

# Challenges, lessons learned and successful conditions for implementation of e-commerce policy reforms in ASEAN Member States

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Group of Experts on E-commerce  
and the Digital Economy, Seventh  
Session  
May 7, 2024



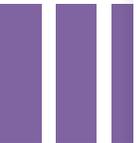
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Trade Worthy Ltd.

# Overview

1. Digital trade is a vital driver for economic development in ASEAN, offering new opportunities, especially to Least Developed Countries (LDCs).
2. Strategic implementations and policy reforms are vital for nurturing a thriving e-commerce environment across ASEAN.



What is our context?



# E-commerce Policy Framework

eTrade Readiness Assessments and e-commerce strategies led by UNCTAD (but not only) identify specific needs, barriers, and opportunities in LDCs, forming the foundation for informed policy-making.

The insights guide governments in crafting strategies that align with both local conditions and global best practices.

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# Strategy Action Matrix



A strategic framework that helps prioritize and sequence e-commerce development actions based on readiness assessments.



While the policy areas have not changed, their contents evolve based on countries' and region' needs. This is important that the policy areas and action matrix can also adapt to the evolving policy environment

# E-commerce Opportunities in LDCs

LDCs like Cambodia, Laos, and Myanmar are rapidly adopting e-commerce, which facilitates access to larger markets and drives economic inclusivity.

Regional cooperation can be a trigger for enhanced cross-border e-commerce and can complement and accelerate the implementation of national initiatives. Regional initiatives can range from voluntary actions (e.g., regional strategies) to varying obligations in regional trade agreements

E-commerce not only opens new avenues for traditional businesses but also stimulates local innovation and entrepreneurship.

What is driving implementation?

2019



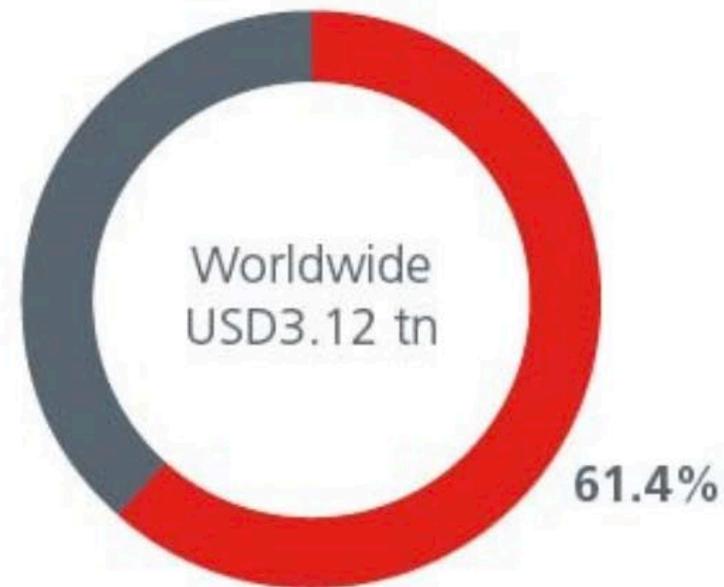
■ Asia ■ World ex Asia

2020



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2024



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Digital economy strategy  
Digital Transformation Plan  
Trade Policy Framework  
CLMVI AI  
Aid-for-Trade Strategy

Access to Finance Plans  
Funding SME growth Vision  
SME Development Policy  
SDG Acceleration

Digital Skills Masterplan  
Digital Literacy and Rights  
Tech Start-ups & Incubators



Public Investment Plan  
Digital Connectivity Master Plan  
Digital government platforms  
SDG Acceleration

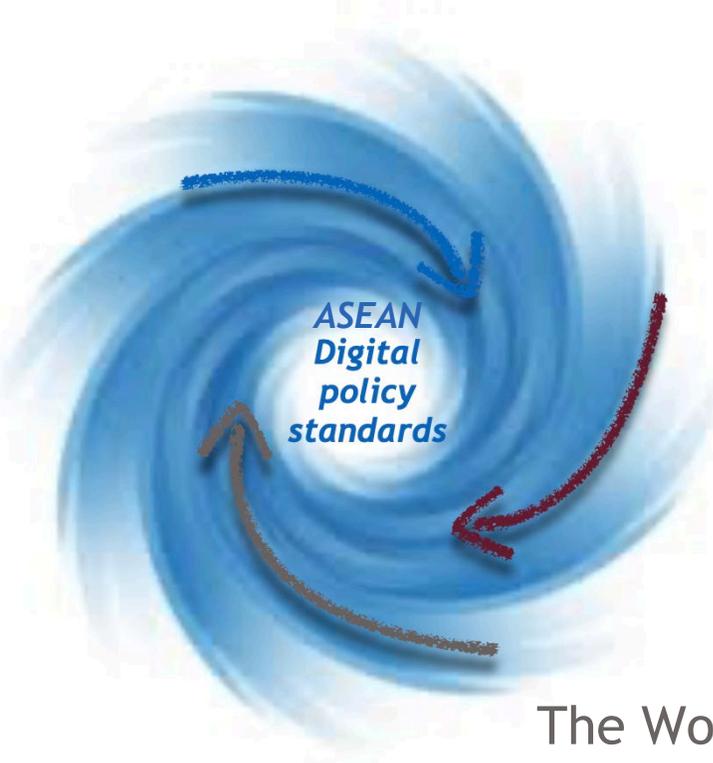
ASEAN Digital Finance  
AML/CFT Rules  
Digital Financial Literacy  
Baseline

Cross-Border Paperless Trade  
ASYCUDA/ Customs Reform  
UPU Operational Readiness for  
E-commerce

ASEAN E-commerce Agreement  
RCEP Agreement  
DEFA negotiations

*Ongoing negotiation and implementation int'l digital agreements is driving adoption of digital policy standards by developing countries (e.g. ASEAN)*

1 ASEAN's digital economy and free trade agreements (ECA, RCEP, DEFA; and digital economy and infrastructure development masterplans



Singapore's multilateral DEAs with UK, Australia, South Korea and DEPA with New Zealand, Chile,

The World Trade Organization's Joint-Statement Initiative on E-Commerce (MC13 announcement)

# Legal and Regulatory Environment

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1. ASEAN faces diverse regulatory landscapes, which can pose challenges to seamless regional e-commerce.

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2. There is a concerted effort to harmonize laws and regulations to create a more unified and business-friendly e-commerce environment.

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3. Agreements like the ASEAN E-commerce Agreement (ECA), RCEP, and DEFA standardize digital trade practices across member states.

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4. These agreements reduce trade barriers, enhancing the ease of doing business and fostering economic integration.

# FOUR WAYS OF MANAGING DIGITAL AND E-COMMERCE IN ASIAN FTAS

## To embed coverage in bilateral free trade agreements (FTAs)

- ❑ In practice, many bilateral FTAs in Asia continue to have limited services sector coverage
- ❑ Many do not include provisions on other elements of digital services like data rules, intellectual property rights in the digital sphere, digital investment provisions, etc

## To include digital services more explicitly in regional FTAs

- ❑ Increasingly popular approach including through ASEAN, the Regional Comprehensive Economic Partnership (RCEP), and Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

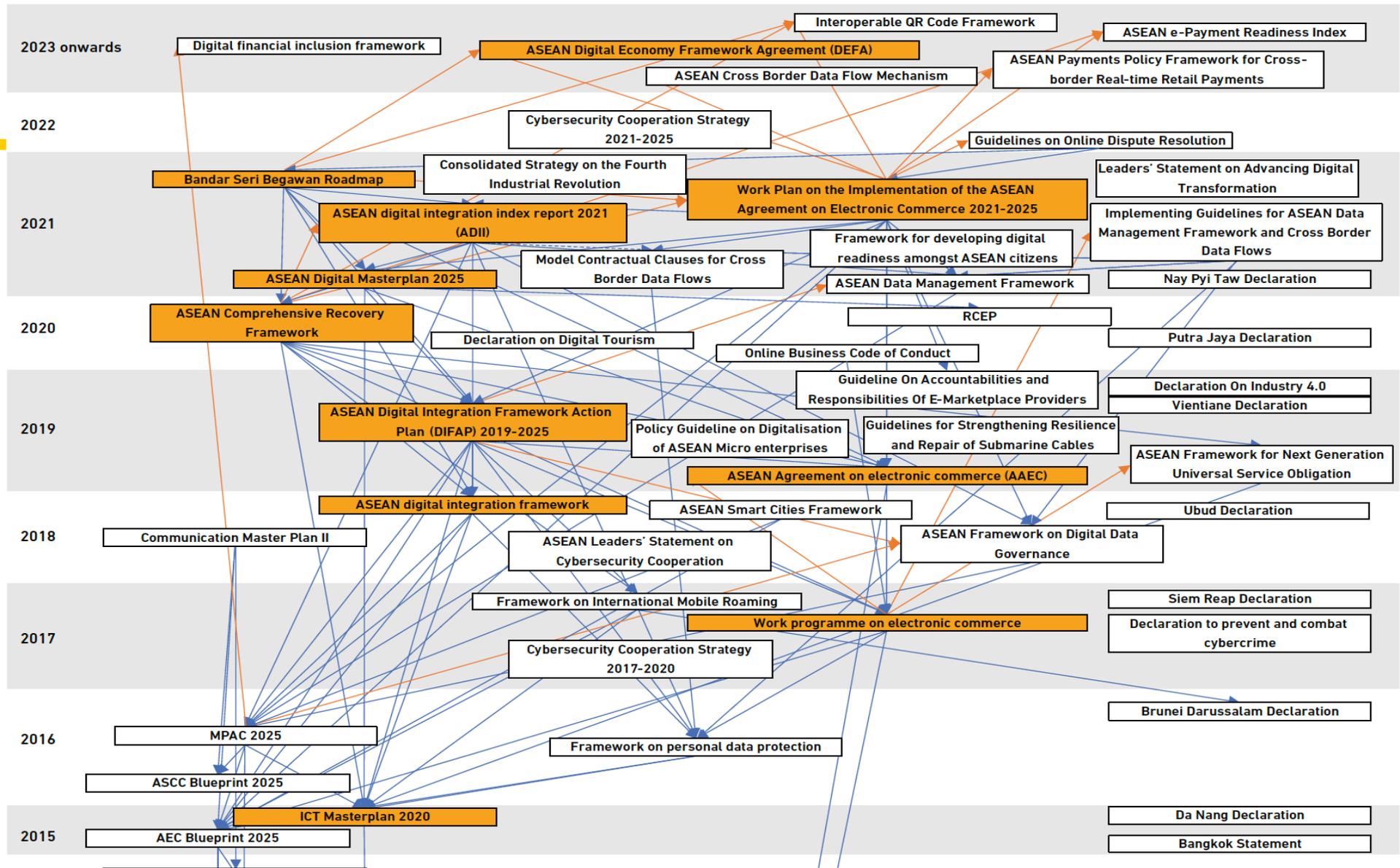
## To create a “stand-alone” digital trade arrangement

- ❑ One with Chile, New Zealand and Singapore called the Digital Economy Partnership Agreement (DEPA)

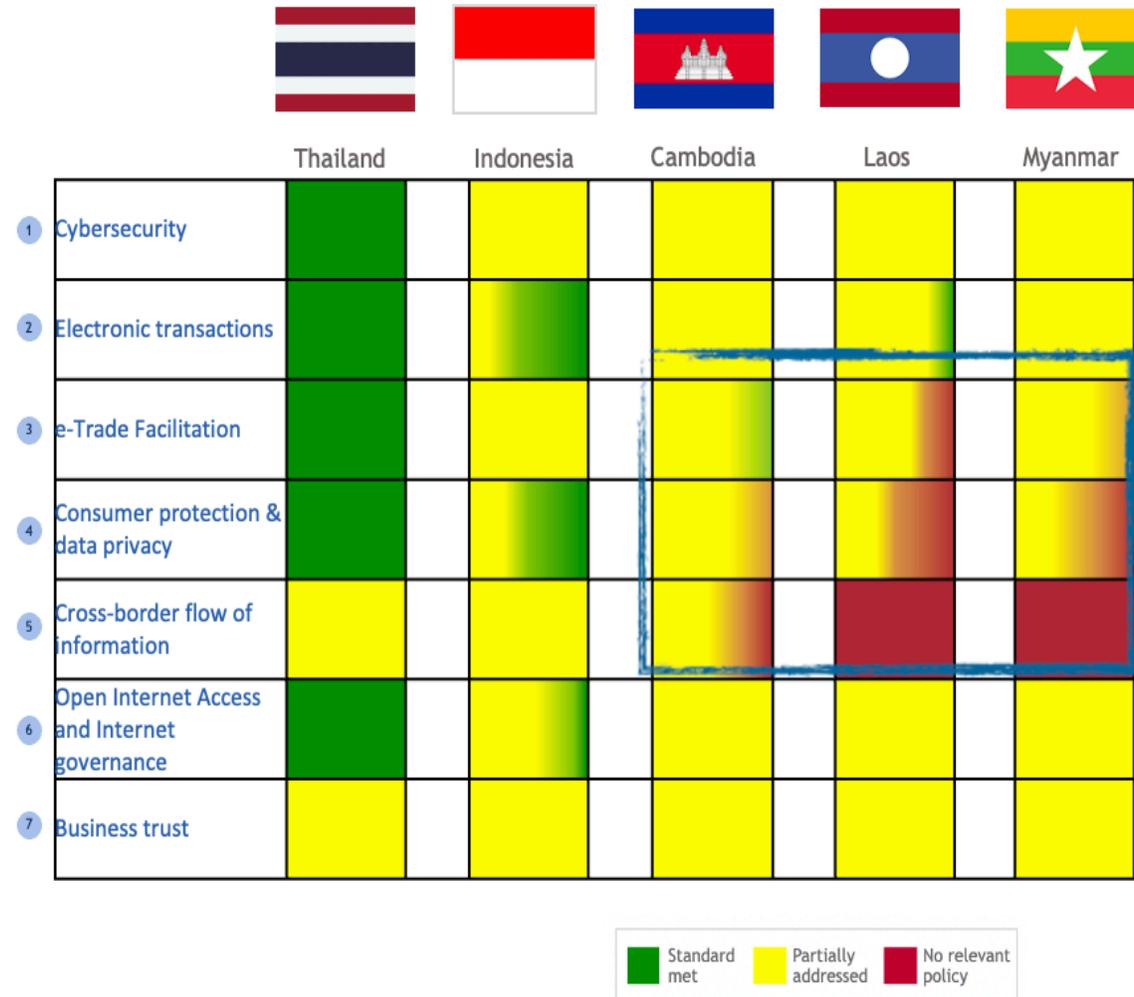
## To create a deeper set of rules for digital trade attached to an existing FTA

- ❑ Several in place with Singapore and Australia, South Korea, and the United Kingdom

**Figure 3.1 Topology Map of ASEAN Digital Documents**



An assessment of the progress countries have made on their ASEAN digital policy commitments reveals significant gaps in e-trade facilitation, consumer privacy and cross-border flow of information





# Indo-Pacific Economic Framework (IPEF)

- Regional arrangement to build cooperation and economic integration in the Indo-Pacific
  - 14 countries: Australia, Brunei, Fiji, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, United States, Viet Nam
- Broad focus around 4 'pillars' including **trade and digital trade**
- It contains several high-standard provisions aimed at promoting a free and open digital trade environment. These provisions focus on ensuring **cross-border data flows, reducing barriers to digital trade such as data localization requirements**, and maintaining a balanced approach to digital governance that accommodates diverse regulatory frameworks across the region.

**The ASEAN Digital Economy Framework Agreement (DEFA)** is the world's first regional digital economy pact. The DEFA was announced in September 2023 and launched in November 2023 at the 10th ASEAN Economic Community (AEC) dialogue.

The DEFA's provisions include:

- Aligning digital trade rules and regulations
- Establishing cooperation related to the digital economy
- Developing high-standard digital trade rules that promote cross-border data flows

# THE LAUNCH OF DIGITAL ECONOMY FRAMEWORK AGREEMENT (DEFA)

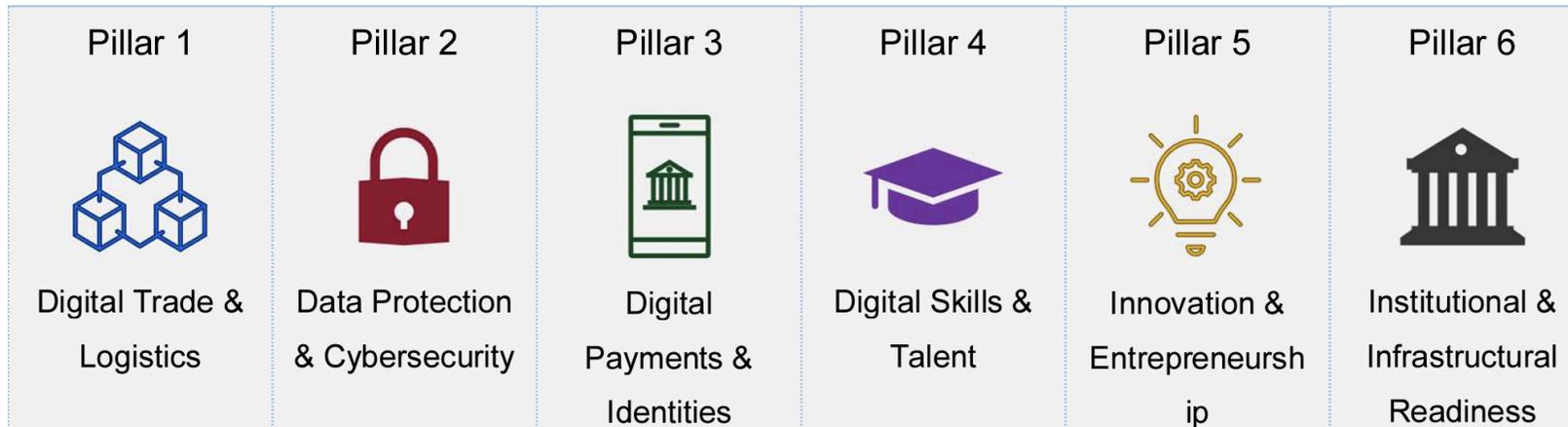
ASEAN MATTERS:  
EPICENTRUM OF GROWTH

3 SEPTEMBER 2023  
JAKARTA, INDONESIA



# ASEAN Digital Integration Index (ADII)

The ASEAN Digital Integration Index (ADII), an index to measure the digital integration implementation across the ASEAN region



# Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific

Update (December 2020)



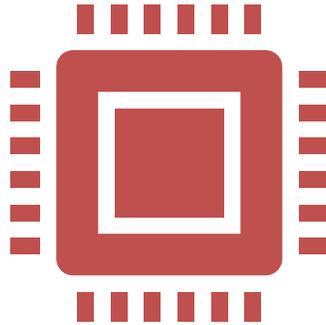
# Singapore's Pioneering Role

Singapore sets a high standard in digital trade policies through DEA and DEPA.

Its proactive stance encourages other ASEAN members to adopt similar measures, driving regional digital transformation.

What could be improved?

# Monitoring and Evaluation

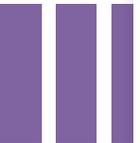


Effective monitoring is crucial for the successful implementation and adaptation of e-commerce policies.



Utilizing digital dashboards and real-time data analytics helps track progress and make data-driven adjustments.

This cannot be done by trade or ICT ministries alone, in silos. It needs to be embedded in a wider, cross-ministerial policy agenda, such as trade, digital transformation, regional integration and trade facilitation



# Recommendations for Acceleration

To further boost e-commerce, increased investments in digital infrastructure and skills training are essential. Additionally, harmonizing policies across ASEAN will simplify cross-border e-commerce.

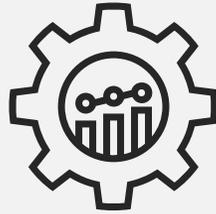
Governments and development partners must work together to create more inclusive platforms for all economic participants.

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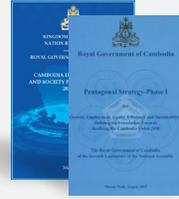
**Data Governance and Cross-border data flows.**

Development of robust data protection laws and cybersecurity measures.



**Trade Facilitation and Greater Access to International Markets**

Digital transformation of trade processes, and enhancing interoperability with international markets



**Legal, Regulatory and Tax Landscape**

Governance of digital trade and alignment domestic legal frameworks with international standards



**Logistics**

Streamlining logistics processes, reducing costs and improving cross-border networks.



**Payment Systems**

Improving opportunities for incoming and outbound digital trade transactions.



**Digital Skills, Capacity Building and Inclusivity**

Improving cross-border market opportunities, building digital skills and enabling access to MSMEs

# Conclusion and Takeaways

- 1. Strategic Policy Alignment is Crucial:** ASEAN's progress in digital trade and e-commerce heavily relies on aligning national policies with regional and international standards. This includes adapting to frameworks such as the ASEAN E-commerce Agreement, RCEP, and broader initiatives like the Digital Economy Framework Agreement (DEFA).
- 2. Emphasize E-commerce Readiness and Strategic Actions:** The use of eTrade readiness assessments and e-commerce strategies, like those led by UNCTAD, is vital. These tools help identify specific needs and guide ASEAN nations in crafting appropriate digital strategies that are adaptive to both local conditions and global best practices.

# Conclusion and Takeaways

- 3. Foster Regional Cooperation and Legal Harmonization:** The presentation underscores the importance of regional cooperation and harmonization of laws to create a seamless, business-friendly e-commerce environment across ASEAN. This includes reducing barriers and standardizing digital trade practices to enhance economic integration.
- 4. Invest in Infrastructure and Capacity Building:** To further accelerate e-commerce growth, there is a need for significant investments in digital infrastructure and skills training. Additionally, fostering an inclusive digital trade environment by harmonizing policies across ASEAN can simplify cross-border e-commerce and extend opportunities to all business sectors.