

May 19, 2025

H.E. Ahn Dukgeun
Minister of Trade, Industry and Energy
402 Hannuri-daero
Sejong-si
Republic of Korea

Dear Minister Dukgeun:

ACT | The App Association appreciates the Republic of Korea's efforts to empower Korean innovators by facilitating their access to international markets and supporting their ability to compete. A strong and fair digital trade framework is vital to the success of small Korean businesses innovating across consumer and enterprise markets, and they need your support for their continued investment, growth, and job creation across the Republic of Korea. We recognize the importance of your ongoing negotiations with the United States (U.S.), including during the APEC Ministers Responsible for Trade meeting, to achieve a reciprocal trade agreement with the U.S.. 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 KRW 10928 trillion annually and supports more than 516,000 Korean jobs.

We are encouraged by Republic of Korea's commitment to opening markets for Korean businesses and are optimistic that the ongoing negotiations with the U.S. will lead to a deeper alignment on digital economy priorities. As you negotiate with the U.S. 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 U.S., we call on the Republic of Korea to reconsider proposed RoK mandates for discriminatory digital platform markets that are misaligned with its goals of enhancing investment and innovation in Korea, the Trump Administration's established policy, and commitments the Republic of Korea has very recently made during the APEC Ministers Responsible for Trade Meeting.

Today's leading curated online marketplaces (COMs) enable micro, small, and medium-sized businesses (MSMEs) to fairly and securely access broader markets at lower costs and with greater efficiency. We initially emphasize that it is vital that the Republic of Korea ensure fair treatment of COMs under existing competition mechanisms as a measure of supporting trade. This includes avoiding regulatory practices such as excessive investigations and inquiries targeting a broad range

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

of U.S. companies including COMs that unfortunately have become commonplace under the Korean Fair Trade Commission. At the same time, it is important that the Korean government refrain from advancing new policies that could further impact the ability of COMs to compete on a level playing field. Over the last several years, however, the Republic of Korea 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 regulatory model, Korean digital platform regulatory proposals fail to account for the pro-competitive benefits of platform-driven innovation—ultimately risk undermining Korean 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.

Continuing to pursue inappropriate platform regulatory proposals place the Republic of Korea at a significant disadvantage in its ongoing negotiations. The Trump Administration has made its opposition clear with respect to digital platform regulatory proposals that appear to specifically target U.S. companies by restricting their operations and effectively prohibit U.S. companies from engaging in normal and beneficial business practices on their platforms.² Further, legislation has been introduced in the U.S. Congress to confront the potential of new discriminatory digital economy policies in the Republic of Korea through measures such as the U.S.-Republic of Korea Digital Trade Enforcement Act.³

Even further, continued pursuit of digital platform regulation in the Republic of Korea runs counter to commitments very recently made within APEC to “ensuring that the benefits of digital transformation are accessible to all including by bridging digital divides and creating a safer digital ecosystem.”⁴ Enacting new digital platform competition regulations, particularly when existing Korean competition law is positioned to address demonstrated competition concerns and harms, would undermine the Work Program for the Implementation of the APEC Internet and Digital Economy Roadmap (AIDER), most notably its goal strengthening business and consumer trust in digital transactions.

² <https://www.chosun.com/english/industry-en/2024/12/19/ZMLPRZXJTBNJ7NY5PXVVJBNH4A/>.

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

⁴ <https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/trade/2025-apec-ministers-responsible-for-trade-joint-statement>.

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

We therefore urge you to (1) work with counterparts across the government of the Republic of Korea to resist calls to enact harmful proposed ex-ante regulation of COMs; and (2) in negotiations with the U.S., support access and innovation in new and emerging technology markets, such as digital platforms, by securing commitments to non-discrimination, transparency, and adequate notice and consultation. Taking such steps would represent significant steps forward in supporting Korean startups and MSMEs, and in supporting Korean economic security and competitiveness, while also demonstrating global leadership in setting pro-innovation policy.

Thank you for your consideration of this matter and your continued support of strong trade policies that bolster the success of Korean MSMEs. 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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