



Digital Trade in the UK-US Free Trade Agreement

BSA | The Software Alliance supports a strong United Kingdom-United States Free Trade Agreement (UK-US FTA) built around innovation, emerging technologies, and the jobs of the future. The UK-US FTA provides a unique opportunity to help shape tomorrow's rules for digital trade and build resilience and competitiveness in today's dynamic global economic landscape.

Digital Trade Is Critical to the Economic Future of the UK and the US

The US and UK software industries are at forefront of data-driven innovations that undergird all economic sectors, including in cloud-based remote work applications, analytics, artificial intelligence (AI), and the Internet of Things (IoT). Software contributes \$1.6 trillion and 14.4 million jobs to the US economy,¹ while the UK's software industry (the largest in Europe) accounts for \$190 billion of total UK value-added growth and supports 2.7 million jobs.²

In both countries, the software industry sustains faster economic growth rates,³ pays higher wages (two to three times the national average),⁴ and supports billions of dollars in research and development (R&D).⁵

Bilateral trade is a critical opportunity for both countries' software-powered economies. The United States is the UK's largest export market,⁶ and the countries have an overall trade balance of US\$262 billion,⁷ with services

trade particularly robust (sustaining 25–35% growth rates from 2008–2018).⁸ Both countries have significant services trade surpluses with the world⁹—reflecting their competitive strength in sectors powered by software and other emerging technologies and in the remote economy.

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

As two of the world's most open, innovative, and forward-thinking economies, the United Kingdom and the United States stand to benefit from an ambitious digital trade agenda that is well-integrated into the broader trans-Atlantic economic relationship and that builds upon the cutting-edge digital trade provisions in the United States-Mexico-Canada Agreement (USMCA), the US-Japan Digital Trade Agreement, and the CP-TPP. Please see BSA's [Digital Trade Agenda](#) for a more detailed discussion of BSA's FTA negotiating priorities.

¹ <https://software.org/wp-content/uploads/2019SoftwareJobs.pdf>

² https://software.org/wp-content/uploads/EU_2018_Economic_Impact_factsheet_UK.pdf

³ <https://www.bea.gov/sites/default/files/2018-04/digiecon-0318.xlsx>

⁴ See https://software.org/wp-content/uploads/EU_2018_Economic_Impact_factsheet_UK.pdf; <https://software.org/wp-content/uploads/2019SoftwareJobs.pdf>

⁵ See id.

⁶ See id.

⁷ <https://ustr.gov/countries-regions/europe-middle-east/europe/united-kingdom>

⁸ See id.

⁹ In 2017, the United Kingdom exported US\$360 billion in services to the world, with a net services trade surplus of US\$148 billion. <https://wits.worldbank.org/countrysnapshot/en/GBR>. The United States exported US\$798 billion in services to the world, with a net surplus of US\$256 billion. <https://wits.worldbank.org/countrysnapshot/en/USA>.

BSA URGES BOTH COUNTRIES TO SUPPORT OR SAFEGUARD:

- ✓ Voluntary, internationally recognized standards relating to digital technologies, cybersecurity and privacy
- ✓ Interoperable privacy rules to facilitate data transfers
- ✓ Protection for intellectual property rights, including copyright rules that allow that allow for commercial data analytics and that include safe harbors for online service providers that expeditiously remove infringing content upon receiving a rightsholder notification
- ✓ Public availability of non-sensitive government data in machine-readable formats
- ✓ Appropriate protections for technology providers for legal claims arising from conduct by third parties
- ✓ R&D funding on a transparent and nondiscriminatory basis, including through funding for basic research and support for public-private partnerships
- ✓ The use of innovative technology in public sector operations
- ✓ The use of electronic signatures in commercial transactions

BSA URGES BOTH COUNTRIES TO COMMIT NOT TO IMPOSE:

- ✗ Data localization requirements
- ✗ Cross-border data transfer restrictions
- ✗ Customs duties and requirements on electronic transmissions
- ✗ Source code, algorithm or other technology transfer requirements as a market access condition
- ✗ Discrimination against digital products
- ✗ Discrimination in favor of state-owned enterprises or local technologies
- ✗ Requirements to undermine encryption in commercial products

The US and UK benefit from advanced digital regulatory frameworks, ranking third and fourth respectively in BSA's [2018 Cloud Computing Scorecard](#).