

**Testimony before the Joint Economic Committee  
Hearing on Dynamic Gains from Free Digital Trade  
Former Ambassador Daniel A. Sepulveda  
September 12, 2017**

Thank you Chairman Tiberi, Ranking Member Heinrich, and members of the Committee for the opportunity to testify.

The digital economy and the preservation of the internet as a global open platform may seem somewhat removed from the daily lives of your constituents. But it isn't. It is central to whether or not they succeed today and whether or not America will continue to lead in the 21<sup>st</sup> century.

Our responsibility is to invest at home to make world-class broadband and digital skills accessible to all and work abroad to protect and preserve the global internet as a force for the democratization of opportunity and commerce.

Farmers, ranchers, and small manufacturers throughout America are using digital platforms and services to engage in digital trade. They are also leveraging digital information management tools as springboards for innovation, increased efficiency, and improved productivity, which is making them more globally competitive.

Tourism operators are using Airbnb, Expedia, and other platforms to attract international visitors to cities and venues that are not as well known as New York City or Disneyland. As a result, places like Santa Fe and the Rock and Roll Hall of Fame in Cleveland are now attracting more international visitors, creating opportunity for working families.

In the digital space, the United States is leading the world, but to stay there, we need a clear digital trade strategy; the right people in place to advocate for us abroad; and the right investments at home in our people, our infrastructure, and skill development to ensure that every American can succeed.

The Congressional Research Service released an excellent report in June that lists the policy venues where global digital trade policy is being debated, from the WTO to the G-7 and G-20 gatherings, to the OECD, the United Nations, and in bilateral engagements.<sup>1</sup> Having appointed, Senate confirmed officials representing America's digital interests abroad is critical to our success. But as former Department of Commerce General Counsel Cameron Kerry wrote recently, many of the key posts in the Administration for successful advocacy abroad on digital trade remain unfilled today and our strategy and commitment on the issue is unclear.<sup>2</sup>

In addition to our work abroad, we have to do a better job at home creating constructive solutions to the challenges the digital economy as we celebrate its success. The reason is that many of the risks abroad and at home to the digital economy are rooted in fear.

To instill trust in digital trade and the sense that it will work for all, we need to team up with the technology community to bridge the digital divide and address new challenges that the digital economy is creating.

The United States needs to lead the way with workable solutions to these challenges, or we will end up dealing with a global patchwork of laws and regulations that end up doing more harm than good. In some countries, the sharing economy, artificial

---

<sup>1</sup> <https://fas.org/sgp/crs/misc/R44565.pdf>

<sup>2</sup> <https://www.brookings.edu/blog/techtank/2017/08/25/trump-administration-overlooks-critical-digital-policy-posts/>

intelligence, and robotics will face impossible restrictions due to fear of labor disruption if we do not show them how to transition the displaced. And as Europe has indicated, without mutual recognition for our respective structures for protecting consumer privacy, there will be calls to close off data from transfer abroad.

In fact, most pressing and immediate for the health of digital trade is the preservation of the EU-US Privacy Shield to ensure that transatlantic data flows are not hindered. The EU is by far our largest digital trade partner, and our systems for governing the digital economy need to remain interoperable.

In closing, it is critical that we protect network neutrality at home to send the signal to others that services and applications delivered over the global internet must remain free from discriminatory treatment by local and national broadband internet service providers. Repealing network neutrality regulations without a legislative replacement will not help us argue abroad that the pipes entering homes and businesses in China, India, and Brazil should remain open to our services on a nondiscriminatory, untariffed basis.

Our kids take the global internet and everything it makes possible for granted. We can't. It is up to us to make sure that they can benefit from digital trade and a digital economy that works for them and remains a force for progress for decades to come.

I thank the committee and my fellow panelists, and I welcome your questions.