

# Asia-Pacific digital trade regulatory overview: A focus on e- commerce regulatory landscape

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# ESCAP-ECA-ECLAC framework for digital trade regulatory analysis: Regional Digital Trade Integration Index, 2<sup>nd</sup> edition (RDTII 2.0)

Traditional trade policies

Digital governance

Other domestic policies



RDTII score

0 = lowest compliance cost

1 = highest

RDTII similarity score :

0 = Not matched

1 = Perfect matched

# Digital trade policy environment in Asia and the Pacific

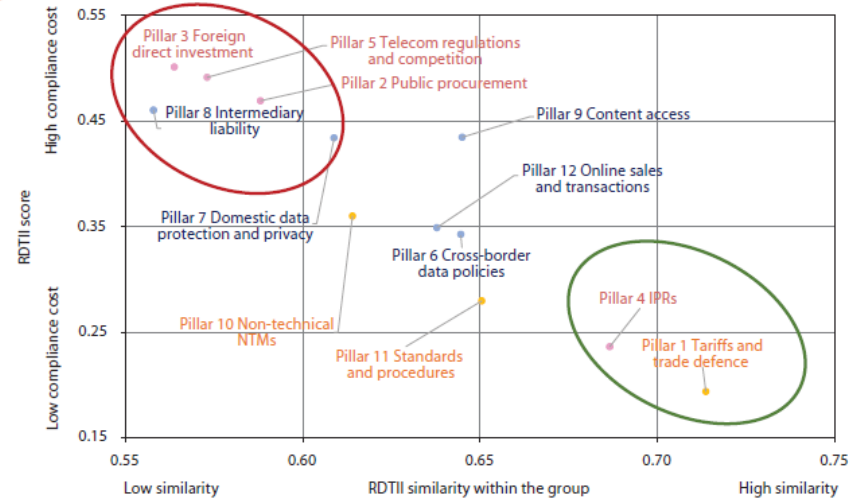
Asia-Pacific economies combine a trade liberalization approach and complex digital governance policies.

While tariffs are being lowered, policies pertaining to NTBs, digital services, investment are moving in opposite directions.

Socio-economic and political factors are contributing to the complexity of the digital policy environment

Figure 3.1

Digital-trade policy landscape in the Asia-Pacific region, 2022



Source: ESCAP, based on the Regional Digital Trade Integration Index (RDII) database (<https://dtri.uneca.org/escap/home>).



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

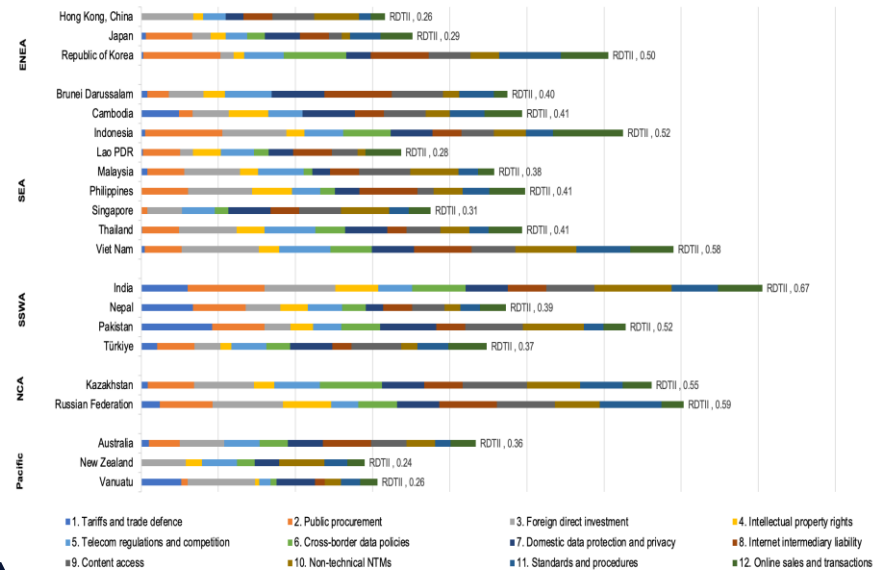
# Digital trade and investment in Asia and the Pacific

Compared to Africa and LAC, Asia-Pacific shows a more complex policy environment with higher average RDTII and low regulatory similarity.

The regulatory similarity score (potential for regulatory cooperation) for the Asia-Pacific is 0.64, Africa is 0.68, and LAC is 0.73.

Regulatory compliance costs are fixed costs. Smaller firms are generally affected more.

## RDTII 2.0 score of Asia-Pacific economies, 2023



Source: ESCAP, Digital Trade Regulatory Review for Asia-Pacific. (forthcoming)

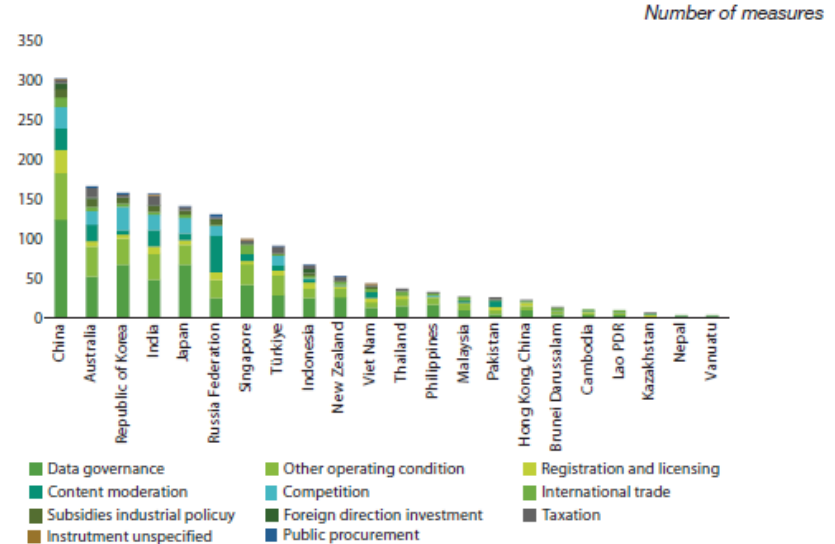
# Digital trade and investment in Asia and the Pacific

Asia-Pacific economies have introduced a large number of measures affecting online activities.

New regulations primarily focused on data protection, online content moderation, competition, and the operational conditions of digital businesses.

Figure 3.6

The number of digital policies adopted since January 2020 in Asia-Pacific economies



Source: ESCAP, based on the Digital Policy Alert (DPA) (<https://digitalpolicyalert.org/>).

Note: The DPA database specializes in tracking digital policy advancements in G20 countries. While it offers important information on certain non-G20 nations, the policy coverage for these countries is generally less exhaustive.



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

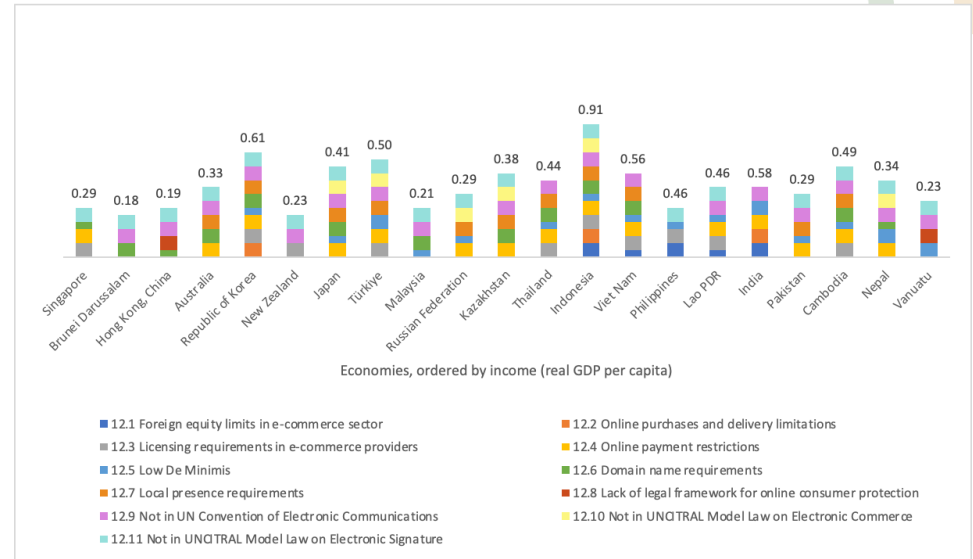
# Policies affecting e-commerce (online transactions)

E-commerce is prioritized across many Asia-Pacific economies. A regional trend is liberalized foreign equity, reduced restrictions on online purchases and sales, with some exceptions in economies with sizable domestic markets.

However, contrasting policies are evident with high-compliance costs of investment regulations, such as local presence and business licensing requirements

Consumer protection laws applicable to e-commerce transactions are becoming quite common; however, risk of growing regulatory variation. Only a few have adopted international model laws.

RDTII Pillar 12 (online sales and transactions) scores in Asia-Pacific, 2023



Source: ESCAP, Digital Trade Regulatory Review for Asia-Pacific. (forthcoming)

# Policies affecting e-commerce (cybersecurity)

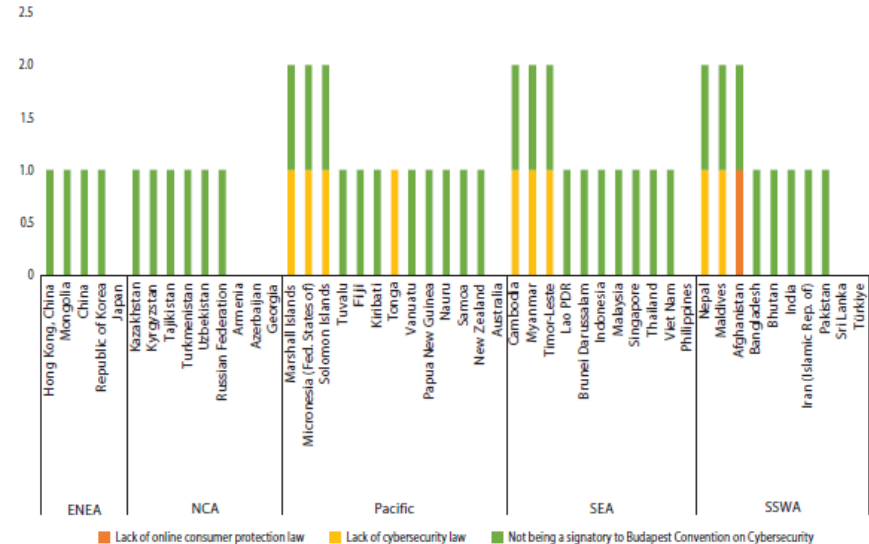
Asia-Pacific economies have cybersecurity laws. LDCs and PIDEs are exceptions.

Services trade regulations, especially those related to computer and professional services, can affect the availability of digital security expertise.

Dispute resolution mechanisms for cross-border online transactions often fall short; however, promising initiatives are underway in APEC and ASEAN

Figure 3.9

Indicators of e-commerce policy issues in the Asia-Pacific region, 2022



Sources: ESCAP, based on UNCTAD Global Cyber Law Tracker (<https://unctad.org/topic/e-commerce-and-digital-economy/e-commerce-law-reform/summary-adoption-e-commerce-legislation-worldwide>), the RDTII database (<https://dtri.uneca.org/escap/home>), and ITU GS Benchmark (<https://app.gen5.digital/benchmark/metrics>) (accessed September 2023).

Note: According to the UNCTAD Global Cyber Law Tracker, online consumer protection laws are not found for the following economies: Armenia, Fiji, Georgia, Iran (Islamic Rep. of), Kiribati, Maldives, Marshall Islands, Micronesia (Fed. States of), Mongolia, Nauru, Pakistan, Papua New Guinea, Samoa, Solomon Islands, Tajikistan, Timor-Leste, Tonga, Turkmenistan, Tuvalu and Uzbekistan.

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



# Policies affecting e-commerce (e-contract, e-payment, paperless trade)

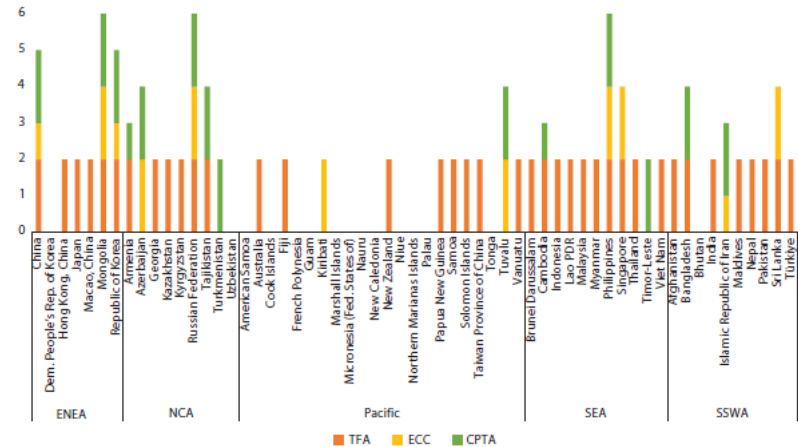
OECD indicates that 55% of the 22 Asia-Pacific economies have implemented measures restricting access to e-payments, such as sanctioned intermediaries, or local currency requirement.

Only a small number of Asia-Pacific economies participate in the United Nations Convention on the Use of Electronic Communications in International Contracts (ECC), and the Framework Agreement on Cross-border Paperless Trade in Asia and the Pacific (CPTA).

Varied requirements related to e-transactions pose challenges for cross-border e-commerce in the absence of mutual recognition.

Figure 3.8

Participation in TFA, ECC, and CPTA in the Asia-Pacific region, 2023



Sources: ESCAP, based on WTO Trade Facilitation Agreement website ([https://www.wto.org/english/tratop\\_e/tradfa\\_e/tradfa\\_agreeacc\\_e.htm](https://www.wto.org/english/tratop_e/tradfa_e/tradfa_agreeacc_e.htm)), the UNCTAD website ([https://unctad.un.org/en/texts/e-commerce/conventions/electronic\\_communications\\_status](https://unctad.un.org/en/texts/e-commerce/conventions/electronic_communications_status)), and the United Nations Treaty Collection ([https://treaties.un.org/Pages/Treaties.aspx?id=10andsubid=Aandclang=\\_en](https://treaties.un.org/Pages/Treaties.aspx?id=10andsubid=Aandclang=_en)) (accessed September 2023).

Note: The score of 2 refers to ratification, acceptance, approval, and accession to these international frameworks. The score of 1 refers to signatory to these international frameworks. The score of zero refers to participate to these international frameworks.



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

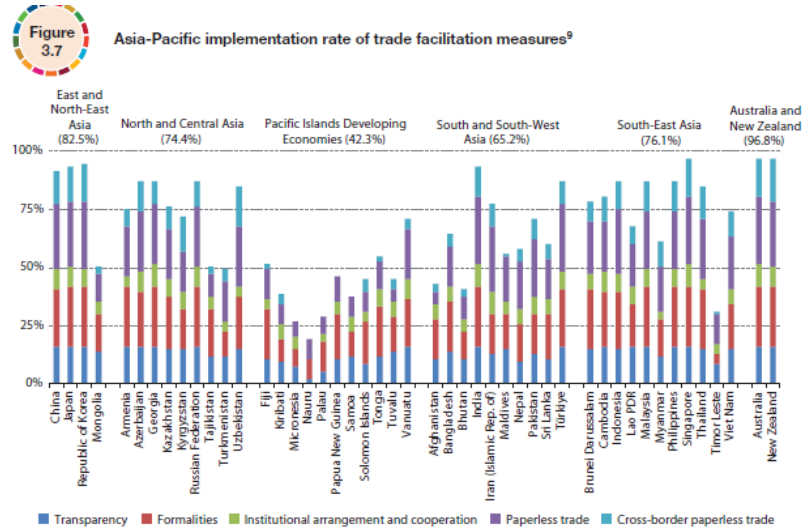


# E-commerce facilitation

Trade facilitation matters for cross-border ecommerce in goods.

The UNTF survey showed that Asia-Pacific region has made progress in implementing trade facilitation from 56% to 66%, between 2019 and 2023.

However, regional progress in cross-border paperless trade is slow. PIDEs and SSWA economies, in particular, lag behind other subregions.



Source: ESCAP, based on Digital and sustainable trade facilitation in Asia and the Pacific 2023 (forthcoming).



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

# Data regulations

There is a shared foundation in data protection principles, the specific requirements in data regulations vary considerably.

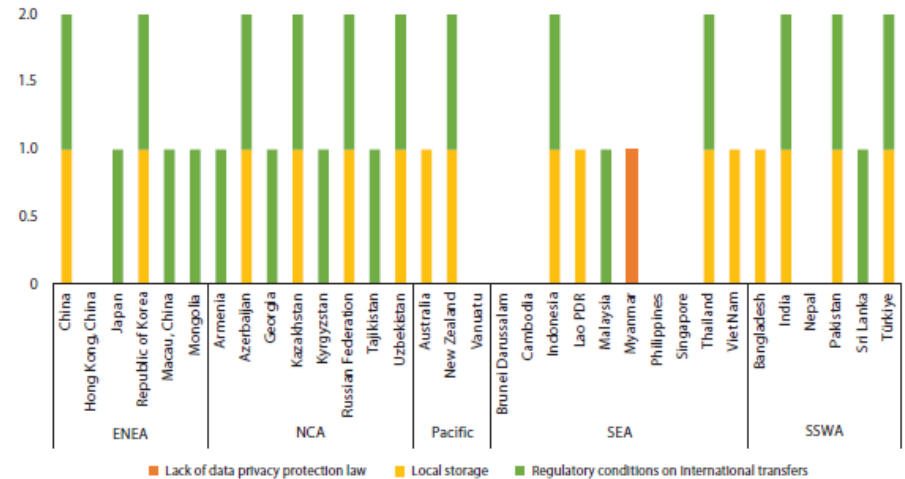
Of 22 economies in ESCAP RDTII database, there are requirements for local storage (14%), local processing (55%), infrastructure obligations (14%), minimum data retention periods (70%), DPIA or DPO (50%), conditional flow regime (82%).

Regional initiatives are increasingly offering guiding principles for data regulation

Figure 3.10

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

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



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

# Online-platform regulations

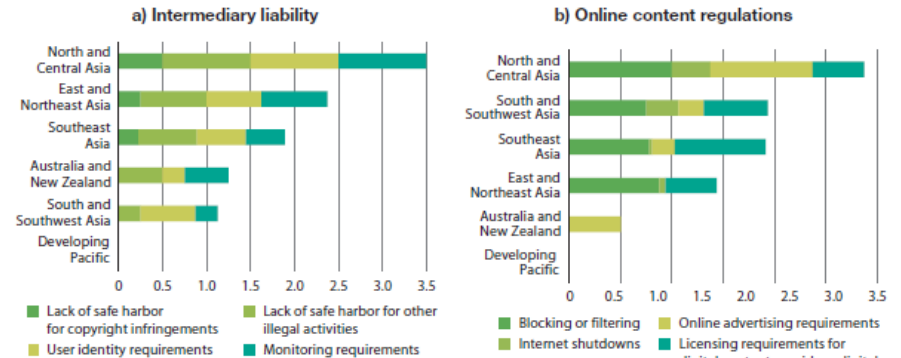
Stringent rules governing online content and the responsibilities of platform providers are prevalent

Often, there is an absence of clear guidelines on intermediary liability, causing uncertainty for digital platforms like websites and apps, and their users or vendors, regarding shared responsibility for illegal content.

Some Governments have increasingly directed anti-monopoly regulations at online marketplaces and social media platforms.

Figure 3.11

Indicators of online platform regulations in the Asia-Pacific region, 2022



Source: ESCAP, based on the RDTII database (<https://dtri.uneca.org/escap/home>) (accessed May 2023).



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

# Summary

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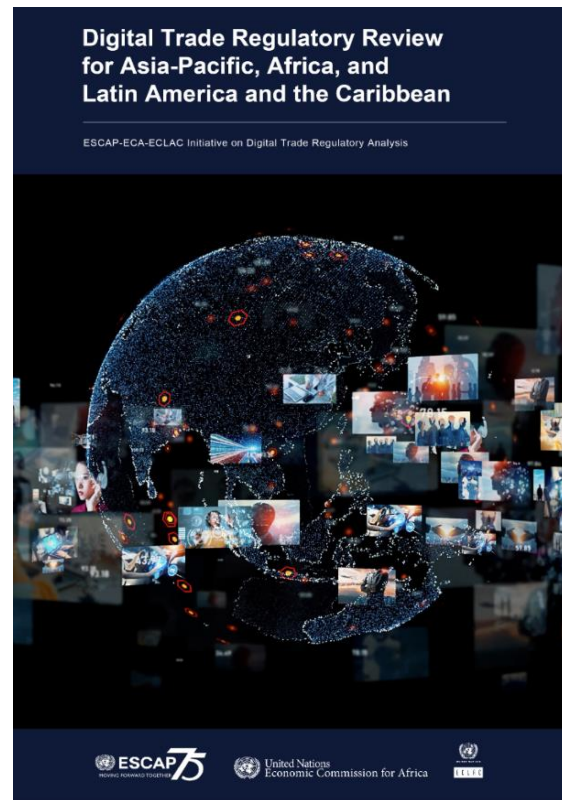
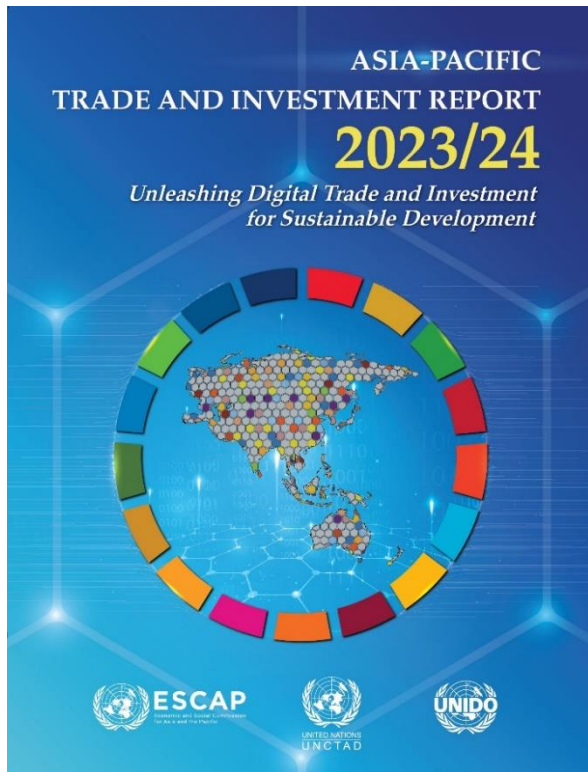
**Much scope for regional collaboration for good practice sharing, exchange of information, harmonization and alignment with international standards and protocols**

**Online consumer protection and cybersecurity.** While many Asia-Pacific countries have implemented consumer protection and cybersecurity measures to improve online payment safety, they have not engaged with or utilized opportunities offered by international treaties to strengthen the harmonization and interoperability of necessary standards and rules across jurisdictions

**Data regulations.** Although a foundational understanding of data protection exists, the specifics of regulations differ considerably across economies. Enhanced global and regional collaboration is essential to address the lack of recognized equivalency in data protection standards between economies.

**Online platform regulations.** Many developing Asia-Pacific economies have adopted stringent measures related to content screening and platform accountability. Concurrently, the potential for unfair strategies by major e-commerce platforms has prompted increased government regulation. A significant challenge remains in the absence of clear international guidelines.





**THANK YOU**