

To U.S. Trade Policymakers:

We are leading members of the U.S. startup ecosystem—entrepreneurs, startup founders, incubators, investors, accelerators, and support organizations—that serve customers and clients across the country and around the globe. Sound digital trade policy is critical to startups’ international competitiveness, and we write to encourage U.S. trade policymakers to aggressively pursue policies that lower barriers to trade and enable startup success.

U.S. startups are at the fore of global innovation and domestic job creation, largely thanks to the Internet, digitization of world economies, and forward-looking digital trade policies that have enabled startups to reach markets beyond U.S. borders. Still, U.S. startups encounter myriad barriers as they grow and scale internationally. Those barriers dictate the markets where startups can reasonably enter and compete, create additional costs that could instead fuel R&D and job creation, and hamper U.S. economic growth by limiting the flow of goods and services across borders.

Startups need smart digital trade policies that promote an open and global Internet to lower and keep low barriers to trade. In 2020, Congress overwhelmingly approved the U.S.-Mexico-Canada Agreement, revealing a broad bipartisan consensus on the forward-looking digital trade provisions included in the deal. U.S. digital trade policy should build on those provisions and other longstanding U.S. trade policies to support the success of U.S. startups looking to expand into foreign markets and engage customers abroad by embodying these principles:

Enable cross-border data flows and oppose local storage mandates.

The Internet is inherently borderless and should allow startups to reach foreign markets with little additional investment. Conversely, policies that restrict where data can be stored or how and when data can be transferred across borders erect barriers to trade and increase costs that startups with limited resources have difficulty overcoming, especially compared to their larger rivals.

Foster innovation and regulatory consistency.

Different rules about the same issue across jurisdictions create costs and heighten barriers for startups. Regulations adopted in other jurisdictions—including around data privacy, intermediary liability, emerging technologies, and more—can negatively impact startups, especially when they are discriminatory, apply extraterritorially, or require startups to significantly alter their products, undermine security measures, or compromise proprietary technology.

Avoid technology-specific levies and prohibit duties on digital transmissions.

Digital services taxes increase costs for startups regardless of who the taxes are initially levied upon, putting startups at a disadvantage in jurisdictions with them. And the moratorium on imposing customs duties on electronic transmissions has shaped the market, allowed digital trade to flourish, and must be permanently extended.

Streamline trading processes and support access to resources and digital tools.

Trade facilitation and capacity building is critical to lowering costs and burdens while opening opportunities for startups. Federal and state governments can play a critical role in helping more startups reach markets abroad through grants, workshops, access to digital services, and other resources.

Trade policy impacts U.S. startups' ability to break into new markets, create domestic jobs, earn investment, and scale their ventures. We encourage you to pursue strong digital trade provisions that open opportunities and defend the ability of U.S. startups to provide their goods and services to customers around the globe.

Sincerely,

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San Francisco, CA

ArchAngels
Washington, DC

Arcascope
Arlington, VA

Black Women Talk Tech
New York, NY

CAPTVR3D
Clark, MO

Carefully
Brooklyn, NY

Center for American Entrepreneurship
Great Falls, VA

Colorado Startups
Boulder, CO

Connected Commerce Council
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Deltacard Corp
Orlando, FL

Engine
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Employable, Inc.
Tysons, VA

Get Write to Business LLC
Belton, TX

Global Innovation Forum
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Hacom LLC
Santa Ana, CA

KCRise Fund
Kansas City, MO

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