



1 What is digital trade?

- Electronic commerce (e-commerce) and digital trade refer to the trade of goods and services using the internet including the transmission of information and data across borders.
- Digital trade is a broad concept, capturing not just the sale of consumer products on the Internet and the supply of online services, but also data flows that enable global value chains, services that enable smart manufacturing, and myriad other platforms and applications.
- Overall, the scope and definitions of digital trade vary across countries and organisations. Some organisations use the definition of digital trade interchangeably with ‘e-commerce’.
 - The narrowest definition of digital trade is **trade in digitised products**, for example, in 2013 the US International Trade Commission (USITC) defined digital trade as **the delivery of products and services over either fixed-line or wireless digital networks**. It **excluded commerce in most physical products**, such as goods ordered online and physical goods that have a digital counterpart such as books and software, music and films sold on CDs or DVDs.
 - On the other hand a broader definition of digital trade seems to be the **use of digital technologies (ICTs) to conduct business**. McKinsey (2014) studies have used the volume of cross-border data flows as a primary measure of trends in digital trade. This broad measure encompasses the direct exchange of digital goods, and digitally enabled exchanges of services or labour. However, it also captures a huge range of cross-border data flows that would not normally be considered as “trade”, such as personal communications. One shortcoming of this definition, however, is the likely overestimation of traffic as Internet hubs route data across multiple borders to connect two endpoints (Lund and Manyika, 2016).
 - The United Nations Conference on Trade and Development (UNCTAD) (2015) defines “e-commerce” as **purchases and sales conducted over computer networks**. To UNCTAD, e-commerce can involve physical goods as well as **intangible (digital) products and services that can be delivered digitally**.
 - In the WTO, the term “electronic commerce” has generally been employed rather than “digital trade”. The term “electronic commerce” is understood to mean **the production, distribution, marketing, sale or delivery of goods and services by electronic means**. (2016)
 - The UN Economic and Social Commission for Asia and the Pacific (ESCAP) defines digital trade as **the use of digital technologies to facilitate businesses without limiting it to just online sales or purchases**. (2016)
 - The European Union has set a target of creating a “digital single market”. This is defined operationally as **an area where individuals and businesses can seamlessly access and exercise online**

activities under conditions of fair competition, irrespective of their nationality or place of residence. (2016) The initiative goes beyond reforms to improve the environment for digital trade; it embraces increasing competition in the telecoms sectors, and improvements to data protections and privacy provisions.

- In 2017, G20 Members committed to working towards a common understanding and improved measurement of digital trade in order to foster informed and evidence-based policymaking in this area. As a first step, this included defining digital trade in a way that is sufficiently broad and flexible. While **there is still no single definition of digital trade**, there is a growing consensus that it **encompasses digitally enabled transactions in trade in goods and services which can be either digitally or physically delivered involving consumers, firms and governments.**
- In Australia (which recently led discussions on Digital Trade at a [2017 WTO conference]), the Department and Foreign Affairs and Trade considers that digital trade is not just about buying and selling goods and services online, but also **includes the transmission of information and data across borders. It relies on the use of digital technologies to facilitate trade and improve productivity**, for example through simplified customs procedures. It not only includes end-products like downloaded movies and video games, but also the means to enhance the productivity and overall competitiveness of an economy, such as information streams needed by manufacturers to manage global operations; communication channels (email and voice over Internet protocol (VoIP)); and financial data and transactions for online purchases or electronic banking.

2 Digital trade policy

2.1 Australia's digital trade policy positions in trade agreements

This table outlines some of the key provisions Australia pursues in its trade agreements to enable digital trade. These objectives are general, may change in specific negotiations and are negotiated in the context that we are able to accommodate our policy sensitivities, including in regard to health, environment, consumer and privacy protections, and security.

PROVISION	DESCRIPTION
Paperless trading	Countries should provide for online availability of import and export documentation and electronic submission of those documents
Electronic authentication	Countries should not deny a signature on the basis it is in electronic form, and should adopt a flexible approach to authentication technologies



PROVISION	DESCRIPTION
Online consumer protection	Countries should provide the same protections for online consumers as they do for any other consumer
Online protection of personal information	Countries should adopt or maintain a legal framework to protect the personal information of electronic commerce users from unauthorised disclosure
Unsolicited commercial electronic messages (spam)	Countries should adopt or maintain measures to allow consumers to opt out of receiving unwanted commercial messages (for example email and SMS) from various sources and to provide that businesses only send such messages with the expressed or inferred consent of the consumer with the source of the messages identified
Customs duties on electronic transmissions	Countries should continue the practice of not applying customs duties to electronic transmissions
Domestic regulatory frameworks / domestic electronic transaction frameworks	Countries should adopt or maintain legal frameworks consistent with the principles of the UN Commission on International Trade Law (UNCITRAL) Model Law on Electronic Commerce (1996) and the UN Convention on the Use of Electronic Communications in International Contracts (2005)
Localisation of computing facilities	Countries should not require businesses operating in their territory to locate computing facilities (including computer servers and storage devices for processing or storing information for commercial use) within the country's borders
Cross-border transfer of information by electronic means	Countries should allow cross-border transfers of information by electronic means
Disclosure of source code	Countries should not require the transfer of or access to mass-market software source code as a condition for the import, distribution, sale or use of software
Cooperation	Governments should cooperate on areas of mutual interest in digital trade including on cyber security matters
Elimination of customs duties on technological products	Countries should eliminate customs duties on technological business and consumer products through participation in the Information Technology Agreement, or products covered by that agreement



PROVISION	DESCRIPTION
Trade facilitation commitments	Countries should continue to implement commitments made in the Trade Facilitation Agreement and endeavour to build on those commitments to ensure the efficient movement of goods across borders
Commitments on performance requirements	Countries should not require technological transfers as a condition of investing in another country

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