

THE TRANSATLANTIC DIGITAL TRADE RELATIONSHIP AND TTIP

Speech by

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The transatlantic economic partnership is strong: US-EU trade in goods and services amounted an estimated €598 billion in 2013 - double the level of 2000.

As Monnet and Schuman, the founders of the European idea, knew, the free flow of goods, services, and ideas is not just a powerful formula for economic growth - it also reinforces the peaceful, democratic societies we all cherish.

Unfortunately in the 50's they were not in the condition to consider in this list also the free flow of data. In particular, today is becoming of growing importance the phenomenon of trade in data, which is now the fastest-growing segment in transatlantic trade.

Notwithstanding concerns over data privacy and government surveillance, digital technologies are profoundly shaping and accelerating transatlantic commerce, a trend which has even led to inclusion of an "ICT chapter" in the ongoing negotiations for a TTIP.

Digital information, products and services, and the infrastructure that supports them, are the backbone of the modern global economy. Enterprises and individuals engage in digital trade in a variety of ways, including by conducting e-commerce, providing and accessing digital products, services and information, transferring data to run their global operations and utilizing ICT infrastructure.

These activities enable organizations and entrepreneurs to innovate, create new products and services, enhance productivity, enable cost-savings, improve efficiency, protect consumers, facilitate trade, and create jobs.

A broad range of industries and organizations on both sides of the Atlantic rely extensively on digital trade and global flows of information, including manufacturers, retailers, wholesalers, services firms, universities, labs, hospitals and other organizations and entrepreneurs.

Surprisingly more than three-quarters of the economic value of the Internet is captured by manufacturing, financial services and industries other than pure Internet or e-commerce companies.

Ninety-nine percent of European and U.S. companies - over 20 million companies in the European Union and 28 million in the United States - are small and medium-sized companies, and these companies provided well over two-thirds of all net new jobs in both the United States in the European Union in recent decades.

And exactly, digital trade presents important new opportunities for small businesses and entrepreneurs. Small businesses can use internet-enabled platforms and services to boost productivity and efficiency and to export and reach more markets than offline companies. Studies have shown that businesses that use the internet intensively grow faster than companies that do not.

The Internet has made it possible for a small firm to be a global company from day one, with the reach and capabilities that once only large companies could possess. SMEs with a strong Web presence earn twice as much from exports as those without a Web presence and connected SMEs also created more than twice the number of jobs as others.

Data flows between the US and Europe are the highest in the world - 50% more than those between the US and Asia. Almost double the flows between the US and Latin America. Digital flows have become part of today's global trade reality. Along with the growth in internet access, they are driving an increasing amount of transatlantic trade and investment.

Even if we are not home to the world's most famous internet companies, Europe is a leader in ICT sectors like robotics and embedded systems, where it has 31% of world market share. We are also a major global exporter of digital services. European companies are major digital traders in many different sectors: banks, car manufacturers, logistics companies, just to name a few.

Digital trade has driven tremendous growth in the U.S. economy. Creating a Digital Single Market in Europe, a digital-savvy market that is also friendly to U.S. investment, will also create growth and opportunities for companies on both sides of the Atlantic.

But we need the support of our partners - the United States in particular - if the global digital economy is to remain open, if we want to drive the governance of globalization concerning the management and development of all the Internet related issues. In this sense the TTIP negotiations provide a unique opportunity.

Since digital technologies know no borders, international collaboration is needed on many wider issues, such as cyber-security and common technical standards or internet governance: a vital area where Europe and the United States should stand together to create a leadership model for the world.

As for many other topics, we have the opportunity, probably the last one, to become standard setters, instead of being standard-takers.

We know well that trade barriers, such as localization requirements, restrict data flows and impair economic growth. Data localization would mean that all technology or Internet start-ups would face much higher barriers to market entry.

As an example, they would have to build a physical local infrastructure in every jurisdiction in which they operate, and that means greater costs.

Also in this sector TTIP is about to offer a chance to shape globalization, in agreement with our culturally closer partner, while giving our SMEs opportunity to grow.

To conclude I would like to stress how important it is, on the European shore, to deliver the Digital Single Market, while through the TTIP negotiation it would be crucial to lay the basis for a free and fair Transatlantic Digital Single Market.