



Cross-Border Regulatory Issues in Philippine Digital Platforms

April 15, 2021 | 2:00 PM - 4:30 PM

Ms. Marie Sherylyn D. Aquia
Bureau of International Trade Relations

Outline

- I. Comments on “Cross-Border Issues for Digital Platforms: A Review of Regulations Applicable to Philippine Digital Platforms”
- II. Comments on “Cross-border Data Regulation for Digital Platforms: Data Privacy and Security”
- III. Developments in the Asia-Pacific Economic Cooperation (APEC)
- IV. Developments in the World Trade Organization (WTO)

General comments

- Digital platforms are an important business model
- Covid-19 has accelerated digital platforms and their usage with easy adaptation and wide applications: e-commerce, work, school, health
- Both studies provide an in-depth look at existing regulatory infrastructure; DTI is responsible for digital economy issues
- We need regulations that encourage competition and innovation to capture value for as many stakeholders as possible and to benefit from the digital economy

Study on Cross-Border Issues for Digital Platforms: A Review of Regulations Applicable to Philippine Digital Platforms

- **Enactment of the Philippines' Internet Transactions Act (ITA) (House Bill No. 7805).** This would create the E-commerce Bureau under the DTI.
- **Philippines' ratification of the United Nations Electronic Communications Convention (ECC).** PH has signed the UN ECC on 25 September 2007. Ratification of the ECC targeted.
- **eCommerce Philippines 2022 Roadmap.** Focuses on Market Access, Digitalization, and Logistics Integration, and lays out the framework and strategic directions by setting 22 strategies and 22 agenda items for 2022.
- Taking advantage of **trade agreements and next generation trade and investment issues**, particularly digital trade

Study on Cross-border Data Regulation for Digital Platforms: Data Privacy and Security

- Increasing importance and relevance of the role of data privacy in building trust for e-commerce and cross-border trade
 - PH membership in the APEC Cross-Border Privacy Rules (CBPR) system; work towards identifying an Accountability Agent
 - Capacity building and awareness-raising for businesses, especially micro SMEs
- PH to take advantage of its existing MOUs (Singapore; UK) related to cooperation on personal data protection; explore possibility of establishing Digital Economy Partnership Agreements (DEPAs)

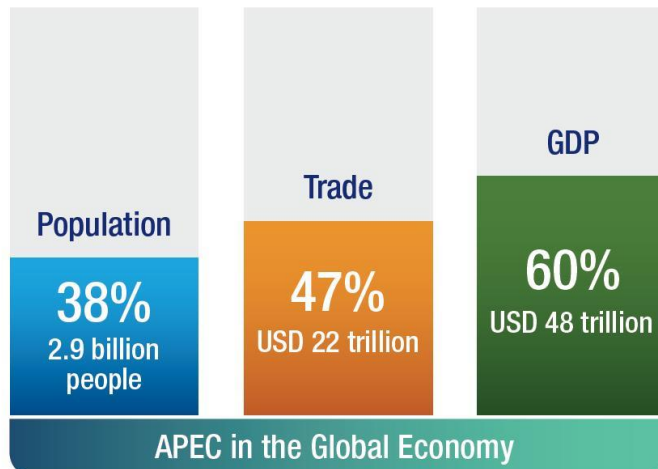


Cross-border Issues in E-Commerce: Developments in APEC and WTO



Asia Pacific Economic Cooperation

- Forum for facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region (Bogor Goals)
- Strong ties with business through the APEC Business Advisory Council (ABAC)
- *Objectives:* Achieve greater prosperity for the people of the region by facilitating economic growth, intensifying economic and technical cooperation, and enhancing a sense of community among 21 Asia-Pacific economies



APEC is an important trade and Investment engagement for the Philippines



84.24% of PH total trade comes from APEC

Top 5 PH Export Destinations

- 1 USA
- 2 Japan
- 3 China
- 4 Hong Kong, China
- 5 Singapore

Top 5 PH Import Sources

- 1 China
- 2 Japan
- 3 Republic of Korea
- 4 USA
- 5 Thailand

FDI

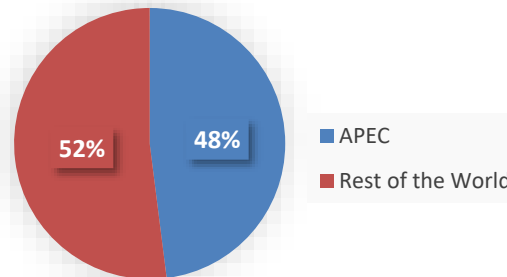


Foreign Direct Investments

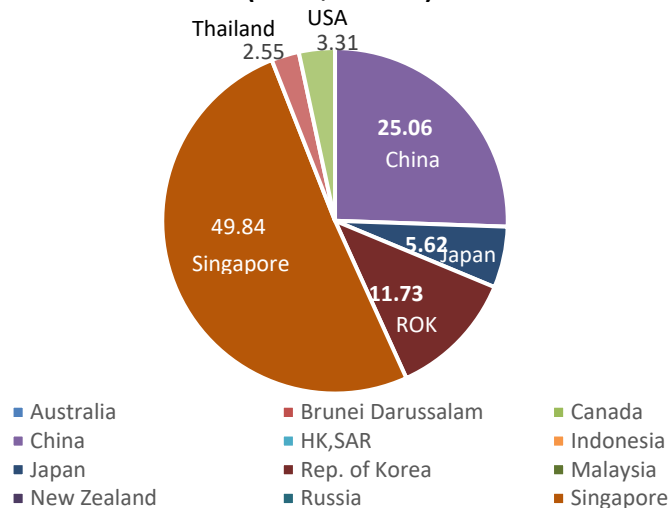
Top 5 FDI Investors

- 1 Singapore
- 2 China
- 3 Republic of Korea
- 4 Japan
- 5 USA

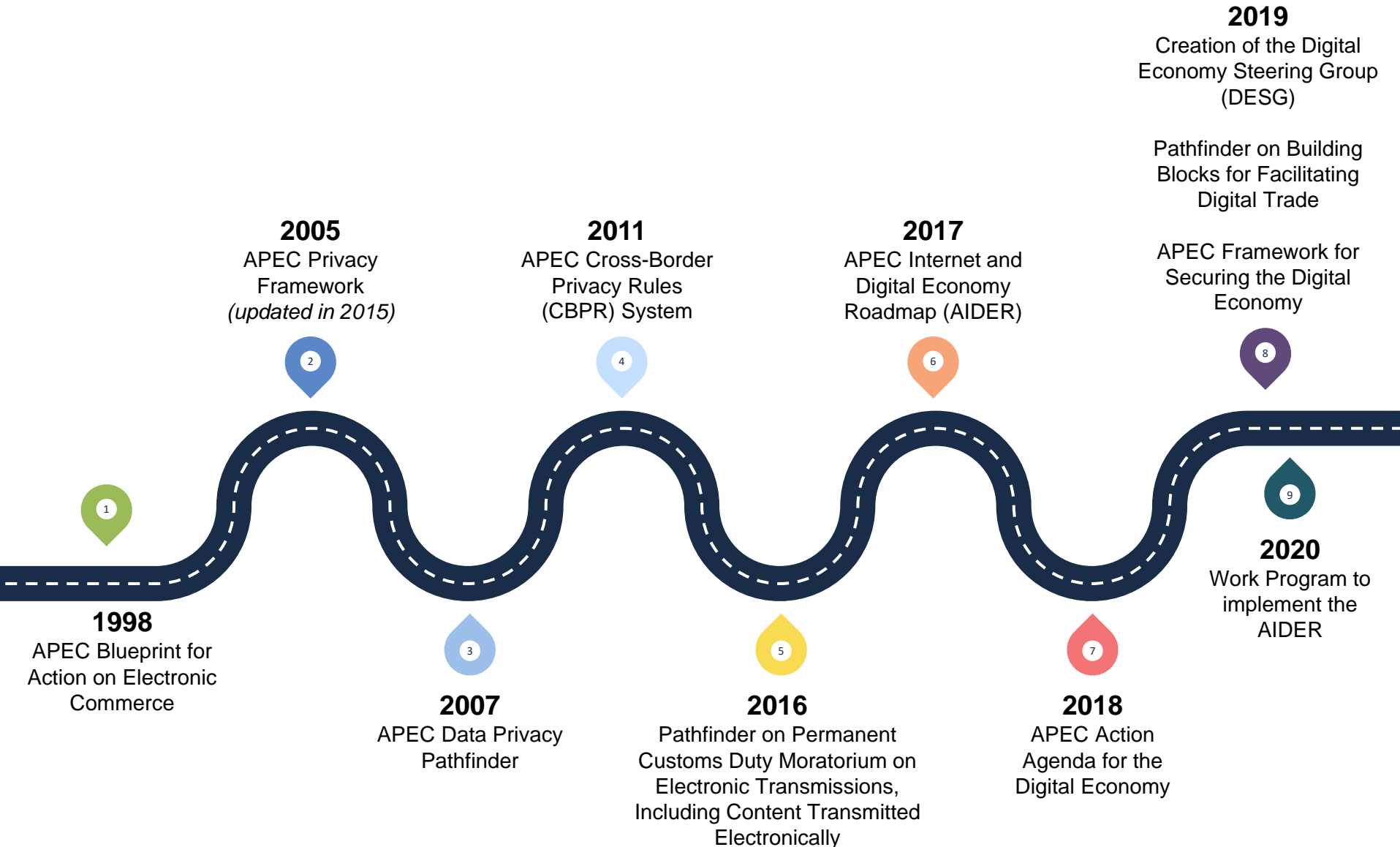
Global trade in merchandise goods and commercial services in 2018



Approved Investments from Foreign Nationals in 2019 (in US\$ Million)



APEC: E-commerce and the Digital Economy



APEC Cross-Border Privacy Rules (CBPR) System



“ In his endorsement letter, DTI Secretary Ramon M. Lopez emphasized that the country’s participation in the CBPR is aligned with the government thrust of helping local companies become part of the global market. “This would provide our micro, small and medium enterprises opportunities for growth by gaining access across APEC markets and participating in global supply chains which rely on the free movement of data across borders,” Lopez said. ”

Accountability & consumer trust
Reduces compliance costs



Consumer privacy
Reduces trade barriers
Enhances trade and efficiency

Enhanced privacy protections
Streamlined complaint handling
Consumer trust



Protection of personal data when it moves across borders

Cross-border privacy enforcement cooperation
Enforcement of privacy breaches



Cross-border trade standards
Raise data privacy standards

APEC Internet and Digital Economy Roadmap

- Adoption of the **APEC Internet and Digital Economy Roadmap** welcomed by Ministers

2018
PNG

- **Digital Innovation Sub-fund** established
- **Digital Economy Steering Group** formed
- **Implementation Plan** for the Roadmap drafted

2020
Malaysia



2017
Vietnam



- **APEC Action Agenda for the Digital Economy**



2019
Chile



- **Implementation/ work program endorsed**

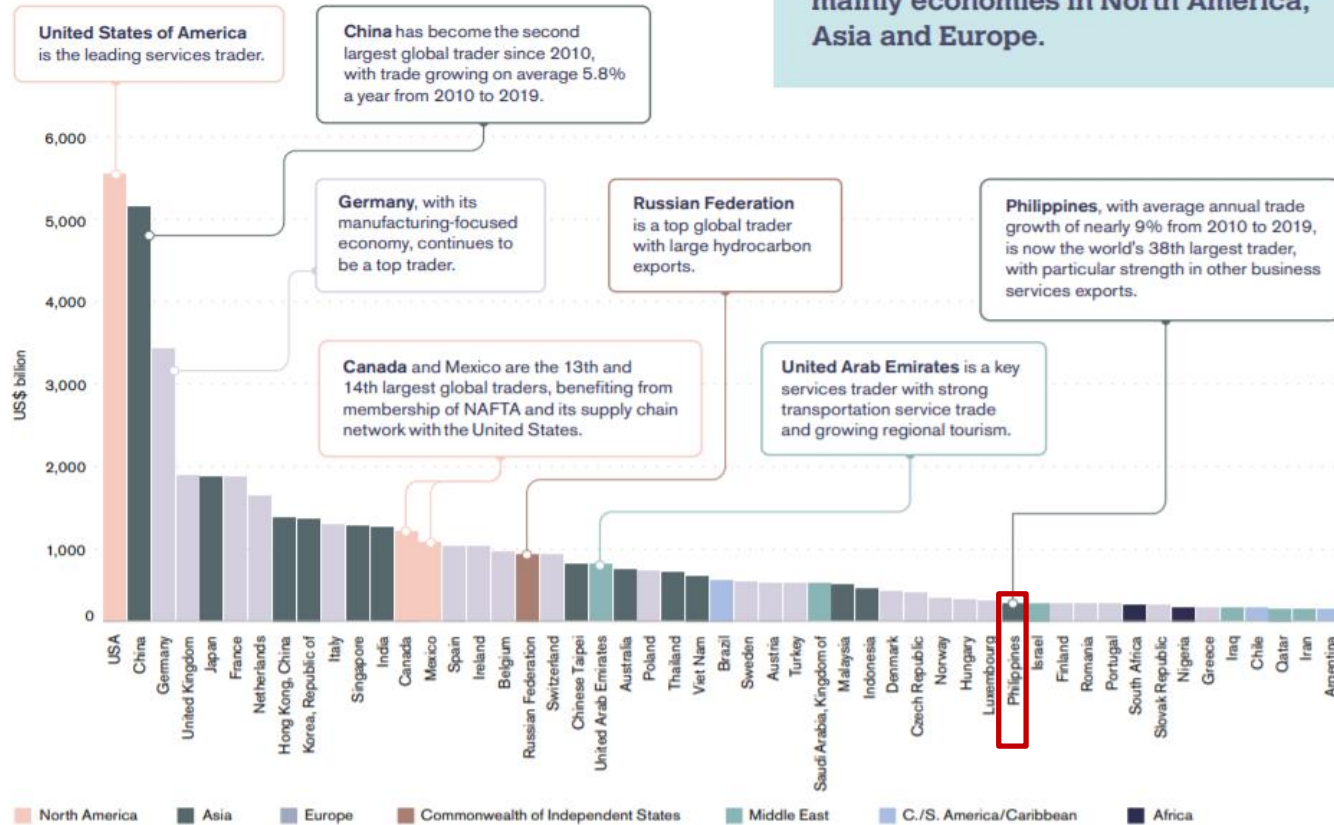
World Trade Organization



- The WTO is the only global international organization dealing with the rules of trade between nations. It was established in 1995 through the Uruguay Round negotiations. At present, the WTO has 164 Members.
- *Objectives:* Administering WTO trade agreements, forum for trade negotiations, handling trade disputes, monitoring national trade policies, technical assistance and training for developing countries, cooperation with other international organizations

PH in the WTO

World's leading traders of goods and commercial services, 2019
(US\$ billion)

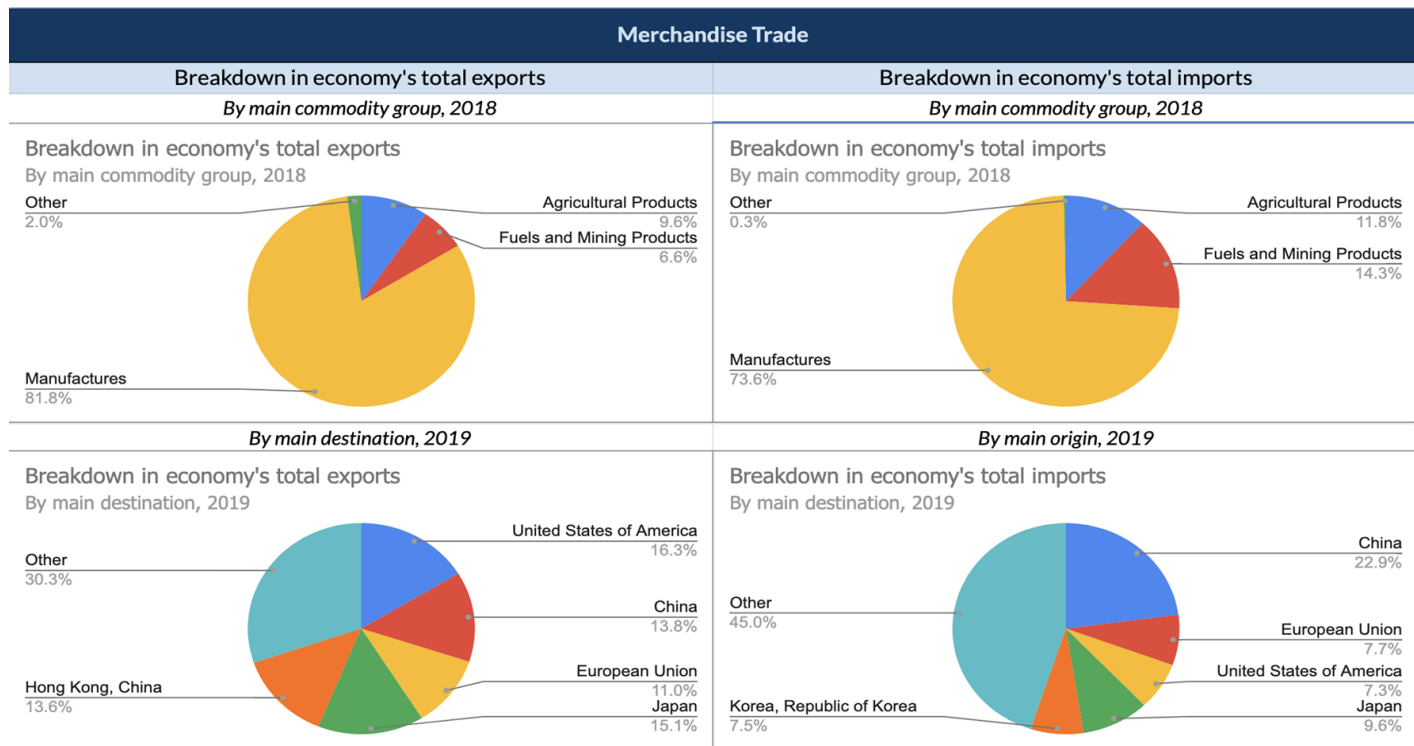


The top traders of goods and commercial services in 2019 were mainly economies in North America, Asia and Europe.

Source: WTO-UNCTAD in cooperation with ITC and UNSD.

PH in the WTO

Philippines Rank in World Trade, 2019			2018		2015	
	Exports	Imports	Exports	Imports	Exports	Imports
Merchandise	43	34	47	34	45	39
Commercial Services	33	39	35	39	34	36



E-Commerce Discussions at the WTO



**Work Programme
on Electronic Commerce**



**Joint Statement Initiative
on Electronic Commerce**

Work Programme on Electronic Commerce

- The Declaration on Global Electronic Commerce was adopted at the 2nd WTO Ministerial Conference (MC2) in May 1998 which called for the establishment of a work programme on e-commerce.
- Since 1998, all Members have agreed to continue the practice of not imposing customs duties on electronic transmissions until the next Ministerial Conference (December 2021)



Joint Statement Initiative on Electronic Commerce

- A group of WTO Members (led by Australia, Japan, and Singapore) which share the goal of advancing e-commerce work at the WTO issued a *Joint Statement on Electronic Commerce* to initiate *exploratory work* towards future WTO negotiations on trade-related aspects of e-commerce.
- The JSI negotiations are conducted in six thematic groupings/ focused groups based on the *Streamlined Text*: (A) enabling digital trade; (B) openness; (C) trust; (D) cross-cutting issues; (E) telecommunications; and (F) market access.



Data Privacy in the JSI



Trust

**Privacy (protection of personal information and privacy);
Business Trust (source code)**



**Cross-Cutting
Issues**

Cybersecurity

Conclusion

Why is e-commerce and the digital economy important?

- Revenue in the e-commerce market is projected to reach **US\$3,546m** in 2020.
- Revenue is expected to show an annual growth rate (CAGR 2020-2025) of **16.7%**, resulting in a projected market volume of US\$7,665m by 2025.
- The market's largest segment is **Electronics & Media** with a projected market volume of US\$955m in 2020.
- User penetration will be **35.5%** in 2020 and is expected to hit **47.8%** by 2025.

Statista (2020)

TOTAL POPULATION



108.8M

URBANISATION:

47%

MOBILE PHONE CONNECTION



173.2M

vs. POPULATION:

159%

INTERNET USERS



73.00M

PENETRATION:

67%

ACTIVE SOCIAL MEDIA USERS



73.00M

PENETRATION:

67%

E-Commerce Activities

SEARCHED ONLINE FOR A PRODUCT OR SERVICE TO BUY (ANY DEVICE)



91%

VISITED AN ONLINE RETAIL STORE ON THE WEB (ANY DEVICE)



91%

PURCHASED A PRODUCT ONLINE (ANY DEVICE)



76%

MADE AN ONLINE PURCHASE VIA A LAPTOP OR DESKTOP COMPUTER



28%

MADE AN ONLINE PURCHASE VIA A MOBILE DEVICE



66%

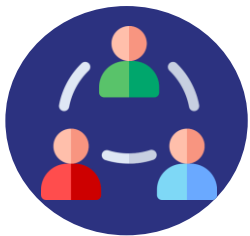
Conclusion



Governments will need to play a more active role to ensure that policies keep pace with technological developments.



International disciplines/rules and structural reform efforts play a crucial role to ensure our domestic policies are relevant and responsive to all stakeholders in the digital economy.



Increased collaboration between the public and private sector, between policymakers and technology experts, regulators, and other stakeholders is also vital to address emerging challenges.

Thank you.

Follow us on our official social media accounts

