



PACER Plus
IMPLEMENTATION UNIT

The Digital Economy and E-commerce. Opportunities for the Pacific

REGIONAL WORKSHOP ON TRADE IN SERVICES

8 – 11 May 2023

PPIU Office, Apia, Samoa

trade**✓**worthy

Join at
slido.com
#APIAPPIU

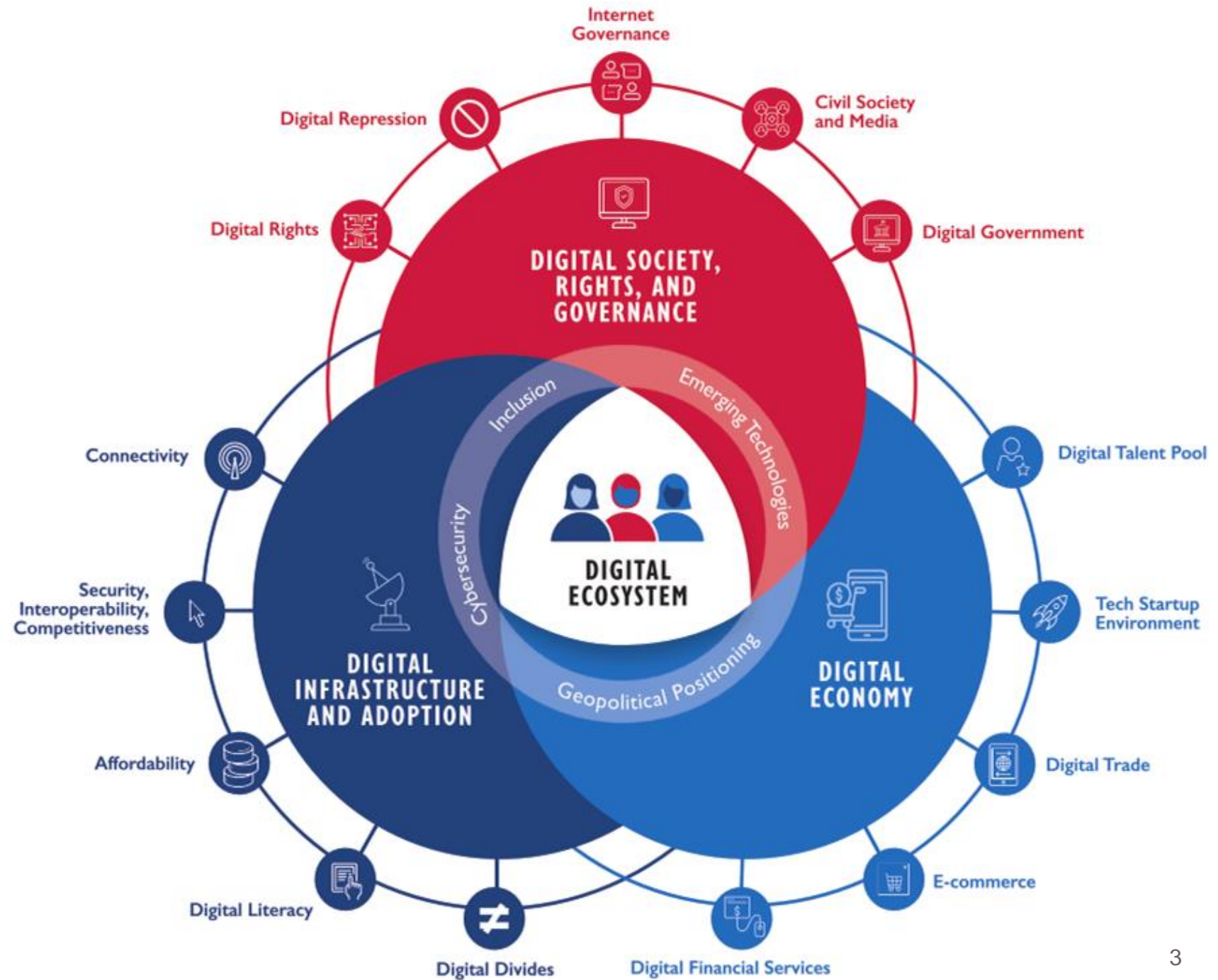




PACER Plus
IMPLEMENTATION UNIT

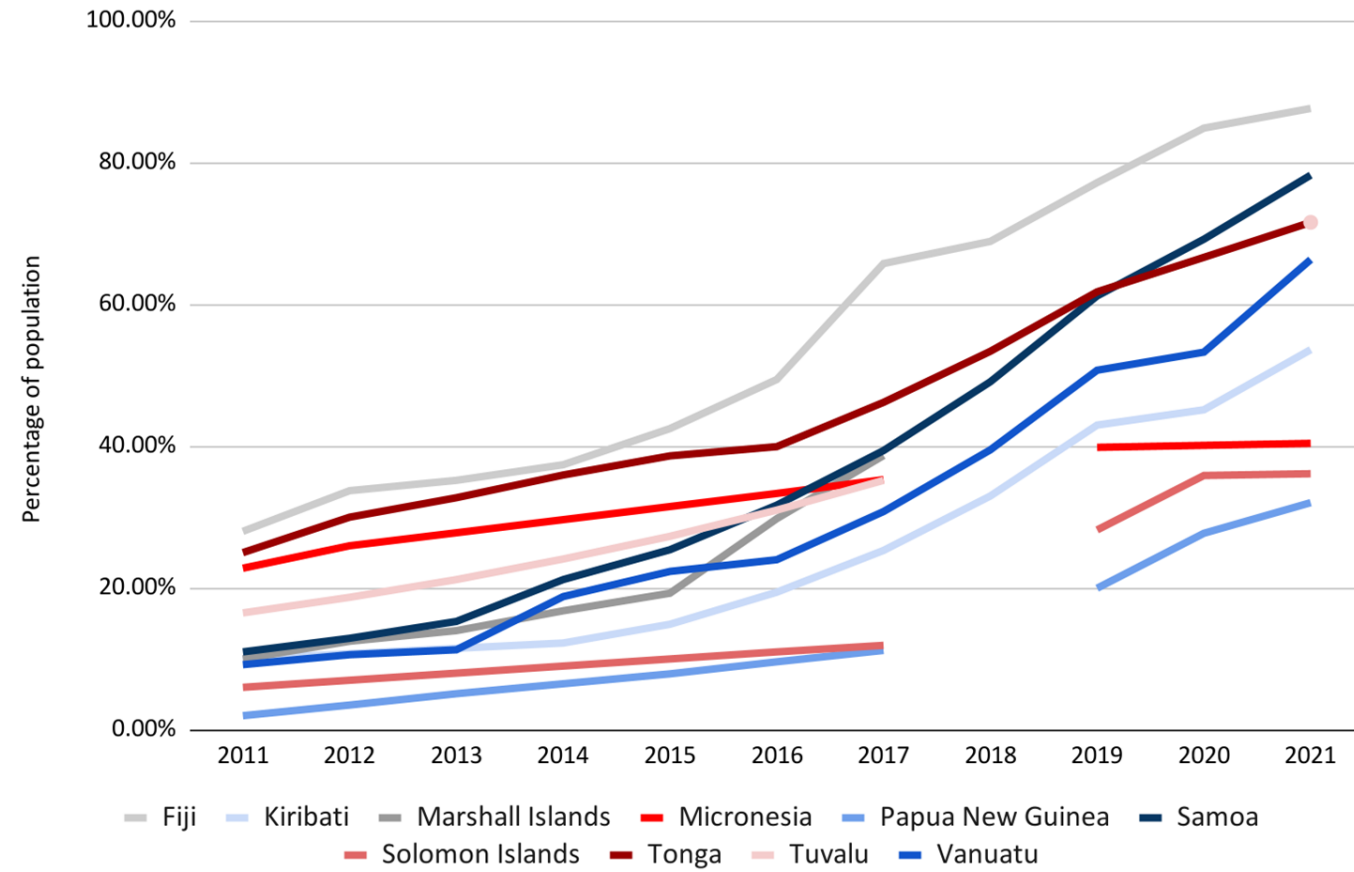
Section I: Digital context

Digital ecosystems are complex



The Digital Age is Now and it is an Opportunity for Development

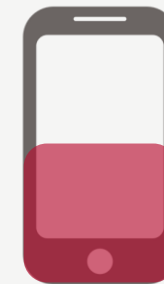
Percentage of Individuals Using the Internet, 2011 - 2021



In the Pacific Islands region:

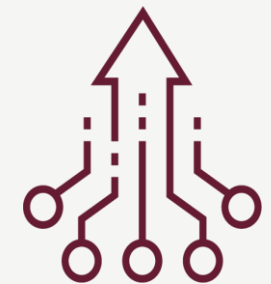
47%

Of individuals in the region have a mobile cellular subscription



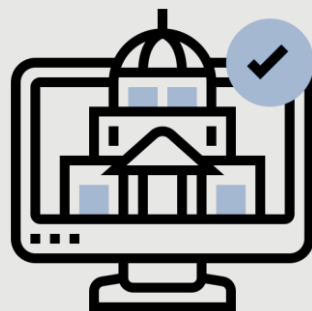
27%

Of individuals in the region have a mobile broadband subscription



Pacific Island regional Digital Ecosystem at a Glance

Digital Fiji is an example of a more comprehensive highly developed digital government system and citizen-facing platform.

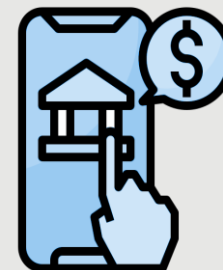


86% of the regional population has **3G** or **4G** coverage (GSMA, 2023)

1GB mobile broadband data as a percent of GNI pcap is **11%** in PNG, **6%** in Kiribati; **2%** in Nauru (A4AI, 2021)



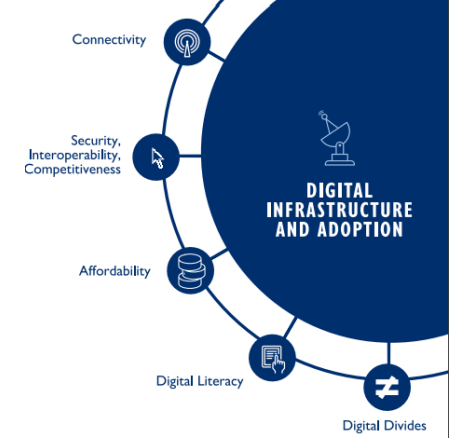
Mobile money transactions account for **1%** of GDP in Samoa vs. **5%** of GDP in Tonga (Pacific Commerce)



2.9 million Internet users across the 12 PICs (Data Portal, 2022)

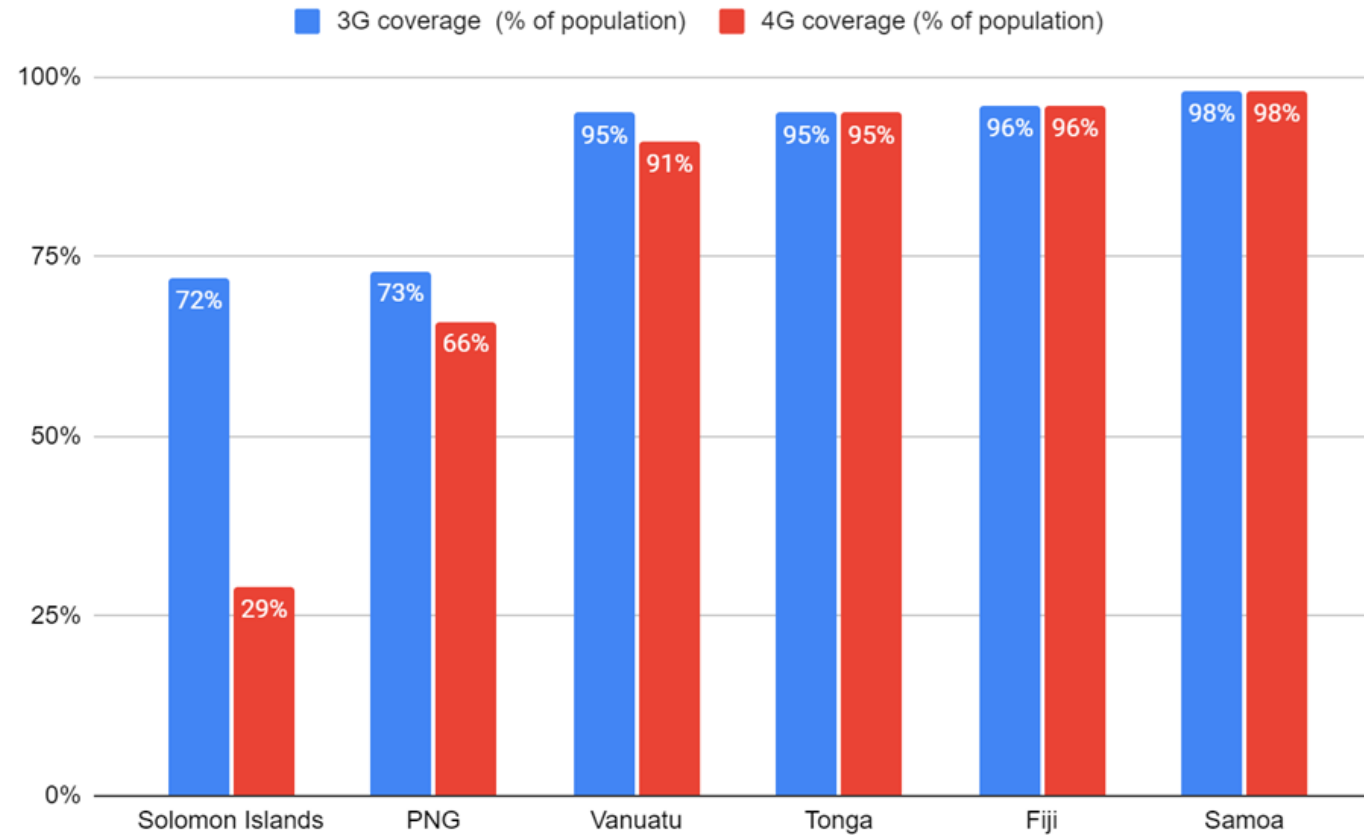


Mobile broadband coverage



Broadband coverage (3G & 4G):

86% 2022
40% 2014



Key policies and regulations

Country	National ICT Policy	Data Protection Law
Fiji	✓	✓
PNG	✓	✓
Solomon Islands	✓	✗
Vanuatu	✓	✗
Samoa	✓	✓
Kiribati	✓	✗
FSM	✓	✗
Palau	✓	✗
Tuvalu	✗	✗
Nauru	✗	✗
RMI	✓	✗
Tonga	✓	✗



Digital economy (DE)

Overview

- Smaller, fragmented and fledgling compared to other regions
- Economic and socio-economic contributions are low
- Use-cases that are proven in other contexts are largely not feasible for PICs
- Emerging ecosystem, concentrated in Fiji, PNG
- Weak SME vs. SOE playing field
- Significant skills shortages

Opportunities

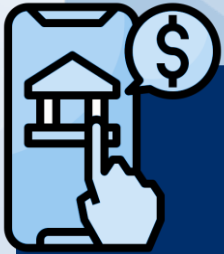
- Increasing policy-level recognition of the importance of DE
- Sustained donor support for DE
- Certain segments are moving ahead: DFS, e-commerce
- Digitally-enabled services see promising growth

Challenges

- High cost of internet: in some cases 10% - 12% GNI pcap, e.g., FSM, PNG, SI)
- Small, dispersed populations: only Fiji and PNG > 500,000
- Cash dependency is unsustainable
- Considerable digital divide
- Domestic and cross-border trade is daunting due to geography

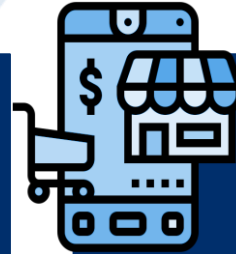


Digital Economy - priority areas for governments and donors



Digital Financial Services (DFS)

- Interoperability via automated payment gateways
- Digital financial inclusion
- Remittances based use-cases (Tonga)
- Mobile-led financial services
- Challenges receiving funds in AUD/NZD due to lack of regulators and AML/CTF concerns
- Growing crypto ambitions (RMI- sovereign currency act, DAO domicile, Palau-digital residency programme) also come with risks



E-commerce & Digital Trade

- Assessments (12), strategies - national (4) & regional (1)
- Digital trade activity: tourism, agriculture, handicraft, diaspora purchases, and micro-jobs, digitally-enabled services.
- Weak SME activity, competing on quality in niche markets
- Significantly hampered by weak ecosystems (electronic payments, last-mile/first-mile logistics)
- Trade facilitation (dedicated customs clearance), paperless trade just emerging



PACER Plus
IMPLEMENTATION UNIT

Section II: on-going work



National Assessments

Federated States of Micronesia (2020)	Samoa (2017)
Fiji (2020)	Solomon Islands (2018)
Kiribati (2019)	Tonga (2019)
Nauru (2021)	Tuvalu (2019)
Niue (2020)	Vanuatu (2018)
Papua New Guinea (2020)	

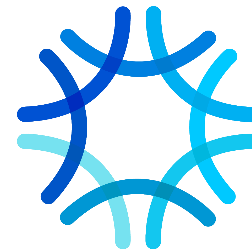
Regional Assessments and Strategies

Pacific E-commerce Assessment (2020)	Pacific E-commerce Strategy and Roadmap (2021)
--------------------------------------	--

SO 1.1: National E-commerce strategies are developed and implemented in FICs, which are built on domestic consensus and inspired by the Regional E-commerce Strategy and Roadmap.

- | | |
|-------|---|
| 1.1.1 | Develop national E-commerce strategies in all FICs built on the model of the regional E-commerce Strategy and Roadmap. |
| 1.1.2 | Establish a Pacific E-commerce Committee and national E-commerce committees modelled on the regional body to strengthen cooperation between government institutions, regulatory bodies and leading private sector partners. |
| 1.1.3 | Establish digital economy or E-commerce business associations in all FICs and at regional level to foster collaboration between companies, offer services, and advocate private sector interests on E-commerce. |
| 1.1.4 | Create an alliance of regional organizations, industry leaders and development partners ("PacifEcom Alliance") to galvanize support, innovation and Public Private Partnerships for E-commerce development. |

Aligned with the E-commerce Landscape in the Pacific

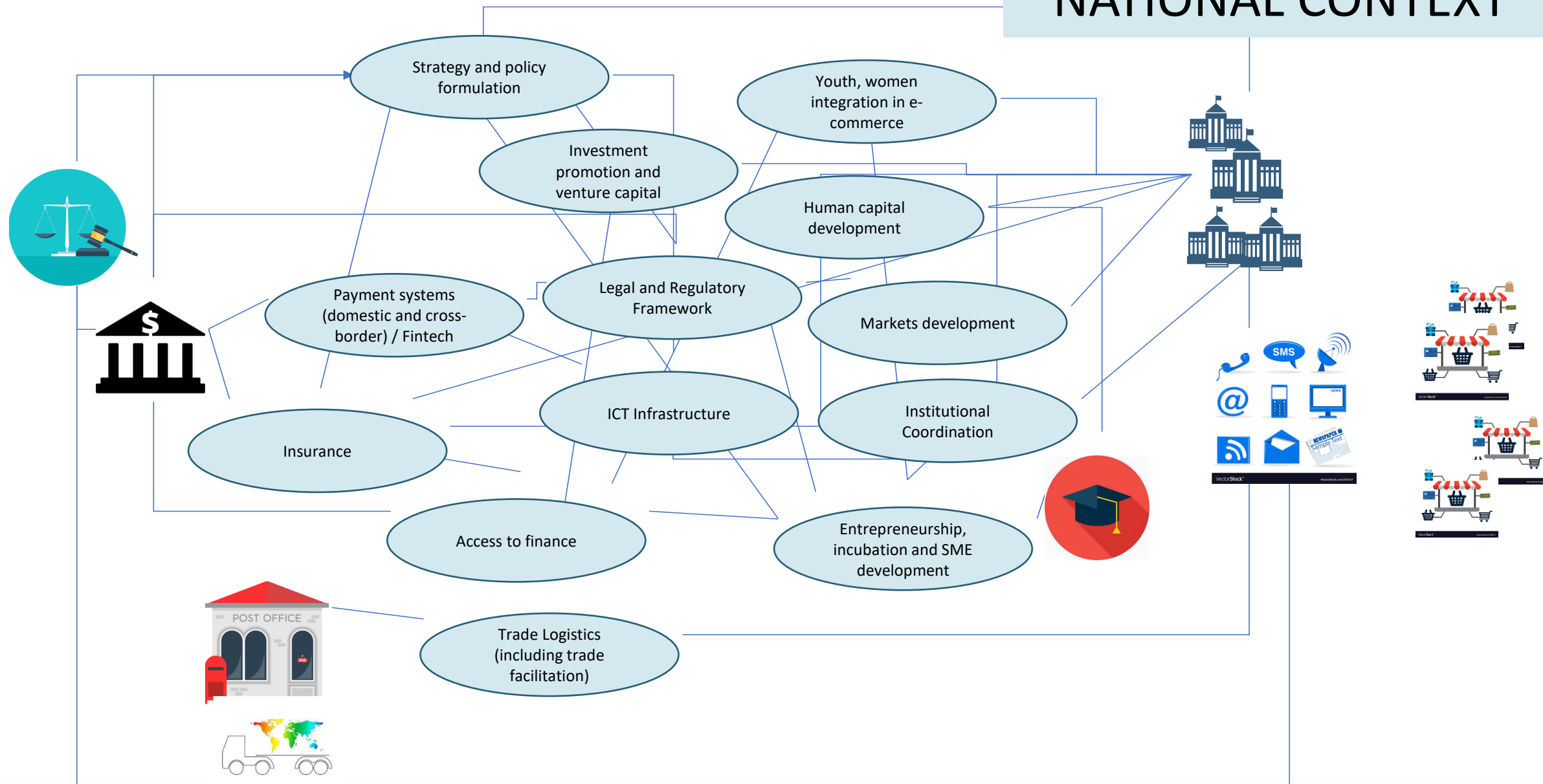


Pacific
E-commerce
Initiative



7 x Policy Areas

NATIONAL CONTEXT



The e-commerce ecosystem is diverse and convoluted. Important to assess the type, strength and nature of relationship between various linkages in the ecosystem.

What are strategies based on:

NATIONAL CONTEXT

Vision for a Digital
Country

Addressing
perceived
ecosystem
bottlenecks

Identify where
opportunities lie

Design a robust
institutional, legal
and regulatory
framework

Stakeholder
engagement,
Government, DP
support





PACER Plus
IMPLEMENTATION UNIT

Section III: digital trade agreements

Globally, several currents are shaping the digital policy landscape

Growth of Digital Trade Standards Initiatives promoting policy coherence and harmonizing digital trading standards for the benefit of businesses, governments, and people everywhere

Digital-only trade agreements
E.g. DEPA, DEA, treaty that establishes digital trade rules and digital economy collaborations between two or more economies

Democratization of AI
This involves using AI-based tools to spot and recognize trends, make decisions, forecast, learn, and improve

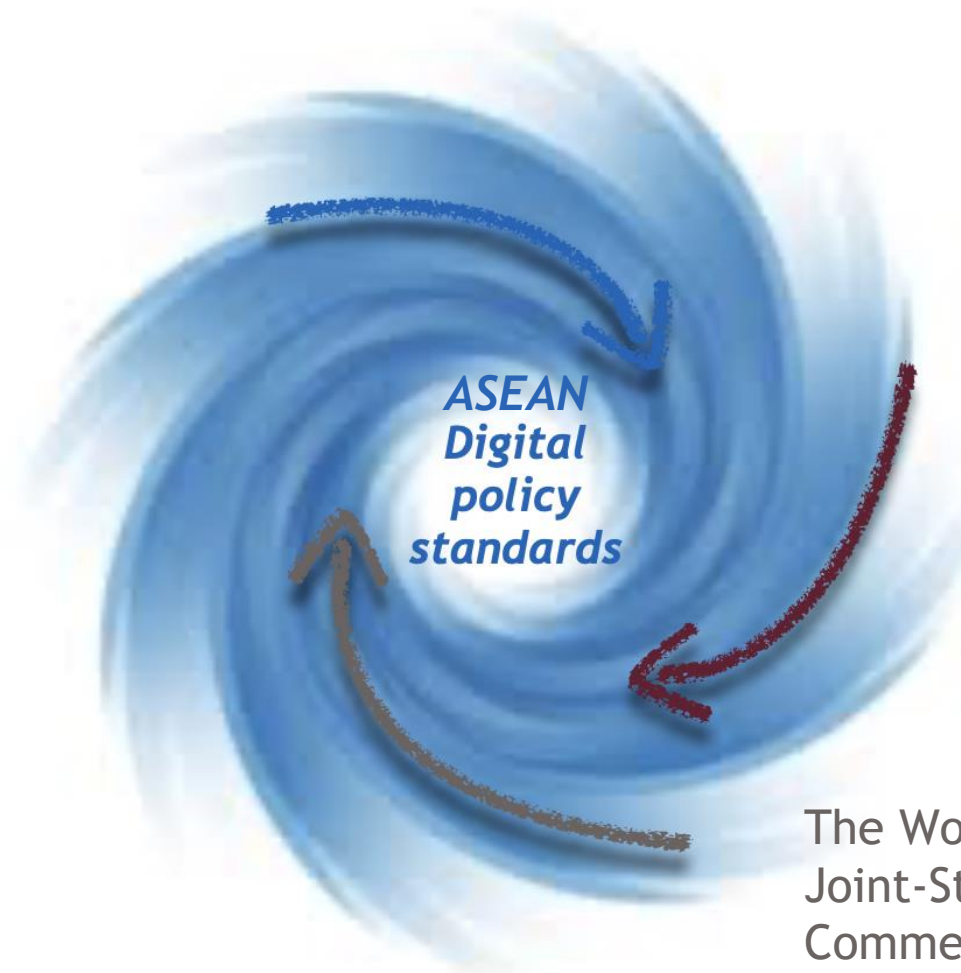
Digital Government Policy Standards for fully digital government that are Digital by design, with data-driven public sector, Government as a platform, open by default, user-driven

Building future-proof and sustainable digital infrastructure
The digital system need to be more integrated within our energy infrastructure and environment, digital to be better integrated into the energy infrastructure and spatial system, e.g. Lower Energy Acceleration Program

Digital authoritarianism on the rise
Certain political parties/governments consider that societal peace in digital societies requires organized expansion of the surveillance of citizens

Ongoing negotiation and implementation of ASEAN and int'l digital agreements is driving adoption of digital policy standards by DAA SEA countries

- 1 ASEAN's digital economy and free trade agreements; RCEP provisions on e-commerce, and digital economy and infrastructure development masterplans

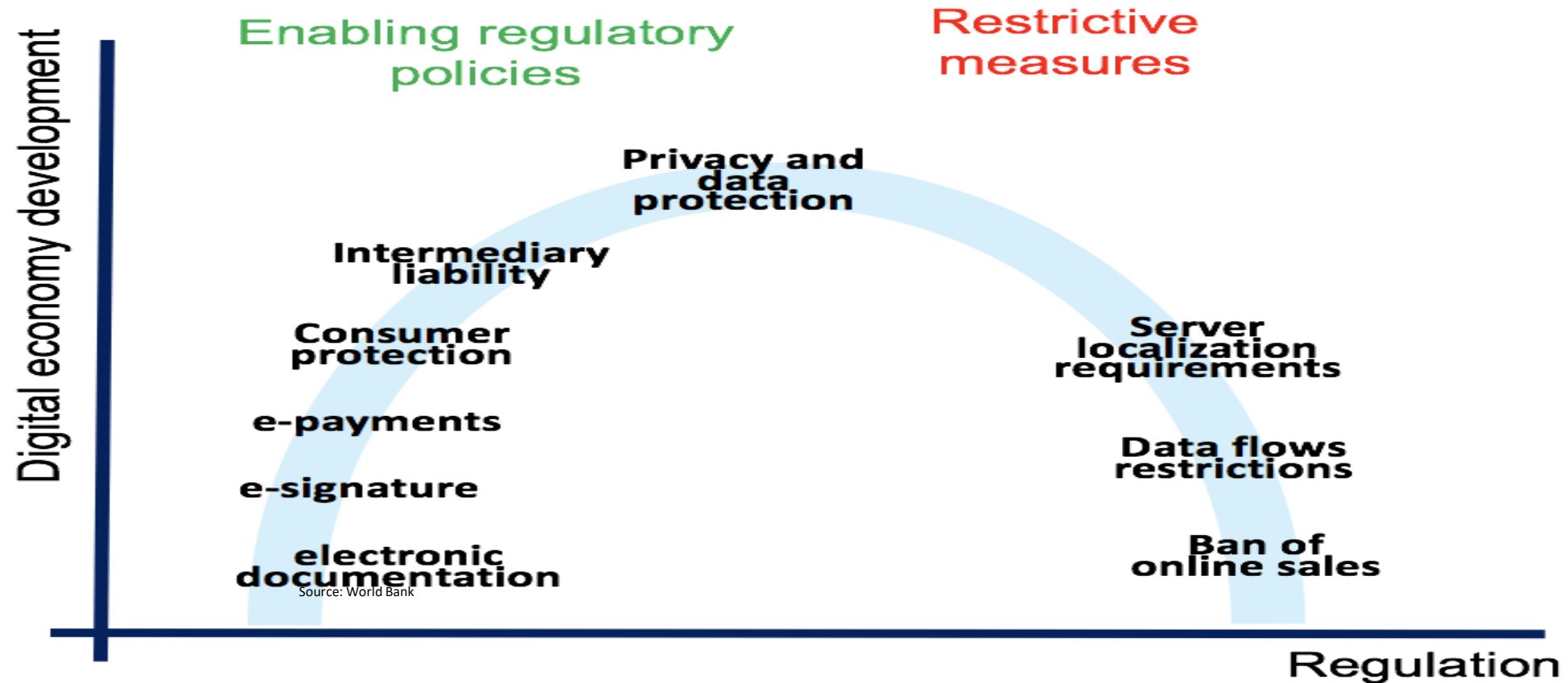


Multilateral digital economy agreements (DEA) or digital economy partnership agreements (DEPA) with UK, Australia, New Zealand, Chile, South Korea

The World Trade Organization's Joint-Statement Initiative on E-Commerce

GLOBAL STANDARDS FOR REGULATIONS

Regulation can encourage – or hinder – the digital economy



Ten digital policy standards key to advancing digital ecosystem

These standards promote secure, open, reliable, interoperable, inclusive digital economies



Enhance cybersecurity

Increasing adoption and implementation of cybersecurity best practices



Advance open, interoperable, reliable and secure internet

Promoting inclusive, rights-respecting, multi-stakeholder models of internet governance and pro-competition, pro-innovation digital economy policies and regulations



Grow global markets

Domestic and regional, especially high-quality, interoperable, secure ICT equipment, super apps.



Build connections

Promoting investments in secure, diverse and resilient ICT infrastructure

-
- 1 Cybersecurity
 - 2 Electronic transactions
 - 3 e-Trade facilitation
 - 4 Consumer protection & data privacy
 - 5 Cross-border flow of information
 - 6 Open internet access and internet governance
 - 7 Business trust
 - 8 Non-discrimination & liability
 - 9 Market access
 - 10 Net & technological neutrality



Cook Islands E-commerce Acceleration Work Plan

Context: COVID Economic Recovery Roadmap highlighted **business environment reforms** as key to growing/ diversifying economy. No legal framework for e-commerce. Cash payment dominates. Limited online business skills in market. Access to internet is expensive and limited.

Approach: Used the 'e-trade ready' framework (7 policy areas) but with a focus on modernising legal framework (through a gap analysis on international standards) and expanding payments options (bank and non-bank).

Outcome: A phased, activity-based work plan for e-commerce 'acceleration'. Specific plan for e-commerce supportive laws, and concrete steps to develop banking and non-banking payments system.



Impact of legal framework on e-commerce

An 'international standard' legal framework is the foundation of a thriving e-commerce sector

E-Transactions Laws

Electronic contracts are concluded everywhere, everyday.

Are they valid? What about e-signatures?

How can one party to an agreement rely on who the other party says it is?

Can electronic evidence be used to demonstrate an agreement?

Consumer Protection

Online buying and selling has additional risks.

Are existing consumer protection laws enough?

What rights do consumers have if they feel cheated through online purchase?

What are obligations of businesses to resolve disputes?



Impact of legal framework on e-commerce

An 'international standard' legal framework is the foundation of a thriving e-commerce sector

Data Privacy Laws

When can a business collect/store and use personal data?

What rights to consumers have to their own personal data?

Online Payments Laws

What legal framework will attract new and non-bank payment service providers?

How to regulate payment service providers for anti-money laundering (and other) requirements?

Cybercrime

Are computer-related crimes covered by existing laws?

How can you avoid risk of being 'weak link' in international regulation of cybercrime?

An aerial photograph of a large port area with numerous cargo ships and tankers. In the background, a city skyline is visible under a hazy sky. The water is a clear, light blue-green color.

Thank you

trade  worthy