Scott Miller: I’m Scott.

Bill Reinsch: I’m Bill.

Scott Miller: We’re the trade guys.

Bill Reinsch: We’re the trade guys.

Andrew Schwartz: You’re listening to The Trade Guys, the podcast produced by CSIS where we talk about trade in terms that everyone can understand. I’m H. Andrew Schwartz, and I’m here with Scott Miller and Bill Reinsch, the CSIS trade guys. On this episode of the Trade Guys we’ll talk all things digital with a very special guest, Victoria Espinel at BSA with Software Alliance. From USMCA to the EU to the WTO we’ll impact the complicated world of digital trade, and we’ll make some predictions about what’s to come.

Andrew Schwartz: Victoria, we’re so excited to have you here today. I’m really excited because I love the issues that you work on. I think those are some of the most important issues in the world. But first you have to tell us. I know what BSA is but what does it stand for?

Victoria Espinel: So our focus is enterprise. Our focus is the software industry, and the perspective that we take on issues is the perspective of enterprise, the perspective of software companies that are selling to other businesses. So what our companies do, the really important thing about what are companies do is they let other companies do what they do even better. I love our issues. I think they’re enormously important to the economy. I think they’re hard issues and so we have a really smart team to back them up. But one of the things that I really love about the industry that I represent and what the software industry’s doing is not only does it have an enormous impact on how people live their lives, but in terms of the economy and every industry sector that exists right now, letting them do what they do even better is the mission of our companies and it’s a fantastic place to be.

Andrew Schwartz: Okay so tell us about the companies you represent because it’s a who’s who of the most important companies in the world.

Victoria Espinel: So we represent the software industry, and we take the enterprise perspective. Our members range from companies like Microsoft and Apple and IBM and Oracle ... 

Andrew Schwartz: I’ve heard of those.

Victoria Espinel: ... that are very large companies.

Andrew Schwartz: Bill have you heard of those?

Bill Reinsch: A few of them.
Andrew Schwartz: Alright, Scott you definitely have heard of those.

Scott Miller: Definitely.

Victoria Espinel: We have some companies that are still in their VC funding days. Many of our companies are based here in the United States. All of our companies are global. So that's one of the reasons that we care about trade so much, and all of the issues that we work on, we work on them around the world. One of the things that I really like about our organization BSA is that we were born global so we're headquartered in Washington, and obviously we care a great deal about what happens in the United States but we have offices around the world and we work on policy issues in real time around the world every day and for trade but also for privacy, cyber security, artificial intelligence, for all the issues we work on, having that ability to interact with government officials and having that really strong base of relationships around the world is very important.

Bill Reinsch: Are you a members all American companies? Do you have rules about that or do you have foreign members?

Victoria Espinel: No we do not so Siemens is a member. Trend Micro is a member at the global level and sit on the board but in addition to that we have a number of regional members and even country members that are Australian based software companies or Thai based software companies.

Andrew Schwartz: But could a Chinese company for instance be a member?

Victoria Espinel: So we're non-profit and we accept members if they are aligned with our mission.

Andrew Schwartz: Right. Okay. That makes sense.

Victoria Espinel: So aligned with our policy positions. One of the things that I think is great about the organization is our members tend to be very tightly aligned in terms of their policy positions. Fierce competitors in the marketplace but very aligned in terms of the direction of policy and what that lets us do is get really deep on the issues very substantive and very into the details of issues and really try to push for outcomes because our companies are very aligned in terms of where our policies should go.

Andrew Schwartz: So when it comes to trade policy, what are BSA's main goals? And then I want to bring in the Trade Guys. They're chomping at the bit here.

Victoria Espinel: So ...

Bill Reinsch: We are still here yes yes.

Andrew Schwartz: You never left.
Bill Reinsch: This is not a one on one interview.

Andrew Schwartz: No and you've never left.

Victoria Espinel: So digital trade is not just of importance to the digital economy. It's now of importance to the entire economy. In fact I think the whole distinction between digital economy and economy is a false one at this point. It is the economy. But it is also true that at this moment in time we don't have an international consensus on what the rules of digital trade should be. A lot of that focuses on data and data flows and we'll probably talk about that. But that's certainly not the only digital trade issues so stepping back I think our long-term goal, our ambition is to create a truly international widespread consensus on what digital trade rules should be including on issues like data flows, because there's an enormous deficiency in the international legal system right now and given the importance to the economy it's also a completely unsustainable one.

Bill Reinsch: Let me push back a little bit on that. Noble goal. You've got countries that are going in very different directions on some of that stuff.

Victoria Espinel: So not an easy goal but I think an imperative and essential one. And as a former trade negotiator I do not dismiss the difficulty of what we need to set out to do but on the other hand I think it's imperative. It's such an important part of the economy. To have this lack of consensus which either results in a lot of ambiguity and unpredictability or as Bill said companies that are going in very different directions, that is going to be a major impediment to the economy.

Bill Reinsch: Well consensus used to be pretty easy. I remember back in the day, in the 90's the moratorium on taxes of internet transactions was easy for everyone to adopt because no one had any revenue there anyway, so there was no tax revenue to be lost. Seems like those head nods are gone. What we're getting into a situation where as it becomes a bigger and bigger part of the way the world works there are different points of view. How do you bridge those gaps now?

Victoria Espinel: I absolutely agree. I think it was easier on tech issues but certainly there are a number of trade issues that it's been very difficult to get consensus on and yet the United States has shown leadership as have other countries in trying to push. So one of the things it puts me in mind of is where intellectual property rules were in the late 90's. I think at that point it was not as obvious to everyone how important intellectual property was going to be to the economy. I think the United States saw that it was extremely important to the United States and was going to be extremely important for the economy, for the global economy as a whole.

Victoria Espinel: And so the United States because in the early 90's and mid 90's started pushing to have intellectual properties rules be part of the international legal system, be part of the international trade system in the lead up around
the negotiations in establishing the WTO. And at the time that was very controversial. There was no sense that those should be part of the international trading rules and it was really the United States and then a number of other countries like Japan joining in that effort that made that happen.

Victoria Espinel: And now you can debate whether or not they were drafted in a way that's exactly correct and whether or not they need to be modified. Data is further along because we've negotiated rules in the context of the Trans Pacific partnership, rules have been negotiated in the context of the USMCA. So I think those building blocks are already established, but I think we’re still relatively early days.

Andrew Schwartz: Well what were we worried about in the 90's? We were worried about CDs and movies being stolen. What were the IP issues we were worried about then?

Victoria Espinel: So I think there were some counterfeit rules, but actually the trade provisions of the WTO span the whole range of intellectual property issues. So there are baseline rules set for copyright protections and how those work. There are rules set for patents so the type of intellectual property that protects inventions. There are rules set on trade secrets. There are rules set on enforcement against things like counterfeiting, but the WTO agreement on trade is actually fairly ... it is broad. It covers every single type of intellectual property.

Bill Reinsch: It's comprehensive in the sense that every type of IP is covered. Now the requirements, the obligations in the agreement are basically that you have a law, okay, and you implement it and you enforce it. So there’s some variation country by country in terms of the way the laws are administered but there are some overall standards but clearly the TRIPS Agreement was a breakthrough because it did cover all aspects of intellectual property.

Andrew Schwartz: Well you know why I thought of CDs, because our audience can't see this ...

Victoria Espinel: Because you love music?

Andrew Schwartz: I love music. We’re gonna talk about that but the reason I thought about CDs in particular. Our audience can't see this but Trade Guy Scott got some funky new glasses and he’s looking extremely sharp which made me think retro which made me think CDs, 90’s.

Bill Reinsch: My son used to ... that's how he used to distribute his music on CDs.

Andrew Schwartz: Of course.

Bill Reinsch: When he performed he’d have a stack of them out front, and he’d sell them. Not anymore. It's all ... all gone.
Andrew Schwartz: I remember the first CD I ever got. It was Bob Dylan’s Oh Mercy, and it was recorded in New Orleans. Bob Dylan had moved to New Orleans to record with the Neville Brothers and a lot of other local musicians, and Daniel Lanois the great producer and they recorded right in and around my neighborhood. Dylan lived around my neighborhood uptown and they had a small studio in the French Quarter. It turned out some fantastic music, resurrected Dylan’s career, but that’s another trade matter.

Victoria Espinel: That’s fantastic. We need to get more music recorded in New Orleans.

Andrew Schwartz: I know. Believe me. It should be like Nashville.

Victoria Espinel: Exactly. It should be like Nashville. That’s something the city needs to work on.

Andrew Schwartz: Well the city needs technology. The city needs a technology corridor. The city needs to retain the smart people who come out of Tulane, Xavier, LSU and all the great schools that are down there.

Victoria Espinel: And it’s growing but it’s not growing fast enough.

Bill Reinsch: You guys realize that in 30 years it’s gonna be underwater because of climate change.

Andrew Schwartz: No no no no.

Victoria Espinel: Software jobs are up in Louisiana 20%. It’s actually one of the fastest growth rates in the United States.

Andrew Schwartz: Is that right? I did not know that.

Victoria Espinel: And it’s such a creative people there so it completely makes sense, but they need to have even more investment.

Andrew Schwartz: It’s the greatest local music scene on the planet.

Bill Reinsch: Just make sure you have a boat in your backyard. That’s all I have to say. The policy changes you were talking about, many of them due to the brilliant policy making by the Clinton ...

Andrew Schwartz: Thanks for bringing us back.

Bill Reinsch: ... the Clinton administration I need to say. Talk to us a little bit about the current administration. Because when we talk about the current administration these days it’s all cars and steel. And occasionally soy beans. Are they leading on your issues? Do you have an ongoing dialogue with them?
So on digital trade the administration has been really supportive. I think the team over at USTR has done a fantastic job. The provisions that were negotiated as part of the USMCA are very positive. They are at the level of TPP and actually go beyond TPP in a couple of ways.

Do you think we’re going to get those with the Japanese too?

I think we absolutely should and I think that we will. I think there was a positive statement that came out just this morning ...

Exactly.

... on my way here to the studio on the importance of digital trade. Japan has been a leader in digital trade. It’s also obviously very important to their economy, and I think they see the larger importance. We work very closely with the Japanese government, as we do with governments around the world, and so I think it’s a very positive place for the United States and Japan.

Can you tell us what the statement was and why it was significant?

It was a relatively short press release that came to of USTR about the discussions that were happening between trade ministers but it highlights the importance of digital trade, and I don’t want to overstate it, but given, in a very short statement, there was agreement on highlighting the importance of digital trade. WE think that is absolutely the right way to go and very positive.

I’m glad you brought it up. I noticed Japanese minister Motegi gave a press interview yesterday, and from the article I saw it looks like he mentioned digital trade three times. And I was a little bit surprised because everybody was expecting this to be about cars and agriculture, and it was.

And those are important issues.

Yes.

But digital trade is really important too.

And here’s suddenly digital trade which nobody was writing about in the run-up to these talks all the sudden is right there in the middle of the agenda.

But this just means you’re doing your job.

Digital trade is the place where we can make progress, and it’s really important.
Scott Miller: If I remember the TPP negotiations, the US and Japan were very closely allied in the whole digital talks during that negotiation so ...

Victoria Espinel: That's right.

Scott Miller: It's an area where we can work together and ought to.

Bill Reinsch: So while we're doing the world tour then, why don't ...

Andrew Schwartz: Can we stay on USMCA for a second because I have a question about USMCA?

Bill Reinsch: Go ahead.

Andrew Schwartz: You mentioned the digital trade rules in USMCA. Do you think they're a step in the right direction? I gather you do. But are there any rules that you've come up with or that have happened in the USMCA that are particularly groundbreaking or innovative that should make their way into future trade agreements?

Victoria Espinel: So we're very supportive of USMCA and we believe all of the digital trade rules and USMCA should be carried into future trade agreements. Again we actually have some ideas for the round of negotiations whether we'd be with Japan or the UK or -

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Victoria Espinel: ... for the round of negotiations, whether we'd be with Japan or the UK or the European Union, there's even further places we could go and that makes sense, right? Because technology keeps involving, so there's no digital trade agenda that should ever be static. So we will continue to think and be as smart and creative as we can about ways to continue to broaden and make the digital trade agenda as comprehensive as it can be.

Victoria Espinel: But on USMCA specifically, yes, we are supportive of USMCA. The digital trade provisions there are a really good precedent and really good example, and so we hope that we ... we hope that USMCA passes.

Bill Reinsch: I got a question for our listeners, some of whom I think are probably not quite as nerdy and wonky as Scott and I are. Can you just-

Andrew Schwartz: Could not be possible.

Bill Reinsch: ... not quite that nerdy. Anyway.

Andrew Schwartz: They enjoy trading a lot, they're in the field. Nerdy and wonky, I'm not sure.

Bill Reinsch: Well, yeah. For the layperson, let's do it that way, I'll be theological for a moment. My son went to divinity school, so we use those kinds of terms a
lot. Anyway, can you just give a simple explanation of why data localization requirements are bad? What happens if you have those requirements that’s not a good thing?

Victoria Espinel: So I was thinking, maybe one thing I should step back, because digital trade is sort of a vague term. So when we say digital trade, we mean a whole host of things. But one of the things that we mean for sure, and probably the top priority in our digital trade agenda, is pushing back against data localization or having a default rule that data should be able to move back and forth across borders and among countries with as little friction as possible.

Victoria Espinel: And so, we understand that there’s always going to be some exceptions to that; we’re supportive of those. We think where there are exceptions, they should be clear, they should be narrowly targeted, they should be appropriate. But again, the baseline rule, the default rule, the standard rule, should be that data can move back and forth. And the reason that that is important is because the emerging technologies that our companies create, and then again, they create that for the purpose of letting other companies—whether it’s the agriculture sector, the manufacturing sector, the automobile sector, healthcare sector—do what they do even better, can’t exist without data being able to move back and forth. Cloud computing can’t exist, the architecture of the internet means that it will not exist if there are significant restrictions on data. The efficiencies that come from cloud computing, for big companies, but for all the small companies and the start ups that use cloud companies, don’t exist in a world of data localization.

Victoria Espinel: And then if you are thinking about even more recent emerging technologies, artificial intelligence, block chain, all the breakthroughs in terms of data analytics, again, don’t exist unless data can move back and forth across borders. So it’s-

Scott Miller: But this is actually penetrating really conventional industries. So if you look at goods trade, goods trade is as old as the Phoenicians, okay, but today goods have much more digital content than ever. And this is ... actually, Mackenzie Global Institute just released a study on global value chains, and one of the points they made is the services content, especially the digital services content of goods, is increasing very, very rapidly. And it’s almost unseen by consumers.

Scott Miller: And so you think of a car in the 1960’s, maybe the most complicated electronic piece of equipment was the AM radio. Today, the cars have guidance systems and they have probably more bytes of data than a space shuttle.

Victoria Espinel: And millions of lines of code.

Scott Miller: Right. So all that affects your members, but it affects the very goods that are the basis of the trading system.
Victoria Espinel: I’m so glad you said that, because that’s one of the things I think is really important. I mean, you know, the companies that I represent, like Sales Force and Apple and Microsoft and IMB and [inaudible 00:16:51] and Adobe and Semantic and all these software companies that are doing great work, but the reason, again, that they’re doing that work is to support all of these different industry sectors. And so, the technology that they create for other companies to use doesn’t work without data flow.

Victoria Espinel: So I mean, I think it really comes down to a question of, do you want to move into the future or do you not?

Bill Reinsch: Yeah, but let’s talk about the not working thing. Pretend you’re a bank, okay, so one of the people that takes advantage of the services that your guys produce.

Andrew Schwartz: I would love to pretend that I’m-

Bill Reinsch: I’d love to be a bank.

Scott Miller: As I understand it, your children are consistently pretending you’re a bank.

Andrew Schwartz: Yeah, no doubt about that.

Bill Reinsch: Anyway, you’re a bank and you’re in Istanbul, and the Turkish government tells you have to store your data locally. So why does that cripple you? You’ve got computers there, you’ve got servers there, why don’t you just keep it there? Why is this bad for you as a bank?

Victoria Espinel: So I think it’s possible that if, as a bank, the only customers that you ever have are going to be located only in the vicinity where you are, and you have no interest in using cloud computing or anything to make your own internal computer systems more efficient and more secure ... so, if you want to have a computer system that is less efficient and more expensive, if you want to have a computer system that’s less secure, and you want to only serve customers in your immediate vicinity, then you’re probably going to be okay.

Bill Reinsch: And you can only offer your customers services locally.

Victoria Espinel: Right, yeah.

Bill Reinsch: You can’t have an international wire transfer, for instance.

Victoria Espinel: Right, exactly.

Bill Reinsch: Or something like that.

Victoria Espinel: I think within a very small sphere, absolutely there are services that could be offered. But it’s an enormous impediment. And then if you think about services that are used by a whole range of sectors, so cyber security is
something that comes to mind, and cyber security threats, by definition, are happening around the world to the-

Scott Miller: Well, you just mentioned Semantics, one of your members.

Victoria Espinel: Right, exactly. And Splunk, and we have a number of others that are leaders in the security space, so they're watching threats from around the world, analyzing them in real time, and then pushing that information out to their customers. Again, literally can't happen unless they have the ability to be able to see and collect data from across the world and do that as quickly and as seamlessly as possible.

Scott Miller: There's a company named Splunk?

Victoria Espinel: There is, and they're doing great work.

Andrew Schwartz: Of course there's a company named Splunk; does that surprise you?

Scott Miller: A little bit.

Bill Reinsch: You, of course, know all about them, right?

Scott Miller: Headquartered in Palo Alto, California, no doubt.

Andrew Schwartz: No, no, yeah. I mean, it just sounds like a company that's in the digital space.

Victoria Espinel: And growing very fast.

Andrew Schwartz: Listeners, take note.

Scott Miller: My wife handles our investments, I'll consult with her about that one.

Andrew Schwartz: Okay, all right. Good deal.

Scott Miller: Look up Splunk.

Andrew Schwartz: Speaking of investments, one of the things that people are thinking a lot about when they're thinking about investments lately, and also when they're thinking about digital, is they're thinking about privacy. How are you thinking about privacy in your space?

Victoria Espinel: So, privacy is maybe our number one issue around the world this year. It's enormously important, obviously in the United States there's a discussion happening around federal privacy legislation in a way that has never happened before. And so, again, just to be clear about our position, we want to see federal privacy legislation passed, but we want to see privacy legislation passed that is very strong and very high standard; our companies are very focused on the privacy, maintaining the privacy and the security of
the data that they're entrusted with. And so, we are very supportive of privacy legislation, but at a very high standard.

Victoria Espinel: But it's not just in the United States. You know, as you may know, Europe recently passed a significant piece of privacy legislation called the GDPR, and they're now-

Andrew Schwartz: General Data Protection Regulation.

Victoria Espinel: Regulation. Exactly. And there's an implementation process going on now across Europe. India is looking at its privacy legislation in a way that, candidly, gives us some concerns.

Andrew Schwartz: This is why whenever we're on a European website, we have to accept something or we have to check something.

Victoria Espinel: That is one of the ancillary effects of GDPR; probably not the most helpful. But GDPR is a fairly comprehensive piece of privacy regulation, and one of the ways that it manifests itself on kind of the consumer side, are the accepting boxes that you're seeing pop up.

Scott Miller: Are your members okay with GDPR?

Victoria Espinel: Our members are supportive of GDPR. We worked-

Scott Miller: Would they support GDPR for the US adopting GDPR?

Victoria Espinel: We would like to see the US adopt something that's as high a standard as GDPR; I think there are aspects of GDPR, which was drafted for the European Civil Code system that wouldn't graft that naturally onto the American Common Law system. And there's some aspects of GDPR that have free speech implications, so cut and paste, absolutely that wouldn't make sense. But something that is interoperable with the GDPR and is something that is as high a standard as the GDPR, absolutely.

Andrew Schwartz: I would think we would want to show our own leadership in the space too, though.

Scott Miller: Are there signs in the Congress or there signs in the administration of developing an American GDPR?

Victoria Espinel: I wouldn't characterize it as an American GDPR, but there are definitely members of Congress that are hard at work on drafting privacy legislation. There's actually been a number of bills that have been introduced in the Senate Commerce Committee has a very significant process going on internally right now, in drafting a piece of legislation. I was fortunate enough to be asked to testify in front of Senate Commerce a few weeks ago, and give them BSA's views-
Scott Miller: So they're listening to you on this?

Victoria Espinel: ... on where privacy legislation should go. And we've done a lot of work internally, again. I mean, our companies have been thinking about privacy for years.

Scott Miller: Sure.

Victoria Espinel: It's really baked into their products and the services that they offer. So it's a big issue for us.

Andrew Schwartz: Well, I mean, if you think about it, it's all ... you know, Tim Cook mostly talks about privacy.

Victoria Espinel: It's a very-

Andrew Schwartz: The CEO of Apple.

Victoria Espinel: Right.

Andrew Schwartz: I mean, he mostly talks about privacy, and a lot of the CEOs of the companies that you represent talk about privacy, and actually do things about privacy. Whether they get credit for it or not, I don't know because this is such a freak out privacy world we're in right now.

Scott Miller: But let's step back for a second-

Andrew Schwartz: Some of the news reports we've seen are all about privacy.

Bill Reinsch: I will send you my column on this. But go ahead.

Scott Miller: Victoria started by saying her members are global in their orientation, which is wonderful. But you're facing a situation where you're going to wind up with a patchwork quilt here. You have the European regulation, you have American regulation, and Indian regulation.

Bill Reinsch: And you have Chinese.

Scott Miller: And Chinese, no doubt. How do you get to a point where you're basically raising standards instead of complying with 12 or 15 in a universe where they're all pretty similar?

Victoria Espinel: Yeah, that's a great point. And that was my kind of allusion to interoperability, which I should probably expand on a bit. I think it's certainly possibly, and probably optimal, not to have every country in the world adopt exactly the same regime. But I think having them thoughtfully and intentionally drafted in a way that they are at a very high standard, so
consumers are getting the protection that they need, but also work together in a way that doesn't create conflicts is really important.

Victoria Espinel: So to give you a practical example of that, Japan recently passed a privacy law. Which again, we worked with the Japanese government on that, and they've been real leaders in this space. They also recently got a determination from the European Union that their privacy law was adequate, and adequate sounds like faint praise, but it's just the European term-

Bill Reinsch: It's like a C plus, yeah.

Victoria Espinel: ... yeah, it's-

Bill Reinsch: Good effort.

Victoria Espinel: It's the European technical term for an A plus, meaning that the Europeans recognize the high standard of the Japanese law. Now the Japanese law is not exactly like GDPR; it works consistent with GDPR, but it's different in a number of aspects. Also a very high standard, but different. And I think the European Union officially declaring that the Japanese law was at the high standard of privacy the European law was, without Japan passing a law that was exactly like the European law, was a really positive and practical and concrete step.

Victoria Espinel: So I think we're certainly, in the United States, I think our consumers deserve to have a very high standard of privacy legislation as well, that doesn't mean- and shouldn't mean- that it looks exactly like the GDPR. It should be at a high standard, but in a way that works for the United States and also is consistent and not in violation of other international standards.

Andrew Schwartz: I'm a communications guy, and this is just a suggestion for the European Union, they might want to use a little bit different language-

Victoria Espinel: Totally with you.

Andrew Schwartz: ... than adequate when it comes to the United States, if they're planning on calling us adequate when it comes to this stuff.

Victoria Espinel: Or with any country. I am totally there with you.

Andrew Schwartz: Yeah, probably should use a little bit different-

Victoria Espinel: I hate using their term because it conveys something that is not actually what is intended by it, but yes. 100%.

Bill Reinsch: But by their standards, the best they can say about us is that we're adequate.
Scott Miller: When we give them ordinary trade terms, we call it most favored. We say, "You are the most favored nation."

Andrew Schwartz: Right, that's right.

Victoria Espinel: Yeah.

Andrew Schwartz: See, that's-

Victoria Espinel: That sounds delightful.

Scott Miller: That is the way, I mean that's marketing.

Victoria Espinel: That's welcoming.

Andrew Schwartz: And that is old fashioned, American innovation and ingenuity, and making people feel ... making the customer happy. Making people feel good.

Bill Reinsch: But we dumped that. We dumped it in favor of normal trade relations.

Scott Miller: Yes, that's right.

Bill Reinsch: Which is adequate.

Andrew Schwartz: Which is adequate.

Scott Miller: Which is adequate.

Andrew Schwartz: Oh my goodness, well we better get our messaging-

Victoria Espinel: This is a break through.

Andrew Schwartz: Yeah.

Bill Reinsch: That was Senator Moynahan?

Scott Miller: Senator Moynahan and Senator Roth did it.

Bill Reinsch: Yeah, did that during-

Scott Miller: During the China debate.

Bill Reinsch: ... turned us from most favored into adequate.

Andrew Schwartz: Bill, I could see you during trade negotiations being like, "You know, you guys are kinda adequate."

PART 2 OF 3 ENDS [00:26:04]
Andrew Schwartz: ... negotiations, being like: "You know, you guys are kinda adequate."

Scott Miller: Adequate.

Bill Reinsch: During trade negotiations, mostly I just try to stay awake.

Scott Miller: Grading his students' papers, he calls them adequate.

Bill Reinsch: Right, right, right, right.

Bill Reinsch: But I'm going to send you my column. Because my column basically says-

Andrew Schwartz: This is your column for CSIS this week?

Bill Reinsch: Yes, this week.

Andrew Schwartz: Called?

Bill Reinsch: "Privacy, Shmivacy."

Andrew Schwartz: Okay. Great title.

Bill Reinsch: And its thesis is: there is no privacy.

Bill Reinsch: What you're doing is noble, keep doing it, and hang in there. It's a futile gesture. There is no privacy. The hackers are always gonna be one step ahead of you.

Victoria Espinel: So it's interesting you said privacy, and then you said hackers. Because I think privacy and security often, in the policy wonk world, gets split apart, and they shouldn't, right? Cause they're really-

Bill Reinsch: They're two totally different things.

Victoria Espinel: They are, but if you're a person who wants their data to be protected, you're not making that distinction.

Scott Miller: You think of them the same way.

Victoria Espinel: And nor should you have to make that distinction. Your data should be kept private, and you should be able to know what's been happening to your data. You should be able to make real choices about that, and your data should also be secure.

Victoria Espinel: So the hacker issue is incredibly important, and one thing, actually, that I'm really proud of that we, I think, just actually announced today, that we're gonna be launching in a couple of weeks, is a new software security standard.
Victoria Espinel: So we have been working with our companies for well over a year now on developing a very detailed framework on how to ensure that software ... and not just the software that our companies are developing, but potentially all software, including software that is being embedded into all the devices that Scott talked about, that it’s being developed in a way that is as safe and secure as possible.

Victoria Espinel: So, April 30th is the date of our official launch, and we welcome all of your listeners there. But it’s an incredibly important issue. It’s one that we’ve also been working with the U.S. government, the U.K. government, the European Commission, the Japanese government, and others on, is their ... And, again, we’re just starting April 30th, is our launch, but I think the ambition is to get to a place where, internationally, software is being developed in a way that is as secure as possible.

Victoria Espinel: I think it’s really important here, is encryption, right? And having government policies that support encryption, not undermine encryption, is another issue that we’ve done a lot of work on.

Victoria Espinel: Partly, our work has been educational. So explaining to policy-makers what encryption is. There are different methods for encryption. So just trying to explain, and we have found there’s a real interest in trying to understand more about encryption, how it works, the different types, the pros and cons. But also pushing the pros and cons of different types of encryption, but also pushing for government policies that don’t undermine encryption, in various ways.

Victoria Espinel: Because it’s a really important piece of the security puzzle, to the extent there is-

Scott Miller: And more consumers are adopting it. They’re getting their VPNs, and things like that. Virtual Private Networks.

Victoria Espinel: So data is accessed. It’s accessed in a way that’s not readable. It then largely eliminates the incentive for accessing it, so-

Bill Reinsch: Well-

Victoria Espinel: So it has both a deterrent effect, and kind of an immediate specific effect.

Victoria Espinel: So it’s incredibly important. It’s an issue that can be controversial at times, but I think, again, many governments around the world understand it more and more, are seeing the value, and why it’s really important to have encryption, and not have government policies that undermine it.

Bill Reinsch: Yeah, I think there’s a lot of software that has the capability. My sense is that a lot of people don’t use it, even if they’re able to use it.
Victoria Espinel: Right, and so one of the things that I think is important in security, and in privacy, is to try to make it as easy for the user as possible. So they should have the ability to make those choices, but they should understand what those choices are, and they should be designed in a way so it's really easy for them to be able to implement the choices they want to make.

Andrew Schwartz: Well, explain what you mean by the difference between privacy and security.

Victoria Espinel: There doesn't necessarily need to be a difference, but I feel like in this space, when people are talking of privacy, a lot of the conversation is around: if you have data that is being used by a consumer-facing platform, and it's being monetized in various ways, what are the rules around that, and we'll that privacy.

Andrew Schwartz: Yeah, you look at a shirt at Saks, and then the next time you go online to look at anything, that shirt at Saks is advertised to you across all of your platforms.

Victoria Espinel: Right, whereas security-

Andrew Schwartz: Which I personally don't mind.

Victoria Espinel: Right. And exactly, there's a lot of benefit to that. It's really about letting people choose what they want.

Victoria Espinel: I think when people hear "security," a lot of times what they're thinking of, then, is external criminal actors, or external actors that are hacking into a system, for another purpose.

Andrew Schwartz: People stealing-

Bill Reinsch: Well, that's not the only thing I was talking about. But that's part of it.

Victoria Espinel: But I think they belong together, and I think from a consumer point of view, they should belong together, right? You want your data to be safe and secure, you want it to be used in ways that are appropriate, and I think-

Scott Miller: And you want your privacy to be protected.

Victoria Espinel: Exactly, so I think the issues that we're trying to address are when peoples' data's used in ways that they either didn't know about, or didn't expect, and seem completely inappropriate, and unreasonable to them.

Victoria Espinel: And so trying to prevent that from happening, but also trying to prevent data from being hacked, or otherwise end up in the hands of bad actors.

Bill Reinsch: But even if it's not hacked ... Andrew and I don't entirely agree on this. I am offended by ads like this.
Bill Reinsch: When I buy a book-

Andrew Schwartz: A lot of people are.

Bill Reinsch: When I buy a book, I’m happy to buy a book, and won’t talk about which platform I used to buy the book.

Bill Reinsch: I then get, for the next ... forever, emails telling me: "You liked this, so maybe you’ll like this." And there’s 13 more books.

Bill Reinsch: I mean, for me the worst manifestation of it is when you make a political contribution. Because then you’re on these lists for life, and not only do you get daily requests for more money, from the person you made the mistake of donating to in the first place ... Even after they lose you get requests for money. But they share the list with other people.

Bill Reinsch: So other people of the same political party, usually, and persuasion ... Although I’ve gotten on some strange lists. Every day now, I get a dozen of these things, from all these people asking for money, only one of whom I ever had any communication with in the first place.

Bill Reinsch: That offends me too.

Victoria Espinel: Well, we believe that people should have the right to know, and what I mean by that is they should have the right to know what’s happening to their data, and they should have the right to control it.

Victoria Espinel: And by that I mean they should have the ability to say no, in an effective way, to their data being used in ways-

Bill Reinsch: And we all agree on that.

Victoria Espinel: ... that they don’t agree with.

Bill Reinsch: It’s operationalizing that that is difficult.

Bill Reinsch: I mean, I can give you a whole rant about why unsubscribe does not work.

Victoria Espinel: Well, there’s a technology part to it, but there’s also a legal part to it, or a legislative part to it, and that’s one of the things that we’re working on.

Scott Miller: You need some goofy-

Andrew Schwartz: I definitely want hear that rant at some point. I definitely wanna hear it.

Scott Miller: Bill just needs some goofy email addresses that he gives out to other people, to keep his normal email account clear of this stuff.
Andrew Schwartz: His interns are here. You guys understand this stuff. You understand multiple emails. You gotta help him out.

Andrew Schwartz: I mean-

Scott Miller: Secretguy1257.

Andrew Schwartz: ... he's had the same email for the last 35 years.


Andrew Schwartz: And so he needs-


Andrew Schwartz: Yeah, exactly. He needs multiple online points of entry.

Bill Reinsch: Have you ever looked at your spam file?

Bill Reinsch: The stuff that gets filtered out.

Scott Miller: I figured it's there for a reason.

Andrew Schwartz: I had to the other day, because my son insisted that something that was coming from his school that I had to approve was stuck in the spam, which it wasn’t.

Andrew Schwartz: So I looked, and it was just absolutely nothing that I wanted to click on, including the thing that-

Bill Reinsch: Right, but it's the volume. I mean, there's hundreds of days.


Bill Reinsch: It's amazing.

Andrew Schwartz: No, it's enormous.

Andrew Schwartz: The amount of email that we have coming in, and the amount of email, quite frankly, that CSIS sends out ... It's a lot. It's quite a lot.

Andrew Schwartz: I still maintain, though, that from a communications standpoint, email can be the most effective way of communicating.

Andrew Schwartz: We send out a newsletter every night, that I write, called The Evening, and it's got almost 30,000 subscribers now, and it's people who want to opt in. People who wanna read what we're doing, and what some of our peer organizations are doing, in the spaces around the issues that we cover.
Victoria Espinel: Well, I wanna sign up.

Andrew Schwartz: Oh, we’ll get-

Victoria Espinel: Make it 30,001.

Andrew Schwartz: All right. We’ll get you on it. We will absolutely get you on it.

Bill Reinsch: You know, I never opted in. But I get it.

Andrew Schwartz: Well, there you go. I mean, you gotta get your interns on this man. This is really-

Scott Miller: This is one of these problems that the Jetsons never talked about in their show. So that’s the only disappointment.

Bill Reinsch: How many of your 30,000 are really voluntary? That’s what I wanna know.

Andrew Schwartz: Until this moment, I believed they were all voluntary.

Victoria Espinel: There with love.

Andrew Schwartz: We have a very small unsubscribe rate, and our unsubscribe actually works.

Bill Reinsch: For the record, I like it.

Andrew Schwartz: Oh, good. That’s good to know. Thank you. Thank you, Bill. I appreciate it.

Bill Reinsch: But I didn’t sign up for it.

Andrew Schwartz: I think if you work at CSIS, you’re supposed to get it.

Scott Miller: Maybe you get it.

Andrew Schwartz: And maybe I thought since we’re all on the show together-

Scott Miller: You’re featured in the newsletter.

Andrew Schwartz: And we promote the show, and you’re featured in the newsletter, you might wanna get it.

Bill Reinsch: Actually, I get it twice. Because I get it at my [inaudible 00:34:52] address too.

Andrew Schwartz: Ah, okay. So you’re really hit.

Bill Reinsch: So it’s really 29,999, because-
Andrew Schwartz: Okay, well, at least it doesn’t go in your spam.

Bill Reinsch: ... some individuals ... It does not go in my spam. This is true.

Andrew Schwartz: There you go. There you go.

Andrew Schwartz: So should we talk about WTO? This is something that I know is Bill’s favorite, and Scott’s favorite subject. E-commerce talks. Is that something you’re involved in?

Victoria Espinel: Yes. So it is. It’s exciting to see the WTO working on something. We are supportive of the e-commerce talks. The United States has been really supportive of the e-commerce talks, which is great, so-

Bill Reinsch: Are you optimistic about them?

Bill Reinsch: We’re all supportive.

Victoria Espinel: I think there’s some real potential there.


Victoria Espinel: I mean, I spent a lot of time in Geneva at an earlier point in my career, and so I’ve seen the WTO when it’s very active, and then it’s been in a period of time when it’s less active. I believe in the WTO as an institution. So yeah, I think there’s some real potential there.

Scott Miller: This is a project that could get the WTO off dead center, which it seems unable to do much of anything on the negotiating front, but this is something of broad interest. You have, what, 71 members, who are part of the negotiation. This could actually move it forward, and provide the incentive to do other things as well. So I’m hopeful.

Victoria Espinel: I agree.

Bill Reinsch: Yeah, I think we all are.

Bill Reinsch: It’s a good example of what we’ve talked about with respect to the WTO in the past, in that because of the difficulty of producing a multilateral round, and the obvious difficulty [inaudible 00:36:15] round is: people are moving towards coalitions of the willing. And I think we’re not supposed to use that term, but that’s really what it is.

Bill Reinsch: This is a pretty big coalition. If they can actually put it together, that would be terrific. I think the big thing people are worried about is that China’s one of the 71, and that may make it complicated.
Andrew Schwartz: Well, Victoria. Thank you so much for being here today. We're gonna have you back to talk about the restaurant scene in New Orleans, the music scene in New Orleans. We'll talk about Tipitina's, we'll talk about your new restaurant in New Orleans.

Victoria Espinel: Fantastic.

Andrew Schwartz: What's the name of it?

Victoria Espinel: Jewel of the South.

Andrew Schwartz: Jewel of the South. So you've got to hit Jewel of the South when you go to the Big Easy next time.

Andrew Schwartz: We will talk about Tipitina's, we'll talk about the Howlin' Wolf, Muddy Waters, the Maple Leaf, Jacques-Imo's, some of my favorite, favorite places, which I'm gonna get the Trade Guys to do a live show from Tulane at some point down the line, and they-

Bill Reinsch: Fine with me.

Andrew Schwartz: And they're there.

Scott Miller: Yeah, just make it happen.

Victoria Espinel: That'd be amazing.

Andrew Schwartz: We're gonna do a live podcast from Tulane.

Andrew Schwartz: Thank you so much for being here. We love these issues, follow them closely, and we'd love to have you back as soon as we can.

Victoria Espinel: Thank you. That'd be great.

Andrew Schwartz: To our listeners. If you have a question for the Trade Guys, write us at tradeguys@csis.org. That's tradeguys@csis.org.

Andrew Schwartz: We'll read some of your emails, and have the trade guys react to it.

Andrew Schwartz: We're also now on Spotify, so you can find us there when you're listening to the Rolling Stones, or you're listening to Tom Petty, or whatever you're listening to.

Andrew Schwartz: Thank you, Trade Guys.

Scott Miller: Thanks, Andrew.

Bill Reinsch: Thank you.
Andrew Schwartz: You’ve been listening to the Trade Guys, a CIS podcast.

PART 3 OF 3 ENDS [00:37:52]