

**Opening Statement of Chairman Bob Latta**  
**Subcommittee on Digital Commerce and Consumer Protection**  
**“21st Century Trade Barriers: Protectionist Cross-Border**  
**Data Flow Policies’ Impact on U.S. Jobs”**  
**October 12, 2017**

Good morning. I appreciate our witnesses being here today for this important hearing on digital trade and international data flows, and the impact on U.S. industry.

The free transmission of data across borders contributes to a seamless exchange of information, goods, and services. Digital trade has been a significant benefit to the U.S. economy, contributing to an estimated 2.4 million new jobs, raising real U.S. GDP, and exceeding the economic trade value of traditional goods and services.

Today we will hear from our witnesses about the current state of the digital economy and its positive impact on U.S. competition, job creation, and economic growth. I hope that this

hearing will be a jumping-off point for a closer examination of these and other non-tariff trade matters in the months to come.

What is digital trade? It happens in each and every one of our daily lives—when we use our personal laptops, tablets and smartphones, or when companies work to complete projects for customers.

While this might seem broad and difficult to define, one of our witnesses today, Mr. Garfield, puts forward a clean definition: “Digital trade is simply any economic activity involving the movement of digital information. . . across borders.”

At the enterprise level, companies might be using services and applications like cloud computing, data processing, and predictive analytics. Uses can include processing payroll or designing products that are easy to manufacture at the highest quality possible, for the lowest price.

Through our work already this year, this committee has heard from many companies using the power of data flows to improve public policy goals like improving passenger safety and mobility access through self-driving car technology.

The Internet, data, and digital trade now support economic growth in all sectors of the U.S. economy. U.S. industry around the country— whether in manufacturing, retail, energy, and health care— rely on “cross-border data flows” to run their businesses.

This technological phenomenon also supports local businesses and smaller enterprises including entrepreneurs and app developers. According to a study by eBay, over 90 percent of eBay’s U.S. businesses trade across borders, with more than 80 percent reaching five or more international markets.

These small-to-medium sized companies touch all states and congressional districts. In my home State of Ohio, the software industry directly employed over 72,000 people, and was responsible for \$11 billion in direct value-added GDP in 2014.

In my district, there were over 38,000 high-tech workers and exports of digital goods and services totaled over \$690 million in 2014. While these numbers are a few years old, in my visits to businesses around my district, I have certainly seen the impact of high-skilled workers in the manufacturing industry.

Despite the many benefits of cross border data flows, many trading partners have considered or adopted nontariff barriers, such as restrictions on cross-border data flows or requirements to localize data, production, or facilities.

If the Internet is characterized by openness, then data localization and other data flow restrictions create conflict—

either intentionally, as a protectionist measure, or unintentionally.

The witnesses here today can speak about the data localization measures in force and the potential spread of additional restrictions. I am very interested to hear about the impact of these policies on businesses in my district and around the country.

Last year the European Union and United States put into place the EU-U.S. Privacy Shield and last month, the European Commission began its first review of the Privacy Shield. In one year, the Privacy Shield has been embraced by over 2,500 U.S. companies—of all sizes and business models—to allow for the free flow of data between the EU and the U.S.

Finally, there are multiple trade negotiations and dialogues that are expected to set the stage for digital trade and data flow policy moving forward. Current trade agreements were written

before the advent of the Internet as we know it today. Going forward, there is tremendous potential for the digital economy as we consider cross border-data flow policies and robust enforcement measures.

We are living in an extraordinary time of growth in today's digitally-integrated global economy. The impact of digital trade and cross-border data flows will reach far and wide, and I believe Congress can play a significant role in supporting the people and businesses that depend on the free and open flow of data. I look forward to hearing from our witnesses today about this timely issue.