

March 18, 2025

The Honorable Jamieson Greer
Ambassador
United States Trade Representative
600 17th Street NW
Washington, District of Columbia 20006

Dear Ambassador Greer:

ACT | The App Association (App Association) congratulates you on your confirmation as Ambassador of the United States Trade Representative (USTR). Your efforts are critical to our members' growth and job creation in the United States.

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. Today, the App Association represents an ecosystem valued at approximately \$1.8 trillion and is responsible for 6.1 million American jobs. Our members create innovative solutions that drive the world's rapid embrace of mobile technology. Their products power consumer and enterprise markets across modalities and segments of the economy.

The global digital economy holds great promise for small app development companies, but our members face an array of trade barriers when entering new markets. These barriers may take the form of laws, regulations, policies, or practices that protect domestic goods and services from foreign competition, artificially stimulate exports of domestic goods and services, or fail to provide adequate and effective protection of intellectual property rights (IPR). While these barriers have different forms, they all have the same net effect: impeding U.S. exports and investment at the expense of American workers.

A renewed focus on enabling American small businesses to compete and succeed abroad through U.S. trade policy is sorely needed. The Administration must reclaim leadership in championing pro-digital trade policies that have fostered the growth of the U.S. small business digital economy. On behalf of our members, the App association strongly urges USTR to adopt the following as guiding principles and negotiating objectives:

- **Facilitating Cross-Border Data Flows:** The seamless flow of data between economies and across political borders is essential to the functioning of the global economy. In order to grow their businesses and support more American jobs, innovative small business technology development companies must be able to rely on unencumbered data flows as they access and compete in new markets.
- **Avoiding Data Localization Policies:** Small companies looking to enter new markets abroad too often are required to build and/or use local infrastructure in-country. These data localization requirements needlessly raise the cost of doing business in markets that impose them. Because App Association members do not have the resources to build, maintain, or use unique infrastructure in every country in which they may do business, such requirements can effectively exclude them from engaging in commerce there.
- **Prohibiting Taxes and Customs Duties on Digital Content:** Small American technology developers take advantage of the internet’s global nature to reach the billions of new customers outside of the United States. The imposition of digital service taxes (DSTs) and the collection of customs duties on digital goods directly contributes to the balkanization and reduced efficiency of the digital economy.
- **Protecting Intellectual Property Rights (IPR), Including Source Code:** The infringement of IPR (copyrights, trademarks, patents, and trade secrets) presents a major threat to our members and the billions of consumers who rely on their digital products and services. Notably, some governments have proposed or implemented policies that make legal market entry contingent upon the transfer of proprietary source code, which presents an untenable risk of theft and piracy.
- **Fighting Ill-Advised Regulatory Interventions into Emerging Technology Markets that Create Barriers to Trade:** Various regulators, including key trading partners, are currently considering or implementing policies that improperly intervene into competitive and evolving emerging technology markets. As notable examples, the European Union’s Digital Markets Act and Artificial Intelligence Act are upending the access and competitive dynamics that small business developers rely on to grow and create jobs, undermining consumer privacy, and ultimately serving as significant trade barriers.
- **Supporting the Ability to Use Strong Encryption Techniques to Protect End User Security and Privacy:** App Association members depend on technical data protection methods, including the use of strong encryption techniques, to ensure the confidentiality and integrity of, and appropriate access to, sensitive data. However, some countries continue to demand the building of “backdoors” into encryption for the purposes of government access. These policies would degrade the safety and security of data, as well as the trust of end users, by creating known vulnerabilities that unauthorized parties can exploit. The viability of a small app

development company's product from a security and privacy standpoint depends on the trust of its end users.

The United States should strengthen international agreements that build on the foundation established during the first Trump Administration to address emerging technology challenges. The United States-Mexico-Canada Agreement (USMCA), negotiated by the first Trump Administration, contains numerous provisions in its digital trade and IP chapters, among others, that facilitate the expansion of the app economy and American job creation. The App Association believes it is imperative that the U.S. government build on the pro-digital trade provisions in the USMCA to advance the ability of American small business innovators to grow into new markets and to create more American jobs by updating existing agreements and to reflect these baseline digital trade commitments, and to ensure their enforcement. Prime opportunities include updating the U.S.-Japan Digital Agreement to incorporate new provisions on shared economic and technology security priorities, particularly for digital platforms and artificial intelligence (AI); and pursuing expedited digital economy negotiations with new and existing partners through creating or modernizing free trade agreements to protect U.S. leadership in key advanced technology areas such as AI.

As the President has made clear, numerous countries, including some U.S. allies, have enacted policies that unfairly disadvantage American technology firms. These policies include data transfer restrictions, data localization requirements, unfair digital service taxes, mandates for source code and algorithm disclosure, and harmful and discriminatory regulatory interventions into key technology markets such as digital platforms and AI. We agree that such policies threaten both economic and national security, and we support USTR's efforts to push back against discriminatory trade practices that undermine U.S. technology leadership.

We again congratulate you and look forward to working with you to support a return to strong American growth and job creation through trade policies.

Sincerely,

A handwritten signature in black ink that reads "Morgan Reed". The signature is written in a cursive style with a light beige background behind the text.

Morgan Reed
President

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