



September 10, 2021

The Honorable Katherine Tai  
 U.S. Trade Representative  
 Office of the U.S. Trade Representative  
 600 17<sup>th</sup> St. NW  
 Washington, DC 20508

Dear Ambassador Tai,

Our associations represent a broad cross-section of the American economy, including companies both large and small across a range of sectors in every state. Our members rely on digital and internet-enabled services and technologies to facilitate daily operations, innovate, and create jobs for U.S. workers – strengthening the domestic economy and enhancing U.S. competitiveness around the globe. We write to encourage your leadership in driving the development of digital trade rules in the Indo-Pacific. These rules will benefit U.S. companies and workers by fostering a free and open internet, promoting inclusive trade, opening new market opportunities, and addressing discriminatory and protectionist digital trade restrictions.

The COVID-19 pandemic has spurred the digitalization of economies and opened new opportunities for digital trade. One in three small and medium-sized enterprises (SMEs) [reports](#) that their business would not have survived the pandemic without digital tools, and access to data and cross-border connectivity has become a key factor in the ability of companies across all sectors to compete globally. Nowhere has digital transformation been more rapid than the Indo-Pacific region. The majority of internet users today are in the Indo-Pacific region, and that number is [expected](#) to increase to 3.1 billion by 2023. This presents tremendous market opportunities for U.S. companies to scale and expand abroad, creating more employment at home and strengthening U.S. competitiveness.

The United States is a leader in the development and deployment of digital technologies that support a large and growing segment of American exports, jobs, and economic growth. The U.S. has also long been a leader in advancing ambitious international rules on digital trade. Provisions found in the U.S.-Mexico-Canada Agreement (USMCA) and the U.S.-Japan Digital Trade Agreement set a high standard for digital economy rules in trade agreements. In recent years, some of the United States' closest trading partners in the Indo-Pacific have sought to expand digital trade rules to serve their domestic communities and to increase their global

competitiveness. For example, both the Digital Economy Agreement (DEA) between Singapore and Australia, and the Digital Economy Partnership Agreement (DEPA) among Singapore, New Zealand, and Chile, include new provisions on digital inclusion, capacity building, and SMEs. The DEA and DEPA also create formalized and regular structures for stakeholder engagement to promote the benefits of the digital economy broadly and equitably.

Despite these efforts, restrictions on digital trade have been growing. A [recent study](#) by the Information Technology and Innovation Foundation found that data localization requirements around the world more than doubled over the last four years. This is a worrying trend toward digital protectionism that affects the ability of U.S. companies to compete across borders and create jobs at home. This trend impacts SMEs disproportionately as they often lack the resources and scale to adapt to data localization requirements and other restrictions.

Moreover, some governments are pushing for digital trade policy approaches that greenlight and enable digital protectionism or authoritarianism. For example, the Regional Comprehensive Economic Partnership (RCEP) has been promoted by China as an alternative approach to the model digital trade rules and norms advanced by the United States and its regional allies over the past two decades. While RCEP contains an e-commerce chapter, it is excluded from dispute settlement and rests on self-judging exceptions that will frustrate any efforts to hold China or other countries accountable for protectionist, authoritarian, or predatory digital policies.

While we are encouraged by the Biden-Harris administration's engagement in the region to date, including the Vice President's recent travel to Southeast Asia, the increasing frequency of data-restrictive practices and digital protectionist measures around the world requires that the United States play a more active role in the establishment of global norms governing digital trade. Developing inclusive digital trade rules with trusted partners in the Indo-Pacific, whether by leading in the development of a new plurilateral agreement or pursuing the expansion of existing agreements, should be a critical element within a broader U.S. trade agenda to counter protectionist digital economy trends, safeguard the interests of U.S. workers, and bolster U.S. political, strategic, and economic equities and opportunities in the region. We therefore respectfully urge you to prioritize engagement with Indo-Pacific economies to advance such rules and re-assert U.S. leadership on trade policy in this strategically important region.

We greatly appreciate your consideration and stand ready to assist in any way possible.

Sincerely,

ACT | The App Association  
AdvaMed  
BSA | The Software Alliance  
Coalition of Services Industries (CSI)  
Computer & Communications Industry Association (CCIA)  
Consumer Technology Association (CTA)  
Engine  
The Express Association of America (EAA)  
Information Technology Industry Council (ITI)

Internet Association (IA)  
National Association of Manufacturers (NAM)  
National Foreign Trade Council (NFTC)  
National Retail Federation (NRF)  
Semiconductor Industry Association (SIA)  
Software & Information Industry Association (SIIA)  
TechNet  
U.S. Chamber of Commerce  
U.S. Council for International Business (USCIB)