

International instruments and tools for digital trade

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ASIA-PACIFIC
TRADE AND INVESTMENT REPORT
2023/24

*Unleashing Digital Trade and Investment
for Sustainable Development*



Digital trade?

Cross-border sales of goods and services that are digitally ordered and/or digitally delivered.*

- *Digitally delivered* examples:
 - Hire a medical doctor based abroad to provide online diagnostic services online
 - Subscribe to foreign streaming services (audio or video)
 - *Digitally ordered* example:
 - Order imported home appliances on e-commerce platform
- NOT *digitally ordered or delivered* (NOT digital trade):
- Order goods from abroad through email or social media

Digital trade and investment trends

Digital trade in Asia-Pacific has been growing rapidly, driven by dynamic intraregional demand.

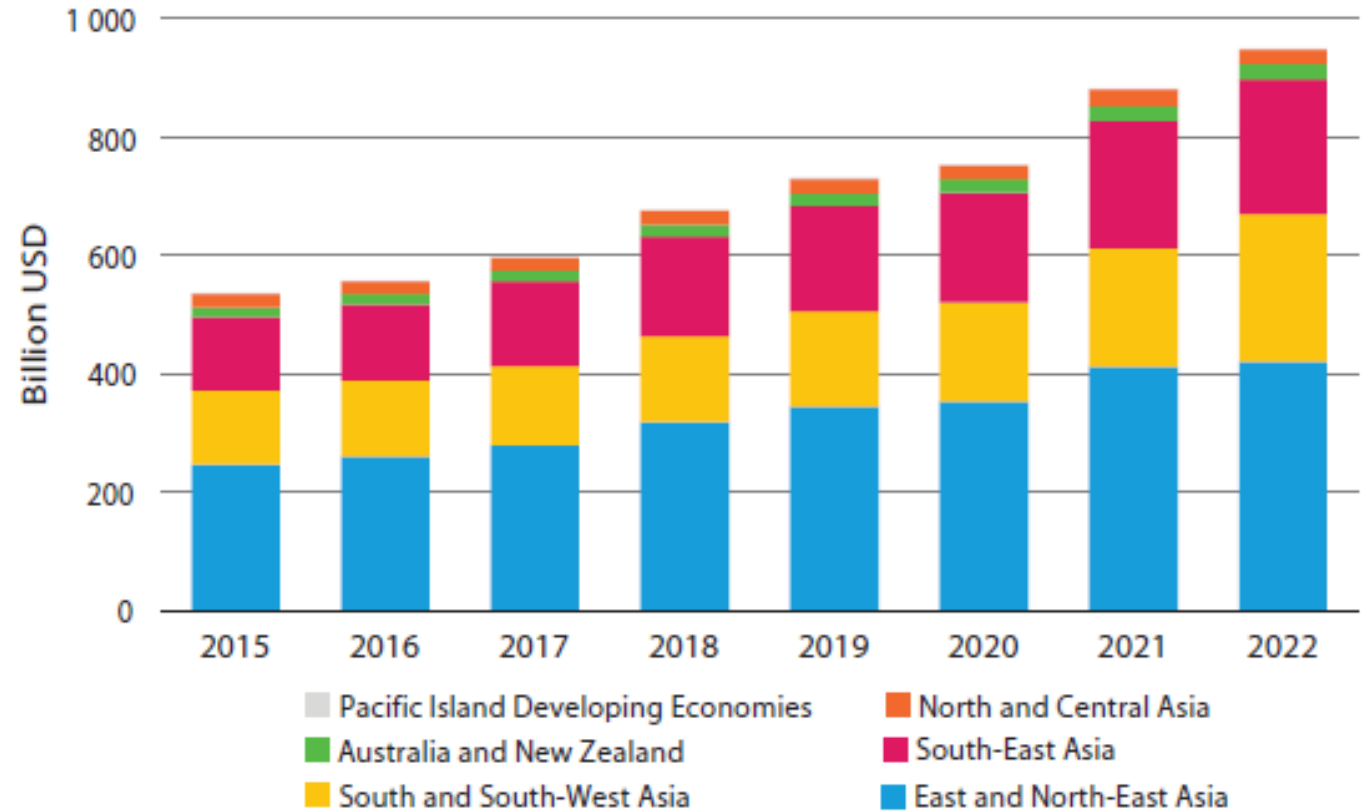
Trade and FDI opportunities are concentrated (East Asia and India).

Landlocked countries in Asia-Pacific accounted for less than 2% in the region's digital deliverable exports. SPECA accounted for about 0.5%.



6 economies accounted 85%, while 11 LDCs shared <1%!

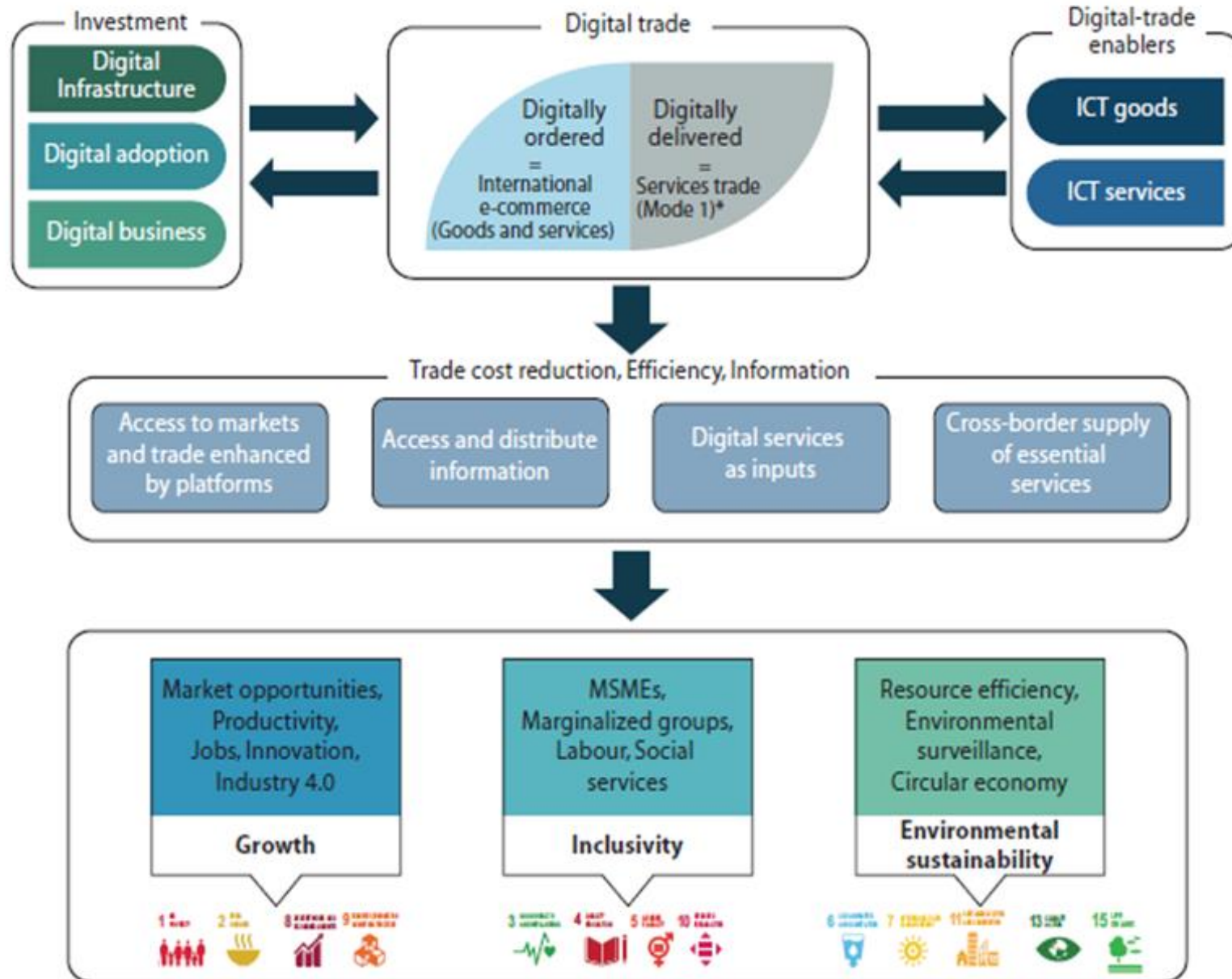
Figure 2. Digitally deliverable service exports by Asia-Pacific subregions



Source: APTIR 2023/24 available at <https://www.unescap.org/kp/APTIR2023>



Figure 1. Digital trade and SDGs



Gains from digital trade are not automatic

Digital trade policy to be inclusive, cooperative and respectful of the environment

Trade digitalization (i.e., digitalizing trade procedures) an important priority

Leverage existing agreements, tools and standards where possible

International instruments and tools for digital trade (selected, not comprehensive)

- **Policy research and benchmarking tools**
 - UN Regional Digital Trade Integration Index
 - UN Trade Digitalization Index
 - Legal/Technical Cross-border Readiness Assessment Guides and Toolkit
- **Intergovernmental cooperation instruments**
 - Existing WTO agreements
 - RTAs, including digital economy agreements
 - CPTA: Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific
 - JSI on e-commerce

UN Regional Digital Trade Regulatory Integration Index (RDTII 2.0)



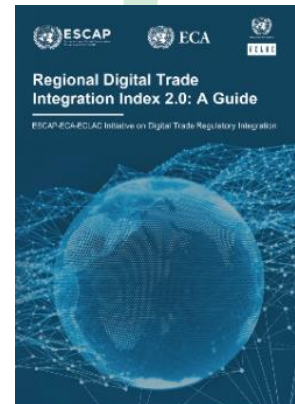
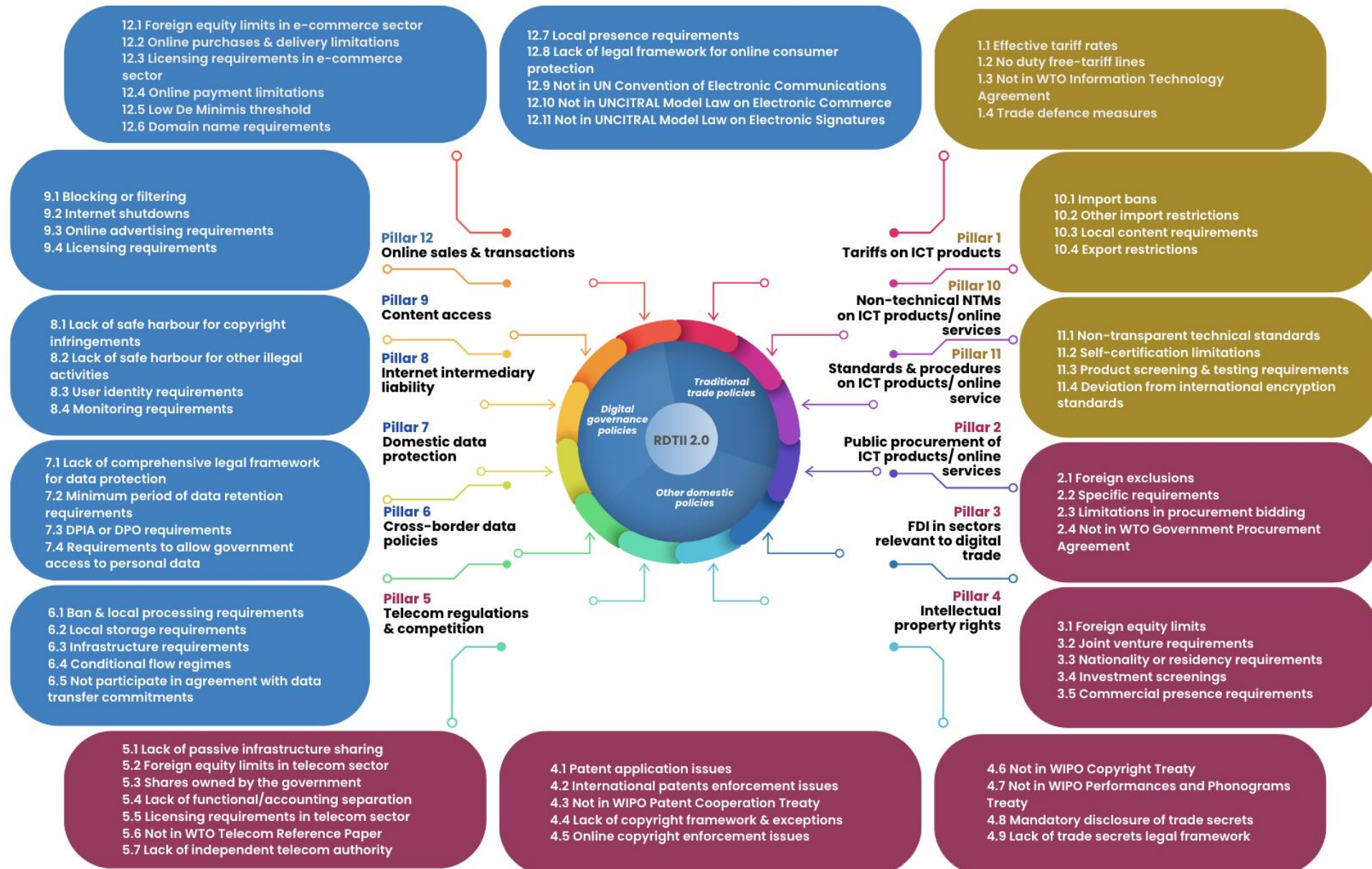
RDTII is an analytical framework designed to highlight where **policy attention and regulatory cooperation is needed to reduce compliance costs related to digital trade.**

Concepts:

Regional integration and digital connectivity requires cooperation to:

- (i) promote interoperability of systems across regional economies;
- (ii) reduce regulatory compliance costs to unlock digital trade;
- (iii) ensure the availability and quality of ICT goods and services

Cover 12 policy areas (56 policy indicators) in 3 clusters: Digital governance, Traditional trade policy measures, Domestic regulations



How to access the data



National Datasets on Regional Digital Trade Integration Index

The regulatory measures collected in these national datasets are grouped into 12 pillars.

Asia and the Pacific

Scale: 0 = low compliance costs, 1 = high compliance costs

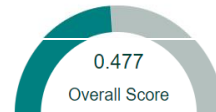


Disclaimer

KAZAKHSTAN



Download: KAZAKHSTAN full Dataset



Overall scores for Digital Trade Integration are simple averages of pillar scores. Data for the Regional Digital Trade Integration Index to be updated and finalized. Methodological note to follow.

Click any of the below boxes to show the corresponding pillar description

» Pillar 1: Tariffs and trade defense measures applied to intraregional imports of ICT goods	0.14
» Pillar 2: Public Procurement related to ICT goods and digital services	0.28
» Pillar 3: Foreign Direct Investment in sectors relevant for digital trade	0.65
» Pillar 4: Intellectual Property Rights (IPRs)	0.26
» Pillar 5: Telecommunications infrastructure and competition	0.72
» Pillar 6: Cross-border data policies	
» Pillar 7: Domestic data policies	
» Pillar 8: Intermediary liability	1.00
» Pillar 9: Content access	0.63
» Pillar 10: Quantitative trade restrictions for ICT goods and online services	0.27
» Pillar 11: Technical standards applied to ICT goods and online services	0.20
» Pillar 12: Online sales and transactions	



The database includes 21 Asia-Pacific economies. An extended version (forthcoming) will include Mongolia, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan.

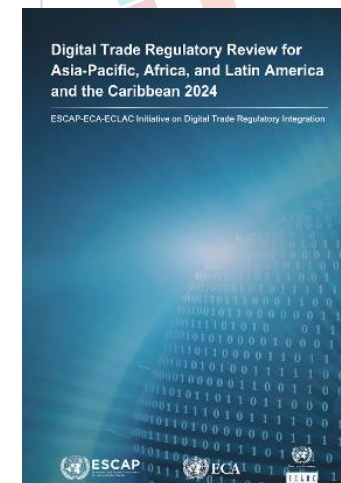
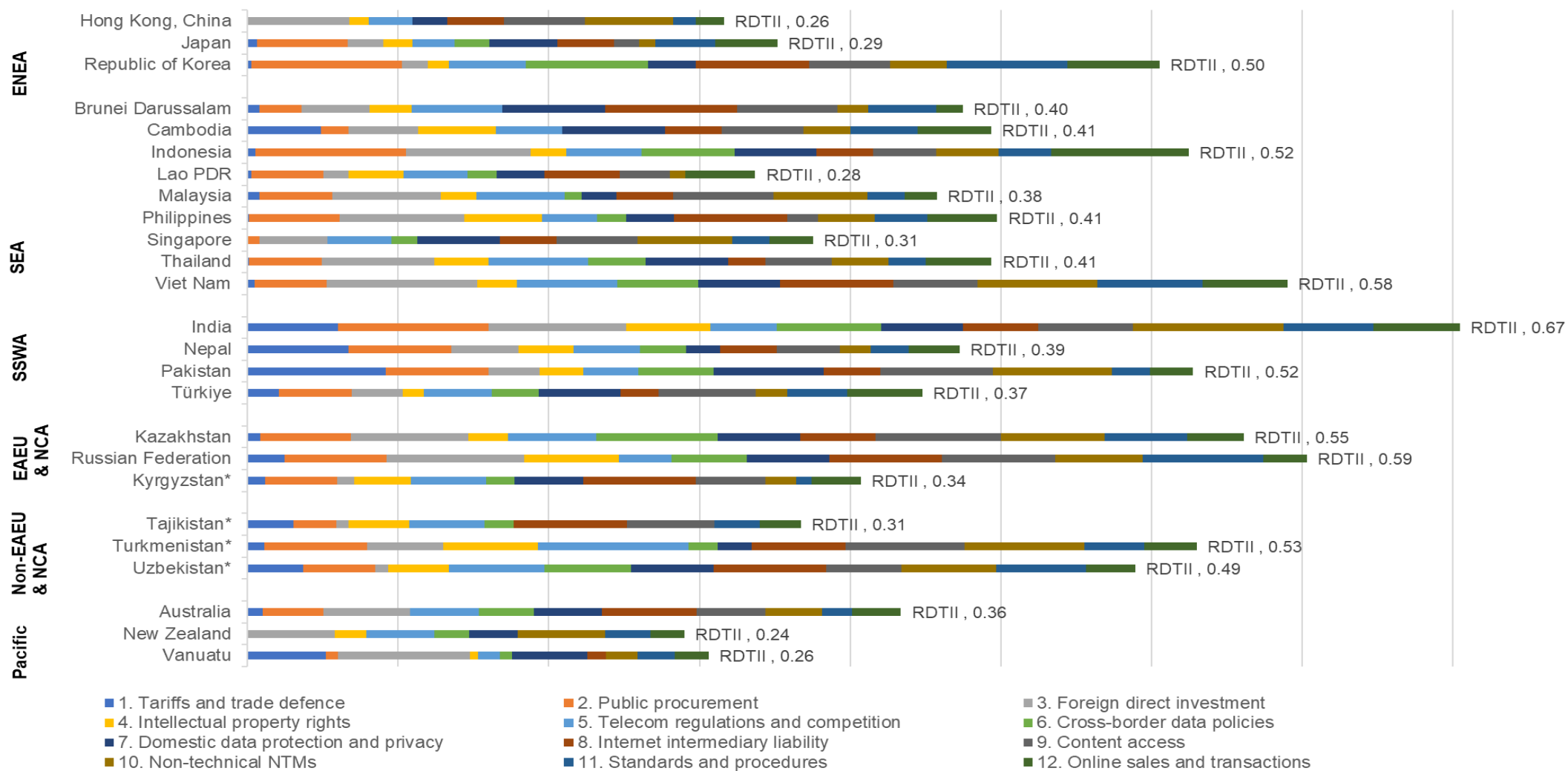


Economy Profiles on Digital Trade Regulatory Integration

Opportunities, challenges and recommendations for the way forward identified from the national Datasets on Digital Trade Integration and Digital Services Trade Restrictions are summarized in the following economy profiles:

AUSTRALIA	BRUNEI DARUSSALAM	CAMBODIA	HONG KONG, CHINA	INDIA
INDONESIA	JAPAN	KAZAKHSTAN	LAO PDR	MALAYSIA
NEPAL	NEW ZEALAND	PAKISTAN	PHILIPPINES	REPUBLIC OF KOREA
RUSSIAN FEDERATION	SINGAPORE	THAILAND	TÜRKIYE	VANUATU
VIET NAM				

ESCAP-RDTII scores (regulatory compliance cost), 2023



Sources: RDTII, available at <https://dtri.uneca.org/escap/home> ; and Digital Trade Regulatory Review for Asia-Pacific, Africa, and Latin America and the Caribbean (2024), available at <https://hdl.handle.net/20.500.12870/6848>.



TRADE DIGITALIZATION INDEX 2024

A new tool for assessing the global state of play in the digitalization of trade procedures



Methodology and overview of the TDI



Access the Trade Digitalization Index dataset



Trade Digitalization Measures on untfsurvey.org



Find projects & services for Trade digitalization

Dedicated website: tdi.digitalizetrade.org

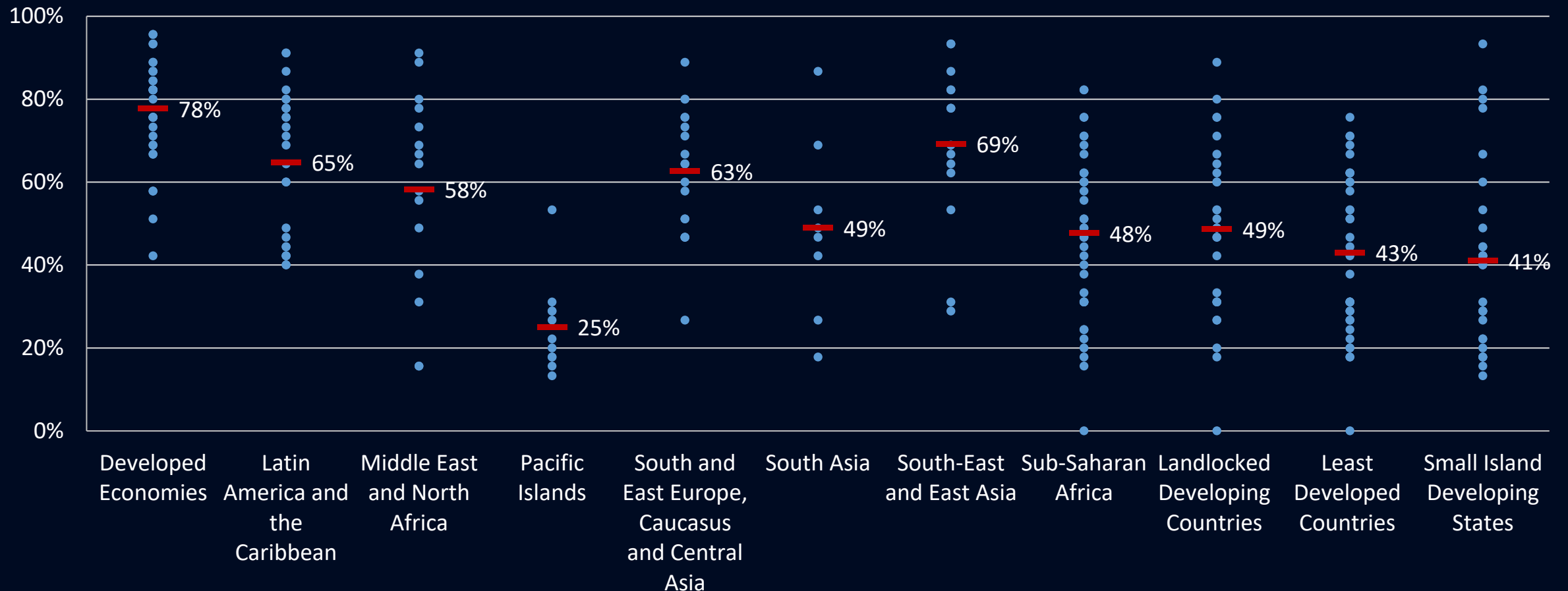
TRADE DIGITALIZATION INDEX 2024

Based on 15 "Digital Trade Facilitation" measures included in the UN Global Survey on Digital and Sustainable Trade Facilitation.

	Measures
Paperless trade	Automated Customs System
	Internet connection available to Customs and other trade control agencies
	Electronic Single Window System
	Electronic submission of Customs Declarations
	Electronic application and issuance of import and export permit
	Electronic submission of Air Cargo Manifests
	Electronic application and issuance of Preferential Certificate of Origin
	E-Payment of Customs Duties and Fees
	Electronic application for Customs refunds
Cross-border paperless trade	Laws and regulations for electronic transactions
	Recognized certification authority
	Electronic exchange of Customs Declaration
	Electronic exchange of Certificate of Origin
	Electronic exchange of Sanitary and Phyto-Sanitary Certificate
	Paperless collection of payment from a documentary letter of credit

TDI 2024 RESULTS - highlights

Substantial variations in trade digitalization implementation also within each region / economy group, including in LDCs, LLDCs and SIDs



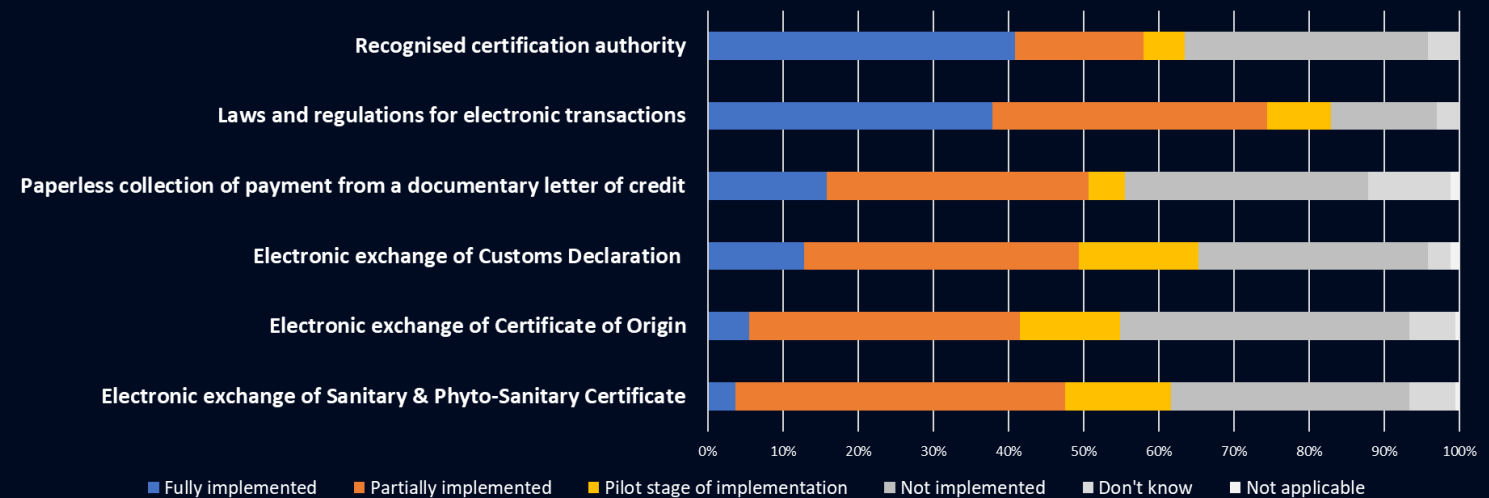
TDI 2024 RESULTS - highlights

- Digitalization rates are on the rise in all regions
 - 8 percentage points average increase between 2021 and 2023
 - Above average progress in LDCs and LLDCs

Global implementation of 'paperless trade' measures stands at 69%; but **only 46% implementation for “cross-border paperless trade”**

Top performers in countries with special needs

- Benin (LDC)
- Uzbekistan (LLDC)
- Mauritius and Dominican Republic (SIDs)



Cross-border Paperless Trade Readiness Assessment tools



National Readiness Assessments

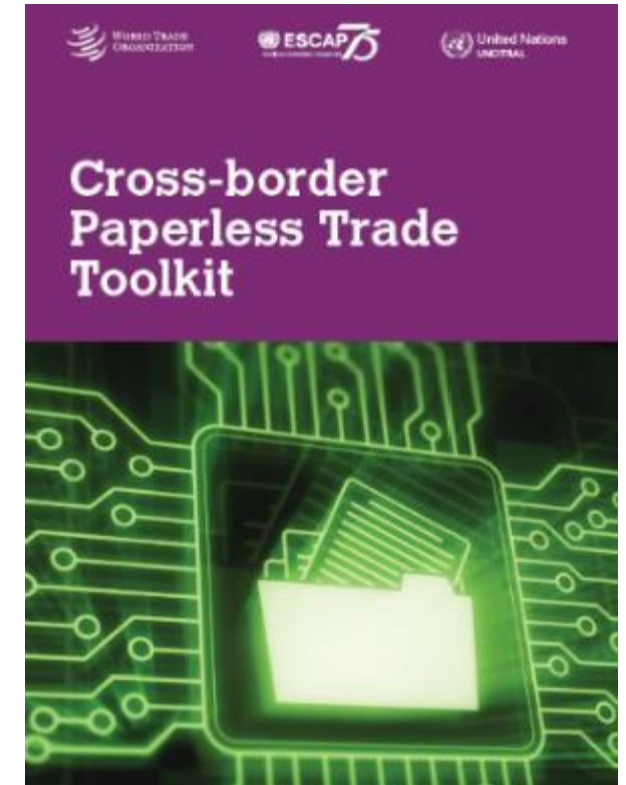
<https://www.unescap.org/our-work/trade-investment-innovation/trade-facilitation-digital-trade/paperless-trade>

Online Guide

Interactive guide incl. explanatory notes, good practices...

ESCAP-UNCITRAL-EIF

<https://readiness.digitalizetrade.org/>



CBPT Toolkit

ESCAP-UNCITRAL-WTO

https://www.wto.org/english/res_e/publications_e/paperlesstrade2022_e.htm

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- **Intergovernmental cooperation instruments**
 - Existing WTO agreements
 - RTAs, including digital economy (partnership) agreements
 - CPTA: Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific
 - JSI on e-commerce

Overarching recommendations on digital trade for sustainable development – APTIR 2023/24

Align digital trade and investment policy with WTO principles

- Refer to existing WTO agreements and provisions to guide digital trade and investment policies: **GATT, TBT, GATS, TRIPS, TRIMS, TFA, ITA, Telecom Reference Paper**, etc.
- Adhere to the principles of transparency and non-discrimination.

Leverage agreements, instruments and standards to accelerate regional digital trade cooperation

- Establish mutual recognition of 'equivalence' in standards or procedures.
- Promote regulatory cooperation guided by international standards.
- Integrate capacity building into trade agreement design and implementation.

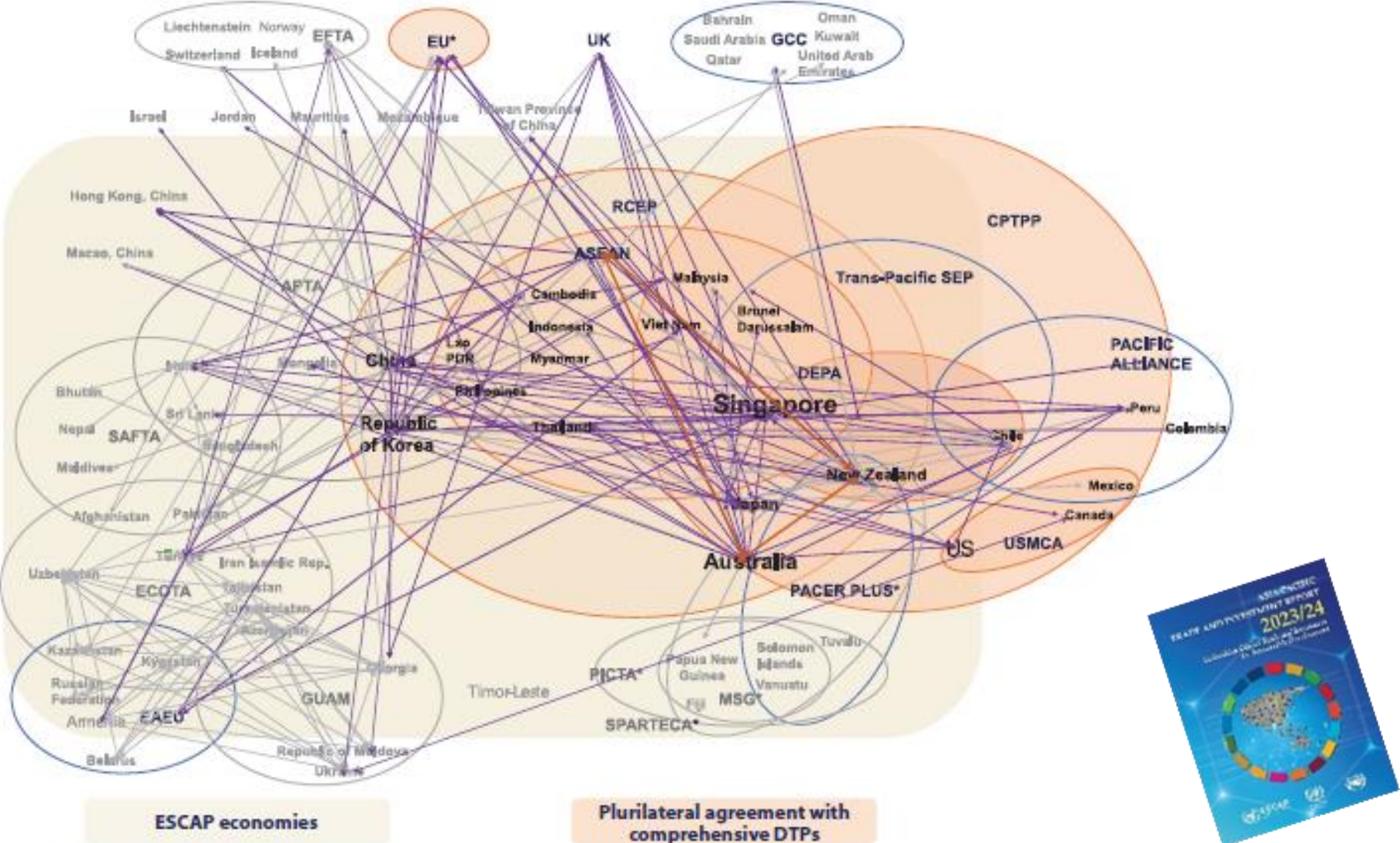
Expedite implementation of trade facilitation and digitalization agreements

- Complete the implementation of the WTO TFA.
- Accelerate the accession and implementation of CPTA.
- Align with UNCITRAL Model Laws.



Regional trade agreements with digital trade provisions

LLDCs in Asia-Pacific rarely engaged in R



*Not all members shown
 — Signed and enforced agreements with DTPs
 — Signed and enforced agreements without DTPs
 Blue circle: plurilateral agreement with DTPs; Grey circle: plurilateral agreement without DTPs.
 Economy that have signed larger number trade agreements with DTPs is presented in a bigger font.

Digital Economy Partnership Agreement (DEPA) (Singapore-Chile-New Zealand +?)



The DEPA is a first of its kind agreement representing a new form of economic engagement and trade in the digital era. It establishes new approaches and collaborations in digital trade issues, promote interoperability between different regimes and addresses the new issues brought about by digitalisation.

The DEPA welcomed its first new member, Korea, in May 2024. As of June 2024, six aspirant economies have applied to join the DEPA. They are China, Canada, Costa Rica, Peru, the United Arab Emirates (UAE), and El Salvador.

The DEPA includes the following key features:

2020 12 JUN	Signed by Singapore, Chile and New Zealand	2021 7 JAN	DEPA entered into force for New Zealand and Singapore on 7 Jan 2021, and for Chile on 23 Nov 2021.
2024 19 MAR	The Protocol to the DEPA entered into force for Singapore, Chile, and New Zealand.	2024 3 MAY	The Republic of Korea (ROK) acceded to the DEPA.

Facilitate end-to-end digital trade:

Digital Identities

Develop safe and secure digital identities that are mutually recognised.



E-invoicing

Shorter invoice processing time, faster payment and cost savings when similar e-invoicing standards are adopted.



Paperless Trade

Reduce time for document transit and cargo clearance, resulting in lower operating costs.



FinTech and E-Payments

Promote cooperation among companies in the FinTech sector and develop FinTech solutions for businesses.



Enable trusted data flows:

Personal Information Protection

Develop mechanisms to protect personal data being transferred across borders, based on international frameworks.



Open Government Data

Expand access to, and use of, open government data to generate new opportunities for businesses, especially SMEs.



Cross-border Data Flows

Businesses can transfer information across borders and serve their customers, regardless of where they are located.



Data Innovation and Regulatory Sandboxes

Facilitate the development of new products and services by promoting data-driven innovation across borders.



Build trust in digital systems and facilitate opportunities for participation in the Digital Economy:

Artificial Intelligence

Promotes the adoption of ethical AI governance frameworks, which factor in principles that the countries have agreed to, in order to harness AI in a responsible manner.



These include: (i) AI should be transparent, fair and explainable, and (ii) AI must have human-centred values.

Online Consumer Protection

Adopt or maintain laws and regulations that guard against fraudulent, misleading or deceptive conduct that causes harm to consumers engaged in online commercial activities.



SMEs Cooperation

Capacity-building efforts such as a Digital SME Dialogue to promote information sharing and exchange.



Digital Inclusivity

Remove barriers to the digital economy and promote digital inclusion and participation.



The Framework Agreement on the Facilitation of Cross-Border Paperless Trade in Asia and the Pacific (CPTA)

❑ A UN Treaty: enabling and action-oriented

- ✓ Open to interested (53) ESCAP member states (voluntary) to become parties

❑ Objective

- ✓ To facilitate cross-border paperless trade (data exchange) among willing ESCAP member states by providing a dedicated intergovernmental framework to develop legal and technical solutions
- ✓ Complementary to the WTO Trade Facilitation Agreement (TFA) as well as (sub)regional efforts



<https://www.unescap.org/projects/cpta>

The CPTA: Addressing the challenges to Moving forward on Cross-border Paperless Trade



Adoption of common international standards



Harmonization of legal frameworks



Capacity gaps among the parties (infrastructure & HR)



Cooperation between public and private sectors



Lack of intergovernmental coordination mechanism



CPTA – Update: 5 LLDCs acceded, more expected

100% growth in number of parties in 2022 (YoY)

Kyrgyzstan and Russian Federation joined in 2023

More countries expected to join in 2024

Work on-going on:

- Model protocols for data exchange
- Identification and prioritization of pilot projects
- Capacity building (1st Paperless Trade Week held in June 2024)

Participant	Signature	Ratification, Acceptance(A), Approval(AA), Accession(a)
Armenia	22 Sep 2017	
Azerbaijan		2 Mar 2018 a
Bangladesh	29 Aug 2017	13 Oct 2020
Cambodia	29 Aug 2017	
China	29 Aug 2017	22 Nov 2020 AA
Iran (Islamic Republic of)	29 Sep 2017	29 May 2020
Kyrgyzstan		20 Dec 2023 a
Mongolia		27 Jul 2022 a
Philippines		23 Dec 2019 a
Republic of Korea		28 Nov 2022 a
Russian Federation		18 Aug 2023 a
Tajikistan		8 Dec 2022 a
Timor-Leste		5 Apr 2022 a
Turkmenistan		4 May 2022 a
Tuvalu		8 Dec 2022 a

Cross-Border Paperless Trade (CBPT) Database

- Aims to facilitate the sharing of knowledge and expertise gained from projects and services on cross-border trade digitalization
- A global repository of:
 - relevant projects and services
 - relevant legal instruments, including **UNCITRAL model laws**

Welcome to Cross-Border Paperless Trade Database

digitalizetrade.org

ESCAP Economic and Social Commission for Asia and the Pacific | ICC Digital Standards Initiative | Cross-Border Paperless Trade Database

Home Projects Services **Submit** Legal Instruments Implementation Instruments Readiness Assessment Glossary About

CROSS-BORDER PAPERLESS TRADE DATABASE
Accelerating progress towards trade digitalization through knowledge sharing

More

Latest Projects

- Thailand's JSCCIB pilots blockchain-based National Digital Trade Platform (NDTP)**
The blockchain-based NDTP is a pilot project, led
- bConnect**
The bConnect operational project consists of a permissioned blockchain implementation that
- World's first digital trade financing pilot between MLETR harmonised jurisdictions**
This pilot project aims to facilitate the transfer of

JSI stabilized text on “Agreement on e-commerce”

[26 July 2024]

PREAMBLE	4	Article 20: Development	16
SECTION A	4	SECTION F	19
SCOPE AND GENERAL PROVISIONS	4	TELECOMMUNICATIONS	19
Article 1: Scope	4	Article 21: Telecommunications	19
Article 2: Definitions.....	4	SECTION G	20
Article 3: Relation to Other Agreements	5	EXCEPTIONS	20
SECTION B	6	Article 22: General Exceptions	20
ENABLING ELECTRONIC COMMERCE	6	Article 23: Security Exception	20
Article 4: Electronic Transactions Framework	6	Article 24: Prudential Measures.....	20
Article 5: Electronic Authentication and Electronic Signatures	6	Article 25: Personal Data Protection Exception	20
Article 6: Electronic Contracts.....	7	Article 26: Indigenous Peoples.....	21
Article 7: Electronic Invoicing	7	SECTION H	21
Article 8: Paperless Trading.....	7	INSTITUTIONAL ARRANGEMENTS AND FINAL PROVISIONS	21
Article 9: Single Windows Data Exchange and System Interoperability.....	8	Article 27: Dispute Settlement.....	21
Article 10: Electronic Payments.....	9	Article 28: Committee on Trade-Related Aspects of Electronic Commerce.....	21
SECTION C	10	Article 29: Acceptance and Entry into Force.....	22
OPENNESS AND ELECTRONIC COMMERCE	10	Article 30: Implementation.....	22
Article 11: Customs Duties on Electronic Transmissions	10	Article 31: Reservations.....	22
Article 12: Open Government Data.....	11	Article 32: Amendments	22
Article 13: Access to and Use of the Internet for Electronic Commerce.....	12	Article 33: Withdrawal	22
SECTION D	12	Article 34: Non-application of this Agreement between Particular Parties	22
TRUST AND ELECTRONIC COMMERCE	12	Article 35: Review	23
Article 14: Online Consumer Protection.....	12	Article 36: Secretariat	23
Article 15: Unsolicited Commercial Electronic Messages	13	Article 37: Deposit	23
Article 16: Personal Data Protection	14	Article 38: Registration	23
Article 17: Cybersecurity.....	15	ANNEX	24
SECTION E	15		
TRANSPARENCY, COOPERATION, AND DEVELOPMENT	15		
Article 18: Transparency	15		
Article 19: Cooperation	15		

JSI stabilized text on “Agreement on e-commerce”

[26 July

2024]

Salient issues:

- Not all WTO members involved in JSI + Not all JSI participants agreed the stabilized text... *will this ever become WTO law?*
 - No market access schedules (on digital services)
 - Largely non-binding “rules” text with many exceptions
 - Most difficult areas left out, e.g. restrictions on cross-border data flows, data localization/hosting
 - No clarity on e-commerce tariff moratorium
- Digital Economy Partnership Agreement (DEPA) and several DEAs are more comprehensive + make deeper commitments.

JSI “Agreement on e-commerce” and the CPTA



WTO JSI Agreement on Electronic Commerce and the Framework Agreement on Facilitation of Cross-Border Paperless Trade in Asia and the Pacific (CPTA)

Yann Duval and Tengfei Wang

United Nations Network of Experts for Paperless Trade and Transport in Asia and the Pacific

Working Paper

No. 11 | 2024

- The JSI agreement is different in nature and broader in scope than the CPTA but includes a section on Enabling electronic Commerce, including an article dedicated to paperless trade(ing) and another on electronic single window and interoperability.
 - 2 UNCITRAL model laws mentioned.
- These JSI provisions are found to be consistent with those in the CPTA.
 - They remain essentially non-binding in nature and provide parties with much flexibility... but limited guidance and how they may be implemented.
- → the CPTA provides an effective way for Parties implement the paperless trade-related provisions featured in the JSI text.
- → Countries in Asia and the Pacific keen on pursuing their trade digitalization efforts and that have not yet acceded to CPTA are encouraged to accede

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ICT regulatory issues

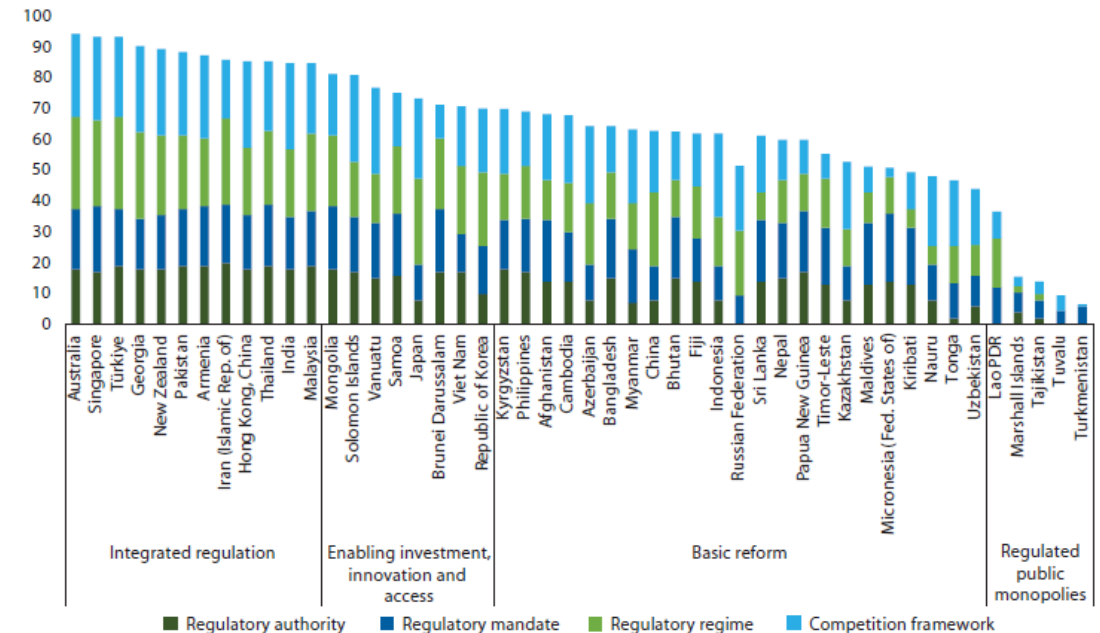
WTO Basic Telecom Services Agreement and the WTO Telecom Reference Paper are useful guides – WTO of more LLDCs welcome.

State monopolies, the absence of independent regulatory authorities and effective competition policy are quite common in AP LLDCs.

Positive signs of reform in selected countries.

Figure 3.3

ICT Regulatory maturity index by Asia-Pacific economies, 2022



Source: ESCAP, based on ITU ICT Regulatory Tracker (<https://app.gen5.digital/tracker/metrics>) (accessed September 2023).

Note: The ICT Regulatory Tracker evaluates the maturity of national legal frameworks with scores ranging from 0 to 100. A score of 0 signifies an environment dominated by public monopolies. Scores between 40 and 70 indicate countries that have undergone basic reforms, while scores between 70 and 85 represent environments with integrated regulation. Specifically, within the 70-85 range, the ITU identifies the presence of both telecom and digital regulatory frameworks adhering to best practice.

Source: APTIR 2023/24 available at <https://www.unescap.org/kp/APTIR2023>



Complexity of the policy ecosystem

Measures related to NTBs, digital service, and investment are prevalent

Regulations covering electronic transactions, cybersecurity, and online consumer protection have been established in many LLDCs in AP.

Regulatory environment affecting digital services, e-commerce, online transactions, and investment are significant and diverse.

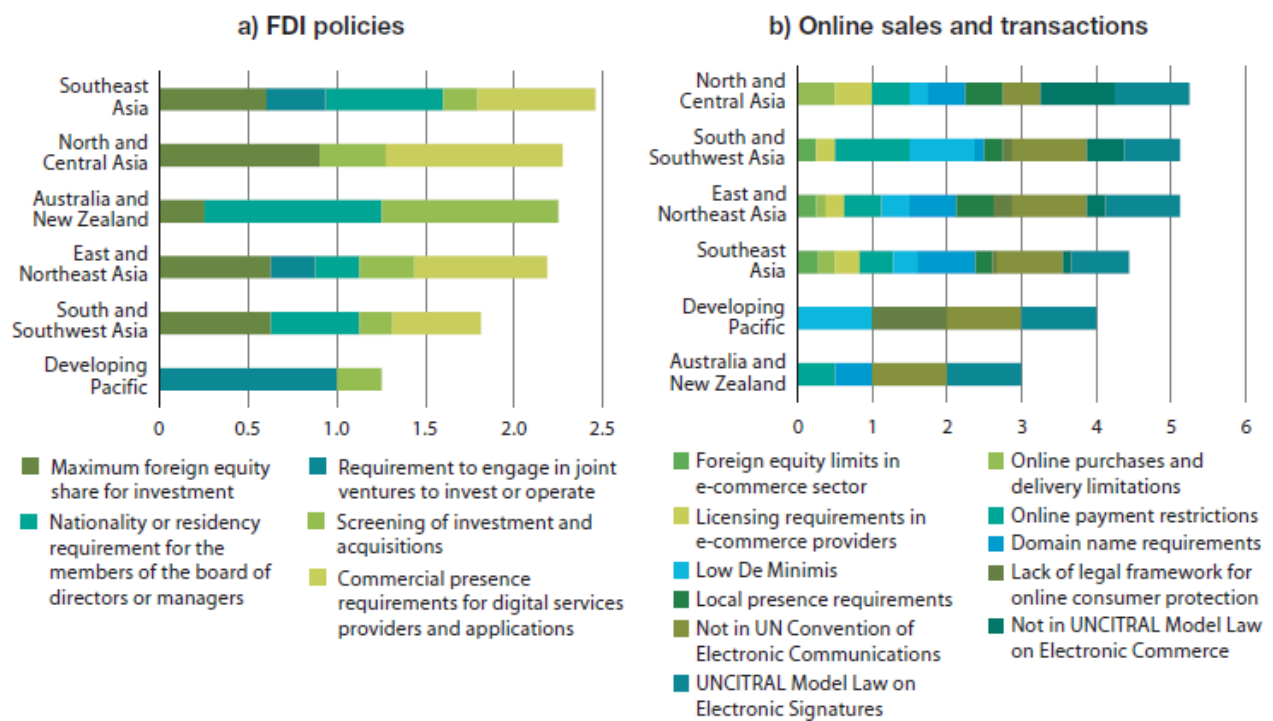
Small businesses may find the policy environment challenging to navigate.

High compliance cost and rule fragmentation can prevent MSMEs from participating in international markets.



Figure 3.12

Indicators of policies affecting e-commerce and digital business: Asia-Pacific region, 2022



Source: APTIR 2023/24 available at <https://www.unescap.org/kp/APTIR2023>

Data regulations

Comprehensive data protection legal framework

Stringent data governance approach

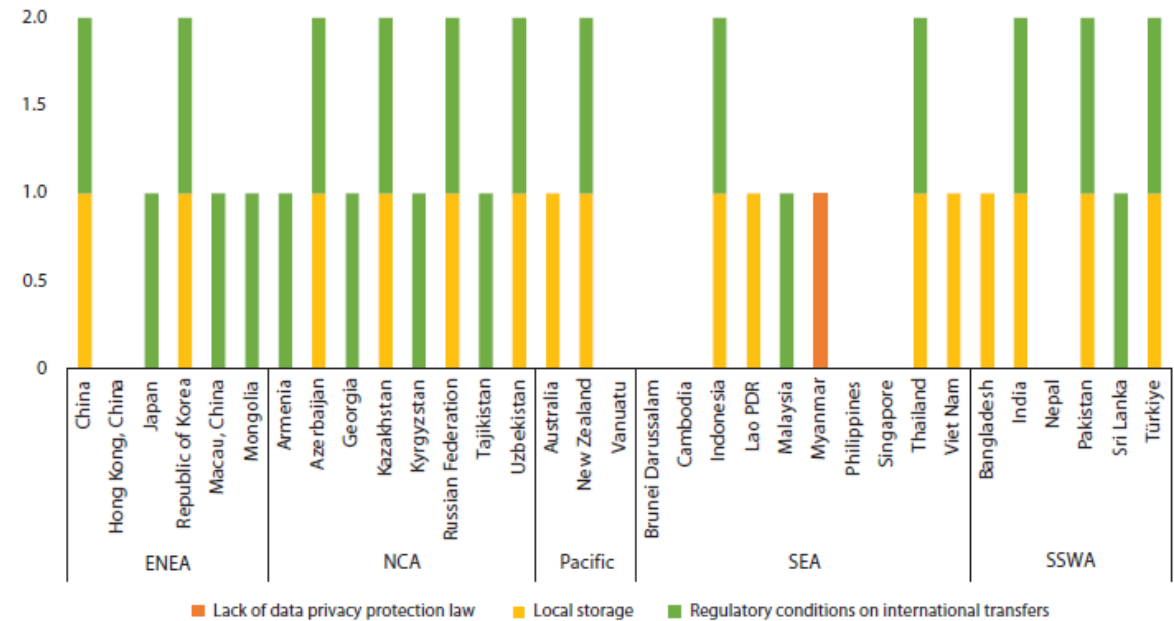
Diverse conditional flow regimes & Undefined scope of adequate data protection

Not in agreements with binding commitments on data transfer

Figure 3.10

Indicators of data policies in the Asia-Pacific region, 2022

a) Data protection, data localization and conditional data flow regimes



Expected trade cost reduction from cross-border paperless trade implementation (Asia-Pacific region)

Trade digitalization can help to significantly *reduce trade costs in the Asia-Pacific region - by approximately 11%*.

Asia-Pacific region: trade costs model	WTO TFA (binding only)		WTO TFA (binding + non binding)		WTO TFA+ (binding + non binding + <i>other paperless and cross-border paperless trade</i>)	
	Partially implemented	Fully implemented	Partially implemented	Fully implemented	Partially implemented	Fully implemented
Model 1						
Overall trade facilitation	-0.59%	-2.68%	-1.15%	-4.61%	-5.15%	-11.05%
Model 2						
General trade facilitation measures	-0.46%	-2.05%	-0.61%	-2.94%	-0.86%	-3.42%
Digital trade facilitation measures	-	-	-0.50%	-1.12%	-4.10%	-6.95%

Source: United Nations ESCAP, based on data from www.untfsurvey.org and ESCAP/World Bank Trade Cost database.