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# ASEAN-CER Integration Partnership Forum: Digital Trade

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Joshua P. Meltzer

Senior Fellow, Brookings Institution

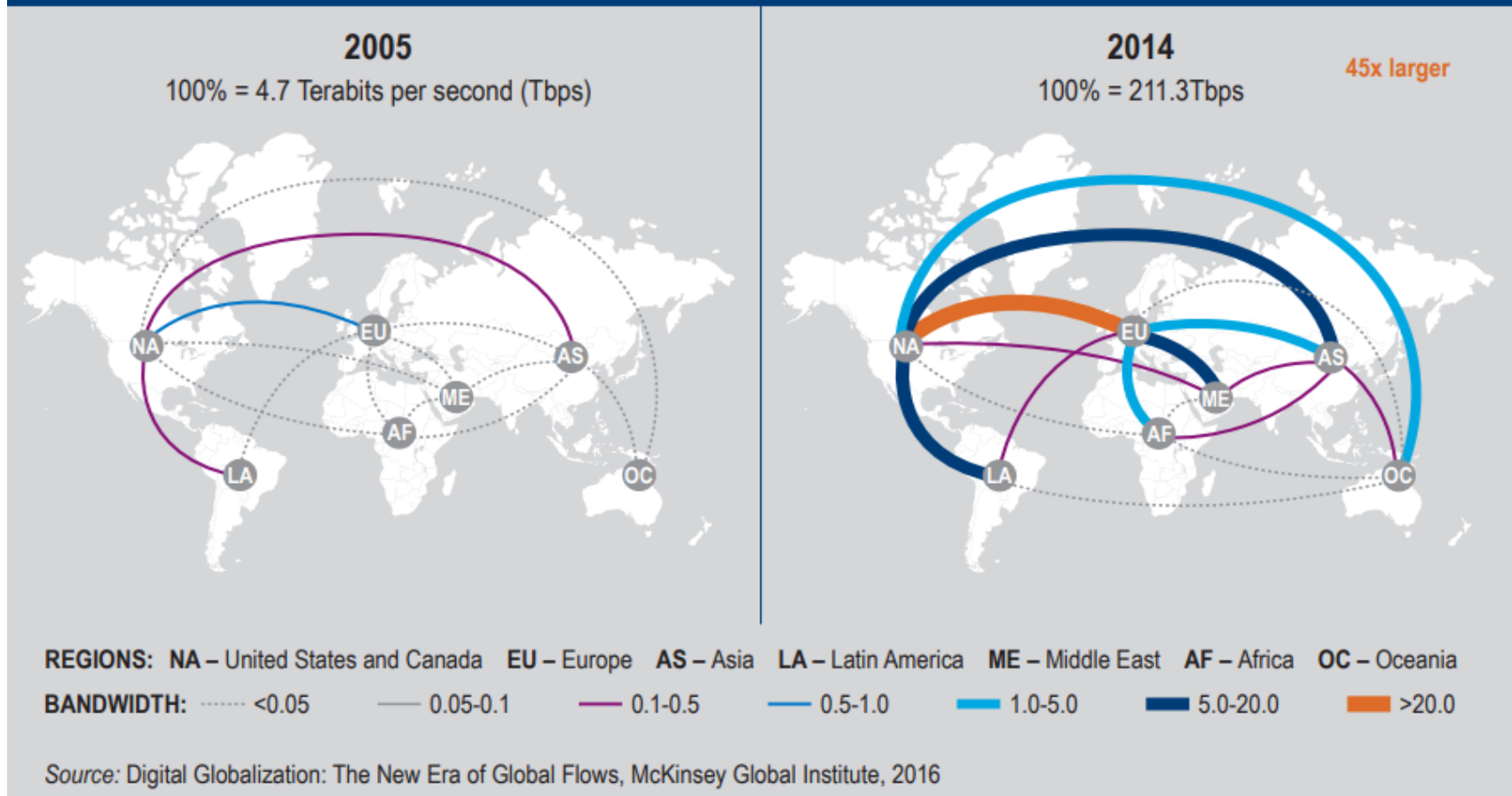
Washington D.C.

# Digital Economy and Trade Opportunities

- **Global data flows raised GDP by 3.5%**, or ~\$2.8 trillion in 2014 and up to \$11 trillion by 2025 (McKinsey 2016)
- **Ecommerce sales were over \$27 trillion** in 2017 (UNCTAD 2019)
  - 88% B2B, 12% B2C
- **India's ICT enabled exports** in 2016-2017 were \$103bn or 63% of total services exports
  - » 80% delivered via mode 1 - over the internet

# Cross-border data flows underpin international trade

Figure 1. Growth of global cross-border data flows 2005 vs. 2014

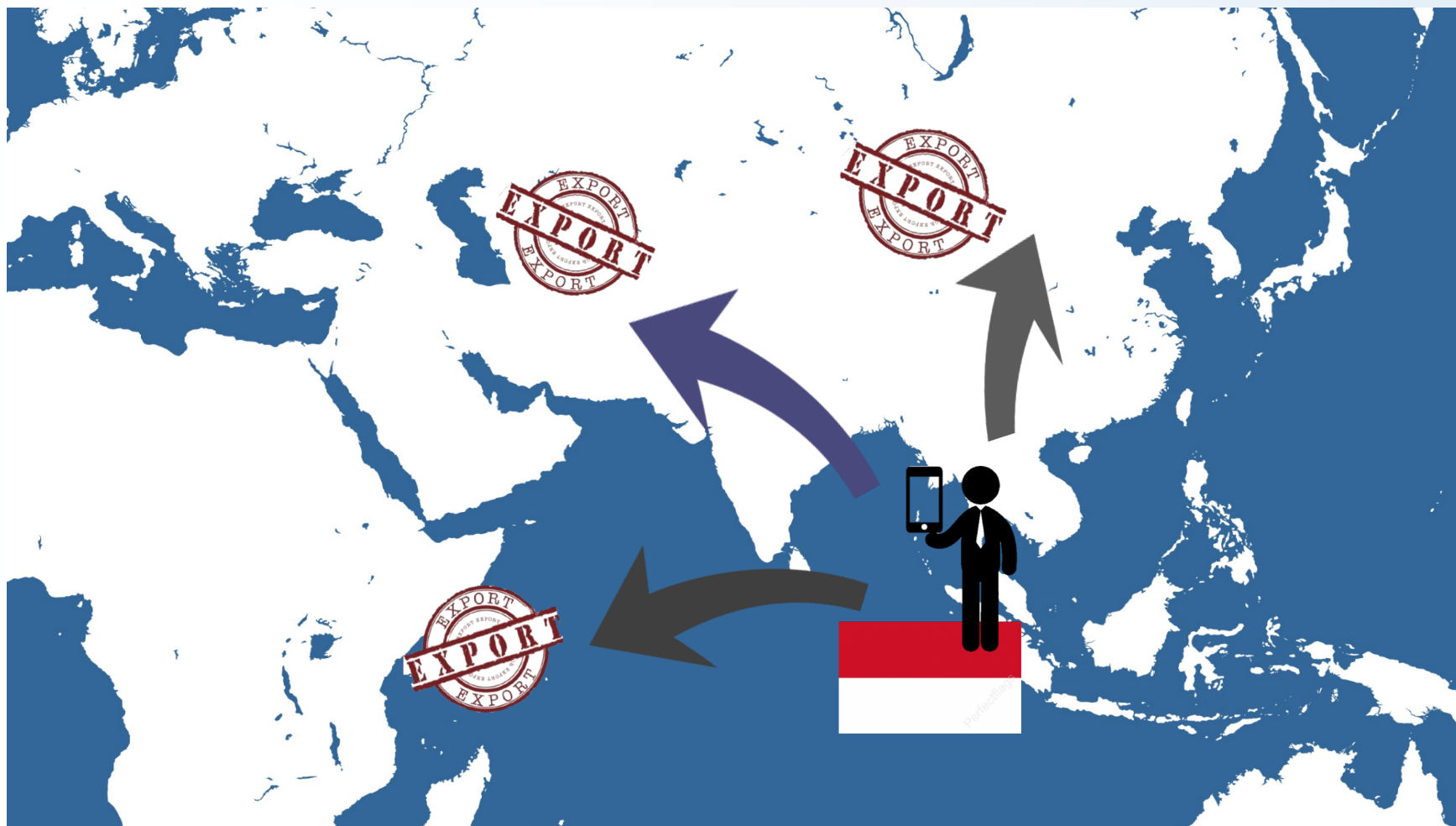


# Cross-border data flows are transforming international trade

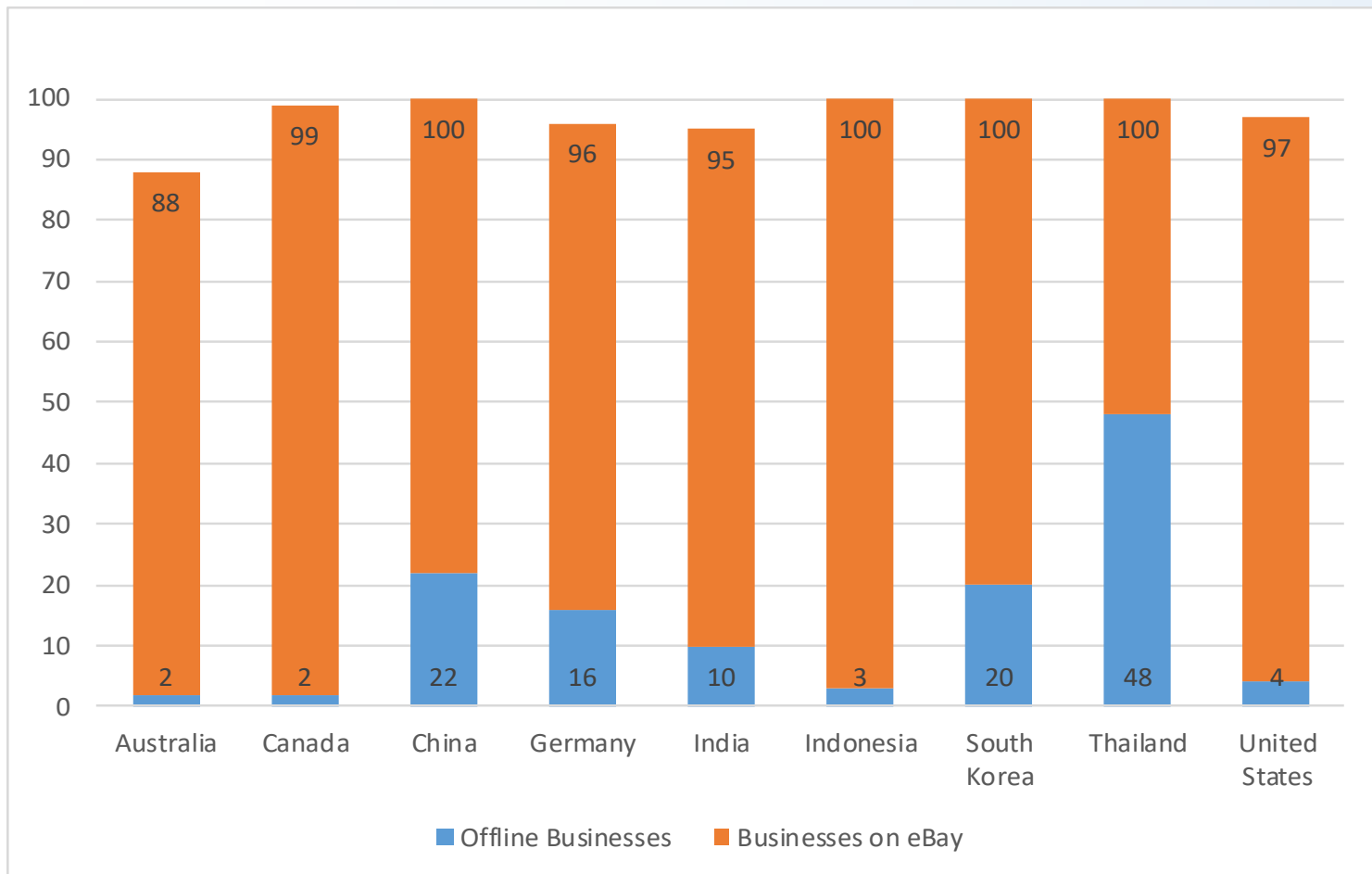
1. Platforms
2. Digital Services
3. Increased services value-add in manufacturing
4. Global Value Chains



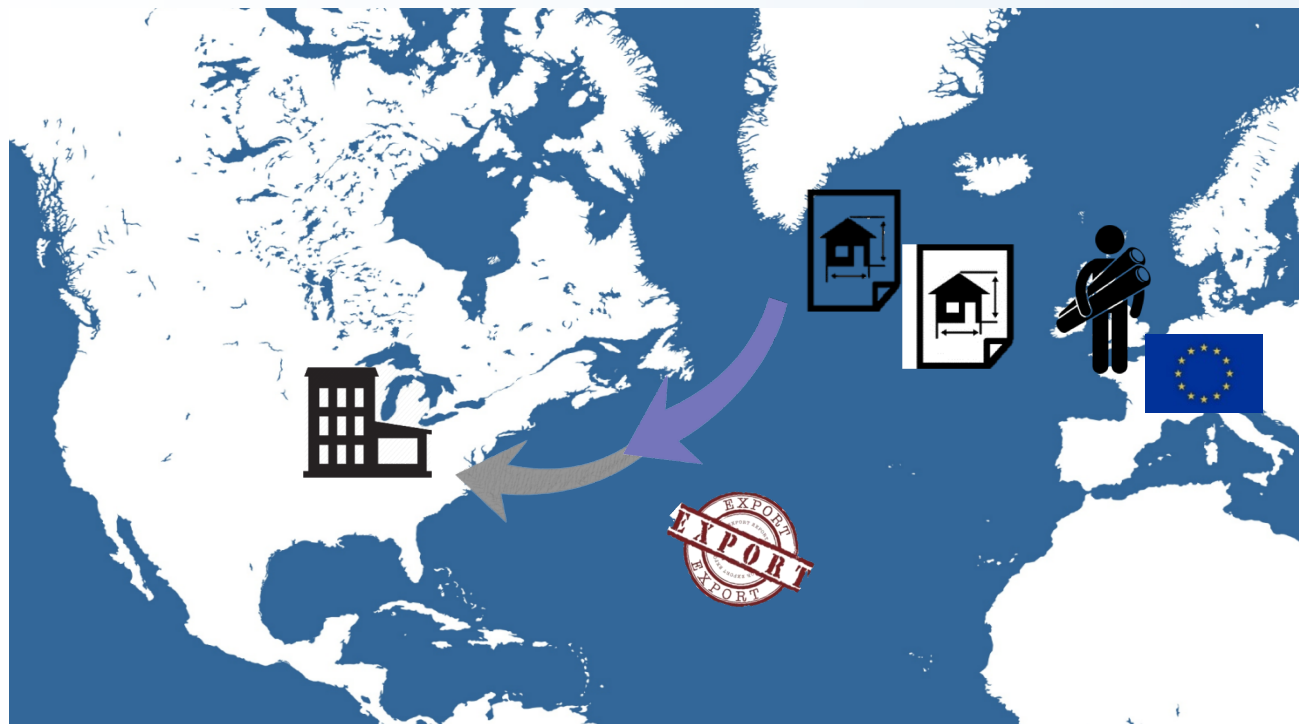
# 1. Trade over digital platforms



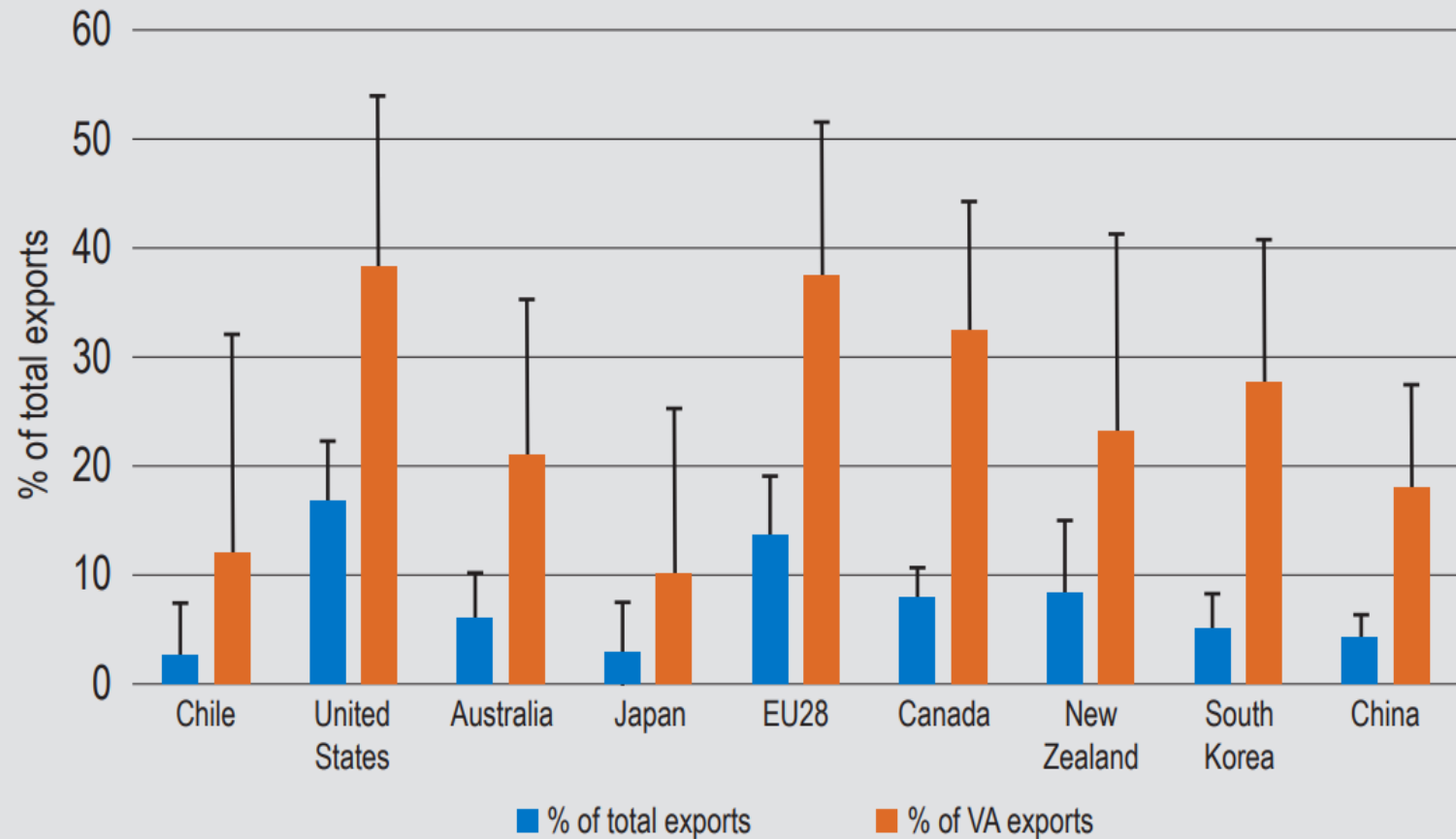
# Trade over digital platforms



## 2. Trade in Services

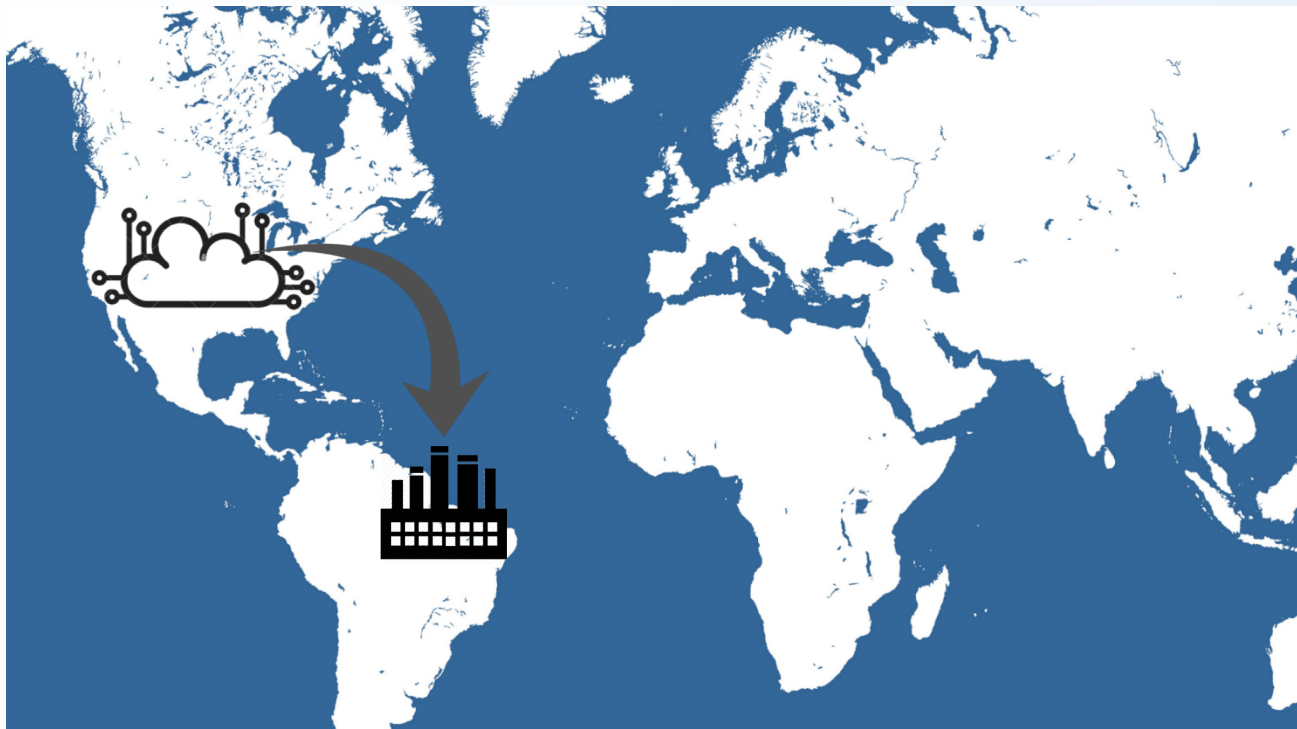


# Digitally-deliverable services exports



Source: OECD TiVA, own calculations

# Cloud Computing



### 3. Digitization of Goods

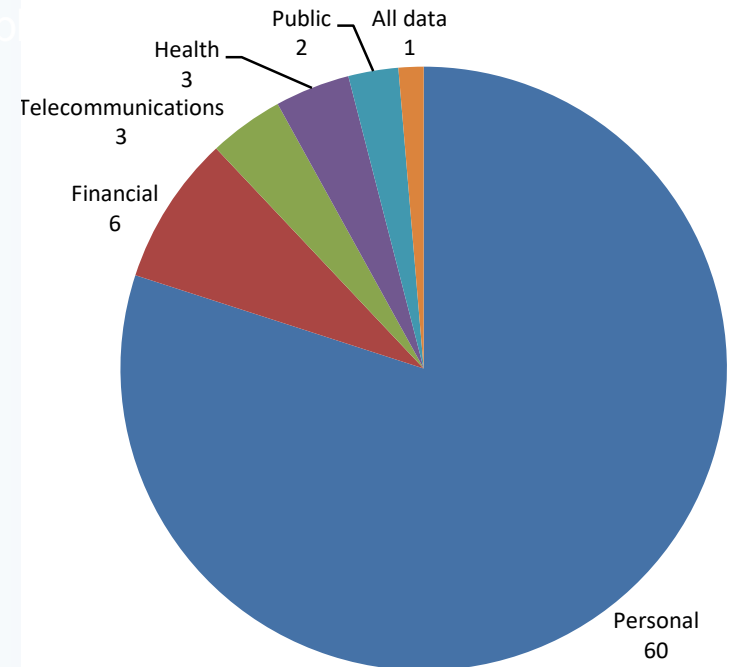
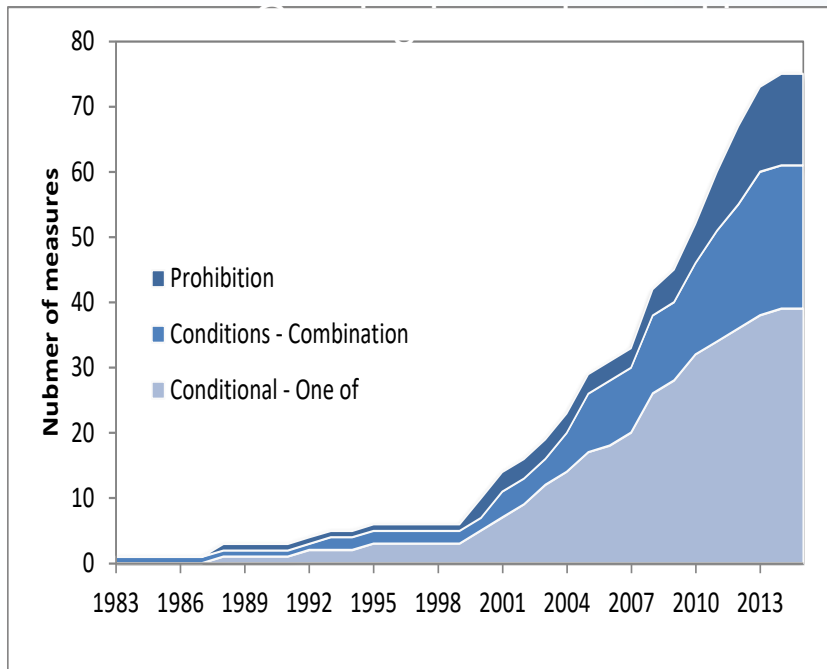


## 4. Global Value Chains





# Data Localization Requirements





# Reasons for restricting cross-border data flows

- Privacy
- Law Enforcement
- Cybersecurity
- Censorship
- Protectionism

# International Trade Negotiations on Digital Trade

## WTO

- 76 countries agreed to “initiate exploratory work together toward future WTO negotiations on trade-related aspects of electronic commerce” (WEF, Jan 2019).

## FTAs

- CPTPP and USMCA
- US-Japan, US-EU, US-UK, RCEP, Australia-EU....

# A digital trade agenda: key elements

1. Expand internet access and reduce cost
2. Data source country - a commitment to the free flow of data
  - With GATS Article XIV exception
3. Data destination country - a commitment to extend domestic regulation to foreign citizens
  - E.g. AANZFTA, CPTPP, USMCA
4. A commitment to base domestic regulation on applicable international/regional/bilateral standards or principles
  - CPTPP & USMCA – develop interoperability
  - WTO TBT – base regulation on international standards
  - MRAs (GATS Article VII)
  - Elsewhere develop standards/principles (e.g. OECD, APEC)

# Digital Economy and Trade Project

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