

# Gauging Readiness for Digital Economy Agreements

DEA Readiness Framework

1 | **Introduction: The DEA Readiness Framework**

**FUNDAMENTAL AREAS**

Data Regulations

Digital Payments and Digital ID

Paperless Trade

**NASCENT AREAS**

Artificial Intelligence

Open Government

2 | **Banking on Potential: Digital Payments Key for Philippine Digital Economy**

Overview

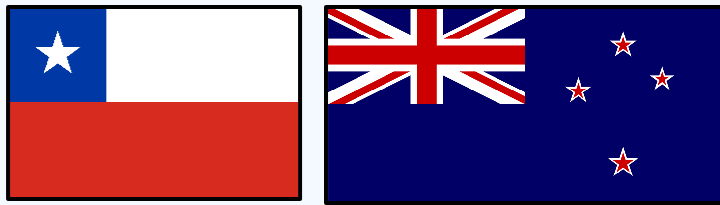
DEA Readiness Scorecard

3 | **Summary**

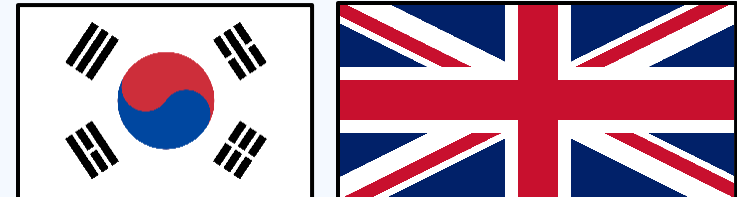
# OUTLINE

# What are Digital Economy Agreements?

- treaty that establishes digital trade rules and digital economy collaborations between two or more economies.
  - **align** digital rules and standards
  - **facilitate** interoperability between digital systems
  - **support** cross border data flow
  - **safeguard** personal data and consumer rights
  - **encourage** cooperation between Singapore's economic partners in emerging technologies



**With Existing DEAs**

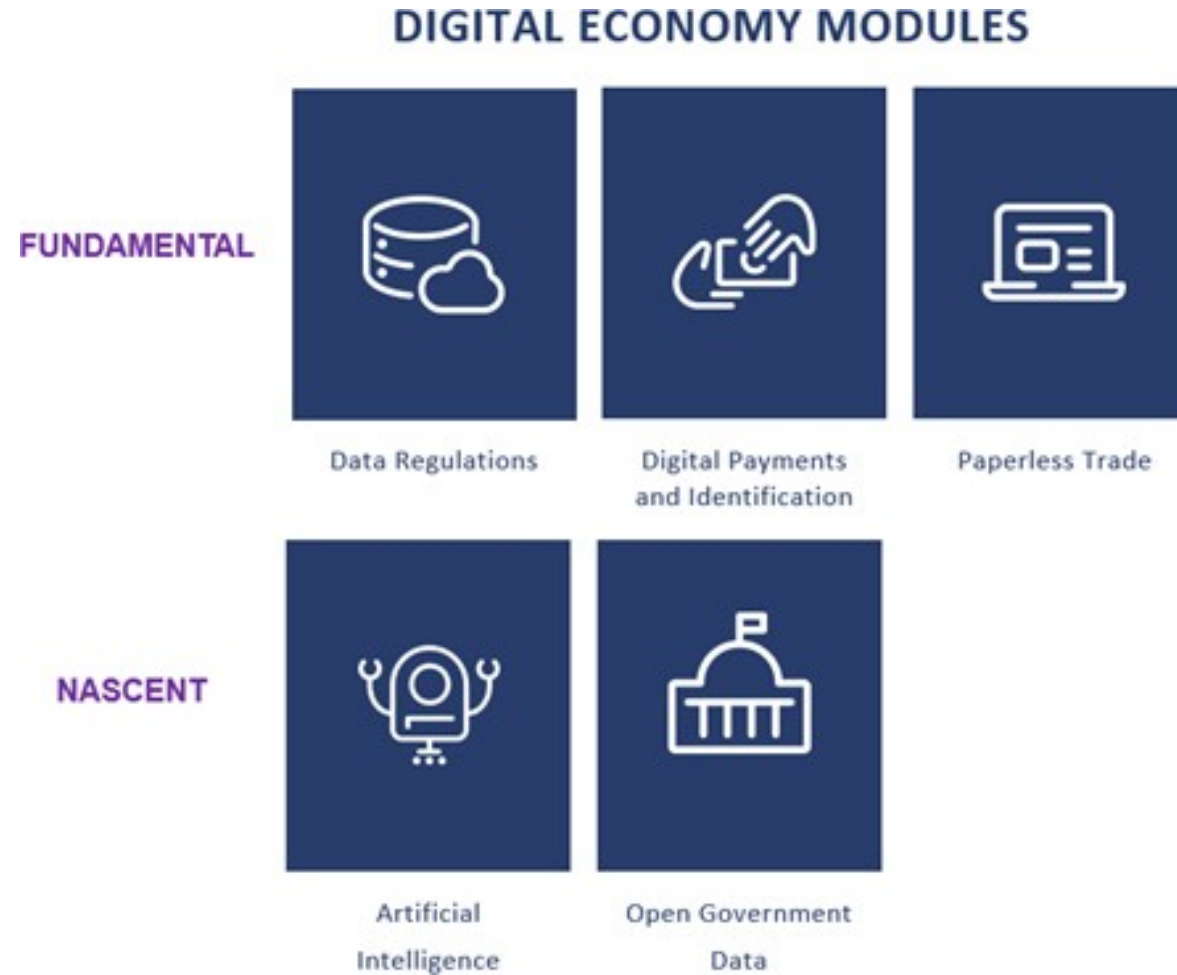


**On-going DEA Negotiations**



**How ready is a potential partner economy in signing  
Digital Partnership Agreements  
with Singapore?**

# Methodology: The DEA Framework



Note:

Data regulations include modules on: 1) Cross-border data flows, 2) Personal Data Protection, and 3) Data Innovation.

Digital payments include modules on: 1) E-invoicing, 2) Fintech and e-Payments, and 3) Digital ID.

# Methodology: Overview

- “**Modules**” of existing DEAs are used to gauge readiness.
- For each module, a composite score is computed to assess a country's current state of **digital capabilities and policy environment**.
  - Sources include: World Economic Forum, International Telecommunications Union, the United Nations, and the World Bank
  - Normalized scores of 0-100; equal weights
- Scores of countries with existing DEAs (**Chile, New Zealand, and Australia**) are used as benchmark for readiness.

# Methodology: Data Regulations

## DATA REGULATIONS

Data Protection and Privacy  
Legislation

*(UNCTAD)*

Cybersecurity Index

*(ITU)*

Legal Framework Adaptability to  
Digital Business Models

*(World Economic Forum)*

Data Policies Enabling Digital  
Trade

*(ECIPE)*

Data regulations include cross-border data flows, personal data protection, and data innovation. This ensures digital goods and services can flow freely across countries, while maintaining trust in businesses and governments. Availability of data also allows for development of new digitally enabled-goods and services.

# Methodology: Digital Payments

## DIGITAL PAYMENTS

Account ownership at a financial institution or with a mobile-money-service provider (% of pop age 15+)

*(World Development Indicators)*

Made or received digital payments in the past year (% of pop age 15+)

*(G20 Financial Inclusion Indicators)*

E-payments regulatory and policy environment

*(APEC)*

Proportion of businesses placing orders via the internet

*(Economist Intelligence Unit)*

B2G payments availability

*(Economist Intelligence Unit)*

G2B payments availability

*(Economist Intelligence Unit)*

Existence of Digital ID

*(Economist Intelligence Unit)*

Digital payments and digital ID ensure digital trade among firms, including SMEs, can happen seamlessly. It allows for a wider reach in consumer base and ease of market access to partner economies. The integration of digital identities to digital payment systems also allows faster KYC processes across borders.



# Methodology: Paperless Trade

## Paperless Trade *(UN Global Survey on Digital and Sustainable Trade Facilitation)*

Automated customs system	Electronic Single Window System	Electronic submission of Customs declarations	Electronic application and issuance of import and export permit	Electronic Submission of Sea Cargo Manifests	Electronic Submission of Air Cargo Manifests
Electronic application and issuance of Preferential Certificate of Origin	E-Payment of Customs Duties and Fees	Electronic exchange of Customs Declaration	Electronic exchange of Certificate of Origin	Electronic exchange of Sanitary & Phyto-Sanitary Certificate	Paperless collection of payment from a documentary letter of credit

Paperless trade increases efficiency and reduces cost in trade.  
Digital exchange of trade data also ensures accuracy and authenticity of electronic documents.

# Methodology: Artificial Intelligence

## ARTIFICIAL INTELLIGENCE *(World Economic Forum)*

Adoption of emerging  
technologies

Investment in emerging  
technologies

Digital skills in the active  
population

Government promotion of  
investment in emerging  
technologies

Emerging technologies such as AI will be important components of digital trade especially in the use of data. Countries that are more likely to adopt and invest in AI use in governments and businesses are also more likely to create governance mechanisms for ethical use of AI.

# Methodology: Open Government

## OPEN GOVERNMENT

Data Coverage  
*(Open Data Watch)*

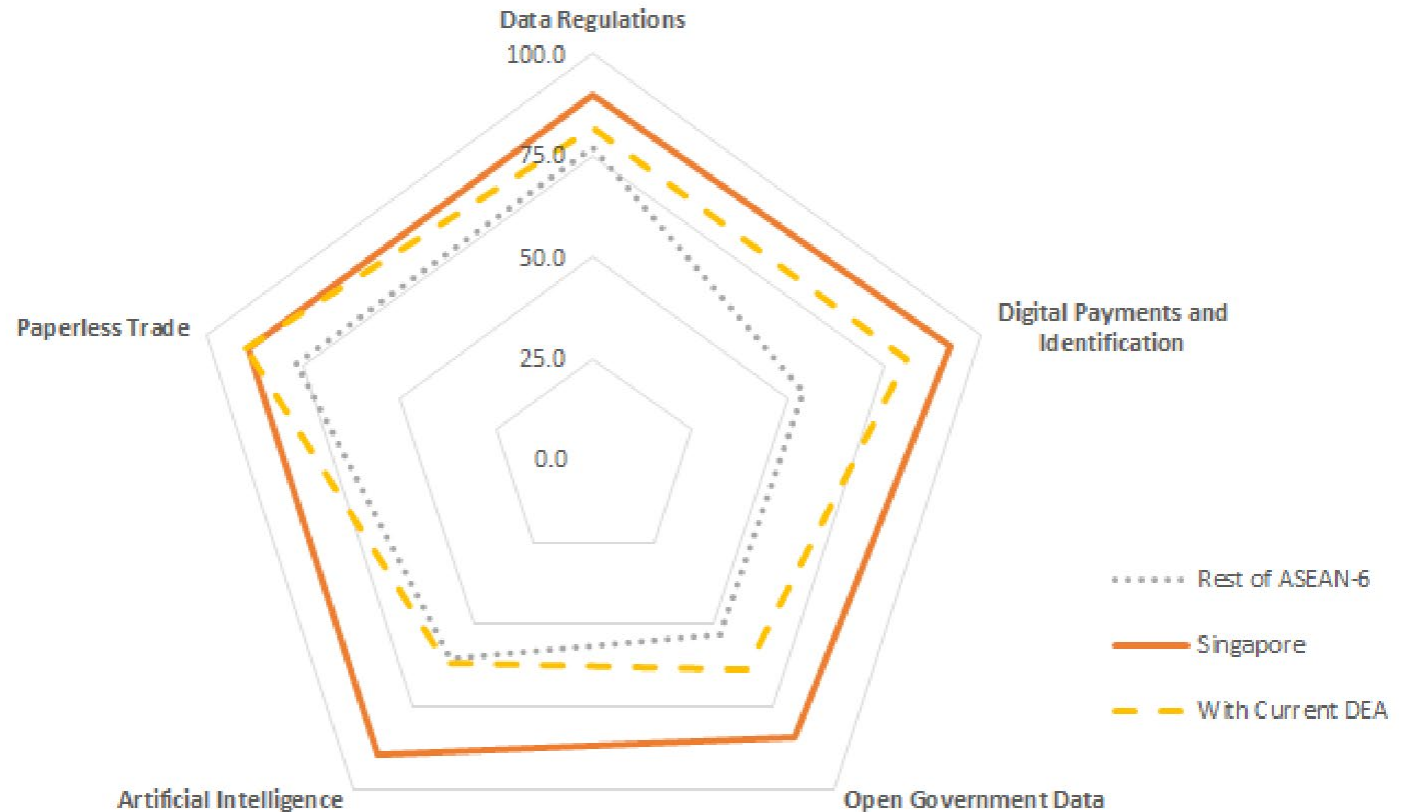
Data Openness  
*(Open Data Watch)*

Readiness to use data  
*(Open Data Barometer)*

Open government data allows businesses to generate and expand opportunities in digital trade.  
Firms can use data to develop new digital goods and services.

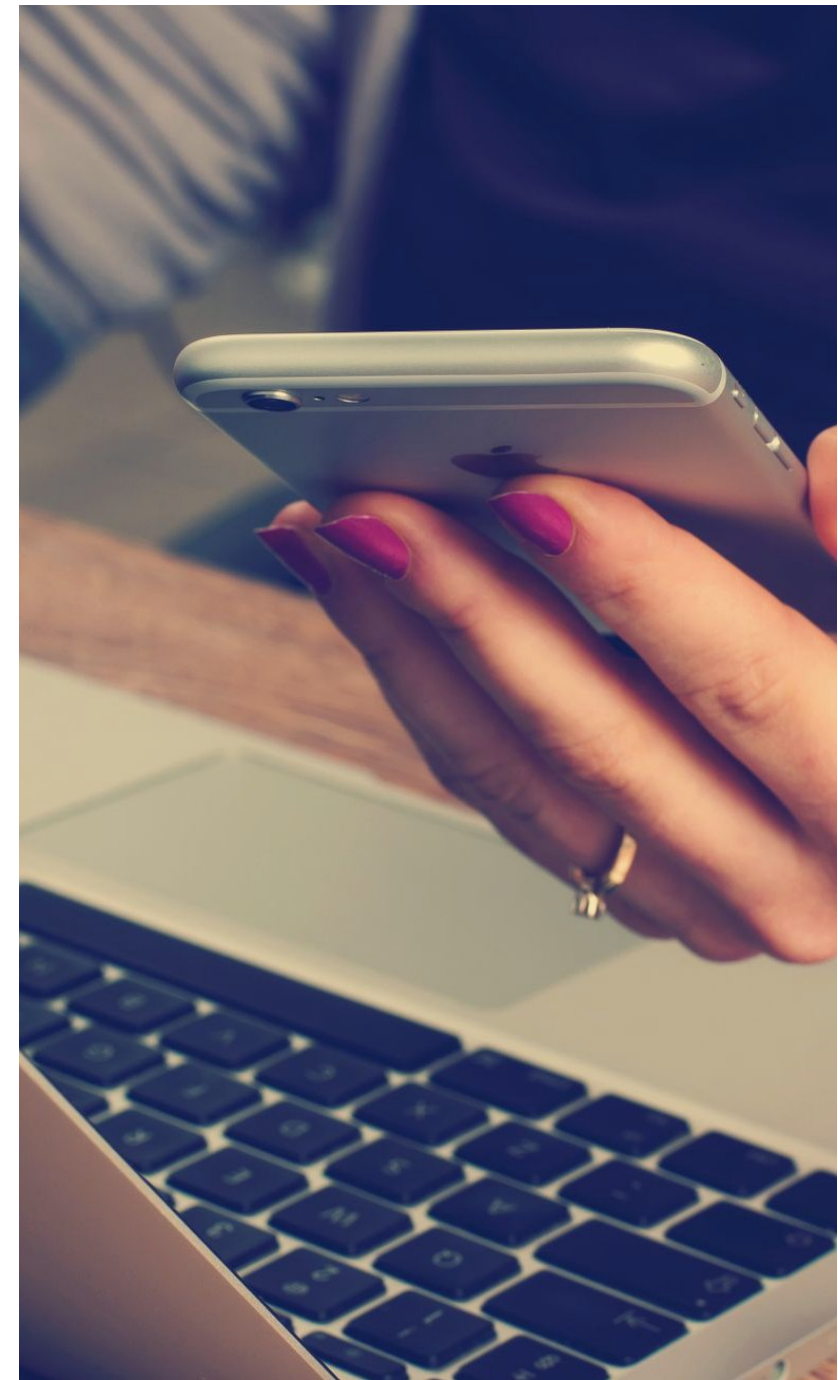
# DEA Modules: SG, Rest of ASEAN-6, and Existing DEAs

- Singapore leads the rest of ASEAN-6 in all DEA modules and are advanced in these policy areas even compared to those they have existing DEAs with.
- This paper uses the module score of those with existing DEAs as **benchmark** for prospects of policy alignment through formal agreements.



If a country is within 10 of the “with current DEA” threshold, policy developments are in place to consider talks for a DEA.

# **Banking on Potential: Digital Payments Key to Philippine Digital Economy**



# The Philippine Digital Economy

The Philippine digital economy's contribution to GDP is increasing pre-pandemic with an average growth rate of 13.3% from 2012 - 2018.

The value added to real GDP:



## INFRASTRUCTURE

- Grew 11.5% from 2012-2018



## E-COMMERCE

- Grew 22.5% from 2012-2018

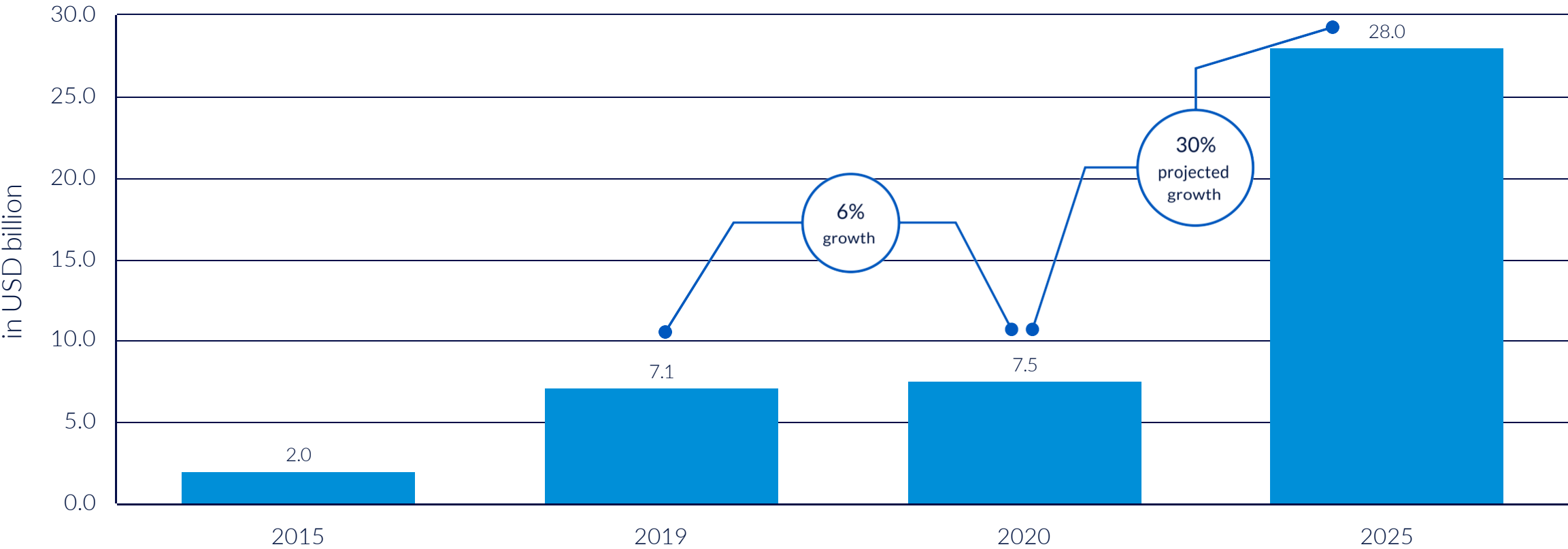


## DIGITAL MEDIA

- Grew 9.1% from 2012-2018

# Philippine internet economy has the most room for growth in the region.

E-commerce grew by 55% from 2019-2020, offsetting losses in travel, transport and food delivery.



Source: Google, Temasek, and Bain Company (2020)



**How ready is the Philippines in signing a  
Digital Economy Agreement  
with Singapore?**



# Philippine Readiness For DEA Collaboration

- **Data Regulations** is an area mature enough for the Philippines to establish formal collaborative arrangements with Singapore.

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- Emerging policy areas of **Artificial Intelligence** and **Open Government Data** are also ready for DEA collaboration.

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- **Paperless Trade** and **Digital Payments** are areas not yet ready.



# Data Regulations

- The Philippines and Singapore signed an MOU on data protection in 2019
- PH is signatory to APEC Cross-Border Privacy Rules System
- There is no data innovation mechanism, but there are precedents.

## READY TO SIGN DEA

Singapore	90.1
Australia	85.8
New Zealand	82.0
Chile	78.6

<b>Philippines</b>	<b>74.4</b>
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79.1

ASEAN-6 Average

## Digital Payments and ID

- Challenges in financial inclusion
- QR payment system to roll out this year
- E-invoicing Framework to pilot in 2022
- Digital ID still rolling out

### NOT READY TO SIGN DEA

Singapore	91.8
New Zealand	81.1
Australia	80.8
Chile	80.3

<b>Philippines</b>	<b>43.60</b>
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60.2

ASEAN-6 Average

# Paperless Trade

- Not all regulatory agencies are connected to the National Single Window
- Limited processing of electronic documents
- First ASEAN country to sign UN Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific

## NOT READY TO SIGN DEA

New Zealand	94.4
Australia	91.7
Singapore	88.9
Chile	83.3

<b>Philippines</b>	<b>77.80</b>
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78.7

ASEAN-6 Average

# Artificial Intelligence

- The Philippines recently issued its AI Roadmap
- No AI governance framework
- Digital skills for emerging technologies is a bright spot

## READY TO SIGN DEA

Singapore	90.0
Australia	68.9
New Zealand	67.9
<b>Philippines</b>	<b>57.4</b>
Chile	48.00

65.1

ASEAN-6 Average

# Open Government Data

- The Philippines is one of nine founding members of Open Government Partnership
- Executive order on Freedom of Information was signed in 2016

## READY TO SIGN DEA

Singapore	84.3
New Zealand	76.7
Australia	70.0
<b>Philippines</b>	<b>67.3</b>
Chile	45.00

58.3

ASEAN-6 Average

# Summary

	Philippines
<b>Data Regulations</b>	✓
<b>Digital Payments and ID</b>	✗
<b>Paperless Trade</b>	✗
Artificial Intelligence	✓
Open Government Data	✓

- **Data regulations is ready for potential DEA**

Data protection MOU with Singapore a good start for collaboration in other modules

- **Digital payments way below threshold; paperless trade closer to benchmark**

Piloting of digital ID and e-invoicing are however promising trends that PH can take advantage of in the coming years

Continued integration of electronic processing in ASW

- **Nascent areas of AI and open government are ready for collaboration.**