

MAX BAUCUS, MONTANA, CHAIRMAN

JOHN D. ROCKEFELLER IV, WEST VIRGINIA
KENT CONRAD, NORTH DAKOTA
JEFF BINGAMAN, NEW MEXICO
JOHN F. KERRY, MASSACHUSETTS
RON WYDEN, OREGON
CHARLES E. SCHUMER, NEW YORK
DEBBIE STABENOW, MICHIGAN
MARIA CANTWELL, WASHINGTON
BILL NELSON, FLORIDA
ROBERT MENENDEZ, NEW JERSEY
THOMAS R. CARPER, DELAWARE
BENJAMIN L. CARDIN, MARYLAND

ORRIN G. HATCH, UTAH
CHUCK GRASSLEY, IOWA
OLYMPIA J. SNOWE, MAINE
JON KYL, ARIZONA
MIKE CRAPO, IDAHO
PAT ROBERTS, KANSAS
JOHN ENSIGN, NEVADA
MICHAEL B. ENZI, WYOMING
JOHN CORNYN, TEXAS
TOM COBURN, OKLAHOMA
JOHN THUNE, SOUTH DAKOTA

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

RUSSELL SULLIVAN, STAFF DIRECTOR
CHRIS CAMPBELL, REPUBLICAN STAFF DIRECTOR

December 13, 2012

DOCKET NUMBER
2922
Office of the Secretary Int'l Trade Commission

RECEIVED
OFFICE OF THE SECRETARY
2012 DEC 14 AM 11:26

The Honorable Irving A. Williamson
Chairman
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Dear Chairman Williamson,

I am writing to request that the U.S. International Trade Commission (Commission) conduct two investigations under section 332(g) of the Tariff Act of 1930 (19 U.S.C. §1332(g)) regarding the role of digital trade in the U.S. and global economies.

Digital trade has increased rapidly in recent years, and is an increasingly important activity within the global economy. The emergence of digital trade is part of the broader transformation in global economic activity associated with the Internet. According to researchers, the Internet has fostered GDP growth, improved productivity for large and small firms, acted as a catalyst for job creation, and provided substantial value to individual users. At the same time, policymakers are facing unprecedented challenges as they seek to ensure that digital trade remains open while producers' and consumers' data remain secure.

To assist in better understanding the role of digital trade in the U.S. economy as well as the aforementioned challenges, I request that the Commission conduct two investigations and provide the reports, as described below.

Investigation 1: Based on a review of literature and other available information, I request that the Commission provide a report that, to the extent practicable:

- Describes U.S. digital trade in the context of the broader economy.
- Examines U.S. and global digital trade, the relationship to other cross-border transactions (e.g., foreign direct investment), and the extent to which digital trade facilitates and enables trade in other sectors.
- Describes notable barriers and impediments to digital trade.
- Outlines potential approaches for assessing the linkages and contributions of digital trade to the U.S. economy, noting any challenges associated with data gaps and limitations. Such contributions and linkages may include effects on consumer welfare, output, productivity, innovation, business practices, and job creation.

The report should be delivered seven months from the date of this letter.

Investigation 2: Based on available information—including a survey of U.S. firms in selected industries particularly involved in digital trade and the application of approaches outlined in the first report—I request that the Commission provide a second report that, to the extent practicable:

- Estimates the value of U.S. digital trade and the potential growth of this trade. Potential growth estimates should highlight any key trends and discuss their implications for U.S. businesses and employment.
- Provides insight into the broader linkages and contributions of digital trade to the U.S. economy. Such linkages and contributions may include effects on consumer welfare, output, productivity, innovation, business practices, and job creation.
- Presents case studies that examine the importance of digital trade to selected U.S. industries that use or produce such goods and services. If possible, some of the case studies should highlight the impact of digital trade on small and medium-sized enterprises (SMEs).
- Examines the effect of notable barriers and impediments to digital trade on selected industries and the broader U.S. economy.

The Commission's approach to fulfilling these objectives should be shaped by the extent to which it can develop appropriate analytical frameworks and collect the requisite data.

This second report should be delivered nineteen months from the date of this letter.

I intend to release both of the reports to the public in their entirety. Therefore, neither report should contain any confidential business or national security information.

Sincerely,


Max Baucus
Chairman