

DIGITAL TRADE: GLOBAL POLICY AND REGULATORY TRENDS

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Outline

- The OECD's work on digital trade
- The regulatory environment for digital trade:
 - domestic
 - international
- Tools to better understand these environments
- Application of these tools and the way forward



OECD work on digital trade

Measuring and mapping trade policies for the digital era

- Digital Services Trade Restrictiveness Index
- Digital Trade Inventory

Impacts and opportunities of digital trade

- Implications and impacts of new technology (AI and 3D printing)
- Impact of digital connectivity and digital trade policies on trade
- Understanding the scope, definition and impact of the WTO e-commerce Moratorium
- Impact of data flow regulation on economic activity (with WTO)

Data and data flows

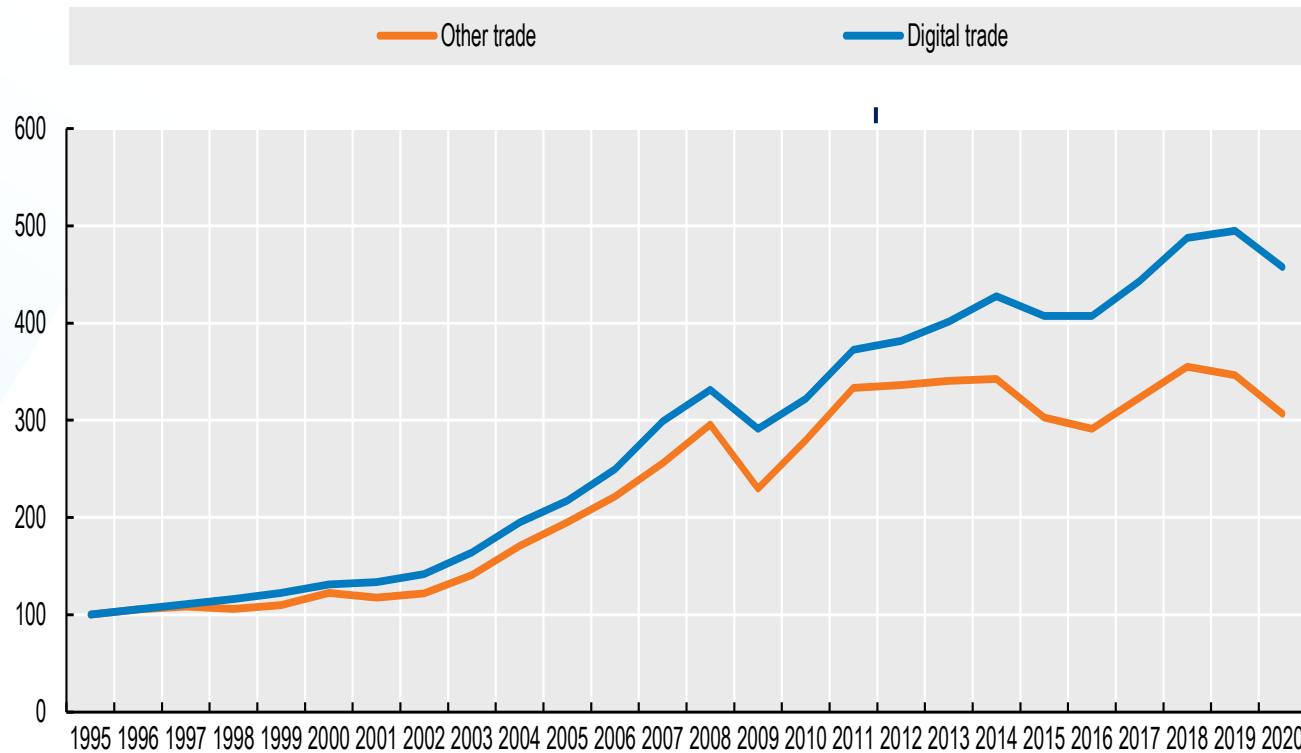
- Mapping regulatory approaches to data flows
- Data localization

Digital Trade Country Reviews

- Brazil
- ASEAN



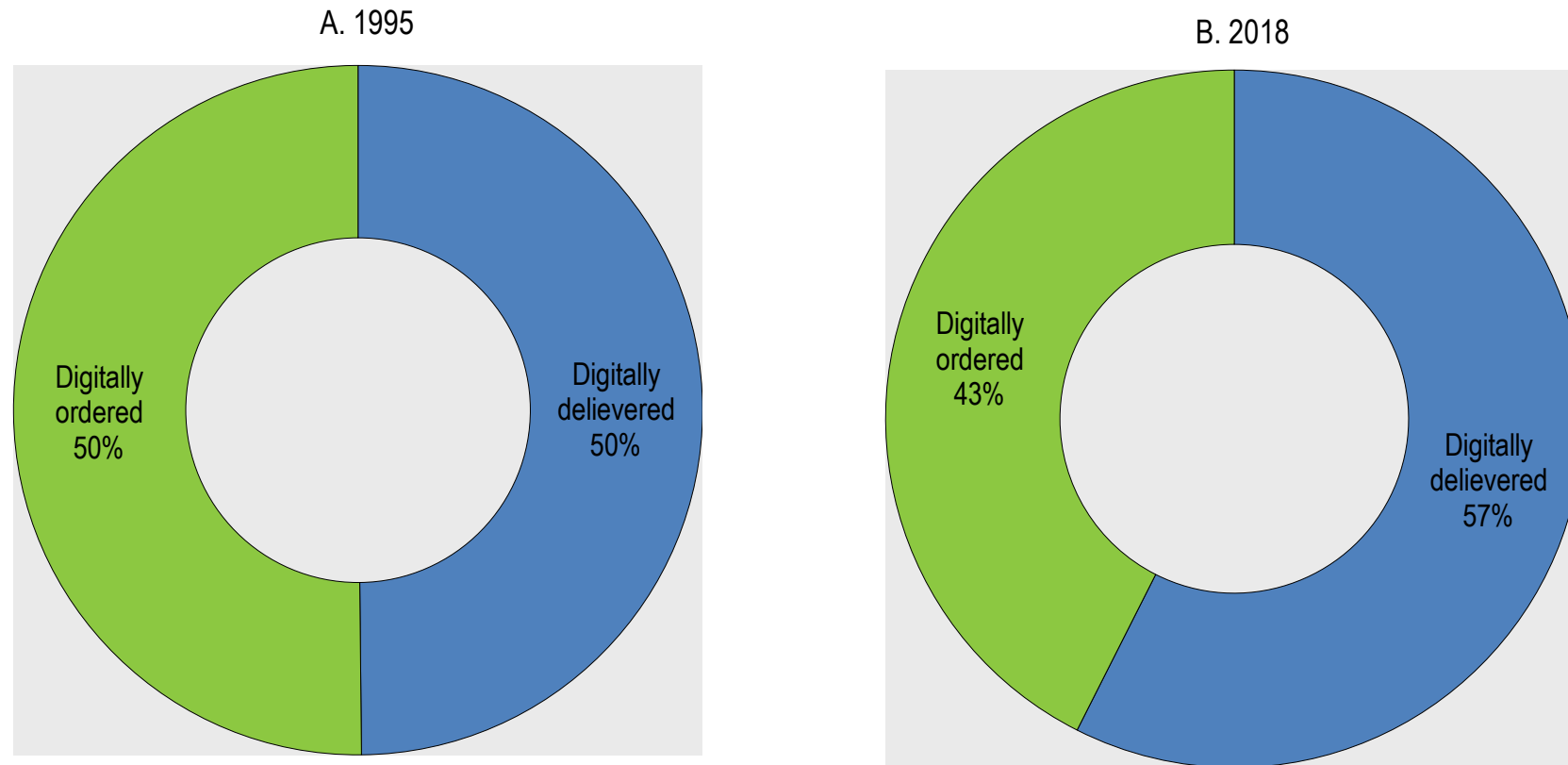
Digital trade is growing faster than 'non-digital' trade



Digital trade could represent USD 5.1 trillion in 2018, 25% of total trade.

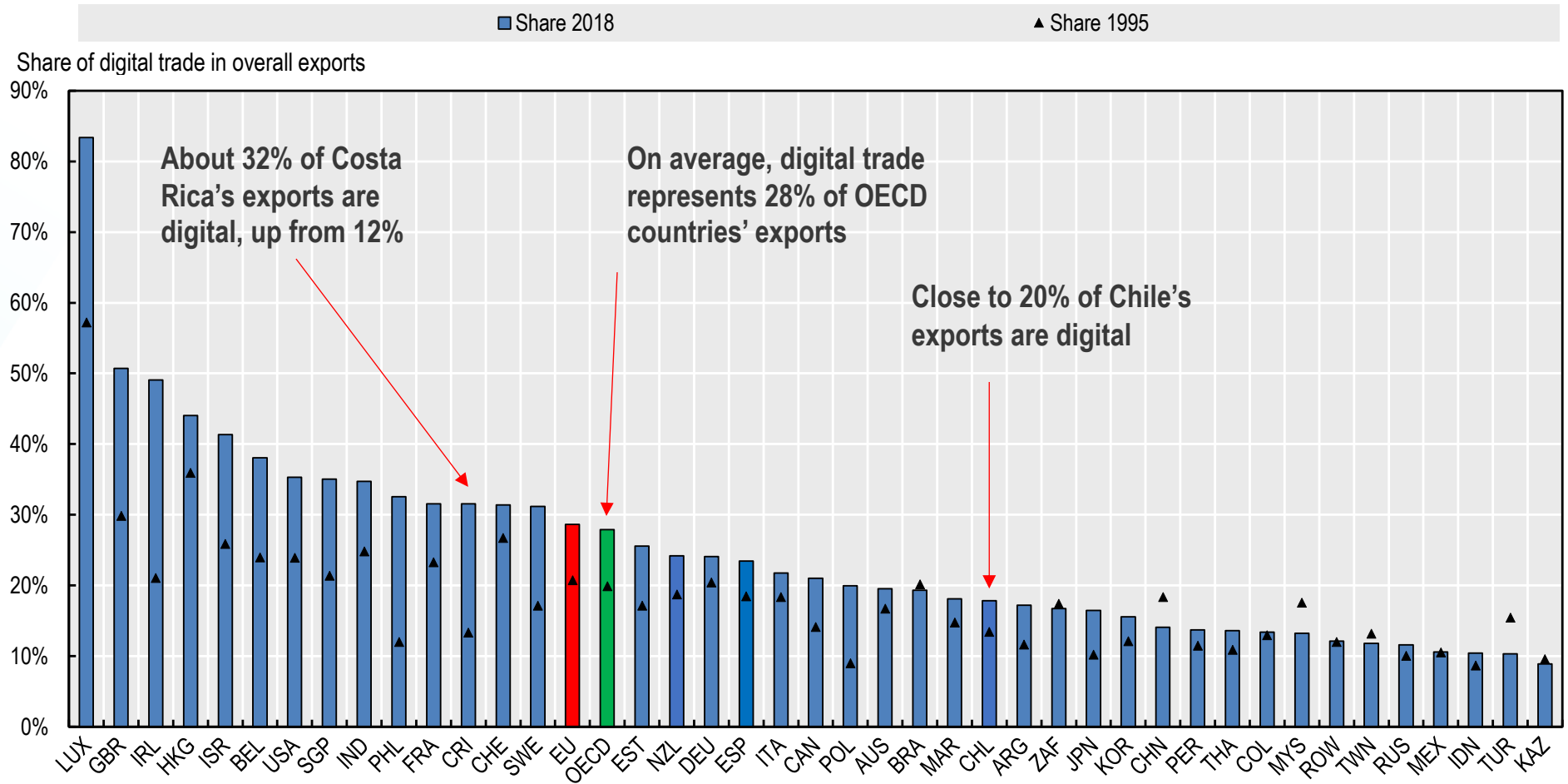


Digital trade is increasingly services oriented





Digital trade represents a growing share of country exports



Source: López-González, Sorescu & Kaynak (2023) "of bytes and trade: quantifying the impact of digitalisation on trade", OECD Trade Policy Papers N. 273



The domestic regulatory environment for digital trade



Measuring barriers to services regulations

- OECD has been active in measuring services regulations for over a decade through the **OECD Services Trade Restrictiveness Index (STRI)**
- Scope: 22 major services sectors are covered across 50 countries
- Over 100 000 data points collected every year since 2014
- Application:
 - Identify gaps and monitor regulatory developments;
 - Enable more targeted analysis and policy responses;
 - Support trade negotiations and impact assessments.



Digital STRI

- **What is it?** An evidence-based tool that identifies and catalogues barriers to digitally enabled services
 - Regulatory database; and
 - composite indices
- **Purpose:** Provide up to date evidence on digital trade policies, enable analysis and inform policy discussions and trade negotiations.
- **Relation to other STRIs:** Provides a horizontal reflection of cross-cutting barriers and complements sectoral regulations reflected in STRIs for telecommunications, computer services, financial services, etc.
- **Country coverage:**
 - 100+ economies (all continents – Collaboration with UN Regional Commissions)
- **Data coverage:** 2014-2022 with annual updates
- Tools: The [STRI simulator](#) and the [STRI explorer](#)



Structure and methodology

1. Infrastructure and connectivity

Interconnection is regulated

Vertical separation is required

Memo: Non-discriminatory Internet traffic management

Restrictions on the use of communication services

Cross-border data flows

2. Electronic transactions

Discriminatory conditions for e-commerce licenses

Online tax registration and declaration

National contract rule deviate from international rules

Laws or regulations explicitly protect confidential information

Legal validity of e-signatures

Dispute settlement mechanism

3. Payment systems

Discriminatory access to payment settlement methods

National payment security standards deviate from international standards

Restrictions on internet banking or insurance

4. Intellectual property rights

Foreign firms are discriminated against on trademark protection

Discriminatory treatment on copyrights and related rights

Memo: Exceptions to copyright protection

Enforcement of intellectual property rights

5. Other barriers affecting trade in digitally enabled services

Performance requirements

Limitations on downloading and streaming

Restrictions on online advertising

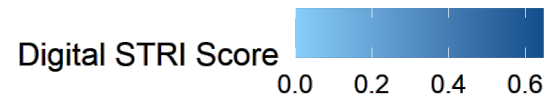
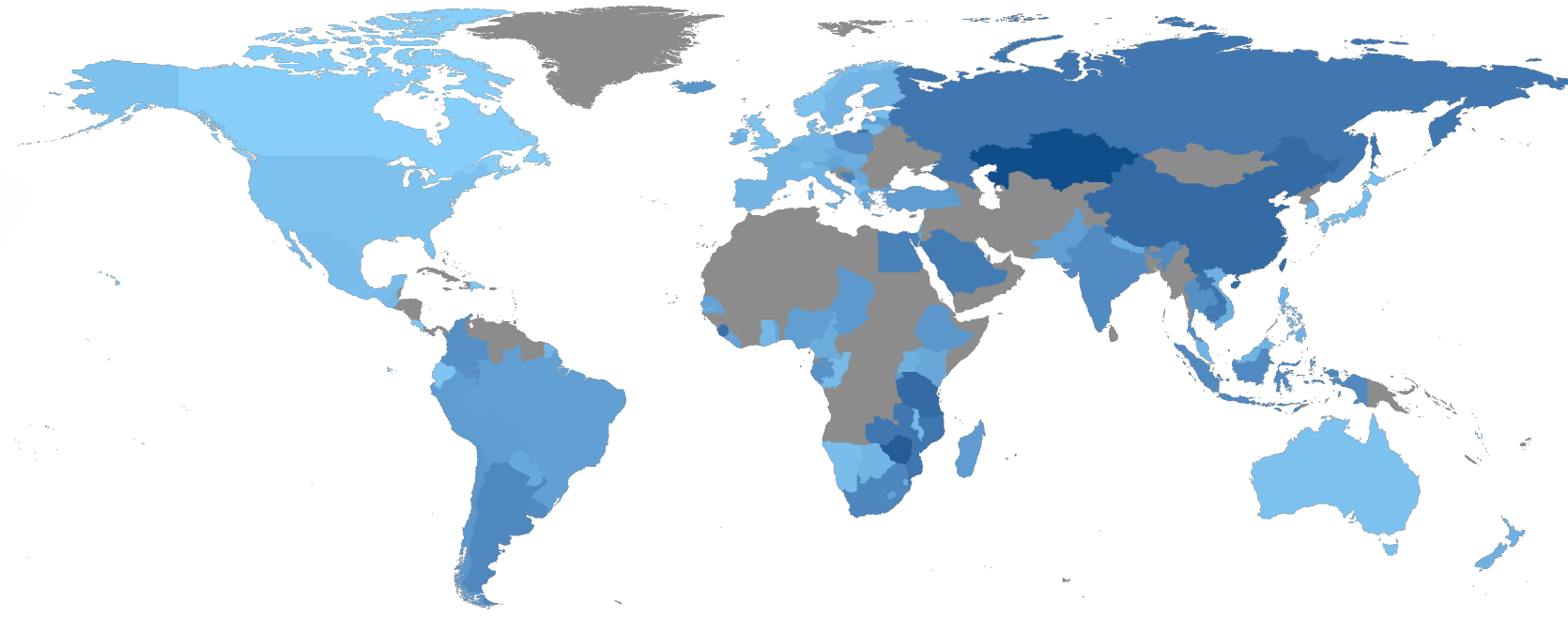
Commercial or local presence requirements

Firms have redress when business practices restrict competition in a given market

- Measures covered:
 - Measures normally scheduled under the GATS and RTAs
 - Measures where sufficient evidence exists on the **trade distorting effects** on digital trade and where **benchmarks** or threshold can be established



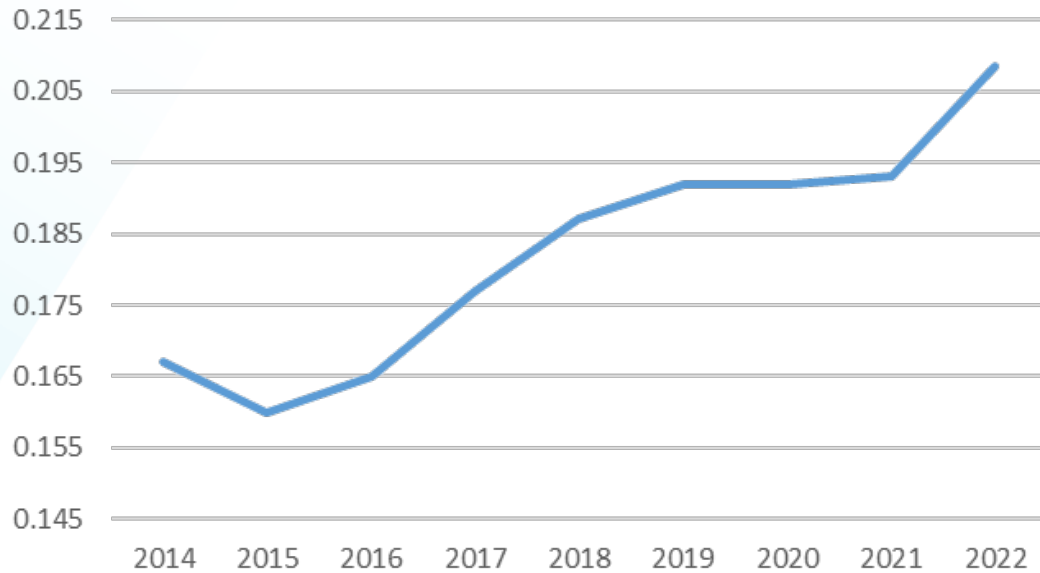
Digital trade is global but regulations are not



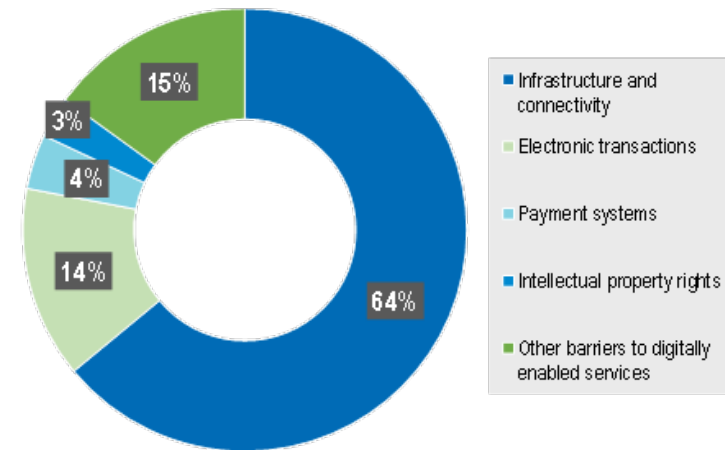


Cross-cutting digital trade barriers increased rapidly in recent years

Average DSTRI score (all)



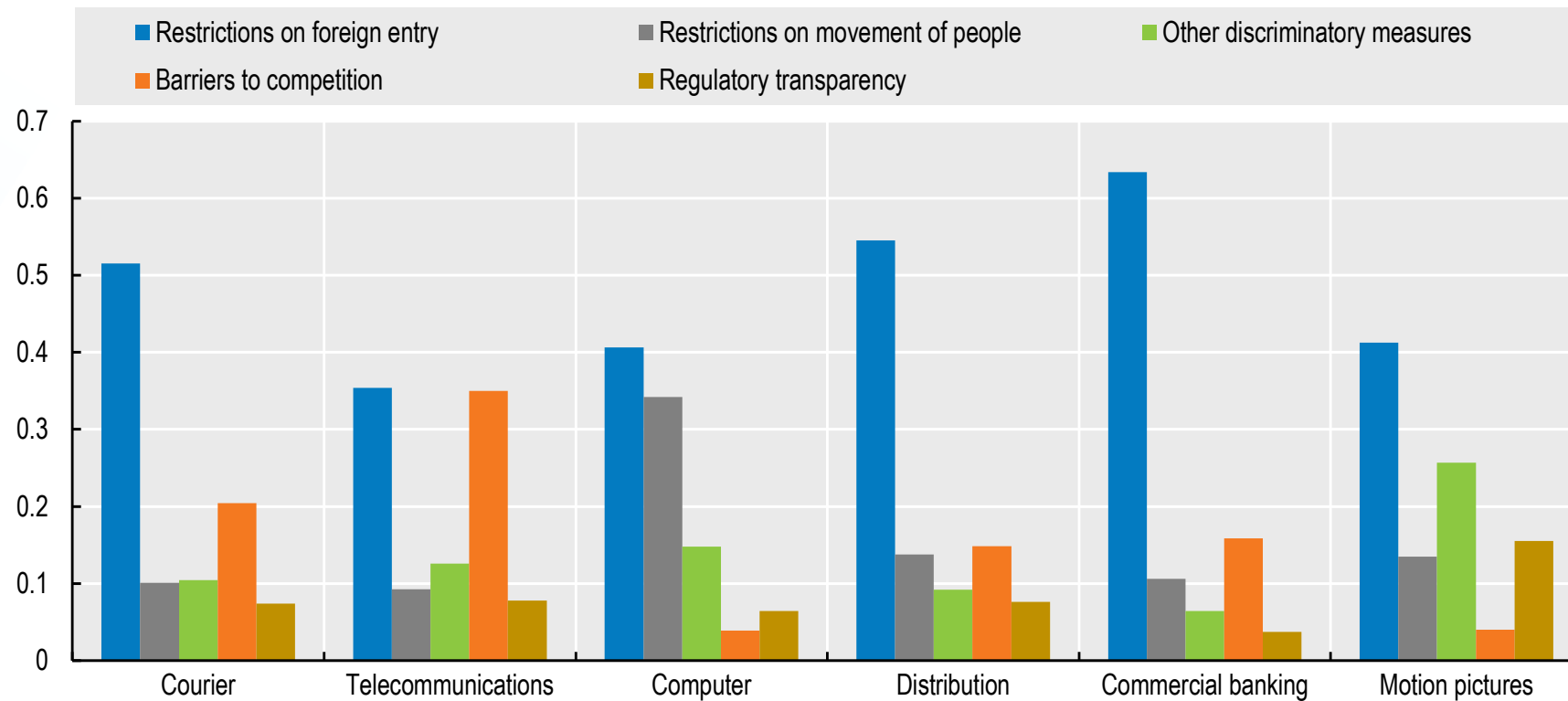
Contribution of different policy areas to overall DSTRI (2021)





Barriers hinder also supporting services

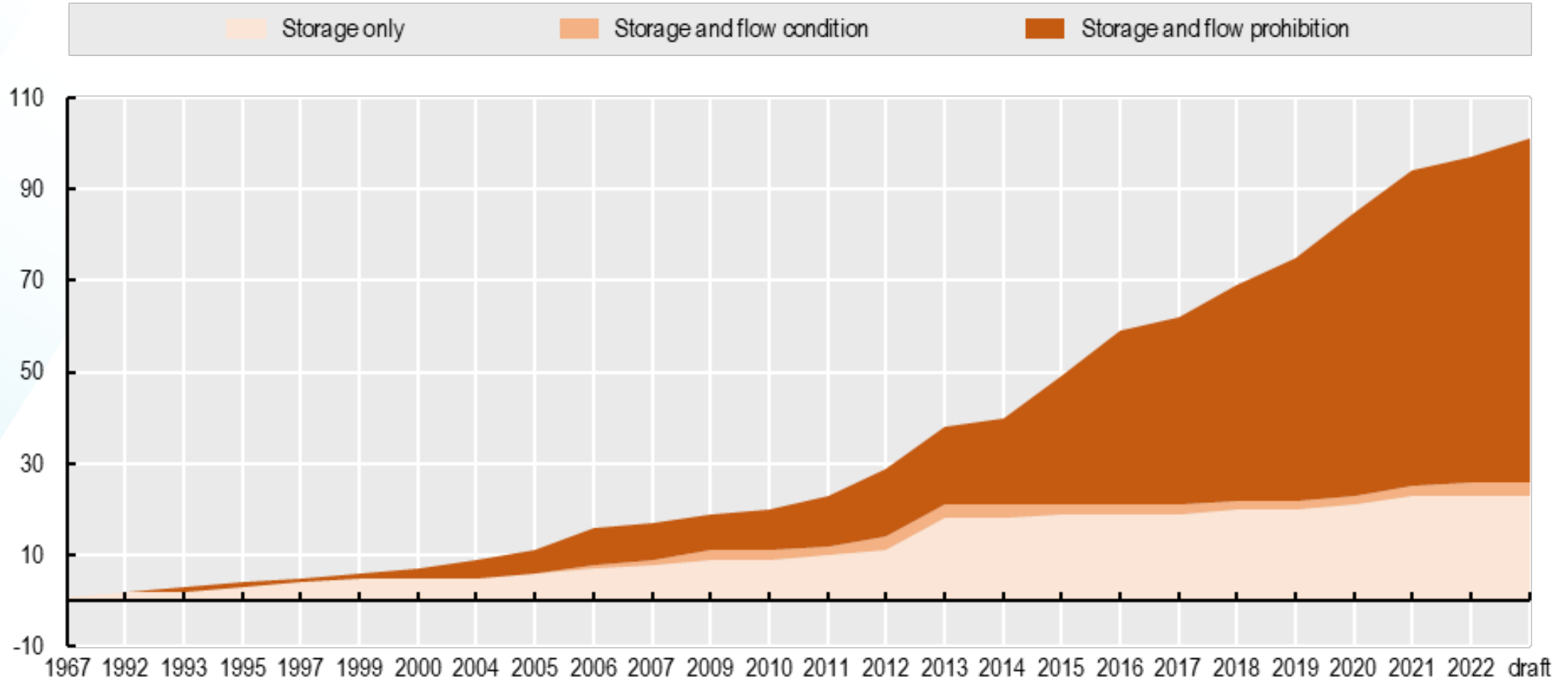
STRI scores for selected sectors by policy area, 2022



Source: OECD STRI (2022).



With increasingly restrictive approaches on data localisation





The international regulatory environment for digital trade



International regulatory efforts on digital trade are increasing

- At the WTO through the Joint Initiative on E-commerce and continued work on the e-commerce work programme
- Through regional trade agreements and new digital economy agreements
- Other existing international instruments, principles and guidelines
- How to monitor commonalities and progress across these initiatives?



The OECD's Digital Trade Inventory: mapping international instruments affecting digital trade

What is it?

1. Inventory of existing **rules, standards, and principles** covered in instruments adopted by international or regional fora (e.g., WTO, UNCITRAL, ISO, OECD, APEC, etc.)
2. Inventory of digital trade provisions in **regional trade agreements** (TAPED)

What can it be used for?

- Unpack the international regulatory environment: a “single window” into all major digital trade instruments
- Identify existing commonalities and complementarities



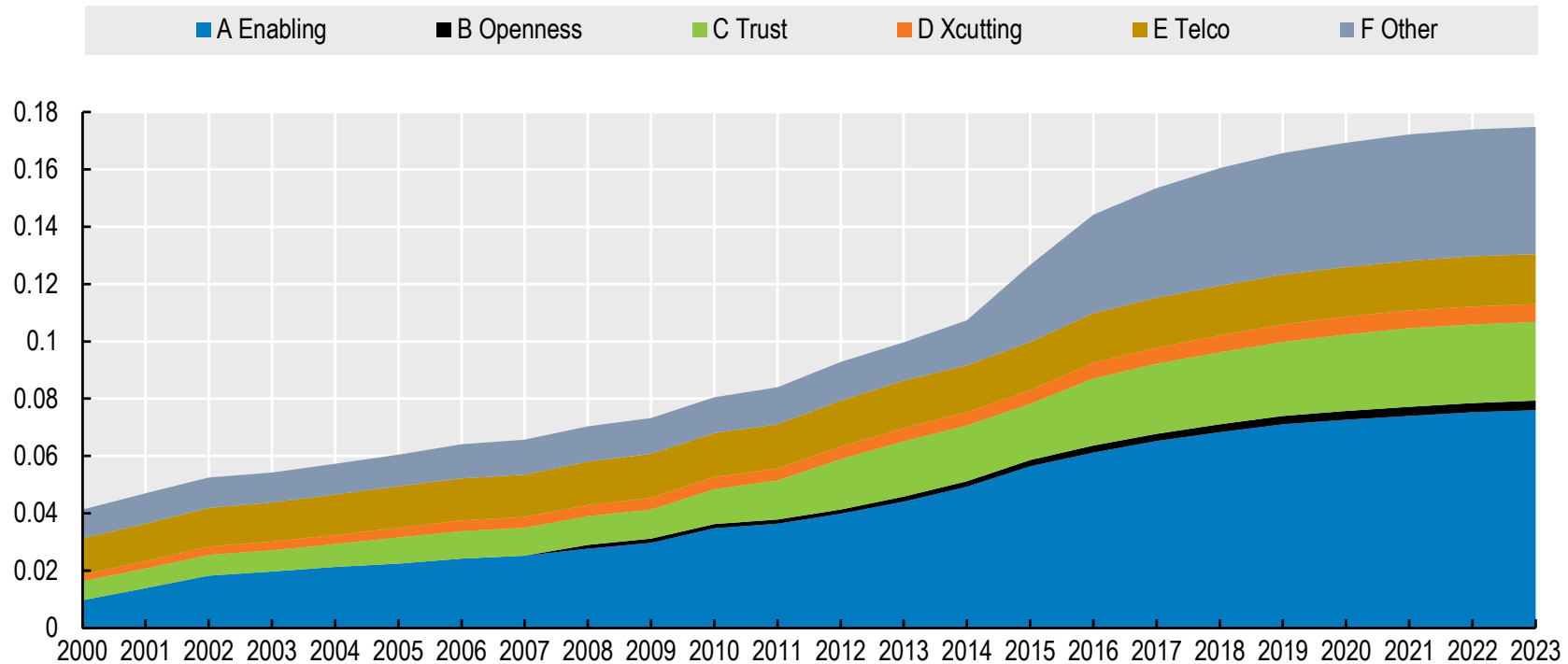
What does the inventory cover?

- Disciplines included in the JI discussions
- Broad categories:
 - A. Enabling** e-commerce: electronic transaction frameworks, electronic authentication and electronic signatures, electronic contracts, electronic invoicing, and paperless trading.
 - B. Openness** and e-commerce: customs duties on electronic transmissions, open government data, access to and use of the internet for electronic commerce/digital trade.
 - C. Trust** and e-commerce: online consumer protection, unsolicited commercial electronic messages, personal information protection/personal data protection, source code, ICT products that use cryptography, and cybersecurity.
 - D. Cross-cutting** issues: cross border transfer of information by electronic means/cross-border data flows, and location of computing facilities.
 - E. Telecommunications:** disciplines related to telecommunication services.
 - F. Other:** logistics services, use of technology for trade facilitation, domestic regulation, entry of business persons or issues of goods and services market access.



Countries are increasingly adopting international instruments related to digital trade

Preliminary Digital Trade Inventory by category, 2000-2023



Source: OECD 2023 (forthcoming)



The way forward

- Digital trade is an important source of growth for the LAC region
- Developing better measurement tools will be key to inform policy discussions and improve regulatory choices
- Continued cooperation among different organisations will be essential to speak with one voice on digital trade