

TRADE POLICY



The U.S. video game industry delivers some of the world's most innovative and creative entertainment to players around the world. It also contributes significantly to U.S. economic growth and competitiveness and supports high-paying jobs across the 50 U.S. states, the District of Columbia (D.C.) and Puerto Rico. The ability of the industry to continue to thrive is dependent on its ability to develop, protect and deliver interactive games, cutting-edge hardware and innovative business subscription models worldwide. The industry seeks trade rules that promote innovation and creativity, support the growth of the digital marketplace and eliminate burdensome regulations that stifle the ability of consumers in foreign markets to safely connect and enjoy the same interactive entertainment experiences as their domestic counterparts.

The Video Game Industry is a Significant U.S. Employer and Economic Contributor

The U.S. video game industry directly supports more than 143,000 jobs and a total of 428,000 jobs across the 50 states, D.C. and Puerto Rico. Employees in the industry earn an average compensation of about \$121,000 a year. Across all sectors of the industry, including developers, publishers, hardware and accessories makers and game-specific retail, there are more than 11,000 video game companies in the U.S. In 2019, total U.S. video game industry revenue was \$41.5 billion. That's more than U.S. box office revenues and the entire music industry combined.

The Video Game Industry's Growth Relies on Fair and Open Access to International Markets

There are more than 214 million video game players across the U.S. and over 3 billion players worldwide. The enormous growth of online video games connects consumers in the U.S. and beyond, enabling interactive play and shared experiences. The future of the U.S. video game industry is therefore increasingly dependent on sales in other countries. To sell its products and services, the industry depends on open markets with fair rules that apply equally to domestic and foreign companies.

Trade Rules That Create a Level Playing Field are Critical to the Competitiveness of the Video Game Industry

Several U.S. and multilateral trade agreements are being negotiated that could impact whether and how video game devices and content are protected and distributed in countries around the world. Strong intellectual property (IP) protections and digital trade rules enable companies to create and deliver innovative video games and related services to consumers globally. In addition, with the growth in digital distribution of video games, the industry needs market-opening rules to prevent unfair access barriers to foreign markets.

The following trade priorities are essential to the ability of the U.S. video game industry to create jobs, promote economic growth, innovate state-of-the-art entertainment devices and deliver unique, immersive entertainment experiences globally:

Strong IP Protection and Enforcement. Video game companies face a range of challenges around the world that, if not addressed, could restrict sales of physical and digital games. Among other challenges, international piracy or theft of video games threatens the industry and its ability to grow and deliver new, innovative game content to consumers around the world. Industry IP priorities include seeking to ensure that governments:

- have civil and criminal procedures for IP enforcement;
- provide adequate legal protection and effective remedies against the circumvention of technological protection measures in order to safeguard content played on platforms from illegal copying and distribution; and
- have adequate legal remedies for rights holders to address online IP infringement and appropriate safe harbors with respect to online service providers consistent with U.S. law.

Common Sense Digital Trade Policies. Consumers are increasingly seeking to access game products through digital channels. To reach more consumers around the world, game publishers are embracing digital distribution to deliver engaging content, services and more vibrant experiences. Thus, it is critical that data can flow across national borders so that players worldwide get the benefit of digital delivery of game content. The industry opposes tariffs on electronic transmissions, taxes on digital services, measures forcing companies to transfer technology, IP or other assets as a condition of doing business in a country, and policies that stifle data flows or otherwise discriminate against foreign companies, such as those requiring companies to build data centers or otherwise store data within a country to operate there.

The industry promotes consistent, nondiscriminatory data protection policies that protect consumers' personal information without stifling the ability of the industry to bring innovative content to consumers around the world. In particular, in order to avoid unnecessary restraints on trade and promote consistent obligations across data protection frameworks, the industry supports rules that are compatible with the EU's General Data Protection Regulation (GDPR), the latter of which has served as a model in other countries. Following the recent EU Court of Justice's invalidation of the U.S.-EU Privacy Shield, which provided a critical mechanism for complying with data protection requirements when transferring data between the U.S. and EU, it is important that the U.S. and EU identify a more durable framework that will provide much-needed certainty for transatlantic data flows.

Removing Market Access Barriers Enables Consumer Access to Interactive Entertainment

The video game industry supports eliminating or lowering barriers to two-way trade, investment and the mobility of businesspersons between countries, including with respect to:

- tariffs on hardware and software, which translate into high costs for consumers of video game content and make it harder for video game companies to provide such content to consumers;

TRADE POLICY (continued...)

- non-tariff barriers such as domestic content regulations, license requirements and local taxes in other countries that discriminate against foreign companies and restrict the ability of video game companies to sell their goods and services in other countries;
- foreign investment and national security restrictions on legitimate business acquisitions, exports and other activities that impact video game companies and consumers; and
- restrictions on temporary entry into the U.S. of skilled workers in order to engage in business activities (and vice versa).