**Faithfulness Score**: 100/100 - Excellent

# “Regulatory Roadmap for Enhancing Digital Trade in Mercosur”

**Date**: 2018-10

**Location**: Mercosur (Southern Cone of South America)

## Executive Summary

The report “Fueling Digital Trade in Mercosur: A Regulatory Roadmap” by Kati Suominen highlights the rapid growth of digital trade in Mercosur, with Brazil and Argentina emerging as regional leaders. Despite significant advancements, most digital transactions remain domestic, hindered by regulatory inconsistencies across member countries. Key challenges include varying data privacy laws, taxation issues, and logistics complexities. The report emphasizes the need for regulatory coherence to facilitate cross-border ecommerce, particularly for small and medium enterprises (SMEs). Recommendations include creating smart digital regulations, enhancing customs procedures, and fostering public-private partnerships to improve access to finance and digital skills. Establishing a regional Digital Dialogue is proposed to align policies and share best practices, ultimately aiming to unlock the full potential of digital trade in the region and drive economic growth.

## Characteristics

* Mercosur has emerged as a digital leader in Latin America, with significant growth in e-commerce, particularly in Brazil and Argentina.
* Digital trade is growing faster than overall trade, but most transactions remain domestic due to regulatory inconsistencies.
* Companies that engage in online sales are more likely to export and grow, with online sellers showing greater market diversification.
* Key challenges for SMEs include access to finance, logistics, customs procedures, and complex digital regulations.
* Improving the regulatory environment could boost revenues and exports by nearly 30% annually for Mercosur companies.
* A coherent regional digital market is essential for scaling businesses and enhancing competitiveness in the global market. ## Actors

| Category | Actors |
| --- | --- |
| [Political Actors] | [Mercosur governments]; [Inter-American Development Bank]; [Apex (Brazil’s export promotion agency)]; [ProChile (Chilean export promotion agency)]; [Uruguay XXI]; [Chile-Uruguay FTA] |
| [Government Officials] | [Kati Suominen] |
| [Economic Actors] | [B2W]; [Mercado Libre]; [Mercado Crédito]; [eBay]; [Facebook]; [WhatsApp]; [Uber]; [DHL]; [FedEx]; [UPS] |

## Main Themes

| Sub-category | Themes |
| --- | --- |
| Digital Trade | Digital Trade |
| Digital Regulation | Digital Policy |
| Digital Economy | Digital Economy |
| Digital Skills Development | Digital Skills Development |
| Digital Infrastructure | Digital Infrastructure |
| Digital Governance | Digital Governance |
| Digital Inclusion | Inclusion & Social Development |
| Bi-regional Cooperation | Regional & International Cooperation |

## Practical Applications

* Brazil’s data protection law, Lei Geral de Proteção de Dados (LGPD), which passed in 2018 and will go into effect in 2020, requires companies to comply with strict requirements related to the processing of personal data.
* Argentina is finalizing a data protection draft bill that has been open to public consultation, aiming to establish a good international data transfer regime.
* Brazil’s Marco Civil da Internet, approved in 2014, defines Internet users’ rights and includes a “safe harbor” provision that limits the responsibility of providers for hosting or transferring third-party content.
* Uruguay has a data protection law in place since 2008, which requires companies with Uruguayan websites capturing personal data to register and provide privacy policies.
* The Chile-Uruguay Free Trade Agreement includes provisions for interoperable electronic signatures, acceptance of electronically filed trade documents, and cooperation on consumer protections online.
* Brazil’s Apex has created training programs for SMEs to use ecommerce to export.
* Chile’s export promotion agency ProChile offers comprehensive “Digital Exports” seminars on ecommerce and digital marketing.
* Mexico’s export promotion agency Proméxico organizes seminars and training for SMEs on digital marketing strategies and online sales.
* Uruguay’s export promotion agency Uruguay XXI has a Proexport+ program that supports both new and existing exporters with funding for product development and market research.
* The Exporta Fácil program in Latin America simplifies customs clearance for SMEs for shipments typically weighing less than 30 kilograms and valued under US$5,000.
* The proposal for a “Trusted eTrader” program aims to facilitate and secure trade by fast-tracking shipments for SMEs that consistently comply with trade regulations.
* The establishment of a Digital Dialogue (Dialogo Digital) is proposed to bring together government officials and businesses quarterly to discuss regulatory frameworks and digital economy benefits.

## Future Commitments

* Brazil’s data protection law, Lei Geral de Proteção de Dados (LGPD), passed in 2018, will go into effect in 2020.
* Mercosur companies estimate that improving digital regulations would enable them to increase their revenues and exports by almost 30 percent annually.
* If the top-3 constraints to doing ecommerce were removed, Mercosur companies would score annual revenue gains of 34 percent in domestic markets and 35 percent in international markets.
* The proposal for a “Trusted eTrader” program includes a period of 18 months for SMEs to consistently comply with trade regulations to become trusted traders whose shipments are fast-tracked through customs.