



Digital trade indices for policy improvements and development programming

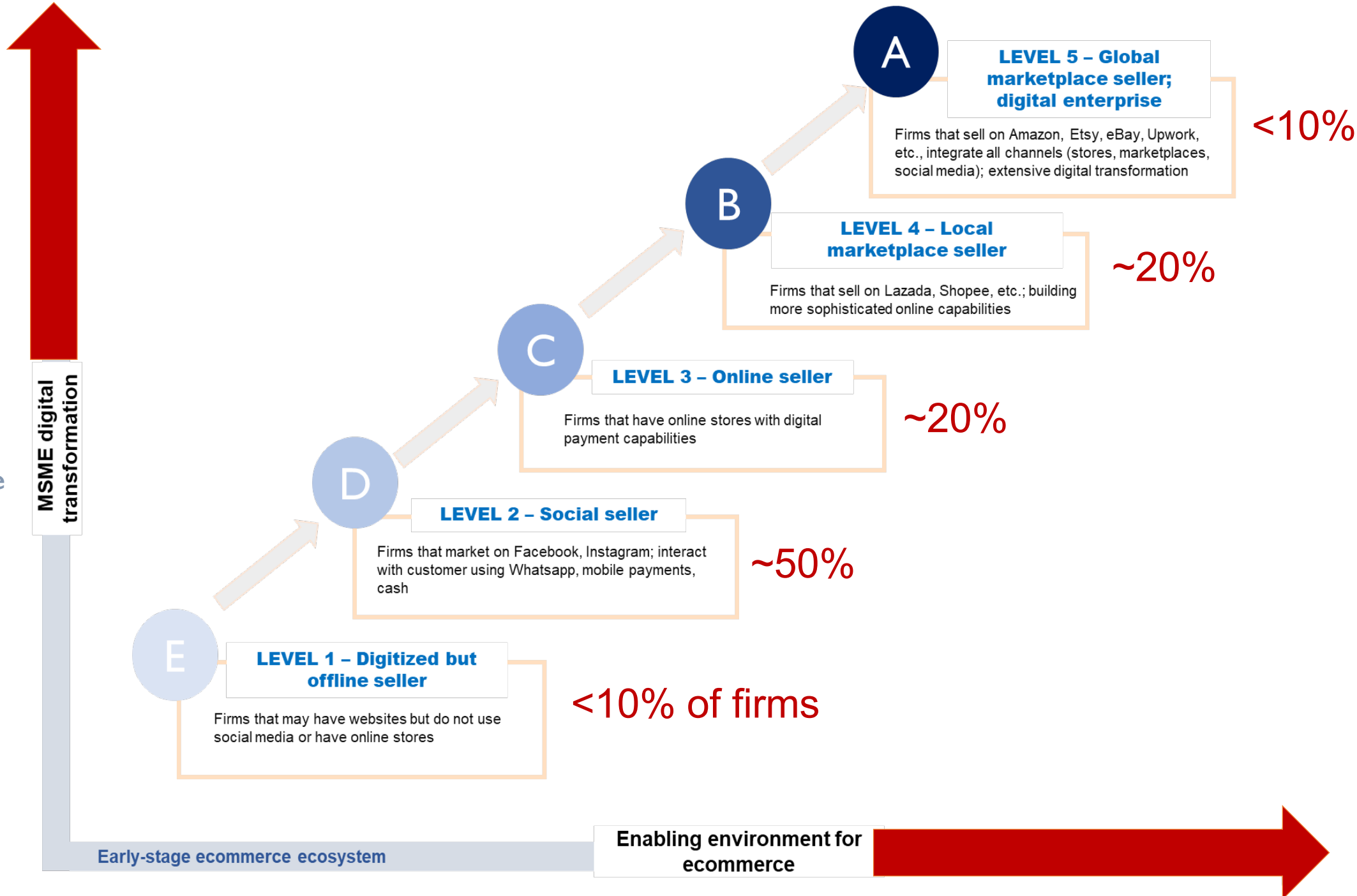
Kati Suominen, Founder and CEO, Nextrade Group



NEXTRADE GROUP
World trade is changing. Are you?

**Our question:
how to enable
more firms to
grow into online
sellers →**

- 1. Improve enabling environment for ecommerce
- 2. Accelerate firms' digital transformation



Source: Nextrade Group.

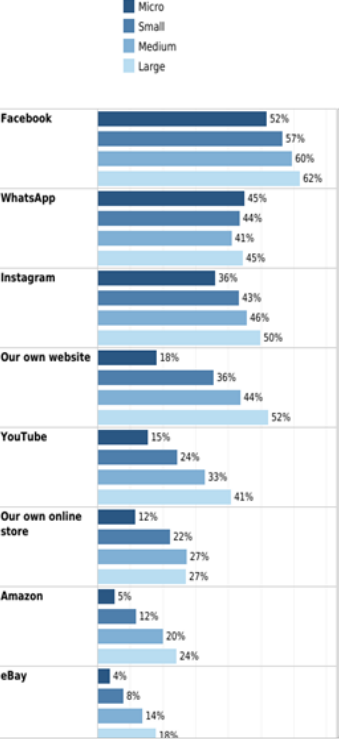
DATABASES BUILT: SEE ETRADE POLICY HUB ON OUR SITE

Firm-level: 6,703 firms in 11 countries

Pro-e-commerce policies: adoption of 100 policies in 52 countries

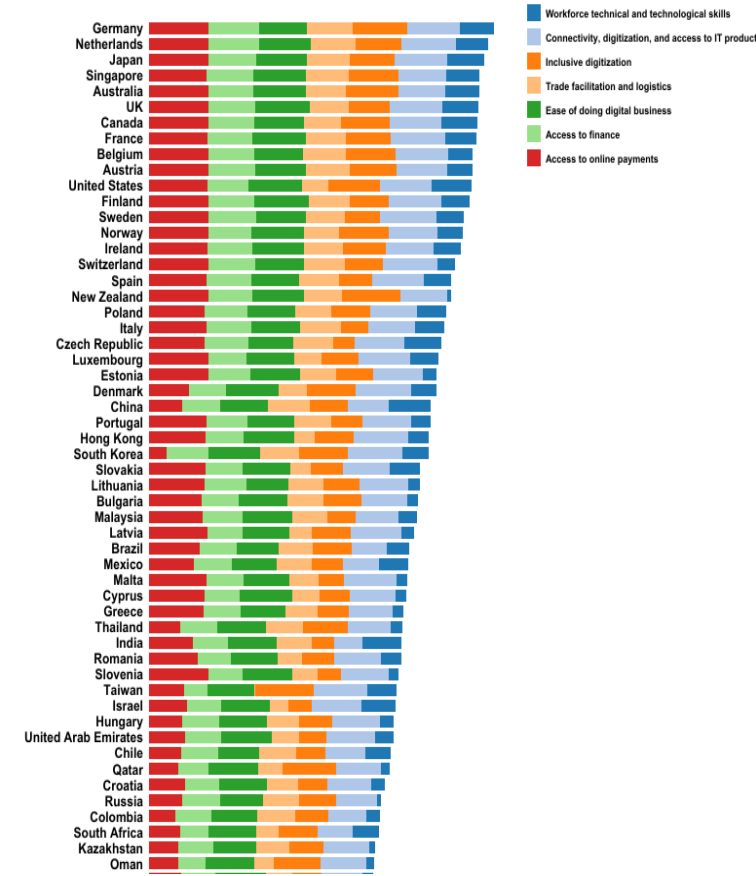
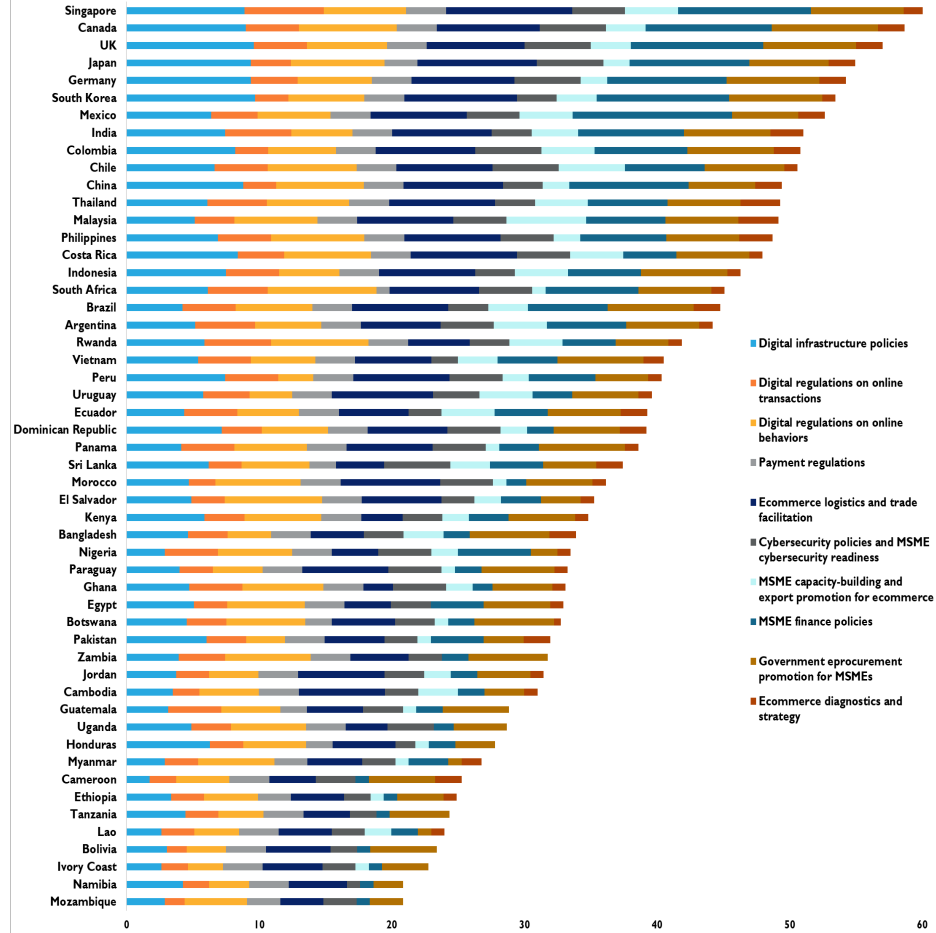
Best Place for MSME Ecommerce database: 50 outcome variables in 190 countries

% firms that sell on each platform, by size



Type of seller, by firm size, CEO gender, type of location

With the exception of an offline seller, any online seller in these categories may overlap with other categories. For example, a social seller may also sell on a regional marketplace, and would therefore count as a social seller and also count as a firm that sells on local or regional marketplaces.

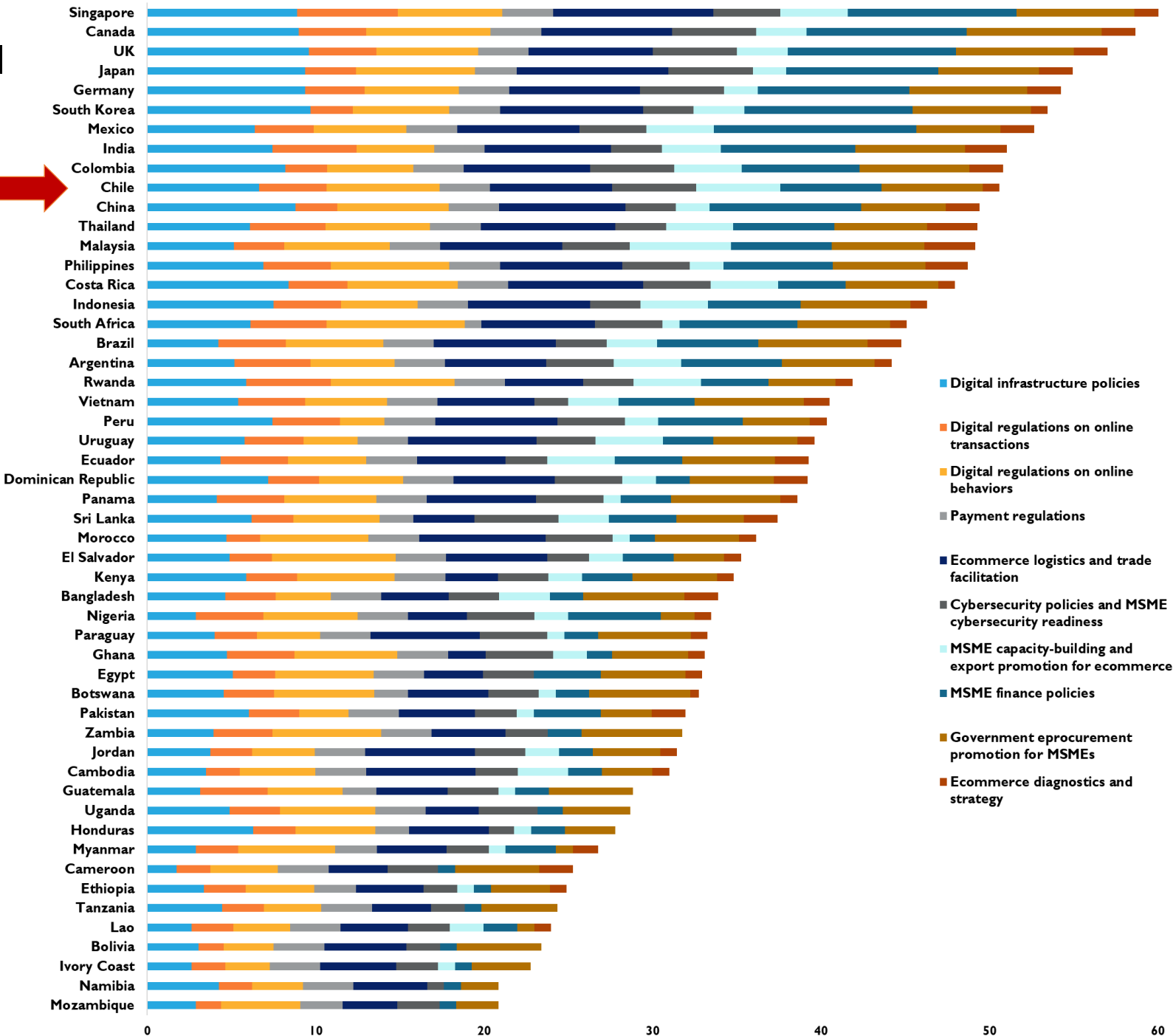
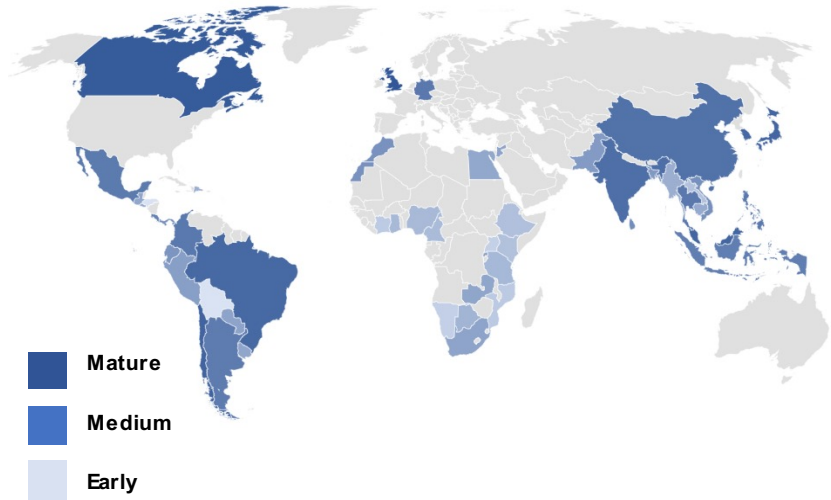


USAID
FROM THE AMERICAN PEOPLE

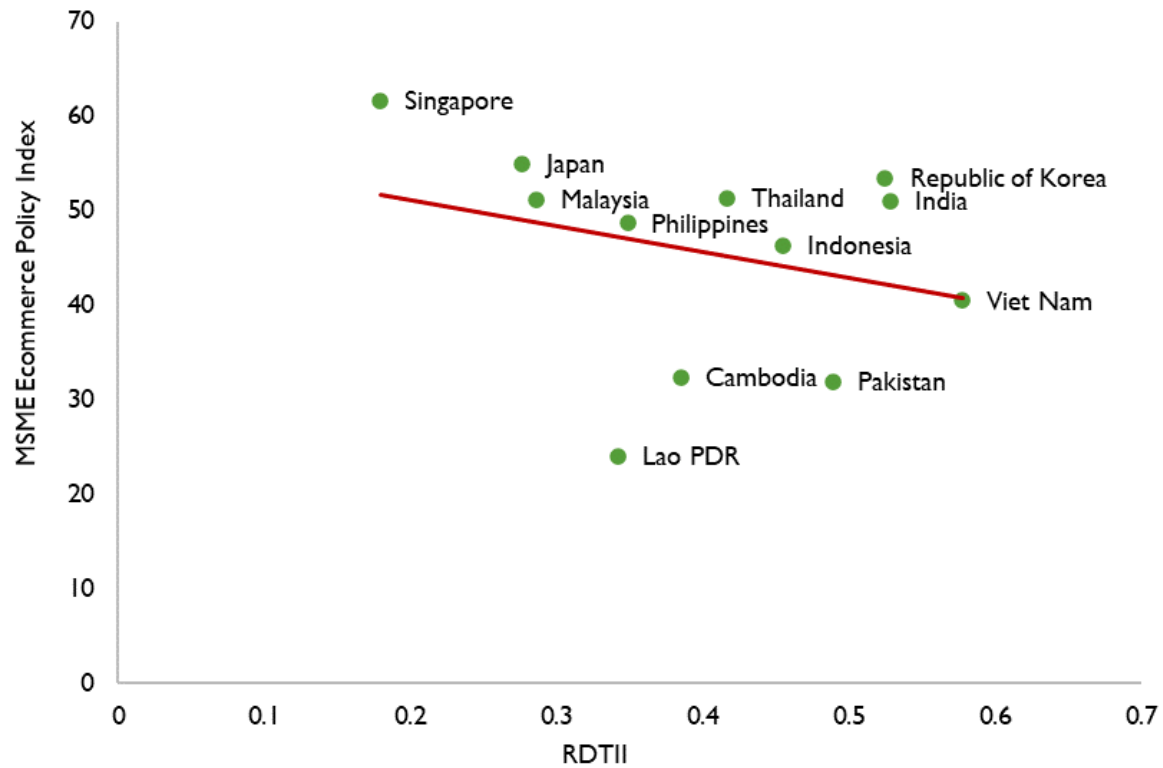


<https://www.allianceforetradedevelopment.org/>

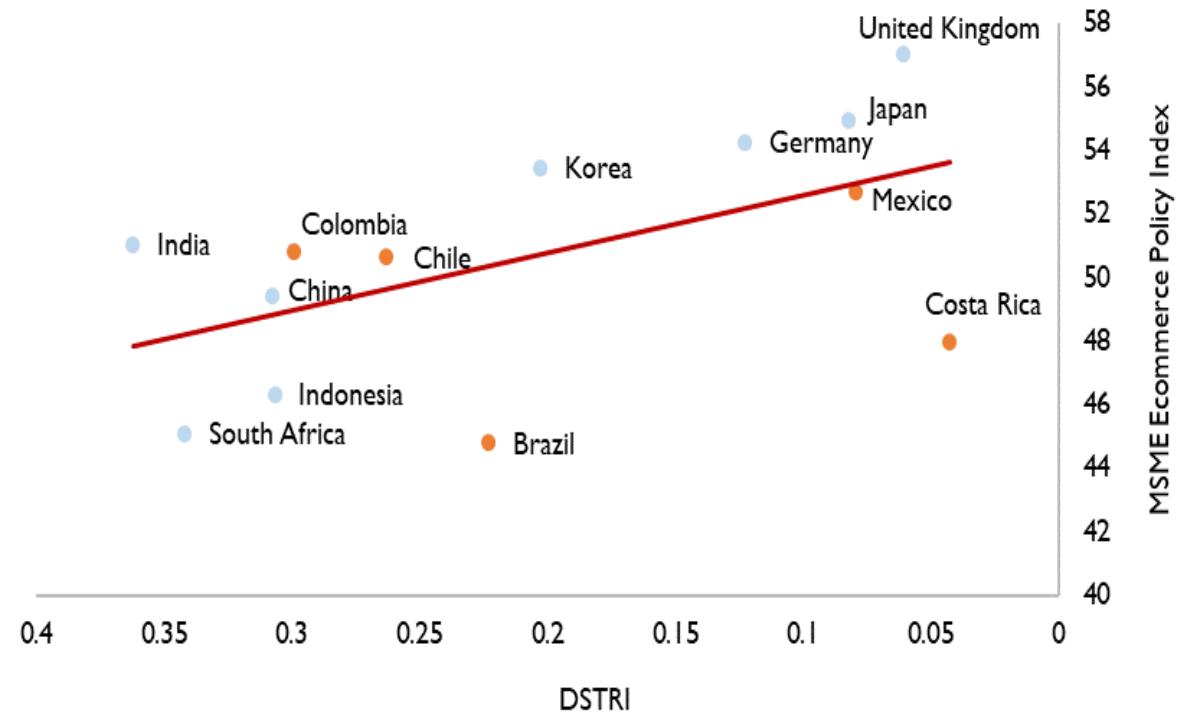
Index I: eTrade Alliance's 2020-21 Ecommerce Policy Index, based on qualitative policy data



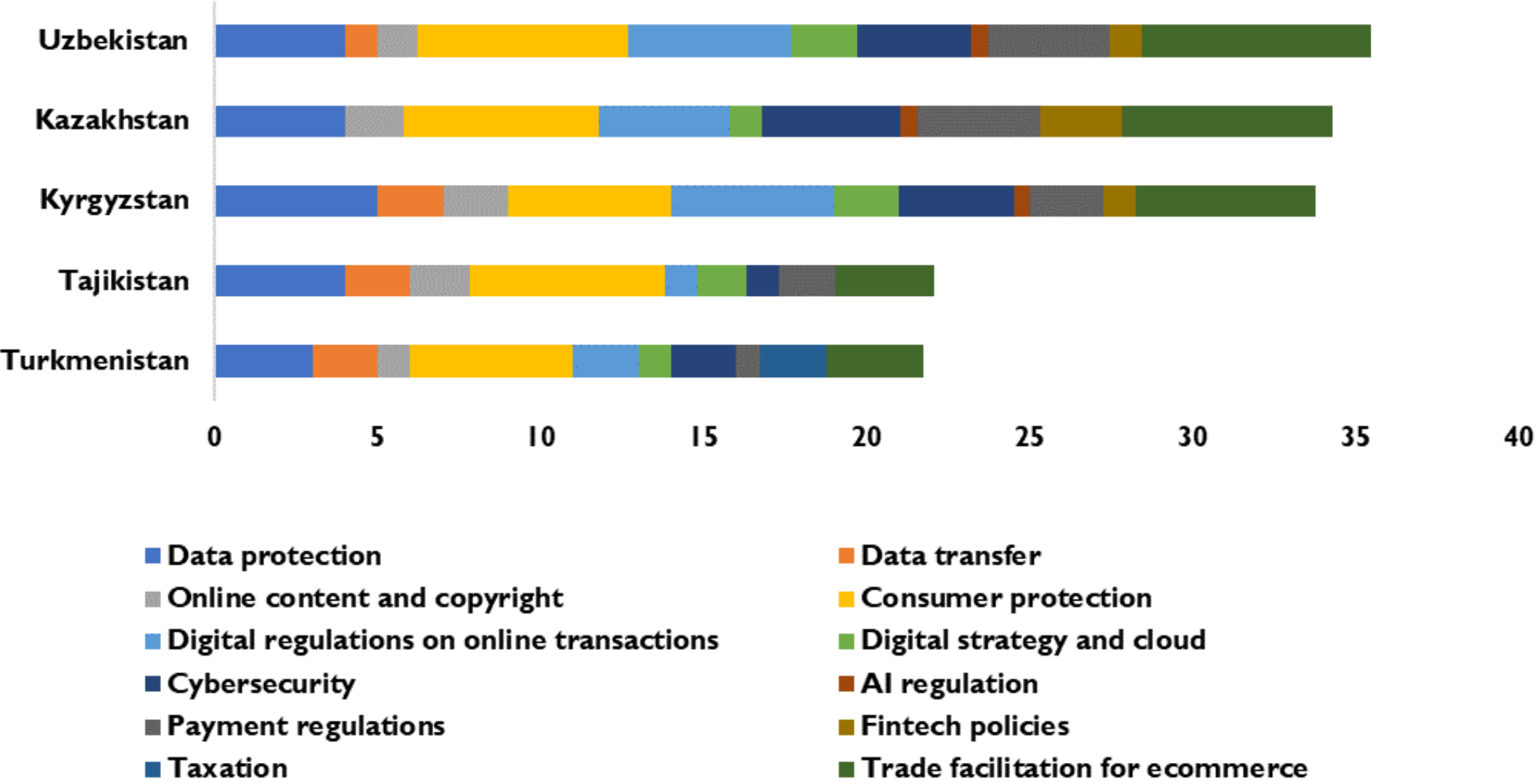
MSME Ecommerce Policy index and RDTII



MSME Ecommerce Policy index and DSTRI

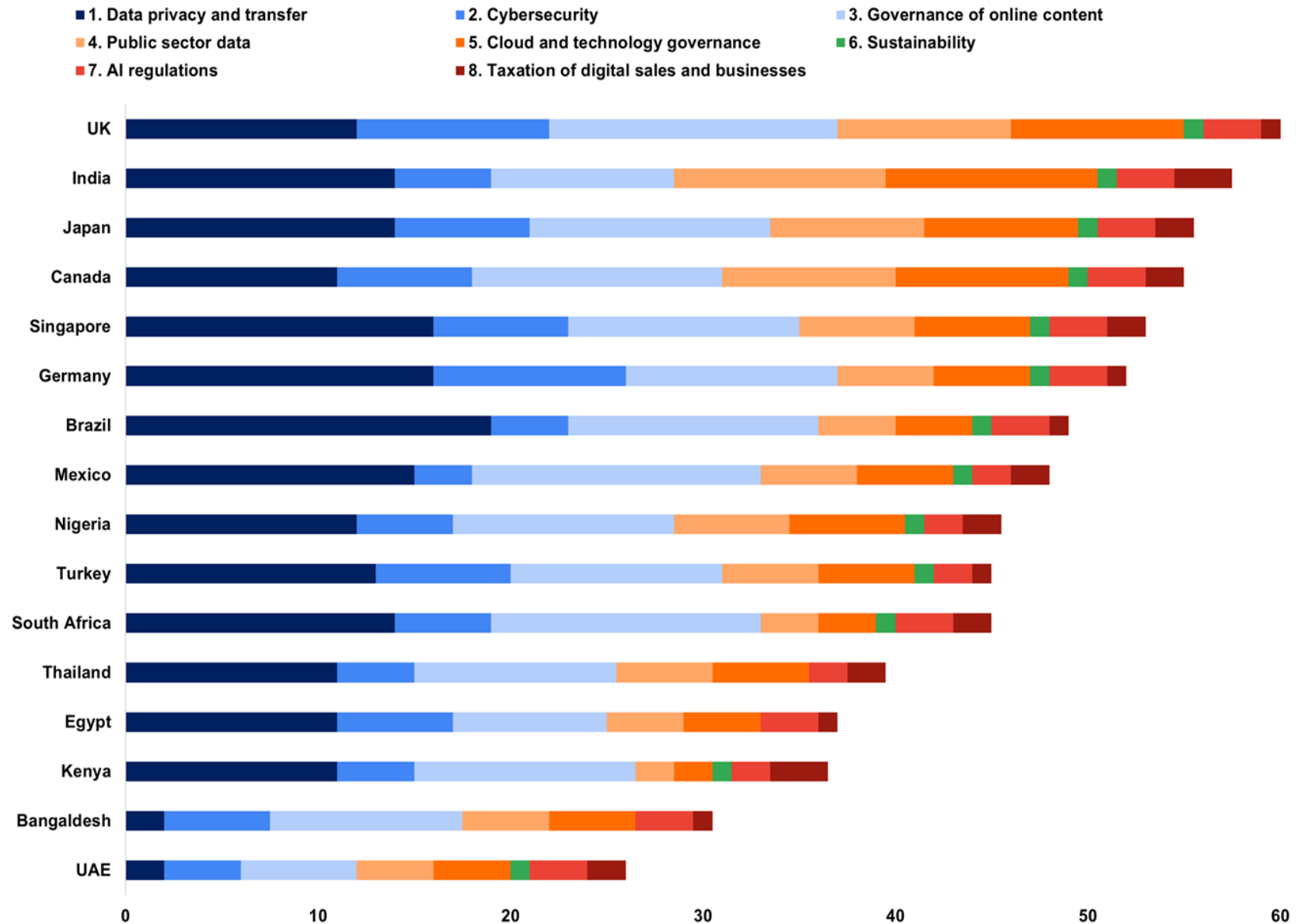


Similar idea, only upgrade to include AI, Fintech, and Cloud policy



Good practices in Cloud and AI –

Pilot data based on mapping of 16 countries (note GER, UAE not as complete)



How Nigeria maps on the Index

	Nigeria	Kenya	Morocco	Sub-Saharan Africa	Middle East North Africa	South Asia	Latin America	Southeast Asia	Advanced
Digital Infrastructure	Bottom 25%	Top 50%	Bottom 50%	Bottom 50%	Bottom 50%	Top 50%	Top 50%	Top 50%	Top 25%
Digital regulations on online behavior	Top 50%	Top 50%	Top 25%	Bottom 50%	Bottom 50%	Bottom 25%	Bottom 50%	Bottom 50%	Top 25%
Digital regulations on online transactions	Top 50%	Bottom 50%	Bottom 25%	Bottom 50%	Bottom 25%	Bottom 50%	Top 50%	Top 50%	Top 50%
Payment regulations	Top 25%	Top 25%	Top 25%	Bottom 25%	Top 25%	Bottom 25%	Bottom 25%	Bottom 25%	Top 25%
Cybersecurity readiness	Top 50%	Bottom 50%	Top 50%	Bottom 50%	Bottom 50%	Bottom 50%	Top 50%	Bottom 50%	Top 50%
Ecommerce logistics and trade facilitation	Bottom 25%	Bottom 25%	Top 25%	Bottom 25%	Bottom 50%	Bottom 25%	Top 50%	Top 50%	Top 25%
SME capacity-building and export promotion for ecommerce	Bottom 50%	Bottom 50%	Bottom 25%	Bottom 25%	Bottom 25%	Top 50%	Top 50%	Top 50%	Bottom 50%
SME finance	Top 50%	Bottom 50%	Bottom 25%	Bottom 50%	Bottom 50%	Bottom 50%	Top 50%	Top 50%	Top 25%
Government eprocurement promotion for SMEs	Bottom 25%	Bottom 50%	Bottom 50%	Bottom 50%	Bottom 50%	Bottom 50%	Top 50%	Bottom 50%	Top 25%
Ecommerce diagnostics and strategy	Bottom 50%	Bottom 50%	Bottom 50%	Bottom 25%	Bottom 50%	Top 50%	Top 50%	Top 50%	Top 50%
Overall	Bottom 50%	Bottom 50%	Bottom 50%	Bottom 25%	Bottom 50%	Bottom 50%	Top 50%	Top 50%	Top 25%

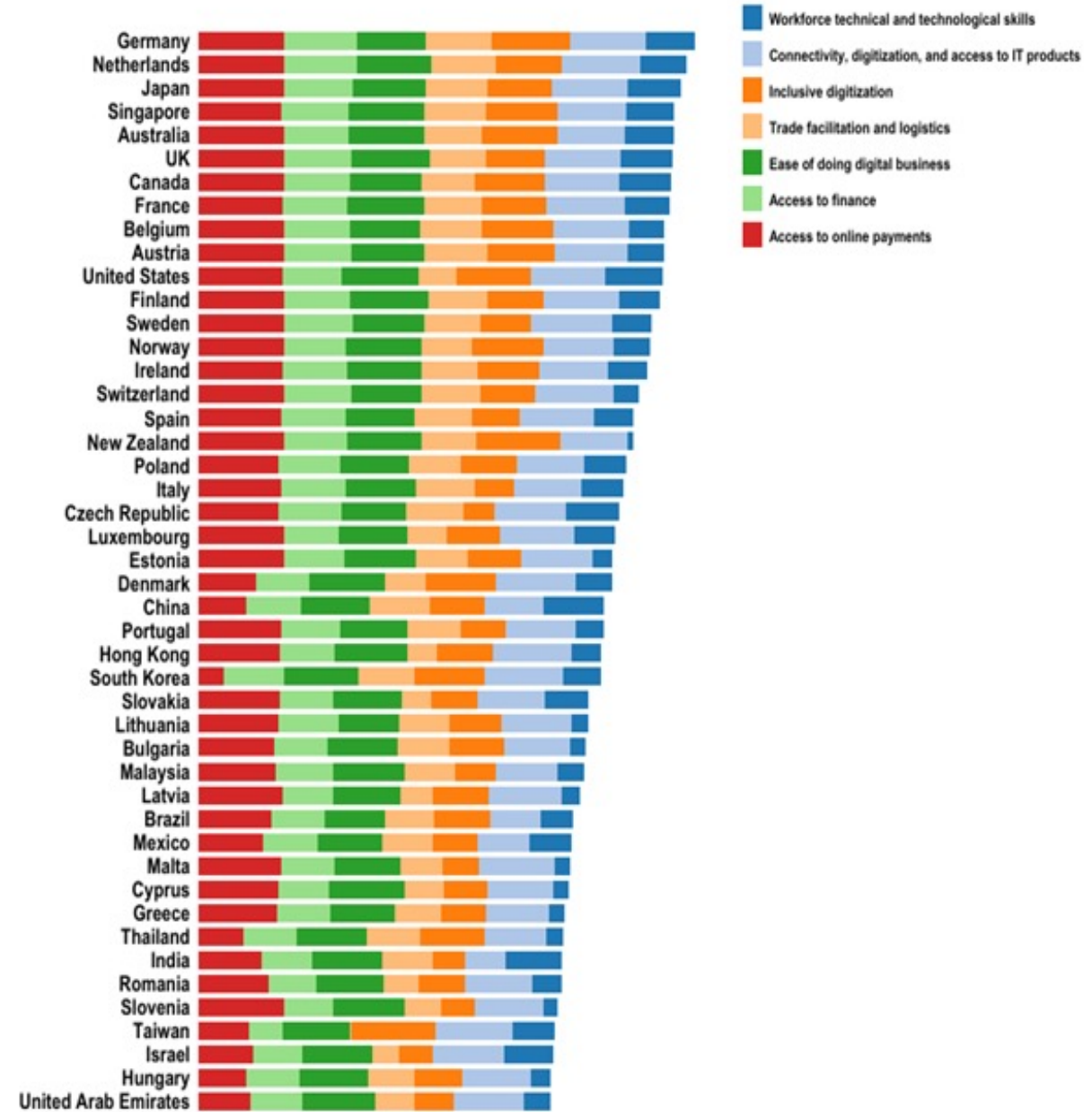


See report with dozens of mini-case studies - <https://www.allianceforetradedevelopment.org/reports-on-msme-ecommerce>

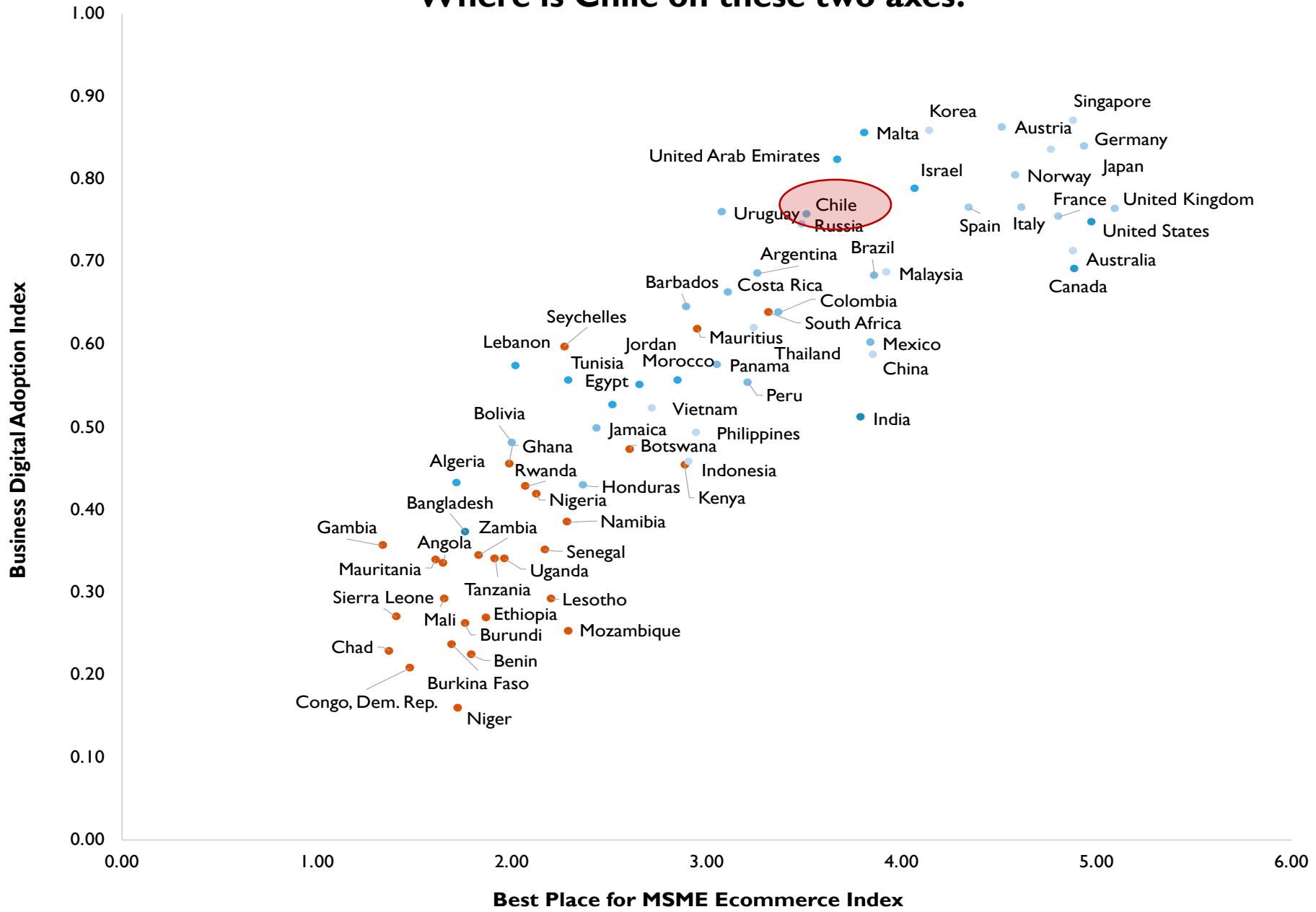
Videos of governments' experiences in digital policy reforms: <https://www.allianceforetradedevelopment.org/videos-on-best-practices>

Index 2: Best Place for MSME Ecommerce database: 50 outcome variables in 190 countries

	Variable	Source
1	% of people connected to Internet	World Bank Data
2	Ratio of people with fixed broadband- subscriptions per 100 people	World Bank Data
3	Internet quality - speed	Fastmetrics
4	Broadband cost	Cable
5	Tariffs on ICT products	WTO
6	Taxes on digital services (VAT/GST on digital sales)	Various
7	PayPal is available	PayPal
8	Hourly labour costs in US dollars (converted using 2011 PPPs), latest year	ILO
9	Notice period for redundancy dismissal for a worker with 1 year (weeks of salary)	ILO
10	Severance pay for redundancy dismissal for a worker with 1 year of tenure (weeks)	ILO
11	Maximum length of a single fixed-term contracts (months)	ILO
12	GDP per person employed (constant 2017 PPP \$)	World Bank
13	Regional trade agreements (number)	WTO Regional Trade Agreements Database
14	Labor skills levels - % of technicians	ILO
15	English proficiency (score) (2019)	EF EPI
16	Digital talent - proxy: Patent applications, residents	World Bank
17	Digital talent - proxy: ICT service exports	World Bank
18	Office space cost (unit/month)	CBRE
19	Doing business - ease of doing business (score)	World Bank Doing Business
20	Total tax and contribution rate (% of profit)	World Bank
21	Time spent on tax filings	World Bank
22	Cybersecurity index	ITU Global Cybersecurity Index
23	Paperless trade score	UN Global Survey on Digital and Sustainable
24	Crossborder paperless trade score	UN Global Survey on Digital and Sustainable
25	Time to export - documents	World Bank Doing Business
26	Time to export - compliance	World Bank Doing Business
27	Commercial air connectivity	World Bank World Development Indicators
28	Logistics performance index: Ease of arranging competitively priced shipments	World Bank Logistics Performance Index
29	Logistics performance index: Ability to track and trace consignments	World Bank Logistics Performance Index
30	Lead time to export, median case	World Bank
31	Logistics performance index: Quality of trade and transport-related infrastructure	World Bank Logistics Performance Index
33	Collateral requirements	World Bank Enterprise Surveys
34	Depth of Fintech ecosystem - National fintech ranking 65 countries	Findexable
35	Doing business - credit bureau coverage (% of adults)	World Bank Doing Business
36	Openness of company data available through government	Open company data index
37	E-government index- online services	UN
38	Companies' digital technology adoption index	World Bank Digital Adoption Index
39	Policy index for MSME ecommerce	eTrade Alliance
40	UPU Postal Development Index	UPU Postal Development Report 2020



Where is Chile on these two axes?



- Sub-Saharan Africa
- South Asia
- North America
- Middle East and North Africa
- Latin America and Caribbean
- Europe and Central Asia
- East Asia and Pacific

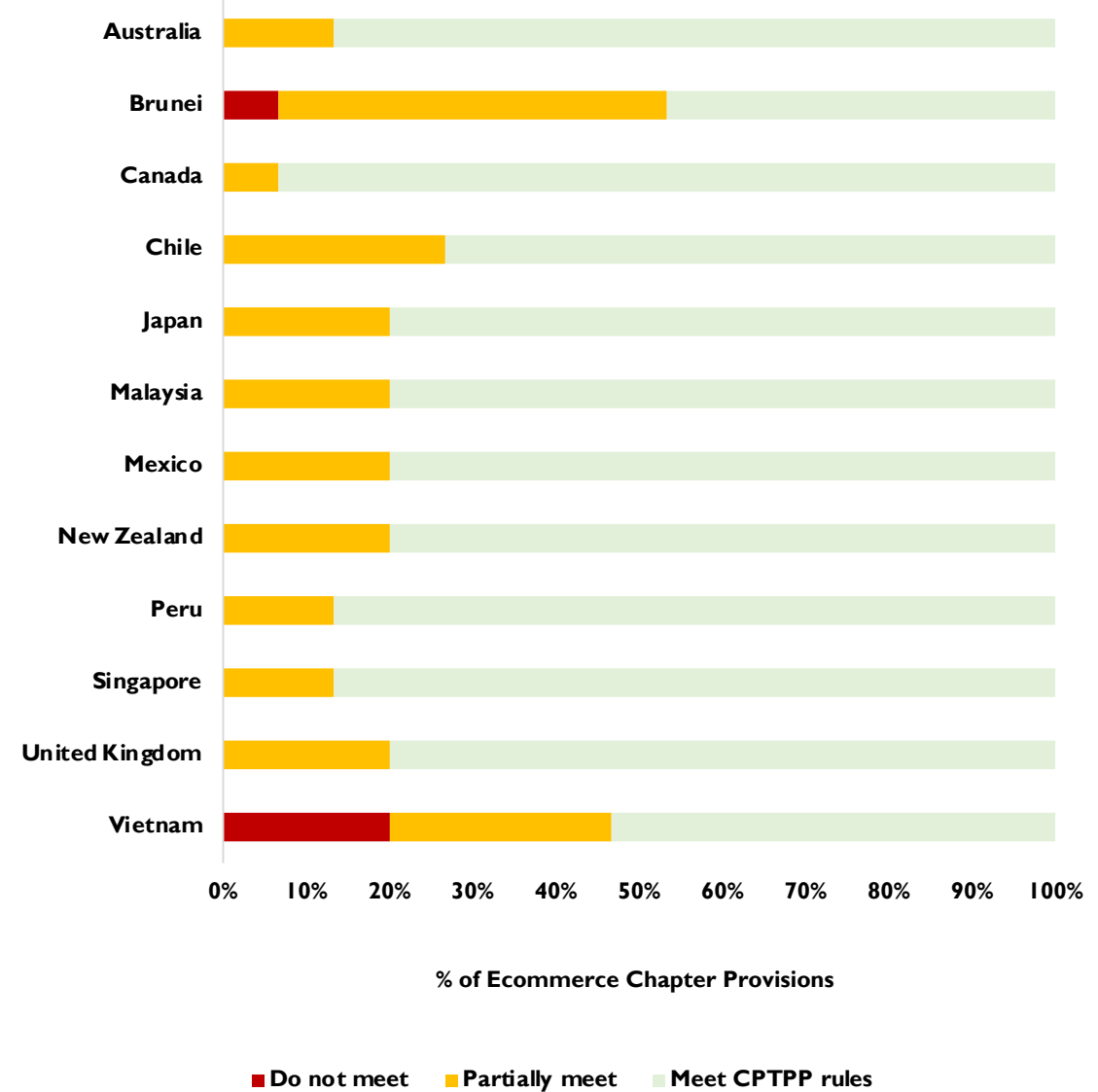
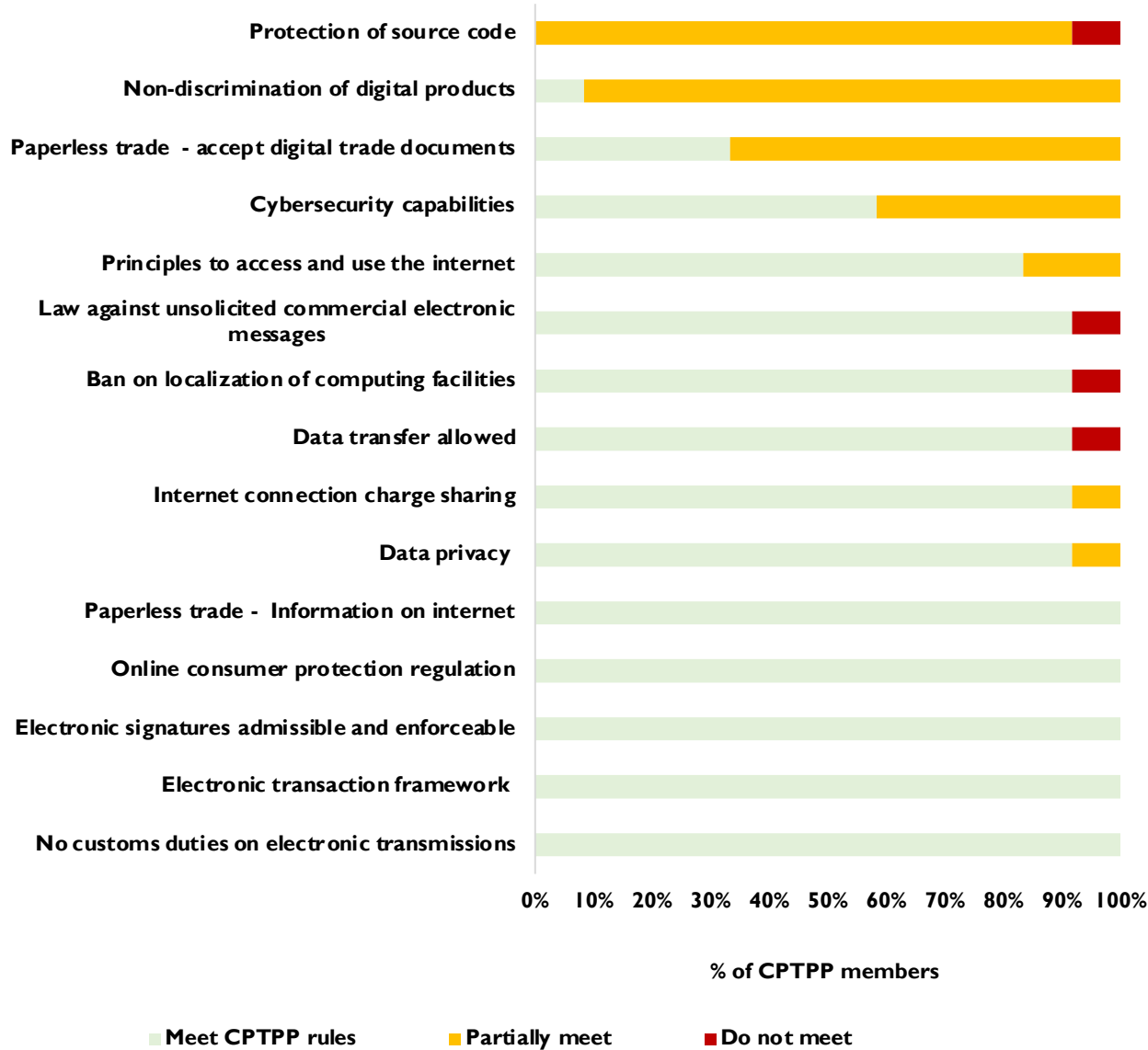
**Methodology:
mostly based
on reviews of
laws and
objective
indices**

	Provision	Based on
1	No customs duties on electronic transmissions	Law
2	Electronic transaction framework	Law
3	Electronic signatures admissible and enforceable	Law
4	Data privacy	Law
5	Data transfer allowed	Law
6	Ban on localization of computing facilities	Law
7	Online consumer protection regulation	Law
8	Law against unsolicited commercial electronic messages	Law
9	Paperless trade - Information on internet	Self-reported - TFA Database
10	Paperless trade - accept digital trade documents	Self-reported - UN survey
11	Non-discrimination of digital products	Business surveys and reports
12	Cybersecurity capabilities	National Cybersecurity Index
13	Principles to access and use the internet	Freedom House score on access to internet
14	Internet connection charge sharing	Reported practice



- Implementation complete
- Partly incomplete
- Incomplete

Overall: CPTPP members' implementation record of 2023 – similar to 2022



What do business think?

% of CPTPP region firms seeing a country's implementation as "very good"

	Cross-border data transfer	Ban on server localization	Protect source code	Non-discrimination in digital business	Cybersecurity	Trade facilitation	Data privacy law and protections	Average
Australia	56%	50%	48%	50%	53%	36%	52%	49%
Brunei	44%	37%	46%	32%	42%	44%	43%	41%
Canada	62%	38%	45%	50%	48%	47%	57%	50%
Chile	46%	23%	32%	42%	40%	39%	28%	36%
Japan	61%	39%	39%	44%	57%	29%	56%	46%
Malaysia	52%	32%	38%	34%	48%	31%	40%	39%
Mexico	42%	30%	48%	36%	43%	39%	39%	40%
New Zealand	73%	34%	56%	60%	54%	48%	49%	53%
Peru	36%	30%	36%	31%	39%	35%	28%	34%
Singapore	52%	37%	45%	44%	60%	38%	57%	48%
United Kingdom	45%	31%	46%	41%	41%	35%	41%	40%
Vietnam	45%	28%	28%	33%	37%	30%	43%	35%
Average	51%	34%	42%	41%	47%	38%	44%	43%

Nextrade survey of 1,200 CPTPP region SMEs in July 2023. 100 CPTPP region SMEs assess each market. These are SMEs that state operating or trading with the market. For example, 100 CPTPP region's non-Australian SMEs that operate or export to Australia would be qualified to opine on Australia's implementation record.