



HEARING ON “NEGOTIATING OBJECTIVES FOR A US-UK TRADE AGREEMENT”

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Thank you for the opportunity to testify at today’s hearing.

BSA | The Software Alliance

BSA’s member companies are at the forefront of data-driven innovations, including cutting-edge advancements in artificial intelligence (AI), machine learning, cloud-based analytics, and the Internet of Things (IoT).¹

Software contributes over \$1.14 trillion to US value-added GDP and over 10 million jobs – driving growth across all 50 states.² The UK’s software industry is the largest in Europe, responsible for €170 billion of total UK value-added growth and supporting 2.7 million jobs.³ More broadly, the United States had a \$10.9 billion services trade surplus with the UK in 2017 – reflecting robust bilateral trade involving software and other emerging technologies.⁴

This negotiation presents an opportunity for the US and the UK to solidify their partnership, building on digital trade provisions in the United States-Mexico-Canada Agreement (USMCA).

As the White House explained, “USMCA contains the strongest measures on digital trade of any agreement. This includes rules to ensure data can be transferred cross-border and to minimize limits on where data can be stored.”⁵

Congressional Trade Promotion Authority also includes the following negotiating objectives: (1) intellectual property rules that reflect a “standard of protection similar to that found in United States law”, and (2) digital trade rules that ensure that governments refrain from imposing “trade-related measures that impede digital

¹ BSA’s members include: Adobe, Akamai, Apple, Autodesk, Bentley Systems, Box, Cadence, CNC/Mastercam, DataStax, DocuSign, IBM, Informatica, MathWorks, Microsoft, Okta, Oracle, PTC, Salesforce, Siemens PLM Software, Slack, Splunk, Symantec, Trend Micro, Trimble Solutions Corporation, Twilio, and Workday.

² https://software.org/wp-content/uploads/2017_Software_Economic_Impact_Report.pdf

³ https://software.org/wp-content/uploads/EU_2018_Economic_Impact_factsheet_UK.pdf

⁴ USTR, United Kingdom Exports, <https://ustr.gov/countries-regions/europe-middle-east/europe/united-kingdom>

⁵ President Donald J. Trump Secures A Modern, Rebalanced Trade Agreement with Canada and Mexico (2018) <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-secures-modern-rebalanced-trade-agreement-canada-mexico/>

trade in goods and services, restrict cross-border data flows, or require local storage or processing of data.”⁶

BSA urges USTR to include strong digital trade provisions in these negotiations to:

- **Obligate the Parties to permit the cross-border transfer of data** while protecting personal information;
- **Prohibit data localization requirements;**
- **Prohibit customs duties on electronic transmissions;**
- **Protect source codes and algorithms;**
- **Recognize electronic signatures** in commercial transactions;
- **Protect intellectual property** while including appropriate exceptions and safeguards;
- **Promote the use of innovative technology** in the public sector;
- **Support encryption** in commercial products;
- **Promote interoperability** through adherence to internationally-recognized standards in regulating AI and other emerging technologies; and
- **Prohibit preferential treatment for state-owned enterprises.**

Strong Digital Trade Provisions are the Natural Next Step for Like-Minded Partners

The US and the UK have each prioritized investment in software and emerging technologies, with US government investment in unclassified R&D for these technologies growing by over 40 percent since 2015⁷, and UK government investment also increasing significantly.⁸

Digital Trade Rules are Indispensable to any 21st Century Trade Agreement

Software and emerging technologies, and the ability to transfer data across borders, are critical to US and UK global competitiveness in advanced manufacturing, and our exports of goods. By way of example, the newest vehicles today are reportedly built with 100 times more lines of code than the Space Shuttle had when it launched, with up to 40 percent of a new vehicle’s value attributable to its electronics and software content, and these vehicles – sold in global markets – need to communicate with data receivers and data centers located across borders and around the world.⁹

Conclusion

We urge USTR to build upon the USMCA’s digital trade provisions to help ensure continued US technology leadership, create US jobs, and improve US competitiveness. Thank you again for the opportunity to testify today.

⁶ 19 USC 4201(b)(5) – (6).

⁷ White House Fact Sheet, *Artificial Intelligence for the American People*: <https://www.whitehouse.gov/briefings-statements/artificial-intelligence-american-people/>

⁸ Theresa May’s Davos address in full (2018): <https://www.weforum.org/agenda/2018/01/theresa-may-davos-address/>

⁹ https://software.org/wp-content/uploads/Every_Sector_Software_Manufacturing.pdf