

# Governing Digital Trade

raised US GDP by up to 4.8% in 2014,<sup>3</sup> and the majority of these gains have been realized in non-IT sectors, underscoring how it is the use, rather than the production of digital technologies, that matters most.

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instance, the EU General Data Protection (GDPR), which covers EU privacy standards and the conditions under which processing of personal data is allowed, restricts cross-border transfers of personal data to jurisdictions that do not have a level of privacy protection equivalent to the EU.<sup>7</sup> Other governments are requir-



increase from 12 zettabytes in 2015 to 47 zettabytes and to over 160 zettabytes in 2025.<sup>17</sup>

The production and use of data are leading to the digitization of economies and trade. From a macroeconomic perspective, these innovations should improve efficiency, innovation, and increase productivity.<sup>18</sup>



### 3. Using data in growth and trade

Caterpillar, which sells large mining equipment, has developed CAT MineStar to





IT.<sup>52</sup> Cloud computing also underpins the capacity for people to work remotely, using laptops to access software and



foreign markets.<sup>63</sup>

services in manufacturing for increasing productivity and the capacity to compete domestically and overseas.<sup>69</sup> Growth in digital trade will also require effective IP protection for content delivered online, as well as a balanced IP framework to enable digital platforms.

#### 4.5 Increased participation in global value chains

For many economies, participation in global value chains (GVCs) is an important avenue for engaging in international trade. More than 50% of trade in goods and



services, hampering export opportunities. Inef

commitment to allow services suppliers to use public telecommunications transport networks for the movement of information within and across borders.

Significantly and as noted in GATS, most of delivery is technologically neutral. This means that a commitment for instance applies to 'all means of delivery, whether by mail, telephone, internet, etc.', unless otherwise specified in a Member's schedule.<sup>86</sup>



issues.<sup>91</sup> For instance, it is not clear whether 'new' digital services such as search engines, cloud computing, or online gaming, which did not exist when commitments were scheduled, are nevertheless covered by members' GATS schedules. WTO members have different views on

panel found that all those services necessary to provide the integrated service are included within the relevant GATS sector or subsector.<sup>100</sup>

respect to the objective pursued'.<sup>105</sup> Here, the complaining member could seek to show that the measure's goal could be achieved in ways that is less restrictive on

commitment to base domestic technical regulation on international standards where they exist.<sup>110</sup> Technical standards could have a range of implications for digital trade, including in areas such as standards for broadband networks, regulations on encryption, privacy, and data storage.

The importance of effective protection and enforcement of intellectual property rights as an enabler of digital trade underscores the ongoing relevance of the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement.

The coming into effect in 2017 of the WTO Trade Facilitation Agreement (TFA) should support e-commerce sales of goods by reducing the costs of moving goods

products.<sup>115</sup> In September 2017, the US outlined to the WTO Committee on Trade in Services its concerns about the impact of China's cyber security law on US services exports, noting that many US services exports covered by China's WTO

there is agreement to revisit this issue within three years of entry into force of the agreement.



considered, and the merits of the selected approach. In addition, the CPTPP and USMCA include commitments on cryptography for commercial application. This includes requirements for the importer to transfer or provide access to a technology or key that is proprietary to the manufacturer or supplier and which relates to the



WTO or FTA exceptions provision, the measure must be 'necessary' – that a less trade restrictive option is not available. However, to satisfy the necessity test in the context of massive amounts of cross-data

cyber security concerns. Some governments are also restricting internet access and data