

May 15, 2025

The Honorable Scott Bessent
Secretary
Department of the Treasury
1500 Pennsylvania Avenue Northwest
Washington, District of Columbia 20220

The Honorable Howard Lutnick
Secretary
Department of Commerce
1401 Constitution Ave Northwest
Washington, District of Columbia 20230

The Honorable Jamieson Greer
Ambassador
Office of the U.S. Trade Representative
600 17th Street Northwest
Washington, District of Columbia 20508

Dear Secretary Bessent, Secretary Lutnick, and Ambassador Greer:

ACT | The App Association appreciates the efforts of the Trump-Vance Administration to address trade barriers that limit the access of American businesses to international markets and unfairly undermine their ability to compete. A strong and fair digital trade framework is vital to the success of small American businesses innovating across consumer and enterprise markets, and they need your support for their continued investment, growth, and job creation across the United States. We recognize the importance of your ongoing negotiations with the Republic of Korea (RoK), including during the APEC Ministers Responsible for Trade meeting, to achieve a reciprocal trade agreement with the RoK. To support your efforts, we highlight key non-tariff barriers that should be addressed during these negotiations.

The App Association represents thousands of small business innovators and startups in the software development and high-tech space 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 \$1.8 trillion annually and supports more than 6.1 million American jobs.

We are encouraged by the Trump Administration's commitment to opening markets for U.S. businesses and are optimistic that the ongoing negotiations with Korea will lead to a deeper alignment on digital economy priorities. As you negotiate with Korea and seek ways to support American small business innovators through digital trade policies and eliminating non-tariff barriers to trade, and otherwise support U.S. economic and national security through a bilateral trade agreement with Korea, we call on you to consider proposed RoK mandates for digital platform markets that are misaligned with the Administration's established policy and which are poised to discriminate against U.S. firms in the digital ecosystem.

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

Today's leading curated online marketplaces (COMs), which are American, enable small and medium-sized businesses (SMBs) 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, and the countless consumers that depend on them. Notably, proposed measures such as the Platform Competition Promotion Act (PCPA) and the Online Platform Monopoly Regulation Act (PMRA)—both 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 Korea's digital economy forward. While these initiatives allude to fostering innovation and curbing anti-competitive behaviors such as "self-preferencing" by so-called market-dominant players, these interventionist frameworks would, in practice, produce the opposite effect. 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 the RoK's legislature decided to forego comprehensive ex-ante antitrust reform earlier last year, the ruling People Power Party (PPP) has since introduced partial amendments to the Monopoly Regulation and Fair Trade Act (MRFTA) that would upend today's hyper-competitive app economy, raising costs and reduce 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.

Across each of the RoK's digital platform regulatory proposals, there appears to be an intent to specifically target U.S. companies by restricting their operations, violating basic principles of fairness and due process. We agree with the Administration that the RoK's digital platform legislative proposals would empower the Korea Fair Trade Commission to use "subjective criteria" to prohibit U.S. companies from engaging in normal and beneficial business practices on their platforms.² In addition to these concerns, we call for your support of congressional efforts to confront the potential of new discriminatory digital economy policies in the RoK through measures such as the U.S.-Republic of Korea Digital Trade Enforcement Act.³

The RoK's apparent commitment to new interventions into the digital economy that App Association members power indicates a growing delta between it and the United States' approach to regulation and competition, potentially straining the overall U.S.-South Korean alliance. Given the historically strong trade ties between the RoK and the United States, the potential of reciprocal actions offers an additional incentive for South Korea to reconsider its approach to digital regulations. The new U.S.-RoK reciprocal trade agreement can and should eliminate this delta by protecting American digital economy SMBs that rely on COMs to grow and create more American jobs.

² <https://www.chosun.com/english/industry-en/2024/12/19/ZMLPRZXJTBNBJ7NY5PXVVJBH4A/>.

³ <https://drive.google.com/file/d/18rfZ74iKJbTa5EgtJZfKJJlpXeGTyqB-/view?pli=1>.

We therefore request your assistance in addressing the harmful proposed ex-ante regulation of COMs by the RoK 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 non-tariff barriers identified in the latest National Trade Estimate, support U.S. economic security and competitiveness, and champion American SMB innovation.

Thank you for your consideration of this matter and your continued support of strong trade policies that bolster the success of American small businesses. 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

ACT | The App Association
1401 K St NW (Ste 501)
Washington, DC 20005