



**Asia-Pacific  
Economic Cooperation**

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2013/SOM3/CTI/WKSP1/011

## **Electronic Commerce in Free Trade Agreement**

Submitted by: Japan



**Workshop on Building and Enhancing FTA  
Negotiation Skills on e-Commerce  
Medan, Indonesia  
27-28 June 2013**

# Electronic Commerce in Free Trade Agreement

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Jun. 27 2013

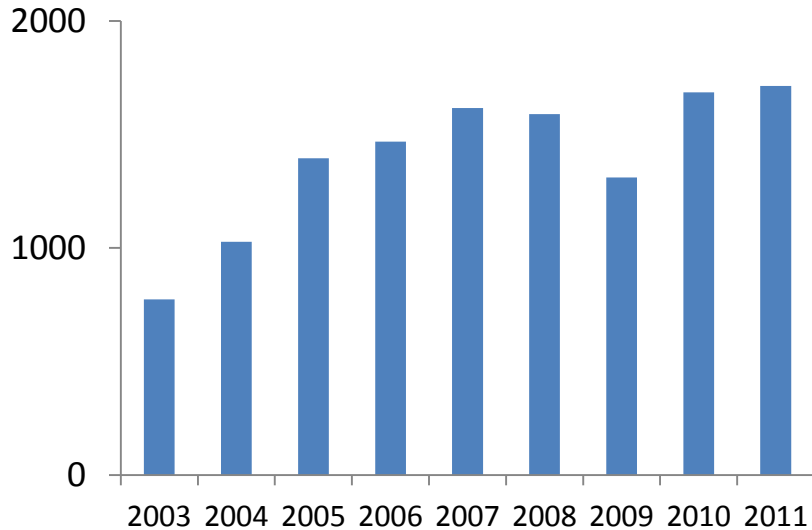
Ministry of Economy, Trade and Industry

Japan

# E-commerce in Japan

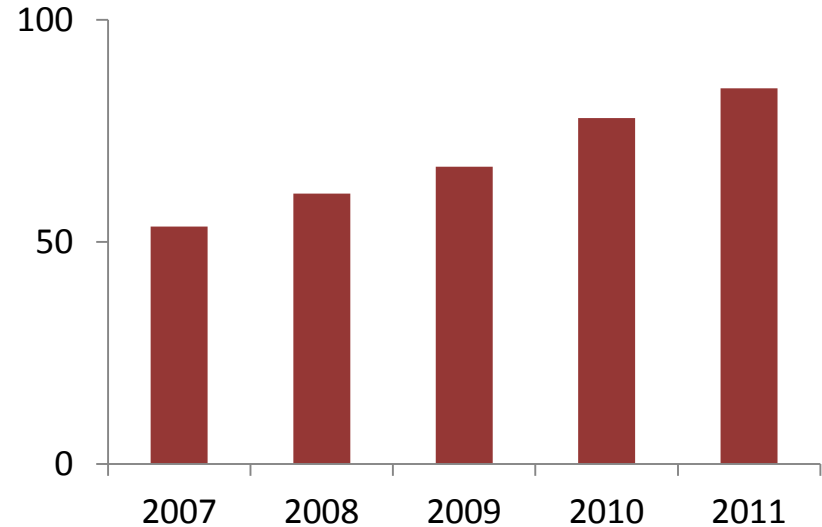
## Market of E-commerce in Japan

BtoB (Billion\$)



Market doubled in this decade  
Powerful recovery from 2009

BtoC (Billion \$)

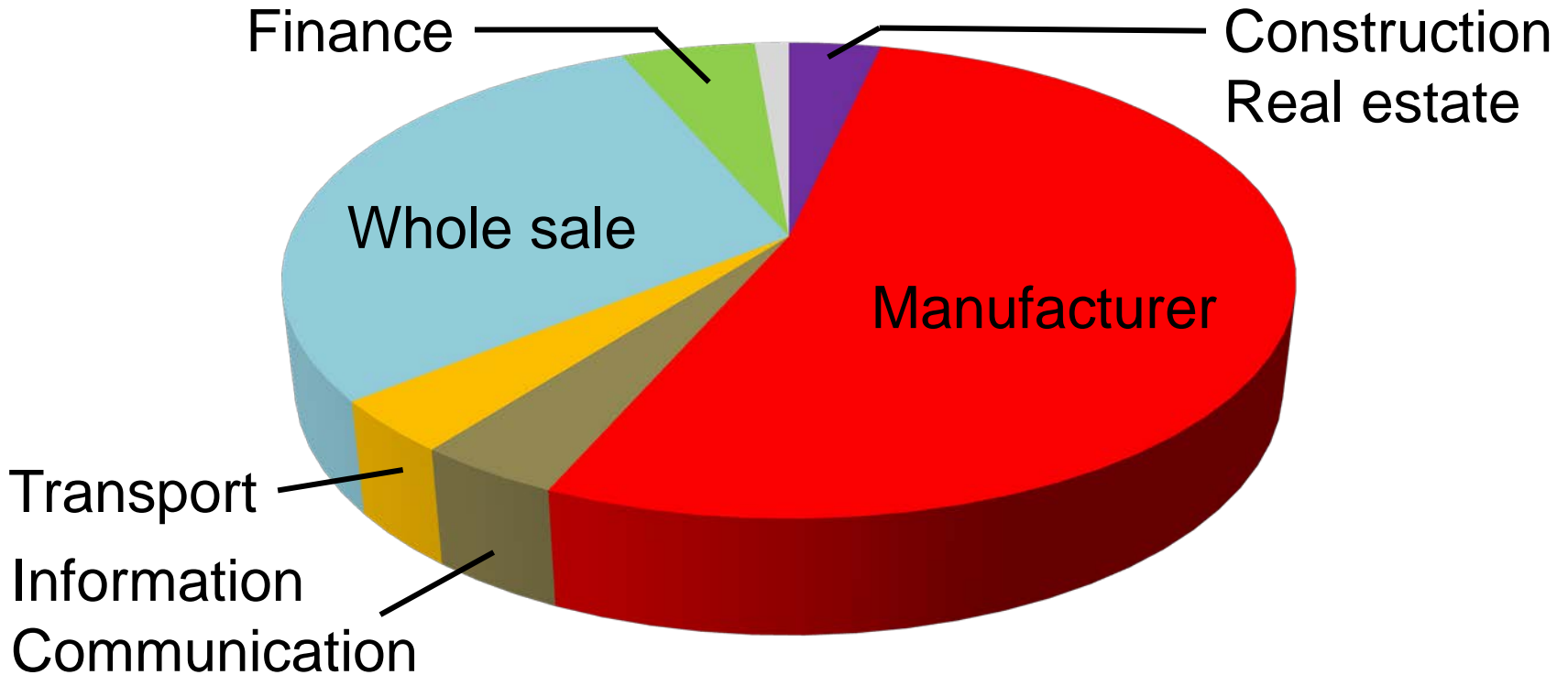


Market increasing steadily  
8.9% annual growth for 4 years

**E-commerce is growing steadily.**

# Industry around E-commerce (BtoB)

Involved industries in FY2011



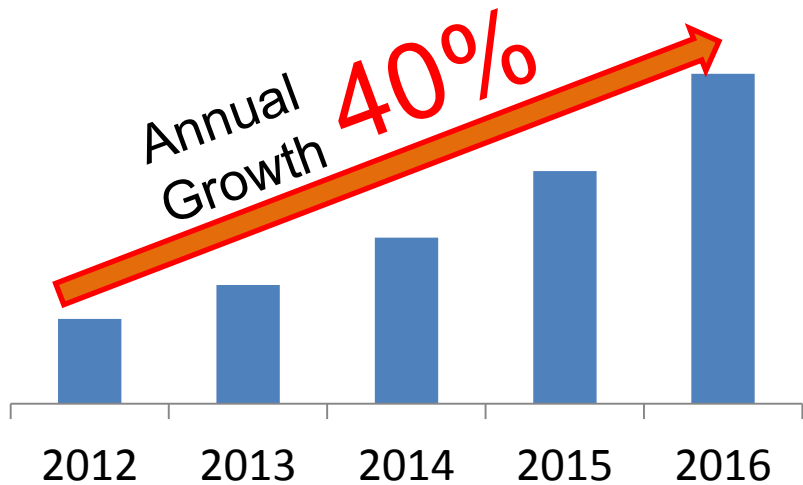
**E-commerce affects various industries.**

# Innovative Business

## Expected Market Growth in Japan

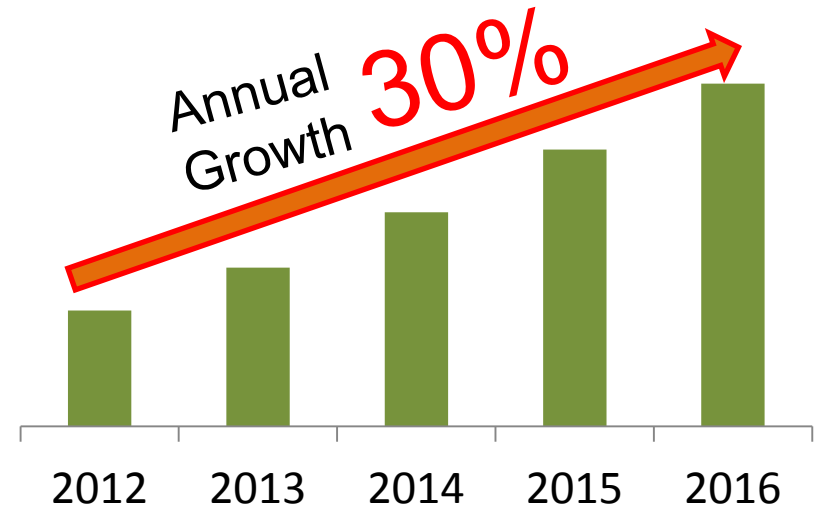
### Big data

Business related to huge data from enormous samples  
- innovation in marketing, advertising, health care...



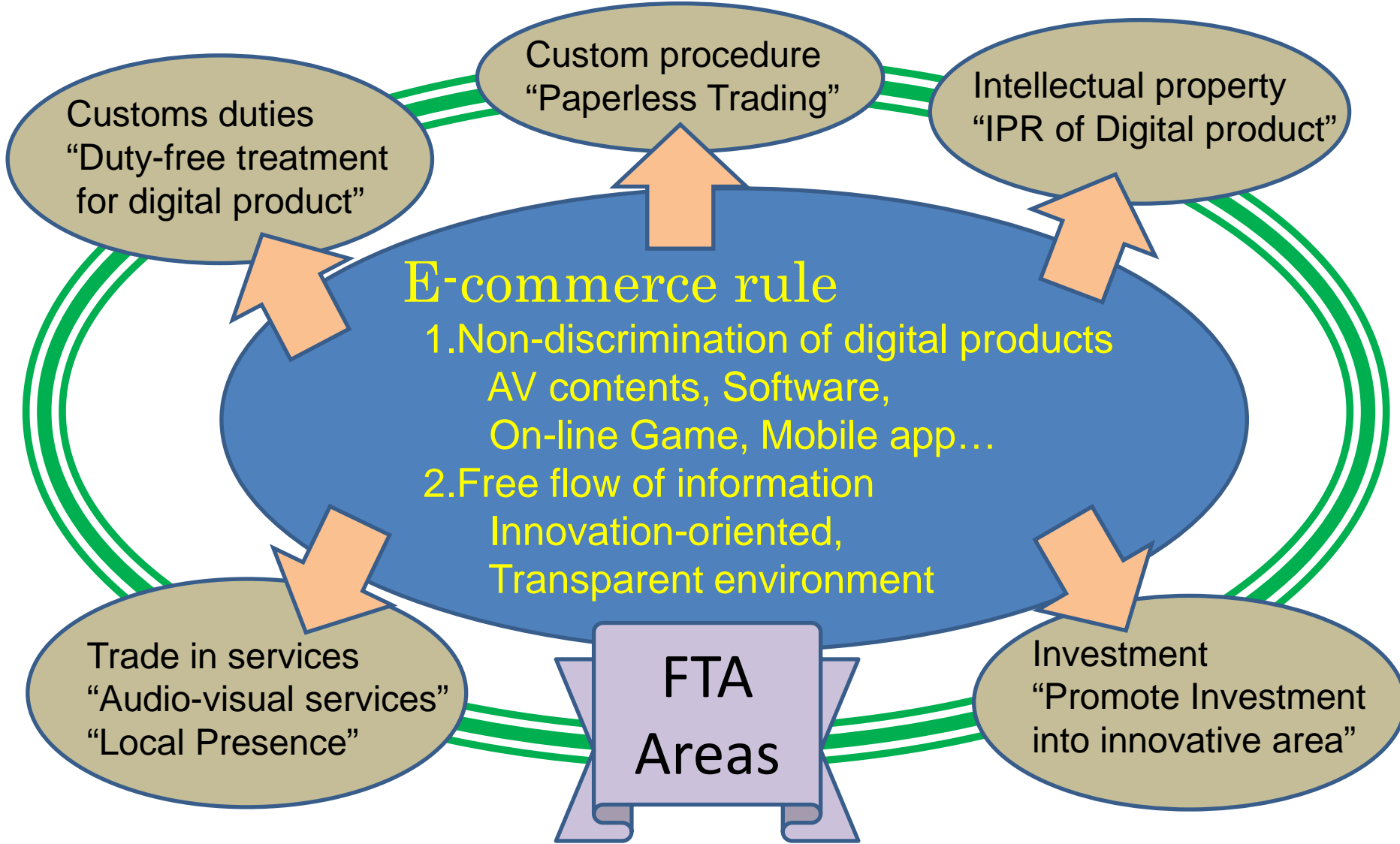
### Cloud Computing

A real-time Sharing of ICT resources over the network  
- effective use of storage, CPU power, software...



**E-commerce includes "Gold mine".**

# E-commerce rule encourage trade



**E-commerce rules affect other areas.**

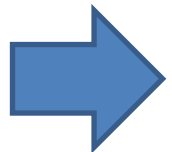
# Discussion in WTO

- > Definition of E-commerce?
- > Trade in goods or Trade in services?
- > How to avoid “digital divide”?
- > Temporary moratorium of customs duties



**WTO discussion**

**hardly progress.**



**FTA rules go ahead.**

# Building E-commerce Chapter in RTAs/FTAs

## Aim of FTA E-commerce Chapter

Rules reflecting Parties' ambition / interest

- To promote E-commerce among Parties
- Global market access for SME by spreading E-commerce rule network

Useful tool to build E-commerce Chapter

**“APEC Model Measures  
for RTAs/FTAs”**



# APEC Model Measures Rules

## “Customs duties”

- Duty-free for electronic transmission.
- ☺ To maintain current duty-free treatment.
- ☺ Acceptable for WTO members  
(same as Moratorium Practice)

## “Non-discrimination”

- App, Social game, Digital book...
- ☺ Supportive for SME software business

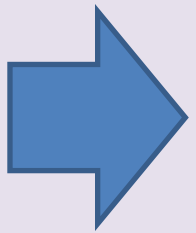
## Further issue

### **“Information flow”**

- Free flow of information across the border for vibrant E-commerce

☺ Facilitating innovative business

☹ Difficult to balance with privacy.



Important role of APEC ECSCG  
“Cross-Border Privacy Rule”

# Japan's case

2007-  
2009

## First E-commerce Chapter Japan-Switzerland EPA

Driven by growth of E-commerce  
Referring to APEC model measures

### Under negotiation

- > Australia
- > Mongolia
- > Canada
- > Columbia

To make high level rules  
To share values of  
non-discrimination  
To promote the cross-border  
information flow

### Future negotiation

- > RCEP
- > Japan-China-Korea

To make E-commerce Chapter  
with various countries  
To spread E-commerce rule network  
among wider economy

# Summary

**E-commerce provides big chances.**

**FTA leads E-commerce rule making.**

**APEC members can make E-commerce Chapter with “APEC Model Measure”.**

**Japan encourages and appreciates  
the Members' effort  
to build E-commerce Chapter.**