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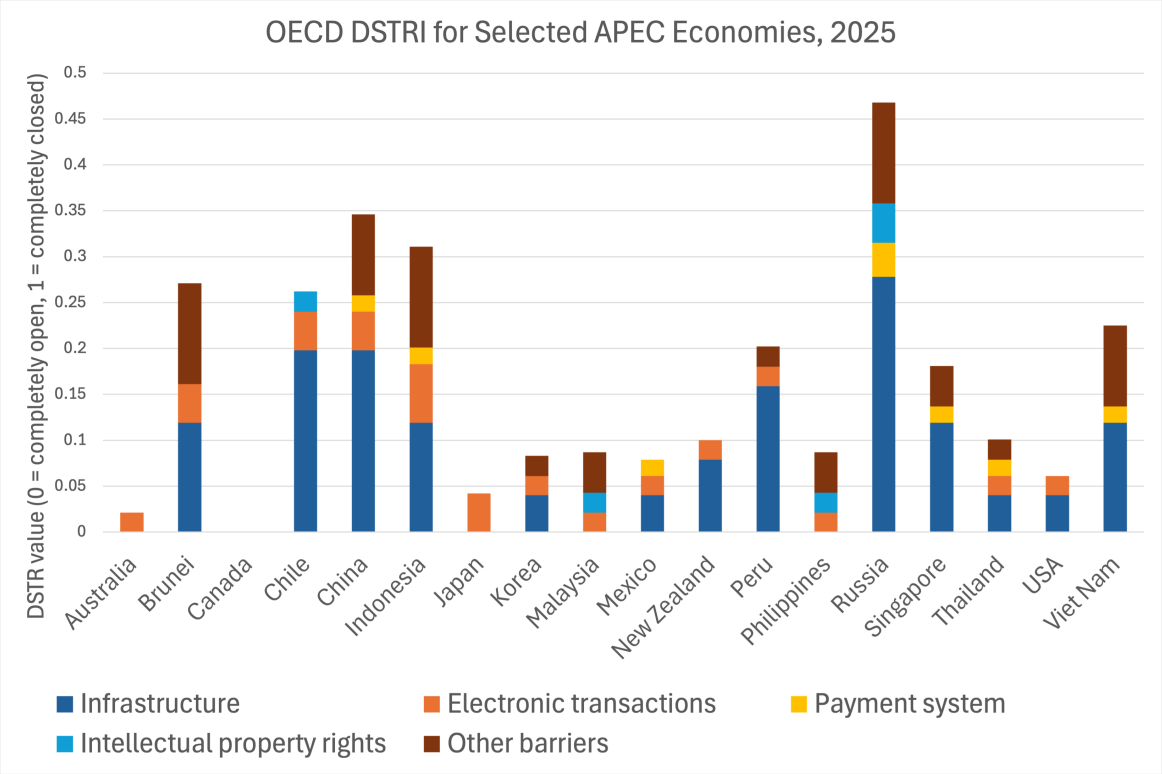
Digital Trade Rules Coherence in APEC:
Shaping an interoperable and business-friendly approach

Stephanie Honey, ABAC New Zealand

Bangkok, 7 July 2026

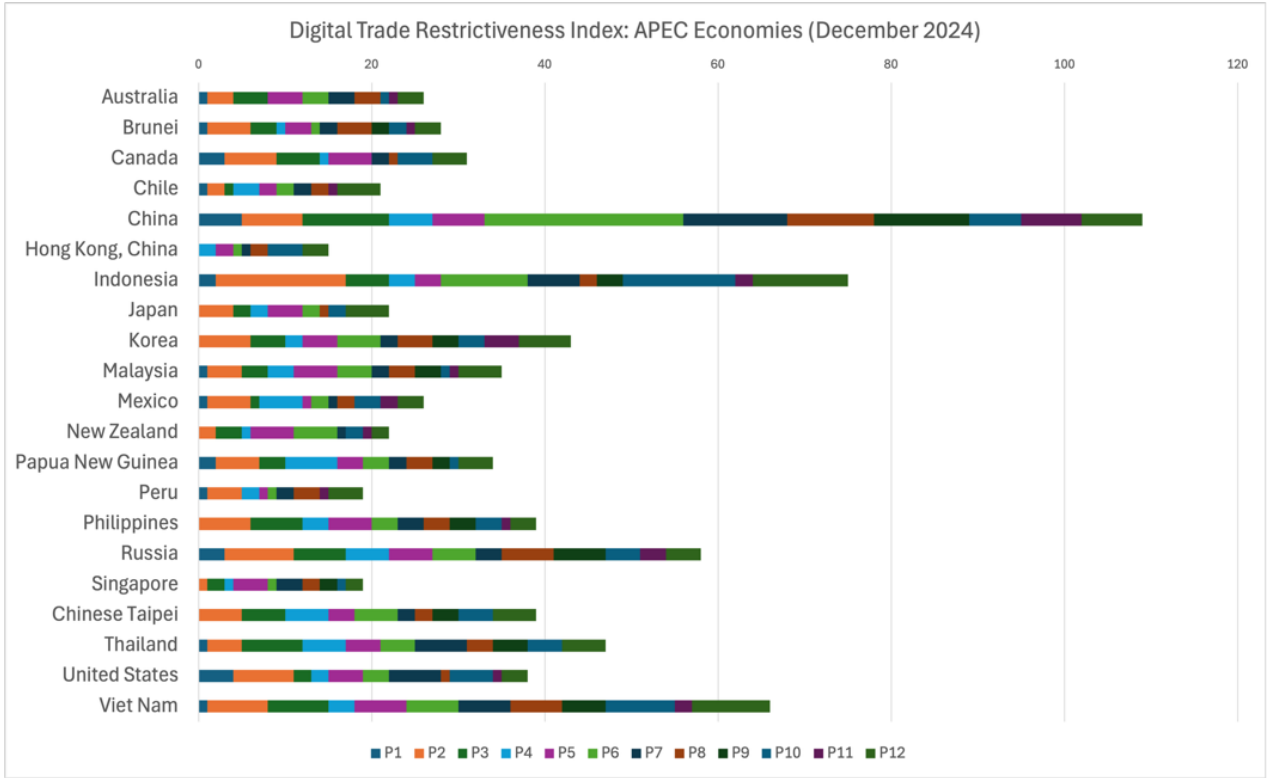
Trade barriers are significant, and rising

Digital services trade restrictiveness



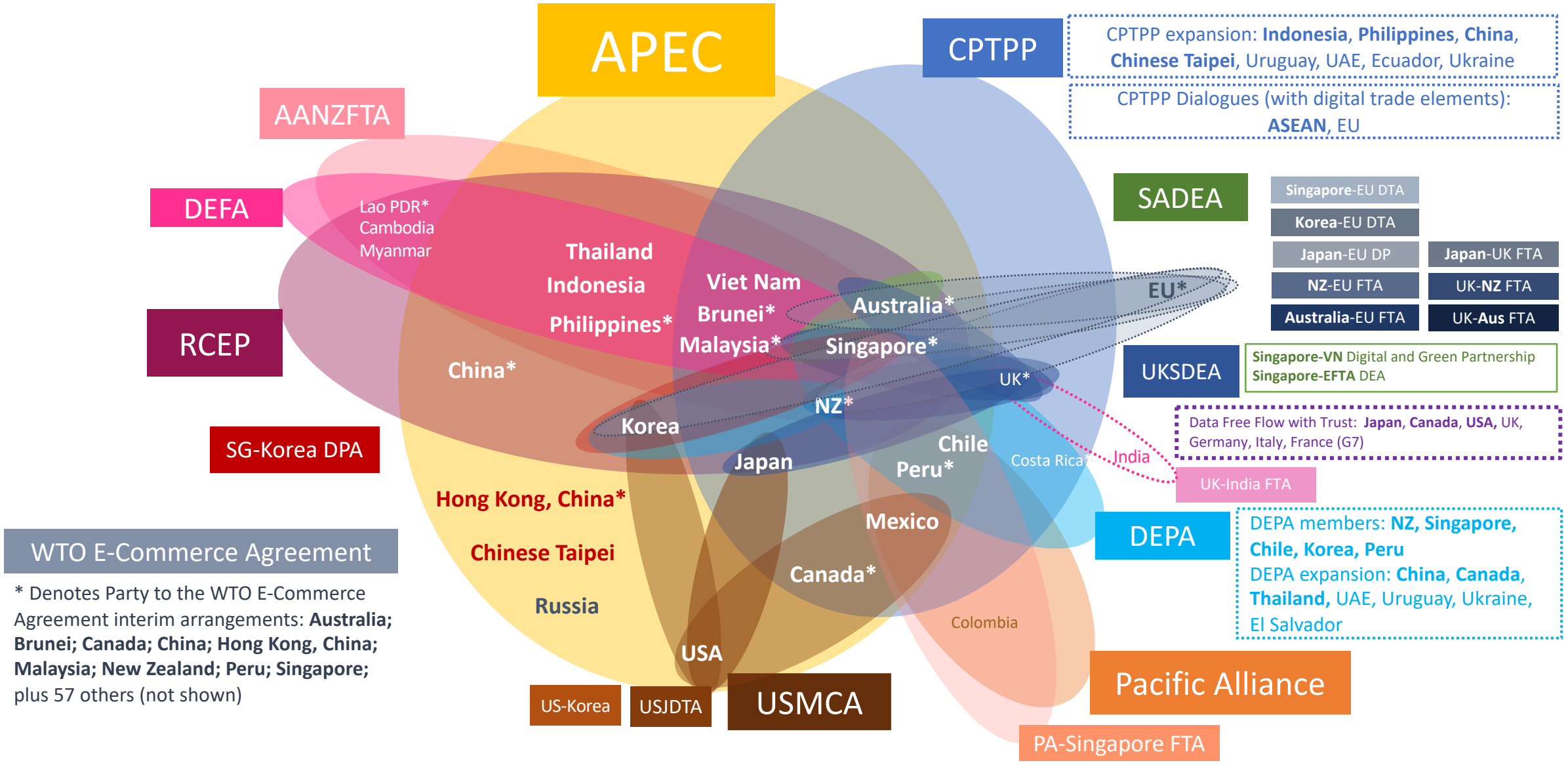
*"**Infrastructure**" includes measures affecting cross-border data flows and connectivity*
*"**Electronic transactions**" is a key enabler for paperless trade and other digital transactions*
*"**Payment system**" – digital payments and e-banking*
*"**Other barriers**" - downloading/streaming restrictions, online advertising*

All measures restricting digital trade



Includes tariffs, public procurement, FDI in digital sectors, IP, telecoms, cross-border and domestic data policies, intermediary liability, content access, quantitative trade restrictions, technical standards, online sales and transactions

Digital trade rules are fragmented

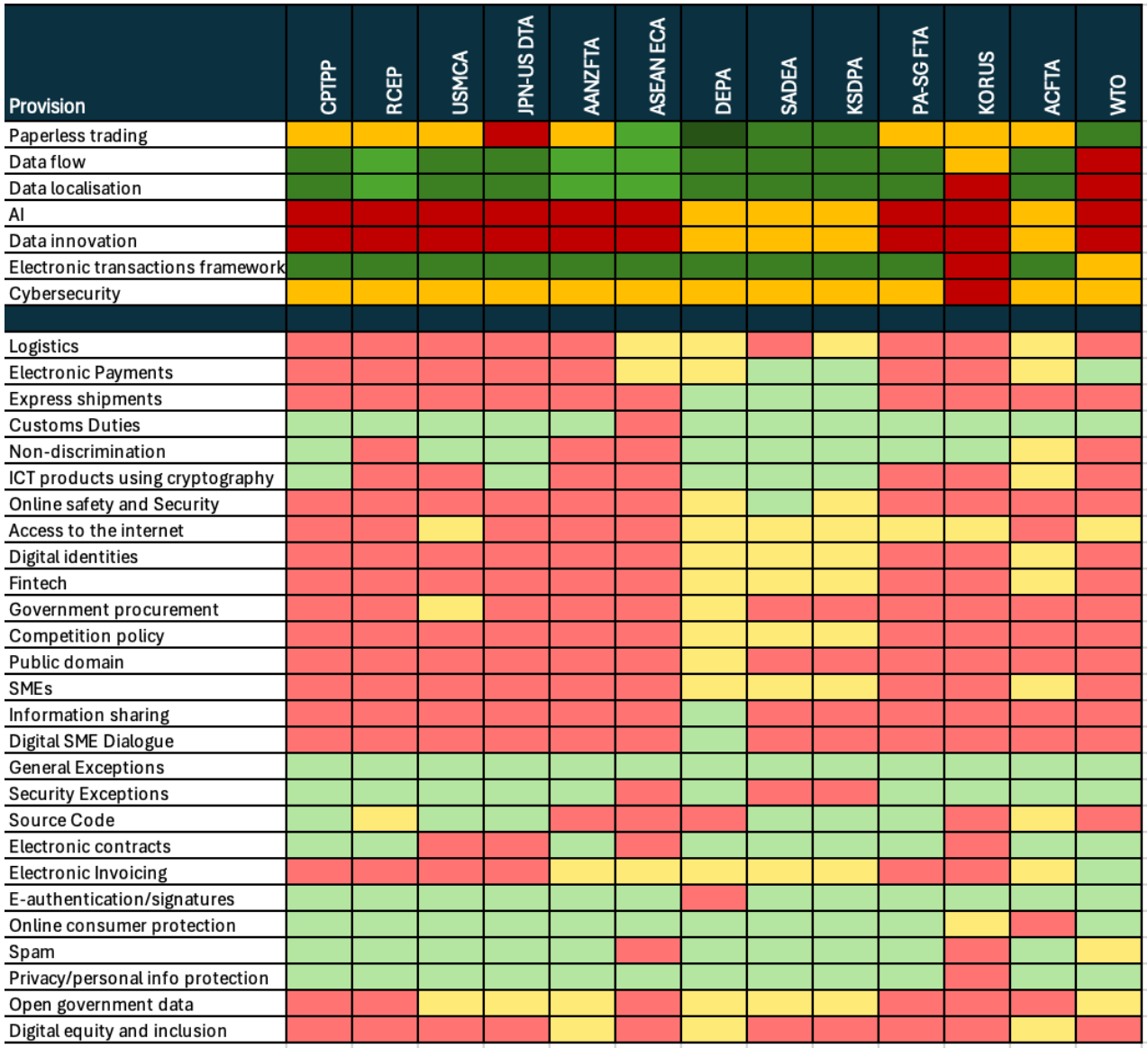


There are gaps and frictions in business priority areas

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ABAC's key provisions

Other provisions



- 18 APEC economies have negotiated at least one digital trade agreement or applied to join one

- However, even within this universe of agreements, there are many gaps and divergences in coverage and ambition:
  - Most agreements include rules on **paperless trade, electronic transactions frameworks, data governance** and **cybersecurity** – *although these are uneven in coverage and ambition*
  - Very few agreements/initiatives include ***any*** rules on **AI, data innovation** or **standards –** *these are key business priorities, with no guardrails*
  - Even where rules exist, there are some **critical divergences**, especially on **data flows and data localization** – *these are critical enablers for trade and trust*

Notes:
ASEAN ECA = ASEAN E-Commerce Agreement (DEFA probably more ambitious)
ACFTA = ASEAN-China FTA
WTO = WTO E-Commerce Agreement (plurilateral with 66 members)

Adapted from WEF ASEAN DEAL depository, https://depository.asean-deal.org

Enabling trade rules are lagging for AI & quantum

Generative and Agentic AI (and likely quantum) are **potentially transformative for trade:**

- Enable productivity (although probably in an uneven way across economies and sectors)
- Enable value-adding and disintermediation of services flows – "trade in tasks" and GVCs
- Reduce trade costs and increase resilience for goods trade e.g. "Smart Customs"
- Also pose significant new risks and challenges (e.g. post-quantum cybersecurity, unintended consequences of AI) that have implications for trade rules

➢ **Trade matters at every stage of the AI/quantum lifecycle**, especially cross-border data flows, standards, regulatory settings and hardware

However, enabling trade rules are lagging:

- There are few AI-specific trade rules (and none on quantum), even as domestic regulation proliferates
- There are important gaps in other relevant provisions: data flows, privacy, standards, data sharing, IP
- Within APEC, the new "Roadmap for Innovative, Competitive and Resilient Services" provides a platform for action, but AI, quantum and interoperability should also be a priority for the APA Review and FTAAP
- Without coherent approaches and interoperability of standards, regulation and policy, we will see fragmentation, missed opportunities and heightened risk of adverse consequences

➢ APEC could lead the world in this area by developing a coherent, trade-enabling, trusted and secure approach – perhaps based on a set of core principles

Recommendations

APEC should:

- Agree a **permanent APEC-wide prohibition on tariffs on digital products.**
- Continue to champion a focus on **digitally delivered services** in the implementation of the new Services Roadmap
- Prioritize **coherent policy and regulatory settings and trade rules for digital trade** in areas of practical importance to business, in particular trusted cross-border data flows, AI, data innovation, paperless trade and electronic transactions frameworks, cybersecurity and the interoperability of standards and regulations, including by (i) adding relevant new APA Collective Actions; (ii) as an early harvest deliverable for FTAAP; and (iii) pathfinder initiatives in key areas.
- Consider joining the **Digital Economy Partnership Agreement** and **WTO E-Commerce Agreement**.
- Develop fit-for-purpose approaches to **support the participation of all businesses in digital trade**, including through (i) regular engagement with businesses on digital trade issues; (ii) the use of digital regulatory impact assessments; (iii) a portal for digital economy rules, for transparency; (iv) development of tailored capacity-building for digital trade export readiness for MSMEs.