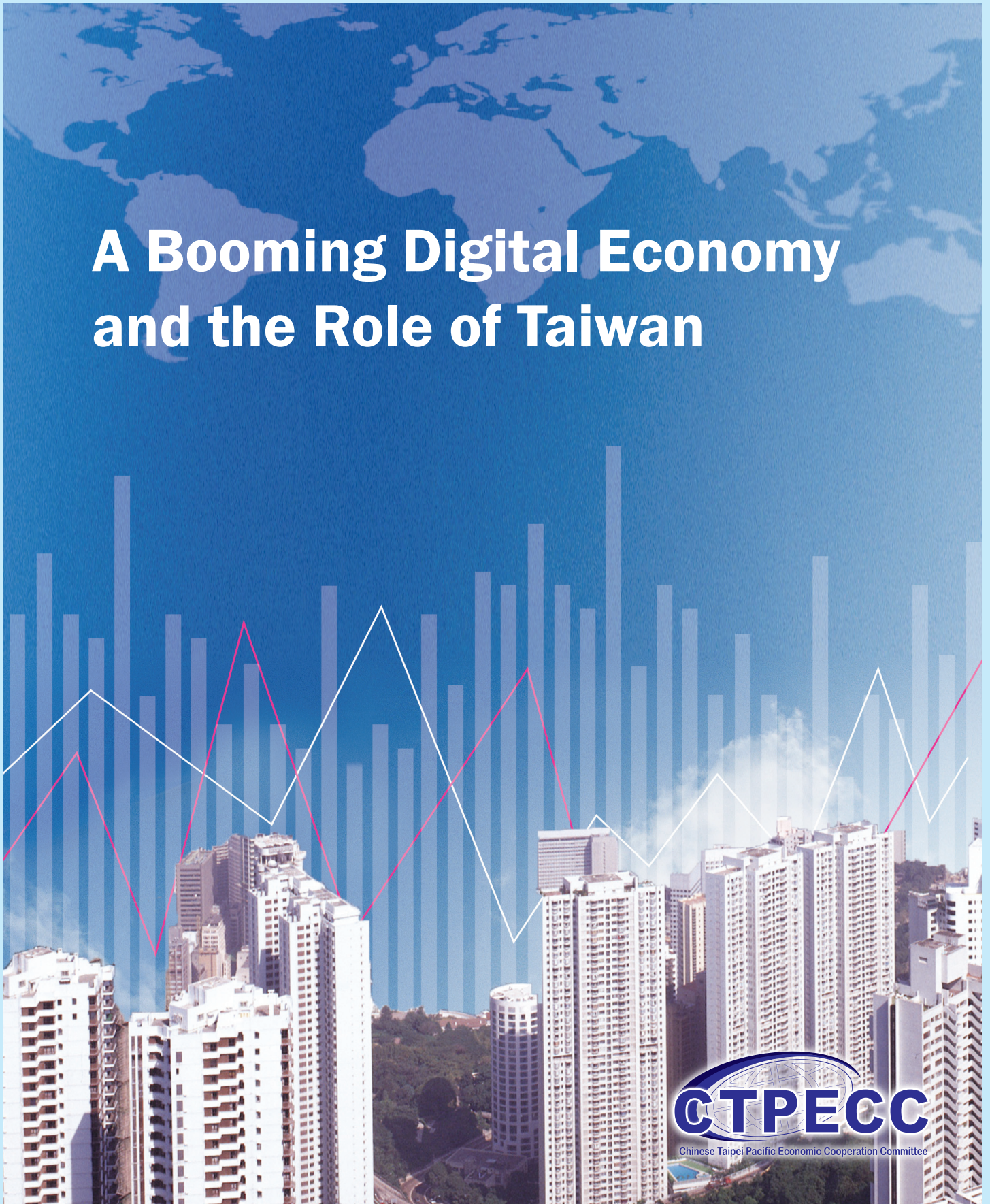


# Asia Pacific Perspectives

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Published in June 2023

## A Booming Digital Economy and the Role of Taiwan



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### About the CTPECC

CTPECC is a full member of Pacific Economic Cooperation Committee (PECC), which is an international organization for economic cooperation in the Asia-Pacific region and plays a key role in consultation and advice on APEC's major initiatives and plans. The participation of CTPECC is to assist the government in researching and analyzing economic cooperation plans, and to strive for greater opportunities to participate in cooperation mechanisms and dialogues.



# Challenges and Opportunities of the Taiwan-US Digital Trade Initiative

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Recently, Taiwan and the United States have made progress on various trade-related issues, including trade facilitation, anti-corruption measures, and support for small and medium-sized enterprises. However, the digital trade initiative, one of the eleven items requiring negotiation, presents significant challenges for both parties.<sup>1</sup> While Taiwan is unprepared to address this issue, the United States may not have a clear plan yet. This article presents analytical recommendations on how Taiwan can navigate the challenges of digital trade and adjust its approach to trade negotiations.

## The Economic and Political Significant of Digital Trade

The term "digital trade" refers to the trade of services facilitated by digital technology, such as search engines, social media, applications, and video streaming. Unlike the digitization of physical

goods or services, which do not fundamentally deviate from traditional trade characteristics, digital trade requires new rules and regulations as it operates beyond the existing framework of international trade and domestic economic regulations.

Digital trade has two significant characteristics that require new regulations. First, since information is the trade content, it has not only economic but also political significance. The impact of digital trade goes beyond the realm of simple trade and can affect people's cognition and concepts, making it a complex issue that requires a nuanced approach. Second, the business model of digital trade relies on the data economy. In the past, trade was based on accumulating capital as a competitive niche for reinvestment. Today, data is an asset, and the accumulation of data is the advantage generated by digital trade. Data has a unique value

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1.Services Domestic Regulation was separated to be the 12th item in the meeting.

compared to capital, and its monopoly is more challenging to break.<sup>2</sup>

Taiwan must adopt a proactive approach to address the challenges posed by digital trade. The government must prioritize the development of digital infrastructure, including expanding access to high-speed internet and promoting digital literacy. It must also support the development of innovative technologies that will enable Taiwan to stay competitive in the digital trade arena.

Furthermore, Taiwan should focus on building a robust legal and regulatory framework to govern digital trade. This framework should include measures to protect privacy, prevent cyberattacks, and ensure fair competition. It should also consider how to balance the needs of businesses and consumers with the government's role in regulating the digital economy.<sup>3</sup>

In conclusion, the digital trade initiative between Taiwan and the United States presents significant challenges, but also provides opportunities for growth and innovation. Taiwan must adopt a proactive approach to address these challenges and leverage the opportunities presented by the digital economy to stay competitive in the global trade arena.

## The Dual-layer Structure of Digital Governance

The current global digital trade faces a peculiar dual-layer structure due to its two major characteristics. The first layer is led by the U.S. democratic

camp and seeks to counter the threat of digital authoritarianism mainly from China and Russia. They are reviewing and preventing their own digital platforms from being used by China and Russia to incite extreme political polarization in democratic countries. Recently, they have also strengthened control and even considered banning TikTok, primarily due to the political effects behind digital trade. The second layer is within the democratic camp in Europe and the United States. Almost all data accumulates in the hands of American internet companies, which dominate the digital trade system. Therefore, the European Union is attempting to regulate these internet giants through personal data protection regulations and some other legislations.<sup>4</sup>

However, this dual-layer structure of global digital trade is not stable and changes with the continuous evolution of international political situations. American internet giants have been unable to enter the Chinese market and have started to withdraw from the Russian market after the Ukraine-Russia conflict. Meanwhile, the United States has also begun to increase its regulatory efforts on these internet giants. The U.S. Department of Justice and the Federal Trade Commission have both filed lawsuits and introduced new regulations. However, there is no consensus on new rules for digital trade within the United States. The Democratic Party focuses on maintaining an environment for industry innovation and weakening the monopoly power

2.Viktor Mayer-Schönberger and Thomas Ramge, *Access Rules: Freeing Data from Big Tech for a Better Future*, University of California Press, 2022

3.In April 2023, the Executive Yuan has finalized an amending bill of Personal Data Protection Act, which will set up an independent personal data protection authority.

4.Among others, the Digital Market Act and Digital Service Act, both passed in 2022, are two of the most influential laws trying to set up the new rules of digital trade.

of internet giants, while the Republican Party places greater emphasis on the politics of online information, believing that the mainstream force of digital trade is too closely aligned with the Democratic Party. Therefore, the two parties have different versions of new rules for digital trade.<sup>5</sup>

Regarding international rules, the World Trade Organization (WTO) is the established field for formulating international trade rules. However, the United States has never dominated this field, and China has considerable influence within it. Similarly, APEC is no longer a feasible field for forming digital trade rules, as China and Russia are both members. Based on the highly political nature of digital trade, the United States can currently only discuss and attempt to establish experimental new rules in the form of bilateral or a small number of allied countries. This is like how companies launch minimum viable products as a means of testing market reactions. On the other hand, the United States and the European Union have recently established a new platform for collaboration on technology and trade: the Technology and Trade Council (TTC). This partnership aims to strengthen cooperation on a range of issues related to the digital economy, including data protection, cybersecurity, and innovation.

The TTC will be a forum for officials from both sides of the Atlantic to work together on creating new rules for digital trade that can promote economic growth while protecting privacy and security. This includes efforts to establish global standards for emerging technologies such as

artificial intelligence, quantum computing, and 5G networks. The council will also explore ways to promote greater interoperability between the U.S. and the EU regulations in order to facilitate cross-border trade and investment.<sup>6</sup>

## Taiwan's Advantages in Digital Trade Call for Its Own Agenda

In the past, bilateral trade consultations led by the United States were used to protect its own economic interests through the "Washington Consensus," which advocated that any system that benefits the U.S. should be adopted by other countries for their own good. However, in the field of digital trade, the U.S. is still exploring new rules and should not dictate terms. Instead, Taiwan should take a more proactive approach and draft regulatory principles that align with its interests.

The dual-layer structure of digital trade presents a contradiction. Digital platforms like Facebook and Google dominate all the benefits in the democratic camp but are subject to regulations in European and American countries due to economic and political considerations. Taiwan, as the frontline of the U.S.-China strategic confrontation, faces political infiltration on digital platforms, but this issue has been ignored by European and American countries. With the U.S. launching new rule proposals for digital trade, Taiwan needs to bring this issue to the agenda and advocate for its interests.

This article emphasizes the importance of paying attention to the digital trade regulatory

5. The US Congress has proposed "The American Innovation and Choice Act" in 2022, based on the antitrust principles, which will focus on the possibility of breaking the internet giants.

6. <https://ustr.gov/useuttc>

issues developing in the U.S. If the U.S. only sees this as a competition law issue of monopoly and innovation, it may not benefit Taiwan. Taiwan's trade negotiation representatives should focus on long-term calculations and highlight the country's interests and position on this issue. The recent formation of a new cabinet has brought a new idea, which is to recruit a scholar responsible for international economic and trade affairs as the Deputy Minister of Foreign Affairs. This appointment should be considered in connection with the problem. For a long time, Taiwan's diplomatic system has not been able to make good use of its economic and trade strength, and lacks leverage in using diplomatic strategic status in trade negotiations. Taiwan should be more proactive in forming this kind of thinking.

### **Proposing a Third Set of Digital Trade Norms for Taiwan**

Considering the transfer of fundamental technological paradigms such as data economy and artificial intelligence, we propose a third set of digital trade

norms. International trade rules are bound to change, and Taiwan's economic and technological strength in these digital technology fields is crucial. As digital trade develops within the strategic confrontation between the two major camps, it is possible to explore human rights and social values issues under digital trade and propose our own values and positions.

China's digital authoritarianism and the U.S. surveillance capitalism do not align with the spirit of sustainable development. The key for Taiwan is to leverage its strengths in chip design and wafer manufacturing capabilities to propose technology applications that assist in human prosperity and fulfillment, which is the third way outside of the U.S. and Chinese tech industries. This unique position places Taiwan at the forefront of the U.S.-China confrontation, as it is familiar with the U.S. tech industry and understands the culture and society in China. In the digital trade field, Taiwan already can make proposals, but it is regrettable that Taiwan has not recognized its role and advantages. Negotiations without proposing our own positions will not result in favorable outcomes.

# Establishing Digital Economic Communities with Trade Facilitation and E-commerce in Asia-Pacific Region

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The Asia Pacific region has witnessed a significant growth in digital communities over the past few years due to the rise in the adoption of digital technologies. The development of digital communities has been fueled by the increase in e-commerce and trade facilitation activities. With the Asia Pacific having one of the largest and most diverse populations in the world, establishing digital communities is an essential element for any business looking to expand and succeed in the global market.

Following the impacts of unprecedented events like the COVID-19 pandemic and the warfare in Ukraine, the world's social and economic landscape has changed significantly, and therefore the need to strengthen the resilience and transparency of the global supply chains appears to be more important. Thanks to the rapid development of information technology, we are able to support the supply chains with digitalization transformation, such as the generation of big data and its related application. Along with cross-border

digital trade, trade facilitation and data governance are given with new definitions which reflect the core values of digital economy. As such, it is widely recognized that the optimization of information technology has transformed the nature of international trade, as well as helped promote trade facilitation.

In the world of digitalization, there are vast opportunities and prospects. The digital transformation has remarkably reduced the costs of facilitating international trade, applying technologies, and connecting businesses and consumers. In other words, digitalization increases the scope and efficiency of trade, and it allows the transaction of new products and services to a larger number of customers across the globe. And digitally-enabled transactions are all about cross-border data exchanges. Data is not only a means of production, it is also an asset that can be traded, and a means through which products and services delivered. Therefore, free data flow is the core of the implementation of trade facilitation.

The dominance and importance of digital economy can also be observed from APEC 2023 which carries the theme of “Creating a Resilient and Sustainable Future for All” and includes three priorities, namely: Interconnected, Innovative and Inclusive. As Host Economy of APEC 2023, the United States has rolled out that Innovative refers to “Enabling an innovative environment for a sustainable future” of which “Promoting the digital economy and enhancing digitalization” is one of the focuses.

Since Taiwan is one of the leaders in the global IT industry and international trade, we are certainly in a good position to become the digital economic hub in the Asia-Pacific region by taking advantage of our strengths in trade facilitation and e-commerce. One of the approaches is to play an active role in the global digital economy via regional or international platforms, such as The Asia Pacific Council for Trade Facilitation and Electronic Business (AFACT).

AFACT is a non-profit, non-governmental organization that is open to participation from the representatives of member countries and experts from private sectors within the Asia-Pacific region. It is committed to encouraging trade facilitation via paperless trade and the formation of cross-border standards. Since AFACT officially commenced in 1999, it has remained a cooperation relationship with the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) which is a subsidiary, intergovernmental body of the United Nations Economic Commission for Europe (UN/ECE). To further step up bilateral cooperation, AFACT and UN/ECE signed an MOU in 2017 which not only made AFACT an important cooperation organization for the UN/CEFACT, but also enabled the two organizations to work closely on the promotion of trade facilitation and e-commerce.

As one the 15 founding member states of AFACT, Taiwan has been an actively engaged member of AFACT since the organization first started in the early 1990s. We have proactively orchestrated private and public resources, expertise, participation, and contribution dedicated to the activities and projects of AFACT and UN/CEFACT. For example, The Institute for Information Industry (III) undertook the role of Permanent Secretariat AFACT from 2001 to 2009, and with the support of AFACT members, III assumed the Permanent Secretariat again in 2022, as we see the mandate of AFACT perfectly reflects the values that we at III have upheld. Since the establishment of III, we have positioned ourselves as “The Digital Transformation Enabler” who helps plan public policies related to information industry and promote information communication technology innovation and applications in Taiwan, and assist in the development of the digital economy.

Currently, AFACT has 20 Member Countries in the Asia-Pacific region, including Taiwan, one Liaison Member (United Nations Economic and Social Commission for Asia and the Pacific) and one Associated Member (Pan Asian eCommerce Alliance). With this network of membership, AFACT will definitely serve as a valuable platform for Taiwan to lead in the field of formulating international standards for trade facilitation, e-commerce and cross-border data exchange.

As AFACT Permanent Secretariat, we can strengthen Taiwan digital trade and join international activities in formulating related international standards with other countries. With joint efforts of the public and private sectors, Taiwan is encouraged to pro-actively participate in regional and global dialogue platforms such as AFACT and UN/CEFACT by proposing pragmatic



policies, projects and plans to realize the vision of universal standardization for trade facilitation and e-commerce. In addition, we should continuously conduct interactions and dialogues on digital economy with other countries so as to empower Taiwan in the international arena. Through the dialogues, we will be able to push for cross-border data exchange and formulate standardization which in return can help Taiwan better avail of global economic trends and seize business opportunities. By so doing, Taiwan will become the regional digital hub and play a vital role in trade facilitation and e-commerce, as well as make substantial contribution to the international community.

The establishment of digital communities in the Asia Pacific region has been driven by the growth of e-commerce activities, improved access

to digital technologies, and trade facilitation activities. Digital communities have become a significant part of the region's economy, and their growth is expected to continue. Investing in user-friendly e-commerce platforms and providing trade facilitation services will enhance a business's digital transformation as well as explore business opportunities at the same time.

Therefore, through international platforms such as AFACT, Taiwan can take more active actions to participate in international activities directly and indirectly, and assist in formulating relevant information standards around the world. In the future, Taiwan will have more cooperation with other countries on sustainable development goals and work together to promote trade facilitation in the digital economy era.

# The Development of Digital Economy and Competition Policy-Ensuring a fair digital economic environment

Alex Hsu

Secretary-General, CTPECC



The digital economy has become an important part of our lives, especially after the COVID-19 pandemic. The development of the platform economy has made the content of goods and services more deeply integrated into our daily lives. To ensure the smooth operation of the digital economy, international organizations and governments have formulated relevant policies or laws to regulate digital economic activities.

The digital economy generally refers to the economic activities that widely use digital computing technology in economic activities. In the early days of "Internet Economy", the main function of the online platform is to showcase products. Later on, it expanded into e-commerce by further integrating online payments and smart logistics services. However, when AI computing technology was widely used in e-commerce, the digital economy evolved into a complex and multi-directional network economic model such as B-to-B and B-to-C models. Especially for providers who offer products and services can grasp consumers' purchasing habits and preferences through computing technology,

to provide consumers with optimal purchase options.

In normal circumstances without specific purposes, the development of the digital economy is beneficial to both supply-demand. However, if the supply side utilizes its advantageous technologies or resources to provide consumers with specific options of goods or services, it may involve the issue of fair competition. But the fair competition behavior of the digital economy is often hidden in the programs and codes of trading platforms, which is difficult to detect. Therefore, it is difficult in determining whether it involves illegal behavior. The issue of fair competition in the digital economy is still under development and discussion internationally, and there are no absolute or consistent regulations.

## Implications of Fair Competition in the Digital Economy

The key to enforcing fair competition in the digital economy lies in "definitions", including the definition of the scope of the digital economic markets and the digital economic behaviors.

Regarding the scope of digital economic markets, algorithm development and data application may affect fair competition during the era of the digital economy. These behaviors sometimes need to be examined on a case-by-case basis. Therefore, in the competition regulations of the digital economy, the government should pay more attention to the relevant behaviors of large digital technology and digital platform players. The UK, for example, regulates "large tech companies with strategic market positions".

Furthermore, based on the definition of digital economy behavior, it includes mergers and acquisitions between peers, mergers and acquisitions between different industries, joint actions among peers, and cooperative marketing between different industries. If these behaviors cause damage to the interests of peers, different industries or consumers, they may violate the regulation of fair competition.

In competition policy, "abuse of dominant position" is an important factor in evaluating whether there is fair competition. However, it is difficult to define the market power involved in certain specific markets or transactions as "abuse of dominant position". Therefore, including the OECD, the European Union and many experts believe that unfair trading in the digital economy should be subject to more qualitative observation indicators to correctly judge whether market intervention complies with fair competition regulations.

## Legislation on foreign digital economy regulations

In the field of digital economy regulations, the most notable laws are the European Union's Digital Markets Act (DMA) and Digital Services Act (DSA). The EU uses market share as a principle for evaluating market power. The algorithm for calculating market share should be included revenue, daily or monthly usage, average visit duration, download frequency, etc. Each case should still be examined separately according to its unique circumstances.<sup>1</sup>

The South Korean government has enacted the "Act on Fair Intermediate Transactions on Online" to regulate various digital platforms and prevent them from abusing their market power. This law applies to all types of service applications provided by online platforms. Additionally, the South Korean government has also revised the "Telecommunications Business Act", which prohibits dominant application store operators from forcing application developers to use payment systems owned or controlled by the operator as a condition for distribution in APP stores or access to operating systems.<sup>2</sup>

Australia has formulated the "News Media and Digital Platforms Mandatory Bargaining Code" to regulate transactions between news media and digital platforms. As for fair competition policies in the digital economy, the Australian government has updated relevant definitions and regulations in existing laws such as the "Competition and Consumer Act 2010" and the "Australian Competition & Consumer Commission (ACCC)'s Competition and

1. "Online platforms: Economic and Social effects." Study by Panel for the Future of Science and Technology, Parliamentary Research Services of the Secretariat of the European Parliament. March, 2021.

2. Nick Malyshev, Guillermo Hernández, Ruben Maximiano, Leni Papa, "Regulatory quality and competition policy in Korea." Oct. 25, 2021.

Consumer (Consumer Data Right) Rules 2020". The Australian government has also introduced consumer data rights (CDR), which are applied to sectors such as banking, energy, and telecommunications, giving consumers greater self-control over their data ownership. Service providers of designated departments are required to use secure online systems to share information with other suppliers, ensuring that consumers could control their personal data. This ensures that consumer data is not exploited by any platform operators to generate market dominance.<sup>3</sup>

China is a region with a thriving global digital economy market. In 2021, China launched the "14th Five-Year Plan for Digital Economy Development" and also proposed the "White Paper on China's Digital Economy Development". These two high-level policies are mainly to promote the development of the digital economy in China, focusing on "digital industrialization and industrial digitization". There are rarely mentioned fair competition policies in the digital economy in China. Item eight of the "14th Five-Year Plan for Digital Economy Development", which focuses on improving the governance system of the digital economy, mentions "improving regulatory systems for fair competition in the digital economy." However, it still doesn't describe the specific works in detail.

However, in November 2022, the Beijing Municipal Government officially adopted the "Beijing Digital Economy Promotion Regulations", which still focuses on promoting the development of the digital industry. But, Article 49 of Chapter 7 on competition policy regulations for digital economy security is mentioned: Platform enterprises shall

establish sound platform management system rules; they shall not use data, algorithms, flow, market share, or capital advantages to exclude or restrict other platforms and independent applications from operating independently. They shall not harm the legitimate rights and interests of small and medium-sized enterprises and shall not implement unfair differential treatment and selection restrictions on consumers." This should be considered as China's initiating rules for regulating its digital economy market.<sup>4</sup>

## Conclusion

The services of the digital economy bring many benefits of economic innovation to users, making significant contributions to the economies of various countries by opening up new business opportunities and promoting cross-border trade, especially after the COVID-19 pandemic.

With rapid development in digital technology, the digital economy is no longer "goods or material" that can be easily observed. It involves transactions and economic activities generated through computing technology, online platforms, and data flows. These digital economic services are integrated into our daily lives, including online intermediary services, market and social media service platforms, search engines, APP stores, etc. These commercial transactions must be clarified through defined clarification, behavior delineation, and market dominance in the business to determine whether they are fair. It is more difficult to judge that digital economic behaviors violate fair trade rules than in traditional commercial markets.

3. Terry Flew, "Australia's News Media Bargaining Code: A New Institutional Perspective." *American Affairs Journal*. March 2023.

4. 北京市政府，「北京市數字經濟促進條例」，2022年11月25日。 [http://www.beijing.gov.cn/zhengce/zhengcefagui/202212/t20221214\\_2878614.html](http://www.beijing.gov.cn/zhengce/zhengcefagui/202212/t20221214_2878614.html)。



# Digitalization: A Foundation to Approach FTAAP

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Despite the Asia-Pacific region remaining a major driver of global economic growth, significant changes have occurred in the trade landscape since the inception of the Free Trade Area of the Asia-Pacific (FTAAP) concept. In recent years, there has been an increase in protectionist trade policies and non-tariff trade barriers. Additionally, the COVID-19 pandemic has had profound effects on global trade, disrupting supply chains and causing economic uncertainty. The role of the Asia-Pacific region as a key driver of global economic growth remains crucial, and reaffirming the commitment to the FTAAP vision is a vital step in addressing the evolving trade landscape and ensuring sustainable development.

In early May of this year, the Australian National Committee of the Pacific Economic Cooperation Council (AusPECC) hosted a virtual dialogue titled "FTAAP-Charting a Pathway for Trade in Turbulent Times." During the meeting, Australia emphasized the need for the Pacific Economic Cooperation Council (PECC) to reexamine how to best advance the FTAAP through aspects such as digital trade, services trade, and investment. Furthermore,

PECC should enhance efforts in regional economic integration and cooperation, including initiatives to address non-tariff barriers and streamline customs procedures, encourage the participation of small and medium-sized enterprises in global value chains, and expand trade in environmentally sustainable goods and services. These can also be focal areas of concern.

Chairman Craig Emerson of the FTAAP Taskforce discussed the background of FTAAP, stating that now it is not the optimal time for free trade and that the concept of FTAAP is not new, as it has been in existence for many years. He mentioned that the goal of FTAAP is to achieve a more cooperative, open, and integrated regional economy. The concept of FTAAP is non-discriminatory, non-binding, and voluntary, which means it is open and outward-looking, enabling higher standards and comprehensive regional commitments. The objective of FTAAP is not only to establish a trading area but also to build a more comprehensive framework for economic integration.

Chairman Emerson further highlighted the contributions of FTAAP to APEC and the differences between FTAAP and other trade agreements. FTAAP goes beyond establishing a trading area and includes

many other areas of economic cooperation. Compared to other trade agreements, FTAAP is a more comprehensive and open agreement that emphasizes autonomy and sustainability.

In addition, Chairman Emerson emphasized that FTAAP is a highly important trade agreement that represents the shared desire and effort of Asia-Pacific member economies to pursue free trade and economic integration. It is crucial to maintain an open attitude, strengthen communication and coordination, find common solutions, and collectively advance the realization of FTAAP. In doing so, positive contributions can be made to the development of the Asia-Pacific region and global trade.

Furthermore, Professor Michael Plummer from John Hopkins University pointed out that the threats of globalization include geopolitical frictions, economic divisions and restrictions on foreign trade, trade skepticism in the market, and inadequate global governance. FTAAP serves as a solution for market integration, as implemented by the Asia-Pacific Economic Cooperation (APEC) through initiatives such as free trade areas (FTAs), the Regional Comprehensive Economic Partnership (RCEP), and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Similarly, the concept of FTAAP can help promote regional integration to achieve market openness and transparency, as well as facilitate trade and investment liberalization, including trade facilitation, rules, and new standards. The FTAAP concept provides an economic cooperation solution that promotes market integration rather than fragmentation. Additionally, issues such as digital currency development, green finance, and regional networks are closely related to FTAAP and can contribute to the economic integration and sustainable development of the Asia-Pacific region.

On the other hand, Professor Shiro Armstrong from the Australian National University believes that in the current international landscape, there is not only rising trade protectionism but also strategic competition and geopolitical influences among major powers, which are unlikely to disappear quickly. Moreover, existing multilateral rules are outdated, and the benefits of unilateral regional rules are limited. The reality of technological decoupling has already begun to emerge and has not yet reached its endpoint, leading to increasing entanglement of economic and national security. Economic exchanges and trade and investment are increasingly seen as zero-sum games rather than positive-sum games, which is harmful and detrimental to economic and political security. FTAAP can provide a strategic rationale for deep integration, replacing regional fragmentation. Furthermore, FTAAP can create space for the United States, China, and other countries to reach solutions that do not disrupt the existing system but rather make it more multilateral.

In this virtual dialogue, Canada, Japan, New Zealand, and other economies suggested that FTAAP involves new issues such as digitalization, sustainability, climate change, and inclusiveness, each requiring a more comprehensive analytical framework and policy discussions.

Canada acknowledged the importance of discussing the digitalization agenda but believed that more practical solutions need to be explored to achieve broader agreements and cooperation. Canada has put forward two specific examples in trade facilitation and services, namely simplifying and digitizing customs clearance processes and improving domestic regulatory frameworks.

Japan mentioned in last year's "State of the Region" report, the results clearly showed that stakeholders had significant concerns about the current state of trade in the region, and geopolitical

tensions were one of the main economic growth risks. However, when we asked stakeholders what APEC needs to focus on in the next five years, interestingly, digital trade came first, followed by global value chains, sustainable development, and climate change. Therefore, we need to delve deeper into the issue and discuss what concrete actions can be taken in the digital domain, taking into account current situations and potential future challenges.

In terms of digitalization, New Zealand has proposed establishing common or recognized regional digital standards, responsible government systems, and legal frameworks. They emphasize the importance of establishing a high-quality market competition framework within the Asia-Pacific Free Trade Area and hope to have discussions based on this foundation.

Taiwan has always taken a supportive stance on the FTAAP issue and also supports the inclusion of next-generation trade and investment issues in the FTAAP's progress. In fact, as APEC serves as a platform for our participation in regional affairs, with FTAAP set as one of APEC's long-term goals, mega regional trade agreements such as CPTPP and RCEP also have the opportunity for discussion in APEC. Therefore, we can, on one hand, understand and grasp the development trends of relevant regional trade agreements through APEC and, on the other

hand, engage in sideline dialogues with the leading economies of regional trade agreements in APEC, seeking opportunities for the participation in these regional trade agreements.

However, in the past, FTAAP has been unable to enter substantive discussions due to uncertainties related to political maneuvering between the United States and China, among other factors. But with the enforcement of RCEP and CPTPP, APEC has once again shown renewed attention to FTAAP.

In 2022, Thailand proposed the Bio-Circular-Green Economy Model (BCG Model) as the host economy of APEC, hoping to become a new model for future economic development. At the same time, it aligned with the FTAAP Agenda Action Plan and obtained recognition from the Leaders' Meeting and Ministerial Meeting. However, the ongoing mutual balance of proposals for next-generation issues between the United States and China could hinder substantial progress in FTAAP. Nevertheless, most economies still prioritize discussions and suggestions on next-generation issues, and PECC hopes to produce leadership recommendations on these issues. We can timely respond to Australia-led FTAAP initiatives and contribute to FTAAP work at the appropriate time.



**Chinese Taipei Pacific Economic Cooperation Committee**

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Published in June 2023

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