

January 28, 2025

The Honorable Mike Crapo
Chairman
Senate Committee on Finance
United States Senate
Washington, District of Columbia 20510

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
United States Senate
Washington, District of Columbia 20510

Dear Chairman Crapo and Ranking Member Wyden:

I am writing to express my strong support for the nomination of Jamieson Greer as the next United States Trade Representative (USTR). Member companies of ACT | The App Association depend on digital trade protections to thrive. Mr. Greer's extensive experience and deep understanding of international trade policy make him an excellent choice for this critical position and to protect these key policies.

The App Association is a global trade association for small and medium-sized technology companies. Our members are entrepreneurs, innovators, and independent developers within the global app ecosystem that engage with verticals across every industry. We work with and for our members to promote a policy environment that rewards and inspires innovation while providing resources that help them raise capital, create jobs, and continue to build incredible technology. Free digital trade supports App Association members in growing their companies, reaching their business goals, and supporting U.S. economic growth. We need strong digital trade protections to ensure innovators can continue their important work.

The bipartisan work that your committee has historically accomplished in trade policy has led to a strong digital services trade surplus for U.S. businesses. Your collaborative approach has been instrumental in advancing America's trade interests and fostering economic growth, especially for small businesses. In particular, your strong stance on the importance of the World Trade Organization's moratorium on e-commerce tariffs provides a critical foundation for digital commerce. The continuation of such bipartisan work is crucial for maintaining our nation's competitive edge in the global marketplace.

However, I must express my concerns regarding the future of digital trade policy. As more countries implement digital services taxes and regulations that mirror the European Union's (EU's) Digital Markets Act (DMA), there is a growing need for a robust and forward-thinking approach to digital trade. These barriers pose significant challenges to American businesses, particularly our innovative tech sector, and could potentially hinder the free flow of data and digital services across borders.

The importance of free digital trade for small businesses cannot be overstated. Internet-enabled trade has empowered millions of U.S. small businesses to sell their goods and services globally,

contributing significantly to local economies and job creation. Studies have shown that small businesses engaged in online marketplaces are more likely to export and reach a broader range of international markets compared to their offline counterparts.¹

Mr. Greer's nomination comes at a critical time when we need strong leadership to navigate these complex digital trade issues. His experience and understanding of both traditional and digital trade dynamics position him well to address these challenges.

I urge you to continue your support for these key trade policies:

- **Avoiding the Misapplication of Competition Laws to New and Emerging Technology Markets:** Various regulators, including key trading partners, are currently considering or implementing policies that jeopardize the functionality of mobile operating systems and software distribution platforms that have enabled countless American small businesses to grow. Since its inception, the app economy has successfully operated under an agency-sale relationship that has yielded lower overhead costs, greater consumer access, simplified market entry, and strengthened intellectual property protections for app developers with little-to-no government influence. Foreign governments regulating digital platforms in a manner that is inconsistent with U.S. law will destabilize small business app developers' favored distribution methods, undermine consumer privacy, and ultimately serve as a significant trade barrier. These laws, including the DMA and its successors, actively harm U.S. businesses and stifle native competition.
- **Enabling Cross-Border Data Flows:** The seamless flow of data between economies and across political borders is essential to the functioning of the global economy. Small business technology developers must be able to rely on unfettered data flows as they seek access to new markets.
- **Prohibiting Data Localization Policies:** American companies looking to expand into new markets often face regulations that force them and other foreign providers to build and/or use local infrastructure in the country. Data localization requirements seriously hinder imports and exports, reduce an economy's international competitiveness, and undermine domestic economic diversification. Our members do not have the resources to build or maintain unique infrastructure in every country in which they do business, and these requirements effectively exclude them from commerce.
- **Prohibiting Customs Duties on Digital Content:** American app developers and technology companies must take advantage of the internet's global nature to reach the 95 percent of customers who live outside of the United States. However, the tolling of data crossing political borders with the purpose of collecting customs duties directly contributes to the balkanization of the internet. These practices jeopardize the efficiency of the internet and effectively block innovative products and services from market entry.

¹ <https://ustr.gov/about-us/policy-offices/press-office/blog/2014/january/Benefits-of-internet-enabled-trade-to-small-business>

- **Ensuring Market Entry is Not Contingent on Source Code Transfer or Inspection:** The value of cross-border online trade is projected to increase significantly, \$785 billion by 2030.² This growth presents enormous opportunities for American small businesses.³ Some governments have proposed policies that require companies to transfer, or provide access to, proprietary source code as a requirement for legal market entry. Intellectual property is the lifeblood of app developers' and tech companies' innovation; the transfer of source code presents an untenable risk of theft and piracy. Government policies that pose these requirements are serious disincentives to international trade and a non-starter for the App Association's members.
- **Preserving the Ability to Utilize Strong Encryption Techniques to Protect End User Security and Privacy:** Global digital trade depends on the use of strong encryption techniques to keep users safe from harms like identity theft. However, some governments continue to demand that backdoors be built into encryption protections for the purpose of government access. These policies jeopardize the safety and security of data, as well as the trust of end users, by creating known vulnerabilities that unauthorized parties can exploit. From a privacy and security standpoint, the viability of an app company's product depends on the trust of its end users and the strength of the technical measures it can rely on to protect consumer data.
- **Securing Intellectual Property Protections:** The infringement and theft of intellectual property and trade secrets threatens the success of the App Association's members and hurts the billions of consumers who rely on these app-based digital products and services. These intellectual property violations can lead to customer data loss, interruption of service, revenue loss, and reputational damage – each alone a potential “end-of-life” occurrence for a small app development company. The adequate and effective protection and enforcement of intellectual property rights (and the global adoption and full implementation of the WIPO Digital Treaties) is critical to the digital economy innovation and growth.

² <https://www.statista.com/topics/1943/cross-border-e-commerce/>

³ <https://ustr.gov/about-us/policy-offices/press-office/blog/2014/january/Benefits-of-internet-enabled-trade-to-small-business>

I believe Jamieson Greer has the necessary skills and vision to advance America's trade interests, particularly in the rapidly evolving digital landscape. His leadership at USTR will be crucial in ensuring that our trade policies continue to benefit American businesses of all sizes, especially in the digital realm.

I respectfully urge you to support Mr. Greer's nomination and work towards his swift confirmation.

Sincerely,

A handwritten signature in black ink that reads "Morgan Reed". The signature is written in a cursive style with a large, prominent "M" and "R".

Morgan Reed
President
ACT | The App Association