

# United States Senate

WASHINGTON, DC 20510

May 19, 2022

The Honorable Joseph R. Biden, Jr.  
President of the United States  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

Dear President Biden:

We write to urge you to pursue a more robust economic and trade agenda in the Indo-Pacific. As you head to the region, your engagements provide a key opportunity to show the entire region that the U.S. Indo-Pacific Strategy prioritizes economic and commercial engagement. Tightening our linkages with growing Indo-Pacific economies is crucial to growth at home, including our supply chain resiliency, prosperity in the region, and the advancement of shared interests.

The United States – led by our entrepreneurial private sector – is deeply engaged in Indo-Pacific economies already. For instance, the combined nations of ASEAN constitute together the 4th largest market for U.S. exports, supporting 625,000 jobs, and U.S. companies' investment position in ASEAN is \$338 billion. U.S. companies create jobs both in the Indo-Pacific and here at home, engage in important assistance efforts, advance corporate social responsibility programs, and much more.

U.S. economic engagement is sometimes underappreciated, particularly given China's efforts to portray itself as the Indo-Pacific's main and sometimes exclusive economic partner. China's predatory investment in the region is indeed extremely concerning. However, it's important to remember that Japan, the United States, and the European Union still invest far more in ASEAN than China does. And that the United States has \$832 million in two-way trade with Pacific Island countries, on top of Australia and New Zealand's close ties.

Yet, U.S. administrations of both parties could do much better in pursuing a consistent and robust Indo-Pacific agenda on trade and economic issues. For example, the administration must not decline to pursue additional market access within the Indo-Pacific Economic Framework (IPEF). Robust trade agreements constitute the foundational architecture of Indo-Pacific regional economic cooperation. We suggest the administration pursue an ambitious IPEF carefully constructed to build on the gains already made and further anchor U.S. competitiveness in the region. Our allies and partners have already expressed concerns regarding a lack of a compelling U.S.-led economic agenda in the recently released Indo-Pacific strategy. Relatedly, it is important that the budget reflect the need for greater economic engagement.

We respectfully suggest the coming year offers numerous opportunities to demonstrate your plans for real and concrete economic engagement in the Indo-Pacific. In that spirit, we offer the

following recommendations and request a consultation between our offices and the executive branch on the extent to which the administration is developing plans to implement these steps.

- **Pursue trade initiatives, including strong trade agreements.** Deepening our trade relations through meaningful agreements is an economic and strategic imperative, and what all our partners are seeking from the United States. Engagement on the trade front will provide tangible incentives to our partners to work with us on other key areas, including those described in IPEF. Countries will be less willing to support us on strengthening market rules governing international trade if we do not include meaningful market access. For greater flexibility there may be merit in pursuing bilateral trade agreements. However, without U.S. participation in the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) or some other regional trade alternative, our allies in the region will not be able to hold off China's bid to join CPTPP in the longer-term. A CPTPP with China and without the United States would constitute a massive policy failure with consequences for decades to come.
- **Grow economic assistance initiatives in Southeast Asia, South Asia, and the Pacific Islands.** Key areas for technical assistance should include improving revenue collection, streamlining customs transparency and efficiency, and addressing income leakage; improving regulatory management; improving procurement processes, including facilitating transparency in tendering, bidding, and contract negotiation; bolstering budget management and oversight; and strengthening management of important economic sectors, especially energy, digital economy, and infrastructure.
- **Announce concrete initiatives and incentives on supply chains.** Congress and the executive branch should work together on providing real incentives to U.S. companies to diversify critical supply chains, particularly with partner countries in Southeast Asia. We should also collaborate with partner governments to improve efficiency of their supply chains in areas like healthcare and technology, and improve supply chain resilience through capacity building in our trading partners' economies.
- **Increase cooperation with Japan, the Republic of Korea, Australia, the United Kingdom, and Europe on collaborative investments in strategic projects across the region.** The United States and allies and partners have enjoyed some successes in cooperating on investment projects, such as the construction of an undersea cable to Palau and investments in the electrification of Papua New Guinea. It is critical that we grow these efforts further. In pursuing cooperation with these countries, we should consider partnerships that also include key companies and enterprises in recipient countries. Working together in these markets is also an opportunity to demonstrate our commitment to advancing economic engagement with partners for whom challenges related to enforcement, labor and environment are not as pronounced.
- **Advance an energy strategy that fits the energy and economic needs of Indo-Pacific partners and U.S. producers and manufacturers.** The United States needs to support and collaborate with the Indo-Pacific region on all types of clean energy. We should

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advocate an all of the above energy policy, maximizing engagement and exports of American energy solutions that take into account each country's current energy needs.

The growing trade architecture in the Indo-Pacific region and partner interest in expanding economic ties all provide tremendous opportunities for the United States. We must seize them with ambition and vision, and quickly.

We appreciate your attention to this important matter, and we look forward to a consultation with you on the recommendations outlined above.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. E. Risch".

JAMES E. RISCH  
Ranking Member  
Senate Committee on Foreign Relations

A handwritten signature in blue ink, appearing to read "Maria Cantwell".

MARIA CANTWELL  
Chair  
Senate Committee on Commerce,  
Science, and Transportation