

## Agenda

### Workshop

#### *Connectivity in the Digital Age.*

#### *Digital Futures of Trade and Economic Cooperation in Eurasia*

2-3 December 2019

Wodak Room,

International Institute for Applied Systems Analysis (IIASA),  
Schlossplatz 1, 2361 Laxenburg, Austria

Monday, 2 December

<b>11:00</b>	<b>Minibus transfer from hotel (Novum Hotel Prinz Eugen) to IIASA (Laxenburg)</b>
<b>12:00-13:00</b>	<b>Sandwich lunch</b>
<b>13:00-13:20</b>	<b>Welcome and introduction by <u>Elena Rovenskaya</u>, Program Director, Advanced Systems Analysis Program, IIASA</b>
<b>13:20-17:25</b>	<b>Session 1: Digital transformations of trade as a global phenomenon. Trends, risks, and perspectives. Regulatory aspects of digital transformation of trade</b>
<b>13:20-13:45</b>	<b><u>Marc Bacchetta</u>, Chief of Section, Economic Research and Statistics Division, WTO, Switzerland</b>
	<b>How digital technologies are transforming global commerce</b> The presentation considers the different mechanisms through which digital technologies affect international trade and the extent of potential forthcoming changes. It also discusses the consequences of this transformation for existing and future international trade cooperation.
<b>13:45-14:10</b>	<b><u>Rodolfo Ostolaza</u>, Deputy Head, Trade and Competitiveness Statistics Division, OECD, France</b>
	<b>Measuring digital (cross-border) trade: Theory and Practice</b> A prerequisite for sound policies on digital trade is sound statistics. Presently however, largely reflecting the way that national and international statistics information systems have been designed, very little internationally comparable estimates of digital international trade exists. Indeed, until recently there was little consensus on what digital trade actually was. To respond to this lacuna, the OECD, in cooperation with international statistical, trade and digital policy communities, has developed a conceptual and measurement framework to meet policy needs and which forms the basis of this presentation.

14:10-14:35	<p><b><u>Mohammad Hotak, Chairman, International Digital Chamber of Commerce, UK</u></b></p> <p><b>Digital trade in the Eurasian century</b></p> <p>It is said that the future is Asian. It has also been said that the road to the Asian future goes through a century belonging to Eurasia. With a rising China on its Eastside, a developed and expanding European Union on its Westside and Russia to the North, Eurasia has become one of the most promising regions for trade, investment and business.</p> <p>China's Belt and Road Initiative (BRI) along with the Digital Silk Road component has received an ample amount of media attention. What is far less known is the rapid entry of many other powerful nations into Eurasia. Initiatives such as EU strategy: Connecting Europe and Asia, India's 'Connect Central Asia' policy, Japan's 'Central Asia plus Japan Dialogue', Russia's 'Greater Eurasia Partnership', America's 'C5+1' Working Group, Turkey's 'Middle Corridor' Initiative and South Korea's 'Eurasia Initiative', all have one thing in common, to be at the forefront of the economic and digital opportunities worth trillions of dollars in the region.</p> <p>The global digital revolution is breaking down industry boundaries, turning almost all organisations into technology firms regardless of sector. In line with this trend of digital disruption, the most significant portion of the Chinese, European, Indian and Japanese initiatives for Eurasia are focused on digital transformation and digital trade. Digital trade is the fastest growing form of trade. By 2022, over 60% of global GDP will be digitised. Free flow of data forecasted to contribute \$11 trillion to global economy by 2025.</p> <p>Digital trade and transformation in Eurasia is great for regional connectivity and cooperation but it also risks competition. Politicians may adopt protectionist policies, start digital trade wars and use technological transformation to violate human rights. Similarly criminals can commit cyber crimes or terrorise nations. These risks can be mitigated by ensuring there are robust, enforceable and pro-digital trade agreements in place. With World Trade Organisation yet to reach a consensus on digital trade rules, Regional Trade Agreements with provisions on digital trade can be good model agreements for the Eurasia to follow.</p> <p>Eurasian nations have successfully cooperated on digital projects from smart cities to fibre optic links, IT parks and sending satellites into space, demonstrating it can be a partner for digital cooperation with social, technological and economic benefits for the people. But for things to happen at scale, it is vital for the region to invest in digital infrastructure, formulate robust digital industry policies, form digital industry associations and make sure SMEs have access to finance.</p>
14:35-15:00	<p><b><u>Patrice Chazerand, Director, Digital Trade and Taxation, DIGITALEUROPE, Belgium</u></b></p> <p><b>Digital transformation: Trade will never be the same</b></p> <p>Digital technology has been <b>permeating and disrupting</b> all walks of life, with no exception in trade. Trade is undergoing two sea-changes: borders are no longer the sole beacon due to the rise of intra-corporate flows; goods are no longer calling the shots with the rise of intangibles. While not the only factor, ICT plays a role: borderless by nature, it drives the 'servicification' of data-driven economies. Experts worth their salt will rely on two beacons, definitions and measurement, before they set out to wrap their heads around such an inspiring topic as 'Connectivity in the Digital Age'. This is no picnic, and we will explain why. The trade priorities of the ICT and ICT-enabled industries are worth a quick update. We will also argue that the erosion of borders and the rise of intangibles should be seen as an invitation to be creative, as exemplified by the Mode 5 suggestion and the works of the OECD on corporate taxation in the digital era. Don't get carried away though: long considered as a template for subsequent 'trade agreements of the 21st century', the eCommerce chapter of the CPTPP runs into two snags: privacy protection as a fundamental right and culture unfit for qualification as 'digital products'. But there is hope: I have been brainwashed to think that there is no tech-generated problem that tech wouldn't be able to solve.</p>
15:00-15:20	<b>General comments, reflections and discussion</b>
15:20-15:40	<b>Break</b>

15:40-16:05	<p><b><u>Anupam Chander, Professor of Law, Georgetown University, USA - via skype</u></b></p> <p><b>Import Substitution 2.0.</b></p> <p>Should developing countries push out foreign digital services providers in the hopes of cultivating domestic alternatives? Recent efforts to assert data sovereignty seem designed to do just that motivated variously by concerns for data colonialism, economic development, and digital taxation. I will consider whether development in the 21<sup>st</sup> century should follow the economic policies of the immediate post-colonial period.</p>
16:05-16:30	<p><b><u>Luca Castellani, Secretary of Working Group IV (Electronic Commerce), United Nations Commission on International Trade Law (UNCITRAL), Austria</u></b></p> <p><b>UNCITRAL texts as legal enablers of the digital economy: Smart contracts, blockchain, identity management</b></p> <p>The United Nations Commission on International Trade Law (UNCITRAL) has prepared several texts that legally enable the use of electronic communications and electronic signatures. Those texts have been adopted in more than 100 States. The presentation will illustrate how recent UNCITRAL texts as well as UNCITRAL's current and future work aim to address the legal challenges posed by the digital economy, focusing on the use of smart contracts, of distributed ledgers including blockchain and of identity management.</p>
16:30-16:55	<p><b><u>Marko Seppänen, Professor, Information and Knowledge Management, Tampere University of Technology, Finland</u></b></p> <p><b>Distributed Ecosystems: Evolution of Platform Ecosystems</b></p> <p>In recent years, we have been witnessing the entrance of platform-led enterprises. In this so-called platform economy, many organizations in different industries have faced severe challenges to maintain their businesses. Particularly, changes in how profits are shared between participating organizations (described as the winner-takes-all mindset), has caused a lot of discussions at many levels. Further, practical responses how businesses should be responding to these challenges may vary. In this talk, evolution of platform ecosystems is briefly considered with some propositions how to proceed.</p>
16:55-17:25	<b>General comments, reflections and discussion</b>
18:00-20:30	<p><b>Workshop dinner at Heuriger Restaurant Dreimäderlhaus</b></p> <p>Hauptstrasse 34, 2482 Münchendorf. Telephone: +43 2259 2248</p>

Tuesday, 3 December

08:00	<b>Bus transfer from hotel (Novum Hotel Prinz Eugen) to IIASA (Laxenburg)</b>
09:00-11:45	<b>Session 2: Experience of countries in Eurasia. Challenges and Opportunities</b>
09:00-09:25	<p><b><u>Ying Fan, Dean, School of Economics and Management, Beihang University, China</u></b></p> <p><b>Energy cooperation and security under the Belt and Road Initiative</b></p> <p>Facing the changing global energy picture and the opportunities of digitalization, the Belt and Road Initiative will play a positive role in regional energy supply and demand balance, social and economic development in countries along the Belt and Road, and global energy governance. This presentation explores the potential of energy cooperation under the Belt and Road Initiative, examines the influence of the Belt and Road Initiative on global energy security and energy trade network.</p>

09:25-09:50	<p><b><u>George Windsor, Head of Insights, TechNation, UK</u></b></p> <p><b>Capturing the impacts of digital connectivity for economic growth: Evidence from the UK on global collaboration and competition</b></p> <p>Scaling digital tech companies are driving global economic advantage. Ambitious entrepreneurial activities are now more networked than ever, and they are accelerating growth through international connections. In this presentation, the role of hubs in the global tech ecosystem, and their impact on economic performance will be evaluated. An exploration of companies, communities and technologies will uncover the pioneers in this era of global tech, and provide lessons for deepening collaboration, and connectivity across Eurasia, and the world.</p>
09:50-10:15	<p><b><u>Tatiana Flegontova, Deputy Head, Institute of International Economics and Finance, Russia</u></b></p> <p><b>How does digital trade policy affect digital trade: Russia's perspective</b></p> <p>Digital trade and e-commerce are important drivers of globalization. However, as information and data flows between countries and continents increase in enormous pace, so do the concerns of the national governments about their security.</p> <p>In response to the rapid changes and the technological shifts that affect all types of social and economic interactions between the stakeholders, governments are taking the initiatives to create suitable regulatory frameworks to maintain the balance between public and private interests in the digital economy. As a result, one of the main challenges that all stakeholders face is that national regulatory frameworks become more complex and diverse, while little regional and international rules are being agreed on. A good example is privacy laws, with about 130 different national acts worldwide and very few international or regional mechanisms to govern the personal data transfers across borders.</p> <p>Unfortunately, international trade rules are lagging far behind technological advancements. Lack of multilateral regulation of emerging new forms and means of trade as well as little consensus and cooperation among governments on issues of how to better ensure that non-economic objectives are being met, result in the rise of barriers for economic agents involved in international trade activity. Although, due to its novelty, the topic of restrictive nature of the trade measures regulating digital trade and e-commerce, is not well studied yet, some recent research revealed negative consequences of specific policies for trade (see, for instance, Ferracane, van der Marrel, 2019).</p> <p>Just as the issue of trade restrictiveness of digital policies is understudied, the problem of whether they serve or may potentially serve as the means of hidden protectionism remains even more opaque. While some countries label digital regulation as trade protectionism, other economies consider such policies vital to pursue legitimate goals. Indeed, the question that needs to be answered is whether the laws that are being introduced may set rules that (intentionally or not) create barriers for digital trade and e-commerce development and may take form of digital protectionism.</p>
10:15-10:45	<p><b>Break, group photo</b></p>
10:45-11:10	<p><b><u>Sebastian Eschenbach, Head, Department of Digital Economy, University of Applied Sciences for Management and Communications, Austria</u></b></p> <p><b>A Second Chance for European SME to Survive the Digital Transformation</b></p> <p>Out of the worldwide top ten digital tech companies not one is headquartered in Europe and only six out of the top 50 are - compared to five companies from Japan and Greater China respectively. (<a href="https://www.forbes.com/top-digital-companies/list/">https://www.forbes.com/top-digital-companies/list/</a>). So, Europe has lost the match to lead the digital transformation big time. Or to be more precise, very few European companies have ever tried to compete in the top league.</p> <p>This is most definitely true for infrastructure of digital transformation. The game is over and it does not make the slightest sense to invest in public funds to create European clones of leading digital tech companies, e.g. European cloud services to rival Microsoft's, Apple's and Google's. Even more so since these services are bound to become global commodities.</p> <p>However, according to Joseph Schumpeter, economic transformation comes in two waves: The first wave is concerned with the infrastructure necessary to employ a new technology while the second,</p>

11:10-11:35	<p>much larger wave is about the application of this new infrastructure. The focus now has to be on enabling European companies to be active players in this second type of waves, most importantly the many highly specialized SMEs successful in B2B niches (hidden champions). To be clear, this is not about constructing legal barriers to shield native businesses from Uber, Airbnb and the like. It's all about enabling them to compete.</p> <p><b><u>Marco Vianello, International Projects Manager, InfoCamere, Electronic Business Register, Chamber of Commerce, Italy</u></b></p> <p><b>The Italian Business Register and the cross-border cooperation</b></p> <p>Over the last few years the economic market has grown so much that nowadays we live in a real global market with no geographical borders; national Business Register have become essential, providing the information that operators, authorities and citizens cannot live without in such a wide market. That information has to be certain and easy-to-reach, in order to support and foster national and cross-border trades and investments. The Italian Business Register has been cooperating with other national Register, European organization and authorities, to provide services and means that will make the whole economic market a place where trading is safer for operators as well as for citizens.</p>
11:35-11:55	<b>General comments, reflections and discussion</b>
11:55-12:55	<b>Session 3: Challenges and opportunities of international cooperation in digital sphere in Eurasia</b>
11:55-12:15	<p><b><u>Dmitry Erokhin, Research Assistant, Advanced Systems Analysis Program, IIASA, Austria</u></b></p> <p><b>Futures of international cooperation in digital sphere in Eurasia</b></p> <p>This presentation discusses major digital development trends in Eurasia, identifies some comparative advantages of countries/unions, reviews several existing digital cooperation projects and seeks to formulate proposals for enhanced cooperation in Eurasia. Our intention is to produce a report synthesizing the current state of expert knowledge on these issues in a concise and understandable fashion useful for policy makers and general public. We would like to use the occasion of this workshop to present some preliminary points of the report, and get feedback and input from the workshop participants.</p>
12:15-12:55	<b>Feedback, reflections and discussion</b>
13:00-14:00	<b>Sandwich lunch</b>
14:00	<b>Transfer from IIASA to Airport / Hotel</b>