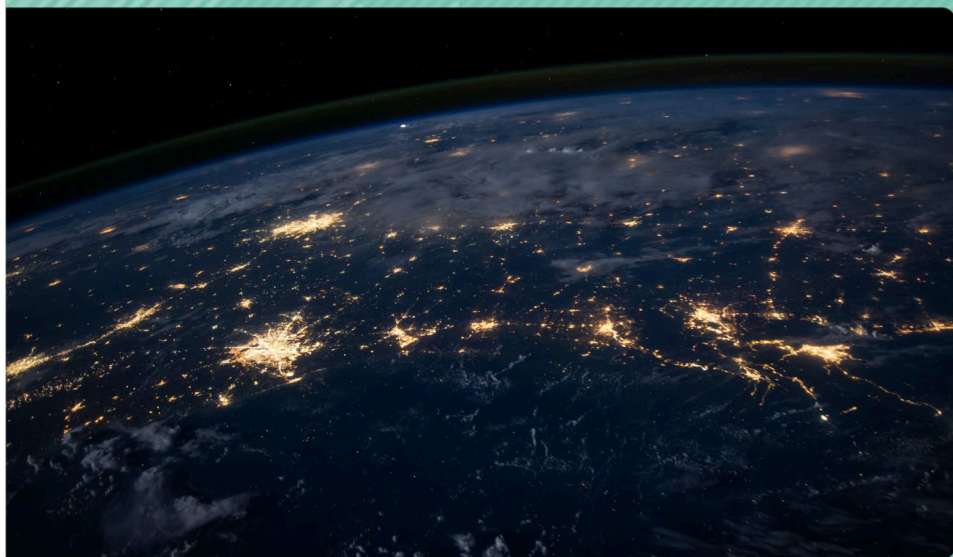




Australian Government

Department of Foreign Affairs and Trade



DIGITAL TRADE STRATEGY

April 2022

EXECUTIVE SUMMARY

Objectives

Keeping the global economy open and businesses trading is crucial for the economic recovery and ongoing prosperity of Australia – and our region. Digital trade and the technologies that underpin it are fundamental to our economic growth and realising the Government’s vision to be a top 10 digital economy and society by 2030. In line with this, Australia seeks to shape an international environment that enables digital trade and reinforces the rules-based trading system. Essential to this are digital trade rules.

The Digital Trade Strategy provides a framework for Australia to maximise economic growth by shaping an enabling environment for digital trade. It guides Australia’s practical action as a leader in digital trade, informing our work to develop digital trade rules to deliver commercial benefits and push back against digital protectionism.

Digital trade

The pandemic has underscored the importance of digital trade and technologies in supporting and enhancing business operations across every sector. However, the benefits of digital trade cannot be realised or shared where there are behind-the-border barriers to online participation, or unjustified barriers preventing consumers and businesses from engaging in digital trade.

Digital trade rules can significantly lower barriers to trade, improve trade efficiencies and facilitate access to markets, creating new trade possibilities. Australia plays a leadership role on digital trade rule-making, advocating for liberalisation and facilitation of digital trade through participation in multilateral forums like the World Trade Organisation (WTO), United Nations (UN), Organisation for Economic Cooperation and Development (OECD), Asia-Pacific Economic Cooperation (APEC) and G20, standard-setting bodies such as the International Organization for Standardization, as well as pursuing ambitious Free Trade Agreement (FTA) outcomes on digital trade.

Australia’s digital trade commitments focus on trade facilitation, trust, location of computing facilities, cross-border flows of data and cooperation. Australia advocates for rules that also ensure legitimate public policy objectives are met, such as in the areas of privacy, consumer and data protection.

Action

In delivering a modern and digital economy to drive Australia’s future prosperity, Australia will maximise economic growth by shaping an enabling environment for digital trade. To do this, Australia will pursue global digital trade rules that reduce barriers to digital trade and support the growth of an open and competitive economic environment, including through:

- Advocating for digital trade liberalisation, standards and regulatory cooperation with international partners and through participation in international fora.
- Negotiating liberalising and trade-facilitative digital trade rules and commitments in bilateral, multilateral and plurilateral agreements.
- Supporting the implementation of digital trade rules internationally, including through development assistance and capacity building projects and through promotion of Australian business overseas.

Guiding principles

This strategy is guided by the International Cyber and Critical Technology Engagement Strategy¹ and supports Australia’s Digital Economy Strategy.

¹ <https://www.internationalcybertech.gov.au/>

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OBJECTIVES

VISION

Keeping the global economy open and businesses trading are crucial for Australia's economic recovery and ongoing prosperity.² Digital trade and related technologies are fundamental to growing Australia's digital economy and realising Australia's vision to be a top 10 digital economy and society by 2030.³

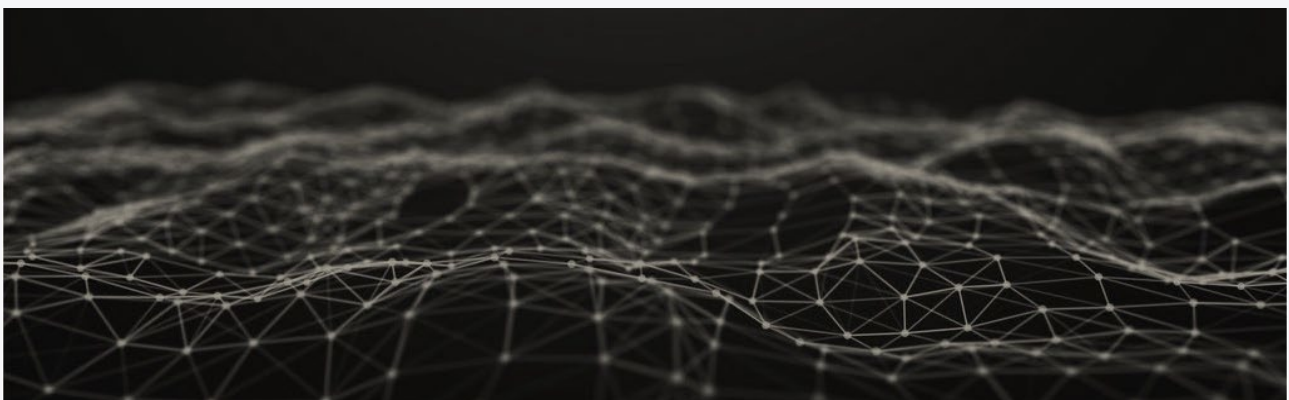
In 2018, the Export Council of Australia estimated that digital trade accounted for up to \$43 billion of economic value and predicted this to grow to \$192 billion by 2030.⁴

A strong and dynamic digital economy requires whole-of-economy settings that provide the basis for investment in digital tools and processes, including trade and international engagement.

In an increasingly global world, engaging internationally to influence the development of international rules and standards for digital trade

and technologies will ensure Australian businesses, workers and consumers are able to benefit from an open, reliable and interoperable environment for digital trade which reflects our values. Promoting Australia as a safe, trusted and stable place to do business will encourage investment and digital trade agreements will create opportunities for Australian exporters.

The Digital Trade Strategy provides a framework for Australia to maximise economic growth by shaping an international environment that enables digital trade and reinforces the international rules-based trading system. Digital trade rules are essential to this. The Strategy guides Australia's practical action as a leader in digital trade, working to develop digital trade rules to deliver commercial benefits and push back against digital protectionism.



² https://www.dfat.gov.au/sites/default/files/2021-22-dfat-corporate-plan_0.pdf

³ <https://digitaleconomy.pmc.gov.au/sites/default/files/2021-05/digital-economy-strategy-on-a-page.pdf>

⁴ *From Resource Boom to Digital Boom: Capturing Australia's Digital Trade Opportunity at Home and Abroad* (2018), <https://export.org.au/wp-content/uploads/2021/08/Fromresourceboomtodigitalboom.pdf>

DIGITAL TRADE DEFINED

Digital trade relies on the use of digital technologies to facilitate trade and improve productivity. And while flows of information and data may not always be for profit, they are essential enablers of trade.

For the purposes of this Strategy, digital trade includes:

- Imports and exports
 - Goods sold over the Internet and e-commerce platforms
 - Digital content, including software, books, music, films and apps
 - Digitally-enabled services including legal, financial, education and consultancy.

- Electronic facilitation of trade, such as the acceptance of electronic trade documents and, possibly, the adoption of ‘regtech’ solutions as technology evolves.
- The transmission of data across borders
 - As a business activity in its own right
 - To support other business activities.

Digital trade issues develop and evolve quickly, which means that standards and rules, particularly where tied too closely to specific technologies, can quickly become outdated.

To mitigate this risk, Australia takes a principles-based approach to our digital trade agenda, seeking to ensure that outcomes reflect the key elements of non-discrimination, technological neutrality and economy-wide application.



BENEFITS

Modern trade is increasingly taking place online, supported by the digital technologies which are becoming the basic tools of business and are only going to become more important.

The digital flow of data and information underpins global trade. It is of central importance to businesses in all sectors, from farming through to global finance.

Digital trade provides the opportunity for businesses to reach new consumers and markets, it can lower market entry costs and improve productivity. It increases choice for the consumer and access to new products and services. It creates opportunities for micro, small and medium enterprises (MSMEs) and encourages innovation in their products and services, access to market intelligence, talent, financing and increasing competitiveness in local and global markets.

The COVID-19 pandemic has underscored the importance of digital trade and technologies in supporting and enhancing business operations across every sector of the economy.

The pandemic has demonstrated that digital trade and digital technologies:

- offer immense opportunities for economies and societies and will continue to transform the way businesses operate and interact with global customers

- have the potential to level the playing field and promote inclusive growth by unlocking opportunities, new technologies and markets to MSMEs, women-run businesses and others who may not otherwise have had access to global value chains in the past
- have the scope to enable countries with different levels of digital development to leapfrog and accelerate overall trade through harnessing national digitalisation efforts.

Harnessing technological change, adapting to its disruption, and leveraging its opportunities will be vital to economic recovery from COVID-19.

Data is the lifeblood of the digital economy

Cross-border data flows are intrinsic to trade in virtual goods and services, and increasingly enable all goods and services exports, as well as the movement of finance, people and ideas. Today, every digital interaction involves the creation and transfer of data.

Cross-border data flows are particularly important for MSMEs (which face significant hurdles in overcoming regulatory barriers and participating in global supply chains) and consumers. However, there needs to be an appropriate balance between the free flow of data and the protection of essential policy objectives, such as security, consumer protection, data privacy and the sovereign right to regulate in the public interest.



On 11 May 2021, the Government released its Digital Economy Strategy, a \$1.2 billion investment to ensure Australia has the right policy settings, infrastructure and capability to support digital transformation. Through the Digital Economy Strategy, Australia is set to become a modern and top 10 digital economy and society. Amongst other priorities, the Digital Economy Strategy sets a pathway to take advantage of this digitisation, including for:

- all businesses to be digital businesses
- all transactions to be electronic, integrated and secure
- Australians to have the capabilities to confidently use and create digital technology
- Government services to be all easily and safely accessible online.

The potential benefits to the Australian economy through digitalisation – the use of digital technology to improve business processes and create new revenue opportunities – have been estimated to be as much as AU\$315 billion over the next decade, with the potential to create up to a quarter of a million new jobs by 2025.⁵ It is estimated consumer and business adoption of digital technologies in Australia leapfrogged five years over the course of eight weeks in 2020. And almost 9 in 10 Australian businesses adopted new technologies during the pandemic to support business continuity.

In Southeast Asia, which has the world's fastest growing online market with over 400 million Internet users, the overall market size tripled in size in just four years (to US\$100 billion in 2019).⁶

And Southeast Asia is continuing to undergo a rapid digital transformation, with the market size on track to be worth more than USD\$300 billion by 2025. E-commerce, or online shopping, is expected to reach USD\$172 billion by 2025, with digital services also becoming more important.⁷

This digitalisation is seeing a number of Southeast Asia's economies 'leapfrog' technologies. For example, in the financial services sector, in countries where the take up of bank accounts is still low, companies are finding alternate ways to reach their customers. Payments by phone are becoming the norm – the annual value of total digital payment transactions across Southeast Asia is estimated to exceed USD\$1 trillion by 2023.⁸

Digital trade has become paramount for continued economic growth and development across the region.

Digital trade is an increasingly important way for Australia to trade with the rest of the world and further grow the economy.

It opens up exciting opportunities for Australian businesses and consumers.



⁵ Alphabet (2018) *Digital Innovation: Australia's \$315b opportunity*, https://alphabet.com/wpcontent/uploads/2018/09/csiro-data61_digital-innovation-report.pdf

Telstra and PwC (2021) *Be What's Next. Embracing the Digital Economy in Australia*. <https://www.telstra.com.au/business-enterprise/news-research/research/the-digital-economy-report>

⁶ Google, Temasek and Bain & Company (2019) *E-conomy SEA 2019. Swipe Up and to the Right: Southeast Asia's \$100 billion Internet Economy*. <https://www.bain.com/insights/e-conomy-sea-2019/>

⁷ Google, Temasek and Bain & Company (2020) *E-conomy SEA 2020. At full velocity: Resilient and racing ahead*. <https://www.bain.com/insights/e-conomy-sea-2020/>

⁸ McKinsey and Company (2020) *The Future of Payments in Asia*. <https://www.mckinsey.com/~media/mckinsey/industries/financial%20services/our%20insights/the%20next%20frontier%20in%20asia%20payments/the-future-of-payments-in-asia-vf.pdf>

BARRIERS

However, the benefits of digital trade cannot be realised or shared where there are barriers to online participation, or unjustified barriers preventing consumers and businesses from engaging in digital trade. Barriers to engage in digital trade can create uncertainty and raise costs of conducting business online, which can disproportionately impact more geographically isolated countries, like Australia.

Behind-the-border barriers include data localisation requirements necessitating the use of local data storage facilities, data flow restrictions requiring localisation of certain types of data, or unjustifiable and anti-competitive filtering of cross-border Internet traffic. There has also been an increase in cyber security measures and privacy and data protection laws acting as trade barriers. The broad spectrum of malicious cyber activity by state and non-state actors continues to present a persistent barrier to a trusted digital ecosystem.

Some countries are also increasingly using technology to undermine existing liberal democratic values that support an open, interoperable and connected global economy, and are seeking to embed authoritarian rules and norms into international technology standards and data governance to reshape digital rulemaking.

These challenges are intensified for MSMEs that are lagging behind due to the digital divide. The growth of digital trade and use of digital technologies is not automatic, and the spread of its benefits is not guaranteed. There are significant challenges to making the most of this technological era. Different levels of digital development, scarce Internet infrastructure, slow adoption, regulatory bottlenecks, and poor or mismatched skills can exacerbate existing inequalities. Levels of digitalisation can influence whether countries are able to support the implementation of the UN's 2030 Agenda for Sustainable Development Goals (SDGs).

There is also a risk of a widening digital divide where large companies dominate smaller companies that lack the resources for digital transformation, or businesses opt to relocate their operations to countries with the fastest and cheapest connection. This can undermine a country's plans to turn its digital economy into an engine of growth.

It is important that Australia remains well-positioned to curb growing digital protectionism in our region, as well as multinational corporations' monopolistic behaviours.



SHAPING AN ENABLING ENVIRONMENT THROUGH DIGITAL TRADE RULES

Australia seeks to maximise economic growth by shaping an international environment that enables digital trade and reinforces the international rules-based trading system.

Digital trade rules are essential to this. As discussed above, they can significantly reduce barriers to trade, improve trade efficiencies and facilitate access to markets, creating new trade possibilities. In turn, these rules can:

- provide certainty, stability and build trust in the online environment, enabling innovation, interoperability, and growth
- support digital inclusivity and participation in the digital economy.

Australia sees digital trade rules as a mechanism to facilitate trade and help ensure that regulatory barriers can only be imposed to address clear market failures.

Governments have an important role to play in helping businesses make the most of the digital economy while ensuring appropriate consumer and privacy protections. Digital development and inclusion remain essential to promote digital trade within Australia as well as regionally and globally.

The Australian Government participates in global rule-making to shape and support an open digital economy.

Australia advocates strongly for a rules-based and open global trading environment that supports the digitalisation of trade, builds trust and confidence in the online environment, reduces trade barriers and facilitates digital trade. This

includes negotiating rules in bilateral, plurilateral and multilateral settings, and working with our trading partners and business stakeholders to help support the implementation and utilisation of these rules. The Australian Government is also working internationally to ensure Australian businesses and consumers benefit from the immense opportunities that digital trade offers.

Australia's digital trade commitments outlined in Table 1 focus on four broad categories:

- Trade facilitation, such as acceptance of electronic trade documents, prohibiting the charging of customs duties on electronic transmissions, digital trade standards, acceptance of e-signatures and commitments on e-invoicing and e-payments.
- Trust, which includes commitments on online consumer protection, personal data protection and the treatment of spam.
- Cross-border flow of data, which is necessary for almost every international transaction. These rules enable the free movement of data between countries and prohibit data localisation requirements, while also providing for the protection of national security, consumers, and the personal information of Australians.
- Cooperation, typically in areas like emerging technologies, cyber security, and technical assistance and capacity building to share knowledge and best-practice and support trading partners to make the most of digital trade.

Digital trade rules and standards support businesses and consumers by removing barriers to entry and making it easier to trade.

Link to digital trade standards

Digital trade standards play an important role in enabling digital trade. Digitalisation and digital technologies may expand a domestic industry's access to international markets if implementation is aligned with international trade standards. Interoperable or harmonised international standards reduce barriers to, and achieve lower friction in, international trade.

This makes international standards an important part of seamless supply chains. For example, both Singapore and Australia have adopted the Peppol framework for e-invoicing, and EMV Specifications for QR codes, helping to streamline supply-chain management between the two economies including through faster and more accurate invoicing and inventories. These standards can increase the efficiency, value and volume of trade and meet the objectives of a regional approach. Because international standards are developed in multilateral and multistakeholder organisations, their adoption also increases business confidence by providing for greater interoperability, safety, security and quality.

In contrast, countries that develop national standards that diverge from international trade standards, could find themselves isolated from those states that encourage interoperability and compatibility through the adoption of accepted international standards. Divergent national standards constrain the adoption of new technologies and create incompatibilities which become barriers to cross-border trade, including by having a negative impact on the smooth operation of supply chains including regional and global value chains.

The incorporation of international standards into domestic frameworks can foster the necessary compatibility to accelerate the adoption of digital technologies and processes, thereby growing industries, growing markets and growing the economy. Such standards facilitate the use of new technologies by enabling greater efficiencies, interoperability, safety and security. Further, employing accepted international standards can help new and existing industries achieve greater scale and expanded production of goods and services, while delivering consistent quality to consumers.

The DFAT-led, whole-of-government *International Cyber and Critical Technology Engagement Strategy* confirms the Australian Government's commitment to protecting and advancing Australia's national interests in increasingly contested international standard-setting bodies. Australia supports this commitment by being an active participant in international bodies, like the International Organization for Standardization and the International Electrotechnical Commission, through Standards Australia, and participation in other regional activities to show leadership in the standards setting area.

Following the development and adoption of standards, the other components of Australia's standards and conformance infrastructure are also important considerations. Metrology, accreditation and conformity assessment support digital trade by ensuring standards are accurately and effectively implemented, further building trust in the Australian community and with international trading partners.



TABLE 1: DIGITAL TRADE RULES EXPLAINED

Trade rule	Benefit	Commitments sought by Australia
Paperless trading	Paperless trading refers to the digitisation of information flows, including making available and enabling the exchange of trade-related data and documents electronically, which can speed up trade, ease the cost of doing business, improve the efficiency of customs controls and trade administration processes, and improve transparency.	Agreement to provide for online availability of import and export documentation and electronic submission of those documents.
Electronic authentication	Electronic signatures streamline trade by reducing the time involved to exchange physical documents signed by parties.	Agreement to not deny a signature on the basis it is in electronic form, and to adopt a flexible approach to authentication technologies.
Electronic payments	Electronic payments enable secure, convenient transactions between buyers and sellers regardless of their physical location or currency. Interoperability of system for smooth cross-border e-payments is crucial. Despite the importance of e-payments to regional trade, significant logistical and governance challenges persist.	Agreement to promote the interoperability and the interlinking of payment structures.
Electronic invoicing	Secure and interoperable electronic invoicing improves efficiency, accuracy and reliability of commercial transactions. E-invoicing reduces processing time and costs for both the suppliers and the buyers, leading to faster payments to suppliers.	Agreement to promote streamlined and secure cross-border interoperability of e-invoicing systems.
Customs duties	Enabling electronic transmissions to flow without barriers at the border, such as customs duties, helps drive growth and maintain open trading arrangements. Not applying customs duties on electronic transmissions provides predictability for business and consumers, and encourages participation in the digital economy.	Agreement to not impose or apply customs duties on electronic transmissions.
Digital trade standards	International standards set out specifications and procedures to ensure consistent implementation of processes, technologies and methods and play a crucial role in consumer trust and market confidence.	Agreement to adopt international digital trade standards and cooperate in relation to the development, application and adoption of standards.

Trade rule	Benefit	Commitments sought by Australia
Non-disclosure of source code	Ensuring the protection of source code can promote business confidence, investment and innovation and promote economic growth through inward investment. Conversely, requirements to disclose source code can be a significant impediment to operating in a market. It can stifle investment and innovation, and risks leakage of valuable information.	Agreement to not require the transfer or access to source code, as a condition for the import, distribution, sale or use of software.
Accessible Government Data	Having data that is accessible and useable, for example data that is available online and machine readable, ensures the data can be more easily used, shared and exchanged, thereby maximising the benefits to support government, private and research sectors, stimulate business activity, and develop knowledge.	Where a party chooses to make government information available to the public, agreement to release the data in an open and machine-readable format.
Cross-border data flows and location of computing facilities	Data flows are intrinsic to trade in virtual goods and services. Data flows increasingly enable our other goods and services exports, and the movement of finance, people and ideas: virtually every cross-border transaction has a digital element. Unnecessary restriction on the flow of data, or requirements to store data locally raises costs for businesses and significantly reduces efficiencies, impacts the ability to make decisions on business development, marketing, innovation and development of comparative advantage, and makes it difficult for businesses to enter new markets.	Agreement to allow the transfer of data for business purposes. Agreement to not force business to build data storage centres, or use local computing centres, as a condition of conducting business. Provision of appropriate exceptions to allow for consumer protection and legitimate public policy objectives.
Online consumer protection	Enhancing consumer confidence is an important means of encouraging greater use of e-commerce. It is important to protect online consumers from commercial practices that are misleading or deceptive and cause actual harm to consumers, or that pose a potential threat of such harm if not prevented.	Agreement to provide the same protections for online consumers as for any other consumer.
Online protection of personal information	The protection of personal information of users of digital trade enhances consumer confidence in digital trade, and results in economic and social benefits.	Agreement to adopt or maintain a legal framework to protect the personal information of electronic commerce users from unauthorised disclosure.
Unsolicited commercial electronic messages	Colloquially known as 'spam messages,' unsolicited commercial electronic communications are messages sent in-bulk to recipients in forms such as advertisements, product updates, or trade offers from various sources. These communications can have a detrimental effect on the digital consumer experience.	Agreement to adopt or maintain measures to deal with spam, such as allowing consumers to opt out of receiving unwanted commercial messages.
Cooperation	Includes provisions to encourage the cooperation and sharing of best practices.	Agreement to exchange information and share best practice on areas of mutual interest

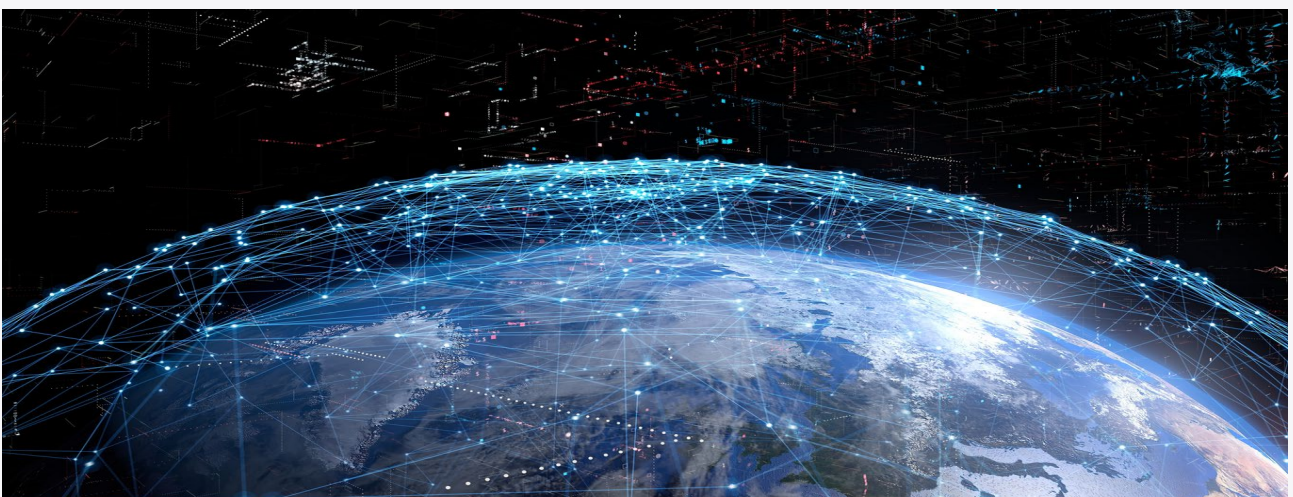
AUSTRALIA'S ACTION

In delivering a modern digital economy to drive Australia's future prosperity, Australia will maximise economic growth by shaping an enabling environment for digital trade. To do this, Australia will pursue global digital trade rules that reduce barriers to digital trade and support the growth of an open and competitive economic environment.

Australia has taken a leadership role on digital trade rules, advocating for liberalisation and facilitation of digital trade through participation in multilateral fora like the WTO, UN, OECD, APEC and G20, as well as pursuing ambitious FTA outcomes on digital trade. Australia is also committed to working to bridge digital divides across the Indo-Pacific and to encouraging innovative uses of digital technologies to support sustainable and inclusive development.

Australia will continue to:

- **Advocate** for digital trade liberalisation, standards and regulatory cooperation with international partners and through participation in international fora.
- **Negotiate** agreement to digital trade rules and commitments in bilateral, regional and plurilateral agreements, through pursuing digital trade rules in new and upgraded FTAs and exploring how digital trade rules could be made more consistent across the Indo-Pacific region.
- **Support** the implementation of digital trade rules, including through development assistance and capacity building projects and support for Australian businesses to trade overseas, including through advice on Australia's FTAs.





Australia will continue to take a leading role in multiple international fora to progress digital priorities and shape global digital rules, norms and standards in line with Australia's interests and values.

WTO

Australia's economy relies on a strong and open global trading environment. The Australian Government is strongly committed to the WTO and its framework of rules, which helps promote and protect the open global trading system.

On 25 January 2019, in the margins of the World Economic Forum in Davos, Australia joined 75 other WTO Members in launching negotiations on trade-related aspects of electronic commerce, representing 90 per cent of global trade. Australia is chairing the Joint Statement Initiative on E-commerce process with co-convenors Japan and Singapore to develop the first set of global digital trade rules. There has been encouraging progress in the JSI since negotiations were launched in 2019 and the initiative now has 86 WTO signatories including the US, EU, and China.

Australia also supports crucial WTO agreements on goods, services and intellectual property, including the Agreement on Trade Facilitation. Australia supports the adoption of agreements that encourage WTO members to take on further digital trade and trade facilitation commitments. These include the WTO Information Technology Agreement and the Telecommunications Reference Paper.

Another priority is making permanent a WTO moratorium on imposing customs duties on electronic transmissions. Any move to apply customs duties would increase the costs of goods and services purchased online and may act as a

disincentive for business and consumers to engage in e-commerce. The moratorium acts as a driver for digital trade growth as it maintains liberalising trading outcomes and provides predictability for businesses and consumers. Rather than impose customs duties, the WTO considers that a combination of internal taxation and international tax reform, coordinated by the OECD, is the best path forward for governments seeking to protect national revenue bases in the context of the digital economy.

APEC

APEC recognises that digital trade is critical to support an inclusive and sustainable recovery from COVID-19. As a founding member of APEC, one of Australia's priorities is to advance APEC's digital trade agenda.

Since the pandemic, Australia has encouraged the accelerated implementation of the APEC Internet and Digital Economy Roadmap, including through adoption of the Work Program for its implementation. The Roadmap provides guidance on key areas and actions to facilitate technological and policy exchanges among member economies and to promote innovative, inclusive and sustainable growth, as well as to bridge the digital divide in the APEC region. Action has been prioritised in the areas of greatest impact on inclusive economic growth, including digital trade facilitation and interoperability. APEC also supports measures designed to foster digital transformation and contribute to bridging the digital divide, including digital literacy and skills.

The Joint Statement Initiative on E-commerce recognises that digital trade is critical to global economic recovery and is an opportunity for the WTO to respond to this urgent need.

In APEC, Australia is focused on practical projects to support digital trade capacity building activities.

APEC has guided numerous capacity building projects that promote the development and use of digital trade.

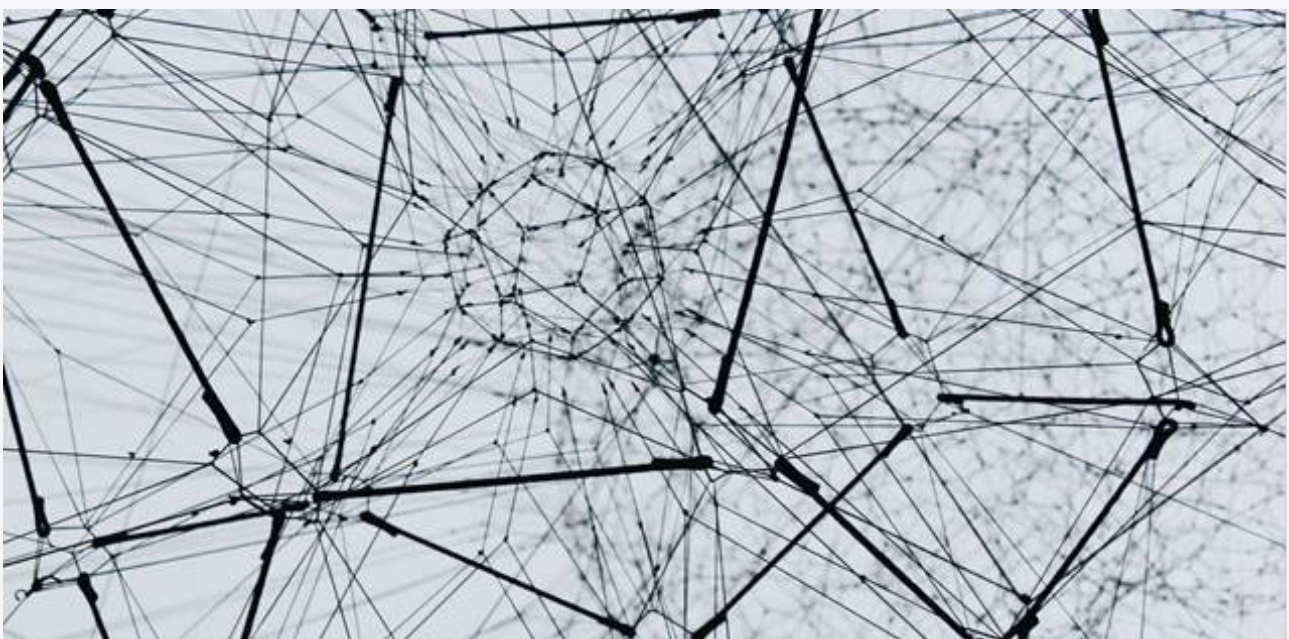
This includes the APEC Cross-Border Privacy Rules (CBPR) system, which builds on the APEC Privacy Framework and its information privacy principles aimed at driving economic growth and strengthening cooperation among APEC economies in the protection of citizens' privacy rights. The CBPR system provides a mechanism for governments and businesses to safeguard the free flow of data while protecting the privacy rights of individuals. It requires participating businesses to demonstrate compliance with a set of privacy standards, establishing a level of certainty and assurance for individuals when providing their data. It is a key vehicle in promoting international digital standards and the cross-border flow of data, and Australia is working towards its implementation. The other participating economies are the US, Mexico, Canada, Japan, Republic of Korea, Singapore, Chinese Taipei and the Philippines. The US, Japan and Singapore have fully implemented the system domestically.

OECD

An active member since 1971, Australia works with the OECD and OECD members to find solutions to common problems through independent analysis and information sharing. Australia values the OECD's evidence-based economic and social policy analysis across issues including health, education, employment, trade, investment, agriculture, food security, energy, the environment, climate change and development cooperation. Australia maintains a permanent delegation to the OECD, based in Paris.

The 2020 OECD Ministerial Council Statement recognises the transformative potential of the digital economy by ensuring data free flow with trust, a dynamic further underscored by the role of data to the recovery from the COVID-19 crisis.

Australia participates in the Working Party of the Trade Committee meeting, which supports the WTO e-commerce negotiations and digital trade more broadly. Australia also endorsed the OECD's Committee on Digital Economy Policy's project on Trusted Government Access to Personal Data held by the Private Sector, and is participating in a Drafting Group considering developing principles on this matter.



G20

Australia works collaboratively with G20 members to support an open, global economy and the rules-based multilateral trading system. In response to COVID-19, Australia and other G20 members are also focused on the need to support global economic and health responses to the pandemic.

Australia continues to support trade and investment in response to COVID-19. G20 trade and investment ministers endorsed the G20 Actions to Support World Trade and Investment in Response to COVID-19 at their May 2020 meeting. Australia published its actions in support of this response to COVID-19, as part of a commitment by G20 members to increase transparency and accountability. This includes action to support the application of online services and e-commerce to facilitate the flow of essential goods and services during the pandemic and supporting the development and sharing of best practices to expand digital trade.

In 2019, G20 members acknowledged that data free flow with trust contributes to productivity, innovation and sustainable development, but also recognised that the flow of data across borders raises challenges in areas such as privacy, data protection and intellectual property rights. Australia continues to support discussions in the G20 Digital Economy Working Group on the need to address these challenges, in accordance with

relevant applicable legal frameworks, to further facilitate data flows and strengthen consumer and business trust. Australia advocates for the G20 to identify ways to lower costs and support the development of international standards to build an open digital trade framework that allows for the flow of data across borders.

International standardising bodies

Australia is committed to international standards development and adoption through existing multilateral and multistakeholder standards developing organisations (SDOs). Engagement is focused on strengthening international SDOs to ensure they are fit for purpose to address current challenges, accountable to member states, free from undue influence and appropriately focused. These efforts assist in preventing divergent standards that splinter digital trade markets and reduce the benefits of harmonisation and innovation.

The most visible international standards-setting bodies involved in developing standards and frameworks for digital trade and e-business are the International Organization for Standardization, the International Electrotechnical Commission and the United Nations Centre for Trade Facilitation and Electronic Business. Australian participation in these bodies allows industry experts to shape trajectories and advance the values and interests of Australian consumers and industry.

Cooperation with ASEAN on Digital Trade Standards

The ASEAN-Australia Digital Trade Standards Initiative provides a framework for Australia and ASEAN countries to cooperate in developing, adopting and using international standards that promote digital trade and support inclusive economic growth in the region. It also seeks to raise awareness of international standards and address the key factors which enable and inhibit digital trade across ASEAN and Australia.

The initiative recognises that the benefits of digitalisation are not always shared equally, so it aims to build regional regulatory consistency in a context of rapid technological diversity and change. This complements existing ASEAN priorities on the digital economy and builds on Australia and ASEAN's long history of cooperation to promote regional economic integration.

The 2021 program included a number of workstreams covering development workshops, market deep dives and certification training. Further details of the program are available at: <https://www.apec.org.au/asean-australia-dts>

NEGOTIATE



Australia will continue to pursue digital trade rules that promote openness in our trade agreements.

Australia negotiates FTAs to benefit Australian exporters, importers, producers and investors by reducing and eliminating certain barriers to international trade and investment. Australia seeks ambitious commitments on digital trade but also advocates for rules that ensure legitimate public policy objectives can be met.

Australia has secured quality digital trade rules in regional agreements like the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, set global digital trade rule benchmarks in the Australia-Singapore Digital Economy Agreement and has commitments on digital trade in 12⁹ of our 13 bilateral FTAs. Australia is seeking ambitious digital trade rules in our ongoing FTA negotiations with the European Union, the Pacific Alliance and with ASEAN and New Zealand in the ASEAN-Australia-New Zealand FTA (AANZFTA) upgrade. We are also exploring regional digital trade initiatives with other countries in the Indo-Pacific.

DFAT undertakes extensive consultation with stakeholders during FTA negotiations. State and Territory governments are a key focus of the consultation process along with peak industry bodies, individual companies, academics, unions and other interested individuals and organisations. Stakeholder consultations help guide the government's approach to the negotiations by identifying commercially significant trade barriers and any other impediments to increasing Australia's economic links with negotiating partners.

DFAT also supports the Australian Government's Ministerial Advisory Council, which includes senior business and community leaders drawn from a cross-section of Australian society. The Council provides a forum through which members can discuss matters relating to FTAs directly with the responsible Minister.

Australia-Singapore Digital Economy Agreement

The Australia-Singapore Digital Economy Agreement (DEA) broke new ground. It set new global benchmarks for trade rules and a range of practical cooperation initiatives to reduce barriers to digital trade and build an environment in which Australian businesses and consumers are able to participate and benefit from digital trade and the digitalisation of the economy. The DEA delivers a range of new trade rules and a comprehensive framework for bilateral cooperation to help businesses and consumers capitalise on the digital economy. Alongside the DEA, Australia and Singapore also signed a series of MoUs on areas including data innovation, artificial intelligence, e-invoicing, e-certification for agricultural exports and imports, trade facilitation, personal data protection, and digital identity. These MoUs are realising tangible outcomes – for example, Australian Border Force has completed a proof-of-concept trial of electronic Certificates of Origin with Singapore Customs and Singapore's Infocomm Media Development Authority.

⁹ Namely Chile, China, Hong Kong, Indonesia, Japan, Republic of United Kingdom.

SUPPORT



Australia will continue to support the implementation of digital trade rules internationally, including through capacity building projects and support for Australian business to trade overseas.

Implementation of digital trade rules

Australia is committed to cooperating with countries to support the implementation of digital trade rules, bridge digital divides in the Indo-Pacific, and encourage innovative uses of digital technologies to support sustainable development.

Cooperation activities will be supported by Australia's Regional Trade for Development Initiative which will provide technical assistance and capacity building to help eligible countries implement commitments under both the RCEP and AANZFTA agreements.

Australia's development policy, Partnerships for Recovery, articulates the key role that trade plays in economic recovery from COVID-19 in developing countries. Australia will work bilaterally to support the digital economy and emerging tech, and to help bridge the digital divide to reduce poverty and inequality.

As part of this, Australia's aid for trade investments build on our trade and development policy efforts for a transparent, and predictable rules-based trading system. For example, Australia supports developing countries to implement the WTO Agreement on Trade Facilitation, which cuts red tape at the border, making trade cheaper, more efficient, and therefore more accessible for developing country traders. Australia's support has helped globally to reduce customs physical inspections, eliminate unnecessary documents, and automate manual processing steps.

In 2021–22, Australia's aid for trade investments will continue to:

- support developing country engagement in the multilateral trade system through implementation of the WTO Trade Facilitation Agreement;
- promote the use of digital technologies to make trade more inclusive. Australia will support the uptake of e-commerce to make trade cheaper, more efficient and more accessible to disadvantaged groups, including women, and MSMEs.

Support for Australian businesses to trade

The Simplified Trade System Implementation Taskforce, a whole-of-Government initiative established in July 2021, is working with agencies and business to streamline and digitise the cross-border trading system, and help Australian traders boost productivity and competitiveness.

Austrade leads a number of activities which support digital trade. These include the Trade Information Service, digital initiatives under the planned national strategy for the visitor economy, *THRIVE 2030*, and other services to businesses, including Fintech Bridges. These activities are also important to support MSMEs where they engage with international markets, whether as an exporter or through engaging with international visitors.

Austrade also provides businesses with advice and information about trading with the countries with which Australia has FTAs and supports the Free Trade Advantage online platform, which provides practical advice and resources to help businesses access the benefits of Australia's FTAs.

END