



September 25, 2023

Office of the US Trade Representative  
600 17<sup>th</sup> Street, NW  
Washington DC 20508  
Attn: Megan Paster (InclusiveTrade@USTR.EOP.GOV)

**Re: Request for Comments on Advancing Inclusive, Worker-Centered Trade Policy  
(Docket Number USTR–2023–0004)**

The Global Data Alliance (GDA)<sup>1</sup> appreciates the opportunity to provide views in response to the Request for Comments on Advancing Inclusive, Worker-Centered Trade Policy issued by the Office of the US Trade Representative on June 12, 2023.

The GDA respectfully submits that the United States should advance a worker-centric digital trade policy that can grow well-paid jobs at home and that fosters strategic re-engagement with key allies, including with trading partners across the Americas, APAC, and EMEA, so as to counter digital protectionism and digital authoritarianism.

The Administration can achieve these goals through a worker-centric digital trade policy that recognizes the critical role that cross-border data transfers and cross-border access to knowledge and digital tools play in protecting and promoting: (A) small businesses, (B) workers, (C) human rights, (D) economic opportunity in the developing world, and (E) digital inclusion, privacy, cybersecurity, anti-corruption, rule of law, and other policy priorities in the developing world.

We address each of these elements below.

**A. Cross-Border Data Transfers & Small Business**

Cross-border data transfers can help small businesses by: (1) increasing access to digital knowledge resources and overseas markets and leveling the playing field vis-à-vis larger enterprises; (2) offering a “digital dividend” that can be enjoyed by millions of small businesses globally; (3) allowing small businesses to use cross-border digital tools to seize economic opportunity with agility; and (4) reducing digital barriers that disproportionately impact small businesses.<sup>2</sup>

- **Data Transfers & Leveling the Playing Field for Small Business:** Small businesses face knowledge and access barriers that larger enterprises can more easily overcome. Data transfers and cross-border access to technology and markets help level the playing field. As the OECD has explained, “cross-border data flows are especially important for [small businesses] ... Better and faster access to critical knowledge and information also helps small businesses overcome informational disadvantages, notably with respect to larger firms, reducing barriers to engaging in

international trade and allowing them more readily to compete with larger firms.” One recent study estimates that digital tools helped small businesses reduce export costs by 82 percent and transaction times by 29 percent. Data localization and transfer restrictions make it harder to achieve these benefits, in part because they produce “a fragmented Internet [that] reduces market opportunities for domestic [small businesses] to reach worldwide markets, which may instead be confined to some local or regional markets.”

- **Data Transfers & Digital Economic Dividends for Small Business:** Small businesses are particularly well positioned to reap the economic benefits that a reliable framework for data transfers and cross-border access to markets and digital tools can provide. These benefits can also be widely disseminated and shared across populations. For example, in the United States, 32.5 million small businesses account for:
  - 99.9% of all US businesses, 48% of all US workers (61.2 million workers), and 90% of all US business openings (909,808 new openings and 9.1 million new jobs in 2019-2020);
  - 95% of all US exporting enterprises, with small business exports accounting for roughly 25% of all US exports and supporting over 6 million jobs (in 2017).
- **Data Transfers & Small Business Digital Agility:** Many small businesses demonstrate a greater degree of digital business agility than larger enterprises. Studies have found that, while 95% of small businesses were negatively impacted by the COVID-19 pandemic, the pandemic also caused 70% of small businesses to accelerate efforts to become more digitally competitive. The most digitally progressive SMEs are growing 8 times faster than the least progressive. Studies have also found that small businesses with a strong digital presence grow twice as fast, and are 50% more likely to sell outside their region, relative to those with little or no digital presence. In a recent CSIS study, 65% of small business surveyed said that they moved data across borders, with even higher percentages for those that export.
- **Data Transfers & the Disproportionate Impact of Digital Restrictions on Small Business:** Unfortunately, the number and variety of digital trade barriers affecting small businesses has increased in recent years, and today include data localization mandates; unnecessary data transfer restrictions; customs duties on electronic transmissions; or other discriminatory digital measures. These types of digital barriers fall particularly heavily on small businesses, which lack the resources that larger companies can draw upon to comply with onerous mandates. In a recent CSIS study, small businesses highlighted divergent data privacy rules (40-60% of SME survey respondents) and data localization rules (30-40% of SME respondents) as key challenges. Conversely, with greater foreign market access, small businesses estimate that they could increase sales by 15-40% and hire between 10-50 new employees each.

## B. Cross-Border Data Transfers & the US Workforce

A forward-looking cross-border data policy can offer the US workforce a digital dividend of economic opportunity.<sup>3</sup> Cross-border access to knowledge, digital training, and technology solutions can help workers upgrade their skills and the ability to support advanced manufacturing and services jobs. Workers also benefit when foreign markets offer cross-border digital access to the digitally enabled products and services that those workers produce.

In the United States, for example, jobs that depend on data transfers are growing rapidly, with:

- 67 percent of new US science, technology, engineering, and mathematics (STEM) jobs in computing and software;
- Nearly 16 million workers employed in software jobs in the United States, and more than 1 million such positions remaining open to applicants;

- 40 percent of US manufacturers urging additional upskilling for advanced manufacturing positions; and
- Numerous digital training opportunities available across all 50 US states, the private sector, community colleges, vocational schools, and apprenticeship programs.
- Dual growth in demand and available training opportunities. US advanced manufacturing jobs are growing in software engineering, computer-aided design and manufacturing (CAD/CAM), industrial machinery mechanics, and Computer Numerical Control (CNC) machinery operations.
- US workers across all export-intensive sectors earning an average 15 percent more than workers in other sectors. The highest export pay premium (19 percent) goes to workers in digitally-skilled and export-intensive manufacturing sectors.

Unfortunately, this digital dividend isn't guaranteed. For example, when other countries erect barriers to digitally enabled goods and services, they hurt the workers that design, produce, and deliver them. By some reports, digital trade barriers have [increased by more than 800 percent since the late 1990s](#). Such barriers—which may take the form of cross-border data restrictions or data localization mandates—hurt workers and impede foreign market access for US exports of aircraft, vehicles, and other connected devices, as well as US worker-delivered services that depend upon internet-, wireless-, and satellite-based communications and other IoT functionality for their sales, operations, and support.

### **C. Cross-Border Data Transfers & Human Rights**

Promoting human rights through trade is a core aspect of an inclusive, worker-centric trade policy. This aspect of US trade policy is important at a time when a growing number of trading partners are being persuaded to deploy digital technologies in a manner that undermines privacy, civil liberties, and core human rights.<sup>4</sup>

One reason why authoritarian regimes have so vigorously adopted and promoted cross-border data barriers is that cross-border access to knowledge, information, and data play a critical role in challenging authoritarian disinformation and social control. This issue has been analyzed in a report by Freedom House.<sup>5</sup> The report states that:

In at least 23 countries covered by Freedom the Net, laws that limit where and how personal data can flow were proposed or passed during the coverage period....The transfer of data across jurisdictions is central to the functioning of the global internet and benefits ordinary users, including by improving internet speeds, enabling companies to provide critical services worldwide, and allowing the storage of records in the most secure data centers available....[S]ome [countries] have buried problematic obligations that either mandate domestic data storage, feature blanket exceptions for national security or state actors without safeguards, or delegate increased decision-making power to politicized regulators—all of which renders users vulnerable to government abuse despite improvements pertaining to the use of personal data for commercial purposes. Such contradictory “data washing” measures ultimately fail to strengthen privacy and further fragment the internet....

Cross-border data can help promote human rights and access to content and viewpoints without undue interference or distortion from authoritarian regimes.

#### D. Cross-Border Data Transfers & Economic Opportunity in Developing Countries

Cross-border access to knowledge, information, and digital tools is also critical to the promotion of economic opportunity across the developing world. Those developing countries that emulate cross-border data policies promoted by authoritarian regimes will suffer harmful economic impacts multiply. USTR should not sit idly by, allowing this to happen.

- **Impact on Economic Development:** The World Bank's 2020 *World Development Report* found that, "restrictions on data flows have large negative consequences on the productivity of local companies using digital technologies... Countries would gain on average about 4.5 percent in productivity if they removed their restrictive data policies, whereas the benefits of reducing data restrictions on trade in services would on average be about 5 percent."<sup>6</sup> Self-isolating digital trade restrictions hinder economic development, reduce productivity, deprive local enterprises of commercial opportunities, and depress export competitiveness.<sup>7</sup> Such measures are estimated to reduce GDP by up to 1.7 percent in some implementing countries.<sup>8</sup>
- **Impact on Developing Country Agriculture, Manufacturing, and Other Industries:** Digital trade restrictions are damaging to industries, including agriculture, which accounts for up to 25 percent of GDP and 65 percent of the lower income population in some developing countries.<sup>9</sup> 75% of the value of cross-border data transfers is reported to accrue to industries including agriculture and manufacturing.<sup>10</sup> Digital trade and cross-border access to technology and information help small-scale agricultural producers improve crop yields; mitigate crop risks (including losses from pests, disease, and weather-related events); reduce arbitrage by middlemen (up to 70 percent of smallholder production value is captured by intermediaries); and promote sustainability (agriculture accounts for 70 percent of water use, while one third of global food production is either lost or wasted).<sup>11</sup> Digital trade restrictions undermine those potential gains.
- **Impact on Developing Country Services Sectors:** The World Bank 2021 *World Development Report* has noted that measures that "restrict cross-border data flows ... [may] materially affect a country's competitive edge in the burgeoning trade of data-enabled services."<sup>12</sup> A 2020 World Economic Forum study found that, "approximately half of cross-border [services] trade is enabled by digital connectivity[, which] ... has allowed developing countries and micro, small and medium-sized enterprises (MSMEs) to export through greater visibility, easier market access and less costly distribution. ... Developing countries ... accounted for 29.7% of services exports in 2019."<sup>13</sup>
- **Impact on Developing Country Financial Inclusion:** There remain over 2.5 billion unbanked people worldwide, many living in remote locations lacking physical banking infrastructure.<sup>14</sup> Technologies that leverage data transfers are powerful tools to increase access – particularly as 95% of the world's population is already covered by mobile broadband networks.<sup>15</sup> USAID estimates that, by enabling digital financial services, the GDP of emerging economies could increase by more than \$3.5 trillion, or 6 percent, by 2025, and that e-commerce could increase international trade by up to \$2.1 trillion by 2030.<sup>16</sup>
- **Impact on Developing Country Global Market Access:** Digital trade and data transfers are also critical to reducing the costs of reaching markets outside of the developing world.<sup>17</sup> One recent study estimates that digital tools helped MSMEs across Asia reduce export costs by 82% and transaction times by 29%.<sup>18</sup> Cross-border access to e-commerce platforms, purchasers, suppliers, and other commercial partners allows local MSMEs to engage in international transactions and create jobs at home.<sup>19</sup> Digital trade restrictions make it harder to achieve these benefits.<sup>20</sup>

- **Impact on Developing Country IoT Deployment:** A 2021 GSMA study conducted in three developing regions (in South America, South-East Asia and Africa) indicates that data localization measures on Internet of Things (IoT) applications and Machine-to-Machine (M2M) data could result in:
  - Loss of 59-68% of their productivity and revenue gains;
  - Investment losses ranging from \$4-5 billion;
  - Job losses ranging from 182,000-372,000 jobs.<sup>21</sup>
- **Impact on Developing Country Productivity:** Local enterprises rely on digital trade and data transfers to increase productivity, drive quality, and improve output in other ways.<sup>22</sup> To foster an environment that supports the design, production, and sale of products and services for domestic and export sales, it is important to increase the availability of IT products and services, and safeguard the ability to receive and transmit information across regional and global IT networks.
- **Impact of Internet Balkanization on Developing Countries:** Digital policies that advantage the world's largest protected market and authoritarian regime do not benefit many developing countries. Unfortunately, some developing countries have been persuaded to emulate this policy approach. In Africa and South Asia, for example, some developing countries are erecting unnecessary and costly digital trade barriers vis-à-vis one another.<sup>23</sup> These measures undermine the effectiveness of US development assistance and impair the ability of developing countries to realize economies of scale and specialization through larger regional markets.

#### E. Cross-Border Data Transfers & Cybersecurity, Privacy, Inclusiveness, Health, and Other Key Policy Objectives in Developing Countries

Digital trade restrictions undermine public policy goals relating to cybersecurity, privacy, inclusiveness, health and other policy objectives across the developing world. We address these topics below.

- **Impact on Cybersecurity in Developing Countries:** China's CSL advances the premise that that cross-border data restrictions and other forms of digital protectionism are necessary to ensure cybersecurity. However, *how* data is protected is more important to security than *where* it is stored, and transfer restrictions often result in *weaker*, not *stronger*, cybersecurity. Cross-border data transfers help improve cybersecurity because these transfers allow for cybersecurity tools to monitor traffic patterns, identify anomalies, and divert potential threats in ways that depend on global access to real-time data. Adopting rules that emulate the CSL, which mandates data localization and restricts the ability to transfer and analyze data in real-time, creates unintended vulnerabilities.<sup>24</sup>
- **Impact on Privacy in Developing Countries:** China's Personal Information Protection Law (PIPL) and similar measures adopted by some developing countries advance the premise that digital protectionism is necessary to protect privacy. Yet, the PIPL and its progeny have not seemingly increased personal information protection or governmental respect for the privacy of personal communications. In fact, *how* organizations protect personal information is more important to privacy than *where* the information is stored. Organizations with operations abroad typically implement procedures to ensure that personal information is protected even when transferred outside of the country. To that end, organizations often rely on internationally recognized privacy best practices and an array of approved data transfer mechanisms.<sup>25</sup>
- **Impact on Inclusiveness in Developing Countries:** Numerous organizations have underscored the importance of access to technology and digital trade, among other digital policy measures, to address inclusiveness challenges.<sup>26</sup> UN Sustainable Development Goal No. 5.b sets a goal of "enhance[ing] the use of enabling technology, in particular information and communications technology, to promote the empowerment of women." According to the World Economic Forum, "despite having less access to technology, women use digital platforms to their advantage..."

[F]our out of five small businesses engaged in cross-border e-commerce are women-owned, while just one in five firms engaged in offline trade is headed by women.”<sup>27</sup> Digital trade restrictions promoted undermine these economic opportunities. As noted in congressional reports, similar restrictions have been misused to target racial, ethnic, religious, and other communities in some countries.<sup>28</sup>

- **Impact on Healthcare in Developing Countries:** Digital trade and data transfers also aid in the delivery of remote health services for medically underserved populations and the search for medical treatments. Cross-border access to data and cloud-enabled technologies enable online healthcare education efforts and cross-border humanitarian assistance;<sup>29</sup> cross-border access to clinical testing to address not only globally prevalent, but also rare and neglected diseases; and consultations between remote providers in one country with specialists located at research facilities abroad. Cross-border consolidation of anonymized data sets from around the world also allows for real-time statistical tracking, analytics, and monitoring of aggregated anonymized data—resulting in a better grasp and more rapid response to emerging epidemics or localized disease outbreaks.<sup>30</sup>
- **Impact on Regulatory Compliance in Developing Countries:** Data transfers are critical to support various regulatory compliance functions. As US financial regulators have noted “data localization requirements can increase ... operational risks, hinder risk management and compliance, and inhibit financial regulatory and supervisory access to information.”<sup>31</sup> Likewise, data transfers are critical to other public policy priorities, including financial fraud monitoring and prevention; anti-money laundering; anti-corruption; and other legal compliance objectives.
- **Impact on Innovation in Developing Countries:** Some claim that digital trade barriers and data transfer restrictions promote innovation. On the contrary, innovation in developing countries benefits from an increase – not a decrease – in cross-border access to technology, ICT connectivity, and digital trade. The UN Sustainable Development Goals 9.b and 9.c stress support for “domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities,” as well as “increasing access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries.” Digital trade barriers undermine innovation—from accessing global scientific and technical research databases, to engaging in cross-border research and development (R&D), to securing regulatory product approvals for new products and services.<sup>32</sup>

## Conclusion

We welcome the opportunity to provide these comments. Please let us know if you have any questions or comments.

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<sup>1</sup> The Global Data Alliance is a cross-industry coalition of companies that are committed to high standards of data responsibility and that rely on the ability to transfer data around the world to innovate and create jobs. Alliance members are headquartered across the globe and are active in the advanced manufacturing, aerospace, automotive, consumer goods, electronics, financial services, health, media and entertainment, natural resources, supply chain, and telecommunications sectors, among others. BSA | The Software Alliance administers the Global Data Alliance. For more information on the Global Data Alliance, please see: <https://www.globaldataalliance.org/downloads/aboutgda.pdf>

<sup>2</sup> Relevant references include the following: AlphaBeta, *MicroRevolution: The New Stakeholders of Trade in APAC* (2019), <https://alphabeta.com/our-research/micro-revolution-the-new-stakeholders-of-trade-in-apac/>; Asia-Pacific Economic Cooperation, *Small and Medium Enterprises* (2022), <https://www.apec.org/groups/som-steering-committee->

[on-economic-and-technical-cooperation/working-groups/small-and-medium-enterprises](#); eBay, *United States Small Online Business Report: eBay Boosts Small Business Resiliency During the Pandemic* (May 2021), <https://www.ebaymainstreet.com/sites/default/files/policy-papers/2021%20Small%20Online%20Business%20Report.pdf>. (A 2019 survey of US-based SMEs shows that 96 percent of eBay-enabled SMEs exported to an average of 16 different markets, whereas 0.9 percent (less than 1 percent) of other businesses exported to an average of four markets. Furthermore, eBay-enabled SMEs across the United States averaged 16 different export markets.); Federal Reserve Banks, *Small Business Credit Survey: 2021 Report on Employer Firms* (2021), <https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/2021-sbcs-employer-firms-report>; Goodman, Matthew P. and William Reinsch, *Filling in the Indo-Pacific Economic Framework*, Center for Strategic and International Studies (2022), [https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/220126\\_Goodman\\_Indo\\_Pacific\\_Framework.pdf?eeGvHW0ue\\_Kn118U5mhopSjLs7DfJMaN](https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/220126_Goodman_Indo_Pacific_Framework.pdf?eeGvHW0ue_Kn118U5mhopSjLs7DfJMaN); IDC, *2020 Small Business Digital Transformation: A Snapshot of Eight of the World's Leading Markets* (2020), [https://www.cisco.com/c/dam/en\\_us/solutions/small-business/resource-center/small-business-digital-transformation.pdf](https://www.cisco.com/c/dam/en_us/solutions/small-business/resource-center/small-business-digital-transformation.pdf); Organisation for Economic Co-operation and Development, *Mapping Approaches to Data and Data Flows* (2020), <http://www.oecd.org/trade/documents/mapping-approaches-to-data-and-data-flows.pdf>; Organisation for Economic Co-operation and Development, *Enhancing SMEs' Resilience through Digitalisation: The Case of Korea* (2021), [https://www.oecd-ilibrary.org/economics/enhancing-smes-resilience-through-digitalisation\\_23bd7a26-en](https://www.oecd-ilibrary.org/economics/enhancing-smes-resilience-through-digitalisation_23bd7a26-en); Organisation for Economic Co-operation and Development, *SME Digitalisation to Build Back Better*, Digital for SMEs (D4SME) Policy Paper (2021), [https://www.oecd-ilibrary.org/economics/sme-digitalisation-to-build-back-better\\_50193089-en](https://www.oecd-ilibrary.org/economics/sme-digitalisation-to-build-back-better_50193089-en); Suominen, Kati, *What Do CPTPP Member Country Businesses Think about the CPTPP*, Center for Strategic and International Studies (2021), <https://www.csis.org/analysis/what-do-cptpp-member-country-businesses-think-about-cptpp>. (For SMEs engaged in online sales, the most important digital economy provisions were those that (1) ensured that companies can move customer data across borders; (2) permitted companies to choose where to store their data; (3) prohibited digital customs duties; and (4) protected consumers from harmful practices, such as spam.); Urata, Shujiro, *How Can Asia Reignite Its SME Growth Engine through Trade?* (2021), <https://development.asia/explainer/how-can-asia-reignite-its-sme-growth-engine-through-trade>; US Census Bureau, *Preliminary Profile of US Exporting Companies, 2022* (November 4, 2021), <https://www.census.gov/foreign-trade/Press-Release/edb/2019/2019prelimprofile.pdf>; US Chamber of Commerce, *Growing Small Business Exports: How Technology Strengthens American Trade* (2021), [https://www.uschamber.com/assets/archived/images/ctec\\_googlereport\\_v7-digital-opt.pdf](https://www.uschamber.com/assets/archived/images/ctec_googlereport_v7-digital-opt.pdf); US International Trade Commission, *Digital Trade in the US and Global Economies (Part 2)* (2014), <https://www.usitc.gov/publications/332/pub4485.pdf>.

<sup>3</sup> Relevant references include the following: BSA | The Software Alliance, *Advancing a Jobs-Centric Digital Trade Policy* (2021), <https://www.bsa.org/files/policy-filings/11132021jobscentricdigitrade.pdf>; BSA | The Software Alliance, *BSA Workforce Agenda* (2019), <https://www.bsa.org/policy-filings/innovation-competitiveness-opportunity-a-policy-agenda-to-build-tomorrows-workforce>; Congressional Research Service, *Digital Trade and US Trade Policy* (2021), <https://sgp.fas.org/crs/misc/R44565.pdf>; International Trade Administration, *COVID-19 Economic Recovery: An Important Moment Arrives for U.S. Exporters* (May 2021), <https://blog.trade.gov/2021/05/19/covid-19-economic-recovery-an-important-moment-arrives-for-u-s-exporters/#:~:text=Additionally%2C%20export-intensive%20industries%20pay%20more%2C%20on%20average%2C%20than.who%20work%20in%20manufacturing%20industries%20that%20don%E2%80%99t%20export>; Software.org, *Every Sector Is a Software Sector—Manufacturing* (2019), [https://software.org/wp-content/uploads/Every\\_Sector\\_Software\\_Manufacturing.pdf](https://software.org/wp-content/uploads/Every_Sector_Software_Manufacturing.pdf); Software.org, *Supporting US Through COVID* (2021), <https://software.org/wp-content/uploads/2021SoftwareJobs.pdf>; Transform Your Trade website (2022), <https://transformyourtrade.org>.

<sup>4</sup> Senate Foreign Relations Committee – Minority Staff Report, *The New Big Brother – China and Digital Authoritarianism*, pp. 6, (July 21, 2020) (hereinafter “*Democratic Staff SFR Report*”), at: <https://www.foreign.senate.gov/imo/media/doc/2020%20SFR%20Minority%20Staff%20Report%20-%20The%20New%20Big%20Brother%20-%20China%20and%20Digital%20Authoritarianism.pdf>; House Ways & Means Committee – Minority Staff Report, *China Task Force Report*, p. 4 (Sept. 2020) (hereinafter “*Republican Staff HWM Report*”), at [https://republicans-waysandmeansforms.house.gov/uploadedfiles/china\\_task\\_force\\_report.pdf](https://republicans-waysandmeansforms.house.gov/uploadedfiles/china_task_force_report.pdf); US-China Economic and Security Review Commission, *2020 Report to Congress*, pp. 88, 96, 100, 110-111, (Dec. 2020) (hereinafter “*USCC 2020 Report to Congress*”), at: [https://www.uscc.gov/sites/default/files/2020-12/2020\\_Annual\\_Report\\_to\\_Congress.pdf](https://www.uscc.gov/sites/default/files/2020-12/2020_Annual_Report_to_Congress.pdf) As USAID has stated, “[m]any governments choose to adopt protectionist digital trade policies (e.g., data-localization, forced transfer of technology, the use of standards that favor domestic

industry...). These policies, when combined with inefficient cross-border trade processes ..., impair trade that contributes to economic growth." See *USAID Digital Strategy*, at p. 19.

<sup>5</sup> Freedom House, *Countering an Authoritarian Overhaul of the Internet* (2022),

<https://freedomhouse.org/report/freedom-net/2022/countering-authoritarian-overhaul-internet>

<sup>6</sup> World Bank, *World Development Report* (2020), at: <https://www.worldbank.org/en/publication/wdr2020>

<sup>7</sup> See e.g., Ferracane et al., *The Costs of Data Protectionism*, VOX (2018); Ferracane et al., *Do Data Policy Restrictions Impact the Productivity Performance of Firms and Industries?* ECIPE Digital Trade Estimates Working Paper No. 1 (2019); Lund et al., *Defending Digital Globalization*, McKinsey Global Institute (2017). Access to foreign markets, innovation, education, and economic growth are all jeopardized by governmental measures that: (1) block cross-border access to information; (2) interfere with the circulation of technology, knowledge, and commercial data; (3) restrict connectivity to the Internet; (4) deny MSMEs and other local enterprises or citizens opportunities to engage with the technologies they need to engage with the economy. See <https://hbr.org/2017/07/60-countries-digital-competitiveness-indexed>

<sup>8</sup> See Lee-Makiyama et al., *The Costs of Data Localization*, ECIPE Occasional Paper (2014), at: [https://ecipe.org/wp-content/uploads/2014/12/OCC32014\\_1.pdf](https://ecipe.org/wp-content/uploads/2014/12/OCC32014_1.pdf)

<sup>9</sup> World Bank, *Agriculture and Food* (2020), <https://www.worldbank.org/en/topic/agriculture/overview>

<sup>10</sup> See Global Data Alliance, *The Cross-Border Movement of Data: Creating Jobs and Trust Across Borders in Every Sector* (2020), at [https://www.globaldataalliance.org/downloads/\[\]everysector.pdf](https://www.globaldataalliance.org/downloads/[]everysector.pdf) ; See Global Data Alliance, *Jobs in All Sectors Depend Upon Data Flows* (2020), at [https://www.globaldataalliance.org/downloads/infographic\[\].pdf](https://www.globaldataalliance.org/downloads/infographic[].pdf); Global Data Alliance, *Cross-Border Data Transfers Facts and Figures* (2020), at [https://www.globaldataalliance.org/downloads/\[\]factsandfigures.pdf](https://www.globaldataalliance.org/downloads/[]factsandfigures.pdf)

<sup>11</sup> See e.g., Global Data Alliance, *Access to Global Markets, Innovation, Finance, Food, and Healthcare* (2021); Every Sector Is a Software Sector: Agriculture, [https://software.org/wp-content/uploads/Every\\_Sector\\_Software\\_Agriculture.pdf](https://software.org/wp-content/uploads/Every_Sector_Software_Agriculture.pdf); World Bank, *Agriculture and Food* (2020), <https://www.worldbank.org/en/topic/agriculture/overview>; IDB Climate Smart Agriculture, *Thematic Paper: Climate-Smart Agriculture* (Revised Version), p. 5, <http://www.iadb.org/document.cfm?id=EZSHARE-1914875107-52>. The IDB explains the underlying challenge that cross-border access to technologies and export markets can help ameliorate: "Smallholders typically capture a low share of the final value of its products and encounter non-transparent commercialization markets and difficulties in buying inputs and selling their products at fair prices. On top of that, small farm holders typically face limited access to export to new markets and unfavorable prices in international trade, and they are particularly vulnerable to volatility in commodity prices."

<sup>12</sup> World Bank, *World Development Report – Data For Better Lives* (2021), at: <https://openknowledge.worldbank.org/bitstream/handle/10986/35218/9781464816000.pdf>

<sup>13</sup> World Economic Forum, *Paths Towards Free and Trusted Data Flows* (2020).

<sup>14</sup> USAID, US Global Development Lab website, available at: <https://www.usaid.gov/digital-development/digital-finance>

<sup>15</sup> Ericsson. 2019. "Ericsson Mobility Report November 2019."

<https://www.ericsson.com/en/mobility-report/reports/november-2019>

<sup>16</sup> USAID Digital Strategy, p. 9; see also See Global Data Alliance, *Access to Global Markets, Innovation, Finance, Food, and Healthcare* (2021).

<sup>17</sup> Global Data Alliance, *Cross-Border Data Transfers and Supply Chain Management* (2021), at [https://globaldataalliance.org/downloads/03182021\[\]primersupplychain.pdf](https://globaldataalliance.org/downloads/03182021[]primersupplychain.pdf)

<sup>18</sup> Micro-Revolution: The New Stakeholders of Trade in APAC, Alphabet, 2019. Likewise, the Asia Development Bank Institute estimates that electronic commerce platforms, which operate on the basis of cross-border data transfers, have helped some local firms reduce the cost of distance in trade by 60%. Asia Development Bank Institute, *The Development Dimension of E-Commerce in Asia: Opportunities and Challenges* (2016), at: <https://www.adb.org/sites/default/files/publication/185050/adb-pb2016-2.pdf>

<sup>19</sup> USAID Digital Strategy, p. 37. As USAID has explained, "[d]igital ecosystems have the potential to equip informal merchants, women entrepreneurs, smallholder farmers, and MSMEs engaged in cross-border trade with access to markets, information, and finance. These diverse users require trustworthy services that reflect their needs. ... [D]igital trade that spans borders depends on free data flows, digitized customs, and innovations in trade finance made possible by new approaches to lending."



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<sup>20</sup> See Global Data Alliance, *Access to Global Markets, Innovation, Finance, Food, and Healthcare* (2021).

<sup>21</sup> GSMA, [Cross-border Data Flows – The Impact of Localization on IOT](#) (2021).

<sup>22</sup> Data localization mandates and unnecessary data transfer restrictions hurt local innovation because a country that limits cross-border data transfers limits its own industries' access to technologies and data sources that are critical to growth and innovation, business operations, and the transfer of technology. These include: (a) productivity-enhancing software solutions; (b) scientific, research, and other publications; and (c) manufacturing data, blueprints, and other operational information. Faced with higher software costs and an unpredictable environment for R&D investments, local industries face challenges keeping technological pace with foreign competitors — threatening both domestic and export market sales. Furthermore, as data restrictions place an undue burden on industries operating in countries imposing them, they also undermine those countries' attractiveness as a destination for investment and R&D.

<sup>23</sup> See e.g., USTR, *2021 National Trade Estimate Report on Foreign Trade Barriers* (March 2021), at:

<https://ustr.gov/sites/default/files/files/reports/2021/2021NTE.pdf>

<sup>24</sup> Global Data Alliance, *Cross-Border Data Transfers and Data Localization* (2020), at

<https://www.globaldataalliance.org/downloads/02112020GDACrossborderdata.pdf>

<sup>25</sup> These data transfer mechanisms may include adequacy decisions, certifications, codes of conduct, Binding Corporate Rules (BCRs), and Standard Contractual Clauses (SCCs) that contain built-in data protection safeguards.

<sup>26</sup> UNCTAD, *Digital trade facilitation for women cross-border traders* (2020), at: <https://unctad.org/news/digital-trade-facilitation-women-cross-border-traders>;

E-Trade for Women Website (2019), at: <https://etradeforall.org/et4women/>;

United Nations Rwanda, *Closing the Gender Digital Divide - Boosting Africa's Economy* (2019), at

<https://rwanda.un.org/index.php/en/7153-closing-gender-digital-divide-boosting-africas-digital-economy> ("According to

the World Bank, a 10% increase in digital penetration could result in over 1% increase in GDP, while closing the

gender digital divide could add up to 140 million USD per year to the mobile industry for the next 5 years.");

UNESCO, *Overcoming the Digital Divide - Understanding ICTs and Their Potential for the Empowerment of Women*

(2003), at: <http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/SHS/pdf/Overcoming-Gender-Digital-Divide.pdf>;

OECD, *Bridging the Digital Gender Divide* (2018), at: <https://www.oecd.org/digital/bridging-the-digital-gender-divide.pdf>;

See also, Global Innovation Forum, *How women are leveraging digitally-enabled networks and how governments can help through COVID-19* (2020), at: <https://globalinnovationforum.com/wp-content/uploads/2020/06/2020-06-19-Power-of-a-Global-Network-Final-reduced-size-for-web.pdf>

<sup>27</sup> See World Economic Forum, *E-commerce is Globalization's Shot at Equality* (2021), at:

<https://www.weforum.org/agenda/2020/01/e-commerce-sme-globalization-equality-women/> (citing statistics showing

that, in Indonesia, women involved in online commerce generate more revenue than that contributed by those in

traditional commerce, and that one in three Middle East start-ups is female-founded.)

<sup>28</sup> See *supra*, Democratic SFR Staff Report; Republican HWM Staff Report; USAID Digital Strategy; USCC 2020 Report to Congress.

<sup>29</sup> World Health Organization, *Long-Running Telemedicine Networks Delivering Humanitarian Services*, Bulletin of the World Health Organization (2012), <https://www.who.int/bulletin/volumes/90/5/11-099143.pdf>

<sup>30</sup> See Global Data Alliance, *Access to Global Markets, Innovation, Finance, Food, and Healthcare* (2021);

Global Data Alliance, *Cross-Border Data Transfers and Innovation* (2021), at

<https://globaldataalliance.org/downloads/04012021cbdtinnovation.pdf>;

Global Data Alliance, *Cross-Border Data Transfers and Remote Health Services* (2020), at

<https://globaldataalliance.org/downloads/09152020cbdtremotehealth.pdf>

<sup>31</sup> See e.g., United States-Singapore Joint Statement on Financial Services Data Connectivity, at:

<https://www.mas.gov.sg/news/media-releases/2020/united-states-singapore-joint-statement-on-financial-services-data-connectivity>;

<sup>32</sup> See Global Data Alliance, *Cross-Border Data Transfers and Innovation* (2021), at

<https://globaldataalliance.org/downloads/04012021cbdtinnovation.pdf>