

## Parallel Session on Innovative Development of Digital Trade: Opportunities and Challenges

### 【Basic Information】

#### Hosts:

**Speeches:** Zhang Yuyan Director-General of Institute of World Economics and Politics (IWEP) and Chief Expert of National Institute for Global Strategy (NIGS), Chinese Academy of Social Sciences (CASS), CASS Member

**Panel Discussion:** Dong Yan Senior Research Fellow, Director of Department of International Trade, Institute of World Economics and Politics (IWEP), Chinese Academy of Social Sciences (CASS)

#### Speeches:

Gao Peiyong Vice President of the Chinese Academy of Social Sciences (CASS) and CASS Member

Zhang Xiangchen Deputy Director-General of the World Trade Organization

Jiang Zengwei President of the Global Alliance for Trade in Services

Liu Jun President of Bank of Communications

#### Panel Discussion:

Zhang Yuyan Director-General of Institute of World Economics and Politics (IWEP) and Chief Expert of National Institute for Global Strategy (NIGS), Chinese Academy of Social Sciences (CASS), CASS Member

Craig Allen President of the US-China Business Council

Xing Houyuan Senior Expert of Global Alliance for Trade in Services, Former President of China Outsourcing Institute (COI), MOFCOM

Bernard Hoekman Professor and Director, Global Economics at the Robert Schuman Centre for Advanced Studies, European University Institute in Florence, Italy

Tu Xinquan Dean and Professor of the China Institute for WTO Studies of University of International Business and Economics (UIBE)

Takamoto Suzuki GM, Chief Economist of Economic Research Team, Marubeni (China) Co., Ltd.

## **【Brief Introduction】**

The 5th Hongqiao International Economic Forum's Parallel Session on Innovative Development of Digital Trade: Opportunities and Challenges, co-hosted by the Ministry of Commerce (MOFCOM), the Chinese Academy of Social Sciences (CASS) and the Global Alliance for Trade in Services (GATIS), took place at the National Exhibition and Convention Center (Shanghai) on November 5. The event was moderated by Zhang Yuyan, Academician of Chinese Academy of Social Sciences (CASS), Director of Institute of World Economics and Politics of CASS, President and Chief Expert of National Institute for Global Strategy of CASS. Experts and scholars from CASS, WTO, GATIS, Bank of Communications, US-China Business Council, UIBE, and other entities and international organizations gathered online and offline for a panel discussion on the opportunities and challenges facing the innovative development of digital trade. China News Service broadcast the event live with graphics and stories, and thepaper.cn provided follow-up coverage.



## [Speeches]



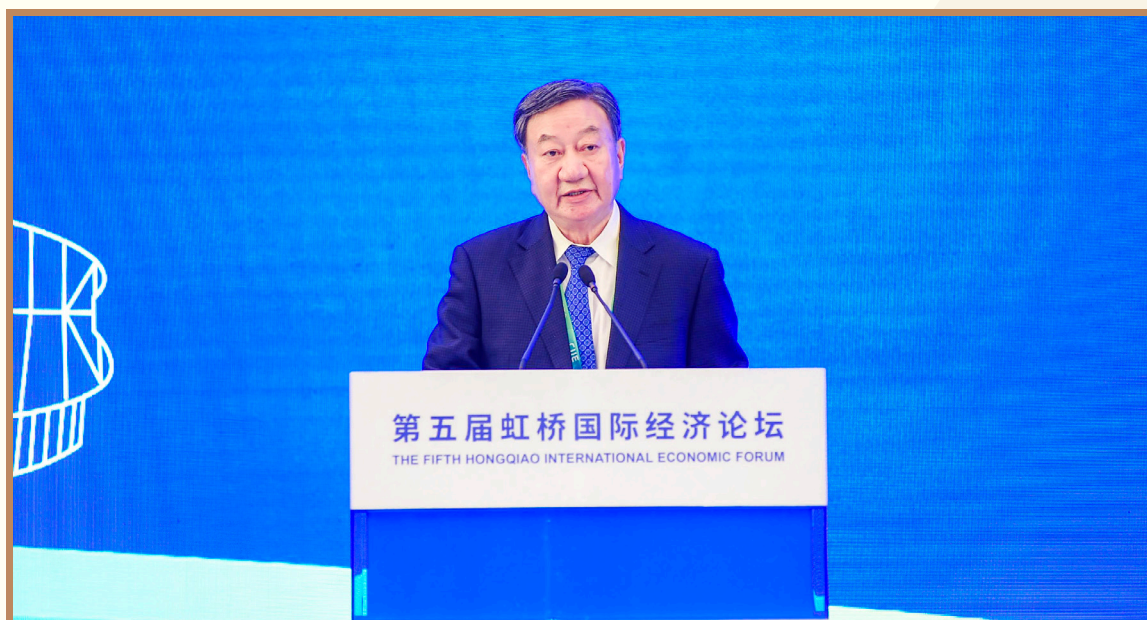
Gao Peiyong, Vice President of the Chinese Academy of Social Sciences (CASS) and CASS Member, attended the Parallel Session on Innovative Development of Digital Trade: Opportunities and Challenges by video and delivered a speech.

Gao Peiyong, Vice President of the Chinese Academy of Social Sciences (CASS) and CASS Member, offered his insights on the development of global digital trade. First, promoting innovation in digital trade patterns for the development of a modern industrial system. This requires efforts to speed up the development of digital economy, facilitate the intensive integration of digital economy and real economy, and shape a digital industry cluster that is internationally competitive. Innovation in science and technology, institutions, patterns and business models in the field of digital trade can help foster the digital transformation of the real economy, accelerate the transformation of economic growth momentum, and promote high-quality economic development. Second, driving institutional innovation in the digital arena for accelerating the construction of a new development pattern. This requires an open, fair, secure and orderly cyber environment for the digital economy, and needs to facilitate development that is innovative, inclusive and sustainable. Third, implementing innovation in global digital governance for building an open world economy. Advancing collaboration on global digital governance is an essential part of building an open world economy.



Zhang Xiangchen, Deputy Director-General of the World Trade Organization, attended the Parallel Session on Innovative Development of Digital Trade: Opportunities and Challenges by video and delivered a speech.

Zhang Xiangchen, Deputy Director-General of the World Trade Organization, noted that governments and the international community should bear in mind two considerations when dealing with the opportunities and challenges associated with digital trade. First, assessing the extent of the impact of digitalization on production and trade. Digital trade will expand the scale of global productivity and trade and will benefit global economies, so governments should take a more enthusiastic and open attitude toward the digital economy. Second, studying how digital trade will shape the landscape of global trade. The application of digital technologies has significantly lowered the trade costs of the developing countries and created more opportunities for these countries to be part of the global value chains. To enable the developing countries to better capitalize on the opportunities brought by the innovative development of digital trade, he offered his insights: Developing countries should address their shortcomings in infrastructure, capital and manpower for the sake of capacity building; and develop international rules for digital trade and encourage countries to lower barriers to trade and investment.



Jiang Zengwei, President of the Global Alliance for Trade in Services, attended the Parallel Session on Innovative Development of Digital Trade: Opportunities and Challenges in Shanghai and delivered a speech.

Jiang Zengwei, President of the Global Alliance for Trade in Services, pointed out that the opportunities brought by the innovative development of digital trade can be viewed in three ways. First, the upgrade and iteration of digital technologies allows data to become an essential transactional object in international trade, so that new momentum is injected into the development of global trade in services. Second, the accelerated digital transformation of trade in services allows the originally untradable services to become the real part of trade in services, so that the vitality and resilience of global trade in services is enhanced. Third, digital trade accelerates innovation and evolution of internal regulations and international rules to protect the liberalization and facilitation of digital trade. The development of digital trade also faces challenges: First, as there is no universally accepted definition and classification standards for digital trade, it is difficult for countries to effectively coordinate their digital trade policies. Second, as a globally uniform code of digital trade is yet to be established, and the fragmented digital trade rules deepen the global digital divide.



Liu Jun, President of Bank of Communications, attended the Parallel Session on Innovative Development of Digital Trade: Opportunities and Challenges in Shanghai and delivered a speech.

Liu Jun, President of Bank of Communications, pointed out that the internationalization of RMB and digital RMB will act in concert to become an important driving force for the development of digital trade. The next step of RMB internationalization featuring digital RMB will pick up speed and will begin to improve China's international competitiveness. Logically, the huge demand potential of the Chinese market will help accelerate the two-way flows, i.e. "going global" while "introducing". It will also create more scenarios for the cross-border application of digital RMB for better RMB internationalization.

## 【Panel Discussion】



Zhang Yuyan, Director-General of Institute of World Economics and Politics (IWEP) and Chief Expert of National Institute for Global Strategy (NIGS), Chinese Academy of Social Sciences (CASS), CASS Member, attended Parallel Session on Innovative Development of Digital Trade: Opportunities and Challenges in Shanghai, moderated speeches, and engaged in panel discussions.

Zhang Yuyan, Director-General of Institute of World Economics and Politics (IWEP) and Chief Expert of National Institute for Global Strategy (NIGS), Chinese Academy of Social Sciences (CASS), CASS Member, argued that it is important for countries to strengthen their physical and institutional infrastructures in order to give full play to their strengths in the digital economy. For infrastructure and human capital, countries should strengthen collaboration to help close the digital divide. In addition, it is more important to develop institutions and practices. This is primarily attributed to the fact that different communities want different things from digital trade rules. The rules themselves are non-neutral, making it very difficult for the communities to reach consensus on digital trade rules. Therefore, countries should work together for the development of institutional infrastructure.





Craig Allen, President of the US-China Business Council, attended the Parallel Session on Innovative Development of Digital Trade: Opportunities and Challenges in Shanghai and engaged in panel discussion.

Craig Allen, President of the US-China Business Council, pointed out that it is imperative to have a global and open perspective in defining digital trade, to regulate data, ensure data security, keep governments protected, protect consumer privacy, enhance efficiency, and strike a balance between privacy, security and efficiency. In view of difficulties in regulating digital trade, countries should strengthen regulatory collaboration to facilitate an open international digital trade. The WTO has not yet formed globally uniform data regulation rules. The EU, the US, China and other economies face contradictions and gaps in the data regulation systems, posing challenges to the operation of MNCs and the development of digital trade. He said that regional trade protocols such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and multilateral mechanisms such as the APEC Cross-Border Privacy Rules (CBPR) can help promote greater regulatory harmonization among countries and facilitate the formation of data regulatory rules that are accepted by all countries.



Xing Houyuan, Senior Expert of Global Alliance for Trade in Services, Former President of China Outsourcing Institute (COI), MOFCOM, attended the Parallel Session on Innovative Development of Digital Trade: Opportunities and Challenges in Shanghai and engaged in panel discussion.

Xing Houyuan, Senior Expert of Global Alliance for Trade in Services, Former President of China Outsourcing Institute (COI), MOFCOM, stressed that digital trade has brought "disruptive" changes to the global trade landscape along with six major opportunities for global economic development. Specifically, the digital delivery of service leads to tremendous growth in international trade; the rapid development of intellectual property trade with source code at its core helps countries improve the quality of economic development; digital trade helps mitigate the impact of aging populations, rising labor costs, and even the Covid-19 on the world economy; digital trade accelerates the process of greener economic development; digital trade enables SMEs and underprivileged groups such as women and people with disabilities to have access to international trade, enabling inclusive development; and digital trade helps enhance the stability of international industrial chains and supply chains. Digital trade, however, also faces challenges. Better international collaboration can address these challenges.



Bernard Hoekman, Professor and Director, Global Economics at the Robert Schuman Centre for Advanced Studies, European University Institute in Florence, Italy attended the Parallel Session on Innovative Development of Digital Trade: Opportunities and Challenges by video and engaged in panel discussion.

Bernard Hoekman, Professor and Director, Global Economics at the Robert Schuman Centre for Advanced Studies, European University Institute in Florence, Italy, offered insights on the implications of digital trade for the global trade governance system and how to use bilateral, regional and global multilateral trade mechanisms to enhance the global digital trade governance capacity and promote the innovative development of digital trade. He underlined the importance of promoting the harmonization of digital regulatory systems across countries to support and encourage countries to promote digital trade development, while ensuring that countries have the capacity to achieve their respective domestic regulatory objectives. To this end, he proposed three ways to promote greater regulatory synergies among countries. First, encouraging countries to adopt similar digital regulatory frameworks; second, promoting countries to establish evaluation mechanisms for digital regulatory frameworks and strengthen the reciprocal recognition of digital regulatory systems among countries; third, playing the role of cooperative mechanisms such as WTO to promote bilateral, regional or multilateral agreements on digital trade rules among countries.



Tu Xinquan, Dean and Professor of the China Institute for WTO Studies of University of International Business and Economics (UIBE), attended the Parallel Session on Innovative Development of Digital Trade: Opportunities and Challenges in Shanghai and engaged in panel discussion.

Tu Xinquan, Dean and Professor of the China Institute for WTO Studies of University of International Business and Economics (UIBE), held that digital trade can be categorized as trade in goods and services based on the flow of goods, and the cross-border flow of data elements. Different categories of digital trade should be treated separately when formulating policies. First, for cross-border e-commerce, active efforts should be made to promote liberalization and facilitation. Second, for the cross-border delivery of services in digital form, it is important to tighten the regulation of the industry and promote international regulatory cooperation, in order not only to ensure security technically but also to forestall the impact on employment in the native country. Third, since it is difficult to regulate foreign online media service providers who do not generally have a commercial presence in their host countries, necessary and feasible regulation of such platforms should be considered. Fourth, security and efficiency should be of great importance in the management of data flows, and it is not advisable to mindlessly maximize efficiency and liberalization.



Takamoto Suzuki, GM, Chief Economist of Economic Research Team, Marubeni (China) Co., Ltd. attended the Parallel Session on Innovative Development of Digital Trade: Opportunities and Challenges by video and engaged in panel discussion.

In light of the reality of digital trade dynamics in Japan, Takamoto Suzuki, GM, Chief Economist of Economic Research Team, Marubeni (China) Co., Ltd., discussed the landscape and challenges of global digital trade and the prospects for cooperation between China and Japan in the field of digital trade. He pointed out that global digital trade has been booming in recent years, and Japan is at the forefront in the world in both trade in digital goods and trade in digital services, especially in the field of consumer entertainment services. However, Japan also sees some challenges in the development of digital trade, including the scarcity of leading global tech giants and platform-based companies, and a relatively fragile financing environment. Globally, there are three major challenges to the development of digital trade: information insecurity, uncertainty about the future of digital technologies and applications, and the construction of digital trade ecosystem. To respond to the challenges in the development of digital trade, China and Japan should actively play a leading role. As China and Japan share considerable complementary strengths in the trade in digital goods, the two countries should take advantage of these strengths to strengthen exchanges and cooperation.



Dong Yan, Senior Research Fellow, Senior Research Fellow, Director of Department of International Trade, Institute of World Economics and Politics (IWEP), Chinese Academy of Social Sciences (CASS) attended the Parallel Session on Innovative Development of Digital Trade: Opportunities and Challenges in Shanghai, and moderated panel discussions and outcome release.

## **【Report Release】**

### **Research Report on Digital Trade**

The Report outlines the status quo and trends of digital trade development, analyzes the level of digital trade liberalization, explores the mechanism of the implications of digital trade liberalization for global development, and proposes policy recommendations for the development of digital trade liberalization in China.