ASEAN-CER Integration Partnership Forum: Digital Trade

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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

![Bar chart showing percentage of offline businesses vs. businesses on eBay across various countries](chart.png)

- Australia: 88% Offline, 2% eBay
- Canada: 99% Offline, 1% eBay
- China: 100% Offline, 0% eBay
- Germany: 96% Offline, 4% eBay
- India: 95% Offline, 5% eBay
- Indonesia: 100% Offline, 0% eBay
- South Korea: 100% Offline, 0% eBay
- Thailand: 100% Offline, 0% eBay
- United States: 97% Offline, 3% eBay

Legend:
- Blue: Offline Businesses
- Orange: Businesses on eBay
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

- Growing in number and in complexity…
- Mainly but also
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

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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