to reflect cyberspace's borderless nature.
- leverages market forces to drive greater adoption of security standards and best practices
- leverages existing and strengthen public-private partnerships.
- strengthen interoperability between the U.S. and EU
- focuses on education, awareness and workforce training which are critical to improving cybersecurity posture.
- strengthens coordination within the EU-U.S. Cybersecurity Working Group

Through the negotiations, the U.S. and EU should build upon existing rights and obligations to develop trade disciplines that further foster transatlantic trade in digital information, products and services across sectors. This includes establishing a framework that fosters the sale of digital goods and services and allows for flexibility on cross-border data flows, privacy and continuing cooperative work on cybersecurity matters.

We appreciate the opportunity to provide a statement, and we are readily available to work with the both of you, your colleagues and the Energy & Commerce Committee staff, on these important issues as the TTIP negotiations move forward.