



August 5, 2013

The Honorable Gleisi Helena Hoffmann
Minister
Casa Civil, Presidency of the Republic

The Honorable Antonio de Aguiar Patriota
Minister
Ministry of Foreign Relations

The Honorable Fernando Damata Pimentel
Minister
Ministry of Development, Industry, and Foreign Trade

The Honorable Marco Antonio Raupp
Minister
Ministry of Science, Technology and Innovation

The Honorable Paulo Bernardo Silva
Minister
Ministry of Communications

Esteemed Ministers:

We appreciate this opportunity to comment on recent proposals to require data to be stored locally in Brazil; including through provisions in *Marco Civil da Internet*. We would like to address the potential impact these requirements could have on global digital trade flows and Brazil's information and communications technology (ICT) services industry.

The Information Technology Industry Council (ITI) is the premier voice, advocate, and thought leader in the United States for the ICT industry. ITI's members comprise the world's leading technology companies, many of which provide products and services that comprise e-mail solutions, including IT systems, communications networks, servers, and server and client applications. Further, our members are global companies, with investments, supply chains, and operations around the world, including in key economies such as Brazil. As a result, we have an acute understanding of the impact of international policies on innovation and of the need for all governments' policies to be consistent with international norms.

We are extremely concerned about recent proposals to require data to be stored in-country. ITI urges governments worldwide to prohibit local infrastructure mandates,

which are discriminatory and contrary to the notion of cross-border trade. Further, ensuring that data are properly secured is not a question of server location; rather, it depends upon the mechanisms and controls in place to safeguard the data, for example, ensuring that comprehensive security policies are developed and implemented, and that the security infrastructure is routinely audited to identify and remedy vulnerabilities. Finally, such a mandate also could embolden other countries to impose similar requirements, which could be extremely disruptive to the open, global and decentralized nature of the Internet, which has become an important engine for social, economic, and cultural growth.

If local data storage requirements are implemented, other countries could emulate Brazil and apply these policies reciprocally, not only balkanizing the Internet, but also limiting the ability of local ICT service providers, content creators, and platforms to reach new markets worldwide. This would lead to a vicious cycle whereby country after country invokes similar requirements and effectively shuts foreign companies and their technologies out of their markets, disrupting global digital trade and restricting local users' ability to access to customized and localized services globally available (i.e. digital content, services or products might not be available in Portuguese). Furthermore, smaller, emerging IT firms may decide to invest in other countries in Latin America in order to avoid legal risks in Brazil, and some companies already installed in Brazil may decide to leave.

The decentralized nature of the Internet has enabled the growth of global cross-border data flows and the global digital economy. Global ICT services companies have the ability to deploy highly secure and highly resilient computing resources at more affordable prices - which can be especially beneficial for small- and medium-sized enterprises who rely on cross-border data flows to reach global markets. By placing constraints on the location of data centers, Brazil will likely restrict the suppliers and technologies available to the Brazilian government, private sector, and consumers. This could, in turn prevent Brazil from having access to the widest range of affordable and leading-edge technologies available and from taking advantage of the increase in competitiveness and reduction in costs provided by the Internet.

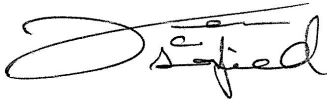
A prime example of new and innovative technologies that could be shut out of Brazil by data localization requirements is the emerging electronic and wireless health industry. From remote learning opportunities for Brazil's doctors and nurses, to wireless monitoring of patient health, to remote diagnosis, and even to remote medical procedures such as surgery, all of these depend on a globally connected Internet free of artificial legal barriers.

We support the establishment of government policies and the necessary infrastructure that will encourage competitive investment in data centers in Brazil. With the right policies and incentives in place, Brazil will simultaneously attract multinational investment, foster the growth of a domestic industry, and become a

regional data center hub. Requiring data to be stored in country will, however, cut Brazil off from the world's most cutting edge technology and IT solutions and encourage neighboring countries to do the same, limiting the export growth of the Brazilian ICT services industry, a major priority for your government as outlined in the *Plano TI Maior*.

We would welcome the opportunity to work with you on policies that foster innovation and the growth of commerce and on legislation that protects individuals' privacy while allowing them to benefit from the digital economy and the information flows that support it. We believe this approach will allow Brazil to achieve its goals while increasing its capabilities of being an important player in the global information technology supply chain. We appreciate the opportunity to contribute our input and look forward to continuing this dialogue.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Garfield". The signature is stylized with a large, sweeping initial "D" and a horizontal line above the name.

Dean C. Garfield
President and CEO