

Center for Strategic and International Studies

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“Fireside Chat with Pamela Phan”

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FEATURING
Pamela Phan
Deputy Assistant Secretary for Asia, U.S. Department of Commerce

MODERATOR
Ambassador Ted Osius
President and CEO, US-ASEAN Business Council

Transcript By
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Ted Osius: Good morning. Good morning, everybody, once again. And good morning to those who are – or good evening, or whatever time of day it is, to those who are online.

It's a great pleasure to be able to sit down with Pamela Phan, someone whom I've gotten to know over the last few months, who's the Commerce Department's Deputy Assistant Secretary for Asia. She is doing a hard thing, which is stepping in for the boss at the last minute. And we're really grateful, truly grateful, that you would do that.

She's responsible for developing programs, policies, and strategies at Commerce to strengthen the U.S. commercial position in Asia. She's a career civil servant who spent nearly a decade at the Department of State before joining Commerce. And in her current role, Pamela oversees over 200 employees across 16 markets in Asia and in Washington, D.C., promoting U.S. exports, especially among small and medium-sized enterprises, advancing and protecting U.S. commercial interests overseas, and attracting inward investments into the United States. And I love it that she taught law, not only at Stanford Law School but also at Georgetown Law School. So you know we're dealing with a formidable intellect.

Please join me in welcoming Pamela Phan. (Applause.)

So if it's OK with you, I'll jump right in –

Pamela Phan: Yeah.

Amb. Osius: – with some questions.

Ms. Phan: That sounds great. And, you know, the secretary sends her regrets. She really wanted to participate this morning. She recognizes how important this conversation is. And so, you know, we made it a priority to be here and to provide the Commerce perspective.

Amb. Osius: Thank you. I think it's really important. We've heard from Ambassador Bianchi. We've heard from the White House. We've heard from State. It's really important to hear the Commerce perspective. And thank you for bringing it.

Ms. Phan: Yeah.

Amb. Osius: The secretary had a, I think, phenomenally successful trip to Asia in November. She went to Japan, Singapore, and Malaysia. We just had a very good visit with Minister – Prime Minister Lee of Singapore this past week.

When you look at these – that trip and this recent visit, what are your top takeaways? What do you see as the biggest successes?

Ms. Phan:

Sure. It has been gangbusters for us since November of last year, when she traveled out there. I actually arrived at Commerce the week after her trip. It was a very productive trip. And what was important, you know, were conversations that she had that really focused on ASEAN's centrality and the importance of reengaging in the region, but specifically reengaging with the ASEAN countries as well.

You know, we have been planning for a U.S.-ASEAN special summit. And that is still very much in the works and something that we're hoping will be on the calendar in another couple of months. But that is – that's going to be a key piece to advancing that relationship.

You know, she had some good conversations when she was out there. She was not only in Malaysia and Singapore and Japan, but she had the opportunity to meet with counterparts in Australia and New Zealand in Singapore when she was there. And there was a lot of discussion about how we can all work together to overcome the COVID-19 pandemic and to address a whole set of global economic challenges that are facing the world today.

That trip allowed her to talk to her counterparts about the president's Indo-Pacific economic framework. And so it was an opportunity to sit down and to engage with, you know, the counterparts from all five countries on that and on what we are envisioning, I think, at the Bloomberg New Economy Forum in Singapore, and then through her initial conversations with counterparts. That's where she was able to get some initial feedback on this concept and the importance of the Indo-Pacific economic framework for centering our relationships in the region.

We also were able to advance our bilateral relationship with Singapore. In October, the secretary had launched with the Singaporeans this new U.S.-Singapore Partnership for Growth and Innovation, or the PGI, as we call it. And so she and Minister Gan have been working very hard on that. And when Prime Minister Lee was in town last week, she participated in that conversation with the president. She also had a bilat with Minister of Trade Gan as well as Minister of Communications and Information Teo about the PGI, and no surprise, we're focusing on a couple key administration priorities in the PGI.

Those include the digital economy, clean energy and environmental technology, advanced manufacturing, health care, and then some cross-cutting issues that includes standards and supply chain resilience.

So we're looking to take forward our work in the PGI now with some concrete work areas, including engaging with the Singaporeans in artificial intelligence standards and governance frameworks. We're also looking at an advanced manufacturing trade mission that will go out to the region and that we'll hit not only Singapore and Indonesia but also Japan in October.

And then, finally, there's quite a bit of discussion through the PGI on cybersecurity best practices and we're engaging with the ASEAN Singapore Cybersecurity Center of Excellence. So a lot going on and a lot coming out of that trip in November.

Amb. Osius: Well, that's terrific. We had a chance to meet with Minister Gan with some of our members last week. He talked about his conversations with Gina. Obviously, he very much values the relationship. The Singaporeans are very serious about moving as quickly as possible in the PGI, and I guess there's an assumption that Singapore will be a central player in the Indo-Pacific economic framework.

But can you tell us a little bit more about what the status is now, what countries you're talking with, what the level of interest is that you're hearing? We heard a little bit about that from Ambassador Bianchi yesterday but we'd love to hear from the Commerce perspective.

Ms. Phan: Sure. You know, those early conversations in November provided an opportunity to engage with a certain subset of countries and so she has been involved in conversations with Singapore, Malaysia, Japan, Australia, and New Zealand from those early days.

This is really going to anchor our economic efforts in the region. It is being seen as a central part, more generally, of our Indo-Pacific strategy and so we're taking it seriously. We recognize how fast growing and how commercially and strategically important the region is. You know, my portfolio spans the continent, basically, from Pakistan in the west all the way over to the Pacific Islands in the east. The only parts that I'm not responsible for are the PRC, Macau, Hong Kong, and Mongolia. But we are engaging broadly across that entire geographic region, and what's important here is to really think about competitiveness in this new age.

You know, as we move forward in this new economy, that competitiveness is really going to be defined by how well all of our economies are going to be able to harness technology and to participate in the digital economy, to adapt to, you know, these coming energy and climate challenges that we're all facing and, really, to do so in a manner that involves broad, inclusive growth. And so we recognize that this is not a conversation that we should be having only with the usual suspects, our like-mindeds, and that it is critical to reach

out, more broadly, in the interest of inclusiveness and the ASEANs are such an important piece of that.

So we've had some conversations with the ASEANs. I think that this is a new, novel concept. It's not your traditional free trade agreement, and so a lot of questions come up about what this looks like then and, you know, what we're striving for here. So there has been a lot of engagement on that front.

We are hopeful that in the next month or so we should be in a position to, potentially, launch and to launch with more than just a handful of countries. The team is working very hard and the secretary herself is personally engaged in regular conversations with counterparts.

Amb. Osius: That's great to hear. I know there's a constant tension between highest possible standards and maximum inclusivity. In that regard, you mentioned the possibility of a summit. Presumably, the summit will be quite inclusive when that happens. Is that an opportunity for you to stress inclusivity?

Ms. Phan: It has been a conversation that we have had with certain ASEAN countries. And, I think, you know, the question – the specific question that has come up is will the special summit be a venue for potentially announcing the launch? You know, right now there are a lot of conversations that are going into that. Obviously, the ASEANs include everybody from Cambodia, which is chairing, to Myanmar, where there are some significant political issues right now. So whether or not we leverage that particular forum and the ASEAN summit, and whether that makes sense given the partners that we are engaging with for the purposes of IPEF, I think that's still very much a topic of conversation. And, you know, there are pros and cons, arguments on either side. But it's something that we've been deliberating on.

Amb. Osius: Well, our two institutions – CSIS and U.S.-ASEAN Business Council – are happy to help when the time comes. We look forward to a date, and we'll do what we can to make sure it's as successful as possible.

Ms. Phan: Yeah. Have no fear. I'm sure we will be in touch. (Laughter.)

Amb. Osius: Good, good. We had a really interesting introduction this morning by Dr. Hamre, the president of CSIS. And he talked about supply chain resilience and the challenges to the supply chain. And that has been a feature of Secretary Raimondo's leadership of Commerce, is that focus on supply chains. So can you tell us a little bit about what Commerce is doing to enhance supply chain resilience with regard to our Asian partners?

Ms. Phan: Thank you for that question. I think it's not just the COVID-19 pandemic. It has also been the events in Ukraine from the past several weeks, month-plus, that have really underscored vulnerabilities that exist in the supply chain.

And, you know, the supply chain in a number of sectors. And so the Commerce Department under the secretary's leadership has been working on supply chain resilience issues for quite some time now. And, you know, there's a lot of analysis, a lot of conversation ongoing internally to try and develop recommendations responsive to the president's executive order on America's supply chains.

And so we've been looking into that. We have been engaging with countries on everything from the supply chain issues in semiconductors, for example, to critical minerals. You know, solar, pharmaceuticals, much in line with what the president has been focusing on in that executive order. Obviously, it's not just the U.S. government and Commerce that has a role to play. This is where it has been critically important for us to talk to industry, to talk to stakeholders, and to talk to these countries about what they're seeing, what the challenges are, and where – you know, where solutions can be found.

And so we're really focusing on trying to strengthen all of those partnerships and to engage with our industry stakeholders, with foreign governments, with other domestic and international partners in this space, for the purposes of building resiliency and also security. I think we have often talked about four key areas that we are focused on when it comes to supply chain resilience. And those areas are transparency, security, diversity, and also sustainability. And so part of the conversation with stakeholders and others is really a conversation about how we can achieve those four things in our supply chain work.

And this has – this has really impacted our bilateral dialogues as well. In many of our key bilateral dialogues in the region we have built in a supply chain resilience component. And so when we sit and we talk about these issues with the Malaysians, for example, we are looking ahead at a potential memorandum of cooperation that will build in work on supply chain resilience. You know, Malaysia's Minister Azmin Ali is coming in May, and we are hopeful that we will have made enough progress so that we can get a memorandum of cooperation on this issue on the table and potentially signed. I make no promises but the team is certainly working hard towards that potential goal.

Amb. Osius: Great. Well, our members are watching that with great interest. We had – Senator Cornyn spoke just a little bit earlier and he kind of brought home the significance when he talked about 60 percent of the world's microprocessors coming from one island and the need to make sure that diversity and resilience are built in to supply chains, not just for chips but for all of the ingredients that are – that industry needs to keep moving forward.

Ms. Phan: Yeah, the secretary had a great conversation last week with the Australians, actually. We held a critical minerals CEO roundtable and while there is a lot

of production and mining that takes place in Australia, a key concern is processing capability, and right now, almost all processing takes place either in the PRC or in Malaysia and, you know, that is a significant vulnerability for everybody, including, you know, end users scattered all across the globe. And so, as she's having these conversations, she recognizes how critical it is to look at the potential opportunities to build out this area and to allow for greater diversification.

Amb. Osius: Great. Thank you.

Climate, another priority for the secretary, for Commerce, for the president. The clean energy transition is underway here, it's underway in Asia. What is it that Commerce is able to do to contribute to loose that, speed it up, speed up that transition?

Ms. Phan: Sure. Well, first and foremost, with the Indo-Pacific Economic Framework, we are looking at conversations about infrastructure, decarbonization, and clean energy, as a key focal area. You know, the more inclusive we can be with IPEF, the more countries in the region we can engage on these issues. They all have very ambitious COP26 aims, commitments, and, you know, figuring out how to leverage that interest and that level of ambition and how to think about potential public-private partnerships, technical assistance, you know, feasibility studies on the ground, areas where we can all come together to really leverage these opportunities for the benefit of these countries is kind of task number one, but we're obviously also doing a lot of thinking with respect to the president's executive order on tackling the climate crisis at home and abroad. And we recognize that in addition to helping combat climate change, there is also the opportunity to create potentially millions of well-paying jobs here in the United States through these efforts, and so, you know, right now there's a lot of discussion, a lot of planning going on internally to figure out how we can best enhance our support for U.S. clean tech exporters.

And you know, there, the dual goals are really to support our trade partners' efforts to meet their greenhouse gas emissions reduction targets but also to promote U.S. exports, the export of goods and services to the region to advance all of these goals. We have several lines of effort that help us carry through on this aim, first and foremost, our trade missions. I'm happy to be able to share that the undersecretary for international trade, Marisa Lago, will be leading a clean energy trade mission to Southeast Asia with stops in Jakarta, Indonesia, as well as Hanoi and Ho Chi Minh City in Vietnam, and then an optional third country in the form of the Philippines. That trade mission is taking place from June 6th through June 13th, I believe it is, and we have a Federal Register notice out that solicits interest from companies that might have goods and services that feed into this. The deadline on that

Federal Register notice is actually today, and so this is timely and a good opportunity for me to mention this to this audience in particular.

We also are, of course, enhancing our outreach to U.S. clean-tech companies and our advocacy for companies that are looking to pursue opportunities abroad in these various countries. We're increasing the role that the International Trade Administration is playing when it comes to establishing clean-tech international standards – standards development and intellectual property protection. And then we're also looking to attract foreign direct investment here in the United States so that we can grow our domestic clean-tech industrial base.

And then, finally, as I mentioned previously, with a lot of our bilateral dialogues and initiatives we're looking to align the conversation in those with these priorities. And so, similar to supply chain resilience being a core focus of a lot of these initiatives, you know, clean energy/decarbonization is a key component of what we're discussing in the bilateral dialogues as well.

We've had great success in fiscal year '22 already. We have seen our stakeholder outreach increase in events to U.S. clean-tech companies. For events that include U.S. clean-tech companies in particular, this is an increase of about 40 percent over our fiscal year '21 numbers. And so we are increasingly active in this space and focused on this space.

And then the last thing I'll say is that we have the National Export Strategy. It has been a number of years since the Commerce Department issued one, but we are looking at that afresh through our Trade Promotion Coordinating Committee, which the secretary chairs. And this year, as we're looking at how to prioritize, you know, clean-tech competitiveness will likely be a critical component of our National Export Strategy. And so in the – in the weeks and months ahead when we're ready to announce that, I think that everyone will be able to see how that's incorporated into the planning. You know, overall, we stand ready to really work with partners in the region to achieve their net-zero goals. And so, as you – as you can tell, there's a lot of thought that's being put into it.

Amb. Osius: That's great. This begs a follow-up question. You mentioned Indonesia, Vietnam, and Philippines as the destination for this upcoming trade mission. Those are three countries where the transition from coal to renewables won't be smooth or will require some interim – some interim steps.

Ms. Phan: Yeah.

Amb. Osius: Is there a role for LNG?

Ms. Phan: That is a good question. You know, we recognize how hard it is to go to net zero without having more of a glide path. And these are conversations that we're having bilaterally. We expect to have these conversations also in the context of our IPEF, our framework discussions.

The administration has been developing for the past year, you know, a strategy for international engagement, and has been talking about what the approach is on LNG. And in certain circumstances where it makes sense, that is a part of the conversation and something that is being considered. But I think, obviously, the goal is still net zero, and where we can push beyond that I think we're trying to do so as well.

Amb. Osius: Great. One more? I have time for one more? OK.

Ms. Phan: (Laughs.)

Amb. Osius: Data flows. A lot of our members in particular are keenly interested in an inclusive and a competitive digital economy where data flows across borders are written into the rules of engagement and the rules of trade. Commerce recently announced the transatlantic data privacy framework when it comes to transferring data to and from the EU. What about facilitating data flows between and with our partners in the Indo-Pacific?

Ms. Phan: Yeah. Absolutely it is – it is a critical issue. It was a critical issue when I was at the State Department and we were negotiating bilateral investment treaties and, you know, the investment chapters of free trade agreements. We recognize that in some of the countries that we're engaging with in the region there is – there are some issues there. There is a premium placed on security and arguments about, you know, privacy that we may not entirely see eye-to-eye on. When it comes to data flows, what's really critical there is trust. And, you know, a key element of trust is how businesses are able to process and, you know, access personal data.

And so I've seen, from India to Vietnam and elsewhere, throughout the Indo-Pacific region, significant variance in the way that these countries are approaching their data policies and their law. And, you know, some countries implementing measures that do restrict the flow of data beyond their borders, and to require localization in the form of physical servers within their borders. And I think one thing that we're trying to think through with these countries is how to develop more innovative structures to allow us to bridge these regulatory differences.

You know, our emphasis has been on how important it is to establish that trust, so that we can ensure competitiveness and transparency and accountability. And so a key initiative of ours has been the expansion of the APEC Cross-Border Privacy Rules system, or CBPR. You know, it's been

originally developed in the APEC context, but what we're really looking towards and what we've been working since 2020 on, together with eight other – the eight other APEC member economies – is how to expand what we're trying to achieve through the CBPR beyond APEC. We are hopeful that in the weeks ahead and later this month, actually, we will be able to get to a public, global CBPR declaration.

And, you know, the goal there is to really ensure that CBPR, that system can really serve as a global privacy mechanism, and that we're able to scale the benefits that we've been able to achieve in APEC more broadly to the benefit of companies and consumers and governments as well. And to really allow for interoperability. So, you know, I am certainly not the expert in this area, but having been a part of conversations about this as we are engaging with IPEF partners what is clear is that, you know, a key feature of the CBPR system is accountability. And what we're looking to achieve is to have companies that are participating – have them have their privacy policies and practices verified by a third party. And so that comes back to the issue of trust.

You know, all of the commitments under the CBPR system, they are going to be made enforceable by government authorities. And, you know, they're going to be supported by a multilateral arrangement to collaborate on enforcement across jurisdictions. And so, you know, the goal here is to promote interoperability. We're not requiring all domestic approaches to be the same, but we are looking at interoperability and establishing at least some privacy baselines, so.

Amb. Osius: Thank you. It's not just the big IT companies and the big financial service companies that have a huge stake in this and setting the rules on data. It's small and medium-sized enterprises. You know, 270,000 of them in the United States. They go online, they'll succeed and recover from the effects of COVID. And then in Southeast Asia, as Karan Bhatia mentioned yesterday, Southeast Asia's headed for a \$1 trillion digital economy by 2030. And the number of, you know, small companies that have come online during COVID, are staying online. Karan mentioned 40 million new internet users in Southeast Asia alone last year. So the opportunities are enormous, and the effects are on the little guy as well as the big guys.

Ms. Phan: Yeah, absolutely. You know, it's been – it's been amazing to see the digital transformation providing opportunities in this pandemic environment in particular. You know, this administration and the secretary are really focused on how we can reach out to and enable greater access for small and medium-size enterprises here in our own country.

And so, you know, again, no surprise that we are using IPEF to focus on the issues that we are focusing on in some of these discussions, especially about

the digital transformation that these countries are seeing, how those benefits can accrue to not just the SMEs but even the microbusinesses. That's been a really fascinating part of the conversation and an important part of the conversation as well.

Amb. Osius: Well, thanks. Please consider us your partners in that endeavor. And I think – yeah, I'm getting the nod.

Ms. Phan: (Laughs.)

Amb. Osius: Thank you so much. Thanks so much for jumping in –

Ms. Phan: Yeah.

Amb. Osius: – with both feet at the last minute. Really grateful to you and hope we can continue the conversation.

Ms. Phan: Well, thank you to you and to USABC and to CSIS for having me here today. You know, it's hard to be a stand in for our secretary. She's such a powerhouse. But I'm glad to be able to delve into some of the substance and, you know, certainly welcome continued cooperation, collaboration, on these important issues.

Amb. Osius: Thanks. Thanks for your leadership. (Applause.)