

# AN ANALYTICAL FRAMEWORK TO ESTABLISH CONVERGENCE IN CROSS-BORDER DIGITAL TRADE RULES



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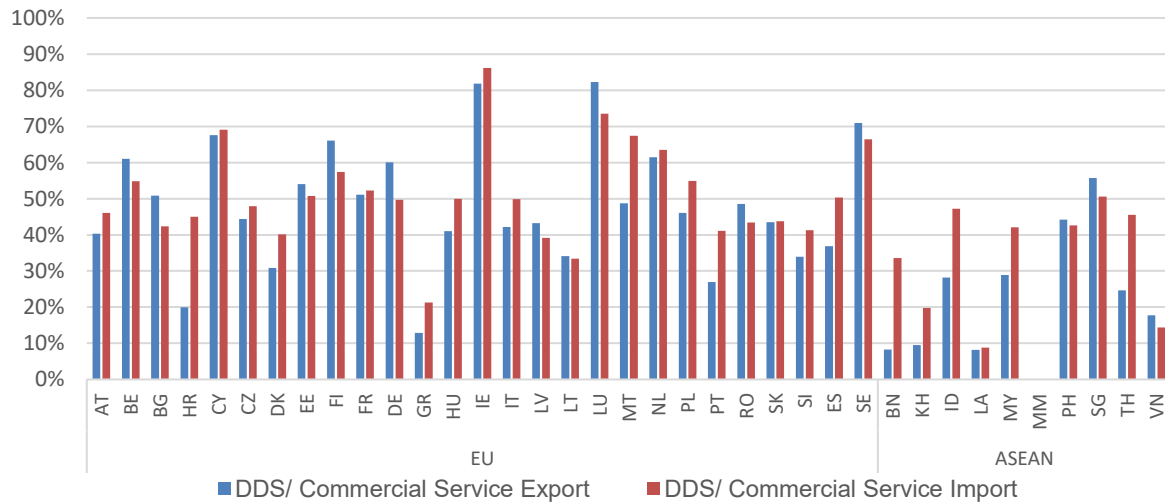
**International Economics**  
Strategic Analysis For Growth & Development

# Context

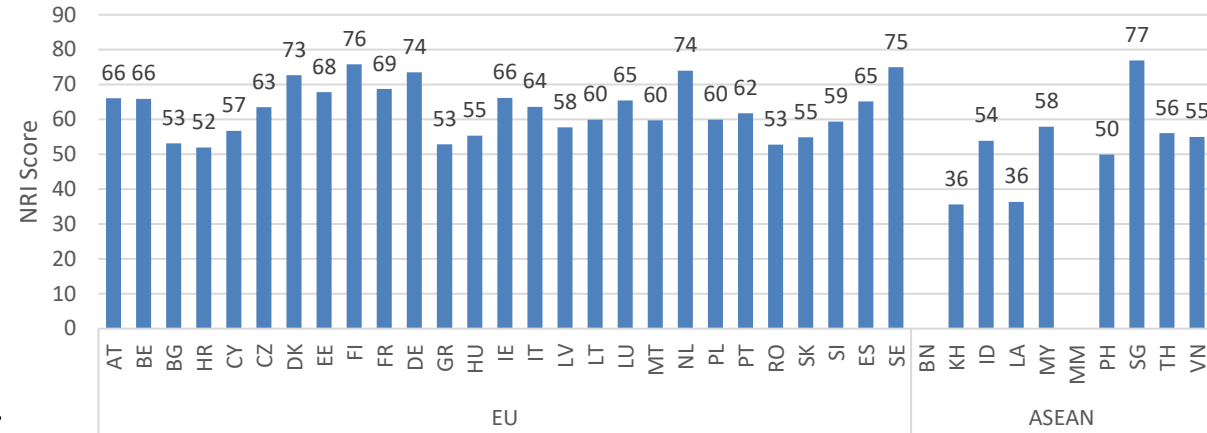
**Importance of digital trade:** DDS is the fastest-growing channel for international trade (vs. TiG and tradition TiS). DDS accounted for, on average, **58% (EU)** and **46% (ASEAN)** of total commercial services trade.

Countries are at **varied level of readiness** to embrace digital trade, as indicated through a combination of infrastructure and regulatory frameworks → **different level of readiness to commit to digital trade in FTAs.**

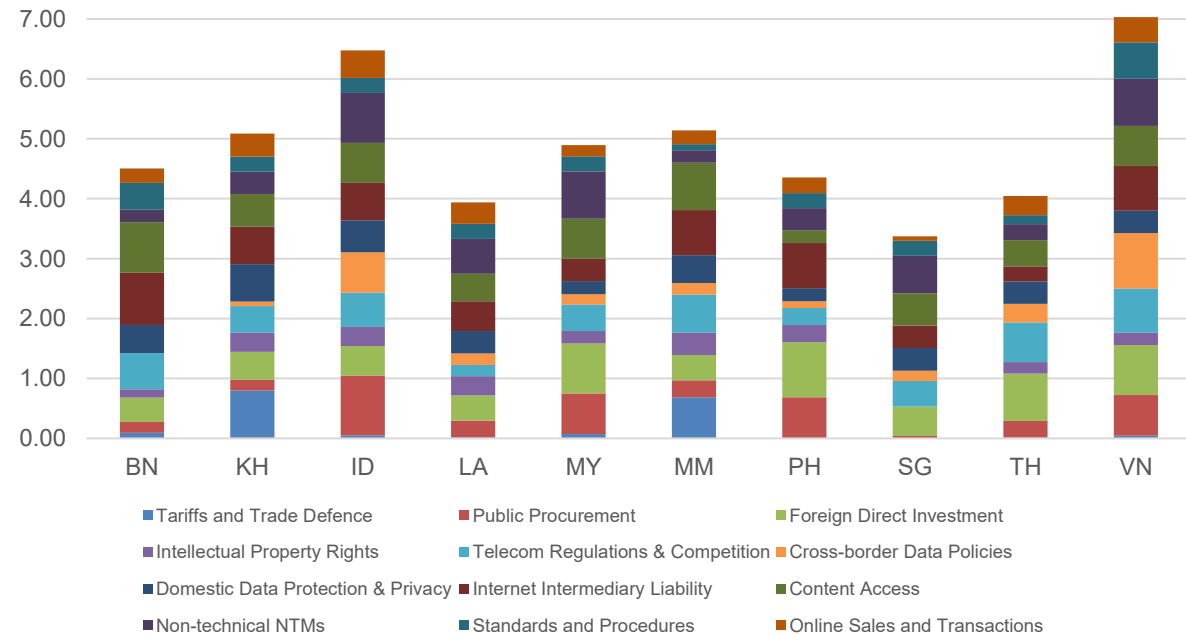
DDS as % of Commercial Service Trade in 2024, EU & AMS



Network Readiness Index 2024



Regional Digital Trade Integration Index (RDTII) for AMS



Source: WTO (2025), Portulan Institute (2025), UNESCAP (2024)

# Purpose of the paper

- The digital transformation of economies has led to the need for a framework that can effectively govern and facilitate cross-border digital trade.
- This paper explores the **scope** and **depth** of **digital trade provisions** in **recent digital trade agreements**.
- Based on a widely applied technique used in negotiation theory - **Zone of Possible Agreement (ZOPA)** - this paper suggests an **analytical framework** to help countries navigate and find convergences in **digital trade negotiations**.
- **Target audience:** policy makers, trade negotiators and researchers

# Methodology

Enabling E-Commerce	Treatment of Digital Trade Flows	Trust	Innovation	Inclusion	Cooperation
<ul style="list-style-type: none"> <li>• Domestic Framework</li> <li>• Digital Trade Standards</li> <li>• E-Authentication/ E-Signatures</li> <li>• E-Contracts</li> <li>• E-Invoices</li> <li>• E-Payments</li> <li>• E-transactions</li> <li>• Express Shipments</li> <li>• Logistics</li> <li>• Paperless Trading</li> <li>• Single Window</li> </ul>	<ul style="list-style-type: none"> <li>• No prior authorisation</li> <li>• Customs Duties on E-Transmissions</li> <li>• Non-discrimination against Digital Products</li> <li>• Cryptography</li> <li>• Source code</li> </ul>	<ul style="list-style-type: none"> <li>• Cross-border Data Transfer</li> <li>• Personal Data Protection</li> <li>• Data Localisation</li> <li>• Cybersecurity</li> <li>• Internet Access &amp; Use</li> <li>• Online Consumer Protection</li> <li>• Online Safety and Security</li> <li>• Spams</li> </ul>	<ul style="list-style-type: none"> <li>• AI &amp; Emerging Tech</li> <li>• Data Innovation</li> <li>• Financial Technology</li> <li>• Open Government Data</li> <li>• Public Domain</li> </ul>	<ul style="list-style-type: none"> <li>• Digital Inclusion</li> <li>• Digital SME Dialogue</li> <li>• SME Cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Competition</li> <li>• Cooperation</li> <li>• Digital Identities</li> <li>• Government Procurement</li> <li>• Transparency</li> <li>• Information Sharing</li> </ul>

**Score 0:** No reference is made to the agreement

**Score 1:** Vague reference, mainly as aspiration (preamble, recognition)

**Score 2:** Non-binding commitments (may, shall endeavour, etc.)

**Score 3:** Legally binding, not subject to DSM (shall, shall not fail to, etc.)

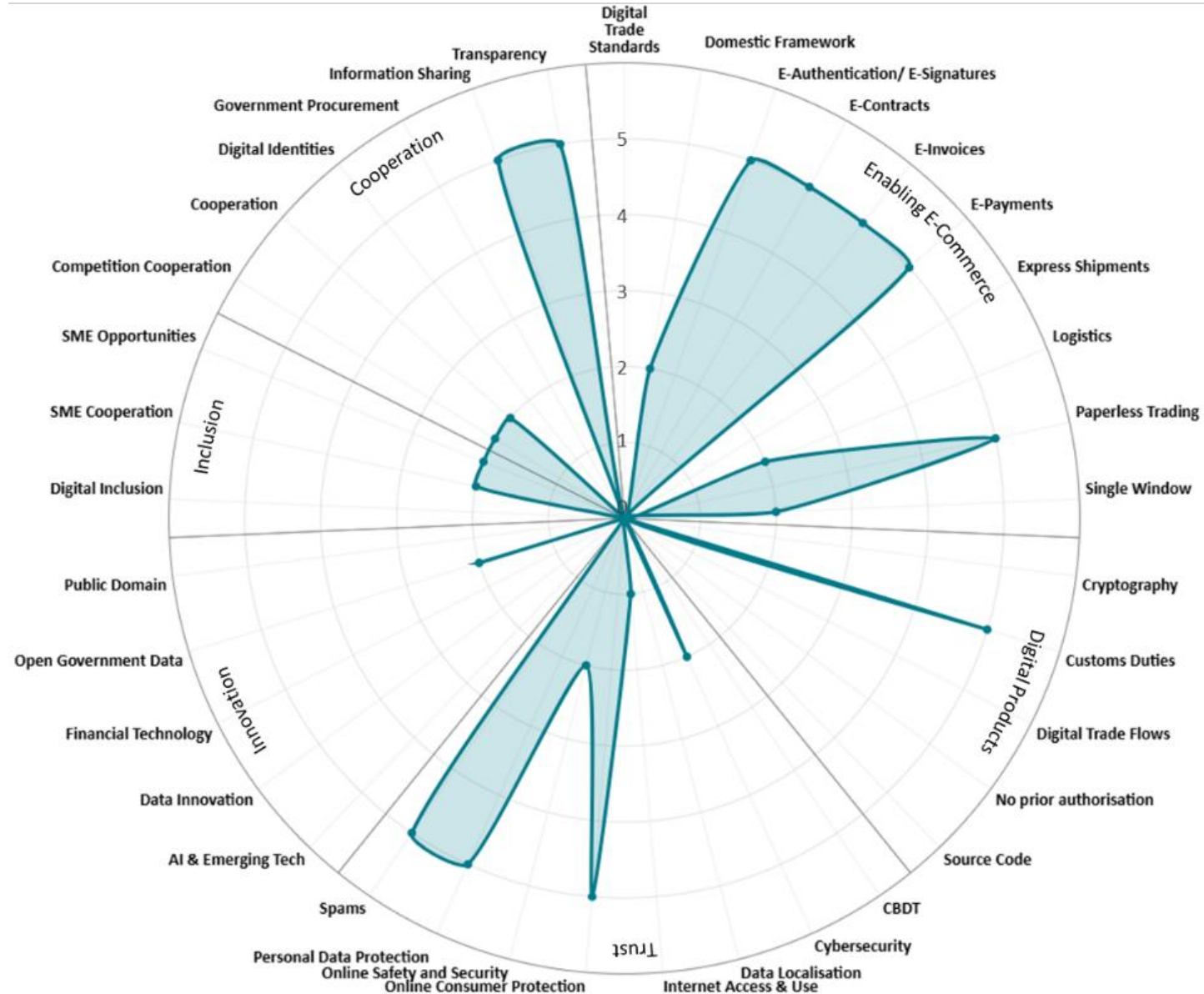
**Score 4:** Legally binding language, subject to DSM, without sanction/

**Score 5:** Legally binding provisions, subject to DSM and sanctions/ remedies

# Example of JSI

- On 26 July 2024, after five years of negotiations, a stabilised text was achieved among 91 WTO Members, who together account for over 90% of global trade
- The text also covers several measures to promote an enabling environment, openness, trust, transparency, cooperation, and development for e-commerce, while leaving appropriate policy space for Members to regulate emerging issues in the digital economy through various exceptions

## Interpretation of JSI on e-commerce

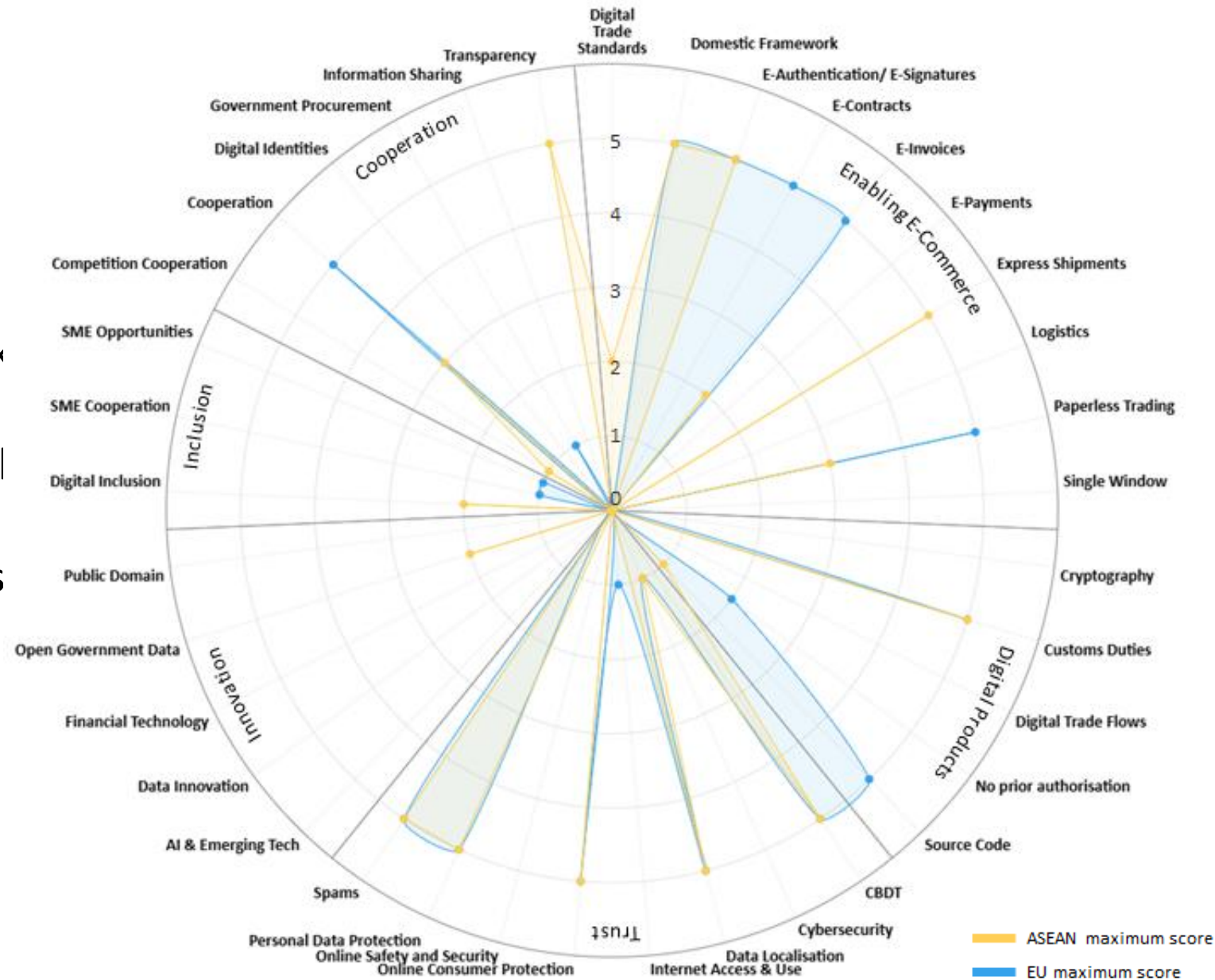


Source: Authors based on agreement

# Findings (1)

- Covered 5 FTAs: RCEP (2020); AANZFTA (2023); EU-NZ (2023); EU-JP (2024); EU-SG (2024)
- **Strong alignments** (domestic framework e-authentication, cross-border data transfers, data localisation, and personal data protection) vs. **notable gaps** in transactional areas (e-contracts, express shipments) or emerging issues (AI, fintech, digital identities, online safety)
- Provisions reflect **minimum commitments** (e.g., provide legal framework) and reserve **policy spaces** even in areas of highly enforceable provisions (e.g., data provisions).

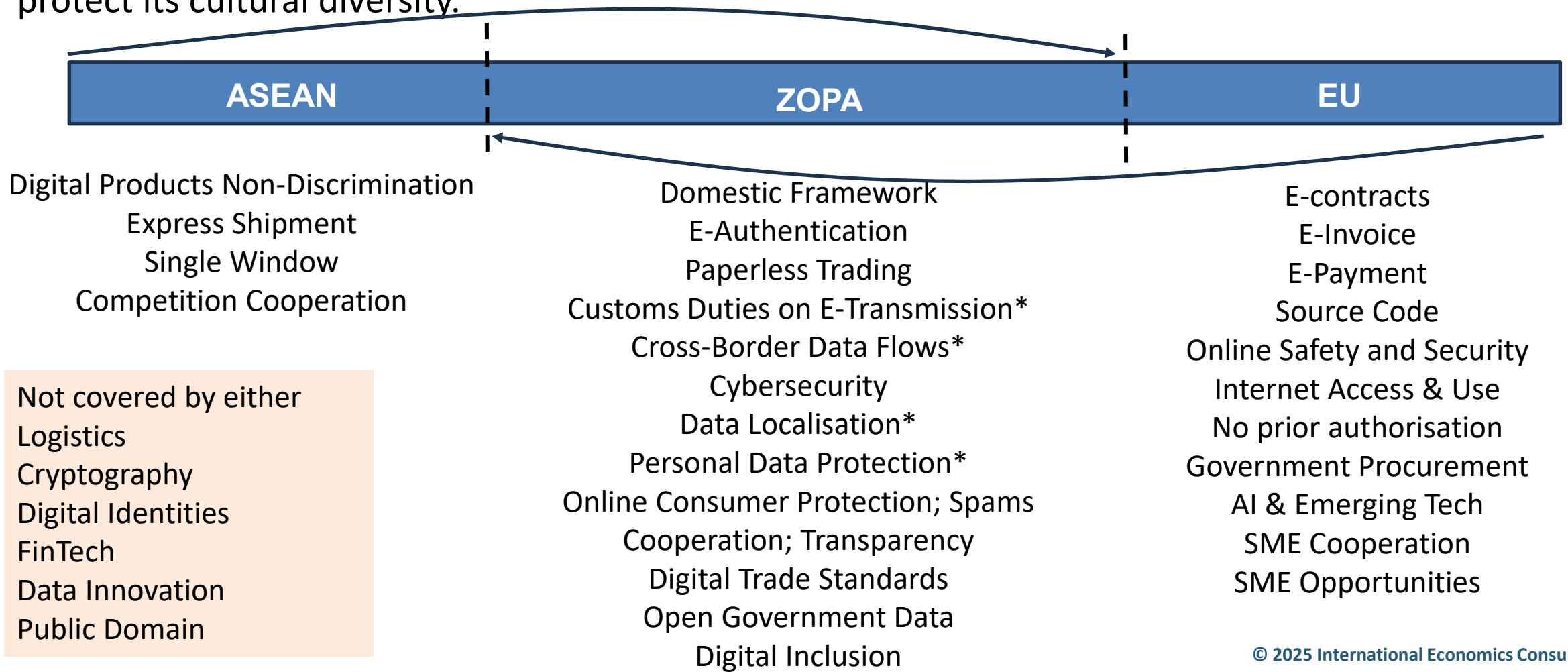
Indicative ZOPA of EU and ASEAN DTP



Source: IEC (2025), based on agreement texts

# Findings (2)

Provisions with convergence make up the ZOPA, with potential diversion (denoted \*) due to domestic **regulatory approaches** (e.g., treatment of data) or **pegging to outcome at the WTO** (i.e., customs duties moratorium). EU's red line: no 'digital product' due to concern about audio-visual services to protect its cultural diversity.



# Implications

Observed trends in **omission of issues** with clear divergence in digital governance. Where there are divergences, negotiating parties may still be able to strengthen dialogue to foster understanding and find a bridge through **softer cooperation mechanisms**.

The inclusion of more disciplines in RTAs compared to WTO e-JSI emphasises the role of **regional blocs as “laboratories” for new rules** by setting practical and enforceable digital trade disciplines for potential future expansion of multilateral rules.

Party A Governance restrictions	High	Cooperative mechanisms to foster mutual understanding	Cooperative mechanisms to foster mutual understanding	Issue unlikely to enter FTA; if yes, only through best endeavour cooperative or information exchange mechanisms
	Medium	Cooperative mechanisms to foster mutual understanding	Find convergence through mutual recognition	Cooperative mechanisms to foster mutual understanding
	Low	Promote private governance through standards	Cooperative mechanisms to foster mutual understanding	Cooperative mechanisms to foster mutual understanding
		Low	Medium	High
Party B - Governance restrictions				

# Implications for regional integration in Asia Pacific

Among ASEAN Member States, the level of **restrictiveness of digital trade regimes** also differs, ranging from regimes with relatively lower regulatory costs (e.g. SG and TH) compared to regimes with relatively higher regulatory costs (e.g. VN, TH) (OECD DSTRI 2025)

The **Regional Digital Trade Integration Index (RDTII)** indicates the regulatory costs of doing regional business digitally across 12 policy areas and suggests significant differences across ASEAN (see figure).

Using both **past commitments** and the **current restrictions or divergences** across partners is a helpful way to **identify quick-wins** and where **additional regulatory impact assessments** are needed.

## Limitations

- Focuses on convergence of commitments rather than harmonization of regulations/standards. Negotiations still require a political economy analysis and regulatory assessments
- Can be expanded to all trade agreements for further empirical analysis



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# Thank You