

July 25, 2025

Minister Yeo Han-koo
Minister of Trade, Industry and Energy
Government Complex-Sejong, 94 Dasom2-ro,
Sejong-si 30103
Republic of Korea

Dear Minister Yeo Han-koo:

ACT | The App Association appreciates your efforts to support Korean small business innovation and job creation through timely and ongoing negotiations with United States. A strong and fair digital trade framework is vital to the success of Korean small businesses innovating across consumer and enterprise markets, who need your support for their continued investment, growth, and job creation across the Republic of Korea (RoK). We recognize the importance of your ongoing negotiations with the United States to achieve a reciprocal trade agreement.

The App Association represents thousands of small business innovators and startups in the software development and high-tech space, located in the RoK and around the globe.¹ As the world has embraced mobile technologies, our members create the innovative products and services that drive the global digital economy by improving workplace productivity, accelerating academic achievement, and helping people lead more efficient and healthier lives. Today, the app economy is worth approximately KRW 8.2 trillion annually and supports countless Korean jobs.

We are encouraged by your commitment to opening markets for Korean businesses and are optimistic that the ongoing negotiations with the United States will lead to a deeper alignment on digital economy priorities. As you negotiate with the United States and seek ways to support Korean small business innovators through digital trade policies and eliminating non-tariff barriers to trade and otherwise support Korean economic and national security through a bilateral trade agreement with the United States, we strongly encourage you to address proposed Korean legislation related to digital platform markets, including the Platform Competition Promotion Act (PMA) and Fairness in Online Platform Intermediated Transactions Act (Fairness Act), that are starkly misaligned with both pro-innovation policy and the United States' established policy.

Today's leading curated online marketplaces (COMs) enable small businesses to fairly and securely access broader markets at lower costs and with greater efficiency. Over the last several years, however, the RoK has advanced a series of legislative proposals to reshape Korean competition law and its application to COMs that are foundational to our community of software developers as well as the countless consumers that depend on them. Notably, the PMA and related initiatives, heavily influenced by the European Union's Digital Markets Act (DMA), would adopt an ex-ante regulatory approach that would stifle the very dynamism that has propelled

¹ ACT | The App Association, *About*, available at <http://actonline.org/about>.

Korea's digital economy forward. By mirroring the DMA's rigid regulatory model, Korean digital platform regulatory proposals fail to account for the pro-competitive benefits of platform-driven innovation—ultimately risk undermining consumer welfare in a fast-evolving digital marketplace. While these Korean initiatives allude to fostering innovation and curbing anti-competitive behaviors such as self-preferencing by so-called market-dominant players, such interventions would, in practice, produce the opposite effect because they would undermine the functions small developers rely on to build and establish trust.

While Korea's legislature has seemingly decided to at least postpone its PMA proposals, it has more recently advanced the Fairness Act as a supposedly acceptable alternative. This proposal would target leading platforms based on an unfounded presumption that they abuse business users, empowering the Korea Fair Trade Commission (KFTC) to intervene into competitive digital markets based on vague criteria prone to selective enforcement. Using arbitrary financial thresholds, the Fairness Act would effectively shift KFTC's mandate to managing market outcomes (very similar to the EU's Digital Markets Act); much like the PMA, the Fairness Act would upend today's hyper-competitive app economy, raising costs and reducing operational flexibility for platforms. Ultimately, those costs will be passed on to the App Association's small business innovator members, who will also find the key utilities they rely on in COMs—vetting for data stewardship and privacy, cybersecurity risk mitigation, intellectual property dispute resolution, and disability access functionality support, among others—either greatly reduced in their effectiveness or eliminated entirely.

We urge the RoK to reevaluate its apparent intent to specifically target U.S. companies by restricting their operations, giving rise to fairness and due process concerns. As proposed, the RoK's PMA and Fairness Act would empower the KFTC to use subjective criteria to prohibit U.S. companies from engaging in normal and beneficial business practices on their platforms.² We also note recent U.S. Congressional efforts to combat discriminatory digital economy policies in Korea through measures such as the U.S.-Republic of Korea Digital Trade Enforcement Act.³

The Republic of Korea's apparent commitment to interventions into the digital economy that App Association members rely on would exacerbate the divergence between the United States and the RoK with respect to regulation and competition, straining the overall United States-Korean alliance. Given the historically strong trade ties between Korea and the United States, the potential of reciprocal actions offers an additional incentive for the RoK to reconsider its approach to digital regulations. The new United States-Korea reciprocal trade agreement can and should eliminate this delta by protecting Korean small businesses in the digital economy that rely on COMs to grow and create more Korean jobs.

² <https://www.chosun.com/english/industry-en/2024/12/19/ZMLPRZXJTBNBJ7NY5PXVVJB4A/>.

³ <https://drive.google.com/file/d/18rfZ74iKJbTa5EgtJZfKJlPxeGTyqB-/view?pli=1>.

We respectfully request your assistance in addressing harmful regulation of COMs, including the PMA and the Fairness Act, as a new reciprocal trade agreement is negotiated. By securing new commitments to non-discrimination, transparency, and adequate notice and consultation to support access and innovation in new and emerging technology markets such as digital platforms, you will address leading non-tariff barriers, support Korean economic security and competitiveness, and champion Korean small business innovation.

Thank you for your consideration of this matter and your continued support of strong trade policies that bolster the success of small business digital economy innovators both in and outside of the RoK. We welcome the opportunity to meet with you to elaborate on our views and to identify further ways we can support your mission.

Sincerely,

A handwritten signature in black ink that reads "Morgan Reed". The signature is fluid and cursive, with the first name "Morgan" and the last name "Reed" clearly distinguishable.

Morgan Reed
President

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