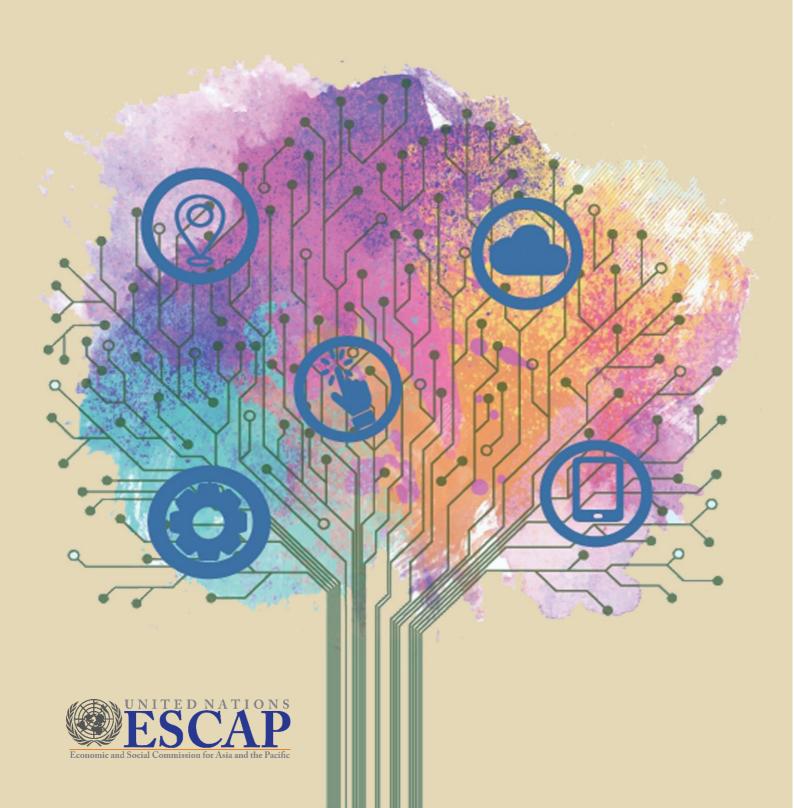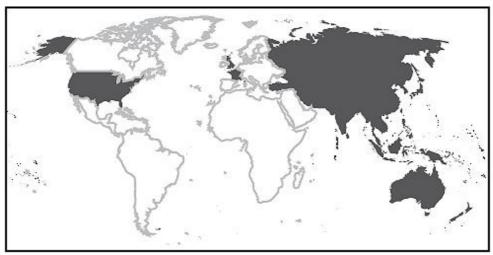# NATIONAL ACTION PLAN
PROMOTING PAKISTAN'S DIGITAL TRADE INTEGRATION IN THE ASIA–PACIFIC REGION

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The report is available at: https://www.unescap.org/kp/2021/national-action-plan-promoting-pakistans-digital-trade-integration-asia-pacific-region

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Acknowledgements

Abstract

Study shows Pakistan has relatively restrictive digital-trade policy environment. Removing trade obstacles on investment in digital sectors, digital goods, and services would serve Pakistan's interest to fully utilize the opportunity brought by digital technology. It will allow firms to seize digital trade opportunities and create productivity effects. The success of Pakistan in digital transformation will depend on whether the country can overcome the barriers to adopt the latest technologies made available through growing FDI and increase openness to digital trade and technology ideas.

It is important that domestic policies are complemented by the digital trade integration of Pakistan at multilateral, regional and bilateral level. Collaboration with international organizations for technical assistance and with the private sector to address specific and most pressing challenges is a priority. Participating in the new-generation FTAs could be an instrument to support advancements in digital trade and lift restrictions in some areas such as data flows, consumer protection, digital goods and IPR. In addition, Pakistan should consider engaging actively in the plurilateral discussions on the Joint Statement Initiative (JSI) on digital trade ongoing at the WTO level.

Contents

Abbreviations and Acronyms

B2B	business-to-business
B2C	business-to-consumer
CJEU	Court of Justice of the European Union
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DECT	Digital Enhanced Cordless Telecommunication
ESCAP	(United Nations) Economic and Social Commission for Asia Pacific
FIA	Federal Investigation Agency
FTA	Free Trade Agreements
ITA	Information Technology Agreement
ISPs	Internet Service Providers
JSI	Joint Statement Initiative
MOITT	Ministry of Information Technology and Telecommunication
NRI	Networked Readiness Index
PCT	Patent Cooperation Treaty
PECA	Prevention of Electronic Crimes Act
PTA	Pakistan Telecommunications
PTCL	Pakistan Telecommunication Company Ltd.
RIM	Research in Motion
SBP	State Bank of Pakistan
SDoC	Self-Declaration of Conformity
SDPI	Sustainable Development Policy Institute
SOEs	State-Owned Enterprise
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
WEF	World Economic Forum
WTO	World Trade Organization

Introduction

The Asia-Pacific region is already the fastest growing e-commerce marketplace. The region covers 43% of the global share of the e-commerce market with a value of USD 1 trillion in e-commerce transactions. In this context, those countries in the region which will succeed in implementing a conducive environment that can leverage on digital trade are set to benefit the most from the value created by the digital economy. Pakistan is one of these countries.

While Pakistan is the second highest exporter of ICT services from South Asia with more than USD 1 billion of exports, this represents only 0.2% of world market share. Moreover, Pakistan's exports are concentrated in a few traditional products, which calls for diversification in trade in goods and services. Digital trade represents an opportunity to promote diversification with low up-front trade costs due to the very nature of the internet that reduces the burden of distance (see Lendle et al., 2016). The national study on digital trade integration (SDPI, 2021) clearly shows that Pakistan lags behind in terms of exports of digital goods, while instead exports in some digitally-enabled services are increasing over time and are supporting Pakistan in achieving trade balance. This calls both for more investment in the production of digital goods in the long-term, while in the short-term supporting digital trade in services.

The country has already implemented several policies and strategic frameworks to support digital trade. The Strategic Trade Policy Framework of Pakistan 2015, for example, targets the increase in annual exports and export competitiveness. The key enablers defined in the policy to achieve the target include promoting the technological development, protection of intellectual property, tax regime and investment policies. The E-Commerce Policy of Pakistan 2019 aims to streamline laws and regulatory framework for e-commerce business, provide efficient e-payment through issuing rules and regulations and address challenges in taxation structure and digital infrastructure. The State Bank of Pakistan (SBP) has approved the e-commerce payment gateway "PayFast" to begin its operations (Profit Pakistan Today, 2020). PayFast offers payment acceptance by multiple instruments including UnionPay, Mastercards, mobile wallets, Visa and bank account numbers. Finally, the Digital Pakistan Policy 2018 and the Digital Pakistan Vision 2019 set the foundation for the construction of a holistic digital ecosystem with advanced concepts and components for the rapid delivery of next generation digital services, applications and content.

Building on these policies implemented in the recent years and on the momentum created by the COVID19 crisis to support digitization and digital adoption in the country, this paper