

Global Value Chains and Development

Trade rules, The Digital Economy and the
TPP

*Future Global Trade Regime and Investment
Seminar + E15 Japan Launch*

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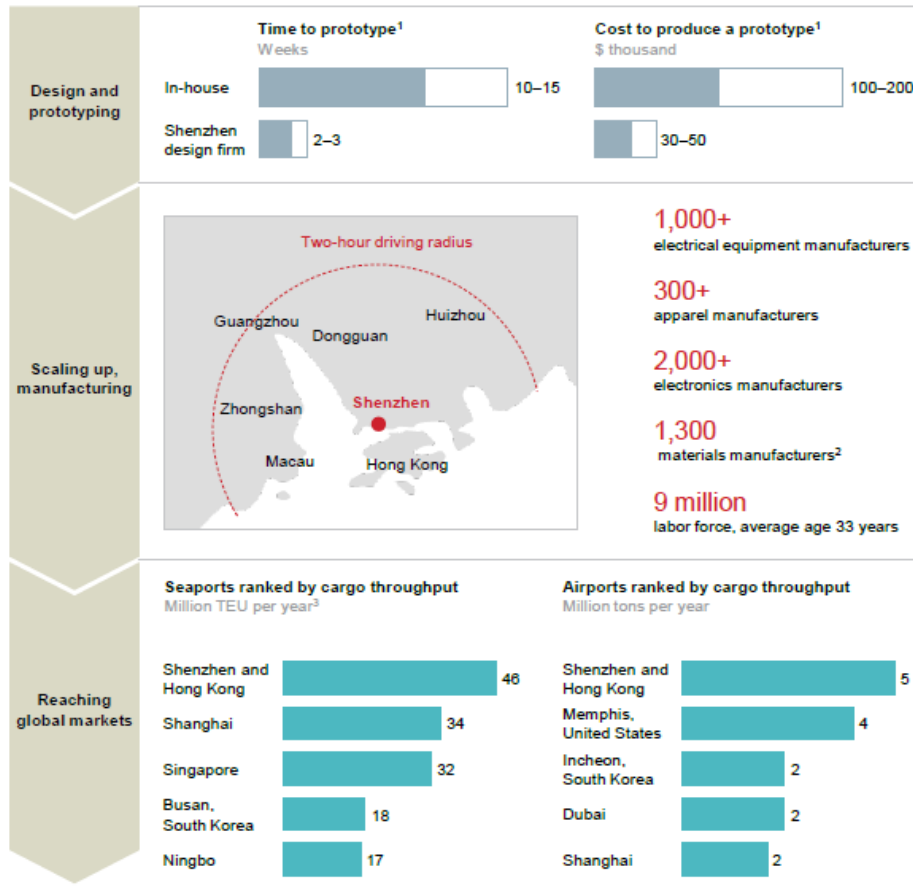
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Global Value Chains Don't Care about Nationality

They Care About Value.



Chengdu has 16,000 companies registered and 820 of them are foreign-invested companies. Of these, 189 are Fortune 500 companies. Prestigious brand names such as Intel, Microsoft, SAP, Cisco, Oracle, BAE, Ericsson, Nokia, SAP, Boeing, IBM and Alcatel-Lucent etc. are all located there.

Shenzhen has managed to position itself as a key location in global supply chains across a broad swathe of manufactured products (particularly electronics and ICT) with a range of advantages as depicted in this graphic, care of McKinsey.

¹ Low-tech electronics example.
² Chemicals, rubber, minerals, metals, textiles.
³ Twenty-foot equivalent unit, a measure of cargo ship capacity.

Focus on The Digital Economy

New players and traditional stalwarts



Tencent 腾讯



Even brick and mortar companies that we associate with the “traditional” economy see themselves today as internet companies .

Focus on the Digital Economy

Innovators and disruptors



The digital economy is not only difficult to define, but is also in a constant state of flux and is constantly evolving.



iTunes



International Rule-Making for the Digital Economy

The five key fora where this is happening now



- New rules on e-commerce
- New rules on encryption and electromagnetic compatibility
- New rules on cross-border supply of services

- Long-overdue updating of the ITA to take into account technological developments since 1997

- Ambitious market access commitments in cross-border trade in services and mode 3
- E-commerce annex

- Already the biggest trade relationship in the digital economy
- Ambitious agreement with comprehensive market access and investment liberalization
- E-commerce, NTBs, and privacy to be important issues tackled

- Contemplating disciplines on e-commerce and online payments
- Ambitious aims to achieve greater services market integration and more liberal investment regimes

International Rule-Making

The Trans-Pacific Partnership

THE TRANS-PACIFIC PARTNERSHIP



THERE ARE
12
COUNTRIES
THAT ARE
NEGOTIATING
PARTIES OF
THE TPP

THOSE
COUNTRIES
ACCOUNT FOR

36%

OF THE
WORLD'S
GDP



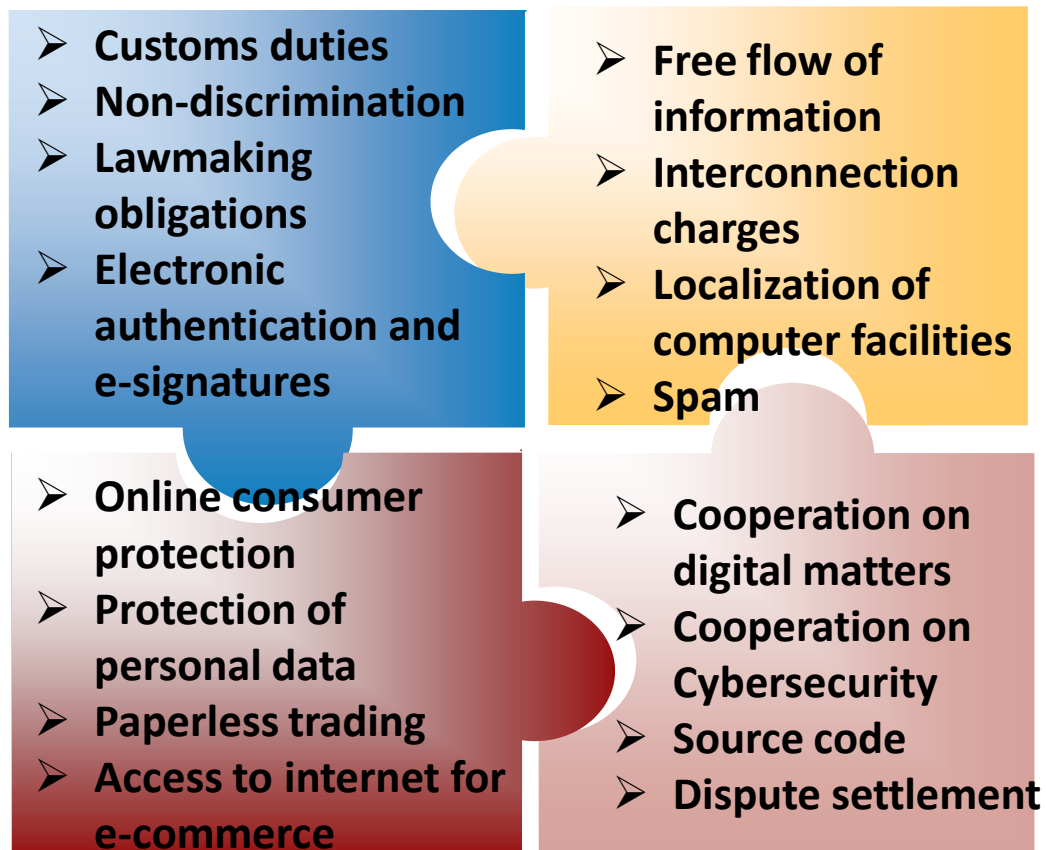
Different provisions impacting the digital economy

- E-commerce chapter
- Rules on technical barriers to trade and standard setting
- Cross-border trade in services
- Rules on regulatory coherence
- Intellectual property rules

International Rule-Making

The TPP E-commerce chapter

Eighteen provisions covering a broad range of issues impacting digital trade:



The Trans-Pacific Partnership as Benchmark

Does it represent the emerging consensus?

- TiSA commitments and e-commerce annex seem likely to closely resemble that which we have seen in the TPP given the leadership role taken up by the U.S. and the presence of many TPP parties in these talks.
- TTIP is also likely to resemble the TPP outcomes but with more stringent rules on privacy/data protection.
- RCEP is likely to be where the lines of any international consensus are likely to be the most hotly contested, given the presence of both China and India in these negotiations.

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