

## **Annex C: Key Features of the DEPA**

### **A. FACILITATING END-TO-END DIGITAL TRADE**

#### **Digital Identities**

1. In an increasingly online and digital world, digital identities can enable greater and easier access to services for both individuals and companies. For example, through mutual recognition of corporate identities and business information, processes such as company registration and corporate bank account opening can be made more efficient to benefit both banks and their customers.
2. The DEPA fosters cooperation between countries on the development of individual and corporate digital identities while ensuring that they are safe and secure. This helps promote interoperability between respective regimes with the aim of mutual recognition of digital identities.

#### **Paperless Trade**

3. Trade digitalisation will reduce document transit time significantly. Turnaround time for cargo clearance will be reduced which will lead to lower operating cost and efficiency gains. According to Maersk and IBM's Paper Trail Research in 2014, the cost of processing trade documents is as much as 20% of the cost of shifting goods.
4. Through the DEPA, the customs authorities of Singapore, Chile and New Zealand will work towards the exchange of electronic trade documents at the border by connecting their respective national single windows and enabling interoperable cross-border networks. The countries will also promote the use of and enable the exchange of electronic trade documents for customs clearances (e.g. electronic Certificates of Origin, Sanitary and Phytosanitary Certification) and B2B transactions (e.g. electronic Bills of Lading).

#### **E-Invoicing**

5. The process of manual invoicing is inefficient and costly. In Singapore, it is estimated to cost companies \$8.00 to process each manual invoice and \$72.00 to rectify errors within Singapore's internal business ecosystem alone<sup>1</sup>. To expedite the process and reduce costs, Singapore established a nationwide e-invoicing framework in January 2019 based on the international Peppol e-invoicing framework. The Peppol e-invoicing framework allows the transmission of invoices in a structured digital format, enabling faster, more cost-effective payments and facilitating access to new financing options.

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<sup>1</sup> IMDA Study, 2018

6. The DEPA encourages countries to adopt similar international standards for their domestic e-invoicing systems. This will allow companies with international business partners (suppliers or customers) to transact with greater ease through interoperable systems across borders. Companies can look forward to shorter invoice processing time and potentially faster payment, while enjoying significant cost savings through digitalisation. As more countries subscribe to similar standards, this will facilitate cross-border interoperability and ease the processing of payment requests between buyers and sellers.

### **Fintech and E-payments**

7. The use of Fintech has become more pervasive given the rise of e-wallets, smart phones, and e-commerce.

8. The DEPA countries agree to promote cooperation among companies in the Fintech sector and develop Fintech solutions for businesses and the financial sector. They also agree to create a conducive environment for the development of Fintech by promoting non-discriminatory, transparent and facilitative rules (e.g. open APIs).

## **B. ENABLING TRUSTED CROSS-BORDER DATA FLOWS & INNOVATION**

### **Personal Information Protection**

9. The protection of personal information is key to maintaining trust in the digital economy and the development of trade. As businesses carry out electronic transactions across borders, personal data is being transferred as part of the transactions. However, countries may have differing policies and legislations on the handling of such data, for example, the personal data protection laws in some countries may require businesses to fulfil certain requirements before specific data is allowed to leave their borders. The DEPA allows countries to forge consensus on their data policies and legal frameworks based on a common set of principles aligned with international frameworks.

10. The DEPA countries will develop mechanisms to promote compatibility and interoperability between their respective legal approaches to protecting personal information. An example of such mechanisms is the recognition of national trustmarks and certification frameworks for businesses. These will indicate to consumers that the business has in place good data management practices and is trustworthy.

### **Cross-border Data Flows**

11. With digitalisation, more trade is taking place over digital platforms, and there has been an exponential rise in the volume of data moving across geographical borders to support electronic commerce and other digitally-enabled activities and services, such as big data, data analytics and AI. Hence, facilitating cross-border data flows is increasingly important to a country's economic strength and competitiveness. The DEPA will allow businesses

operating in Singapore, Chile and New Zealand to transfer information more seamlessly across borders with assurance that they meet the requisite regulations.

12. This facilitates a conducive environment where businesses can serve their customers regardless of where they are located especially through new business models (e.g. software-as-a-service) and digitally native products and services (e.g. online games and video streaming).

### **Open Government Data**

13. There is value for some government data to be made publicly accessible for economic and social development, competitiveness and innovation in the digital economy. The DEPA countries can explore ways to expand access to, and use of, open government data to generate new opportunities for businesses, especially for Small & Medium Enterprises (SMEs). This includes jointly identifying sectors where open data sets, particularly those with global value, can be used to facilitate technology transfer, talent formation and innovation.

### **Data Innovation and Regulatory Sandboxes**

14. Cross-border data flows and data sharing enable data-driven innovation. The DEPA can facilitate the development of new products and services by promoting data-driven innovation across borders.

15. For example, regulatory sandboxes are mechanisms for the government and industry to work together, to support private sector data innovation and plug policy gaps while keeping pace with new developments in technology and business models. Through the DEPA, Singapore, Chile and New Zealand will work towards collaborating on data regulatory sandboxes to create safe environments where companies can innovate in consultation with the Governments. Singapore's Fintech Regulatory Sandbox is one example which enables financial institutions and Fintech players to experiment with innovative financial products or services in a live environment, but within a well-defined space and duration.

## **C. BUILD TRUST IN DIGITAL SYSTEMS, PROMOTE AND FACILITATE OPPORTUNITIES FOR PARTICIPATION IN THE DIGITAL ECONOMY**

### **Artificial Intelligence**

16. The use and adoption of AI technologies have become increasingly widespread in the digital economy. The DEPA promotes the adoption of ethical AI governance frameworks, which factor in principles that the countries have agreed to, in order to harness AI in a responsible manner. These include: (i) AI should be transparent, fair and explainable, and (ii) AI must have human-centred values. This would help create consensus on governance and ethics principles, and build trust in AI systems used across borders. It would also

ensure that our AI governance frameworks are internationally aligned, and facilitate the adoption and use of AI technologies across the countries' jurisdictions.

### **Online Consumer Protection**

17. To enhance consumer welfare, DEPA countries agree to adopt or maintain laws and regulations that guard against fraudulent, misleading or deceptive conduct that causes harm to consumers engaged in online commercial activities.

### **Small and Medium Enterprises Cooperation**

18. The DEPA recognises the special role that SMEs play in maintaining dynamism of the economy and enhancing competitiveness. Capacity-building efforts such as a Digital SME Dialogue to promote information sharing and exchange will further ensure that our SMEs are poised to maximise the benefits of the DEPA.

### **Digital Inclusivity**

19. The DEPA acknowledges the importance of inclusivity in the digital economy and commits to ensuring that everyone, including indigenous peoples, the poor and people with disabilities will be able to participate in, contribute to, and benefit from the digital economy. The agreement aims to improve access and remove barriers to their participation in the digital economy, and promote cooperation on matters relating to digital inclusion, including through the sharing of best practices and developing joint programmes that promote digital participation.