

USMCA SUPPORTS U.S. LEADERSHIP IN THE DIGITAL ECONOMY



USMCA preserves and strengthens North American trade.

U.S. leadership in the digital economy is threatened by foreign laws and regulations that place unnecessary burdens on digital trade or are explicitly protectionist in nature. The United States-Mexico-Canada Agreement (USMCA) pushes back against these threats and establishes a high, new standard in international trade agreements. Above all, this cutting-edge agreement sets forth rules to ensure American companies trading in digital goods and services are treated fairly in foreign markets. Here are a few highlights from USMCA's digital trade provisions:

- **Cross-Border Data Flows:** With data increasingly seen as the lifeblood of the world economy, USMCA safeguards cross-border data flows for firms of every size and sector.
- **Data Localization:** USMCA prohibits data localization requirements that are harmful to business. It will bar Canada or Mexico from requiring any sector to use or locate computing facilities in their territory as a condition for conducting business.
- **Customs and Non-Discrimination:** The agreement prohibits measures imposing customs duties or other discriminatory measures on electronic transmissions, including any information transmitted electronically, such as e-books, videos and music.
- **Emerging Technologies:** As artificial intelligence and other new technologies emerge, USMCA looks to the future and prohibits mandatory transfer of, or access to, algorithms or source code of software. Without such protections, the value of U.S. firms' research and development—and the intellectual property produced in this process—may be undermined. USMCA also supports open access to government public data sets so anyone from the private sector can harness greater value and insights from such data.
- **Flexible Data Privacy:** Privacy laws must be respected, but they need not be written in a way that prohibits the movement of personal data across borders. USMCA allows the United States, Mexico and Canada, to develop their own privacy laws but requires each country to adopt mechanisms to promote compatibility between these different laws.
- **Collaborative Approach to Cybersecurity:** Cyber threats are real, growing, and often target the private sector. Staying one step ahead of malicious attackers is a constant challenge for business. The private sector needs governments to engage in public-private partnerships to manage these threats. USMCA sets another first by promoting a collaborative, risk-based approach to addressing cybersecurity challenges while promoting industry best practices to keep networks and services secure.



U.S. CHAMBER OF COMMERCE