Cross-cutting Issues on E-Commerce and Digital Economy, Intellectual Property, and MSME Development
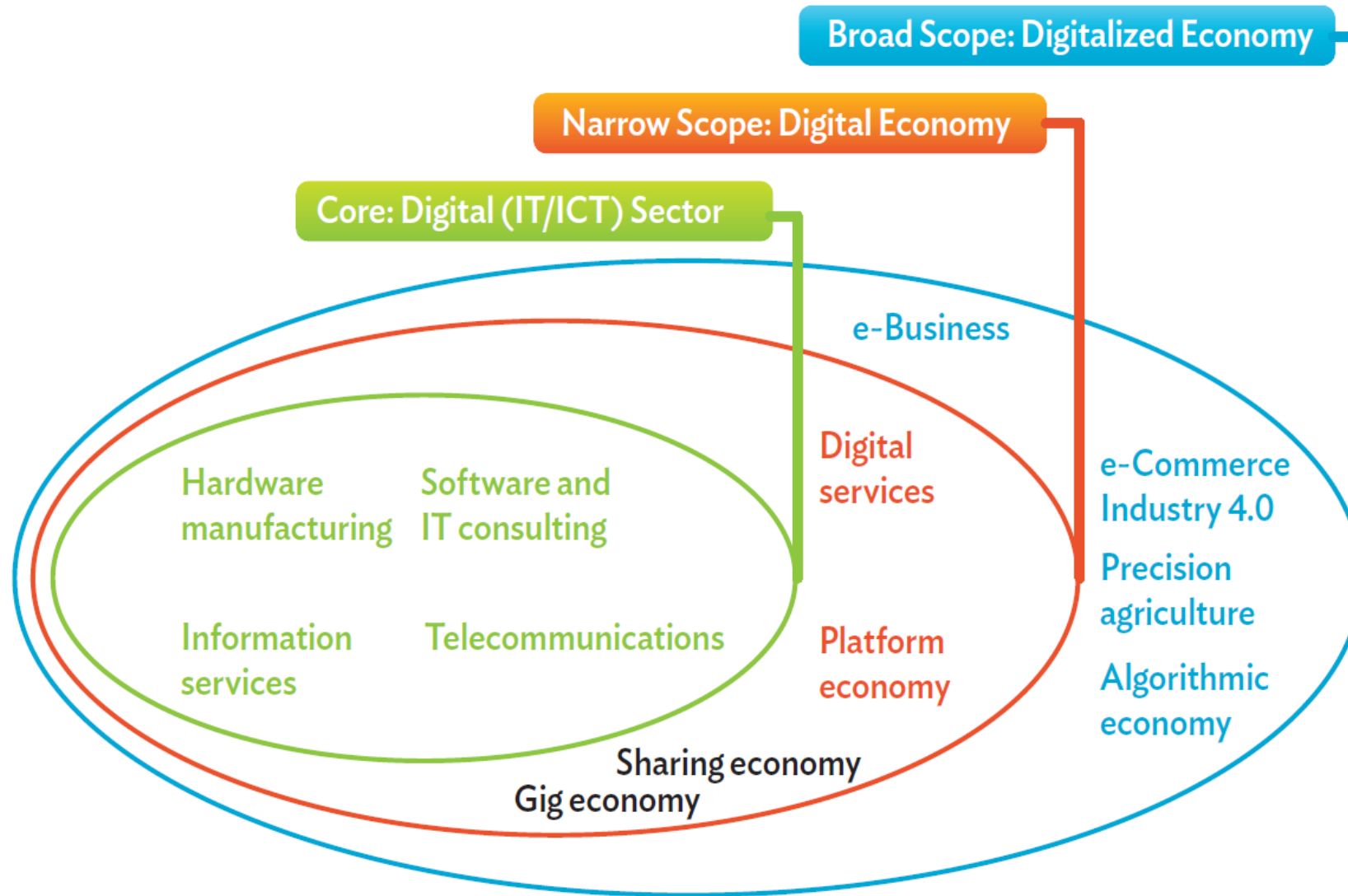
Remarks by *Josef T. Yap*

04 May 2022

Economic integration is presently being driven by digitalization

How can RCEP members harness this potential? Should it be a top-down or region wide approach? Or should individual countries take the initiative in what would be a bottom-up process?
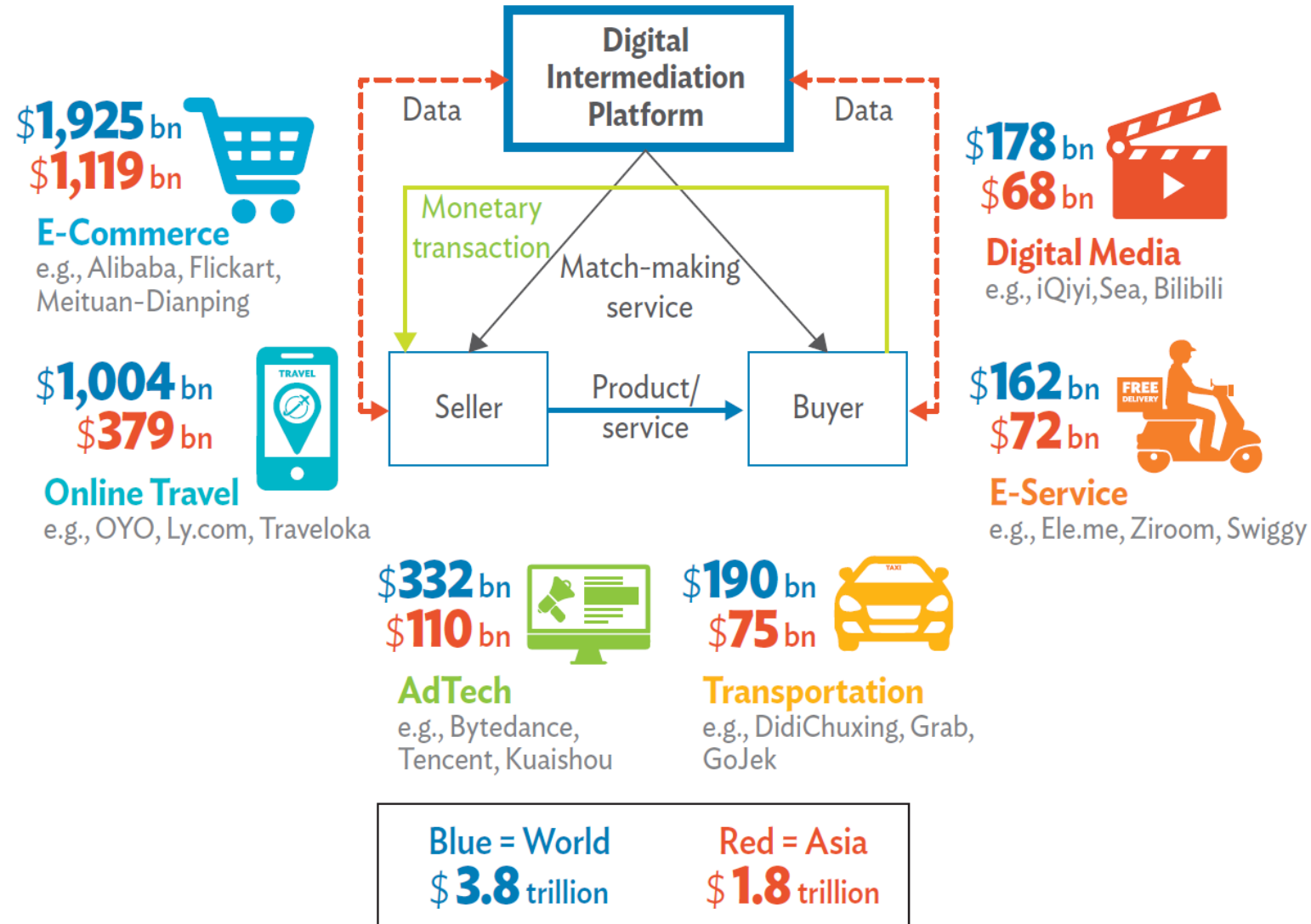
Figure 1.2: Three Dimensions of Digital Transactions

Broad Scope: Digitalized Economy

Narrow Scope: Digital Economy

Core: Digital (IT/ICT) Sector

e-Business

Hardware manufacturing

Software and IT consulting

Digital services

e-Commerce Industry 4.0

Information services

Telecommunications

Platform economy

Precision agriculture

Algorithmic economy

Sharing economy
Gig economy

ICT = information and communication technology, IT = information technology.
Source: Bukht and Heeks (2017).

Figure 1.3: Digital Platform Revenues—World and Asia, 2019

$1,925 bn
$1,119 bn
E-Commerce
e.g., Alibaba, Flickart, Meituan-Dianping

$1,004 bn
$379 bn
Online Travel
e.g., OYO, Ly.com, Traveloka

Data — Digital Intermediation Platform — Data

Monetary transaction

Match-making service

Seller — Product/service → Buyer

$178 bn
$68 bn
Digital Media
e.g., iQiyi, Sea, Bilibili

$162 bn
$72 bn
E-Service
e.g., Ele.me, Ziroom, Swiggy

$332 bn
$110 bn
AdTech
e.g., Bytedance, Tencent, Kuaishou

$190 bn
$75 bn
Transportation
e.g., DidiChuxing, Grab, GoJek

Blue = World	Red = Asia
$ **3.8** trillion	$ **1.8** trillion

AdTech = advertising technology, bn = billion.
Note: Refer to Figure 8.4 in ADB (2021) for the country composition and the detailed sources.
Source: ADB (2021).

Reference to help organize issues and a pathway to address them

Pacific Economic Cooperation Council (2021). ***Primer on Economic Integration Issues Posed by the Digital Economy***. https://www.pecc.org/resources/digital-economy/2705-pecc-signature-project-primer-on-economic-integration-issues-posed-by-the-digital-economy/file

Digital Economy

FOUNDATIONAL POLICY ISSUES

01 Data protection and privacy
As economies and businesses digitalize, keeping user data secure and private is paramount to building consumer and investor trust.

02 Cybersecurity
Cybersecurity has a significant impact on digital trust, and often intersects with questions on data protection, as well as implications for critical infrastructure.

03 Competition policy
When digital players develop large ecosystems of complementary products and services, they change the rules of the game, highlighting regulatory inadequacies from the pre-digital era.

04 Consumer protection
Concerns arise when digital platforms track, monitor, and profile users – oftentimes without their knowledge or consent – across decentralized and dematerialized platforms.

05 Intellectual property
The digital economy allows creators to disseminate content faster and wider than ever, but IP rules tend be too strong in some areas – discouraging innovation – and too weak in others – disadvantaging creators.

APPLICATION ISSUES

01 Digital identity
Interoperable digital identification systems keep data safe and portable, enabling the verification and authentication of individuals that most in-person, online, and remote services require.

02 Data sharing
Standardizing principles and formats of data exchange protocols across systems and jurisdictions promotes innovative use cases and drives economic dynamism, while supporting economic integration.

03 Quality of Service (QoS)
Spikes in data traffic volumes can result in operators facing difficulties in meeting their QoS requirements – amplified due to COVID-19 – reigniting conversations on Over-the-Top (OTT) providers' obligations.

EMERGING ISSUES

01 Artificial intelligence (AI)
The lack of transparency surrounding AI algorithms is a growing issue, especially when they are put in charge of life-altering decisions.

02 Intermediate liability
As digital platforms grow, they unwittingly turn into disseminators and amplifiers of potentially harmful and illegal content - raising questions on content ownership and responsibility.

03 Content moderation
Content moderation can be a predominant issue in certain jurisdictions when rules are unclear about what is considered prohibited content and who it applies to.

Digital Trade

CORE ISSUES

01 Cross-border data flows
Greater connectivity enables more data to be created, stored, accessed, moved, and exchanged both within and between jurisdictions, with constraints creating friction within the system and slowing down regional digital trade.

02 Data sovereignty
Data sovereignty refers to the notion that economies within which data is collected, held, or processed are able to use their laws and regulatory structures to access, hold legal jurisdiction, or otherwise affect the data in question.

PROCESS ENABLERS

01 Data transfer mechanisms
Data transfer mechanisms, such as certifications and data transfer agreements, help to bridge differences in data protection and privacy laws without requiring laws to be revised.

02 Digital trade standards
Digital trade standards enable interoperability across systems, processes, and technologies – increasing the security, safety, quality, and reliability of goods and services.

EMERGING ISSUES

01 Regulatory fragmentation
Economies are at different stages of creating, implementing, or enforcing digital trade regulations, creating barriers for cross-border business and inhibiting trade opportunities.

02 Digital regulatory arbitrage
Global companies registering multiple subsidiaries digitally in different jurisdictions can evade domestic regulations by structuring their transactions to take advantage of foreign regulatory regimes.

Framework for Analysis: Issues at the country level and regional level

	ASEAN	Japan	Korea	PRC	Australia	New Zealand	RCEP
I. DIGITAL ECONOMY							
Foundational Policy Issues							
a) Data Protection and Privacy							
b) Cybersecurity							
c) Competition Policy							
d) Online Consumer Protection							

RCEP will be more relevant for "Digital trade"

RCEP provides a comprehensive Chapter on E-Commerce intended to create a conducive environment for electronic transactions, promote cross border trade online, and foster cooperation and capacity building in the region

Cross-cutting issues for analysis: Both at the country level and regional level

	ASEAN	Japan	Korea	PRC	Australia	New Zealand	GMS
III. CROSS CUTTING ISSUES							
Specific Sectors							
Digital Payments Enabling Financial Inclusion							
Expanding Cross-Border Trade through E-commerce							
Promoting Sustainable Tourism through Online Travel							

Cross-cutting issues for analysis: Both at the country level and regional level

	ASEAN	Japan	Korea	PRC	Australia	New Zealand	RCEP
III. CROSS CUTTING ISSUES							
Specific Areas							
Driving Inclusivity							
Closing the Digital Divide							
Green Digitalization and Sustainability							
Digitalization of Businesses Big and Small							

감사합니다

Maraming Salamat!!!

Terima Kasih

អរគុណច្រើន

ありがとう

धन्यवाद

Cảm ơn rất nhiều

ຂອບໃຈຫລາຍໆ
謝謝你。

ស្ដីមេង្គកុណា

ကျေးဇူးတင်ပါတယ်။

THANK YOU !!!