INTRODUCTION

The Internet has accounted for 21-percent of GDP growth in mature economies over the past five years. In Europe, Internet industry revenues contributed an estimated €179 billion in 2014, part of a digital economy growth rate that is seven times that of the overall GDP. The Internet is revolutionizing multiple industries throughout the European economy. A full 75-percent of the Internet's benefits, in fact, are enjoyed by manufacturers and so-called “traditional industries” that use technology to optimize production, supply chain, distribution and related operations.

European companies, big and small, rely on the Internet for business operations and for access to the global marketplace. The value of global data flows alone is estimated to grow between $250-450 billion a year. Continued growth, however, relies on sound international trade policies that recognize how the digital economy has blurred traditional trade barriers. We deserve trade policies that acknowledge 21st century realities and the Internet’s role as a potent driver of prosperity in Europe.

TRADE RECOMMENDATIONS

CCIA Europe offers the following recommendations to trade negotiators to preserve and strengthen the digital economy as a powerful engine for growth and job creation in Europe.

1. Promote Cross-Border Data Flows While Respecting Data Protection Rules

The networked economy builds on the simple premise that fewer obstacles to the free flow of information create higher gains. In principle, all data should therefore be able to flow freely across borders by all sectors, subject to negotiated exceptions such as the GATS Article 14. Safeguarding personally identifiable information, as per data protection rules and frameworks, would be consistent with this approach. Existing frameworks for commercial data transfers, such as the EU-U.S. Safe Harbor Agreement, are crucial for European exporters.

2. Avoid Forced Localization of Data, Network Infrastructure or Investments

Government signatories to modern trade agreements should pledge not to impose local data storage, infrastructure or investment obligations as a condition for access to local markets. This commitment should extend to government procurement agreements. As a general principle, governments should be prohibited from taking actions that curtail the choices of commercial actors in the physical provision of hardware, software or services that impact the network’s performance, security or resiliency. Purchasing decisions should be technology-neutral and not subject to undue technology mandates.
3. Prevent Discrimination in Access to Communications Networks

One of the key ingredients for a vibrant digital economy is a competitive marketplace for communications services. In an era where business information speeds across networks—including Cloud platforms and the sensor-driven Internet of the Things—we need to ensure unfettered, cross-border movement of proprietary corporate information. Despite current agreements, some countries let dominant providers of wholesale transmission capacity exploit their market positions to drive up prices for communication and IT services. This harms everyone, and future trade agreements should clearly brand these practices as unlawful and anticompetitive. Trade agreements should additionally ensure the independence of regulators, consistent with the GATS telecom reference paper, which the U.S. and EU have endorsed, and ensure market access opportunities by eliminating equity caps in this sector as in all others.

4. Create Robust Intermediary Liability Protection Rules

Trade agreements should recognize the fundamental importance of intermediary liability protections for the digital economy. Specifically, policies should prevent liability exposure to Internet intermediaries for information stored or processed at the request of their users, provided these intermediaries have no knowledge of illegal activity or information. Such intermediaries should have no general obligation to monitor content. Where possible, international coordination and harmonization of notice-and-takedown procedures should be promoted to limit legal uncertainty, without prejudice to the core principles of intermediary liability protection. Where Intellectual Property Regimes are concerned, it is important to emphasize limitations and exceptions to IPR and safe harbours for Internet intermediaries. IPR enforcement rules, such as injunctions on intermediaries, should neither place undue burdens on intermediaries, nor prejudice the intermediary liability exemption framework. Finally, by moving to a system of international exhaustion of trademark and copyright, modern trade agreements could promote a thriving online marketplace for consumers and SMEs.

5. Simplify Value Added Tax and Customs Duty Regimes for Small Businesses

The Internet and e-commerce platforms, in particular, have reduced many of the barriers that prevented small businesses from engaging in international trade. But hurdles remain. Navigating the domestic Value Added Tax and customs duty regimes can be cost-prohibitive for small businesses that ship individual, low-value, goods. Future trade agreements therefore need to ensure that customs processes are simple and efficient. Customs duty thresholds should support take-up of e-commerce opportunities. Regulatory regimes on parcel delivery should be fit for cross-border trade. Small businesses should also be able to benefit from the Authorized Economic Operator program, which helps streamline some transactions.

About CCIA Europe

CCIA is an international not-for-profit membership organization dedicated to innovation and enhancing society's access to information and communications. CCIA promotes open markets, open systems, open networks and full, fair and open competition in the computer, telecommunications and Internet industries.

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