

# **NATIONAL ACTION PLAN**

## **PROMOTING THE PHILIPPINES'S DIGITAL TRADE INTEGRATION IN THE ASIA-PACIFIC REGION**



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## Acknowledgements

This paper is part of the 11th Tranche of the Development Account on Measuring, monitoring and improving performance in regional integration within ECA, ESCWA and ESCAP regions. Under overall guidance of Yann Duval, Officer-in-Charge, Trade, Investment and Innovation Division of ESCAP, and section Chief, Trade Policy and Facilitation Section, and supervision of Witada Anukoonwattaka, Economic Affairs Officer and project manager, this report was prepared by by Martina Ferracane, European University Institute. The paper is also benefited from inputs and comments received from national consultation meetings with several governments and non-government entities and experts in Philippines.

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## Abbreviations and Acronyms

CPCN	Certificate of Public Convenience and Necessity
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
FDI	Foreign Direct Investment
FINL	Foreign Investment Negative List
FTAs	Free Trade Agreements
GDP	Gross Domestic Product
GPA	Agreement on Government Procurement
IFC	International Finance Corporation
IPOPHL	Intellectual Property Office of the Philippines
IPR	Intellectual Property Right
IRR	Implementing Rules and Regulations
ISPs	Internet Service Providers
JSI	Joint Statement Initiative
LLU	local loop unbundling
NRI	Networked Readiness Index
NSW	National Single Window
NTC	National Telecommunications Commission
PIDS	Philippine Institute for Development Studies
RA	Republic Act
RDTII	Regional Digital Trade Integration Index
RIA	Regulatory Impact Assessment
SEC	Securities and Exchange Commission
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 \$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. The Philippines is one of these countries.

The Philippines has undergone an economic transformation in the last five years, growing at around 7% per annum. The country is among the fastest-growing markets for digital trade due to its large population that is well-equipped in digital technologies. The Philippines was the top internet user in the world in 2018 (Hoosuite, 2019). With a population of about 108 million and 65% of the population in the country being active internet users, the Philippines has the potential to harness the opportunities created by digital trade to maintain its high growth momentum (Hinrich Foundation, 2019).

In 2018, the economic value of digital trade-enabled benefits to the Philippines' economy was estimated to be worth ₱160 billion (US\$3.2 billion), which is equivalent to 1.8% of its Gross Domestic Product (GDP) and this is expected to grow by almost 12-fold to reach ₱1.9 trillion (US\$37 billion) by 2030 under right policy environment (*Ibid*).

The Philippines is a net exporter of digitally-deliverable services. The main sector driving the Philippine performance in the export of digitally-deliverable services is the “other services,” which includes the technical, trade-related, and other business services (Serafica, 2019). Digital exports are the country's sixth-largest export sector and account for 5.4% of its total export value. The export value of virtual goods and services enabled by the digital economy, such as e-commerce, amounts to ₱187 billion (US\$3.7 billion) in 2018 and it is expected to grow 218% to reach ₱594 billion (US\$11.8 billion) by 2030 (Hinrich Foundation, 2019).

Albert (2020) found that Filipinos earned, on average, a monthly income of about US\$90.00 from online selling. The most common products being sold online are clothing, cosmetics, and food. However, digital export revenues from e-commerce have been significantly low due to the country's inadequate ICT infrastructure – in 2016, the country had the lowest reported internet speeds in the Asia Pacific (Hinrich Foundation, 2019).

The Philippine Development Plan 2017-2022 acknowledges the role of digital trade and e-commerce as part of developing high-value added, competitive, and sustainable sectors. While digital trade has already been mainstreamed in the national agenda with the formulation of the

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