APEC Study Centre Hong Kong, China: CTI Workshop

"A Comparative Study on Digital Services Trade Rules in the APEC Region"

Coherent and interoperable architecture for digital services trade in APEC

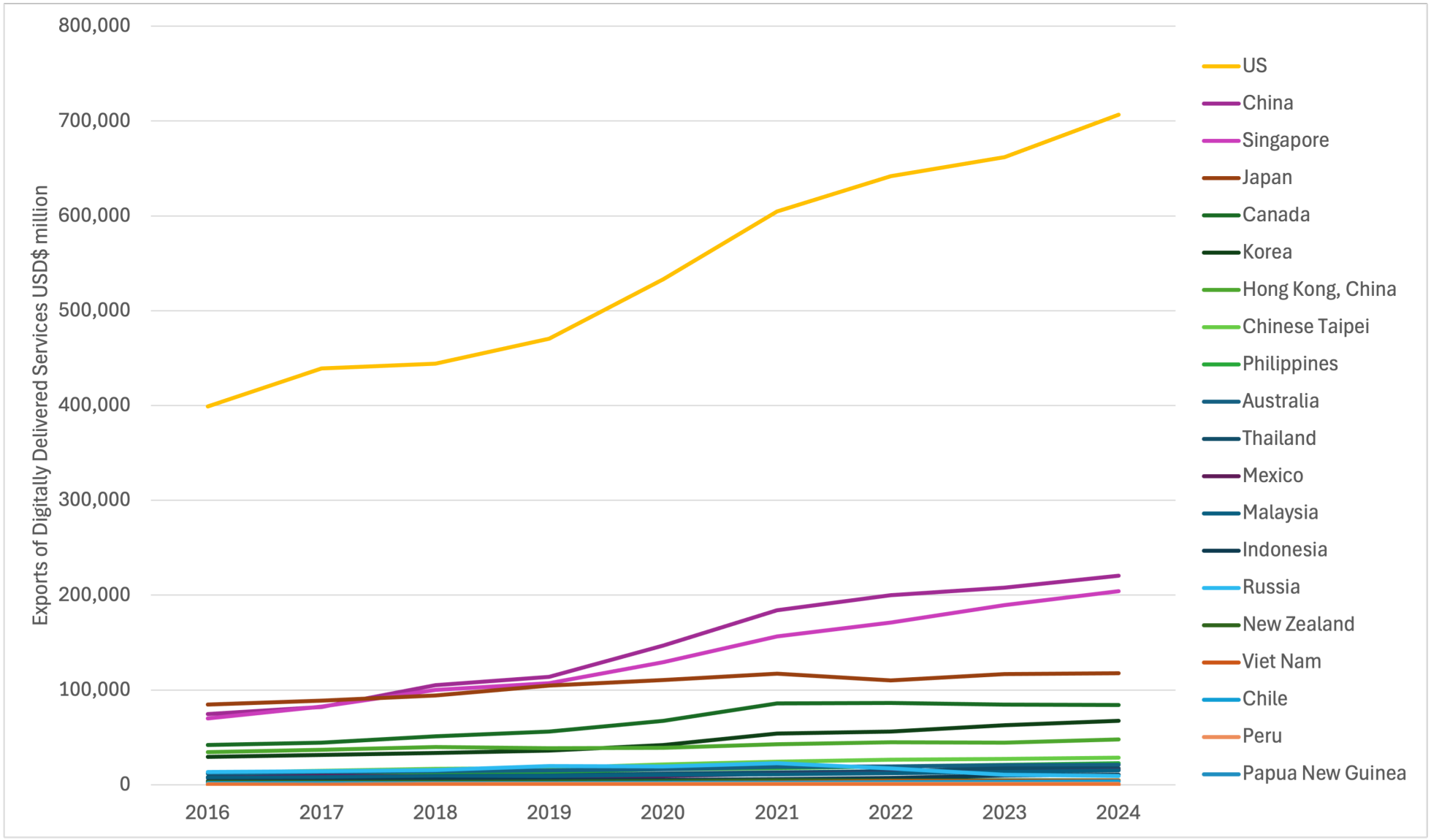
Stephanie Honey

Honey Consulting Ltd; ABAC New Zealand; by invitation of PECC

22 August 2026

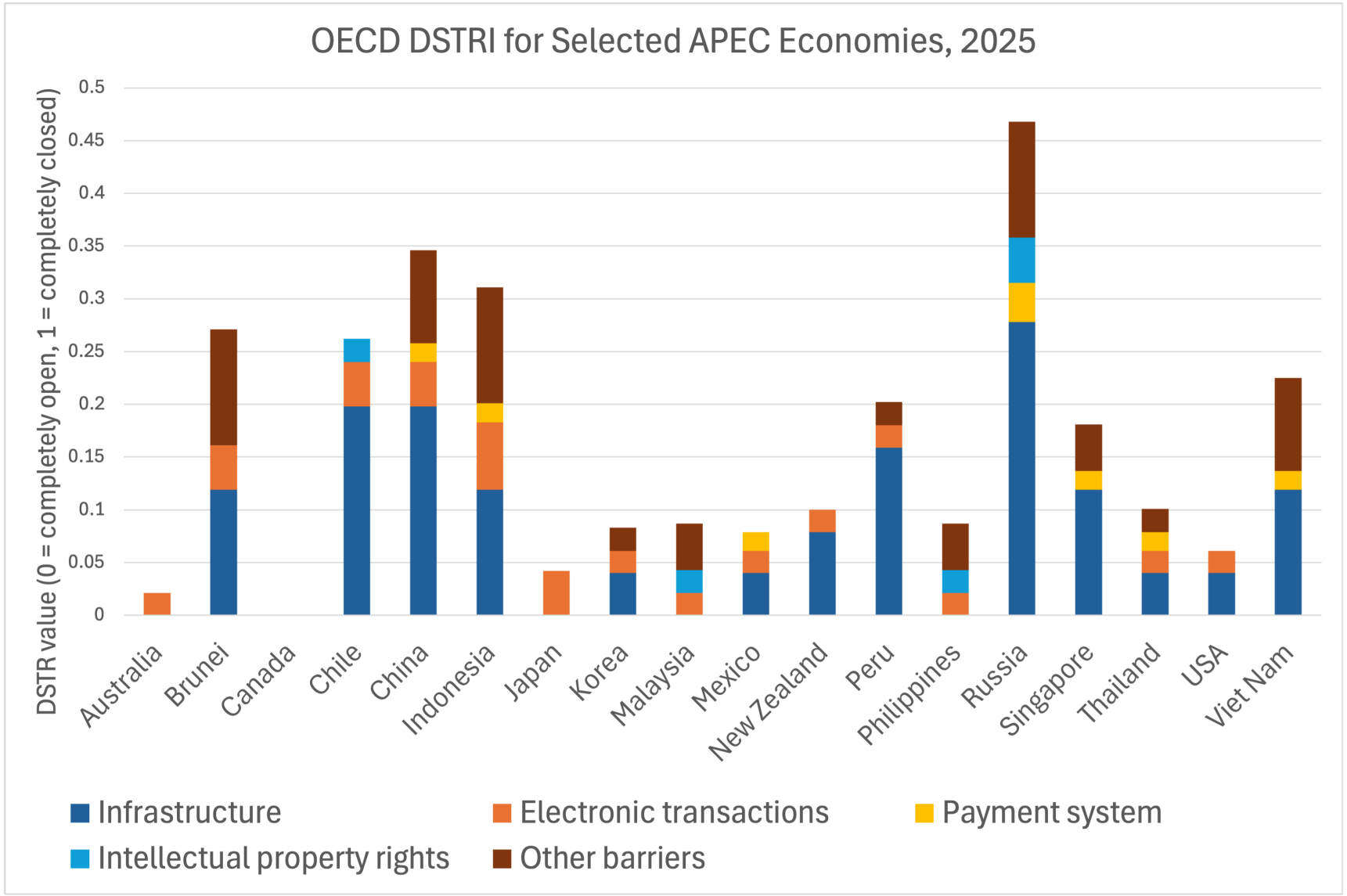
THIRD SENIOR OFFICIALS' MEETING AND RELATED MEETINGS

Trade in digitally delivered services is booming…



Source: WTO Digitally Delivered Services Database

… but so are barriers



"Other barriers" includes restrictions on downloading, streaming, online advertising

"Payment system" includes digital payments and e-banking

"Electronic transactions" includes electronic transactions frameworks, a key enabler for paperless trade and other digital transactions

"Infrastructure" includes measures affecting cross-border data flows and connectivity

Source: OECD Digital Services Trade Restrictiveness Index
(*Note not all APEC economies are included*)

Business perspectives on trade barriers

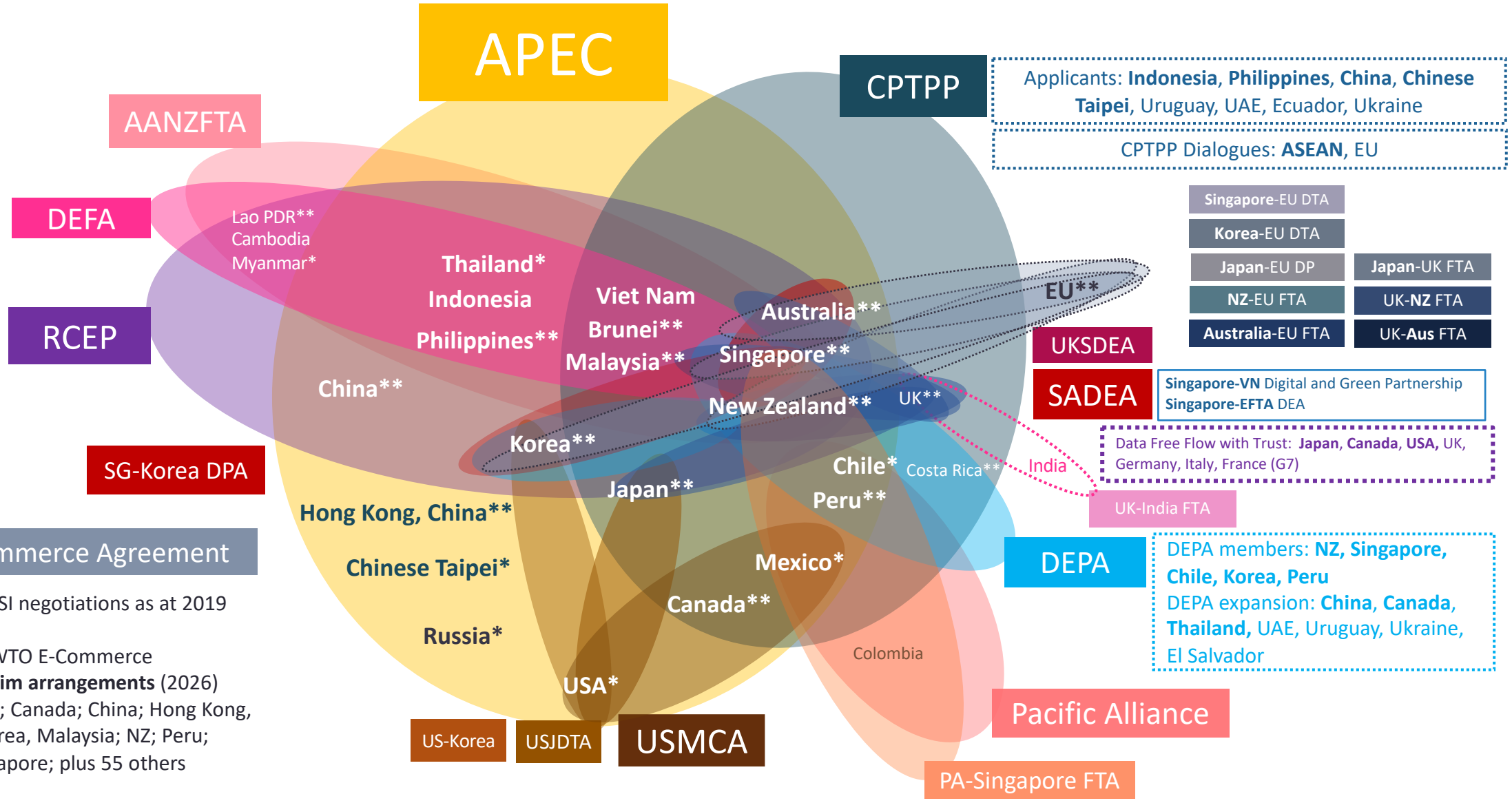
ABAC surveys, roundtables & research projects have identified a range of frictions and barriers to services trade across the region:

- High operational and compliance costs
- Confusing, divergent and fast-changing regulations
- Restrictions on data flow and e-payments
- Fragmented rules on privacy, cybersecurity and AI
- Lack of accessible digital infrastructure
- Lack of digital talent, esp. for tech and green businesses
- Lack of access to VC funding for women
- Mismatch of requirements with modern business models



Photo: Digital trade consultation, Singapore Business Federation for ABAC

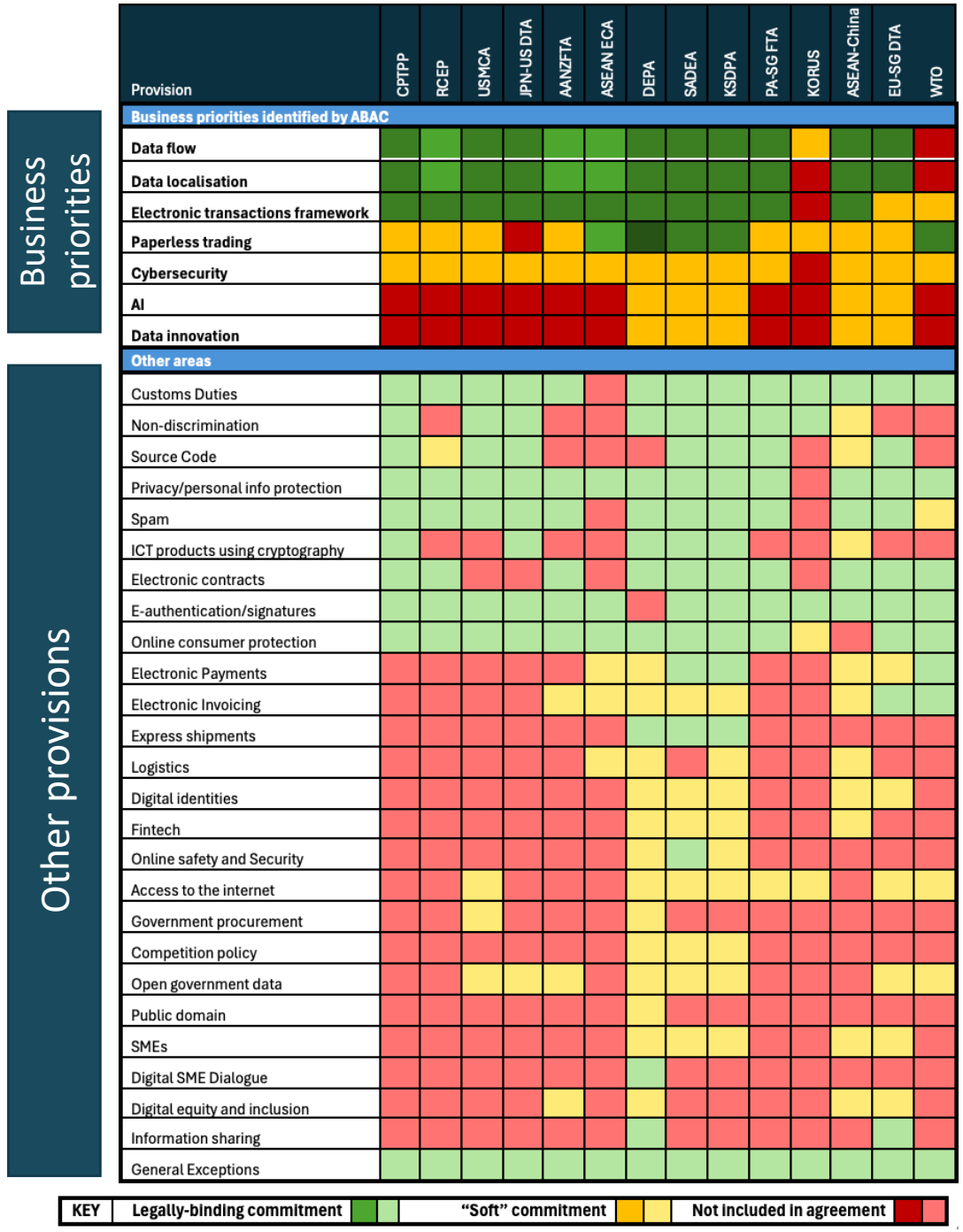
Digital trade rules are fragmented



WTO E-Commerce Agreement

* Participant in JSI negotiations as at 2019 (WT/L/1056)
** Party to the WTO E-Commerce Agreement **interim arrangements** (2026) Australia; Brunei; Canada; China; Hong Kong, China; Japan, Korea, Malaysia; NZ; Peru; Philippines; Singapore; plus 55 others

Coverage and ambition of trade provisions is patchy



- Agreements are generally becoming **broader, deeper and more binding** over time
- **18 APEC economies** have negotiated at least one DEA (or equivalent), or applied to join one

- ***BUT***, even within this universe of agreements, **coverage, ambition and interoperability varies**:
  - Most agreements include provisions on **paperless trade, electronic transactions frameworks, data governance** and **cybersecurity**
    - ***BUT*** in areas that are key for trade flows and trust, notably **data governance (data flow, data localization, privacy, data sharing),** even where rules exist, there are **critical divergences**
  - Very few agreements/initiatives include ***any*** rules or even guardrails on **AI, data innovation** or **standards**

Source: TAPED database; Table adapted from WEF ASEAN DEAL depository, https://depository.asean-deal.org

Convergence is uneven – and low where it matters

Provision	Level of Convergence	Provision	Level of Convergence
Objectives	High	Non-discriminatory treatment	Medium
Transparency	High	Dispute settlement	Medium
Online consumer protection	High	Data flow	Medium-Low
Scope and general provisions	Medium-High	Data localization	Medium-Low
Customs duties	Medium-High	Cooperation on cybersecurity	Medium-Low
Personal information protection	Medium-High	Source Code	Medium-Low
E-authentication/e-signatures	Medium-High	Internet interconnection charge	Low
Paperless trading	Medium-High	Interactive computer services	Low
Spam	Medium-High	Open government data	Low
Cooperation	Medium-High	Institutional arrangements	Low

Source: APEC PSU (2025), *Study on Convergences and Divergences of FTAs in the APEC Region*



Photo by Mirza Babic on Unsplash.com

Tariffs on Digital Products

- The WTO E-Commerce Moratorium terminated at MC14
- Within APEC, many economies have binding commitments under FTAs/DEAs not to impose tariffs on electronic transmissions
  - But RCEP, AANZFTA, ASEAN-China FTA include only a conditional moratorium, subject to the WTO
  - Some economies have no commitments in this area
- Impacts: **cost, friction, uncertainty**
  - Legal uncertainty (over which economies will apply tariffs, coverage/classification, tariff rates, application of ROO …?)
  - Trade uncertainty: affects business planning
  - Potentially increased trade costs – hit MSME hardest
  - Economic costs: OECD analysis suggests that potential tariff revenues would be very small, but GDP impacts would be large

Trade rules for AI services are lagging

- Domestic regulation is proliferating – mostly unilateral, with no eye to interoperability
- There are few AI-specific trade rules
  - AI is only included in 7 DEAs and 3 MoUs (all involving APEC economies)
- No specific trade rules for agentic AI so far
  - Potentially raises a range of new challenges e.g. around liability
- Gaps in other key provisions that enable AI services (e.g. data, privacy, standards, IP, cybersecurity)
- Definitional issues: how to classify AI services, including agentic AI services

Potentially relevant trade provisions for AI services

- ✓ AI-specific provisions (e.g. governance, safety, trust)
- ✓ Data: flows, localization, sharing
- ✓ Data protection and privacy
- ✓ Open government data
- ✓ IP provisions: source code and algorithm disclosure, copyright, trade secrets, patents
- ✓ Tariffs
- ✓ Non-discriminatory treatment
- ✓ Competition policy
- ✓ Trust and safety (mis/dis-information, online safety)
- ✓ Consumer protection
- ✓ Cybersecurity
- ✓ Exceptions relevant to AI
- ✓ Standards and conformity assessment
- ✓ Liability/accountability (especially for agentic AI)
- ✓ Digital identity and authentication (agentic AI)

Key concepts to minimize friction and maximize predictability



Coherence



Interoperability

Images courtesy of Unsplash (Jonny Gios and Roel Dirkins)

What do we mean by coherence & interoperability?



Coherence

Consistency: Do policies and rules point broadly in the same direction?

- Within an economy including across sectors
- Across trade agreements
- Across the region



Interoperability

Compatibility: Can different systems work together, across the layers of a trade transaction?

- Legal
- Regulatory
- Semantic/data
- Technical
- Accountability
- User adoption

Images courtesy of Unsplash (Jonny Gios and Roel Dirkins)

Supporting coherence & interoperability



Coherence

- Regular dialogue among policymakers/regulators
- Develop common frameworks, model provisions
- Join DEPA and the WTO E-Commerce Agreement
- Good Regulatory Practices
- Digital Regulatory Impact Assessments
- A transparent and accessible digital services regulation repository
- APEC-wide moratorium on tariffs



Interoperability

- Recourse to international standards and model laws; work on standards within APEC
- APIs, CBPR and other mechanisms to support interoperability e.g. common certification, common classification frameworks
  - Potentially agentic AI?
- Regular engagement with business to understand real-world frictions
- Regular dialogue among policymakers/regulators

Images courtesy of Unsplash (Jonny Gios and Roel Dirkins)

Recommendations

Recommendations to Leaders & Ministers (2026), *New Services Agenda* (2025)

- Develop **coherent and interoperable policy and regulatory settings and trade rules** in key areas, including AI.
- Establish an **APEC-wide prohibition** on tariffs on digital products
- Prioritize **digitally delivered services** in the Roadmap
- Consider joining **DEPA** and the **WTO E-Commerce Agreement**.
- Support the **participation of all businesses**:
  - Undertake **regular engagement** with businesses
  - Implement **digital regulatory impact assessments**
  - Establish a **portal for digital economy rules**
  - Develop **tailored MSME capacity-building**

Good Regulatory Practice for Services in APEC (2024)

- Develop a **common regulatory framework for digital trade**, drawing on DEAs and using a pathfinder approach
- **Integrate AI into trade policy** and economy analysis
- Identify a suitable **regulatory framework for services-delivered applications for AI** deployment – potentially using a pathfinder approach
- **Capacity-building** on WTO disciplines on services domestic regulation and Blueprint on Good Regulatory Practices

Thank you

stephanie@honeyconsulting.co.nz