



**Asia-Pacific  
Economic Cooperation**

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Agenda Item: 6

## **Annex 2 – APEC Cross-Border E-Commerce Facilitation Framework**

Purpose: Consideration

Submitted by: CTI Chair

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## APEC CROSS-BORDER E-COMMERCE FACILITATION FRAMEWORK

### INTRODUCTION

1. Electronic commerce (e-commerce) has the potential to provide an extraordinary stimulus to the growth and trade of the Asia-Pacific region. In 2016, B2C e-commerce sales worldwide reached 1.9 trillion USD and the sales of Asia-Pacific was estimated to be 1 trillion USD.<sup>1</sup> B2C e-commerce sales also made up a larger share of total retail sales in Asia-Pacific than all other regions, at 12.1%.<sup>2</sup>

2. E-commerce is becoming a major pillar of Internet and Digital economy which has contributed to the development of trade in the region. Online services have the largest share of the total digital market in 2015.<sup>3</sup>

3. Cross-border e-commerce is one of the fastest growing segment of global trade, growing from practically zero two decades ago, to an estimated value of 1.92 trillion USD globally by the end of 2016. The Asia-Pacific region also had the biggest volume of sales in 2016, followed by Western Europe and North America. Cross-border B2C e-commerce sales in the Asia-Pacific region reached 144 billion USD, accounting for 35.9% of worldwide cross-border B2C e-commerce sales. The figures are estimated to be 476 billion USD and 47.9% in 2020.<sup>4</sup>

4. Recognizing very early on the key role that e-commerce would play in linking APEC Economies, in the 1998 Declaration, APEC Leaders commended the APEC Blueprint for Action on Electronic Commerce, which set out the principles for the promotion and development of e-commerce in the region. In Auckland 1999, APEC Leaders once again urged APEC to continue its efforts to create a favorable environment for e-commerce and called for specific implementation strategies in e-commerce. Since then, along with the establishment of Electronic Commerce Steering Group (ECSG) in 1999, many activities have been implemented based on the principles set out in the Blueprint.

5. Today, the rapid digitalization of the global economy has opened up new growth opportunities for APEC's Micro, Small and Medium Enterprises (MSMEs). Cross-border e-commerce is a powerful enabler for the internationalization of APEC's MSMEs, who no longer need physical, commercial presence to market and sell their products to the world. Recognizing this, in 2014 APEC Leaders endorsed the APEC Cross-border E-commerce Innovation and Development Initiative. At APEC Ministerial Meeting (AMM) 2015, Ministers welcomed the proposal to Promote E-commerce to Globalize MSMEs. And in 2016, Ministers

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<sup>1</sup><https://www.emarketer.com/Article/Worldwide-Retail-Ecommerce-Sales-Will-Reach-1915-trillion-This-Year/1014369>

<sup>2</sup><https://www.emarketer.com/Article/Offline-Retail-Sales-Still-Strong-Asia-Pacific/1014314?ecid=NL1007>

<sup>3</sup> Facilitating Digital Trade for Inclusive Growth, Issue Paper No. 12 by APEC Policy Support Unit, April 2017

<sup>4</sup><http://www.tradeforum.org/Cross-border-e-commerce-helps-SMEs-reach-global-markets/>

agreed to encourage further work to exchange experience on the implementation of the WTO Agreement on Trade Facilitation and promotion of customs control over cross-border e-commerce for better connectivity, further integration of regional economy and modernize MSMEs. These are instructions that need a response from the APEC Economies.

6. Noting the foundation and work streams that have begun in this critical area, and recognizing the importance of capturing issues relevant to APEC and today's global trading environment, in 2017 APEC recommends establishment of a framework to guide a comprehensive and coherent response.

7. This Framework should serve as a complement to ongoing work related to the Roadmap for the Internet and Digital Economy, as well as to the ongoing work related to digital trade under the Committee on Trade and Investment (CTI) in APEC. The possible next phase of the Framework will meet new objectives set in the APEC Beyond 2020 vision.

#### **PRINCIPLES**

8. The Framework shall be guided by the APEC Principles on Trade Facilitation endorsed in 2001, taking into account the APEC Blueprint for Action on e-commerce.<sup>5</sup>

#### **OBJECTIVES**

9. With the above consideration, the objectives of the Framework include, to promote cross-border e-commerce across APEC by:

- Creating a favorable regulatory eco-system for e-commerce to promote predictability, transparency, security, fair competition and consistency;
- Promoting development of Information and Communication Technology infrastructure for facilitating cross-border e-commerce;
- Encouraging and facilitating greater participation of businesses in global commerce, in particular MSMEs;
- Enhancing cooperation between public and private sectors, including on consumer protection;
- Contributing to trade and investment facilitation in the region, supporting the achievement of the Bogor Goals and post 2020 vision.

#### **WORKING PILLARS**

10. To achieve the above objectives, APEC should focus on the following working pillars. Each pillar should include specific activities to assess the performance:

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<sup>5</sup> This Framework is applied to facilitate for cross-border e-commerce in B2C, B2B and G2B transactions and for commercial transactions of both physical goods and services and digital products via electronics means.

**(i). Promoting transparent and predictable legal and regulatory approaches and measures that are business friendly and coherent to facilitate cross-border e-commerce in the region**

11. Lack of coherent policies and regulations on e-commerce has been one of the obstacles for cross-border e-commerce.

12. Efforts should be made to assist APEC Economies, especially developing economies, to understand and develop transparent and predictable regulatory and legal framework for cross-border e-commerce, with the aim of promoting better alignment among Economies throughout the region.

13. Consequently, working towards sharing best practices in e-commerce regulations in the region remains a priority to create a favorable environment to facilitate cross-border e-commerce and promote online consumer protection.

14. The following activities could be considered under this pillar:

- Review existing legal and regulatory issues related to cross-border e-commerce including but not limited to digital products;<sup>6</sup>
- Consider existing international standards and guidelines;
- Identify choke points and measures to cross-border e-commerce from legal and regulatory perspective, taking into account Phase II of the Supply Chain Framework Action Plan;
- Promote dialogue and interaction on new legal and regulatory issues among government agencies and other related stakeholders;
- Promote transparency and predictability in implementation of e-commerce regulations;
- Share best practices as useful tools for capacity building of policymakers;
- Encourage APEC Economies to undertake reviews of their domestic e-commerce policies;
- Conduct research on emerging technological and regulatory trends in e-commerce;
- Update the Digital Prosperity Checklist endorsed in 2008.

**(ii). Enhancing capacity building so that APEC Economies can assist MSMEs to increase their cross-border e-commerce participation in global and regional markets**

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<sup>6</sup> Use of the term 'Digital product' should not be understood to reflect a Member's view on whether trade in digital products through electronic transmission should be categorised as trade in services or trade in goods.

15. Although MSMEs account for the majority of all enterprises in the region, their participation in global trade is not commensurate with their potential and share of employment.<sup>7</sup>

16. Cross-border e-commerce provides MSMEs with opportunities to lower operating costs and thus easing MSMEs' access to global markets and increasing their capacities to participate in global trade.

17. It is necessary to reduce barriers that impede MSMEs expansion in the region, in parallel with efforts to enhance capacity building programs for Economies to assist MSMEs participation in cross-border e-commerce.

18. The following activities could be considered under this pillar:

- Identify choke points and measures for businesses, especially MSMEs, to participate in cross-border e-commerce;
- Identify, share and develop best practices among Economies, especially MSMEs to participate in cross-border e-commerce;
- Identify supply side gaps such as knowledge of market expertise and trade rules, standards and service quality required to support the use of cross-border e-commerce in the region;
- Actively encourage public and private sectors to develop and implement projects in appropriate fora to address issues related to MSMEs' participation in cross-border e-commerce;
- Encourage cooperation and collaboration between public and private sectors such as Public Private Partnership (PPP), Public-Private Dialogue (PPD) on existing and emerging issues in cross-border e-commerce;
- Support capacity building activities within Economies to facilitate MSMEs' gain on cross-border e-commerce.

**(iii). Strengthening cross-border data privacy protection through increased implementation of existing APEC programs**

19. We recognize the importance of effective protection of information and data privacy, while still maintaining information and data flows among economies in the Asia-Pacific region, and among their trading partners.

20. We value APEC's on-going efforts and programs on privacy. We recognize the importance of the APEC Cross-border Privacy Rules (CBPRs) System and Privacy Recognition for Processors (PRPs) System, voluntary mechanisms whose participants seek to expand the

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<sup>7</sup> The APEC Iloilo Initiative: Growing Global MSMEs for Inclusive Development.

participation, and we support enhanced cooperation in this area, including through promoting capacity building.

21. The following activities could be considered under this pillar:

- Promote appropriate domestic data privacy protection for personal information taking into account the APEC Privacy Framework;
- Encourage APEC Economies to update their Data Privacy Individual Action Plan;
- Encourage facilitation of interested APEC Economies' participation in CBPRs and PRPs in APEC;
- Facilitate discussion APEC Privacy Framework and domestic regulations to ensure the coherent and consistent approach to data privacy regulations;
- Support capacity building efforts among the APEC members to enhance their domestic data privacy regulations which take into account the APEC Privacy Framework;
- Share experience and best practices on issues related to cross-border data privacy regulations and policies;
- Enhance and strengthen international collaboration aimed at promoting interoperability between privacy frameworks;
- Continue regional monitoring developments in and share information with other international fora on cross-border privacy issues and initiatives.

**(iv). Facilitating cross-border paperless trade in the region**

22. It is recognized that paperless trade, the advanced electronic submission and processing of documents is a key foundation of trade facilitation. APEC recognizes that continued efforts to strengthen paperless trade are critical to the efficient processing and clearance of e-commerce shipments.

23. We encourage members to consider approaches to cross-border paperless trade facilitation in cooperation with the business community, particularly with MSMEs in the region.

24. In addition, we encourage APEC Economies to implement the WTO Trade Facilitation Agreement (TFA), particularly those provisions which aim to make more information related to customs procedures available on the Internet (Article 1, Article 7 and Article 10).

25. In recognition of the importance of trade facilitation, we encourage ongoing and additional ways to further facilitate cross-border paperless trade, working with relevant fora and sub-fora.

26. The following activities could be considered under this pillar:

- Identify chokepoints and build capacities for further facilitating cross-border paperless trade including business-to-consumer(B2C), business-to-business (B2B) and government-to-business (G2B);
- Establish a favorable environment to facilitate cross-border paperless trade through streamlined shipments and clearance goods while supporting risk management;
- Identify chokepoints and work towards strengthen the use of e-payment systems while ensuring the security;
- Share best practices and support capacity building on cross-border paperless trade regulatory approaches including single window development and border management;
- Working with the relevant sub-fora, explore other technologies and innovations to further facilitate cross-border paperless trade, while supporting effective risk management;
- Encourage APEC members to update their APEC Paperless Trading Individual Action Plan;
- Conduct collaboration with other international fora and organizations in this area such as the United Nations Commission on International Trade Law (UNCITRAL), The Economic and Social Commission for Asia and the Pacific (ESCAP), World Customs Organization (WCO), Universal Postal Unit (UPU) or National Postal Operators (NPO), World Trade Organization (WTO) and other relevant organizations outside of APEC.

**(v). Addressing emerging and cross-cutting issues in cross border e-commerce**

27. Existing and emerging cross-cutting issues related to cross-border e-commerce needs to be taken into serious consideration. This would require working groups and APEC fora to collaborate closely to find the most suitable solution for such issues.

28. We support the free flow of information for promoting cross-border e-commerce while respecting legitimate public policy interests including applicable domestic and /or international legal frameworks for privacy and data protection.

29. Besides, several issues have emerged as significant in the promotion of cross-border e-commerce in the region including border management, taxation, Intellectual Property Rights, online consumer protection and security in the use of ICTs are considered to be of particular importance for businesses participating in cross-border e-commerce.

30. We encourage the development of policies and frameworks that promote trust and confidence among cross-border e-commerce participants, and which ensures the benefits of cross-border e-commerce are available for consumers and businesses alike.

31. The following activities could be considered under this pillar:

- Research, study and understand new and emerging cross-cutting issues related to cross-border e-commerce;
- Identify barriers and encourage best practices sharing in facilitation of cross-border information flows for cross-border e-commerce;
- Encourage sharing best practices on online consumer protection, taxation issues on cross-border e-commerce operators;
- Identify and share best practices for the promotion of electronic authentication methods, including electronic signatures;
- Identify barriers and encourage best practice sharing in border management, including but not limited to goods inspections processes at the border;
- Coordinate with the UPU or NPO and other stakeholders involved in cross-border delivery and distribution to safeguard and improve the sustainability of cross-border e-commerce;
- Raise awareness of cybercrimes and the need for strong, effective security in the use of ICTs for cross-border e-commerce;
- Maintain implementation of emerging information communication technologies and industries ensuring interoperability in the sphere of cross-border e-commerce in the region;
- Promote better measurement of cross-border e-commerce and analysis on its economic impacts, including measurements examining negative impacts of relevant protectionist measures and anti-competition practices;
- Modernize the TOR of ECSG by focusing on e-commerce and capturing emerging issues;
- Continue close collaboration with other working groups and APEC fora, including but not limited to Sub Committee on Customs Procedures (SCCP), Small and Medium Enterprises Working Group (SMEWG), Telecommunication Working Group (TELWG), CTI, Steering Committee on Economic and Technical Cooperation (SCE) etc.

## **THE WAY FORWARD**

32. An Annex to the Framework includes past, current and future projects, initiatives, APEC member action-plans and working group work-plans, with the aim to promote and facilitate cross-border e-commerce in the region.

33. The Annex of APEC Collective Action is a living document and will be updated annually.

34. This Framework will contribute to the strategic and long-term planning of APEC's work program through all relevant Committees and Working Groups.

35. The ECSG, and the possible successor sub-fora under CTI, will have a leadership and coordinating role to implement the Framework beginning in 2018 and report to CTI annually. Relevant fora and working groups are encouraged to implement the Framework in their scopes to facilitate cross-border e-commerce in the region.

**ANNEX**  
**APEC COLLECTIVE ACTIONS**

<b>No.</b>	<b>Name of projects/initiatives/plans</b>	<b>Working Pillars</b>	<b>Working Group/ APEC fora</b>	<b>Year</b>	<b>Member</b>
1	Idea Show for start-up in e-commerce in Asia Pacific 2017	(ii)	ECSG	2017	Chinese Taipei
2	Enhance MSME's Capacity for Inclusive Development by Cross-Border e-Commerce Adoption	(ii), (iv)	ECSG	2017	Viet Nam
3	Work Plan for Promoting E-commerce to Globalize MSMEs	(ii), (iv)	CTI	2016-2018	Korea
4	DPS-ECSG Work Plan 2017	(iii)	ECSG	2017	ECSG members
5	APEC Workshop on Facilitating Market Access for Women-Led MSMEs through E-Commerce	(ii)	SME	2017	Viet Nam
6	APEC SME Cross-Border E-Commerce (CBE) Leaders' Conference	(ii)	SME	2017	China
7	Seminar on "Capacity-Building for Compliance with Cross-Border Privacy Rules System in APEC."	(iii)	ECSG	2017	Chinese Taipei
8	Phase Two of Supply Chain Connectivity Framework Action Plan 2017-2020	(ii) (v)		2017	CTI