

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

Investigation No. 332-540

Digital Trade in the U.S. and Global Economies, Part 2

Institution of investigation and scheduling of hearing

AGENCY: United States International Trade Commission.

ACTION: Institution of investigation, opportunity to appear at public hearing and provide written submissions, and extension of deadlines for filing requests to appear at hearing and pre-hearing briefs and statements.

SUMMARY: In response to a request from the Senate Committee on Finance (Committee) dated December 13, 2012 (received on December 14, 2012) under section 332(g) of the Tariff Act of 1930 (19 U.S.C. §1332(g)), the U.S. International Trade Commission has instituted the second of two investigations, investigation No. 332-540, *Digital Trade in the U.S. and Global Economies, Part 2*. The Commission's report in this investigation will build upon the approaches outlined in the Commission's report in the first investigation, No. 332-531, *Digital Trade in the U.S. and Global Economies, Part 1*, which is scheduled to be transmitted to the Committee by July 14, 2013. The Commission has previously announced that it will hold a public hearing in the two investigations on March 7, 2013.

DATES:

February 28, 2013: New deadline for filing requests to appear at the public hearing.

February 28, 2013: New deadline for filing pre-hearing briefs and statements.

March 7, 2013: Public hearing.

March 14, 2013: Deadline for filing post-hearing briefs and statements.

March 21, 2014: Deadline for filing all other written submissions.

July 14, 2014: Transmittal of Commission report to the Committee.

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street SW, Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW, Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <https://edis.usitc.gov/edis3-internal/app>.

FOR FURTHER INFORMATION CONTACT: Project Leader James Stamps (202-205-3227 or james.stamps@usitc.gov) or Deputy Project Leader David Coffin (202-205-2232 or david.coffin@usitc.gov) for information specific to this investigation. For information on the legal aspects of these investigations, contact William Gearhart of the Commission's Office of the General Counsel (202-205-3091 or william.gearhart@usitc.gov). The media should contact Margaret O'Laughlin, Office of External Relations (202-205-1819 or margaret.olaughlin@usitc.gov). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202-205-1810. General information concerning the Commission may also be obtained by accessing its website (<http://www.usitc.gov>). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

BACKGROUND: As requested by the Committee, the Commission will base its report in this second investigation 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. To the extent practicable, this second report will:

- estimate the value of U.S. digital trade and the potential growth of this trade (with the potential growth estimates to highlight any key trends and discuss their implications for U.S. businesses and employment);
- provide 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);
- present case studies that examine the importance of digital trade to selected U.S. industries that use or produce such goods and services, with some of the case studies to highlight, if possible, the impact of digital trade on small and medium-sized enterprises; and
- examine the effect of notable barriers and impediments to digital trade on selected industries and the broader U.S. economy.

The Commission expects to transmit this second report to the Committee by July 14, 2014.

The Commission published notice of institution of the first investigation, investigation No. 332-531, *Digital Trade in the U.S. and Global Economies, Part I*, and the scheduling of a public hearing for both investigations, in the *Federal Register* of January 14, 2013 (78 FR 2690). The Commission will transmit its report to the Committee in this first investigation by July 14, 2013. As requested by the Committee, in its first report the Commission will:

- describe U.S. digital trade in the context of the broader economy;
- examine 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;
- describe notable barriers and impediments to digital trade; and
- outline 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.

For the purposes of these reports, the Commission is defining “digital trade” to encompass commerce in products and services delivered over digital networks. Examples include software, digital media files (e.g., e-books and digital audio files), and services such as data processing and hosting. The report will also examine how other industries, such as financial services and retailing, make use of digital products and services for production and trade.

PUBLIC HEARING: A public hearing in connection with these investigations will be held at the U.S. International Trade Commission Building, 500 E Street SW, Washington, DC, beginning at 9:30 a.m. on March 7, 2013. Requests to appear at the public hearing should be filed with the Secretary, no later than 5:15 p.m., February 28, 2013, in accordance with the requirements in the “Submissions” section below. All pre-hearing briefs and statements should be filed not later than 5:15 p.m., February 28, 2013; and all post-hearing briefs and statements responding to matters raised at the hearing should be filed not later than 5:15 p.m., March 14, 2013. In the event that, as of the close of business on February 28, 2013, no witnesses are scheduled to appear at the hearing, the hearing will be canceled. Any person interested in attending the hearing as an observer or nonparticipant should contact the Office of the Secretary at 202-205-2000 after February 28, 2013, for information concerning whether the hearing will be held.

WRITTEN SUBMISSIONS: In lieu of or in addition to participating in the hearing, interested parties are invited to submit written statements concerning these investigations. All written submissions should be addressed to the Secretary, and should be received not later than 5:15 p.m., March 21, 2014. All written submissions must conform with the provisions of section 201.8 of the Commission's *Rules of Practice and Procedure* (19 C.F.R. 201.8). Section 201.8 and the Commission's Handbook on Filing Procedures require that interested parties file documents electronically on or before the filing deadline and submit eight (8) true paper copies by 12:00 p.m. eastern time on the next business day. In the event that confidential treatment of a document is requested, interested parties must file, at the same time as the eight paper copies, at least four (4) additional true paper copies in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). Persons with questions regarding electronic filing should contact the Secretary (202-205-2000).

Any submissions that contain confidential business information (CBI) must also conform to the requirements of section 201.6 of the *Commission's Rules of Practice and Procedure* (19 C.F.R. 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "non-confidential" version, and that the confidential business information is clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

In its request letter, the Committee stated that it intends to make the Commission's reports available to the public in their entirety, and asked that the Commission not include any confidential business information or national security classified information in the reports that the Commission sends to the Committee. Any confidential business information received by the Commission in this investigation and used in preparing this report will not be published in a manner that would reveal the operations of the firm supplying the information.

By order of the Commission.

A handwritten signature in black ink, appearing to read 'Lisa Barton', written in a cursive style.

Lisa Barton
Acting Secretary to the Commission

Issued: February 19, 2013