

Opening Statement
Chairman Ron Wyden
“International Trade in the Digital Economy”
Senate Finance Subcommittee on International Trade, Customs and Global
Competitiveness

There is rampant global protectionism being deployed against America’s digital exports and the purpose of today’s hearing is to expose it, describe it, and identify ways to combat it.

Today we shine new light onto an old issue: the importance of keeping the modes of international trade open. Whether it’s the Oregon Trail, the Silk Road or the World Wide Web, safe and efficient trade routes that enable people to connect allow economies to grow.

The modes over which trade is conducted changed over time, but the fundamentals do not. The development of civilization parallels the growth of open trade routes and the Internet represents the trade route of the 21st century. Keeping the Internet open – at home and overseas – is of paramount importance to the American economy because it is increasingly the primary way that the global population will communicate, create, and conduct commerce.

The United States economy faced some dark times over the last two years, but one big bright spot is the continued innovation in the digital economy. American companies, whether they are designing and manufacturing semiconductors or rearranging the way that people socialize and engage in commerce, are transforming the global society in profound, irreversible ways.

The innovation isn’t just happening in the Silicon Valley. It’s literally occurring in every community around the nation. To be sure, Intel, Facebook, and Apple, come to mind when many of us think of the digital economy, but these firms are also the platforms upon which further innovation occurs, and by which a seller in the Pacific Northwest can reach a buyer in Southeast Asia without leaving her desk.

This is why I am very pleased that Mike Sax is here today from Eugene, Oregon. Mike develops applications that piggyback onto mobile IT platforms, like Apple's iPhone. Thanks to Mike, over a million early iPhone adopters around the world could download his app to type their e-mail and text messages much easier. Mike is here representing hundreds of small developers and entrepreneurs all around the country.

The ability of American IT companies to penetrate foreign markets directly affects American companies' ability to increase exports of goods and services, digital or otherwise. So when an Internet website is blocked or filtered, or data flow is impeded, it has a direct impact on the American economy and its ability to produce the new, good paying jobs that we need.

As American technology firms create and expand global market for digital products, and outpace their competitors doing so, foreign governments are resorting to discriminatory measures against U.S. technology and content providers. According to industry sources that relied on the work of the Open Network Initiative, more than 40 countries impose broad restrictions on online information, which represents a ten-fold increase from just a decade ago. In many cases, this censorship does not aim to serve a repressive political motive, but rather a protectionist commercial one. These actions constitute a direct economic threat to the United States.

We have seen this time and time again. American firms drive innovation but then foreign regimes think they have a license to disfavor American technology because their own companies cannot get off the starting line.

Witnesses today will describe specific trade barriers that go beyond discriminating against American content. Secret regulations, licensing standards, and various practices are being deployed to disadvantage American companies and the American workers they rely on.

This committee stands ready to improve enforcement of current trade agreements, like the General Agreement on Trade in Services and, if necessary, to help reshape them to reflect the challenges brought to light today.

Ambassador Kirk and I spoke recently, and I believe that we can work with the technology community and our U.S. Trade Representative to obtain a Trans-Pacific Partnership Agreement that ensures that trade in digital products can move freely throughout the Pacific, and that includes securing binding international commitments that ensure network neutrality. And we won't stop there. With the help of the experts before this panel, and others, this committee will work to expose and fight protectionism in digital trade and we look forward to hearing ideas about how to do that.

Lastly, for America to be successful at shaping international rules – in a transparent way – to make certain that the trade routes for digital trade are open, we must give great thought to our own laws.

I don't believe it accidental that most of the innovation in the digital economy comes from the United States. We made important policy choices as the Internet began to take off. We ensured that it wouldn't be taxed and that there would be the appropriate balance between enabling free speech online and also providing the necessary tools to combat online piracy and protect national security.

These safeguards need to be appropriately maintained at home in order to be projected abroad and I intend to ensure that happens.

Thank you.