

November 3, 2023

President Joseph R. Biden
The White House
1600 Pennsylvania Avenue, NW
Washington, District of Columbia 20500

Re: The Imperative for U.S. Government Support of Startups, Small Businesses, and Entrepreneurs in the Global Digital Economy

The undersigned, representing a broad and diverse community of entrepreneur, small business, and startup innovators, collectively share our deep concern with the United States Trade Representative's (USTR) decision to withdraw its support for foundational positions on digital trade policy within the World Trade Organization (WTO).

The communities we represent and support are the U.S. startups and small businesses that are the driving force behind equitable economic growth, competition, innovation, and export of countless consumer and enterprise products and services. They make software, hardware, and internet of things (IoT) solutions and systems for agriculture, education, healthcare, manufacturing, public safety, and countless other examples. They employ tens of millions of Americans who live and work in communities in every state of the nation and are responsible for adding more than \$2.41 trillion to the American gross domestic product.

The U.S. government's consistent support for policies that reduce artificial barriers to digital trade has long provided an important foundation for even the smallest American companies' competitiveness abroad. As the digital transition has continued and regulators abroad have increasingly sought to exclude American small business and startup innovators from their markets, this support has never been more important. Unlike larger companies, smaller businesses with few product or service lines usually cannot shoulder the superfluous costs of data localization, technology transfer, prohibitions on encryption, and arbitrary application of regulation to American firms.

We are therefore significantly concerned with the USTR's October 25, 2023, announcement in a press statement of its withdrawal of support for foundational digital trade policies, including with respect to enabling cross-border data flows, avoiding forced data localization mandates, protecting source code, and ensuring that digital products are not unduly discriminated against. Stepping away from the negotiating table weakens the global competitiveness of U.S. startups and small businesses and cedes leadership to countries like China that remain at the table, buoying anti-democratic and oppressive governance proposals and policies that directly contradict U.S. policies, including those just agreed to by the United States in the G7. The contradictory announcement also damages U.S. leadership and standing across multilateral policy fora like the WTO as well as in bilateral negotiations with important trading partners. The decision further sets a concerning precedent that may not end with digital trade priorities, including affecting enforcement of the United States-Mexico-Canada Agreement (USMCA) and

creating a potential path for USTR's reversal on advancing American trade interests in other areas.

At this pivotal moment, it is vital that the Administration reassure the American small business community, trading partners, and others that its support for digital trade policies will continue. At minimum, the Administration should complete appropriate interagency processes and formally seek public input before initiating sweeping policy changes on digital trade.

We welcome your partnership in supporting U.S. entrepreneurs, startups, and small businesses' equitable participation in trade.

Sincerely,

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Allied for Startups

Center for American Entrepreneurship

Colorado Technology Consultants

Connected Commerce Council

Developers Alliance

Dogtown Media

Engine

Epic Reach

FMS, Inc.

Global Innovation Forum

GlobalForce Tech Consulting

MotionMobs

SheerID

Small Business & Entrepreneurship Council

Vemos