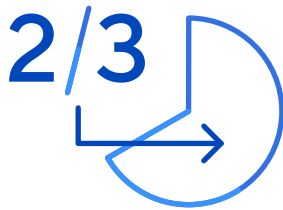




# American Digital Trade Leadership Under Threat Around The World

American businesses of all sizes face growing challenges that undermine the United States' leadership in the digital economy. Countries around the world are enacting an increasing number of laws and regulations that block the flow of data across borders, limit cloud computing, and otherwise restrict the ability of internet companies to compete globally.

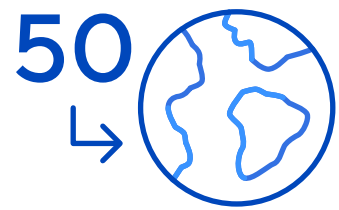
## KEY TAKEAWAYS



Digital trade represents almost two-thirds of service exports, meaning trade barriers impact growth. The future of the American economy is digital, and data is used in every part of the U.S. economy.



Digital trade barriers impact businesses of all sizes in every sector of our economy. When other countries enact digital trade barriers, it hurts American companies' ability to compete internationally and reach new markets.



More than 50 countries erected digital trade barriers in 2018. IA has documented barriers in countries on every continent that impact America's digital leadership.

## THE LIST OF COUNTRIES CREATING BARRIER IS GROWING

The countries creating the most digital trade barriers are:



## BIGGEST BARRIERS FOR AMERICAN COMPANIES (BY VOLUME)

- Sharing economy restrictions
- Anti-innovation copyright & liability frameworks
- Burdensome or discriminatory data protection regimes
- Data flow restrictions & service blockages
- Overly restrictive regulation of online services



# American Digital Exporters Face A Variety Of Trade Barriers

## → **Overly Restrictive Regulation Of Online Services**

Foreign governments are developing and implementing measures to regulate online communications and video services. While often couched as “level the playing field” proposals, these initiatives make it more difficult for U.S. internet companies to export services.

## → **Data Flow Restrictions And Service Blockages**

Cross-border, global exchange of information – without censorship, content-based regulation, or filtering mandates – facilitates commerce and promotes economic inclusiveness. Data localization mandates and other limits on data transfers are increasingly restricting U.S. services from accessing overseas markets.

## → **Anti-Innovative (Or “Inflexible”) Copyright Frameworks**

Governments are proposing new, onerous systems of copyright liability for internet services and several of these countries are out of compliance with commitments made under U.S. free trade agreements. Without a flexible system of copyright that encourages innovation and supports creativity, other countries will increasingly misuse copyright to limit market entry for U.S. companies.

## → **Non-IP Intermediary Liability Barriers**

A fundamental reason that the internet has enabled trade is its open nature – online platforms can facilitate transactions and communications among millions of businesses and consumers, enabling buyers and sellers to connect directly on a global basis. There are an increasing number of non-IP liability trade barriers abroad that would make online services liable for third-party content.

## → **Customs Barriers To Growth In E-Commerce**

Some countries have antiquated, complex, and costly customs procedures that make it difficult for U.S. small businesses to compete.

## → **Burdensome Or Discriminatory Data Protection Regimes**

Countries around the world are creating new privacy laws to regulate how companies handle data. This array of laws and regulations creates a “patchwork” effect that complicates compliance efforts and leads to inconsistent experiences for individuals.

## → **Unilateral Or Discriminatory Tax Regimes**

Some foreign trading partners are imposing taxation measures that single out digital platforms for special treatment, often with the intention of giving domestic companies an advantage over U.S. competitors.

## → **Ban Governments From Applying Duties & Customs Processes On Electronic Transmissions**

Foreign governments are implementing policies that arguably violate the WTO Moratorium on applying customs duties on cross-border electronic transmissions by treating electronic transmissions as physical goods that require burdensome customs documentation and processing. This will negatively impact every sector of the U.S. economy.

### ABOUT INTERNET ASSOCIATION

Internet Association represents over 45 of the world’s leading internet companies. IA’s mission is to foster innovation, promote economic growth, and empower people through the free and open internet. For more information, visit [www.internetassociation.org](http://www.internetassociation.org).