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Digital Economy Division
Ministry of International Trade and Industry
Federation of Malaysia

Cross-Border Exchange of Information Among Indo-Pacific Allies under the IPEF

The Global Data Alliance ([GDA](#))¹ respectfully offers the following comments in relation to negotiations under the Indo-Pacific Economic Framework (IPEF) in 2024 and 2025. We applaud the substantial conclusion of negotiations relating to the [Supply Chain](#) (Pillar II), [Clean Economy](#) (Pillar III) and the [Fair Economy](#) (Pillar IV).

As regards Pillar I, we call for a renewed commitment to the IPEF [Ministerial Statement](#) commitment to “enhance access to online information and use of the Internet; facilitate digital trade; address discriminatory practices,” and “work to promote and support... trusted and secure cross-border data flows.”

The exchange of knowledge, ideas, and information within the IPEF supports: (1) strategic and economic alignment among Indo-Pacific allies; (2) the success of other IPEF pillars and other government policy goals, (3) our collective national security; and (4) economic opportunity.

First, the IPEF will only succeed if IPEF partners trust one another and work together. This requires – among other things – a posture of openness and a willingness not to impose cross-border data restrictions on one another for arbitrary, discriminatory, disguised, or unnecessary reasons. To permit IPEF Parties to impose such restrictions on one another is antithetical to the very notion of an international agreement among allies.

Second, to fulfill the promise of Pillars II – IV, it is important that all IPEF partners make baseline commitments not to unreasonably restrict each other’s access to information necessary to address [supply chain](#), [climate](#), [anti-corruption](#), [labor](#), and [mutual legal assistance](#) goals. More broadly, such cross-border data restrictions also undermine other policies, since such restrictions will hurt [developing countries](#) and [small businesses](#); impede [financial equity and inclusion](#); undermine [national security](#) and [cybersecurity](#); threaten [human rights](#); slow [science and innovation](#); and impair various [health and safety](#), [environmental](#), and other [regulatory compliance](#) priorities.

Third, it is in the collective national security interests of IPEF allies to agree on cross-border data norms. Failure to agree brings significant risk: If like-minded partners do not set such rules amongst themselves, then adversarial nations will fill the vacuum. Those governments will be free to replace norms that reflect shared interests, shared values, and shared legal traditions with new norms that don’t.

Finally, permitting IPEF partners to impose arbitrary, discriminatory, disguised, or unnecessary cross-border data restrictions on one another jeopardizes jobs and economic opportunity across all IPEF economies. Such restrictions harm GDP ([minus 0.7-1.7%](#)); investment flows ([minus 4%](#)); productivity ([4.5% loss](#)); and small business ([up to 80% higher trade costs](#)). As the [World Bank](#) has noted, “[r]estrictions on data flows have large negative consequences on the productivity of local companies.” As the [United Nations](#) has stated, “regulatory fragmentation in the digital landscape...is most likely to adversely impact low-income countries, less well-off individuals, and marginalized communities the world over, as well as worsen structural discrimination against women. A future of exclusionary digital development must be avoided at all costs.”

To avoid such a future, it is instructive to review the dozen digital economy frameworks already agreed by some 40 democratic allies.² These existing frameworks support more predictable information sharing among allies, and they all contain safeguards to promote democratic norms of due process and governmental accountability.

In contrast, an unsuitable model for the IPEF would be the China-led Regional Comprehensive Economic Partnership (RCEP). The [RCEP](#) adopts a self-judging, “[anything goes](#)” approach to governmental conduct in the digital environment. More specifically, the RCEP effectively gives license for Parties to the Agreement to impose arbitrary, discriminatory, disguised, or unnecessary cross-border data restrictions on other Parties. To adopt similar positions – whether in the name of “[policy space](#)” or for other reasons – would create an appearance of [alignment](#) with the digital authoritarian policies that the IPEF was intended to counter.

We urge you to advance an IPEF that is built on trust amongst allies and on “[the rule of law and accountable democratic governance](#).” To that end, we urge you to fulfill the [shared promises](#) that all IPEF partners made to their populations to “enhance access to online information and use of the Internet; facilitate digital trade; address discriminatory practices,” and “work to promote and support... trusted and secure cross-border data flows.” These outcomes are central to the success of the IPEF and the promotion of an Indo-Pacific that is ‘[open, connected, prosperous, resilient, and secure](#).’

¹ The GDA is a cross-industry coalition of companies that are committed to high standards of data responsibility and that rely on the ability to access and transfer information across borders to innovate and create jobs. GDA member companies are active in many sectors of the economy and support tens of millions of jobs across the IPEF region. GDA member companies are active in the accounting, agriculture, automotive, aerospace and aviation, biopharmaceutical, consumer goods, energy, film and television, finance, healthcare, hospitality, insurance, manufacturing, medical device, natural resources, publishing, semiconductor, software, supply chain, telecommunications, and transportation sectors. For more information, see <https://www.globaldataalliance.org>

² These include the cross-border data and localization provisions found in principles of governmental accountability and good governance are reflected in provisions found in the [Digital Economy Partnership Agreement](#) (DEPA), [Australia-Singapore Digital Economy Agreement](#) (DEA), [Australia-UK Free Trade Agreement](#) (FTA), [Japan-EU Economic Partnership Agreement](#) (EPA), [Japan-UK EPA](#), [Japan-US Digital Trade Agreement](#) (DTA), [Korea-Singapore DPA](#), [UK-NZ FTA](#), [UK-Singapore DEA](#), the [UK-Ukraine DTA](#), as well as the [USMCA](#), [CPTPP](#), and the GDA’s [model digital trade provisions](#). While all of these agreements are useful model frameworks, we note that some should be updated in key respects (e.g., the cross-border data and localization obligations in the CPTPP and DEPA should be extended to financial services).