



APEC Business Advisory Council

REIWG II 2024

A New Services Agenda

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on behalf of Anna Curzon

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Digitally-deliverable services

Services that can be delivered via the Internet, apps, platforms:

- ICT services e.g. software, cloud, streaming services, online gaming etc.
- Business and technical services e.g. consulting, management, marketing
- Financial services
- Insurance and pension services
- Professional services e.g. accounting, law, engineering, architecture
- Remote education and training
- Healthcare services
- Audiovisual and related services
- Charges for the use of intellectual property

“Digitally deliverable” doesn’t necessarily mean digitally delivered today
– but will be increasingly the case

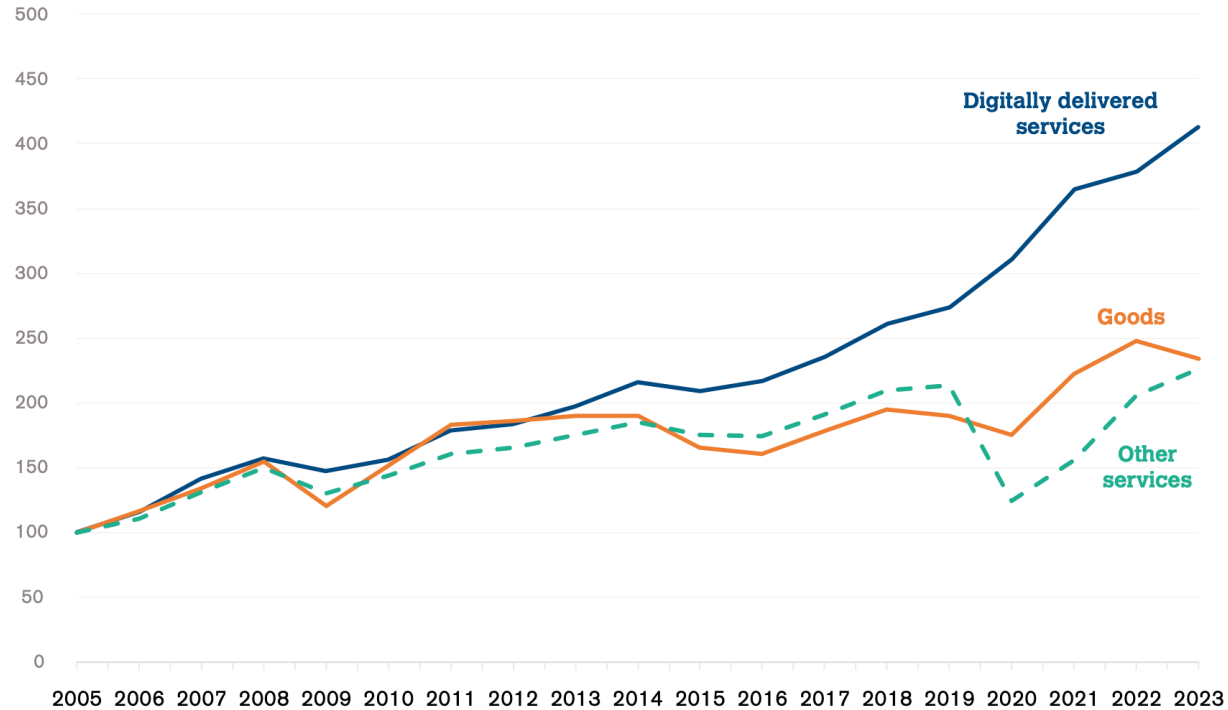
About 54% of all services exports are now digitally delivered



Digitally-delivered services are booming

Chart 19: Global exports of digitally delivered services, 2005-2023

Index 2005=100



- **Growing faster than goods & other services**
- **↑ 50%** on pre-pandemic
- **\$4.25 trillion** in 2023, up 9%
- **14%** of global trade
- **10 APEC economies** in the top 30 exporters
 USA #1, China #6, Singapore #8, Japan #11
plus Canada, Korea, Hong Kong China, Philippines, Chinese Taipei, Australia
- **Asia accounts for 24%** of global exports

Boosting inclusion

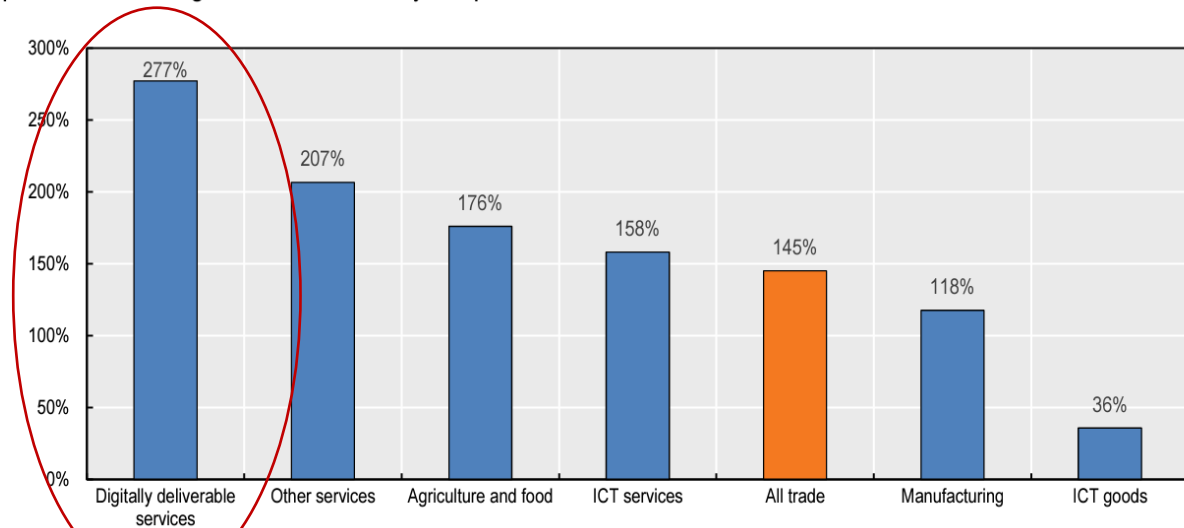
“...Digitally delivered services can have a catalytic effect and should be first on the APEC MSME agenda.”

Focusing on digitally delivered services and building the digital market infrastructure needed to support them addresses challenges faced by all MSMEs. Harmonizing regulations and trade rules among economies, resolving challenges of non-collateral financing, ensuring more timely payment periods, and improving the operating and regulatory environments are all essential to allowing digitally delivered services to prosper.”

‘The New MSME Economy – Post-Pandemic Drivers for Growth’, Marshall School report for ABAC, 2022

Impact of regulatory reform on exports

Impact of decreasing domestic DSTRI by 0.1 points



Note: Values show the impact of reducing digital trade restrictiveness, captured by a 0.1-point reduction of the DSTRI, on exports.

Source: OECD, ‘Key issues in Digital Trade’, October 2023

An enabling environment

Trade barriers

“Digital” trade barriers



- Barriers are high and growing e.g. data flow/data localization, barriers to entry, restrictions on e-payments, barriers to competition in digital sectors, telecoms barriers
- Lack of regulation or restrictive regulation on innovative services

and “services” trade barriers



- Market access for particular services e.g. law, financial; and for particular modes (digital delivery, but also commercial presence in-market, and movement of professionals to support digital delivery)
- Local presence requirements, joint venture requirements, lack of mutual recognition of qualifications, barriers to payments, IP protection

Capacity and ‘operating environment’ barriers/challenges:



- Lack of skills – need for capacity-building and awareness-raising
- Lack of infrastructure, access to infrastructure
- Inadequate cybersecurity, consumer trust and protection
- Fragmented regulatory approaches across markets

A “New Services Agenda”

- APEC should develop a “New Services Agenda” for digitally-deliverable services, to follow the ASCR
- Fits with the Putrajaya Vision/Aotearoa Plan of Action:
 - **Trade & investment:** *progress services liberalisation, facilitation and cooperation*
 - **Structural reform:** *collaborate across relevant APEC fora on issues related to structural reform, including for services and the digital economy*
 - **Enabling digital environment and digital transformation:** *promote digital trade; foster competition and innovation in the digital economy; encourage the uptake of new technologies; promote interoperable approaches; support MSMEs to take advantage of the digital economy; address the digital divide*
- **Possible work plan:**
 - **Map current barriers** to digitally-deliverable services
 - Important tools include the OECD DSTRI and STRI, and ASCR experience
 - Prioritise reforms based on business perspectives (which barriers “matter”)
 - **Deepen understanding** for capability-building and the enabling environment
 - Especially for MSMEs, women, Indigenous businesses



Recommendations

- Members to call for APEC to develop a “New Services Agenda” (post-ASCR), focused on enabling trade in digitally-deliverable services