

Mr. Kurt Campbell
Indo-Pacific Coordinator
National Security Council
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

May 18, 2021

Dear Mr. Campbell:

We, the undersigned associations, respectfully submit this letter on behalf of our member companies across multiple sectors of the economy ahead of South Korean President Moon Jae-in's visit to Washington D.C. and the bilateral presidential summit on May 21. Our members share the commitment by the U.S. administration to bolster ties with South Korea and advance U.S. national interests with its allies, particularly in the Indo-Pacific region.

To address the challenges of the 21st century together with South Korea, we urge you to use this momentous opportunity to establish a joint agenda on U.S.-Korea digital trade and services leadership, as well as ICT products, to promote transparent, open, non-discriminatory, and consistent approaches to digital issues bilaterally and at the global level. This partnership would be a crucial moment to affirm both governments' commitment to cross-border data flows and interoperable data governance frameworks, ensure the application of common and non-discriminatory principles on regulations and enforcement actions impacting digital and services trade, and use of internationally accepted standards and best practices for regulations of new technologies. Addressing these digital trade issues would advance key priorities of the Biden administration, including supporting economic recovery, promoting a worker-centric trade policy, tackling climate change, and rebuilding U.S. alliances and global leadership.

It has been nearly 10 years since the ratification of the U.S.-Korea Free Trade Agreement (KORUS FTA), and the two countries have enjoyed a strong, growing, and dynamic relationship, undergirded by the commitments made in the agreement. For example, overall trade has grown from nearly \$130 billion in 2012 to almost \$170 billion in 2019. Between 2012 and 2019, South Korean foreign direct investment in the United States has grown more than threefold to \$62 billion.

Our two countries' policy and economic goals have also come into very close alignment. In short, our government and business leaders want the same things, including: job creation, sustainable investment, equitable economic growth, innovation, and secure, reliable supply chains. Recent U.S. legislative proposals are designed to help allied countries like Korea and their companies to invest more deeply into our strategic supply chain. These shared goals can help drive our shared prosperity to new heights and the timing of this increased alignment is critical. Amid heightened geopolitical tensions and shifting economic trends surrounding global tech competition, it has become imperative now more than ever for the United States and South Korea to significantly enhance both their strategic and economic alliances.

That is why we see this as an opportunity to build upon the KORUS FTA to ensure that our strong and deep economic partnership can continue to grow in the face of new challenges and technological developments. The KORUS FTA had envisaged an equal and mutually beneficial economic partnership based on reciprocal market access, regulatory alignment, transparency, and predictability. We urge both the U.S. and Korean governments to undertake the regulatory reforms necessary to achieve alignment on our bilateral and plurilateral economic

goals and overcome regulatory hurdles that reflect a departure from our shared understanding and commitment.

The risk of divergence is greatest in the digital and services spaces, where stakes are high and there is significant need for greater cooperation to capitalize and benefit from our many shared interests. The U.S. and Korea enjoy the strategic benefit of being home to some of the world’s leading innovators and could capitalize on these shared interests by establishing a formal platform to support both countries’ objectives towards advancing digital and services cooperation, secure ICT supply chains, and harmonize digital governance principals and regulations. This would enable both U.S. and Korean companies to invest in each other’s ICT supply chains without discriminatory or unnecessary market access barriers, including regulations and practices that are unique to Korea and stray from international norms. This cooperation would also align with the administration’s goals of partnering with allies to advance U.S. technology and digital services leadership and preserve an open, free, unfragmented, and digital trade environment that will support American values and workers. It will put down a marker in the bilateral relationship that this administration is committed to joint leadership in the region and will respond to actions that may undermine this commitment.

We also believe that a mechanism to implement summit outcomes could drive further progress. To this end, we propose that the U.S. government consider establishing a senior-level dialogue on digital and services cooperation to inform an all of government approach to the issues that both countries face. This dialogue should also include ICT products issues. Periodic high-level consultations would present a practical venue to collaborate in new and rapidly evolving areas such as regulatory harmonization, acceptance of international standards, data flows, supply chains, cybersecurity, privacy, AI, global connectivity, and digital trade - while deepening commercial cooperation. This could also provide a gateway to engage in the Indo-Pacific region through a potential digital trade agreement that weaves together existing pacts, such as the Australia-Singapore Digital Economy Agreement, tackles matters related to emerging technologies, and delivers benefits to U.S. workers.

U.S. companies remain committed to making substantial investments, enhancing innovation, spurring job creation, and bringing the best products and services to consumers in the South Korean market. We are also excited at the prospect of cooperating with South Korea on important initiatives, such as green growth, climate change, and scientific research and cooperation.

We look forward to working with your administration to continue building on the successful relationship with Korea through increased predictability, transparency and greater alignment and coherence on a range of regulatory issues and practices. We greatly appreciate the attention given to our concerns and recommendations, and we look forward to future engagement and progress on this front.

