

**Testimony of Christine Bliss
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Subcommittee on International Trade, Customs, and Global Competitiveness

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Mr. Chairman, Ranking Member Cornyn, and Members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss the benefits of digital services trade to businesses both large and small as well as workers and consumers across the economy. My name is Christine Bliss, and I am the President of the Coalition of Services Industries, a non-profit trade association that represents U.S. services firms on services and digital trade issues. Our members include companies that provide distribution, logistics, financial services, professional services, and information and communication technology services. CSI members also include manufacturers of consumer technology, telecommunications equipment, and health and nutrition products. Our members both deliver many aspects of their services digitally as well as rely heavily on software and digital technologies in their business operations. CSI member companies operate in all 50 states and over 200 countries and territories.

Too often the discussion of the digital economy is narrowly and mistakenly viewed as an issue that only relates to and benefits large firms in the information and communication technology sector. In fact, it is essential to the health and future of companies both large and small in sectors throughout the economy: manufacturing, agriculture, health, education, environment, transportation and logistics, communications, finance, distribution and media and entertainment, to name just a few. It is a major source of existing and future U.S. jobs and growth fueled by U.S. global competitiveness.

To ensure that our economic growth is robust and that its benefits extend to all Americans, especially small firms, women- and minority-owned businesses, and workers and their families, it is vital that the U.S. not only ensure that its domestic infrastructure and industries are strengthened through measures such as the CHIPS Act, it must also address the threat to U.S. global competitiveness arising from growing digital protectionism and fragmentation. That is why it is more important than ever that the U.S. build strong binding, enforceable digital disciplines, remove discriminatory digital trade barriers, and promote greater inclusivity in the global digital economy by fully engaging with trade partners in the Indo-Pacific, UK and Europe, Taiwan, North America, Africa and Latin America as well as the WTO and forums such as APEC.

CSI believes that promoting strong digital disciplines and greater inclusivity are complementary goals. Working together, Congress, the Administration, business, labor, environmental groups, and other stakeholders in this new piece of the economy have a unique opportunity to develop policies that will shape the direction and growth of digital trade for years to come.

What is the Digital Economy?

At its core the digital economy is powered by its basic communications network of fiberoptic cable, computer chips and other technology, software and services that create the internet, and its ever-evolving platforms that enable data to carry information across the internet and be used in myriad products and services. We carry on our lives via the digital economy from texting colleagues and friends on our mobile phones, working or shopping online on our laptops, to the factory floor from design, to construction and assembly of goods including the sensors that expand the capabilities of those goods. Autos, tractors, planes and everyday consumer products are produced using advanced manufacturing technologies that rely on data analytics, artificial intelligence and cloud services where data may be stored and processed. Digital technology monitors the safety and operation of the planes we fly and the cars we drive. Digitally enabled tractors allow farmers to test soil quality or the cloud technology they use to time when to plant crops, digital technology helps farmers take care of their animals from herding, to reproduction, to detecting illness. Cross border exchange of research and design facilitates development of computer chips and sharing of the latest medical research on critical new vaccines—this is just a fraction of the digital economy.

The digital economy is also playing an important role in addressing climate change through encouraging reduction of carbon emissions, and facilitating response and relief in instances of natural disaster. And along with greater efforts to expand broadband capacity, it is extending the reach of services available to underserved communities, particularly in areas such as health, education, financial services, and job opportunities in those sectors. Just think of how this Committee was able to continue its work through the onset of the COVID-19 pandemic by working remotely, as were businesses, and schools and countless other examples.

As explained below, one of the greatest impacts of the digital economy is in helping small businesses establish and extend their reach into domestic and global markets.

Economic Impact of Digital Economy

It is important that Congress and the Administration focus on the impacts of the digital economy on American business and workers as it is a burgeoning source of economic activity, growth and jobs. According to the Commerce Department, in 2021, the digital economy generated \$3.7 trillion in gross output, over 10% of total U.S. GDP.¹ Digital gross output increased by 9.8% in 2021, compared to 5.9% for the economy overall. The digital economy is also an important provider of jobs in the United States. In 2021, 8 million workers owed their jobs to the digital economy. An increasing percentage of U.S. jobs generally require digital skills. These skills are not needed just for professional level jobs. High school educated

¹ This and subsequent data reporting the importance of the U.S. digital economy are from the U.S. Department of Commerce, Bureau of Economic Analysis, "New and Revised Statistics of the U.S. Digital Economy, 2005-2021," <https://www.bea.gov/data/special-topics/digital-economy>.

individuals are able to obtain certification that allows them to acquire needed skills in areas such as IT network building.

Benefits of Digital Economy

The digital economy has been a key source of resilience for the United States throughout the pandemic, getting businesses – especially small businesses – and households through a challenging period.

Facilitating Social and Economic Resilience During the Pandemic

- Millions of workers had to figure out ways to work or go to school from home, and the internet and other digital services made that possible.
- Digital services enabled hundreds of thousands of small businesses to become digital virtually overnight, sustaining their businesses through the pandemic. One-third of small businesses state that they would not have survived the pandemic without access to digital tools.² Just one example is **Freaks & Geeks LLC in Denton, Texas**, where Alex Featherstone reported, "COVID forced us to shut down our physical store. Without any foot traffic to our store, we were not making a profit large enough to pay our store's rent and eventually we were forced to sell. Facing the death of my business, I decided to give eBay a try. eBay gave us a place to transfer all of our retail and keep our business alive. Thanks to the growth we have experienced on eBay, we will be able to buy another physical location once the pandemic ends."³
- Financial services firms made it possible for people to bank from home at the same time banks developed new digital technologies to assist the unbanked and facilitate government subsidies and direct payments to the American people. They also supported thousands of companies in getting PPP loans.
- Digitally-connected supply chains eventually enabled manufacturers to restock their customers. Transportation and warehouse workers kept supplies moving, particularly of PPE goods needed to fight the pandemic.
- Cloud services – like the open industrial IoT, advanced analytics and AI provided by one U.S.-based cloud services provider -- were an important way in which many manufacturers were able to address issues to their business end laid bare by the pandemic. Currently, 96% of manufacturers use cloud technology or plan use it in the near future.⁴ Additionally, by the end of 2021, 90% of all manufacturing supply chains will have invested in the technology and business process necessary for true resiliency, resulting in productivity improvements of 5%.⁵
- Cross-border sharing of research and data supported the development of vaccines. The health care industry pivoted to telemedicine. For example, companies like [NowOptics](#) in

² Connected Commerce Council, "[Digitally Empowered](#)."

³ eBay, "United States Small Online Business Report," May 2021, <https://www.ebaymainstreet.com/sites/default/files/policy-papers/2021%20Small%20Online%20Business%20Report.pdf>.

⁴ "Managing Application Development: The manufacturing perspective," Economist Impact, April 16, 2019, <https://impact.economist.com/perspectives/technology-innovation/managing-application-development-manufacturing-perspective>.

⁵ IDC Futurescape: Worldwide Manufacturing 2023 Predictions, <https://www.marketresearch.com/IDC-v2477/IDC-FutureScape-Worldwide-Manufacturing-Predictions-32554203/>.

Indiana, now provides virtual eye exams to customers across the United States, with customers more comfortable with telemedicine as a result of the pandemic.⁶

Helping Small Business Start-Ups Succeed

- **Olaris**, a women-owned life sciences lab in **Boston, Massachusetts**, with the help of AI technology has developed a non-invasive kidney transplant test. This small group of scientists was able to build an internet platform to study the role of metabolics in the early detection of cancer.
- **Honest Jobs**, a **Denver, Colorado** based small business founded by a former prison inmate, was able to create a platform using assistance in coding and use of cloud technology providing an employment network for ex-convicts trying to enter the workforce.
- **Marketing for Greatness**, a **Cedar Park, Texas**-based marketing consultancy, was founded by Jessica Santos, a then-new mother. Transferring her legal and accounting skills to the digital economy, Jessica launched her own digital marketing firm and led the international expansion of a Fortune 500 company while working from home and raising four children.
- **Fraud.net**, a women-owned fraud prevention platform in **New York**, offers an end-to-end fraud management and revenue enhancement ecosystem specifically built for digital enterprises and fintech globally.

In many cases, the introduction of new digital goods and services into our daily work and home activities over the last two years has permanently changed the way we work and play.

Digital Services Trade

As members of the subcommittee know so well, the U.S. economy depends on international markets. You know the statistic: more than 95% of the world's customers live outside the United States. Reaching those customers by exporting American goods and services now almost universally entails a cross-border digital services trade component.

- Manufacturers communicate with international customers via email and track deliveries over the internet. U.S. manufacturers rely on services like finance, marketing, payments, insurance, and logistics to ship their products to international markets, all of which are digitally enabled in important ways.
- Small businesses use e-commerce to reach customers across the globe. eBay reports that "... eBay-enabled small businesses in every state have been engaging in global trade at a scale once reserved for the very largest corporations. The numbers are striking: a massive 96% of eBay-enabled small businesses in the United States export – a rate of exporting that dwarfs that of traditional businesses.... The ability of small, independent

⁶ Bill Briggs, "Vision quest: How Now Optics is delivering virtual eye care to millions of patients," April 14, 2021, <https://news.microsoft.com/transform/vision-quest-how-now-optics-is-delivering-virtual-eye-care-to-millions-of-patients/>.

businesses to reach consumers anywhere across the globe has helped foster enterprise growth in rural and more diverse counties, places that too often otherwise suffer from economic stagnation.”⁷

- Engineers, architects, and accountants all benefit from being able to provide services such as design or financial consultations and send drawings internationally over the internet without having to establish a foreign presence.
- Retailers process payments from customers both in the United States and abroad using online payment transaction services offered by American payment networks. Online access to this financial service is particularly important for enabling small retailers to service international customers.
- Insurance, shipping and other firms are increasingly using Blockchain ledger technology to keep real time track of accounts and transactions, increasing reliability and security of customer accounts for information.
- Tourists and business travelers book transportation and accommodation services over the internet.
- Transportation services providers track the arrival and departure of ships or airplanes containing U.S. exports or imports in real time using GPS and other transportation management software.
- Small computer application developers and content creators, typically sole proprietors or small businesses themselves, benefit by expanding the range their sales into foreign markets via the internet.

Selling goods and services to the world using digital trade supports American manufacturing, farming, and services creation and the millions of jobs associated with that trade activity. This is not just about promoting the interests of high-wage workers at large U.S. services and digital firms and other professional workers; it is also about creating new opportunities for the 52 million U.S. workers in services occupations earning middle class wages.⁸

Importance of Providing Digital Tools to Small Businesses

Digital tools – e.g., access to broadband, internet platforms, and the latest digital applications in the cloud -- are also vital to micro, small, and medium sized businesses which increasingly depend on them to expand their domestic and international customer base. A study that surveyed U.S. small businesses found that 92% that export use digital tools such as online payment processing tools, online productivity tools, e-commerce websites, online marketing and other tools.⁹ That same study found that exporting accounts for a growing share of small business services firms’ revenues, reaching 25% in 2018, and nearly 6 million export-related

⁷ eBay, “United States Small Online Business Report,” May 2021, <https://www.ebaymainstreet.com/sites/default/files/policy-papers/2021%20Small%20Online%20Business%20Report.pdf>.

⁸ CSI, “White Paper 1: Services and Digital Trade Are Critical to U.S. Competitiveness and Middle-Class Job Creation,” <https://uscsi.org/wp-content/uploads/2021/10/CSI-White-Paper-1-Services-Dig-Trade-Comp.pdf>.

⁹ United States Chamber of Commerce and Google, [Growing Small Business Exports: How Technology Strengthens American Trade](#), October 2019.

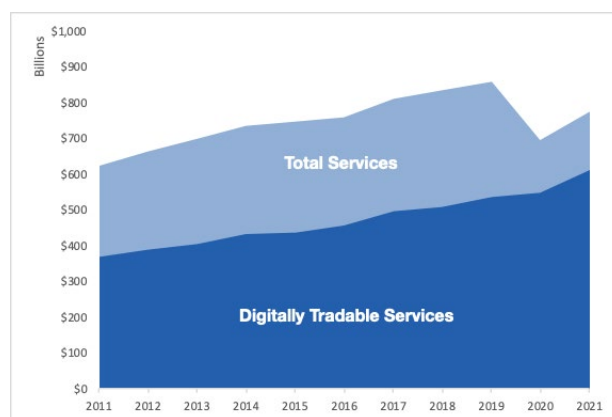
jobs nationally. Particularly during the pandemic, internet platforms afforded small businesses new opportunities to offer their goods and services globally, and software and services enabled small businesses to operate more competitively and efficiently.

Just one example is **Cloud to Street**, a NYC-based small women-founded and owned business that uses digital tools to monitor, map and analyze floods and flood risk in the most climate-vulnerable communities around the world. Cloud to Street uses global satellites and remote sensing AI to monitor risk and detect floods in real time. This unique technology requires zero ground equipment and provides governments and communities with accurate and trustworthy flood monitoring in almost 20 markets worldwide.¹⁰

Digital tools are of particular importance to women-owned small businesses. A Visa Economic Empowerment Institute survey found that newer firms are increasingly “born digital and newly established women-led small businesses are particularly highly digitized: strong majorities use online stores and some forms of digital payments, including mobile payments, QR codes, established e-commerce payment providers, and new entrants in the payment space.”

The particular importance of digital trade during the pandemic is clearly illustrated by U.S. export data. Nationally, services exports remain below their 2019 peak. As shown in the graph below, the decline is wholly due to a sharp decrease in services provided to foreigners that typically are conducted in person. For example, U.S. exports of personal travel services declined by \$88 billion (-78%) from 2019 to 2021 despite a slight rebound last year. Related export sectors fared similarly poorly, with large declines in U.S. exports of including business travel services (-64%), passenger fares (-68%), equipment installation and repair (-55%), and education (-13%).

U.S. Exports of Services, Digitally Tradeable Services, 2011-2021



Source: Trade Partnership Worldwide, LLC

¹⁰ Asia-Pacific Economic Cooperation, “From Platforms to Payments,” Small and Medium Enterprises Working Group, 2022, <https://globalinnovationforum.com/events/apec-workshop-sme14-2019a/>.

Contrast that with exports of digitally-enabled services that have been especially strong during the pandemic years. Digitally traded services exports increased by \$74 billion (+14%) from 2019 to 2021. In fact, U.S. exports of digitally traded services have increased every year since 2011. Between 2019 and 2021, there was strong growth in U.S. exports of purely “digital” services such as customized software services (+27%) and cloud computing and data storage (+21%) as well as potentially digitally enabled services such as business management and consulting (+36%), financial management and advisory services (+29%), and legal services (+24%). Digitally tradeable services have not grown enough to offset all of the Covid-19 related services export declines, but have certainly helped mitigate the damage.

The national trends extend as well to every U.S. state represented by a member of the trade subcommittee. According to estimates from Trade Partnership Worldwide,¹¹ every state saw increased exports of digitally tradeable services between 2019 and 2021 but a decline in non-digitally trade services over the same period. In Chairman Carper’s home state of Delaware, 2021 services exports exceeded their 2019 levels on the strength of digitally tradeable exports including financial and insurance services. CSI prepared reports for each U.S. state detailing the importance of services and digital trade to each state; you can see the reports for each member of the trade subcommittee here:

Colorado	New Jersey
Delaware	North Carolina
Idaho	North Dakota
Indiana	Ohio
Iowa	Oklahoma
Louisiana	Oregon
Maryland	Pennsylvania
Massachusetts	Rhode Island
Michigan	South Carolina
Missouri	South Dakota
Montana	Texas
Nebraska	Virginia
Nevada	Washington
New Hampshire	Wyoming

¹¹ Trade Partnership Worldwide, LLC, *CDxports* database, <https://tradepartnership.com/data/cdxports-and-cdxjobs/>.

How Can Good Digital Trade Policy Support the American Economy?

A robust U.S. trade agenda for services and digital trade is especially important for several reasons. First, it is an important means to promote democracy, freedom, access to information and other core American values and press back against authoritarian regimes. Second it is an important avenue to redress barriers to digital services trade by ensuring non-discriminatory treatment of U.S. firms abroad and promoting enforceable harmonization of standards and disciplines with trade partners, whether those participating in the Indo-Pacific Economic Framework (IPEF), with the EU, UK, Taiwan, Kenya, the WTO and Latin America. Working to gain support of trade partners to promote democratic values and to achieve harmonization of disciplines and standards is important to ensuring their effectiveness. Third, digital trade is an increasingly important source of new jobs and we need to ensure that American workers—both blue and white collar - are ready to take advantage of those jobs. We also need to ensure the benefits of the digital economy and digital trade flow across the economy, especially to small businesses, and underserved communities.

Promoting American Values

U.S. engagement on digital trade topics in bilateral, regional and multilateral fora is a crucial opportunity for the U.S. to advance its vision of a free and prosperous trading regime anchored in American democratic market values. Other governments, including China, are actively working to shape the rules of the road for digital trade, often at odds with democratic values and the principles of openness and transparency. We also recognize the seriousness of national security concerns that China's digital policies have raised. In recent years, we have seen countries in political transition – like India, Brazil, Turkey, Vietnam, Pakistan, Indonesia and Nigeria – rapidly adopt and adapt restrictive Chinese and Russian models of digital regulation, premised on sovereignty, censorship, surveillance, and security. The 2022 Freedom House report¹² notes that “governments are breaking apart the global internet to create more controllable online spaces”, with a record number of national governments blocking websites – mostly from sources outside of the country – with nonviolent political, social or religious content.

U.S. engagement in negotiations to draft and implement international digital trade agreements is especially important to counteract China's protectionist and authoritarian whole-of-government approach to shaping the rules of the road on digital trade. In fact, China recently released its 5-year digital economy plan that clearly articulates its protectionist ambitions in this arena. China has also extended its influence on digital policies and standards at the World Trade Organization, the International Telecommunications Union (ITU), APEC and in the recently concluded RCEP, the world's largest trading bloc which accounts for 30 percent of global GDP, and does not include the U.S. China is also seeking accession to the CPTPP agreement — a high-standard trade agreement which the U.S. led and left — and the Digital

¹² Freedom House, “Freedom on the Net 2022: Countering an Authoritarian Overhaul of the Internet,” <https://freedomhouse.org/report/freedom-net/2022/countering-authoritarian-overhaul-internet>.

Economy Partnership Agreement (DEPA). China's industrial policies and unfair subsidies benefit Chinese companies and unlevel the playing field for U.S. firms operating in the region, especially in the ICT sector. To be truly effective we need to gain the support of our trade partners in engaging in this effort.

Addressing Digital Barriers and Creating Effective Digital Disciplines

We need to address the very real threat of increasing discriminatory foreign barriers to services and digital trade. As a primary example, data localization and data residency requirements are proliferating. Countries around the world—including some U.S. trading partners—are passing increasingly restrictive digital rules that disadvantage U.S. companies. For instance, the EU regulatory agenda includes policies such as discriminatory digital taxes and discriminatory cloud cybersecurity restrictions that undermine the ability of U.S. firms to access the EU digital market on an equal footing. These depart from a shared principles-based approach to regulation. We hope the U.S. government will press the EU to provide clarification on compliance with the EU's Digital Markets Act and Digital Services Act. Both are sweeping pieces of legislation with complex requirements, and it will be important to ensure they are not implemented in a discriminatory or unduly burdensome manner.

This is a time when like-minded partners with shared values should be standing shoulder-to-shoulder to defend basic democratic values through a rules-based trade system that adheres to long standing norms of non-discrimination and openness.¹³ Instead, such measures, particularly when imposed by allies, can undermine technological cooperation between trading partners. In the meantime, countries with authoritarian tendencies and with weak legal systems and rule of law are beginning to copy and further misuse these regulatory templates that undermine a transparent and non-discriminatory rules-based system for the global digital economy.

These not only pose major trade barriers to U.S. exports, but they also enable increased authoritarian influence, censorship and surveillance, while leaving networks vulnerable to cybersecurity risks and malicious interference. The Organization for Economic Cooperation and Development (OECD) found that the services regulatory environment, particularly for foreign investment, became more restrictive in 2020 and the pace of tightening has accelerated.¹⁴ The resulting "regulatory divergences" are raising cross-border costs as activities need to be aligned across multiple regulatory frameworks."¹⁵

¹³ For specific CSI digital priorities with the EU, see letter from CSI to U.S. Trade Representative Katherine Tai, November 21, 2022, https://uscsi.org/wp-content/uploads/2022/11/20221121-EU-digital-concerns-letter.TTC_Amb_-T.pdf.

¹⁴ Organization for Economic Cooperation and Development, [OECD Services Trade Restrictiveness Index: Policy trends up to 2021](#), February 2021.

¹⁵ Organization for Economic Cooperation and Development, *op. cit.*

CSI has provided the administration with further [detailed recommendations](#) on these points, which we are happy to share with subcommittee members. We would however like to highlight a number of the areas we have included in our recommendations.

1. Cross-border Data Flows and Prohibitions on Data Localization: Cross-border data flows are the life blood of the digital economy and we believe that the cross-border data flow data and data localization provisions included in the bi-partisan USMCA agreement should be included in other trade agreements. As noted above, the rise of data localization is pernicious and can enable authoritarian influence and censorship.
2. Non-Discrimination for Digital Products: U.S. digital services and content providers should be granted non-discriminatory treatment in foreign markets and allowed to compete on a level-playing field with their foreign competitors. We oppose the imposition of discriminatory regulations which tilt the playing field in favor of domestic champions.
3. Permanent Moratorium on E-Commerce Duties: This element should also be included to cover digital services and products as it was in the U.S.-Japan Digital Agreement. This provision is especially important for SMEs, for those involved in research and development in medical as well as commercial sectors and app developers who are frequently small businesses. Should the moratorium be allowed to lapse, exporters could face a chaotic customs regime with potentially non-administrable customs duties which would disproportionately hurt SMEs. Likewise, small businesses in developing countries would be similarly disadvantaged in terms of their access to software and app imports. Further, allowing the moratorium to lapse would be counterproductive to U.S. efforts to strengthen the domestic semiconductor industry, which relies on the ability to electronically transmit software and design information on a cross-border basis.

For similar reasons, we believe the WTO moratorium on e-commerce duties should also be extended at MC 13. We note in the WTO context that imposing duties on digital services could raise questions of GATS inconsistency. Although there is widespread support for continuation of the e-commerce moratorium among developing countries, including Malaysia, Thailand, Caricom countries, Nigeria, Mauritius, and even LDCs such as Zambia, some developing countries continue to want assurances about policy space to develop their digital industries. We believe these issues should be fully discussed in the WTO including alternative but WTO-consistent options to the imposition of tariffs.

In addition, imposing digital tariffs on e-commerce would essentially amount to a digital services tax and would be at odds with work towards implementation of an agreement at the OECD on a global minimum tax.

4. Prohibition on Mandatory Transfer of Source Code and Algorithms: We believe that this provision should also be included in any set of digital disciplines as included in USMCA and the U.S.-Japan Digital Agreement. This provision is an important protection against the unauthorized mandatory transfer of software source code and algorithms contained in such

code. It does not however, prohibit a regulator or judicial authority from requiring a person to preserve and make available source code in instances where there is a specific investigation, inspection, enforcement action or judicial proceeding.

5. Greater Cooperation in Cybersecurity: Provisions on cybersecurity cooperation that assume a “risk-based” approach should be included. Such an approach should be based on principles that are performance-based, rather than prescriptive; proportionate, rather than one-size-fits all; and that utilize industry standards.
6. Adopting Best Practices in the Use of Artificial Intelligence (AI): Use of AI is becoming an increasingly pervasive and powerful tool in expanding the digital economy. It is important that its use be subject to best practices, such as the OECD AI principles with the goal of eventually reaching agreement on harmonized AI disciplines that will ensure transparent, nondiscriminatory use of AI and protect against abuse.
7. Applying Good Regulatory Practices to Digitally-Enabled Services Standards and Conformity Assessment: CSI believes that new disciplines applying good regulatory practices, transparency and nondiscrimination to digitally enabled services standards and conformity assessment procedures would benefit all services exporters, but they would be of particular value to smaller services firms. SMEs are less equipped to bear the higher costs and greater trade frictions that have resulted from growing digital fragmentation. Indeed, OECD analysis has shown that in relatively more restrictive services markets, new exporters confront costs as much as 53 percent greater than those faced by incumbent exporters. Addressing barriers to services trade in the form of trade-restrictive standards and conformity assessments would especially benefit SMEs seeking to expand services exports. Increasingly, governments are implementing mandatory, unique national standards and technical regulations that are not interoperable and create barriers to trade and technological progress. The resulting fragmentation has created an urgent need to update the standards-related rulebook for trade in digitally enabled services. It is important to note that trade disciplines on standards for digitally enabled services are highly compatible with a government’s right to regulate and would in no way undermine that right.
8. Provision of Greater Capacity Building and Digital Tools to SMEs: Parties to any new digital initiative should agree to provide more assistance in the form of digital tools and capacity building to SMEs.
9. Promotion of Worker Digital Upskilling: Yet another way in which policy makers can support American workers is to collaborate with American businesses to ensure that our educational system is ready to train students with the required skills to meet the requirements of jobs needing digital competencies. As services and other jobs increasingly demand digital skills obtainable by both professionals and the high school educated, both government and industry must do more to equip individual workers with the requisite training. A study by Brookings found that nearly two thirds of the new jobs created between

2010 and 2016 required at least a moderate level of digital skills.¹⁶ The same report found that nearly a quarter of workers were already engaged in occupations with a high level of digital content. It also concluded that holding education constant, workers with better digital skills tended to earn higher wages than those with lower skills. Government and companies should collaborate to improve education and training programs. For example – just one of many – is “Girls4Tech,” Mastercard’s signature education program, which was launched in 2014 to drive the interest of young girls in science, technology, engineering and math (STEM). The curriculum is designed to teach participants curiosity, develop an innovative mindset and take a smart approach to solving everyday challenges using technology. Ultimately, the program aims to help bridge the skill gap in the technology industry. Girls4Tech is tailored for girls ages 8-16 to encourage their interest in cryptology, digital convergence, algorithms, biometrics, A.I. and more. Many others engage in extensive digital skills training program, for example CISCO offers certificate level training programs for high school graduates at community colleges. A catalogue of CSI member programs is provided [here](#), and we would welcome your engagement with us on ways to make these kinds of programs more broadly available to American workers.

In the IPEF context, CSI members understand that in order for the IndoPacific region to grow and thrive, workers, small businesses, institutions and governments must have the knowledge and skills to participate in the digital world. To that end, CSI member firms have developed innovative programs and partnerships that promote women-owned small businesses, capacity building, financial inclusion and education, cybersecurity training, digital infrastructure development, and worker skilling. We would similarly welcome the opportunity to engage with Congress on ways to collaborate and integrate such programs in the IPEF.

10. Trade Facilitation Measures: Agreements that promote the implementation of measures that facilitate trade also benefit American workers and their employers. Many of those measures are digital in nature – e.g., filing entry paperwork online, or even consistent online publication of current tariff schedules, regulations, and forms for customs clearance. The U.S. de minimis threshold must be protected along with other measures that reduce red tape for SME exporters and importers. In a similar manner, measures such as the General Product Safety Regulation, are of concern for small businesses selling to the EU. One study found that if all countries implemented the same trade facilitation measures currently employed in the United States, U.S. employment would expand by nearly 1 million jobs, of which 79% would be at small businesses.¹⁷

The IPEF discussions present an opportunity to address some of these problems. Deepening commercial ties with the Indo-Pacific region is key to U.S. services sectors, which are

¹⁶ Mark Muro, Sifan Liu, Jacob Whiton, and Siddharth Kulkarni, Brookings, Digitalization and the American Work Force, November 15, 2017, p. 15.

¹⁷ Gabe Horwitz, “Reducing the Red Tape around Supply Chains,” Third Way, July 25, 2022, <https://www.thirdway.org/report/reducing-the-red-tape-around-supply-chains>.

increasingly digitally delivered and a key enabler of Indo-Pacific trade in all sectors. In 2021 alone, the value of U.S. services exports to the Asia-Pacific region was \$180 billion, of which \$124 billion were digitally enabled services.¹⁸ As more countries in the region develop regulatory regimes focused on the digital environment, an increasing number of them are using the opportunity to impose discriminatory protectionist measures. These policies include overly broad, arbitrary foreign investment restrictions, data transfer restrictions, targeted curtailment of U.S. market access, data localization requirements, cloud services barriers, nationality of ownership restrictions, quotas, and discriminatory standards, among others. A high-standard digital trade agreement in the Indo-Pacific with binding rules is needed to counter the promulgation of such discriminatory measures, which disadvantage U.S. workers and employers not just in the services sectors, but across the economic spectrum. We note that greater integration, cooperation, and high-ambition digital standards in the IPEF region is a key part of U.S. national security strategy as well.

Longstanding trade principles of non-discrimination, transparency, openness and interoperability should take center place in the trade module of the IPEF. It should also include a consultation mechanism and other means to raise member concerns and to hold members accountable. It is also critically important that these disciplines be legally binding enforceable. We also believe that these disciplines can be developed consistent with the long recognized trade agreement principle of recognizing the importance of respecting government's right to regulate.

We also believe that Congress has an important role to play in shaping these disciplines and that full and regular consultation and transparency must be a part of their development. In this regard support a bipartisan extension of Trade Promotion Authority.

Conclusion

Thank you for the Committee's attention to these critical issues. We believe that creating strong disciplines on digital trade are important to promote job creation and competitiveness across all sectors of the economy and to advance American values abroad. We look forward to working with Committee members and the administration to support this effort.

¹⁸ Trade Partnership Worldwide, LLC, *CDxports* database.