



**Asia-Pacific  
Economic Cooperation**

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## **Participation in e-Commerce Agreements / Arrangements: Chinese Taipei's Experience**

Submitted by: Chinese Taipei



**Capacity Building Needs Initiative Seminar on  
Electronic Commerce Chapter of the Regional  
Trade Agreements and Free Trade Agreement  
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# Participation in E-commerce Agreements/Arrangements: Chinese Taipei's Experience

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## Outline

- Trends and Recent Developments of E-commerce
  - Opportunities and Benefits of E-commerce
- Practices in Bilateral Free Trade Agreements
  - Relevant Rules of Traditional E-commerce Chapter
  - Specific Articles in the E-commerce Chapter
- New E-commerce Related Trade Rules in Recent FTAs
- The Comparisons of Bilateral FTAs and Recent FTAs
- Challenges and Prospects

## Trend of Global B2C Sales Value and Growth Rate

- Despite a slight decline in growth, total sales value of global B2C e-commerce is expected to reach US\$ 1.5 trillion by 2018



Source: 2016 Asia Pacific E-commerce Summit handbook

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## Global E-commerce Landscape 2020

Sales value of global B2C e-commerce – US\$ **3.39** trillion

Sales value of global *cross-border* B2C e-commerce – US\$ **994** billion

No. of consumers of global B2C e-commerce – **2.112** billion

No. of consumers of global *cross-border* B2C e-commerce – **943** million

Share of *cross-border* B2C e-commerce v.s. total B2C e-commerce – **29** %

Source: 2016 Asia Pacific E-commerce Summit handbook

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## Top 10 Economies in the *UNCTAD B2C E-commerce Index 2016*

2016 Rank	Economy	Share of individuals using Internet (2014)	Share of individuals with credit card (15+, 2014)	Secure Internet servers per 1 million people (normalized, 2014)	UPU postal reliability score (2013-14)	UNCTAD B2C e-commerce Index value 2016	2014 Rank
1	Luxembourg	95	69	98	97	89.7	1
2	Iceland	98	77	100	81	89.0	#N/A
3	Norway	96	67	96	89	87.1	2
4	Canada	87	77	92	89	86.3	4
5	Japan	91	66	89	99	86.1	12
6	Finland	92	63	95	87	84.3	3
7	Korea, Republic of	84	56	97	100	84.3	8
8	United Kingdom	92	62	92	89	83.7	9
9	Switzerland	87	54	99	93	83.3	14
10	New Zealand	86	61	92	93	82.9	13

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## Top 10 **Developing** Economies in the *UNCTAD B2C E-commerce Index 2016*

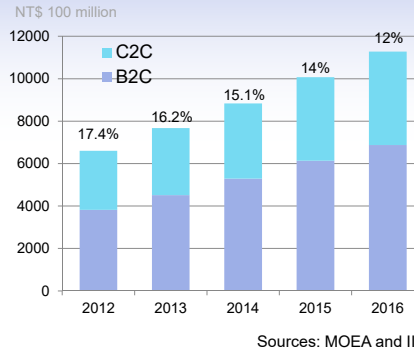
2016 Rank	Economy	Share of individuals using Internet (2014)	Share of individuals with credit card (15+, 2014)	Secure Internet servers per 1 million people (normalized, 2014)	UPU postal reliability score (2013-14)	UNCTAD B2C e-commerce Index value 2016	2014 Rank
7	Korea, Republic of	84	56	97	100	84.3	8
14	Hong Kong (China)	75	64	88	98	81.1	18
23	Singapore	82	35	88	98	75.8	26
25	United Arab Emirates	90	37	80	86	73.4	66
26	Qatar	91	32	78	88	72.4	73
32	Bahrain	91	28	75	72	66.5	34
39	Uruguay	61	40	70	79	62.6	40
40	Kuwait	79	28	73	68	61.9	#N/A
43	Chile	72	12	64	69	60.3	39
44	Malaysia	68	20	69	84	60.1	45

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## Recent Developments of E-commerce in Chinese Taipei (1/2)

- In recent years, market value for traditional e-commerce activities (online wholesale and retail) has continued to increase in Chinese Taipei
- In 2015, total market value for online wholesale and retail exceeded NT\$ 1 trillion (≈ US\$ 32 billion) for the first time, with an annual growth rate of 14%
  - B2C accounts for 61%; C2C 39%
- Growth rate for 2016 is estimated to be 12%, and 11% for 2017

Change in market value for online wholesale and retail in Chinese Taipei



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## Recent E-commerce Developments in Chinese Taipei (2/2)

- From a broader “Digital Economy” perspective, its importance and contribution are also growing
- The focus is on the development of “Software” components
  - Promotion of digital innovative applications
  - The development of digital brainpower/talent
  - The enhancement of consumer confidence and welfare

Development of the digital economy in Chinese Taipei

US\$ billion; %

Year	2010	2011	2012	2013	2014
Gross value	78.77	86.98	90.83	97.42	107.94
% of GDP	17.7%	17.9%	18.3%	19.0%	20.4%
Software %	29.4%	30.4%	30.8%	30.7%	29.3%
Hardware %	70.6%	69.6%	69.2%	69.3%	70.7%

Source: NICI, 2015

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## Opportunities and Benefits of E-commerce

- E-commerce benefits MSMEs by lowering market access costs, especially in cross-border supply, thus enhancing opportunities in broadening market size
- E-commerce benefits consumers by offering diversified choices and competitive prices
- E-commerce benefits the global economy by creating new growth momentum

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## Practices in Bilateral Free Trade Agreements (1/3)

### Relevant Rules of Traditional E-commerce Chapter

- The purpose of the development of e-commerce chapter:
  - Promote e-commerce for business activities
  - Increase consumer confidence in e-commerce transactions
  - Remove barriers to e-commerce transactions
  - Reduce the cost of e-commerce transactions

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## Practices in Bilateral Free Trade Agreements (2/3)

### Relevant Rules of Traditional E-commerce Chapter

- The main content of traditional e-commerce chapter:
  - Enhance online transaction security through privacy and consumer protection laws
  - Accord no less favourable treatment to like digital products in the territory
  - Recognize the effectiveness of electronic authentication and electronic signatures
  - Promote paperless trade
  - Exempt electronic transmissions from customs duties
  - **Apply to: goods and services**
- ◆ Examples: The e-commerce chapters of FTAs signed by Chinese Taipei and Nicaragua, New Zealand, Singapore, respectively, and the Arrangement between Japan and Chinese Taipei for Mutual Cooperation on E-commerce

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## Practices in Bilateral Free Trade Agreements (3/3)

### Specific Articles in the E-commerce Chapter

- The Agreement between Singapore and Chinese Taipei on Economic Partnership (ASTEP)
  - Cooperation on SMEs  
Promote the use of e-commerce by SMEs (Article 11.7)
- The Arrangement between Japan and Chinese Taipei for Mutual Cooperation on E-commerce (JPN-CT)
  - Cooperation on SMEs  
Overcome obstacles encountered by SMEs in using e-commerce (Article 11)
  - Cooperation on intellectual property rights  
Encourage internet service providers to cooperate with right holders (Article 10)

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## New E-commerce Related Trade Rules in Recent FTAs (1/2)

- In addition to the common elements in e-commerce, new disciplines are included in the e-commerce chapter of recent FTAs, such as:
  - Cross-border transfer of information by electronic means
  - Location of computing facilities
  - Unsolicited commercial electronic messages
  - Source code
  - Principles on access to and use of the Internet for e-commerce

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## New E-commerce Related Trade Rules in Recent FTAs (2/2)

### Exceptions

- In compliance with any of the following conditions and provision of justification
  - In accordance with WTO general exceptions (e.g. privacy)
    - Applicable to all obligations in e-commerce chapter
  - In line with "legitimate policy objectives" and not cause trade restrictions, meanwhile can be proved
    - Applicable to Articles regarding cross-border transfer of information and location of computing facilities
  - Subject to non-conforming measures (by negotiations)
    - Applicable to Articles regarding cross-border transfer of information and location of computing facilities

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### The Comparisons of JPN-CT, ASTEP, ANZTEC and Recent FTAs Disciplines on E-commerce (1/2)

Recent FTAs Disciplines		Covered in		
Types of barriers	Descriptions of disciplines	JPN-CT	ANZTEC	ASTEP
Forced localization	• No forced requirements for localization of computing facilities	--	--	--
	• Prevention of requirements on the disclosure of source code	--	--	--
Market access	• Tariff elimination for digital products	✓	✓	✓
	• Non-discriminatory treatment for digital products	✓	✓	✓
Privacy and personal information protection	• Disciplines on cross-border movement of data	--	--	--
	• Collaboration on privacy protection	✓	--	✓

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### The Comparisons of JPN-CT, ASTEP, ANZTEC and Recent FTAs Disciplines on E-commerce (2/2)

Recent FTAs Disciplines		Covered in		
Types of barriers	Descriptions of disciplines	JPN-CT	ANZTEC	ASTEP
Consumer welfare	• Cooperation on protecting consumers from fraudulent and deceptive practices	✓	✓	--
	• Network/cyber securities	✓	--	--
	• Unsolicited commercial electronic messages	--	--	--
E-commerce trade facilitation	• Paperless trading	✓	✓	✓
	• Acceptance of authentication and electronic signature	✓	✓	✓
	• Access to internet	--	--	--

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## Challenges and Prospects

- E-commerce underpins the next wave of growth in global trade
- Opportunities for MSMEs are particularly significant
- Public concerns on data and privacy protection remain:
  - Location of computing facilities
  - Cross-border data flow
- The need to enhance cross-border collaborations in consumer and data protection, as well as in regulatory coherence is greater than traditional trade
  - Encouraging broader participation by APEC/WTO Members is essential
  - APEC work on CBPR System is a good starting point

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**Thank You**