Before the
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
Washington, DC 20508

In the Matter of:	)	
Advancing Inclusive, Worker-Centered Trade Policy	)	Docket Number USTR-2023-0004

The Telecommunications Industry Association ("TIA") appreciates the opportunity to provide input to the Office of the United States Trade Representative ("USTR") on how trade can advance inclusive, worker-centered trade policy. TIA is a U.S.-based trade association that represents more than 400 trusted, global manufacturers of telecommunications equipment and services. From fiber optic systems in the ground, to wireless in the air, to satellites in orbit – TIA members design, produce, market, and manage the information communications technology ("ICT") equipment and services that connect Americans across the nation – including those in underserved communities – with high-speed broadband networks. TIA members also directly employ tens of thousands of workers in the United States including in manufacturing, software development, R&D, network deployment, and sales.

Trade is vital to our industry, which at its core is about connecting people around the world to one another via the internet. As such TIA members have an abiding influence in a trade policy that allows our members – the trusted vendors driving connectivity across the world – to access these markets, and to provide internet access at a competitive price to consumers. Across the world, 3.7 billion people lack access to broadband internet, with the majority of those being located in poorer, less developed

countries.[1] An aggressive U.S. trade agenda focused on opening markets and lowering tariffs helps ensure that these people in markets around the world can affordably access the internet, and that trusted manufacturers can compete with state-sponsored competition originating from countries that may lack adequate rule of law protections and pose risks to our national security.

Effective trade policy that lowers costs and expands markets is also critical to providing broadband access at a competitive price in the United States itself. In its most recent Broadband Progress Report, the Federal Communications Commission states that there are 14.5 million Americans without broadband access.[2] Of those Americans without high-speed broadband, American Indian/Alaska Native, Black, and Latino households are the most likely not to have service at home based on multiple independent surveys,[3] and 45% cite cost as the primary reason why they do not have access.[4] The same is true for people with disabilities. According to the Department of Labor, people with disabilities used the internet at lower rates and more often cited cost as a barrier to home use. In November 2019, 83.4 percent of people over age 15 without disabilities used the internet at home, work, school, or elsewhere, while only 63.8 percent of people with disabilities did.[5] Many with disabilities also rely on broadband to support the delivery of essential services and to power remote work opportunities that they may otherwise be unable to access.

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[1] World Economic Forum, *Coronavirus Has Exposed the Digital Divide Like Never Before* (April 22, 2020). Available at: https://www.weforum.org/agenda/2020/04/coronavirus-covid-19-pandemic-digital-divide-internet-data-broadband-mobbile/

[2] Federal Communications Commission, *Fourteenth Broadband Progress Report* (January 19, 2021), Available at: https://www.fcc.gov/reports-research/reports/broadband-progress-reports/fourteenth-broadband-deployment-report.

[3] See Sara Atske and Andrew Perrin, *Home broadband adoption, computer ownership vary by race, ethnicity in the U.S.*, Pew Research Center (July 16, 2021) https://www.pewresearch.org/short-reads/2021/07/16/home-broadband-adoption-computer-ownership-vary-by-race-ethnicity-in-the-u-s/ and Y. Li, B.R. Spoer, T. M. Lampe, et. al., *Racial/ethnic and income disparities in neighborhood-level broadband access in 905 US cities, 2017–2021*, Public Health (April, 2023). Available at: https://www.sciencedirect.com/science/article/pii/S0033350623000550.

[4] Anna Read, How Can the United States Address Broadband Affordability?, Pew Charitable Trust (April 29, 2022). Available at: https://www.pewtrusts.org/en/research-and-analysis/articles/2022/04/29/how-can-the-united-states-address-broadband-affordability.

[5] Department of Labor, Office of Disability Employment Policy; *Disability and the Digital Divide: Internet Subscriptions, Internet Use and Employment Outcomes* (June 2022). Available at: https://www.dol.gov/sites/dolgov/files/ODEP/pdf/disability-digital-divide-brief.pdf

The opportunity to provide these communities with access represents not only a commercial opportunity for U.S. companies and workers,[6] but also an opportunity to do good for unserved and marginalized people around the world by connecting them to information, services, and markets that might otherwise be unavailable to them. Increased broadband adoption is associated with increased total employment and average income,[7] higher income in rural counties,[8] improved health outcomes in metropolitan/micropolitan statistical areas,[9] better school performance among secondary school students,[10] and increased individual-level civic participation such as donating to political campaigns and voting.[11]

To this end, TIA would like to provide the following feedback on two questions raised in the Request for Information:

[6] Industry data shows that the United States exports $36.3 billion in communications equipment on an annual basis. See CompTIA, *Tech Trade Snapshot* (May, 2022). Available at: https://comptiacdn.azureedge.net/webcontent/docs/default-source/research-reports/research-brief---comptia-tech-trade-snapshot-vfinal.pdf?sfvrsn=4bd88156_0.

[7] Hilal Atasoy, *The Effects of Broadband Internet Expansion on Labor Market Outcomes*, ILR Review (2013). Available at: https://journals.sagepub.com/doi/abs/10.1177/001979391306600202

[8] Brian Whitacre, Roberto Gallardo, and Sharon Strover, *Does rural broadband impact jobs and income? Evidence from spatial and first-differenced regression*, The Annals of Regional Science, Volume 53, pgs. 649–670. Available at: https://link.springer.com/article/10.1007/s00168-014-0637-x

[9] Brian Whitacre and Lara Brooks, *Do broadband adoption rates impact a community's health?,* Digital Communication, Volume 33, Issue 7, (2013). Available at: https://www.tandfonline.com/doi/abs/10.1080/0144929X.2013.830334

[10] Keith N. Hampton, Craig Robertson, Laleah Fernandez, Inyoung Shin, Johannes Bauer, *How variation in internet access, digital skills, and media use are related to rural student outcomes: GPA, SAT, and educational aspirations*. Telematics and Informatics, Volume 63. Available at https://www.sciencedirect.com/science/article/pii/S0736585321001052#

[11] Erica Fox, *Broadband Access and Civic Engagement: How Different Sources of Connectivity Impact Community Involvement*, Georgetown University (2015) Available at: https://repository.library.georgetown.edu/bitstream/handle/10822/760940/Fox_georgetown_0076M_12892.pdf

RFC QUESTION 1: HOW CAN TRADE AND INVESTMENT POLICY ADDRESS MULTIPLE, INTERSECTING BARRIERS TO ADVANCING EQUITY FOR UNDERSERVED PERSONS (E.G., RURAL COMMUNITIES, RACE/ETHNICITY, GENDER, AND PERSONS WITH DISABILITIES)?

#1 - LOWER PRICES THROUGH THE REDUCTION OF TARIFFS AND TECHNICAL BARRIERS TO TRADE

People – regardless of their work status, gender identity, or race – are consumers and benefit from lower prices. Lowering tariffs on imports directly reduces prices by removing duties that would otherwise be passed on to consumers. Technical barriers to trade on imports similarly increase prices by reducing the pool of available products on the market to those that meet the requirements in question or by requiring costly homologation for individual markets. Removing unnecessary technical barriers – except where those barriers address a compelling policy need – would lower prices for consumers. In aggregate, the benefits from these lower prices accrue to people of lower incomes who spend a larger portion of their income on non-discretionary expenses such as shelter and food as compared to the wealthy.[12] Greater openness to trade has, in part through lower tariffs and fewer non-tariff barriers negotiated in U.S. trade agreements, also been found to have positive impacts on U.S. worker income in a series of studies by the U.S. International Trade Commission.[13] Studies from the International Monetary Fund also show that

[12] Aparna Jayashankar and Anthony Murphy, *High inflation disproportionately hurts low-income households*, Federal Reserve Bank of Dallas (January 10, 2023), available at: https://www.dallasfed.org/research/economics/2023/0110.

[13] See United States International Trade Commission, *Economic Impact of Trade Agreements Implemented under Trade Authorities Procedures, 2021 Report*, Publication Number 5199, Investigation Number TPA 105-008 (June 2021), available at https://www.usitc.gov/publications/332/pub5199.pdf. See also previous publication: United States International Trade Commission, *Economic Impact of Trade Agreements Implemented under Trade Authorities Procedures, 2016 Report*, Publication Number 4614, Investigation Number 332-555. Available at: https://www.usitc.gov/publications/332/pub4614.pdf.

openness to trade has led to lower inequality in countries across the world[14] and increased wages and employment for women.[15]

Additionally, it is important to consider the intersectional impacts on those on fixed incomes or who are experiencing unemployment. People from marginalized communities disproportionately face unemployment at higher levels; and the elderly, disabled people, and new parents are more often unable or choose not to work. While the administration is wisely focused on a worker-centric approach to trade, it should not leave underserved persons who do not work behind. As the funds these groups rely on are often fixed – either by the federal government or by returns on retirement savings – they are particularly susceptible to changes in price levels from tariffs and non-tariff barriers. As such, lowering tariff and non-tariff barriers would support this diverse group of persons experiencing similar economic conditions.

#2 - EMPOWERING TECHNOLOGIES THAT BUILD SOLIDARITY

Solidarity – the creation of mutually supportive connections within a group sharing common interests – is an important aspect of creating political and economic power for underserved communities. Solidarity often relies on communities that extend beyond physical location, and therefore relies on Information and Communications Technology (ICT) to bridge those gaps and build awareness and understanding of shared challenges. These shared challenges can stem from shared marginalized identities or beliefs such as race, class, sexual orientation, or religion. ICT can also support fair labor

[14] Diego Cerdeiro and Andras Komaromi, *The Effect of Trade on Income and Inequality: A Cross-Sectional Approach*, The International Monetary Fund (March 2017), available at: https://www.imf.org/-/media/Files/Publications/CR/2017/cr1766-ap-2.

[15] Mari Pangestu, *Women and Trade: The Role of Trade in Promoting Women's Equality*, The World Bank (July 30, 2020), available at: https://www.worldbank.org/en/topic/trade/publication/women-and-trade-the-role-of-trade-in-promoting-womens-equality.

practices, enabling workers to connect, share, and disseminate information about their workplace conditions and respond accordingly.[16]

QUESTION 2: WHAT MEANINGFUL AND SUBSTANTIVE TRADE POLICIES, ACTIONS, OR PROVISIONS SHOULD POLICY AND DECISION MAKERS CONSIDER THAT WOULD ADVANCE RACIAL AND GENDER EQUITY, EQUALITY, AND EMPOWERMENT IN U.S. TRADE AND INVESTMENT POLICY? IF APPLICABLE, WHAT EXISTING TOOLS CAN BE BETTER UTILIZED FOR THESE GOALS?

#1 – LOWER SECTION 301 TARIFFS FOR PRODUCTS THAT SUPPORT CONNECTIVITY AND DIGITAL INFRASTRUCTURE

As stated previously, multiple analyses show that underserved communities – including racial and ethnic minorities – are most likely to lack access to broadband internet at home and the ICT devices needed to support that access. Cost plays a role in limiting this access, with one in five offline households citing concern for the expense of getting online as their main reason for non-use.[17] Given that tariffs play in increasing costs for ICT products and connectivity services,[18] TIA recommends that USTR act to lower tariffs related to broadband products to support greater internet connectivity. USTR can do this without authorization from Congress in part by removing tariffs it has placed on China pursuant to its Section 301 investigation. Specifically, we recommend that USTR remove tariffs on the following items by HTS code:

[16] Townsend, Phela, *Disconnected: How the Digital Divide Harms Workers and What We Can Do about It*, The Century Foundation, (October 22, 2020) (available at https://tcf.org/content/report/disconnecteddigital-divide-harms-workers-can/?agreed=1).

[17] Michelle Cao and Rafi Goldberg, U.S. Department of Commerce National Telecommunications and Information Administration, *Switched Off: Why Are One in Five U.S. Households Not Online?* (2022), Available at: https://www.ntia.gov/blog/2022/switched-why-are-one-five-us-households-not-online

[18] Multiple studies have demonstrated that the Section 301 tariffs led to higher prices for consumers, which is broadly consistent with the literature on other tariff rate increases. For the ICT sector specifically, data from the Consumer Technology Association has demonstrated that U.S. consumers paid $32 billion in tariffs on technology products between 2017 and 2021. This number has continued to grow in the subsequent period. See: Trade Partnership LLC, *Analysis of Section 301 Tariff Impacts on Imports of Consumer Technology Products*, Consumer Technology Association (2021). Available at: https://shop.cta.tech/products/analysis-of-section-301-tariff-impacts-on-imports-of-consumer-technology-products.

Product Description	HTS Codes	USTR List	Tariff Rate
PCs and Workstations	8471.49.00	4A	7.50%
Modems	8517.62.00.10	3	25%
Networking systems, e.g. switches, routers	8517.62.0020	3	25%
Radio and Infrastructure Parts	8517.70.00.00	4A	7.50%
Copper cables	8544.49.30.40, 8544.49.30.80	1	25%
Coaxial and adaptor-fitted cables	8544.20.00.00, 8544.42.90.90	3	25%
Insulated telecommunications cabling	8544.49.10.00	2	25%
Plastic molded parts/components (fiber trays, antenna parts)	3926.90.99	4A	7.50%
Power supply, chargers	8504.40.85.00	3	25%
Nickle-metal hydride batteries	8507.50.00	3	25%
Closed network transceivers	8517.62.00.90	4A	7.50%
Duplexers, Filter Combiners	8517.69.00.00	3	25%
Printed circuit boards	8534.00.00	3	25%
Optical fiber connectors	8536.70.00.00	2	25%
Lasers, Fiber Cable, Optical Lasers, Mux/Demux	9013.80.90	4A	7.50%

These items all play a role either as finished products used in telecommunications networks or as intermediate goods used as components in ICT equipment. Lowering these duties would lead to lower costs for consumers.

#2 – ENFORCE AND EXPAND THE INFORMATION TECHNOLOGY AGREEMENT

The Information Technology Agreement ("ITA") is a plurilateral agreement enforced by the World Trade Organization to which the United States has been a party since it was concluded in 1996. As part of the agreement, more than 82 ITA participants commit to maintaining zero duties on covered technology products. The agreement has been expanded on one occasion in 2015 to include more countries and a wider scope of covered goods. The result of this agreement has been strong growth in global two-way trade in ICT products. Since the ITA entered force in 1997, ICT trade has increased from

$1.4 trillion to $4.25 trillion in 2019 helping to expand connectivity – and demand for U.S. products and services – around the world, including to the many developing countries who are ITA signatories.[19]

USTR has concrete steps it can take to ensure the success of the agreement, which supports unserved communities at home by making internet access and ICT products more affordable.

i) USTR should make the **enforcement** of the zero-duty bound rates on products covered by the agreement a priority. Countries like Indonesia and India are parties to the agreement but violate their bound rates by assessing tariffs on products including routers, switches, and mobile phones. These tariffs come, in part, at the expense of U.S. workers who manufacture and design these goods and limit connectivity in these developing countries by raising prices. USTR could level the playing field by making compliance with their zero-duty commitments a priority issue in trade negotiations, including as a pre-condition of any Generalized System of Preferences ("GSP") restoration pursuant to authorization by Congress.

ii) USTR can work with partners to **expand the ITA** to include new products not already included in the original ITA or the 2015 expansion. The Information Technology and Innovation Foundation (ITIF) has calculated that expanding the ITA to include 250 more product categories – including new technologies that did not exist at the time of the original agreement – would grow the economy by $784 billion over a 10-year period.[20] The largest benefits would go to emerging economies like Pakistan, Kenya, Brazil, and Nigeria; but it would also support 78,000 new U.S. jobs, increase U.S. ICT exports by $3.5 billion, and grow U.S. GDP by more than $200 billion over a decade.[21]

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[19] Stephen Ezell and Luke Dascoli, *How an Information Technology Agreement 3.0 Would Bolster Global Economic Growth and Opportunity,* Information Technology & Innovation Foundation (September 16, 2021), available at: https://itif.org/publications/2021/09/16/how-an-information-technology-agreement-3-0-would-bolster-global-economic-growth-and-opportunity/.

[20] Ibid.

[21] Ibid.

By enforcing and expanding this vital agreement, USTR can help create tens of thousands of jobs in manufacturing, software, and adjacent sectors while at the same time driving down costs for the underserved.

CONCLUSION

TIA appreciates the opportunity to comment on this docket on behalf of the manufacturers and suppliers of telecommunications equipment and services. Our industry has a vital role to play in delivering positive improvements to the quality of life for American workers and underserved persons of every race, creed, sexual orientation, gender identity, and degree of ability. We look forward to partnering with USTR to deliver these improvements in concert with an aggressively competitive trade policy that focuses on lowering barriers to trade, expanding markets, and driving down costs for consumers.

By:

Patrick Lozada
Director, Global Policy

TELECOMMUNICATIONS INDUSTRY ASSOCIATION
1310 N. Courthouse Road
Suite 890
Arlington, VA 22201
(703) 907-7700

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