Trade

Why it matters to startups:

The continued digitalization of world economies has contributed to the significant growth of digital trade, letting startups and the smallest Internet companies reach users across the globe. A global patchwork of laws and regulations that stifle digital trade and have a disproportionate impact on small startups that lack the compliance resources of their foreign and larger industry competitors. These barriers hinder the growth of digital trade and stand in the way of U.S. startups' ability to compete abroad.

Key takeaways:

- Sound digital trade policy is a vital part of promoting domestic technology entrepreneurship—lowering barriers to trade unlocks markets for U.S. startups to expand, compete, and find success.

- U.S. trade policy should seek to lower barriers by smoothing global regulatory patchworks, facilitating cross-border data flows, avoiding sector specific levies, and fostering access to foreign markets.

What policymakers can do:

To support startups' domestic growth and contributions to the U.S. economy, policymakers should strive for digital trade policies that improve startups' international competitiveness and keep barriers to trade low by providing proportionate, tailored, and certain intermediary liability frameworks, facilitating cross-border data flows, avoiding sector specific levies, and fostering access to foreign markets.

Policymakers must support the legal environment necessary to foster innovation online, including through trade policy. Balanced intermediary liability frameworks, like those found in the U.S., provide the legal certainty needed for startups with business models that rely on user content—whether it's comments, photos, reviews, etc.—to grow and thrive. Around the world, however, common methods for governing intermediaries are taking root that undermine a startup-friendly environment and create new uncertainties and costs for U.S. companies. Laws that require the appointment of local representatives, impose tight content takedown timelines, require automated filtering, require the removal of content that is not otherwise illegal, and threaten heavy fines create barriers to entry for startups and reduce the number of foreign markets available to them.

The Internet allows startups to access foreign markets with little additional investment, but many countries have policies that restrict how and when data can be transferred across borders. Policymakers must act to foster data flows and reduce barriers to trade that startups with limited resources have difficulty overcoming, especially compared to their larger rivals.

Startup Spotlight

PILOT
(New York, NY)
Ben Brooks, Founder & CEO

PILOT provides tech-driven coaching programs to companies to empower their employees.

"To help startups like PILOT be competitive abroad, policymakers must pursue digital trade policies that lower barriers to entry, facilitate cross-border transfers of data, and promote uniform regulatory environments across jurisdictions. Data localization policies and regulatory regimes—especially around data protection and privacy—that vary from jurisdiction to jurisdiction increase the costs of serving customers and their employees in locations with these policies."