ESCAP
Economic and Social Commission for Asia and the Pacific

# Digital Trade Regulatory Review for South and South-West Asia, 2025

ESCAP-ECA-ECLAC Initiative on Digital Trade Regulatory Integration



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*By diplomatic note dated 30 January 2026, the United States of America notified the Executive Secretary of ESCAP of its decision to withdraw from the Commission.

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# Abbreviations and Acronyms

| | |
|---|---|
| APAC | Asia Pacific Accreditation Cooperation |
| BAB | Bangladesh Accreditation Board |
| BICMA | Bhutan InfoComm and Media authority |
| CAB | Conformity Assessment Bodies |
| CPC | Civil Procedure Code |
| CPTA | Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific |
| CPTPP | Comprehensive and Progressive Agreement for Trans-Pacific Partnership |
| CVD | Countervailing Duty |
| DPDPA | Digital Personal Data Protection Act |
| DPIA | Data Protection Impact Assessment |
| DPMC | Data Protection Management Committee |
| DPO | Data Protection Officer |
| DTRS | Digital Trade Regulatory Similarity |
| ECA | United Nations Economic Commission for Africa |
| ECLAC | Economic Commission for Latin America and the Caribbean |
| ESCAP | United Nations Economic and Social Commission for Asia and the Pacific |
| EUI | European University Institute |
| FDI | Foreign Direct Investment |
| FSP | Financial Service Providers |
| GPA | WTO Government Procurement Agreement |
| ICT | Information and Communications Technology |
| IEC | International Electrotechnical Commission |
| IPR | Intellectual Property Rights |
| ISO | International Organization for Standardization |
| ITA | Information Technology Agreement |
| ITIF | Information Technology and Innovation Foundation |
| ITU | International Telecommunication Union |
| MRA | Mutual Recognition Agreements |
| NCA | North and Central Asia |
| NTM | Non-tariff Measures |
| OTT | Over-the-Top |
| PCT | WIPO Patent Cooperation Treaty |
| RCEP | Regional Comprehensive Economic Partnership |
| RDTII | Regional Digital Trade Integration Index |
| SAARC MRA | Agreement on Multilateral Arrangement on Recognition of Conformity Assessment |
| SAARC | South Asian Association for Regional Cooperation |
| SDoC | Supplier's Declaration of Conformity |
| SIM | Subscriber Identity Module |
| SMP | Significant Market Power |
| SSWA | South and South-West Asia |
| UNCITRAL | United Nations Commission on International Trade Law |
| WCT | WIPO Copyright Treaty |
| WIPO | World Intellectual Property Organization |
| WPPT | WIPO Performances and Phonograms Treaty |
| WTO | World Trade Organization |

# Executive Summary

The expansion of digital trade offers significant opportunities for economies in the South and South-West Asia (SSWA) region to boost productivity and enhance regional value chains.

Despite this momentum, realizing the full benefits of digital trade is hindered by fragmented regulatory environments and uneven digital readiness across the region. While existing regional initiatives have laid the groundwork for cooperation, addressing regulatory fragmentation is key to enabling further progress.

To support Member States in addressing these challenges, ESCAP prepared this report. It provides a comparative overview of digital trade regulatory practices across the SSWA region. The analysis is based on the Regional Digital Trade Integration Index (RDTII 2.1) framework, a comprehensive tool that helps identify patterns of convergence and divergence to inform evidence-based policymaking. Furthermore, to quantify the alignment among economies, the Digital Trade Regulatory Similarity (DTRS) Index is calculated from the RDTII 2.1 data to assess potential complexity of digital trade integration across the Asia-Pacific.

### RDTII Framework: Linking Policies and Regulations to Digital Trade

The RDTII is a UN analytical tool designed to help policymakers understand and navigate the complexities of the digital trade policy environment. The RDTII regulatory data in this report is collected by ESCAP researchers and verified through a multi-step process: desk research, internal review, and data verification. This last step involves collaborating with Member States' focal points, who coordinate with their national line agencies to review the data for accuracy based on questionnaires. This comprehensive, collaborative approach ensures the analysis and findings are factually accurate and relevant.

The RDTII's framework organizes 12 specific policy areas, or “Pillars”, under a three-cluster structure (Chapter 1, figure 1.1). This approach clarifies the interconnectedness of different policy areas and their direct impact on digital trade.

**Traditional Policies**: While tariffs on ICT goods directly affect the cost of technology that enables digital trade, NTMs such as licensing requirements and local content rules can create significant barriers for businesses. This cluster then includes Tariffs on ICT goods (Pillar 1) and NTMs on goods and services that support digital trade (Pillars 10 and 11).

**Other Domestic Policies**: Rules and regulations, such as foreign equity caps, can limit international investment in the digital sector and hinder the growth of digital infrastructure. Then, this cluster houses domestic regulations in broad areas such as Public Procurement (Pillar 2), Foreign Direct Investment (Pillar 3), Intellectual Property Rights (IPRs) (Pillar 4) and Telecommunication Regulations and Competition (Pillar 5) that affect digital infrastructure and digital businesses.

**Digital Governance Policies**: This cluster addresses regulations unique to the digital economy, including Cross-border Data Policies (Pillar 6), Domestic Data Protection and Privacy (Pillar 7), Internet Intermediary Liability (Pillar 8), Content Access (Pillar 9) and Online Sales and Transactions (Pillar 12). A lack of regulatory interoperability in these areas can create a complex web of compliance requirements for companies and hinder cross-border digital trade across multiple jurisdictions.

### The Digital Trade Regulatory Similarity (DTRS) Index

The DTRS Index is a secondary metric calculated directly from the RDTII data. It is specifically designed to quantify the degree of policy alignment between pairs of economies in the SSWA region. The DTRS indicates the similarity of the RDTII scores of two economies, making it a tool for identifying potential policy peers and the specific areas where the complexity of digital trade integration is lowest. The index is structured so that a higher DTRS score (closer to 1) signifies that the regulatory environments of the two economies are potentially aligned, whereas a lower DTRS score (closer to 0) signals significant divergence in their policy environment.

### Summary of Findings

The average RDTII score for SSWA economies is 0.47, indicating a comparatively complex regulatory environment relative to the South-East Asia (0.41), East and North-east Asia average (0.37), North and Central Asia (0.36), and the Pacific (0.30).

With an average score of 0.45, the **Traditional Policies** cluster has the lowest complexity among the clusters, though it is only marginally lower than the average score for **Digital Governance** policies (0.46). There have been efforts to streamline trade measures such as standards and procedures (Pillar 11), however, tariff and trade defence measures (Pillar 1) are still widely applied. There has, generally, been minimal regulation in online sales and transactions (Pillar 12) and cross-border data policies (Pillar 6), owing to the nascency of these fields.

The **Domestic Regulation** clusters show a more complicated regulatory environment with a slightly higher average score of 0.51. Specifically, requirements related to Foreign Direct Investment (0.66) is the most complex. In contrast, a more simplified regulatory environment is seen for Intellectual Property Rights (0.34) owing to widespread adoption the WTO Agreement on Trade-Related Aspects of Intellectual Property and some WIPO agreements.

The average scores for the SSWA region economies mark substantial variation among individual Member States. Overall RDTII scores range from 0.34 to 0.61, reflecting a spectrum of regulatory approaches in the region. For instance, India (0.61), Türkiye (0.56), Pakistan (0.52), and Bangladesh (0.50) have complex and extensive regulations. In contrast, Sri Lanka (0.34), Maldives (0.38), Bhutan (0.43), and Nepal (0.44) have a less complex regulatory environment.

### Regulation Cost and Integration Friction

The regulatory fragmentation is not merely a policy problem; it translates directly into a cost issue for businesses. The analysis shows that the burden is significantly higher across some economies: India faces the highest regulatory compliance burden (estimated to be 78.3% higher than the benchmark).

The challenges of digital trade integration are further highlighted by the Digital Trade Regulatory Similarity (DTRS) Index (Chapter 2, figure 2.4 B). This analysis highlights that India and Türkiye face the greatest regulatory divergence from the overall SSWA environment. This divergence means that these two economies incur the highest friction for regional digital trade integration, estimated at 20.1% and 11.2% greater complexity, respectively, compared to the benchmark set by Nepal and Bhutan.

## Recommendations

Although regional integration has made notable progress, regulatory fragmentation still risks undermining digital trade. The report recommends a tiered approach to effectively address these regulatory complexities through regional cooperation (Chapter 3, figure 3.1).

**Tier 1: Generally aligned and less complex**

Standards and Procedures (Pillar 11) is the most aligned area across SSWA with lower regulatory complexity. Most SSWA economies participate in Mutual Recognition Agreements and implement international standards such as ITU and ISO/IEC. Recommendations focus on deepening existing convergences, building alignment with international standards, and expanding the scope of existing MRAs to ease local screening requirements.

**Tier 2: Similar and complex**

Content Access (Pillar 9) presents consistent policy direction but with complex regulatory structures. Content blocking and filtering measures are widespread, along with complex licensing requirements for digital service providers. Recommendations emphasize easing licensing requirements and promoting transparency and predictability in content blocking measures through collaboration with digital service providers to develop efficient procedural guidelines.

**Tier 3: Diverse**

This tier covers Intellectual Property Rights (Pillar 4), Cross-border Data Policies (Pillar 6), and Non-technical Measures (Pillar 10). IPR frameworks are fairly comprehensive but participation in WIPO treaties is limited and disparate. Cross-border data policies vary significantly, with most economies maintaining moderately restrictive approaches. Non-technical measures are a prevailing constraint with widespread import licensing restrictions and origin-based bans. Recommendations call for regional harmonization of IPR procedural requirements, development of regional data standards frameworks, and transparency initiatives focusing on replacing origin-based bans with risk-based assessments.

**Tier 4: Complex**

This tier encompasses Tariffs and Trade Defence (Pillar 1), Public Procurement (Pillar 2), Foreign Direct Investment (Pillar 3), Telecom Regulations and Competition (Pillar 5), and Internet Intermediary Liability (Pillar 8). All five pillars exhibit high regulatory complexity and low similarity. Recommendations focus on tariff liberalization and WTO ITA accession, standardized ICT tender clauses, SSWA-wide investment screening guidelines, independent telecom regulatory bodies with functional separation requirements, and model safe-harbour provisions for intermediaries.

**Tier 5: Emerging alignment**

Domestic Data Protection and Privacy (Pillar 7) and Online Sales and Transactions (Pillar 12) show moderate complexity with emerging alignment. Data protection frameworks are widespread but lack sector-specific coverage, while e-commerce maintains open market access but faces payment regulations and local presence requirements. Recommendations emphasize harmonizing baseline standards for data protection and government access to personal data and promoting consistent adoption of UNCITRAL instruments to create more predictable environments for businesses.

# Chapter 1

# Introduction

# Chapter 1 Introduction

The rapid advancement of digital technologies has created new avenues and opportunities for global trade, establishing digital trade as a major driver of socio-economic growth and resilience worldwide. This transformation brings significant opportunities along with considerable challenges. As of 2023, Asia-Pacific digital service exports accounted for about a quarter of global digitally deliverable services export. South and South-West Asia (SSWA) is well-positioned to materially benefit from digital trade as it represents along with South-East Asia, nearly half of the region's digital services exports (ESCAP, 2025).

Digitally deliverable services account for 49% of total services exports in the Asia-Pacific, while India, a major player in SSWA, is among the six major economies that together capture nearly 90% of these exports. Moreover, the economies in SSWA are adopting digital technologies across diverse sectors while continuously adapting to emerging issues that accompany digital transformation. The subregion has growth potential in sectors such as e-commerce provided that fundamental bottlenecks are recognized, addressed, and remedied.[1]

Digital transformation plays a key role in lowering trade barriers and expanding market access through e-commerce platforms and digital services, thereby fostering regional economic integration. Greater regional integration of digital technologies and policies can also provide an important platform for collaboration and shared benefits, enabling economies to leverage collective strengths and address common challenges through the exchange of best practices and coordinated regulatory frameworks.

This report presents a comprehensive review of the digital trade policy landscape across SSWA, summarising data and insights from the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). Through an assessment of 12 policy areas guided by the ESCAP-ECA-ECLAC *Regional Digital Trade Integration Index* (RDTII 2.1),[2] the report provides a comparative analysis of regulatory environments throughout the subregion. The common analytical framework using index scores highlights different policy priorities and identifies key areas of regulatory restriction. It is important to recognise that the index scores serve as a practical tool for economies seeking to develop more efficient, integrated, and inclusive digital trading ecosystems, and do not necessarily reflect a preference for any single policy outlook.

This report is structured as follows: Chapter 1 provides the background and rationale; Chapter 2 presents a comparative assessment of the digital trade regulatory environment in SSWA, based on the RDTII 2.1 framework; and Chapter 3 concludes with key insights and possible policy directions to advance trade integration across SSWA.

[1] World Bank (2022), South Asia's Digital Opportunity: Accelerating Growth, Transforming Lives: https://openknowledge.worldbank.org/entities/publication/f39ee0a0-b01e-5c27-ab5b-53600d8d4052.

[2] The Regional Digital Trade Integration Index (RDTII) is a regulatory analysis framework developed and used by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), in collaboration with the UN Economic Commission for Africa (ECA) and the UN Economic Commission for Latin America and the Caribbean (ECLAC). The framework is currently in its 2.1 version, which has benefited from extensive feedback and input from academic communities—particularly the European University Institute (EUI). For more information about the RDTII 2.1 framework, please refer to the RDTII 2.1 Guide at: Regional Digital Trade Integration Index 2.1: A Guide.

### The RDTII 2.1 framework

The RDTII 2.1 framework provides an extensive and exhaustive overview of the digital trade policy environment by covering sectors relevant to the digital economy, including digitally-related services and a wide range of Information and Communication Technology (ICT) products. The 2025 edition covers the following economies of SSWA, namely Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka, and Türkiye.

The RDTII 2.1 framework identifies 12 policy areas known as "Pillars" (*see Figure 1 and Box 1*), which include traditional policy measures, such as tariffs that affect trade in ICT goods, and new types of policies that potentially affect digital trade governance. Due to the multifaceted nature of digital trade governance, the RDTII 2.1 framework covers both public policy objectives and those related to economic concerns, such as compliance costs, under its 12 pillars. Each indicator that has been included in the pillars can be expected to 'affect' digital trade integration. The indicators are applied to classify national regulations affecting digital trade–related sectors, including digital services and a wide range of ICT products, as defined under the ITA lists (*Box 2*):

- Policies specifically applied to ICT products, online services, and digital sectors (such as a licensing requirement to operate businesses in the e-commerce sector);
- Policies applied horizontally across sectors and potentially affecting digital trade (such as foreign equity limits imposed in the computer services sector); and
- Digital policies implemented on specific digital sectors, non-digital sectors, or applied horizontally across sectors (such as, local processing requirements applied to telecommunications data, computer tariff data, credit information, health records, or personal data).

The index and indicator scores, ranging from zero to one, give a sense of the policy ecosystem governing the digital trade businesses in an economy. They signify how the regulatory environment affects the cost of doing digital trade-related business, notwithstanding that the added costs are not necessarily trade impediments for the businesses. Businesses can also struggle with the high compliance costs associated with following the mandate of the regulations, while also fully recognizing the value and importance of regulations, such as privacy protection, to foster digital trust. However, a regulatory environment that is difficult to understand can hamper trade. Therefore, the index has been formulated to address issues related to difficulty in complying with the regulations and managing the compliance costs. The framework considers both the indicators on the lack of important legal frameworks and the indicators on the risks of lacking digital interoperability. At the same time, international treaties or model laws are used as benchmarks to assess regulatory interoperability.

The 12 Pillars can be grouped into three broad clusters:

- Traditional policy cluster covers regulations such as tariffs and non-tariff measures (NTMs) on information and communication technology goods and services. The cluster includes 3 pillars in total, namely Pillar 1 (tariffs and trade defence), Pillar 10 (non-technical NTMs), and Pillar 11 (standards and procedures)
- Other domestic regulations cluster includes regulations in broader policy areas such as Public Procurement and IPR. The cluster covers policies under 4 pillars, namely

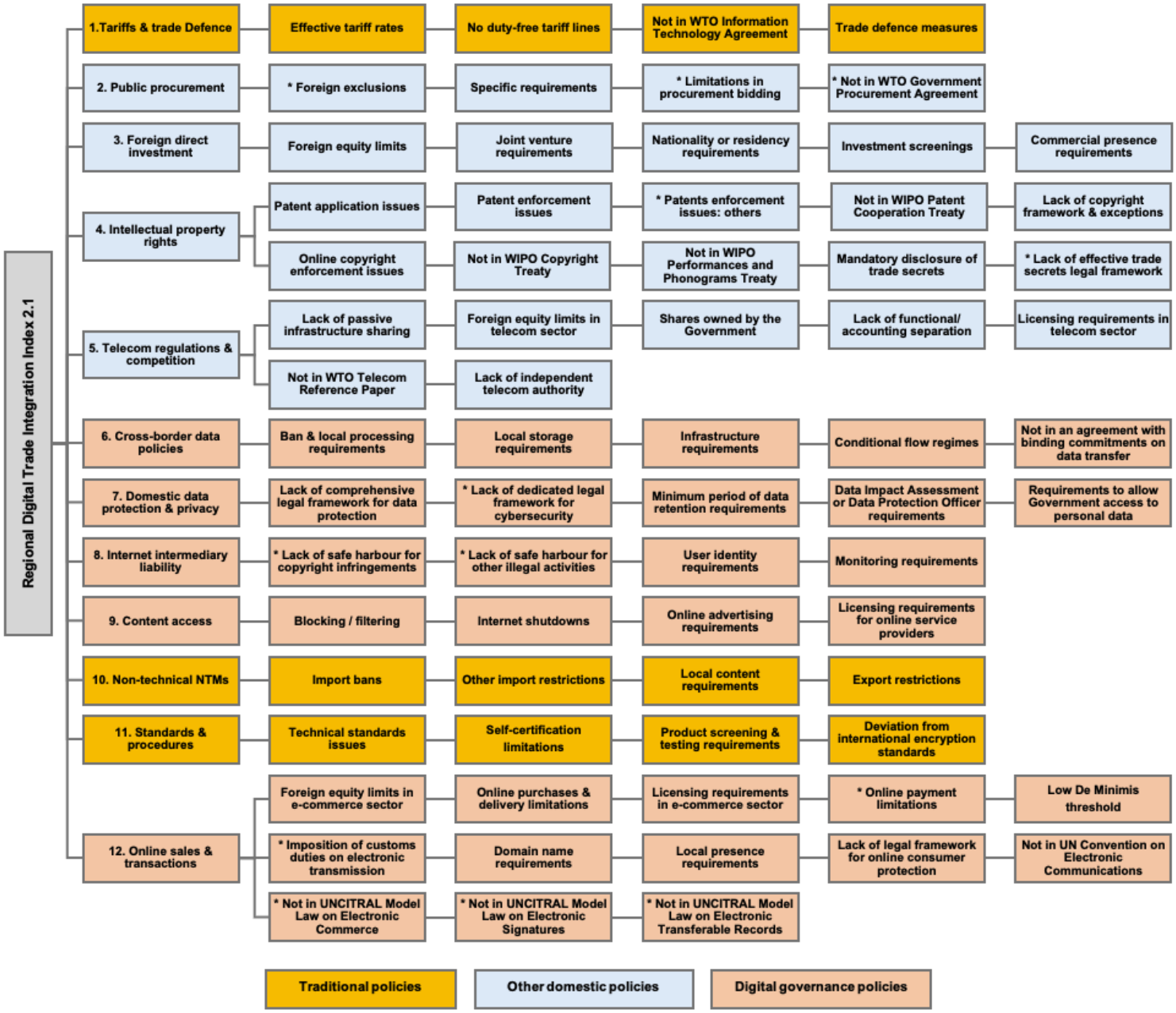
Pillar 2 (public procurement), Pillar 3 (foreign direct investment), Pillar 4 (intellectual property rights), and Pillar 5 (telecom regulations and competition)

- Digital governance cluster encompasses modern domestic regulations that focus on data, Internet platforms, and platform-generated transactions. The cluster includes policies under 5 pillars, namely Pillar 6 (cross-border data policies), Pillar 7 (domestic data protection and privacy), Pillar 8 (Internet intermediary liability), Pillar 9 (content access), and Pillar 12 (online sales and transactions).

To complement the RDTII, the dataset also allows the construction of the Digital Trade Regulatory Similarity (DTRS) Index, a metric designed to assess the degree of regulatory similarity among countries. The DTRS serves as a proxy for potential regulatory interoperability and alignment, offering valuable insights into where harmonization efforts could reduce compliance burdens and improve the functioning of digital trade systems across jurisdictions (*see Box 3*).

The following chapter presents a comparative analysis of the digital trade policies across South and South-West Asian economies, using the RDTII 2.1 dataset. The identification of similarities and differences in regulatory environments is crucial in informing the avenues available for improving digital interoperability and cooperation.

## Figure 1.1 Regional Digital Trade Integration Index (RDTII) Version 2.1 – Pillars and indicators




Source: ESCAP (2025). Regional Digital Trade Integration Index 2.1: A Guide.

Note: * represents indicators newly introduced or revised in RDTII 2.1.

### Box 1 RDTII 2.1 framework in brief

The RDTII 2.1 framework provides a structured basis for comparing digital trade-related regulations across economies. It is designed to support policy dialogue by identifying areas where greater clarity, coordination, or cooperation may enhance regional digital trade integration. The framework produces a **composite index**, calculated as a simple average across **12 policy Pillars**, each based on a weighted average of underlying indicators drawn from publicly available national laws and regulations. These Pillars cover a wide range of policy domains relevant to digital trade:

**Pillar 1 Tariffs** and trade defence measures applied to ICT goods in regional trade.
**Pillar 2** Policies governing participation in **public procurement** of ICT goods and digital services.
**Pillar 3** Policies regulating **foreign direct investment** in sectors related to digital trade.
**Pillar 4 Intellectual property rights (IPRs) frameworks**, including provisions for protection and innovation.
**Pillar 5** Policies related to **telecommunications** infrastructure and market competition.
**Pillar 6 Cross-border data policies** addressing data flows, privacy, and related governance measures.
**Pillar 7 Domestic data policies** on privacy, protection, retention, and cybersecurity.
**Pillar 8** Legal frameworks for **internet intermediary liability.**
**Pillar 9** Regulations on **access to online content** and measures related to illegal content.
**Pillar 10 Non-technical non-tariff measures (NTMs)** affecting trade in ICT goods and digital services.
**Pillar 11 Technical standards** and conformity assessment procedures relevant to digital trade.
**Pillar 12 Regulations related to online sales and transactions,** including electronic signatures, payments, delivery, and consumer protection.

Each indicator is scored from **0 to 1**, reflecting the **presence and characteristics of policy measures**—not their quality, effectiveness, or desirability. A score closer to **1** reflects a more detailed or broader regulatory framework in a given area, which may be associated with more complex compliance requirements. Such characteristics may include:

- Multiple administrative procedures relevant to market access or operation;
- Distinctions in treatment based on provider type (e.g., domestic or foreign; online or offline);
- Limited adoption of international frameworks that facilitate interoperability or cross-border cooperation.

When possible, the framework also considers **intra-regional dimensions**, including measures, standards, and agreements applied to digital trade within the region. It is intended to facilitate structured comparison, peer learning, and identification of potential entry points for regional cooperation to support a more interoperable and inclusive digital trade environment.

Source: ESCAP (2025). Regional Digital Trade Integration Index 2.1: A Guide

### Box 2 Goods and Services covered in RDTII 2.1

**ICT products**

ICT products (or ICT goods) are final goods whose main purpose is to capture, transmit, process, and render information and intermediate goods and inputs that are crucial to manufacturing these goods, such as smartphones, computers, and semiconductors. The covered ICT products are those agreed upon the WTO Information Technology Agreements (WTO ITA I and ITA II), and the proposed "ITA III" list by the Information Technology and Innovation Foundation (ITIF) to include next generation ICT products, such as 3D printing, drones, and robots.[1]

**Digital products or digital goods**

The terms digital products and digital goods are used interchangeably to describe intangible assets that are created and delivered in a digital format. A customer can use or own a copy of the product after a one-time purchase or download. Unlike physical goods, they can be stored and used electronically without a physical form. Examples of digital products include software applications, e-books, music, and online courses.

**Digital services or Online services**

Online services specifically refer to those that are delivered over the internet. These are web-based services, requiring an internet connection for access and usage, such as online banking, e-commerce, online education, and cloud services. Digital services, on the other hand, refer to any service delivered via digital means, which can include online platforms but also extend to services that might be delivered through digital technologies offline. This includes a broad range of services, from digital content delivery (like streaming media) to automated services powered by digital technology (like software as a service, or SaaS). Notably, while all online services are digital, not all digital services are necessarily online, as some can be accessible or functional without a continuous internet connection.

The database does not cover all types of digitally delivered services; in particular, it excludes non-commercial online services. When a service exists in both offline and online forms, regulations applicable solely to the offline version are not included.

Source: ESCAP (2025). Regional Digital Trade Integration Index 2.1: A Guide

### Box 3 Digital Trade Regulatory Similarity (DTRS) index in brief

Understanding similarities or differences of specific digital trade regulations between countries is essential for identifying opportunities to reduce regulatory fragmentation and promote smoother cross-border trade. Research has shown that regulatory heterogeneity—differences in rules and standards across countries—can act as a significant barrier to trade, even when regulations are well-intentioned or necessary (Nordås, 2016). It is not the existence of regulation itself that creates costs, but rather the lack of alignment across jurisdictions.

To help capture this dimension, the Digital Trade Regulatory Similarity (DTRS) index was developed using RDTII scores. The idea behind the DTRS is straightforward: it measures how similar two countries' digital trade policies are by comparing each policy one by one. Conceptually, similarity is defined as the opposite of difference, or in mathematical terms:

$$\text{Policy Similarity} = 1 - \text{Policy Distance}.$$

Here, "distance" refers to the absolute difference in the RDTII scores for a given policy between the two countries. So, if two countries have identical rules in a given area, the distance is zero, and their similarity is one (i.e., perfect similarity). Conversely, if their policies differ greatly, the similarity score will be closer to zero.

Once policy-level similarities are calculated, they are aggregated at the pillar level, following the same weighted average method used in the RDTII 2.1 framework. This approach gives more influence on policies that are more important or impactful within a given pillar.

To understand how aligned a group of countries is, the DTRS then calculates the average similarity across all pairs of countries within the group for each pillar. This provides a meaningful picture of how harmonized the region is in specific regulatory areas.

Source: ESCAP (2025). Regional Digital Trade Integration Index 2.1: A Guide

# Chapter 2

# Digital Trade Policy Environment in South and South-West Asia

# Chapter 2 Digital Trade Policy Environment in South and South-West Asia

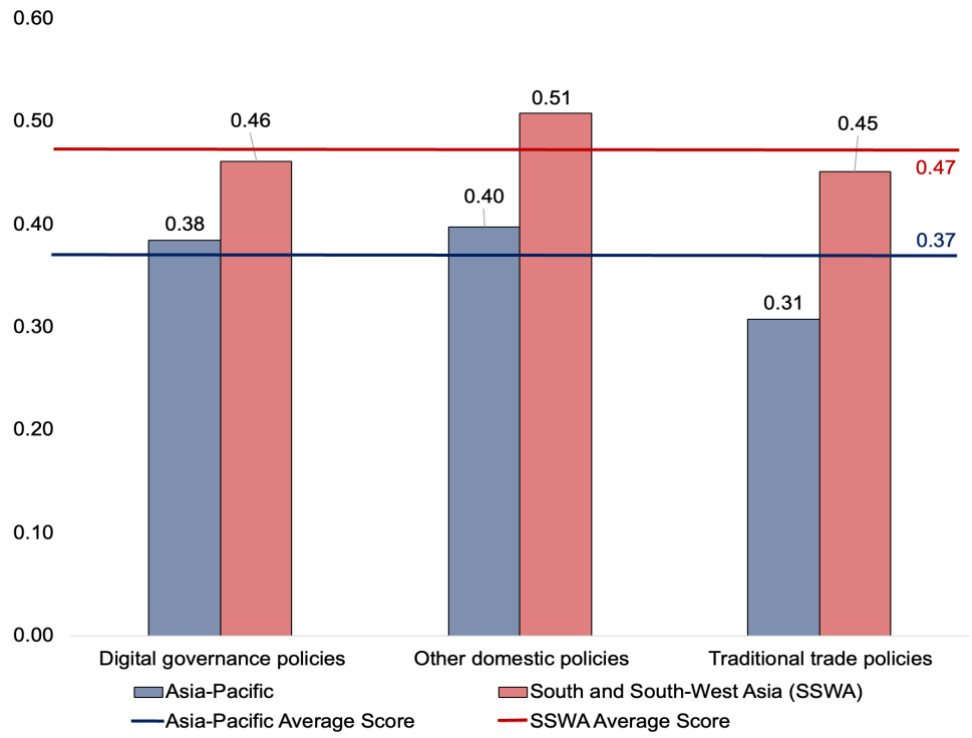
## 2.1. Overview of digital trade policy environment in South and South-West Asia

Based on the data collected from eight South and South-West Asia (SSWA) economies, the average RDTII 2.1 score for the SSWA group stands at 0.47. Among the three policy clusters of the RDTII framework, the traditional trade policies cluster has the lowest score at 0.45, suggesting a relatively limited regulatory scope in this area. Regional arrangements such as the South Asian Free Trade Area and the SAARC Agreement on Trade in Services reflect efforts to provide tariff concessions on certain ICT goods, establish a framework for liberalizing ICT-related services, and address non-tariff measures affecting digital trade. SSWA's average scores are comparatively higher in the digital governance and domestic regulation clusters, at 0.46 and 0.51, respectively indicating more expansive regulatory arrangements in these domains.

When compared with the broader Asia-Pacific average of 0.37 (based on 48 sample economies), SSWA economies exhibit a more complex digital trade regulatory environment (Figure 2.1). This difference is most pronounced in the traditional trade and domestic regulation clusters, where SSWA scores exceed the regional average by 0.14 and 0.11, respectively. The RDTII score for the digital governance cluster is also higher by 0.08, indicating a complex regulatory environment in the subregion that may impose compliance costs for businesses engaged in cross-border digital trade.

**Figure 2.1 Overview of regulatory landscape: SSWA vs. Asia-Pacific**

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)




Source: ESCAP calculation, data as of January 2026.

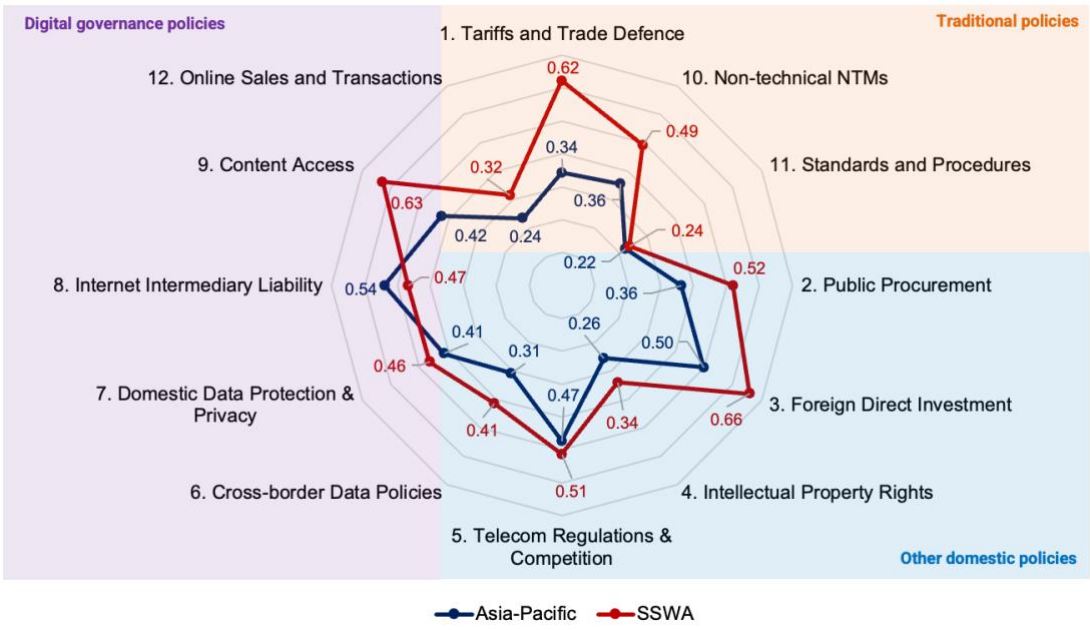
It is noteworthy that each policy cluster includes a broad range of regulatory measures, which can result in differing levels of compliance requirements within the same cluster. In the digital governance cluster, for example, measures such as those on content access, intermediary liability, and cross-border data protection involve more detailed procedures due to overlap of local data protection policies and facilitation of cross border data flows while others, such as rules for e-commerce, or foreign direct investments, are narrower and apply only in specific situations. These differences demonstrate that SSWA economies may have overlapping and varying compliance requirements, highlighting the importance of understanding the variations within each cluster when assessing regulatory impact and opportunities for coordination.

At the policy pillar level, there are significant differences between SSWA and Asia-Pacific average scores. Of these, the largest differences are observed in Tariffs and Trade Defence (Pillar 1), Content Access (Pillar 9), Foreign Direct Investment (Pillar 3), and Public Procurement (Pillar 2) with the score differences ranging from 0.16 to 0.28 (Figure 2.2). Conversely, greater alignment between SSWA and Asia-Pacific policies are seen in Standards and Procedures (Pillar 11) and Telecom Regulations and Competition (Pillar 5). The subregion scores lower than the Asia-Pacific average only in the Internet Intermediary Liability pillar (Pillar 8).

**Figure 2.2 Regulatory complexity by policy area: SSWA vs. Asia-Pacific**

**Average RDTII 2.1 scores by policy area, 2024/25**

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)



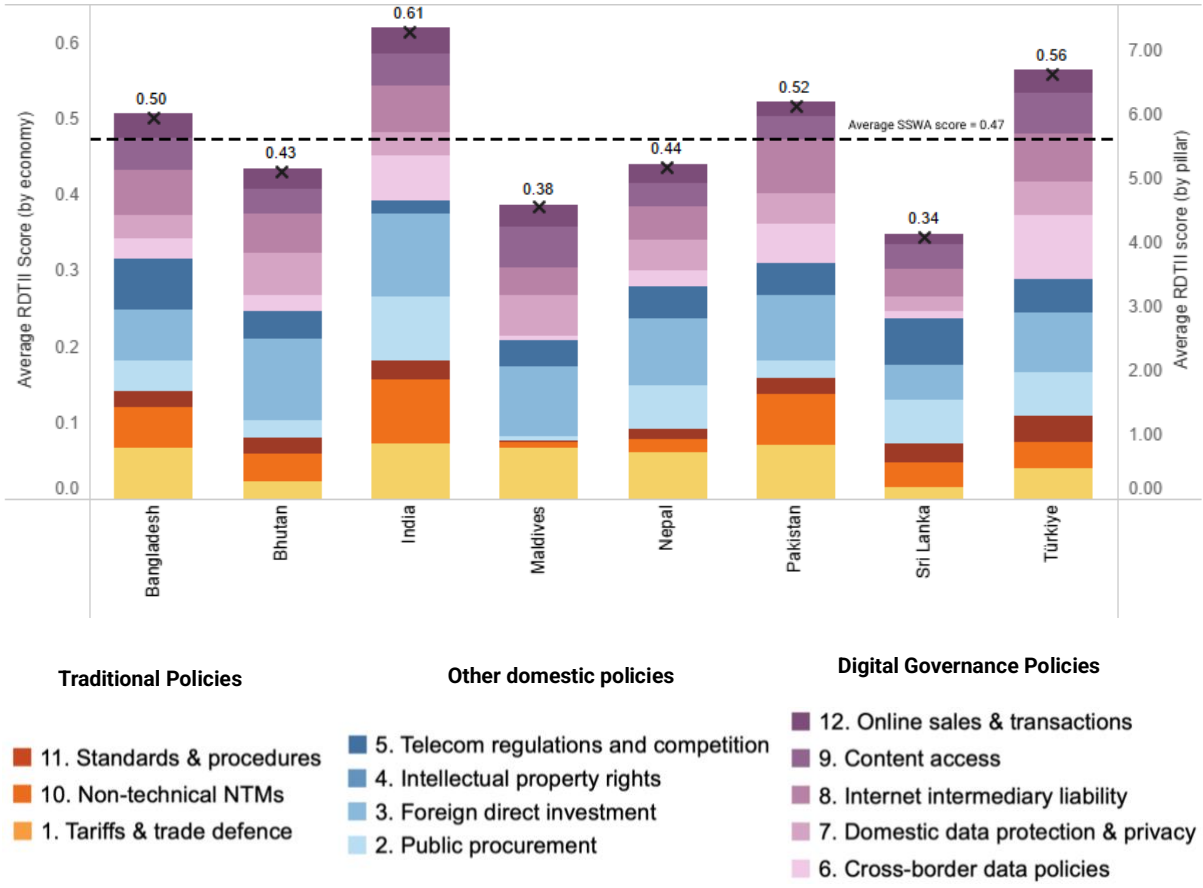

Source: ESCAP calculation, data as of January 2026

Within the SSWA region, the individual economies present substantial variations in their average RDTII scores with India, Türkiye, Pakistan, and Bangladesh, scoring well above the group average (Figure 2.3). India has the highest average score of 0.61 showcasing an extensive regulatory regime with respect to digital trade. Meanwhile, Bhutan, Nepal, Maldives and Sri Lanka score below the group average for the SSWA region suggesting a less demanding regulatory structure with limited obligations to be followed for facilitation of digital trade. In particular, Sri Lanka has the lowest score of 0.34 reflecting the presence of an

accessible market, with lesser regulatory barriers. These differences reflect diverse national approaches and regulatory frameworks in the SSWA region.

**Figure 2.3 Regulatory complexity across South and Southwest Asia: RDTII 2.1 scores by economy, 2024/25**

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)




*Source:* Regional Digital Trade Regulatory Integration Index Dashboard, accessed in January 2026 on https://www.unescap.org/projects/rcdtra

*Note:* Higher scores indicate higher compliance costs.

## Regulatory Cost and Integration Friction

Additionally, the analysis of RDTII scores across SSWA show significant variance in regulatory compliance costs in the subregion. By using the scores of Sri Lanka as the benchmark for lowest regulatory compliance costs, we can quantify this relative burden. Regulatory compliance costs are highest in India, standing at 78.3% higher than Sri Lanka (figure 2.4 A). This is followed by Türkiye (63.6%), Pakistan (50.4%), and Bangladesh (45.8%), where potential regulatory costs of engaging in digital trade are considerably higher than in Sri Lanka.

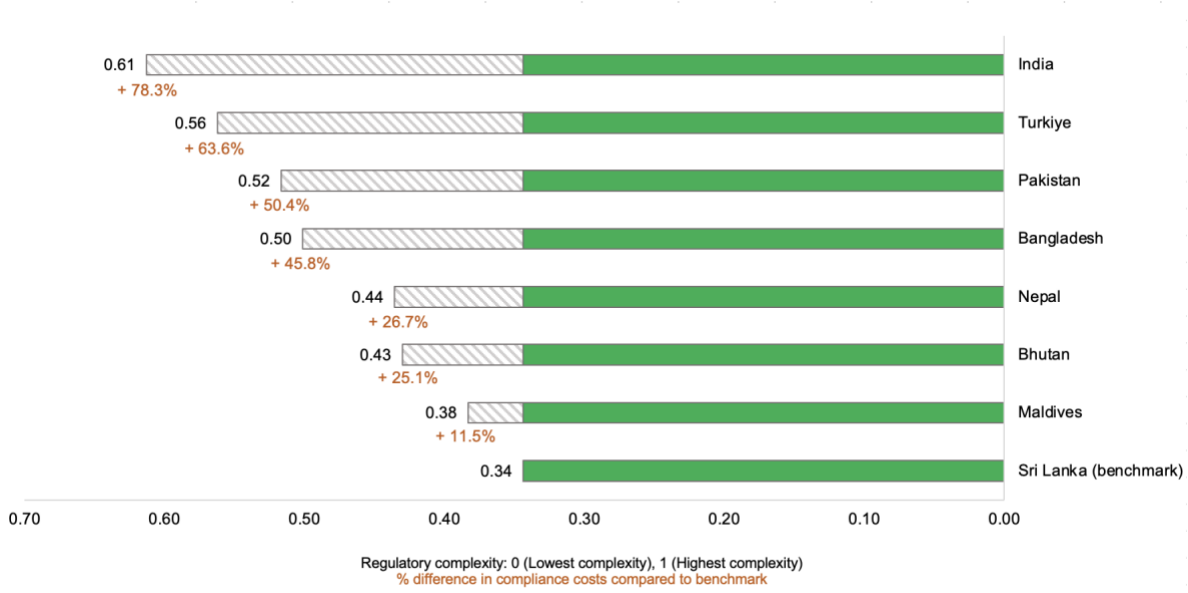
Furthermore, the Digital Trade Regulatory Similarity Index (DTRS)[3] shows that the highest regulatory alignment is found in Nepal and Bhutan (0.68), Sri Lanka (0.65), and Bangladesh (0.65) while Pakistan (0.64), Maldives (0.63), Türkiye (0.60) and India (0.54) demonstrate slightly lower policy convergence (Figure 2.4B). The index indicates that the largest regulatory gap and associated friction costs of regional digital trade integration are present in India.

[3] Refer to Box 3 for further details on DTRS.

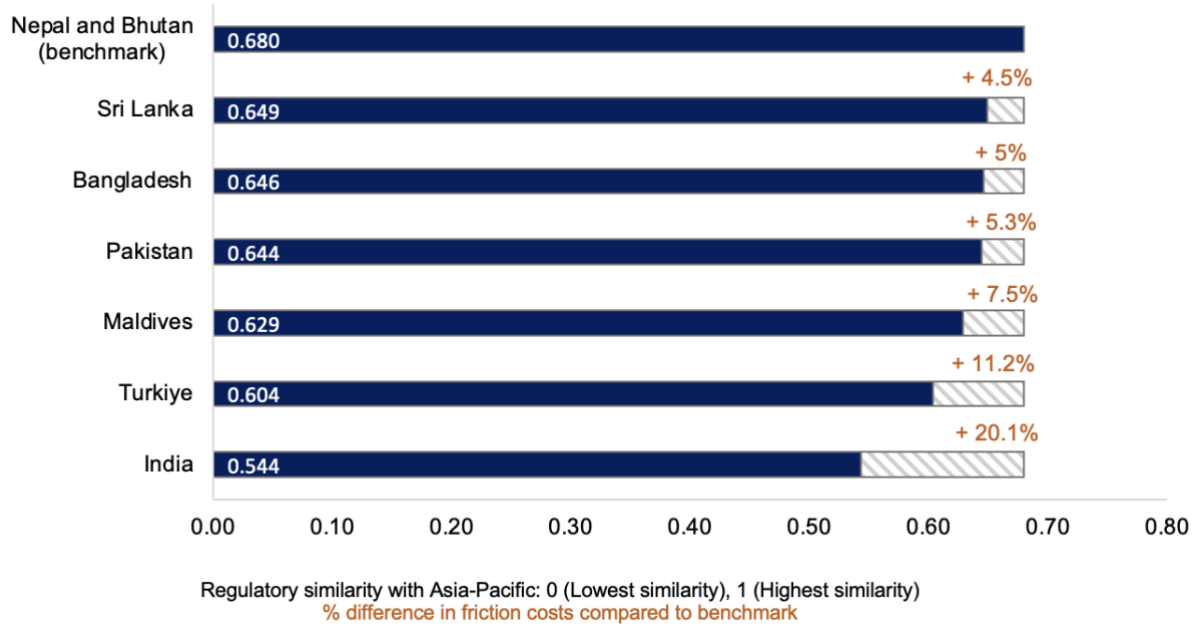
India's low DTRS score translates into higher costs of 20.1% in achieving regional regulatory alignment relative to the Nepal-Bhutan baseline. The friction cost is also notable for Türkiye at 11.2%. In contrast, Sri Lanka and Bangladesh demonstrate lower friction costs which are respectively 4.5% and 5% above the baseline.

**Figure 2.4 Regulatory complexity and similarity: compliance and friction costs relative to a benchmark, 2024/25**

**(A) Regulatory complexity and compliance**




**(B) Regulatory similarity and friction costs**




Source: ESCAP calculation, data as of January 2026.

## 2.2 Regulatory landscape by policy areas

### A. Measures related to traditional policies

This cluster includes Pillars 1, 10, and 11, which are related to tariff-related and trade defence measures that affect ICT goods and services. These policy measures have been addressed in most forums of trade negotiations.

**Pillar 1 focuses on tariffs and trade defence measures imposed on imports of ICT goods from Asia-Pacific economies.** The SSWA exhibits a mixed tariff environment for ICT goods, with significant variation across countries. The average score of the SSWA for this pillar is 0.62, where India leads with the score of 0.87 and Sri Lanka lags with the lowest score at 0.19 on a scale of 1. Low tariffs on ICT goods are a way to make essential digital equipment, hardware, and components more affordable for businesses and consumers (Figure 2.5).

The indicator on effective tariff rate[4] reveals that India, Bangladesh, Maldives, Nepal and Pakistan have relatively high tariff burdens on ICT products. Conversely, Sri Lanka, Bhutan and Türkiye have relatively low tariffs on ICT imports. On the availability of duty-free tariff lines, most economies record strong scores meaning the less ICT product are among the duty-free tariffs. In contrast Bhutan, Sri Lanka and Türkiye have lower scores, showcasing comparatively less barriers to ICT tariffs.

As far as the multilateral commitments are concerned, no economies except Türkiye and India are members of the WTO Information Technology Agreement of 1996 (ITA). India and Türkiye are signatories to the 1996 WTO Information Technology Agreement (ITA), but neither has joined the 2015 ITA-II expansion that broadened the agreement's product coverage. The limited participation in the WTO ITA across the subregion indicates scope for strengthening alignment with multilateral ICT trade frameworks.

In terms of trade-defence measures, a majority of the economies report no explicit use of anti-dumping, safeguard, or countervailing duties on ICT goods. For instance, Bhutan currently does not have specific legal frameworks or mechanisms addressing anti-dumping, countervailing and safeguards measures.[5] Similarly, Nepal has not yet imposed any anti-dumping, CVD, and safeguard measures on ICT products. However, Nepal enacted "Safeguards, Anti-dumping and Countervailing Act, 2019", providing a legislative framework for Nepal to impose these measures.

In contrast, India has a proactive agency with respect to anti-dumping measures. Over the years, the Directorate General of Anti-Dumping and Allied Duties of the Ministry of Commerce and Industry launched anti-dumping investigations on imports of electronic calculators

[4] The effective tariff rate, sourced from the World Integrated Trade Solution (WITS) database, is a weighted average of the tariffs it actually applies to its imports. The calculation is based on the "effectively applied tariff," which is the lowest rate available for each specific import—either the standard Most-Favored-Nation (MFN) tariff or a preferential rate from a trade agreement. This tariff is then weighted by the import's value, ensuring that tariffs on heavily traded goods have a greater impact on the final rate than those on rarely imported items. By accounting for both preferential agreements and import volumes, the effective tariff rate offers a more accurate reflection of the tariff cost of trade than a simple average MFN rate.

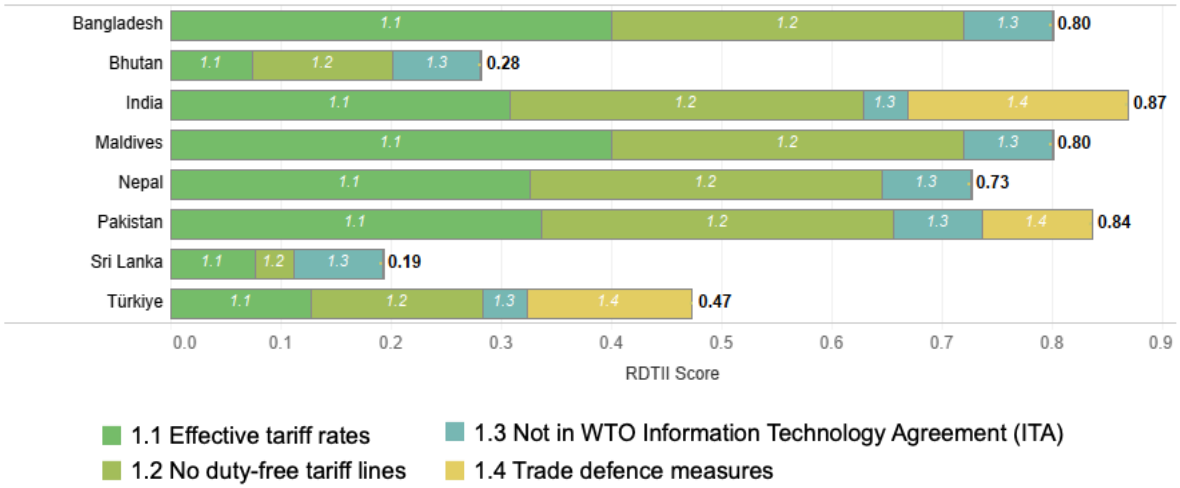
[5] India is Bhutan's largest trading partner, and most goods traded between the two countries are exempt from duties, making anti-dumping and countervailing measures largely unnecessary in this context. See https://www.mfa.gov.bt/rbedelhi/bhutan-india-relations/bhutan-india-trade-relations/

(excluding printing, graphing, and programmable calculators) from China and Malaysia.[6] These measures highlight India's continued reliance on trade defence instruments to safeguard domestic manufacturers of electronic calculators from unfair pricing practices.

Overall, the findings suggest that the SSWA region presents a mixed tariff and trade-defence landscape for ICT imports, with considerable variation across countries. However, there remains room for further progress, particularly in reducing tariff barriers on ICT products, expanding duty-free tariff lines, and increasing participation in global ICT trade liberalisation frameworks.

**Figure 2.5 RDTII Pillar 1 (Tariffs and trade defence measures) in SSWA, 2024/25**

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)




Source: Regional Digital Trade Regulatory Integration Index Dashboard, accessed in January 2026 on https://www.unescap.org/projects/rcdtra

Note: Certain economies' effective tariff rates and non-duty-free tariff lines on ICT products may occur despite their WTO ITA I and ITA II membership due to the following reasons: (a) The calculation of these two pillars includes ICT products covered under the WTO ITA I, WTO ITA II, and the proposed expansion of WTO ITA III by the Information Technology and Innovation Foundation (ITIF), which encompasses next-generation ICT products not covered by ITA I and ITA II, (b) Some products under ITA I and ITA II receive full liberalization, while others are only partially covered (ex-outs), leaving certain tariff lines unchanged. (c) Tariff reductions are phased in over three years with four equal annual cuts, starting in 2016 and ending in 2019, with potential for extended staging under specific conditions. For more information, see the RDTII Guide version 2.1.

The bar chart displays the weighted average values of indicators within each pillar. The weight assigned to each indicator represents its policy impact within the pillar. The numeric labels show the overall pillar scores, indicating the weighted average compliance cost from policies within the respective pillar for the economies concerned.

**Pillar 10 focuses on non-technical, non-tariff measures (NTMs) that apply to ICT goods and online services,** including licensing, bans, quotas, and local content requirements. These measures can influence market access and add procedural requirements for firms engaged in digital trade (Figure 2.6). On average, the RDTII score for SSWA is 0.49, which is higher than the Asia-Pacific average of 0.36. It is also observed that the NTM score for SSWA is lower than the tariff score, which indicates the prevalence of tariff barriers over NTM in the subregion.

NTMs are implemented, primarily, to resolve the tension between achievement of economic integration and domestic policy objectives, such as national security and protection of domestic industries. Import bans have been implemented in three economies – Bangladesh, India, and Pakistan. It is observed that in these economies, origin-based bans on goods are common.

[6] Government of India, Ministry of Commerce and Industry, Notification No. 24/2015-Customs (ADD), and Notification No. 12/2020–Customs (ADD).

NTMs may also be in the form of import-related bottlenecks, involving complex procedural constraints or trade blocking measures like quotas. Such measures are present in all eight SSWA economies. All economies, except Maldives, score considerably high on this metric, indicating the presence of one or more trade restrictive measures. Some common requirements include obtaining a trade license for importing, obtaining prior permission for certain classes of products, and restrictions on end-use after importation. For instance, in Sri Lanka, importers need to obtain a general licence to import, and where they seek to import telecommunications apparatus, a separate license must be obtained from the Telecommunication Regulation Commission.[7] In Bhutan, the import and use of satellite phones is limited. The import or use of satellite phones is allowed only with prior permission from the Bhutan InfoComm and Media authority (BICMA) and is permitted only in specific situations like national security, disaster management, use by embassies or international organisations, by the aviation sector during emergencies, by officials during state visits or licensed tour operators for their clients.[8]

Local content requirements, which mandate the use of domestically manufactured goods or domestically supplied services in the production of ICT-related goods or services, are present in less than half SSWA economies – Bhutan, India, and Türkiye. In Bhutan, there exists a 60% local content requirement on Over-the-Top (OTT) platforms and a strict regulation of the content delivered through community and content radios. In India, foreign investment exceeding 51% in single-brand retail stores is conditional on the purchase of 30% of the value of goods in India.[9]

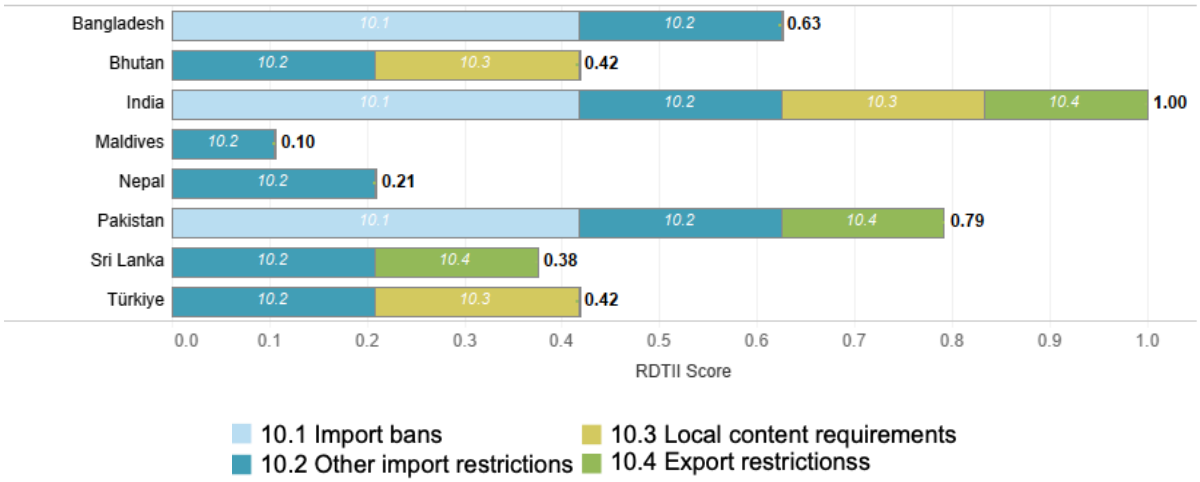
Export restrictions are also implemented in the subregion, though they are also not as common. India sets conditions of the export of dual-use ICT products such as electronics, computers and information technology, which are either prohibited or permitted under a license.[10] Sri Lanka imposes registration requirements on exporters, whereby all exporters are required to register with various institutions such as the Sri Lanka Export Development Board, Inland Revenue Department, and Sri Lanka Customs.[11] Pakistan maintains destination-based prohibitions on exports, with limited exceptions for essential products.[12]

Overall, the findings suggest that use of other import restrictions is prevalent in the SSWA region, which indicates to the lack of transparency in regulatory objectives, and creates uncertainty for entities engaging in trade in these economies. NTMs have been imposed by almost all the countries in the SSWA region in the form of import restriction in ICT-related sectors. Continued efforts lie in easing of NTMs imposed by countries within the SSWA region depending on the level of maturity that particular domestic industry has achieved in the given market.

[7] See the Sri Lanka Telecommunications Act No. 25, 1991; Sri Lanka Telecommunication (Amendment) Act No.39, 2024.
[8] See Sections 3.1 and 3.2 of the Guidelines for Satellite Phones, 2018.
[9] See Section 5.2.15.3 (e) of Foreign Direct Investment Policy Circular, 2020 issued by the Ministry of Commerce and Industry, Government of India.
[10] See Chapter 10 of the Foreign Trade Policy (2023), Ministry of Commerce and industry, Government of India; Appendix 3 of the Export Policy ITC (HS) (2022), Ministry of Commerce and industry, Government of India.
[11] See Section 115A of the Customs Ordinance of Sri Lanka No. 17 of 1969; Sri Lanka Trade Portal, available at: https://srilankatradeportal.gov.lk.
[12] See the Imports and Exports (Control) Act, 1950; Export Policy Order, 2016.

**Figure 2.6 Pillar 10 (Non-technical NTMs) scores in SSWA, 2024/25**

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)




Source: Regional Digital Trade Regulatory Integration Index Dashboard, accessed in January 2026 on https://www.unescap.org/projects/rcdtra

Note: The bar chart displays the weighted average values of indicators within each pillar. The weight assigned to each indicator represents its policy impact within the pillar. The numeric labels show the overall pillar scores, indicating the weighted average compliance cost from policies within the respective pillar for the economies concerned.

**Pillar 11 considers technical non-tariff measure, including standards and procedures, affecting trade in ICT goods and services**, especially the telecommunications sector. While technical standards ensure quality and consumer welfare, they may also function as limitations on interoperability of products or services and impose high compliance costs.

The average RDTII score for Pillar 11 in the SSWA region is 0.24, only slightly above the Asia-Pacific average of 0.22 (Figure 2.7). This is the lowest score for SSWA across all pillars, indicating a relatively simplified regulatory environment.

All SSWA economies have developed an open and transparent technical standards regime; all economies score nil on the metric of transparency and generally align with international standards. This shows a greater level of interoperability among ICT goods across the subregion. Most economies have national standardising authorities, responsible for regulating, developing, maintaining, and cancelling standards. For example, in India, the Bureau of Indian Standards is responsible for publishing technical standards, which are based on commonly accepted international standards such as ITU and ISO.

Half of the sampled economies – India, Maldives, Nepal, and Sri Lanka – recognise Supplier's Declaration of Conformity (SDoC), and in the remaining economies, third-party certification from Conformity Assessment Bodies (CABs) is recognised. Many SSWA economies are members of regional Mutual Recognition Agreements (MRAs). For example, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka are party to the South Asian Association for Regional Cooperation (SAARC) Agreement on Multilateral Arrangement on Recognition of Conformity Assessment[13] (SAARC MRA), which seeks to facilitate mutual recognition amongst SAARC members and covers electrical goods, electronics, telecom and information technology. The Bangladesh Accreditation Board (BAB) is also a member of the

[13] South Asian Association for Regional Cooperation Agreement on Multilateral Arrangement on Recognition of Conformity Assessment (2011), available at: https://nepal.saarc-sec.org/index.php/resources/agreements-conventions/43-saarc-agreement-on-multilateral-arrangement-on-recognition-of-conformity-assessment/file.

Asia Pacific Accreditation Cooperation (APAC) MRA.[14] The purpose of this MRA was to facilitate the acceptance of test results, calibration and conformity assessment certificates issued by the laboratories in Bangladesh, beyond Bangladesh.[15]

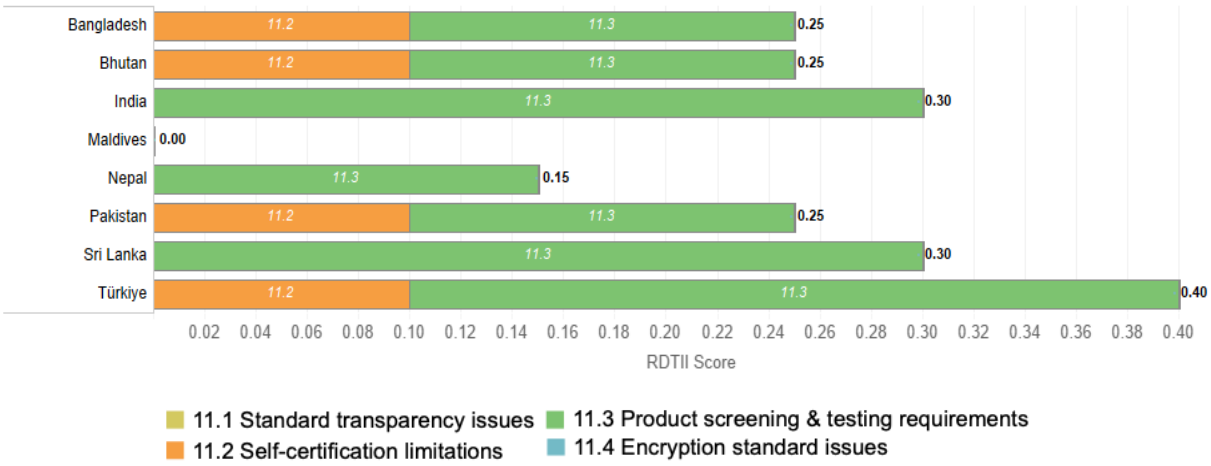
With respect to product screening and testing requirements, it is observed that that testing and certification of ICT products is relatively open and straightforward. However, Türkiye stands out for its complex certification requirements. In Türkiye, a product may need to conform to the EU-harmonized directive, the CE mark, which has been adopted in Turkey under its customs union with the EU, as well as other Turkish national standards/regulations simultaneously, as different product categories follow different rules which ultimately lead to variation in certification requirements.[16]

Notably, no deviations from international encryption standards are observed in the SSWA economies, demonstrating that baseline protections are in place.

Maldives scores the lowest in Pillar 11 overall, with a score of 0, indicating a considerably accessible market in terms of the standards and procedures. Overall, the findings under Pillar 11 suggest an open and transparent framework with broad alignment to international norms and relatively accessible certification procedures. However, stringent protect screening and testing requirements suggests scope for further regional integration in this area. Further progress lies in expanding the MRA framework, strengthen national testing agencies, reduce duplication in testing by multiple agencies and creation of transparent regulations which lead to faster approvals.

**Figure 2.7 Pillar 11 (Standards and procedures) scores in SSWA, 2024/25**

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)




Source: Regional Digital Trade Regulatory Integration Index Dashboard, accessed in January 2026 on https://www.unescap.org/projects/rcdtra

Note: The bar chart displays the weighted average values of indicators within each pillar. The weight assigned to each indicator represents its policy impact within the pillar. The numeric labels show the overall pillar scores, indicating the weighted average compliance cost from policies within the respective pillar for the economies concerned.

[14] The APAC MRA was formed in 2019 by the amalgamation of the Asia Pacific Laboratory Accreditation Cooperation (APLAC) and the Pacific Accreditation Cooperation. Bangladesh signed the APLAC MRA in 2006 and enacted the Bangladesh Accreditation Act (Act No. IXXX of 2006) 2006.
[15] Detailed information on the functioning of the APAC is available at: https://www.apac-accreditation.org/about/.
[16] See Law No. 7223 on Product Safety and Technical Regulations; Article 9(4) of the Import Conformity with Standards Audit (2025/1); Product Safety and Control: 2025/12.

### B. Measures related to domestic regulations

Policy measures under Pillars 2, 3, 4, and 5 consist of domestic regulations that affect foreign direct investment and trade in digital-trade related businesses.

**Pillar 2 examines public procurement policies in digital trade-related sectors, such as ICT infrastructure, equipment, and digitally enabled services** (Figure 2.8). The average RDTII SSWA score for this pillar is 0.52, above the Asia-Pacific average of 0.36. This indicates that overall SSWA economies have relatively broader regulatory frameworks for public procurement. As a result, foreign companies seeking to engage in government-driven digital initiatives may face additional requirements or greater procedural complexity.

Notably, none of the SSWA economies are parties to the WTO Government Procurement Agreement (GPA), which extends to digital trade–related services, including telecommunications services (CPC 752), telecommunications-related support services (CPC 754), and computer and related services (CPC 84).

With respect to foreign exclusions from public procurement related to ICT goods and digital services, some economies impose outright exclusions or selective restrictions on foreign firms in public procurement, while others allow participation but retain the legal authority to exclude. For instance, the Türkiye laws allow contracting authorities to exclude foreign firms from public procurement under certain circumstances. These circumstances are tied to the estimated cost of the procurement. If the estimated cost falls below specific thresholds[17], the contracting authority may exclude foreign bidders. In Nepal, foreign enterprises can participate in public procurement in Nepal when goods cannot be procured at a competitive price from more than one supplier within Nepal, when there is no national bid has been submitted, or when the goods to be procured are certified by a public entity as complex and of special nature.[18] In contrast, in Pakistan, Maldives and Bhutan, there are no specific exclusion of foreign firms in procurement participation.

A sector-specific measure requires the submission of source code or algorithms as a condition for participation in procurement projects. Within the SSWA region, India stands out as the only economy that mandates the submission of source code and configuration files for software and electronic products to be included in its approved list.[19]

Beyond sector-specific procurement conditions, a widespread limitation in SSWA is the preference given to domestically produced goods and services in public procurement. Maldives is the only economy in the region that does not impose such restrictions. In Nepal, the measures give preference to domestic firms, organizations, or companies when public procurement is done through international bidding. If a domestic entity (either participating singly or through a joint venture with other domestic entities) bids a price that is up to 5%

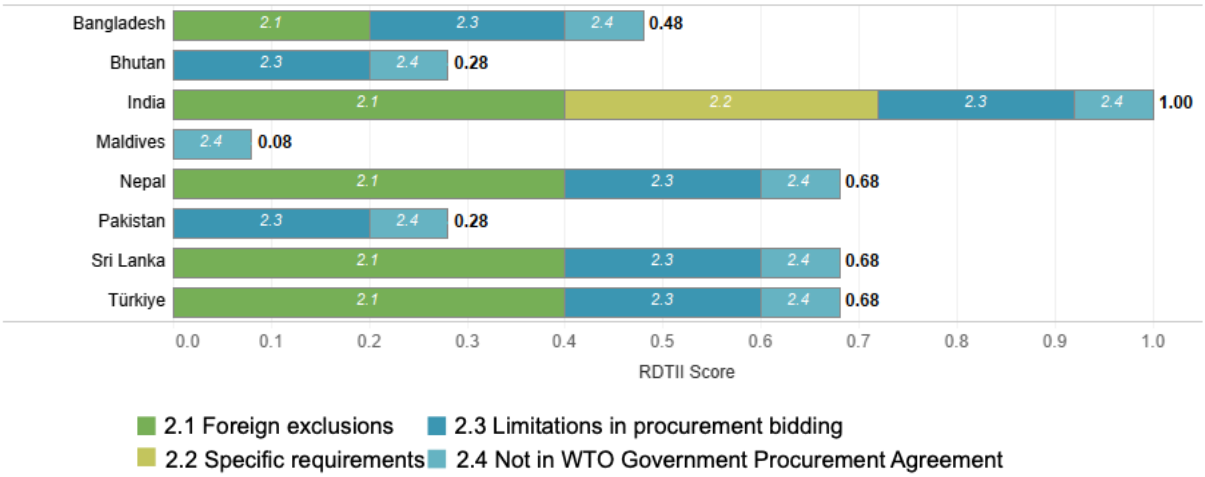
[17] The Public Procurement Law (PPL) No. 4734, Amended by Law No. 7257 of December 2020. According to Article 8, if the estimated cost of a tender is below the thresholds, the contracting authority may close the tender to foreign companies. For example: - Goods and services procurement by central government units: 1,073,525 TL (approximately 300,000 USD). - Goods and services procurement by other government units: 1,789,213 TL (approximately 500,000 USD). - Works procurement: 39,362,920 TL (approximately 11 million USD).
[18] See Section 15 of the Public Procurement Act 2064 (2007)
[19] See Policy on Adoption of Open Source Software for Government of India (2014), issued by the Ministry of Communication and Information Technology, Government of India

higher than the lowest bid made by a foreign entity, the domestic entity may still be accepted. This rule specifically applies to situations where international bidding is involved.[20]

Overall, the findings suggest that SSWA economies have established relatively comprehensive regulatory frameworks for public procurement in digital trade-related sectors, reflecting a strong policy focus on government-driven digital initiatives. However, there remains room for further progress, particularly regarding international alignment, as evidenced by the fact that no economy in the region is a party to the WTO GPA and a widespread preference for domestic industries. Continued efforts lie in balancing security regulations with market access by reducing discriminatory barriers for foreign participants and enhancing policy transparency to better integrate the region into the global digital trade system.

**Figure 2.8 RDTII Pillar 2 (Public procurement rules) in SSWA, 2024/25**

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)




*Source:* Regional Digital Trade Regulatory Integration Index Dashboard, accessed in January 2026 on https://www.unescap.org/projects/rcdtra

*Note:* The bar chart displays the weighted average values of indicators within each pillar. The weight assigned to each indicator represents its policy impact within the pillar. The numeric labels show the overall pillar scores, indicating the weighted average compliance cost from policies within the respective pillar for the economies concerned.

**Pillar 3 examines regulations on foreign direct investment (FDI) in the sectors at the core of digital-trade activities, including computer services, online broadcasting and manufacturing of ICT goods**.

The SSWA economies average score for this pillar is 0.66, which is higher than the Asia-Pacific average of 0.50. This suggests that, overall, SSWA economies maintain relatively complex investment regulations in digital trade-related sectors compared to the broader region (figure 2.9). Noticeably, Sri Lanka adopts a simplest legislative environment for FDI among the region.

In SSWA region economies, foreign ownership restrictions is commonly applied except in Sri Lanka and Bangladesh. For example, Bangladesh has been open to foreign investment, following the non-discrimination principle, where 100% foreign ownership is permitted in a majority of the sectors. However, in Pakistan, non-citizens are prohibited from owning or

[20] See Section 31F of the Public Procurement Regulation 2064 (2007)

holding any interest in a Pakistani newspaper without prior government approval and are strictly capped at a maximum 25% ownership stake regardless of the business structure.[21] In the Indian consolidated foreign policy, certain sectoral caps are imposed by the authorities, in excess of which government approval is required. [22]

Among the SSWA economies, apart from the Türkiye, there is no requirement for a joint venture for foreign investment. As far as the requirement to have a nationality or residency requirement for board of directors or managers is concerned, the local laws of certain economies in SSWA mandate the presence of a national and residence director in the management. India applies a residency requirement for the members of the board of directors. Indian Laws requires every company to have at least one director who has stayed in India for a total period of not less than 182 days during the financial year.[23] Similarly, in Pakistan, there are certain provisions related to the nationality and residency requirements for directors and managers of a company -- a person is not eligible to be appointed as a director if they do not hold a National Tax Number as per the provisions of the Income Tax Ordinance, 2001 (XLIX of 2001).[24]

Among the SSWA economies, India has the most extensive investment screening mechanism for investments and acquisitions. In April 2020, the Ministry of Commerce and Industry issued Press Note 3[25], revising the FDI policy to curb opportunistic takeovers of Indian companies during the COVID-19 pandemic. In contrast, Türkiye does not impose any blocking or discouraging mechanisms on foreign investments on mergers and acquisitions in sectors related to digital trade under its Foreign Direct Investment Law. The regime is built on the principle of freedom to invest, granting foreign investors the same treatment as domestic investors, except in a few restricted sectors. The law establishes a notification-based system rather than a screening or approval mechanism.

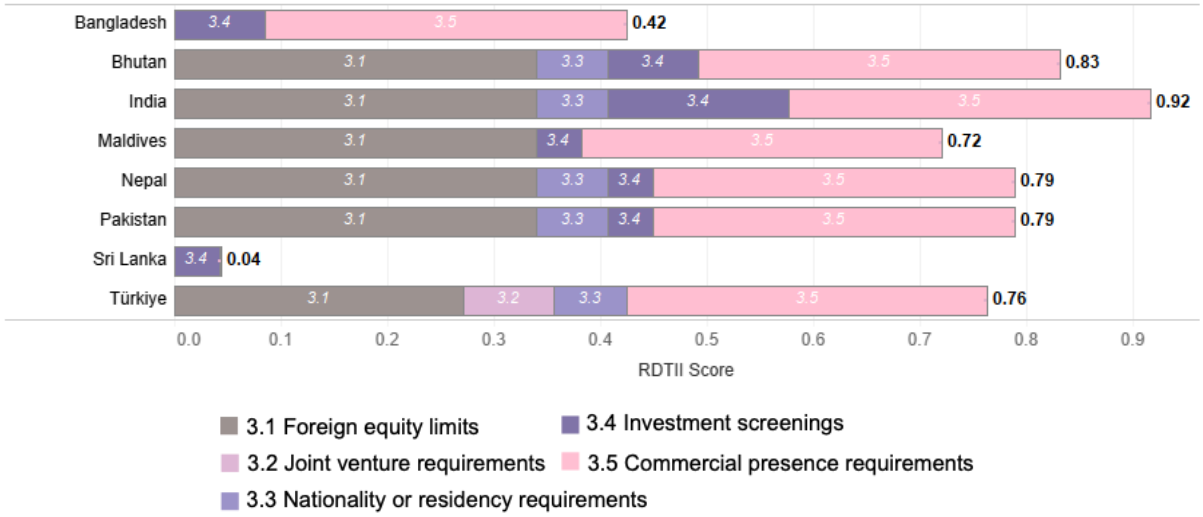
Apart from Sri Lanka, all the SSWA economies provide for commercial presence requirements to offer cross-border services in sectors relevant to digital trade. For example, India requires certain digital service providers to establish a local entity or comply with sectoral FDI caps and approval routes once thresholds are crossed.[26]

Overall, the findings suggest that SSWA economies maintain relatively more complex and restrictive FDI regulatory frameworks in key digital trade-related sectors compared to the Asia-Pacific average. However, there remains room for further progress, particularly in reducing foreign ownership restrictions, simplifying screening and approval procedures, and easing commercial presence requirements for cross-border digital services. Continued efforts lie in improving regulatory transparency, enhancing consistency across sectors, and streamlining investment rules to facilitate a more open and predictable environment for digital trade.

[21] See Press, Newspapers, News Agencies and Books Registration Ordinance 2002, Section 12
[22] See Section 4 of The Foreign Private Investment (Promotion and Protection) Act, 1980 (Act No. XI OF 1980)
[23] See Section 149(3) of the Companies Act 2013.
[24] See Section 153 (h) of the Companies Act 2017.
[25] Under this framework, any investment from entities based in countries sharing a land border with India—or where the beneficial owner is situated in such countries, requires prior government approval.
[26] See Foreign Direct Investment Policy Circular, 2020 issued by the Ministry of Commerce and Industry, Government of India

**Figure 2.9 RDTII Pillar 3 (Foreign direct investment rules) in SSWA, 2024/25**

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)




Source: Regional Digital Trade Regulatory Integration Index Dashboard, accessed in January 2026 on https://www.unescap.org/projects/rcdtra

Note: The bar chart displays the weighted average values of indicators within each pillar. The weight assigned to each indicator represents its policy impact within the pillar. The numeric labels show the overall pillar scores, indicating the weighted average compliance cost from policies within the respective pillar for the economies concerned.

**Pillar 4 examines regulations related to Intellectual Property Rights (IPR) policies, including patents, copyrights and trade secrets, within the digital economy** (figure 2.10). It is one of the broadest policy areas covered under the RDTII framework, capturing regulatory challenges that may affect the development of a coherent legal framework for IPR protection.

The SSWA average score is 0.34, which is above the Asia-Pacific average of 0.26. Sri Lanka scores the highest 0.50, while more open regulatory environment shown in Türkiye of 0.18.

Notably, only India, Sri Lanka and Türkiye, are part of WIPO Patent Cooperation Treaty (PCT).[27] With respect to other treaties like WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT), among the SSWA, only India and Türkiye are the participants of these treaties.

Across SSWA economies, copyright and patent laws are well established, with a focus on balancing creators' rights and public access to knowledge and innovation. All economies in the subregion have incorporated exceptions to copyright protections, generally aligned with fair use or fair dealing, permitting uses such as private study, education, or research without the author's consent or remuneration, so long as these do not unfairly harm the work's normal exploitation or the author's legitimate interests. Enforcement frameworks are also in place, typically providing civil remedies, administrative procedures, and provisional measures, and ensuring equal protection for both domestic and foreign rightsholders. For example, in India, Order XXXIX of the Civil Procedure Code, 1908 (CPC) provides provisions for temporary injunctions where courts can exercise their powers to provide remedy to patent infringements. The patent rules work in conjunction with the Patents Act largely lists the administrative procedures regarding patent opposition proceedings. These enforcement mechanisms

[27] The Patent Cooperation Treaty (PCT) is an international patent law treaty administered by the World Intellectual Property Organization (WIPO). It provides a unified procedure for filing patent applications to protect inventions in each of its contracting states. Available at https://www.wipo.int/treaties/en/registration/pct/

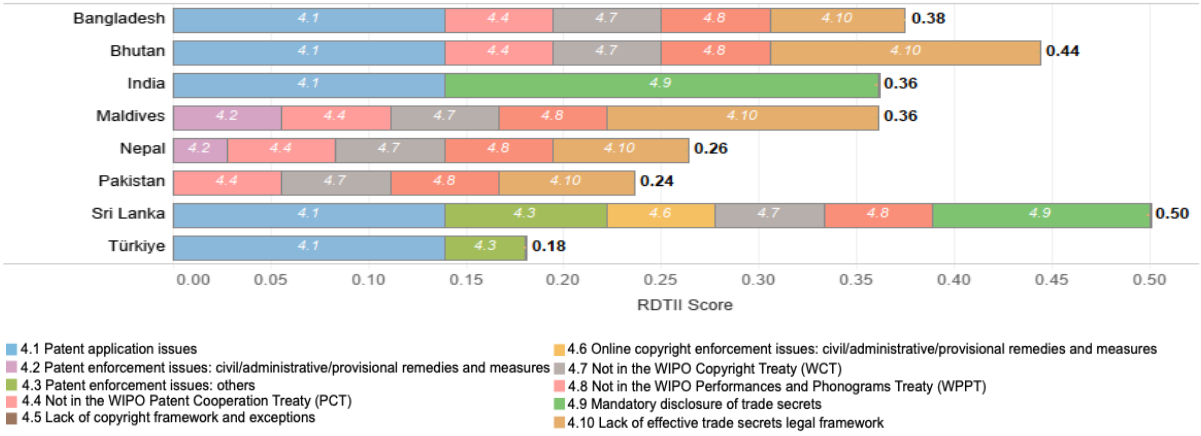
ensure that both domestic and foreign rightsholders are provided equal protection under national IP regimes.

Trade secrets protection legal framework exists only in India, Sri Lanka and Türkiye. India trade secrets protection is derived from principles of equity, tort law, and common law doctrines such as breach of confidence. Furthermore, India and Sri Lanka impose trade secrets disclosure requirements under the consideration of national interest protection. In Sri Lanka, the law provides that a request for information must be refused if it relates to commercial confidence, trade secrets, or intellectual property protected by law, where disclosure would harm a third party's competitive position unless overriding public interest justifies disclosure.[28]

Overall, the findings indicate that SSWA economies have made consistent progress in developing foundational IPR frameworks in line with international standards, yet some of the economies are yet to ratify international treaties. However, procedural hurdles in patent applications and uneven approaches to trade secret protection remain key areas requiring further simplification and harmonization. Therefore, continued efforts should focus on strengthening digital-era enforcement, improving administrative efficiency in patent processing, and adopting clear and comprehensive trade-secret protection regimes.

**Figure 2.10 Pillar 4 (Intellectual Property Rights) scores in SSWA, 2024/25**

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)




Source: Regional Digital Trade Regulatory Integration Index Dashboard, accessed in January 2026 on https://www.unescap.org/projects/rcdtra

Note: The bar chart displays the weighted average values of indicators within each pillar. The weight assigned to each indicator represents its policy impact within the pillar. The numeric labels show the overall pillar scores, indicating the weighted average compliance cost from policies within the respective pillar for the economies concerned.

**Pillar 5 focuses on the regulation of and competition within the telecom sector for ensuring reliable and affordable connectivity to promote digital trade**. (figure 2.11) Digital trade can be greatly enhanced when there is a pro-competitive telecom environment as it leads to better connectivity amongst the regions thereby leading to creation of a conducive environment for growth of digital trade.

The average RDTII score for the region under this pillar is 0.51, which is slightly higher than the Asia Pacific average of 0.47. Bangladesh owes the most heavily regulated market overall for digital trade under this pillar with an average score of 0.79 followed closely by Sri Lanka

[28] See Article 5 of the Right to information Act

which has a score of 0.74, in contrast, India maintains the most simplified regulatory environment in comparison with the score of 0.22.

Foreign equity limits in the telecom sector exist in four economies in the region. Bangladesh having the most regulated telecom market for acceptance of foreign equity. Other economies with regulatory barriers for acceptance of foreign equity in the telecom sector are Nepal, Sri Lanka, and Türkiye.

There are high levels of government ownership in telecom companies within the region with all economies having at least one telecom company where government ownership remains more than 50% and there is substantial control of the government in such companies.

Furthermore, half of the SSWA economies have imposed licensing requirements to telecom operators with significant market power (SMP). For instance, in Bangladesh, operators with SMP status are subject to enhanced regulatory oversight under the Significant Market Power Regulations, 2018, including approval requirements for tariffs and obligations to ensure fair competition. Similarly, Bhutan and Sri Lanka impose licensing controls on dominant telecom operators to safeguard market fairness, while Pakistan's Telecommunications (Re-organization) Act, 1996 empowers the regulator to enforce SMP-based obligations such as price regulation and interconnection conditions. The remaining economies of India, Maldives, Nepal and Türkiye do not have strict licensing policies and score less on this metric.

Bhutan, India, Nepal, Sri Lanka and Türkiye have the requisite mechanism on passive infrastructure sharing in place while Bangladesh, Maldives and Pakistan lack such system.

In addition, all six SSWA economies require some form of accounting separation as presently, none of them have adopted both functional and accounting separation in place; this would help in ensuring cost transparency for wholesale and retail services. Noticeably, Nepal and Sri Lanka have implemented none of the requirements, which might result in limited safeguards against discriminatory pricing or cross-subsidisation in these economies.

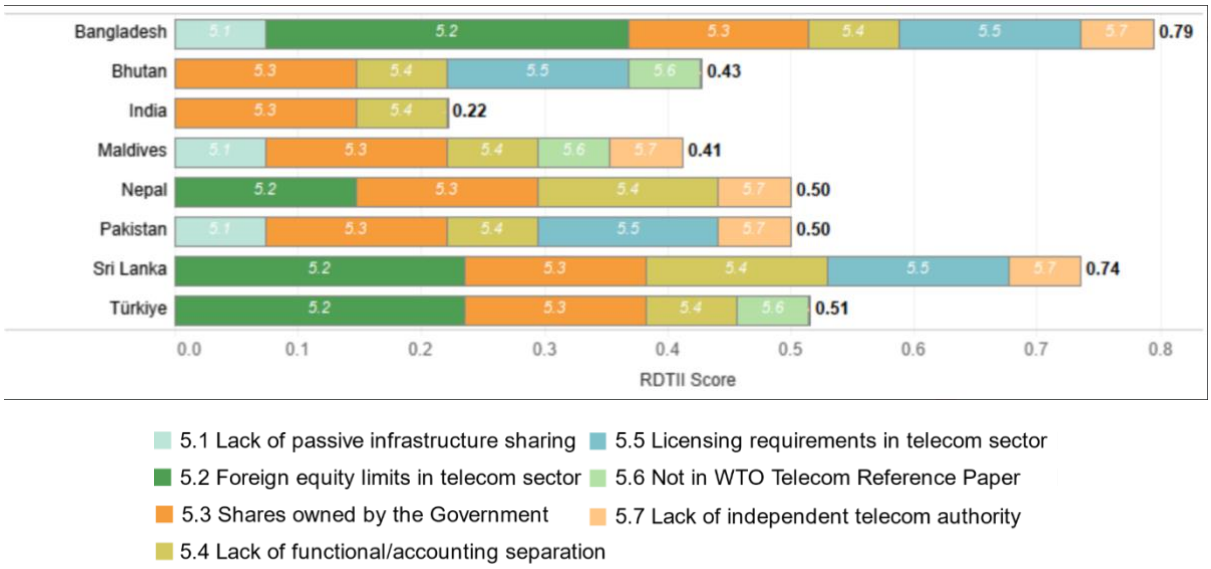
Besides, each economy has also been analysed based on their appendment towards the WTO Telecom Reference Paper, wherein Bhutan, Maldives and Türkiye have not appended to the WTO Telcom Reference Paper in their schedule of commitments whereas the remaining countries have.

Lastly, there are only three economies in the region namely Bhutan, India and Türkiye have established an independent telecom authority, which indicates that there is a lack of establishment of an independent telecom authority amongst other nations in the SSWA region.

Overall, the findings suggest that SSWA region has made progress in enabling sharing of telecom facilities, participating in international agreements. However, there remains room for further progress in this sector within the SSWA region as foreign equity restrictions, government ownership, and licensing regime remain key barriers in SSWA telecom market. Continued efforts lie in focusing on easing of foreign entry barriers, expanding operators functional and accounting separation, strengthening competitive safeguards, and creating autonomous telecommunications regulatory bodies to promote a more open and innovation-friendly digital ecosystem.

## Figure 2.11 Pillar 5 (Telecom regulations and competition) scores in SSWA, 2024/25

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)




Source: Regional Digital Trade Regulatory Integration Index Dashboard, accessed in January 2026 on https://www.unescap.org/projects/rcdtra

Note: The bar chart displays the weighted average values of indicators within each pillar. The weight assigned to each indicator represents its policy impact within the pillar. The numeric labels show the overall pillar scores, indicating the weighted average compliance cost from policies within the respective pillar for the economies concerned.

### C. Measures related to digital governance policies

Pillars 6, 7, 8, 9, and 12 over emerging areas of digital trade regulation. These pillars reveal significant policy variation both across SSWA economies and among the individual pillars.

**Pillar 6 examines cross border data policies** within the SSWA region **(cross border data sharing mechanism).** Along with **Pillar 7 which analyses the policies with respect to domestic data protection and privacy (domestic data protection policies)**, it forms part of the broader **data governance cluster**.

The average score of the SSWA region with respect to cross-border sharing of data is 0.41 (figure 2.12) which is higher than the Asia Pacific average of 0.31. This reflects that the SSWA region have a relatively moderate regulatory regime in place for cross border data governance.

Türkiye has the most heavily regulated cross-border data sharing policy in the SSWA region, which covers processing of locally stored personal data and creation of local storage and infrastructural requirements for sharing of such data, with an average score of 1. Whereas, Maldives has the most simplified mechanism for cross border sharing of data in the region with an average score of 0.08, suggesting that there is a relatively open system in place for cross border data flows to and from Maldives.

Data localization has been a key component of assessment under this pillar, wherein an exception has been carved out with respect to storage of government data. India and Türkiye have high regulatory barriers which mandate either a ban on processing of data outside their jurisdiction or a local processing requirement for all sectors. This is in complete contrast to other jurisdictions in the region all of which have no mandatory requirement for processing of all data locally in Bangladesh, Bhutan, Maldives, Sri Lanka, Nepal and Pakistan. However, there is a marked difference when it comes to storage of data locally as only Maldives and Sri Lanka have no such mandatory requirement whereas all other countries, except Nepal which has partial regulation in this regard, have a regulatory regime for local data storage.

Cross border data flows require that there are adequate infrastructural safeguards in place which enable the sharing of such data. However, in case there is a mandatory requirement to have infrastructural requirement in place for cross border sharing of data, it can prove to be a regulatory barrier. Pakistan and Türkiye have regulatory regimes in place which mandates creation of infrastructure for cross border sharing of data whereas all other countries have no such mandatory requirement of creation of adequate infrastructure for sharing of such data.

Measures relating to conditional flow of data introduce regulatory obligations as they typically involve lower compliance costs than full localization mandates, as they do not require major infrastructure investment. All countries except Bhutan and Maldives have a regulatory regime in place governing conditional flow of data.  Bhutan does not impose full data-localization requirements but operates a conditional data-flow system under its Payment and Settlement Systems Policy. It requires payment service providers to obtain prior written approval from the Authority before transferring payment-system data abroad, with the Authority empowered to prescribe detailed conditions for such approval.[29] In contrast, India recently enacted the Digital Personal Data Protection Act, 2023 (DPDPA) which provides a regulatory system under which

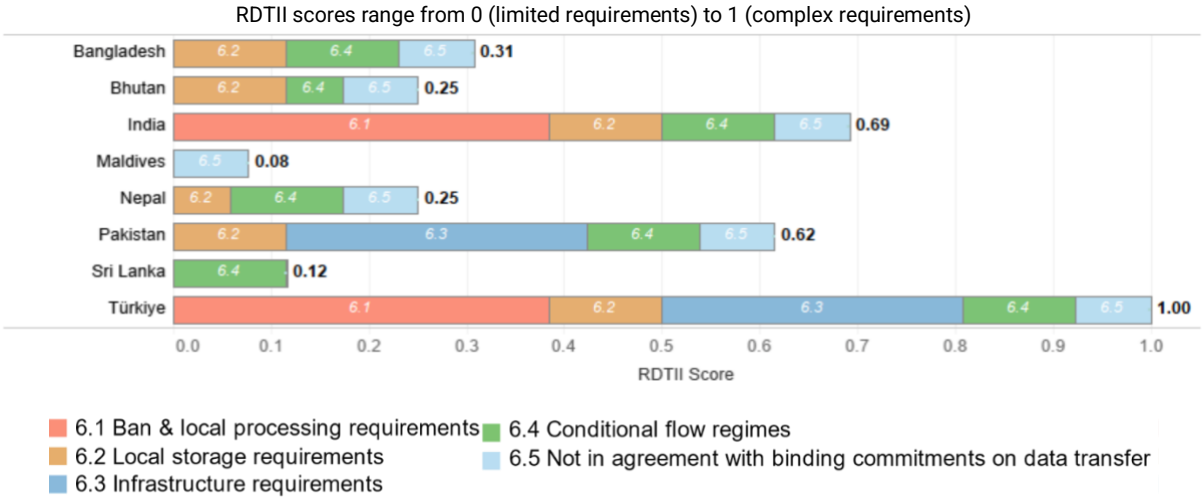
[29] See Section 10 of the Data Residency Policy for Payment Systems Data 2021 as issued by the Royal Monetary Authority of Bhutan.

the transfer of personal data by a data fiduciary for processing of personal data outside India can be restricted.[30] However, the Information Technology Rules, 2011 of India allow for cross-border transfer of sensitive personal data that ensures the same level of protection as provided under these Rules.[31]

While each country in the region has their own policies with respect to localization, storage and processing of data, only Sri Lanka has committed to joining a binding agreement on permitting cross-border sharing of data (provided in Article 9.9 of the Free Trade Agreement between Sri Lanka and Singapore).

Overall, the findings suggest that movement of personal and commercial data across borders supports digital trade and most economies maintain relatively open regulatory environments for cross-border data flows within the SSWA region. However, it is noteworthy that data localization requirements are uneven across the region. To fully harness digital-trade potential, continued efforts are needed to harmonize regulations, improve transparency, and ensure secure yet efficient data flows across the region.

**Figure 2.12 Pillar 6 (Cross-border data policies) scores in SSWA, 2024/25**




*Source:* Regional Digital Trade Regulatory Integration Index Dashboard, accessed in January 2026 on https://www.unescap.org/projects/rcdtra

*Note:* The bar chart displays the weighted average values of indicators within each pillar. The weight assigned to each indicator represents its policy impact within the pillar. The numeric labels show the overall pillar scores, indicating the weighted average compliance cost from policies within the respective pillar for the economies concerned.

**Pillar 7 examines policies governing the use and protection of personal data within domestic economies.** (figure 2.13) The regional average score of SSWA is 0.47 which indicates that the region has relatively robust data protection and privacy mechanisms in place. This score is close to the Asia Pacific average of 0.41, indicating that regulatory presence for data protection across SSWA is largely consistent with the overall regulatory landscape of the broader region.

For reference, the recently enacted Digital Personal Data Protection Act, 2023 (DPDPA) of India provides for data localization and processing of personal data in India. India has an overall average score of 0.38 which reflects that there exists a comprehensive data protection

[30] See Article 16 of the Digital Personal Data Protection Act, 2023, Act No. 22 of 2023.
[31] See Rule 6 of the information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011.

policy in place however on certain parameters such as allowing governmental access to personal data without obtaining requisite court orders, it has a high score of 1. Protection of personal data inspires confidence in the consumer and can be a catalyst for growth of digital trade; therefore, it is crucial that countries have comprehensive data protection policies in place.

A comprehensive personal data protection policy is sector agnostic and covers data stored in all forms. While some economies in the SSWA region have enacted such comprehensive policies, however, Bhutan, Nepal, Maldives and Pakistan have sector specific data protection policies and therefore reflecting sectoral protection of personal data compared to other countries of the region.

Data protection cannot be implemented unless adequate framework for cybersecurity is in place. Maldives does not have a cybersecurity framework in place which may expose the data storage to threats on the cyberspace, whereas Bhutan and Türkiye only have sectoral laws on cybersecurity. All other countries in the region have robust cybersecurity mechanisms in place.

Most economies in the region mandate minimum period of data retention, however,-Maldives and Sri Lanka do not have mandatory requirements of data retention while every other country in the region show disparity in the requirement for retention of data amongst the nations in the region. For example, in Maldives, the privacy policy of the Maldivian Police states that the retention of personal data may be done for the purposes set out in their privacy policy however it is to be done for a short period unless the data is required to strengthen the security or to improve the functionality of the service.[32] Contrastingly, in India, the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules 2021 provides that an internet intermediary would have to mandatorily preserve the information collected from a user for registration on a computer resource for one hundred and eighty days after the cancellation or withdrawal of his registration.[33] This indicates a high level of regulatory oversight in the ambit of data retention in India.

For checking the protection levels of the data which is stored under the various policies in the SSWA region, conduct of Data Protection Impact Assessment (DPIA) and appointment of Data Protection Officer (DPO) have been mandated in Bangladesh, India, Sri Lanka and Türkiye for all sectors whereas, Bhutan only has a specific requirement for the appointment of a DPO with respect to Financial Service Providers (FSPs) as they have been given the mandate to appoint a DPO who will act as an employee of the FSP and who will report to the Data Protection Management Committee (DPMC) headed by the FSP itself.[34] Nepal, Pakistan and Maldives do not have a requirement of conduct such an assessment or of appointment of a DPO.

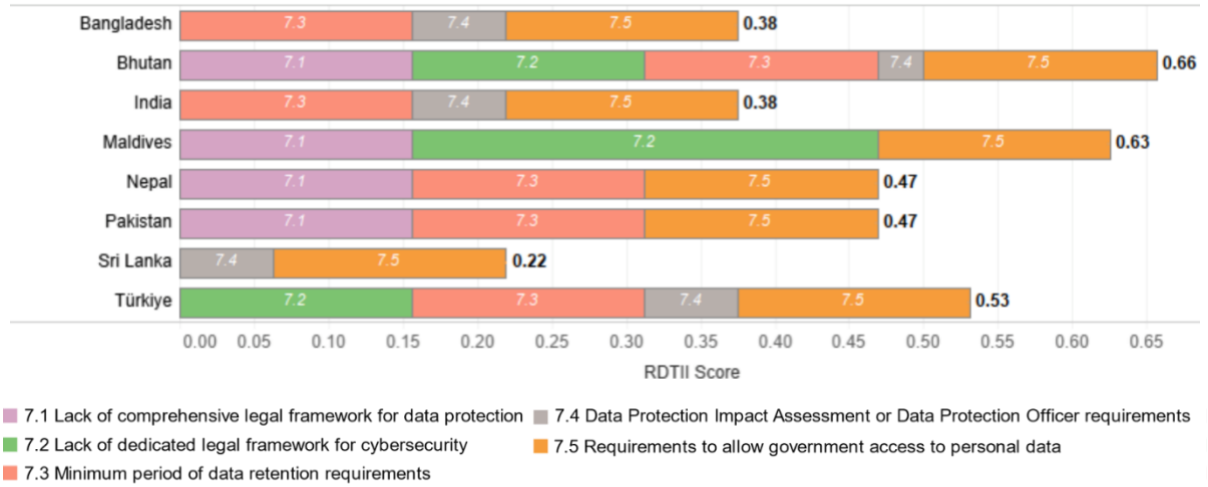
Lastly, all countries in the SSWA region allow the government to access personal data without obtaining court orders highlighting a major challenge concerning protection of personal data stored locally.

[32] See clause titled 'Retention of Your Personal Data' of the Privacy Policy of the Maldives Police Service.
[33] See Rule 3(1) (h) of the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.
[34] See Section 4 titled 'Obligations of FSPs' of the Guidelines on Data Privacy and Data Protection 2021 issued by the Royal Monetary Authority of Bhutan.

Overall, the findings suggest that there exists a relatively robust personal data protection mechanism in place in the SSWA region spanning policy areas like cybersecurity, and data governance. However, there remains room for further progress, particularly in the area of enactment and enforcement of data protection laws as within the SSWA region, the economies contain different levels of protection and retention of personal data. Continued efforts lie in building a system which is not overly restrictive as while robust data protection laws enhance consumer trust which proves to be beneficial for growth of digital trade, an excessively restrictive regime can hamper data flow and obstruct the smooth conduct of digital trade.

**Figure 2.13 Pillar 7 (Domestic data protection obligations) scores in SSWA, 2024/25**

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)




*Source:* Regional Digital Trade Regulatory Integration Index Dashboard, accessed in January 2026 on https://www.unescap.org/projects/rcdtra

*Note:* The bar chart displays the weighted average values of indicators within each pillar. The weight assigned to each indicator represents its policy impact within the pillar. The numeric labels show the overall pillar scores, indicating the weighted average compliance cost from policies within the respective pillar for the economies concerned.

**Pillars 8 and 9 cover Internet intermediary liability and content access**, focusing on regulations that assign responsibility to online platforms and govern the accessibility of online content.

**Pillar 8 examines rules related to liability protections, user identity verification, and monitoring obligations for Internet intermediaries.** (figure 2.14) The average score of the SSWA region under this pillar is 0.47 which is lower than the Asia Pacific average of 0.54. This reflects that the region has a moderately robust regulatory system in place which provides adequate protection to the internet intermediaries. Bhutan, Nepal, Pakistan and Sri Lanka have lower scores indicating higher regulatory structures for governance of internet intermediaries compared to their counterpart economies in the region.

Lack of safe harbour provisions to internet intermediaries protecting them from copyright infringement complicates their ability to function freely. Maldives and Sri Lanka are in lack of safe harbour provisions available to intermediaries protecting them from copyright infringement. Additionally, Maldives also does not have any safe harbour provisions for the intermediaries for other illegal activities apart from copyright infringements. Türkiye imposes

partial sectoral protection to intermediaries from content related issues such as defamation, privacy violations or illegal content hosted on their platform and does not provide safe harbour from other illegal activities such as fraud, intellectual property violations or other criminal acts.[35]

Most users access the internet through one or more of the internet intermediaries and it is in this context that mandatory revelation of user identity to connect to the internet becomes a limited measure. Bangladesh, India and Türkiye have mandatory regulatory requirements for revelation of user identity to connect to the internet or access online services, whereas Bhutan, Maldives, Nepal, Pakistan and Sri Lanka have narrower user identity requirements for specific sectors like SIM registration. For example, in Maldives, a SIM card for use of mobile phone number is issued to a person who has been issued mobile telecommunication service provider license by the authorities and the details of the SIM card user are verified and registered with the authority.[36] However, contrastingly, in India, apart from having the mandatory requirement of having the national identity card- Aadhar registered along with the SIM card for using mobile phones, the internet service providers are also mandated to provide a complete list of their subscribers on their website which can be accessed by the security agencies at any time.[37] This is an additional measure in which user identity can be made available based on the data collected by the internet service provider.

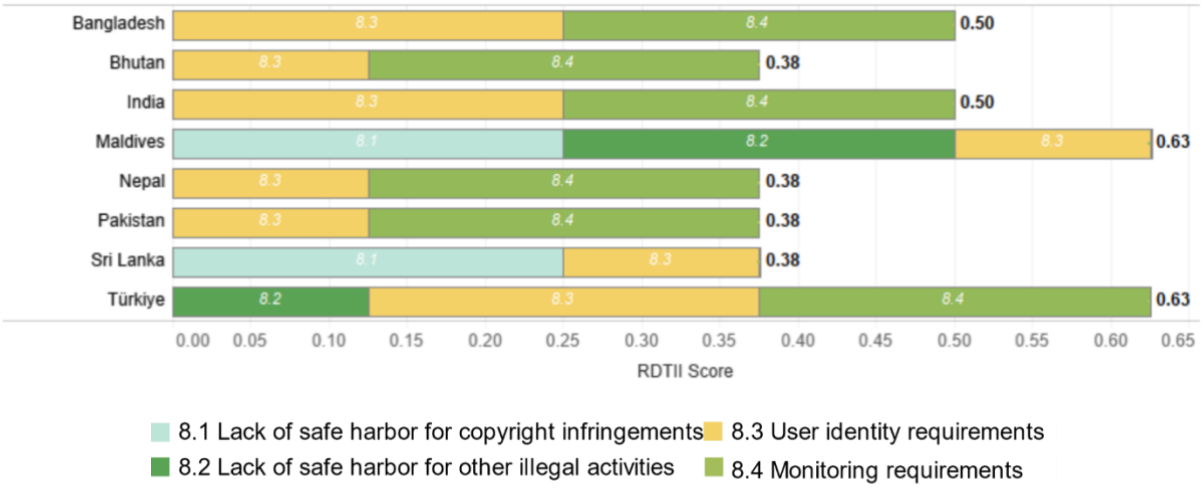
Lastly, removal of online content requires monitoring of user activity online to remove/ban content. All countries except Maldives and Sri Lanka have high regulatory measures in place to remove online content by means of monitoring user activity. For example, in Pakistan, the Citizens Protection (Against Online Harm) Rules, 2020 provide that social media companies must deploy appropriate mechanisms for preventing live streaming of any content related to issues such as terrorism, extremism, defamation, fake news, incitement to violence and national security and that social media companies shall mandatorily remove any content by a citizen of Pakistan residing outside its territorial boundaries which is involved in spreading fake news, defamation or violates the cultural, ethnic or national security sensitivities of Pakistan.[38]

Overall, the findings suggest that internet intermediaries have comparatively been provided with certain level of protection within the region. However, there remains room for further progress, particularly in the domain of providing safe harbour provisions to internet intermediaries. Continued efforts lie in minimising mandatory collection of user data for accessing internet services as it serves as a restrictive measure which should be minimised for enhancing consumer trust in the functioning of the internet intermediaries and ultimately ensuring growth of digital trade.

[35] See chapter titled 'Responsibilities of content provider' of The Law on Regulation of Broadcasts Via Internet and Combating Crimes Committed By the Means of Such Publications (Law No. 5651), also known as The Turkish Internet Law.
[36] See Section 3 of Regulation No. 136/R-2023 Rules on the Issuance and Use of Telephone Numbers Used to Access Mobile Telephone Services 2023.
[37] See Notification no. 800-26/2016/AS.II, titled, Use of Aadhaar e-KYC service of Unique Identity Authority of India (UIDAI) for issuing new mobile connections and re-verification of existing subscribers, Government of India, Ministry of Communications, Department of Telecommunications, 2016.
[38] See section 4(4) of Citizen's Protection (Against Online Harm) Rules, 2020.

**Figure 2.14 Pillar 8 (Internet intermediary liability) scores in SSWA, 2024/25**

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)




*Source:* Regional Digital Trade Regulatory Integration Index Dashboard, accessed in January 2026 on https://www.unescap.org/projects/rcdtra

*Note:* The bar chart displays the weighted average values of indicators within each pillar. The weight assigned to each indicator represents its policy impact within the pillar. The numeric labels show the overall pillar scores, indicating the weighted average compliance cost from policies within the respective pillar for the economies concerned.

**Pillar 9 examines regulations that limit or control access to online content**, including website and app blocking or content filtering, internet shutdowns, requirements on online advertising, and licensing requirements.

The average score of Pillar 9 for SSWA is 0.63, which is higher than the Asia-Pacific average of 0.42 (Figure 2.15). This shows that SSWA economies impose more stringent restrictions on online content access than the broader region. The scores for SSWA range from the lowest being 0.44 in Maldives and Sri Lanka, to the highest being 0.83 in Pakistan.

All eight economies consistently score 1.0 on the content blocking or filtering parameter, indicating a high prevalence of content access limitations in SSWA. Many of these regulations are sector-specific, targeting social media platforms, OTT platforms, websites, and intermediaries. This indicates that SSWA economies are enacting laws directed towards concerns raised by specific services/platforms. For instance, in Nepal, executive orders blocked access to all crypto trading platforms.[39] In India, the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 impose liabilities on social media platforms like Facebook and Twitter, for any false or misleading information knowingly or intentionally hosted on these platforms. In Türkiye, social media providers with over one million daily users must remove or block illegal content within 24 hours and respond to user complaints on content removal within 48 hours. The Turkish government also has the power to block or filter content for reasons including national security, public order, and crime prevention.[40]

[39] See Instructions issued by the Nepal Telecommunications Authority on issues such as cryptocurrency, Bitcoin, hyper-networking, online gambling, etc. through online technology on January 8, 2023, available at: https://www.nta.gov.np/content/ali-i-i-alii-l.
[40] See Law No. 5651 on Regulating Broadcasting in the Internet and Fighting Against Crimes Committed through Internet Broadcasting, as amended by the Amending Law of July 31, 2020.

Broader internet shutdowns are also observed in some SSWA economies. According to the V-Dem dataset, Bangladesh, India, and Pakistan faced internet access restrictions "sometimes" in a year, more frequently than others in the subregion, which saw restrictions "rarely" or "never".[41]

Only three out of eight economies – India, Pakistan, and Türkiye – impose online advertising requirements that go beyond consumer protection. India imposes a horizontal requirement on all advertisers, to submit Self-Declaration Certificates, affirming that the content displayed is not false or misleading, before publishing the same.[42] Pakistan and Türkiye impose bans on specific categories of advertisements: Pakistan bans all advertisements featuring Indians,[43] while Türkiye prohibits ads for dating services, legal consultancies, tax and financial consultancies, medical advice services, and subliminal advertising.[44]

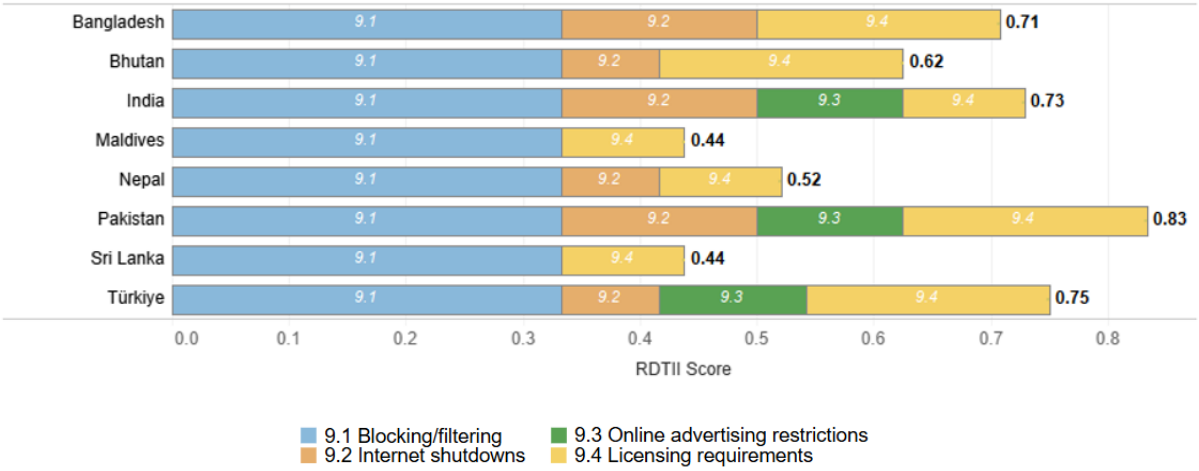
All SSWA economies impose varying degrees of licensing requirements for conduct of business, on ICPs and other applications. Half of the SSWA economies enact stringent and restrictive licensing requirements. Nationality-based restrictions/requirements are common. In Bangladesh, Telecom Value Added Service providers must have a Bangladeshi partner in order to be eligible for a license.[45] In Bhutan, Multi-Service Operator (television content distributor/broadcaster) licenses can only be granted to Bhutanese citizens.[46] Pakistan does not allow grant of mandatory broadcast media and distribution service licenses to non-Pakistani citizens or residents, foreign companies, companies with the major shares owned or controlled by foreign natural or juristic persons, and any persons funded or sponsored by a foreign Government or organization.[47]

Overall, the findings suggest that SSWA economies have adopted a relatively stringent regulatory framework governing online content, broadly aligned with their national policy objectives. There remains room for further progress, particularly in reducing the reliance on widespread content blocking and restrictive licensing regimes, which contribute to a highly regulated environment that impedes the growth of digital trade initiatives and limits digital integration. Continued efforts lie in revoking overly restrictive measures, and in adopting more proportionate approaches that maintain access to social media content with limited regulatory oversight.

[41] The V-Dem dataset is available at https://www.v-dem.net/vdemds.html.
[42] See IMA & Anr. v. Union of India & Ors., Writ Petition (Civil) No. 645/2022; The Cable Television Networks Rules 1994.
[43] See Section 27 of the Pakistan Electronic Media Regulatory Authority Ordinance 2002 (Ordinance No.8); Section 14 of the Electronic Media (Programmes and Advertisements) Code of Conduct 2015.
[44] See The Commercial Advertising and Unfair Commercial Practices Regulation, amended by the Regulation 29232.
[45] See Regulatory Guidelines for Issuance of Registration Certificate for Providing Telecommunication Value Added Services in Bangladesh, 2018
[46] See Section 2.2 of Rules and Regulations for Licensing and Operation of Internet Service Providers in Bhutan, 2021.
[47] See Section 25 of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No.8).

**Figure 2.15 Pillar 9 (Content access) scores in SSWA, 2024/25**

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)




*Source:* Regional Digital Trade Regulatory Integration Index Dashboard, accessed in January 2026 at https://www.unescap.org/projects/rcdtra

*Note:* The bar chart displays the weighted average values of indicators within each pillar. The weight assigned to each indicator represents its policy impact within the pillar. The numeric labels show the overall pillar scores, indicating the weighted average compliance cost from policies within the respective pillar for the economies concerned.

**Pillar 12 assesses the regulatory environment governing online sales, cross-border transactions, and e-commerce operations.** The average score for SSWA is 0.32, which is above the Asia-Pacific average of 0.24 (Figure 2.16). This indicates that, overall, economies in the SSWA region generally maintain a more complex framework compared to the broader region.

The market access conditions for e-commerce are generally favourable across SSWA. All sampled economies, except India and Maldives, allow full foreign ownership in the e-commerce sector, with no foreign equity limits. In India, while 100% FDI is permitted in marketplace-based e-commerce (where the entity only provides a platform for e-commerce, acting as a facilitator between the buyer and seller), foreign investment in inventory-based e-commerce (where the inventory of goods and services is owned by the entity and sold to consumers directly) is prohibited, with narrow exceptions for food-product retailing and single-brand retailers.[48] In Maldives, retail trade is fully closed for foreign investment.[49]

No online purchase and delivery limitations were observed. However, in some economies, other forms of restrictions are maintained. For instance, India maintains market share concentration limitations for e-commerce entities,[50] and Türkiye has reduced duty-free shopping limits for international purchases.[51]

While in most SSWA economies, registration is sufficient to operate an e-commerce business, Bangladesh, Bhutan, and Türkiye require e-commerce providers to obtain a specific license. In Türkiye, only e-commerce intermediary service providers with net transaction volumes of over

[48] See Section 5.2.15.2.3 of the Foreign Direct Investment Policy Circular, 2020 issued by the Ministry of Commerce and Industry, Government of India.
[49] See Column G of Annex I of the Law on Foreign Investment (Law No. 25/79), 1989.
[50] See Section 5.2.15.2.4 of the Foreign Direct Investment Policy Circular, 2020 issued by the Ministry of Commerce and Industry, Government of India.
[51] See Decision on the Amendment of Certain Articles of the Customs Law No. 4458, as amended in August 2024.

10 billion Turkish Lira and 100,000 transactions are required to obtain and renew their e-commerce licences.[52]

Most sampled economies maintain more than one limitation on online payments, with the exception of Maldives, where no such limitations on online payment transactions are observed. The most common limitations are maximum transaction limits, maintained by six economies, mandated intermediaries and other restrictions, maintained by four economies each. Mandated currency for international payments, requirement of local accounts, and license requirements are observed in three economies. It is observed that Türkiye maintains the most restrictions – six – on online payment regulations, followed by Bhutan and India, with five restrictions each. To illustrate the nature of some of these restrictions, India restricts export-related payments for goods and services through online payment gateways to Indian Rupees 25,00,000 (approximately USD 30,000) per unit of goods or services sold or purchased[53] and in Türkiye, payments involving Turkish residents must be processed through local intermediaries.[54]

De minimis rules, which exempt low-value imports from duties and taxes, are in place in five of the eight SSWA economies. Of these, only Maldives exceeds the USD 200 threshold, aligning with the globally recommended baseline set by the International Chamber of Commerce. India, Nepal, and Türkiye do not incorporate any de minimis rules, while in other economies, the threshold is considerably below the USD 200 threshold, ranging from USD 17 in Bangladesh, to USD 165 for some categories of imports in Sri Lanka.

None of the SSWA economies impose any customs duties on electronic transmissions, with most participating in the WTO Moratorium on Customs Duties on Electronic Transmissions. [55] On domain name requirements, most sampled economies have either no local domain requirements or freely available domain names to all worldwide. In contrast, Bangladesh,[56] Maldives,[57] and Nepal[58] impose local presence requirements for registration of domain names. Notably, all SSWA economies have comprehensive consumer protection laws, being a combination of regulations applicable horizontally across or sectors and regulations specifically for online commerce.

With respect to the engagement in international legal framework, no SSWA economy has signed the UN Convention on the Use of Electronic Communications in International Contract,

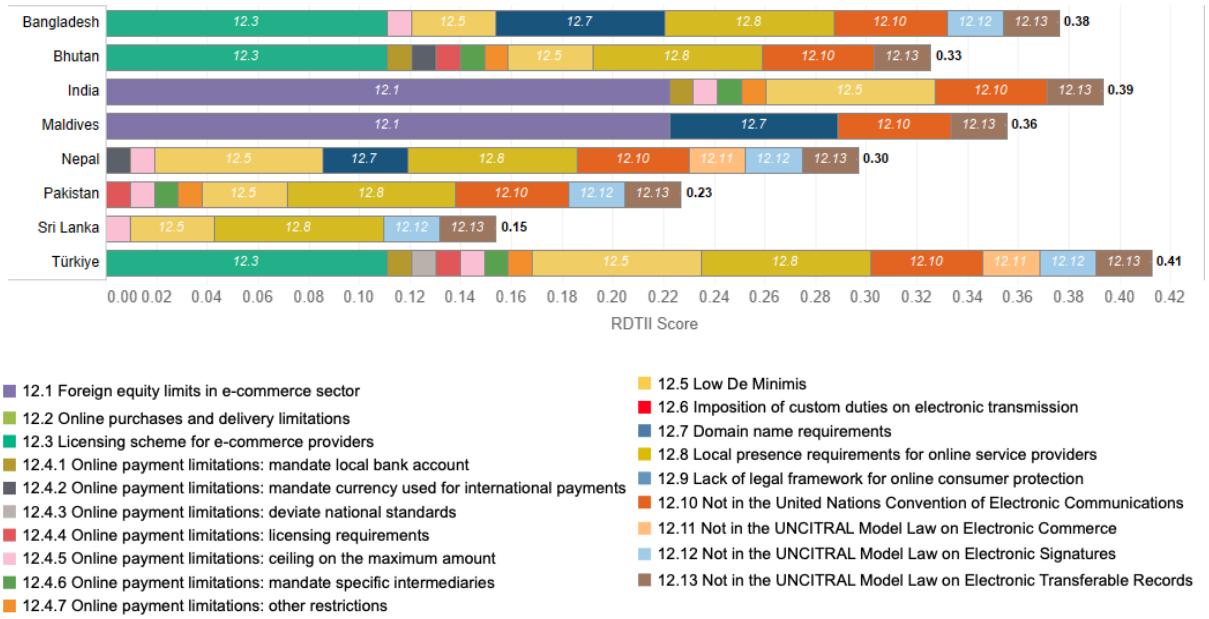
[52] See Law on the Regulation of Electronic Commerce No.6563, 2014 as amended by the Law on the Amendments to the Law on the Regulation of Electronic Commerce No.6563, 2023.
[53] See Reserve Bank of India instructions on Regulation of Payment Aggregator – Cross Border (PA Cross Border), dated October 31, 2023.
[54] See Article 66, paragraph 3 of Law on Payment and Securities Settlement Systems, Payment Services, and Electronic Money Institutions (Law No. 6493), 2021.
[55] WTO Ministerial Decision adopted on 2 March 2024, Work Programme on Electronic Commerce, available at: https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/MIN24/38.pdf&Open=True.
[56] Section 7.2 and 7.3 of the .bd Domain Administration Guidelines, 2023 in Bangladesh require 'Bangladeshi presence' for registration of .bd and other domain names.
[57] The Domain Name Registration Policy for ".MV" Domains issued by the Communication Authority of Maldives states that though .MV domains are open to all applicants, applications by foreign nationals must be supported by a Maldivian entity, along with a valid Maldivian address.
[58] As per Clause 13 of the Policy for Domain Name Registration Under NP CCTLD, foreign applicants seeking registration of the .np domain are required to submit a valid certificate of registration of a branch or liaison office in Nepal.

except Sri Lanka, which has both signed and ratified the Convention. The UNCITRAL Model Law on Electronic Commerce has been signed only by two economies – Nepal and Türkiye – but is yet to be ratified. The UNCITRAL Model Law Electronic Signatures has been formally adopted by Bhutan, India, and Maldives, whereas the other five SSWA economies have not ratified the same. Finally, none of the economies have notified their adoption of the UNCITRAL Model Law on Electronic Transferable Records.

Overall, the findings indicate that SSWA economies have fairly open market access conditions for e-commerce, while also maintaining restrictive payment regulations and licensing requirements. In order to ensure better growth of the e-commerce sector in the SSWA region, economies are recommended to take steps to enhance digital connectivity within the region and promote interoperable and inclusive digital payments systems to facilitates cross-border trade.

**Figure 2.16 Pillar 12 (Online sales and transactions) scores in SSWA, 2024/25**

RDTII scores range from 0 (limited requirements) to 1 (complex requirements)




*Source:* Regional Digital Trade Regulatory Integration Index Dashboard, accessed in January 2026 on https://www.unescap.org/projects/rcdtra.

*Note:* The bar chart displays the weighted average values of indicators within each pillar. The weight assigned to each indicator represents its policy impact within the pillar. The numeric labels show the overall pillar scores, indicating the weighted average compliance cost from policies within the respective pillar for the economies concerned.

## 2.3 Conclusion

This chapter has provided a comprehensive overview of the digital trade policy environment across the eight South and South-West Asia economies, utilizing the RDTII 2.1 framework. The findings show that the subregion maintains a generally more complex and demanding regulatory landscape than the broader Asia-Pacific benchmark, particularly in areas that affect market access and domestic competitive structures.

Key results highlight notable variation across policy pillars. Regulations governing foreign direct investment, public procurement, telecom competition, and content access exhibit the highest levels of restrictiveness, indicating persistent barriers to cross-border digital activity and private-sector participation. At the same time, progress is visible in areas such as technical standards and online transactions, where more open and interoperable frameworks

have emerged. Improvements in data governance, including the adoption of domestic privacy regimes and conditional data-flow mechanisms, signal a growing recognition of user trust and security as foundational to digital trade enablement.

Despite these advancements, policy fragmentation and uneven institutional capacities continue to pose challenges. Several economies still lack comprehensive commitments to global agreements affecting ICT trade, government procurement, or data flows. Differences in technical enforcement, cyber-security readiness, and intermediary liability introduce additional uncertainty and compliance costs for digital firms operating across borders in the subregion.

Looking ahead, enhancing regulatory predictability, transparency, and alignment will be critical to unlocking the region's digital trade potential. Opportunities lie in advancing mutual recognition arrangements, simplifying non-tariff requirements, and strengthening interoperability of data governance frameworks. To effectively guide these efforts, understanding the degrees of digital trade regulatory similarity among economies will be a key step in identifying practical pathways for collaboration. The subsequent chapter will delve into this concept to suggest priorities for fostering deeper digital trade integration across the region.

# Chapter 3

# Building Momentum for Digital Trade Integration

# Chapter 3 Building Momentum for Digital Trade Integration

The South and South-West Asia (SSWA) subregion has responded to growing digitalization through a range of regulatory approaches, reflecting differing national priorities and stages of digital development. Fully realizing the potential benefits of this transformation requires greater interoperability of digital frameworks. A comparative analysis of the regulatory environments across SSWA shows that, while significant efforts have been made to integrate aspects of the domestic economy with the larger subregion, various barriers remain and differ across individual economies; that is, the strides made in liberalizing digital frameworks have been fragmented. This indicates both diverse approaches to digital trade, and a continuing effort to bring coherence to digital trade regulation.

This chapter aims to identify areas where collaborative efforts can significantly enhance digital trade flows and foster a more connected regional digital economy. To achieve this, it examines potential areas for SSWA economies to cooperate on digital trade regulations through two analytical dimensions: (1) average RDTII Pillar scores, which reflect the breadth and complexity of regulatory measures in each policy area; and (2) the Digital Trade Regulatory Similarity (DTRS) Index, which captures the degree of alignment in policy approaches across SSWA economies (see Chapter 1, Box 2).

Based on this analysis, the SSWA digital trade policy areas are grouped into five tiers – **Tier 1**: Generally aligned and less complex; **Tier 2**: Similar and complex; **Tier 3**: Diverse; **Tier 4**: Complex; **Tier 5**: Emerging alignment (Figure 3.1).

### Tier 1: Generally aligned and less complex

*Pillars: 11 (Standards and Procedures)*

This is the most aligned area across SSWA and tends to have lower regulatory complexity and reflects a relatively consistent direction of policy area across SSWA. This group includes policy areas where SSWA economies show relatively low RDTII 2.1 scores and high levels of regulatory similarity.

- **Standards and Procedures (Pillar 11):** Most SSWA economies participate in Mutual Recognition Agreements (MRAs), [59] and institute national standardization bodies, incorporating international standards such as ITU and ISO/IEC. Regulatory ease is supported by recognition of either Self Declaration of Conformity (SDoC) certificates [60] or certificates from Conformity Assessment Bodies, or both, in most economies. However, all SSWA economies, with the exception of Maldives, implement additional product testing

[59] The Bangladesh Accreditation Board formed under the Bangladesh Accreditation Act (Act No. IXXX of 2006) 2006, has signed the Asia Pacific Laboratory Accreditation Cooperation (APLAC) MRA. Bhutan, Maldives, and India have signed the South Asian Association for Regional Cooperation (SAARC) Agreement on "Multilateral Arrangement on Recognition of Conformity Assessment"; Bhutan is also party to the Agreement on Mutual Recognition of International Cooperation on Laboratory Accreditation (ILAC). In Türkiye, Article 9 of Law No. 7223 on Product Safety and Technical Regulations allows recognition of conformity assessment reports from Conformity Assessment Bodies from countries with MRAs with Türkiye or those with equivalent accreditation systems.

[60] India, Nepal, and Sri Lanka allow SDoC certificates for some categories of ICT products. India allows SDoC certificates for ICT goods generally while Nepal allowed SDoC for radio telecommunication equipment.

and screening requirements, either in the form of domestic testing or screening by local authorities or accredited bodies, or submission of third-party testing results.

**Recommendations:**

Since regulatory requirements relating to Standards are Procedures are generally aligned to international frameworks, there is an appreciable level of interoperability in this field. Regional cooperation efforts should aim to deepen existing convergences, address remaining procedural nuances, and leverage existing frameworks for broader impact. The priority should be to build alignment with existing international standards to ensure consistent digital trade practices. Additionally, the scope of existing MRAs may be expanded to ease local screening requirements.

### Tier 2: Similar and complex

*Pillars: 9 (Content Access)*

This area presents consistent policy direction across SSWA economies; however, the structure and extent of regulatory requirements is relatively complex, due to the layered and demanding nature of such regulations. This group includes policy areas where SSWA economies show relatively high RDTII 2.1 scores and high levels of regulatory similarity.

- **Content Access (Pillar 9):** This pillar sees one of the highest scores in SSWA, indicating a restrictive regulatory environment characterized by stringent regulation. Content blocking and filtering measures are widespread across the SSWA region, along with a prevalence of complex licensing requirements for digital service providers. Moreover, all SSWA economies have provisions for blocking and filtering content, on grounds such as public order, decency, morality, and obscenity, and governments can issue directions to digital service providers, for removal of the content. The subjective nature of such assessments, frequent use of these provisions, along with bans on digital applications and websites can lead to increased uncertainty and mistrust.

**Recommendations:**

Regional efforts should move towards easing licensing requirements and promoting transparency and predictability in content blocking measures. SSWA economies may also collaborate with digital service providers in determining efficient procedural guidelines for regulation of content access. Such consultation can also be expected to improve transparency and communicate priorities in regulation. Given the similarity of restrictions applied, SSWA economies may find it relatively easier to arrive at common solutions, to encourage firm participation in digital trade, while also considering the inherent national sensitivities of such measures.

### Tier 3: Diverse

*Pillars: 4 (Intellectual Property Rights), 6 (Cross-border data policies), 10 (Non-technical Measures)*

This group comprises areas with the highest diversity among SSWA economies, along with moderately high RDTII 2.1 scores. This reflects more extensive legal frameworks with national sensitives, with differences often stemming from sector-specific priorities related to national security, public order, or social policy.

- **Intellectual Property Rights (Pillar 4):** The SSWA shows fairly comprehensive IPR frameworks with established patent and copyright protections across all economies, however, there is limited and disparate participation in WIPO treaties[61]. Only India, Sri Lanka, and Türkiye have a specific legal framework for the protection of trade secrets, with varying levels of protection against disclosure[62]. With respect to patent protection, while fair use exceptions and enforcement mechanisms are generally well-developed with equal protection for domestic and foreign entities, procedural complexities and variances in patent applications pose roadblocks to harmonization.
- **Cross-border data policies (Pillar 6):** The SSWA subregion maintain moderately complex cross border data policies with significant variations across economies, with the exception of Maldives, which has less complex regulations. While data localization requirements are present in most economies, there are no infrastructure requirements in majority of the subregion. None of the economies, except Sri Lanka have committed to binding cross-border data sharing agreements. Almost all SSWA economies have local data storage requirements, however, there is low prevalence of local processing requirements. This shows a fragmented regional approach that may constrain seamless digital trade flows.
- **Non-technical NTMs (Pillar 10):** NTMs are a prevailing constraint on digital trade in the SSWA region, with widespread import licensing restrictions, origin-based bans, quotas, and procedural bottlenecks, raising compliance burdens. This is despite NTMs being less pervasive than tariffs overall. Local content rules and targeted export controls indicate a risk-averse policy stance that bring uncertainty for ICT goods and online service providers.

**Recommendations:**

The three pillars in this group are crucial for market access conditions while also functioning as a policy implementation tool. This is especially true with respect to the use of NTMs. Regional cooperation should emphasize flexible, capacity-building initiatives that remain considerate of national policy spaces and promote common baselines.

For Intellectual Property Rights (Pillar 4), SSWA economies may consider establishing regional harmonization of procedural requirements, such as patent procedures, local representation, and translations, along with considering a stand-alone trade-secrets legislation. Cooperation could also facilitate increased membership in WIPO instruments, which further harmonization efforts.

For Cross-border Data Policies (Pillar 6), economies can work towards a regional framework of standards, which would ease concerns underlying data localization requirements. Regional efforts can also be covering principles for conditional data flows and government access to personal data, which create common baselines without impinging on sovereign domains and peculiar policy considerations. SSWA economies may also consider including provisions for data transfers in free trade agreements, similar in form to those included in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP).

[61] Only India, Sri Lanka, Türkiye are part of the WIPO PCT, whereas only India and Türkiye are part of WCT/WPPT
[62] While Türkiye has instituted protections against disclosure of trade secrets, there are significant gaps in the protections granted in India and Sri Lanka.

For Non-technical NTMs (Pillar 10), disparate forms of measures coupled with varying policy objectives may make harmonization difficult. SSWA economies may focus on transparency initiatives that publish import licensing restrictions, quotas, and bans, and streamline permit procedures. Joint efforts focused on replacing origin-based bans with risk-based assessments would reduce uncertainty and compliance burdens for digital operators.

### Tier 4: Complex

*Pillars: 1 (Tariffs and Trade defence), 2 (Public procurement), 3 (Foreign Direct Investment), 5 (Telecom Regulations and Competition), 8 (Internet intermediary liability)*

These policy areas have high regulatory complexity, with low regulatory similarity across SSWA economies. This group includes policy areas where SSWA economies show relatively high RDTII 2.1 scores and relatively low DTRS scores.

- **Tariffs and Trade defence (Pillar 1):** The tariff landscape in SSWA is restrictive, with considerably complex requirements in more than half of the economies, indicating high costs imposed on digital hardware. There is limited participation the WTO ITA (I and II), along with uneven duty-free coverage and selective enforcement of trade defence measures, underscoring persistent barriers to accessibility.
- **Public procurement (Pillar 2):** Public procurement frameworks across the SSWA are expansive and preference-heavy, with foreign participation being subject to exclusions and domestic preference margins. The absence of GPA commitments across the subregion, combined with selective exclusion and widespread domestic preference policies signals higher procedural complexity and strategic prioritization of local suppliers in ICT-related tenders.
- **Foreign Direct Investment (Pillar 3):** This pillar sees the highest degree of regulatory complexity in the subregion. SSWA economies maintain relatively restrictive FDI regimes in the digital sector; all economies, except Bangladesh and Sri Lanka, impose foreign equity limits or prohibitions in at least one digital sector.[63]. India's screening mechanisms and sectoral caps contrast with more liberal ownership conditions in some other economies. Joint venture mandates are uncommon, but residence requirements for directors and commercial presence requirements indicate limited navigability and ease of entry for foreign operators.
- **Telecom regulations and competition (Pillar 5):** Telecom sector regulation in the SSWA is complex, owing to government ownership of telecom companies across all SSWA economies, and the lack of a fully independent telecom regulator in most economies. Infrastructure sharing mechanisms are in place in five of the eight SSWA economies, and licensing requirements are present in half of all economies. However, no SSWA economy has mandated functional separation of different activities in telecom companies, though account separation mandates are prevalent in most economies.[64] WTO Telecom

[63] For example, Bhutan limits foreign equity in Electronics, Electricals and Computer Hardware to 74%, India imposes a 26% foreign equity limit in Uploading/Streaming of 'News and Current Affairs' through digital media, and Nepal prohibits foreign investment in the business of mass communication media, which includes newspapers, radio, and television.
[64] Nepal and Sri Lanka have neither functional nor accounting separation mandates.

Reference Paper commitments remain uneven,[65] creating a fragmented regulatory landscape that may constrain competitive telecom environments.

- **Internet intermediary liability (Pillar 8):** SSWA economies have fairly comprehensive intermediary liability frameworks, though there are significant gaps in safe harbour provisions, particularly in Maldives and Sri Lanka, which lack copyright infringement protections. User identity verification requirements are widespread and content monitoring and removal obligations are nearly universal across the region. This creates a regulatory environment that balances intermediary protections with oversight mechanisms but may constrain platform operations through extensive compliance burdens.

**Recommendations:**

The regulatory complexity characterizing each of these pillars and the varying interests of SSWA economies makes it challenging to move towards alignment. Cooperation should centre around identifying common grounds of restrictions and arriving at consistent provisions for addressing the same.

With respect to tariffs and trade defence (Pillar 1), SSWA economies should pursue tariff liberalization and coordinate accession to the WTO ITA (I and II) and provide mutual support for tariff schedule revisions. There is potential to leverage existing subregional initiatives to deliberate and publish antidumping and safeguard measures best practices.

For public procurement (Pillar 2), SSWA economies may consider developing standardized ICT tender clauses, that may also ensure source code confidentiality. Domestic preferences could be retained provided economies work towards making them non-discriminatory, with clear dispute resolution mechanisms.

Foreign direct investment regimes (Pillar 3) would benefit from a SSWA-wide investment screening guideline along with common thresholds for approval. This would help integrate economies and promote participation for intra-region competitors.

For telecom regulation (Pillar 5), which serves as a backbone infrastructure for digital trade and connectivity, it is suggested that the focus may be on instituting independent regulatory bodies and including functional separation requirements in the regulatory frameworks. Further, the presence of statutory monopolies shall be reduced, and the adoption of the WTO Telecom Reference Paper are encouraged in non-WTO countries.

Finally, for internet intermediary liabilities (Pillar 8), economies may consider developing model safe-harbour provisions, with consistent procedures for notification, complaints, user-identify verification, and content removal. Such efforts could be informed by engagement and consultations involving industry stakeholders.

### Tier 5: Emerging alignment

*Pillars: 7 (Domestic data protection and privacy), 12 (Online sales and transactions)*

This group includes areas with moderate regulatory complexity and emerging alignment.

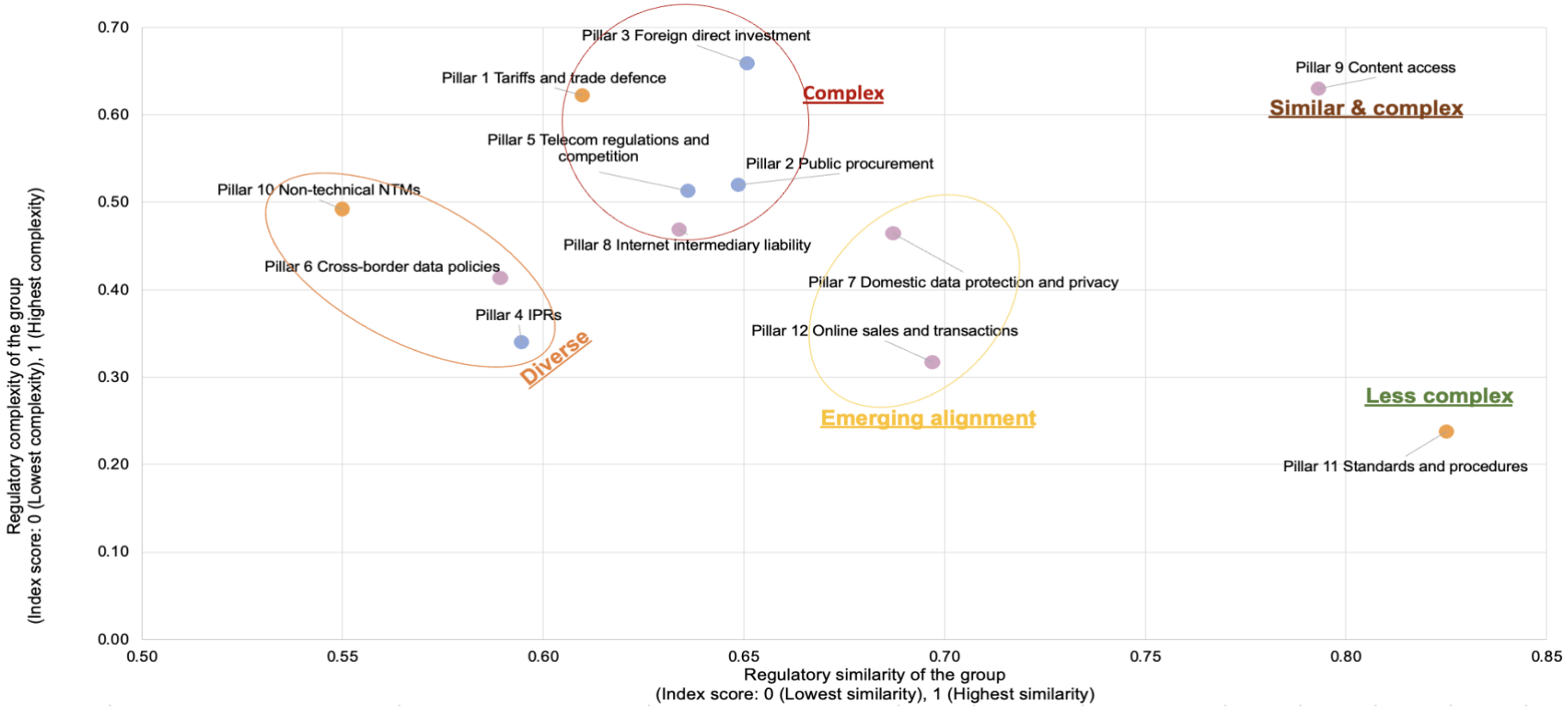
[65] Bhutan, Maldives, and Türkiye have not included the WTO Telecom Reference Paper to their Schedule of Commitments. Notably, Bhutan is not a member of the WTO, but is an observer since 1998.

- **Domestic data protection and privacy (Pillar 7):** While data protection frameworks across SSWA are widespread, with most economies beginning to enact comprehensive policies, a handful of economies maintain sector-specific coverage. However, broad government access to personal data, inconsistent data retention mandates, and limited DPIA/DPO requirements in economies signal privacy risks and complexity for digital businesses.
- **Online sales and transactions (Pillar 12):** SSWA economies generally maintain open market access for e-commerce through openness towards majority foreign ownership in the e-commerce sector and consumer protection frameworks, but this is counterbalanced by specific payment regulations, selective licensing requirements, and local presence requirements. Moreover, the limited adoption of UNCITRAL model laws and local presence requirements for domain name registration may raise compliance burdens.

**Recommendations:**

Regional efforts should work towards greater alignment on domestic data protection and privacy policies (Pillar 7), and increasing sectoral coverage, particularly cybersecurity frameworks, promoting the accessibility of digital markets in SSWA, while also improving interoperability of services. The focus should be on harmonizing baseline standards and developing mutually agreeable standards for government access to personal data and mandatory data retention. With respect to online sales and transactions (Pillar 12), consistent adoption and implementation of the UNCITRAL instruments along with liberalizing and standardizing transaction regulations would create a more predictable environment for businesses, while also making it more navigable for consumers. SSWA can prioritize these areas to build momentum in the emerging e-commerce sector.

**Figure 3.1. SSWA digital-trade policy landscape: Complexity and Similarity by policy areas**




*Source:* ESCAP calculation, data as of January 2026.

## Conclusion

SSWA economies may focus on joining regional trade agreements such as the Regional Comprehensive Economic Partnership (RCEP) which would facilitate greater market access, regulatory alignment, and the adoption of international standards for digital trade. In addition, prioritizing participation in digital economy agreements and framework agreements, as well as engaging in the WTO Joint Statement Initiative on E-Commerce will help harmonize digital policies and promote cross-border e-commerce.

Creating an integrated digital economy in SSWA requires a two-fold effort: working towards increased alignment in existing pillars of similarity, while also identifying areas of divergence and fostering dialogue focusing on the underlying concerns and reaching a common ground. Even in areas of divergence and complexity, there is considerable potential in harmonizing and simplifying regulatory environments by placing reliance on intra-SSWA models. This formula of sharing best practices and promoting integration and resolving concerns through dialogue would enhance legal certainty, commercial accessibility, and unlock the full potential of a shared digital marketplace. Participation in the Framework Agreement on Cross-border Paperless Trade (CPTA) would promote data exchange and capacity building for digital trade.

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