TOWARDS CRISIS-SENSITIVE TRADE PROVISIONS: AN ANALYSIS OF THE PACIFIC ALLIANCE

Panel: Towards model RTA provisions for E-commerce/digital trade in times of crisis

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Objectives

In order to respond to COVID-19 crisis, the study selected digital trade for its relevance to promote an inclusive and sustainable economic recovery, and due to Chile’s participation in drafting these regulations.

Using the Pacific Alliance as a case study the study focused on how trade agreements may respond to a crisis situation, and serve for an after crisis sustainable development.

This proposal could foster the capabilities of the Pacific Alliance member economies to tackle the challenges derived from this kind of crises; and serve as a model for other international agreements.
Methodology: three-step approach

- Diagnosis
- Benchmark
- Digital Economy Partnership Agreement (DEPA)
- Compare with the Pacific Alliance Additional Protocol to provide recommendations.
Digital economy

Digital transformation led by the continuous development of information and communication technologies is changing consumption and production patterns worldwide.

The rise of the digital economy, particularly in terms of international trade, presents both opportunities and challenges.

The different need to adjust to this changing landscape, as their adapting capabilities will become critical to ensure that the benefits derived from these technologies are captured and evenly distributed amongst the population.

Governments need to:
- provide relevant infrastructure, skills and regulations;
- ensure international cooperation to address regulatory issues;
- prevent the evolving digital economy from exacerbating digital divides and income inequalities.
Ways to improve digital trade:

1. The crisis has shown that e-commerce can be a viable solution to maintain supply chains.

2. Stakeholders better adapted to operate in digital platforms have shown more resilience to the economic crisis.

3. The pandemic has unveiled the existing gaps in terms of accessibility to the digital economy.

4. COVID-19 forces international organizations and local authorities to regulate digital technologies.

5. Modern trade agreements that include digital trade

6. Promote greater interoperability

7. Close the digital gap

8. Build trusted technologies for all

9. Digital trade documentation

<table>
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<th>MODULE 1 Initial provisions and general definitions</th>
<th>Pacific Alliance Additional Protocol (PAAP)</th>
<th>Digital Economy Partnership Agreement (DEPA)</th>
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<td>General definitions; Scope; Relation with other agreements; General dispositions</td>
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| MODULE 2 Business and trade facilitation | General definitions; Paperless trading; Logistics; Electronic invoicing; Express Shipments | General definitions; Paperless trading; Domestic Electronic Transaction Framework; Logistics; Electronic invoicing; Express Shipments; Electronic Payments |

| MODULE 3 Treatment of digital products and related issues | Custom Duties; Non-Discriminatory Treatment of Digital Products | Custom Duties; Non-Discriminatory Treatment of Digital Products; Information and Communication Technology Products that Use Cryptography |

| MODULE 4 Data issues | Personal information protection; Cross-Border Transfer of Information by Electronic Means | Personal information protection; Cross-Border Transfer of Information by Electronic Means; Location of Computing Facilities |

| MODULE 5 Wider trust environment | Unsolicited Commercial Electronic Messages; Online Consumer Protection | Cybersecurity Cooperation: Online Safety and Security |

| MODULE 6 Business and consumer trust | Unsolicited Commercial Electronic Messages; Online Consumer Protection | Unsolicited Commercial Electronic Messages; Online Consumer Protection; Principles on Access to and Use of the Internet |

| MODULE 7 Digital identities | Digital Identities | Financial Technology Cooperation; Artificial Intelligence; Government Procurement; Cooperation on Competition Policy |

| MODULE 8 Emerging trends and technologies | Public Domain; Data Innovation; Open Government Data | |

| MODULE 9 Innovation and the digital economy | Cooperation to Enhance Trade and Investment Opportunities for SMEs in the Digital Economy; Information Sharing | Cooperation to Enhance Trade and Investment Opportunities for SMEs in the Digital Economy; Information Sharing; Digital SME Dialogue |

| MODULE 10 Small and medium enterprises cooperation | | |

| MODULE 11 Digital inclusion | | Digital inclusion |

| MODULE 12 Joint committee and contact points | Joint committee and contact points | |

| MODULE 13 Transparency | Transparency | |

| MODULE 14 Dispute settlement | | Dispute settlement |
Existing norms

• Custom Duties
• Non-Discriminatory Treatment of Digital Products
• Cooperation to Enhance Trade and Investment Opportunities for SMEs in the Digital Economy

Deepening regulations

• Paperless trading
• Logistics
• Electronic invoicing; Express Shipments

New topics

• Location of Computing Facilities
• Cybersecurity Cooperation: Online Safety and Security
• Digital Identities
• Financial Technology Cooperation; Artificial Intelligence; Government Procurement; Cooperation on Competition Policy
Policy recommendations

The Pacific Alliance has incorporated electronic commerce within its Trade Protocol, nevertheless, commitments needs to be adjusted to response to the current conditions.

DEPA provides a framework to advance in the building of a regional digital market. When comparing to the Pacific Alliance, it may be identified:

- Existing norms
- Deepening regulations
- New topics

The report concludes that the Pacific Alliance may benefit from the inclusion of deepening regulations and new topics to modernize the current Electronic Commerce chapter into a Digital Trade chapter.
COVID-19 has disrupted economic activity worldwide and stressed the need of having trade policies capable to promote sustainable development.

This report proposed policy modifications to foster the capabilities of the Pacific Alliance member economies to tackle the challenges derived from this kind of crises; and serve as a model for other international agreements.
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