

December 7, 2022

The Honorable Gina Raimondo
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Ave. NW
Washington, DC 20520

The Honorable Katherine Tai
United States Trade Representative
Executive Office of the President
600 17th St. NW
Washington, DC 20508

Dear Secretary Raimondo and Ambassador Tai:

On behalf of the undersigned organizations, we welcome the Biden Administration's commitment to promote free, fair, and inclusive trade and investment through the Indo-Pacific Economic Framework (IPEF). We agree that strengthening trade, investment, and economic ties with the region offers broad and substantial benefits to all Americans and to U.S. national security interests. In particular, we urge you to include in the IPEF strong, binding digital trade rules, without which its promise for U.S. workers and companies will be greatly diminished.

The case for enhanced U.S. engagement with the Indo-Pacific region is strong. With 1.5 billion people in the region projected to join the middle class this decade, the market presents significant opportunities for American goods and services. The Indo-Pacific already accounts for \$1.75 trillion in trade with the United States and for 30% of U.S. goods and services exports, supporting millions of American jobs.

Securing an ambitious IPEF would put the United States back on the economic and diplomatic playing field in the region. Our trading partners are not waiting on U.S. participation to advance initiatives that will define the rules of the road for digital trade. They have moved ahead with the Regional Comprehensive Economic Partnership (RCEP), the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), and the Digital Economy Partnership Agreement. China was a leader in creating the first of these and is seeking to join the other two. The United States needs a bold response.

While our organizations have urged you to pursue strong provisions in a number of areas, securing high-standard digital trade rules in the IPEF is among the highest priorities. Such rules can help American workers and companies seize the benefits of international trade in novel ways:

- Digital trade is opening markets to American small businesses, whose reach abroad is growing dramatically thanks to e-commerce platforms and digital advertising tools that allow them to find new customers; payment systems that ensure quick, economical, and safe transactions; cloud companies that allow small businesses to operate with the sophistication of a major multinational business; and shipping, customs clearance, and fulfillment providers that

enable them to send products across the region. Innovative devices designed and produced in the United States, including by small businesses, enable the delivery of these services. A recent Global Innovation Forum [survey](#) of small businesses in the region revealed that strong digital trade commitments in the IPEF would support an increase in export sales of as much as 35% and a rise in U.S. economic output of \$72 billion.

- Digital trade is enabling businesses of all sectors to compete more effectively on the global stage—from manufacturers to medicine developers, from farmers to financial services firms—as they incorporate digital tools and cross-border data flows to develop new products and innovations, provide value-added services to their customers, and run efficient and resilient global businesses.
- Digital trade is fueling a boom in U.S. services exports, allowing continued expansion during the pandemic. About two-thirds of all professional and business services can be exported today. These growing sectors provide excellent jobs to well over 20 million Americans, and yet they are just beginning to seize the export opportunities digital trade now offers.

Unfortunately, rising digital protectionism abroad threatens to cut U.S. businesses off from these burgeoning opportunities. Scores of countries have imposed data localization measures, cross-border data flow restrictions, and other trade and regulatory barriers that threaten this growth. A July 2021 [study](#) by the Information Technology & Innovation Foundation found that “the number of data-localization measures in force around the world has more than doubled in four years. In 2017, 35 countries had implemented 67 such barriers. Now, 62 countries have imposed 144 restrictions—and dozens more are under consideration.”

A strong digital trade chapter in the IPEF can counter this trend. The excellent digital trade chapter in the U.S.-Mexico-Canada Agreement and the U.S.-Japan Digital Trade Agreement are models that should serve as a floor for the IPEF, and negotiators should draw on other innovative digital provisions developed by like-minded trading partners in the region. The IPEF’s digital trade provisions should include a ban on forced localization of data, guarantees that firms will be able to move data across borders, a prohibition on government requirements to access source code and algorithms, a commitment to provide non-discriminatory treatment for digital products, and a prohibition on parties imposing customs duties on electronic transmissions. These disciplines should apply to all sectors, without exception, including all services and financial services sectors, and they should be binding and enforceable.

The digital transformation of commerce necessitates better data governance and digital policies across the Indo-Pacific region consistent with our values and with trade principles such as non-discrimination, interoperability and least-trade-restrictive regulation, and due process and the rule of law. A successful IPEF initiative

would set new digital governance rules and digital policies that foster innovation, facilitate digital trade, enable fair and non-discriminatory regulation, enhance transparency, advance cooperation on cybersecurity and emerging technologies such as AI, foster deployment of secure and trusted next-generation networks, support digital inclusion, and promote digital enablement and skilling in the United States and across the Indo-Pacific.

Given the broad bipartisan, bicameral, and stakeholder support for U.S. leadership in the Indo-Pacific, we urge the Administration to move quickly and resolutely to advance an ambitious IPEF that includes strong digital trade provisions. The business community stands ready to partner with the Administration, Congress, and our trading partners to make sure the IPEF succeeds.

Sincerely,

ACT | The App Association
Advanced Medical Technology Association (AdvaMed)
American Council of Life Insurers
Autos Drive America
Biotechnology Innovation Organization (BIO)
BSA | The Software Alliance
Coalition of Services Industries
Computer & Communications Industry Association (CCIA)
Consumer Technology Association
Corn Refiners Association
Information Technology Industry Council
National Association of Manufacturers
National Foreign Trade Council
National Retail Federation
Pharmaceutical Research and Manufacturers of America
Software & Information Industry Association (SIIA)
The Global Data Alliance
United States Council for International Business
US-ASEAN Business Council
U.S. Chamber of Commerce

cc: Jake Sullivan, National Security Advisor
Brian Deese, Director of the National Economic Council
The Honorable Antony Blinken, Secretary of State
The Honorable Tom Vilsack, Secretary of Agriculture