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**China's Experience in Regulating
International Digital Trade: Towards
Compatibility and Interoperability**

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Necessity of Coordination

Fragmentation in National Regulations

The ICLRC's "heat map" methodology, based on legal surveys across 13 jurisdictions, reveals the diversity of national approaches to digital trade regulation. This fragmentation poses challenges to the smooth operation of global digital trade.



Necessity of Coordination

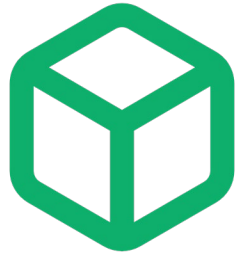
Importance of Compatibility and Interoperability

There is a clear need for greater compatibility and interoperability in regulatory systems. This will help to overcome the barriers caused by fragmented regulations and promote the growth of global digital trade.

01

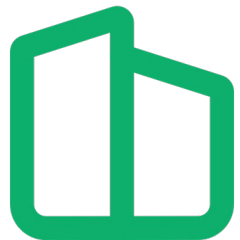
China's Legislative and Regulatory Evolution

Digital Trade Landscape in China



Cross - border E - commerce Scale

In 2023, the total import and export value of China's cross - border e - commerce reached RMB 2.38 trillion, showing a year - on - year growth of 15.6%, indicating a robust development trend.



Data Factor Marketization

China is accelerating the market - oriented reform of data as a production factor, which is crucial for the development of the digital economy and digital trade.

Three - Phase Legislative Journey



Foundational Phase (1999–2016)

China adopted the Electronic Signature Law in 2004, following UNCITRAL's guidance. Early regulatory measures covered e - banking, e - invoicing, and cybersecurity frameworks.



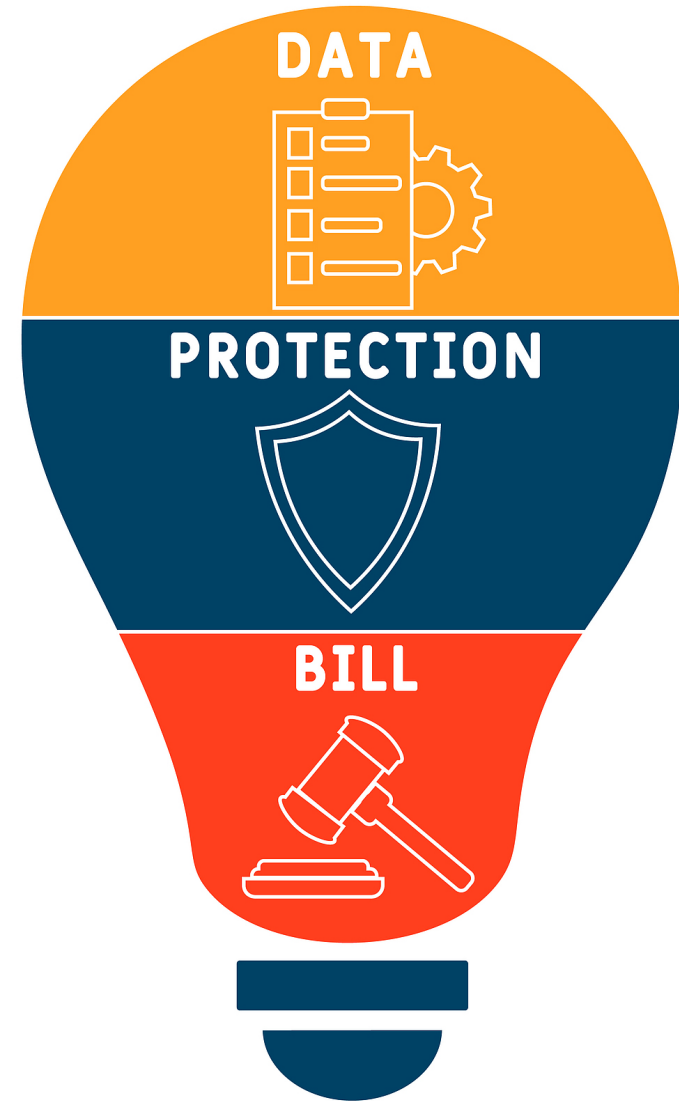
Institutionalization Phase (2017–2020)

The Cybersecurity Law in 2017 and the E- commerce Law in 2019 marked a shift to a codified approach. The Civil Code in 2020 further codified electronic contracts and digital evidence.

Three - Phase Legislative Journey

Integration Phase (2021–present)

The Data Security Law and the Personal Information Protection Law in 2021 introduced strict data transfer compliance. China also established a digital trade zone in Hainan and signed relevant chapters in agreements.



Strategic Value of Legal Frameworks



Support for Domestic Governance

The E - Commerce Law, Data Security Law, and PIPL form a relatively complete legal framework for the digital economy, protecting the rights of participants and enhancing transaction efficiency.



THE PRINCIPLE
OF RECIPROCITY

Participation in Global Rule - making

China actively participates in international rule - making through agreements like RCEP and DEPA, using these laws as a basis to influence global digital trade rules.

02

Core Principles in Regulatory Practice

Implementing Technological Neutrality

Electronic Signature Law's Approach

The Electronic Signature Law in China does not specify any particular technology. Instead, it sets reliability standards for "reliable electronic signatures". For example, it focuses on the performance and reliability of the signature rather than the underlying technology, adhering to the principle of technological neutrality.



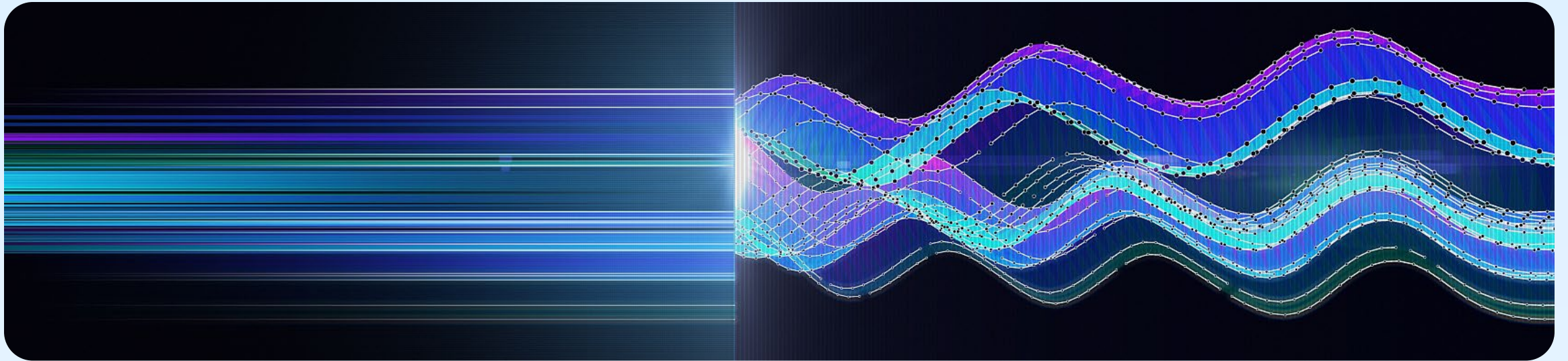


Implementing Technological Neutrality

PIPL's Outcome - Based Requirements

The Personal Information Protection Law (PIPL) is technologically agnostic. It prescribes outcomes such as "informed consent", "data minimization", and "data portability". These requirements are not tied to specific technologies but rather to the end - results of data protection, further demonstrating China's adherence to technological neutrality.

Implementing Technological Neutrality



Data Cross - Border Transfer Assessment

The Administrative Measures on Data Cross - Border Transfer Security Assessment emphasize performance - based criteria. It focuses on whether the data transfer meets certain security and performance standards rather than mandating specific technologies, which is in line with the principle of technological neutrality.

Functional Equivalence in Practice



Legal Validity under E - Commerce Law

The E - Commerce Law and the Civil Code recognize that digital formats can fulfill traditional legal functions. For instance, a digital invoice has the same evidentiary value as a paper invoice, showing the application of the functional equivalence principle.

Functional Equivalence in Practice

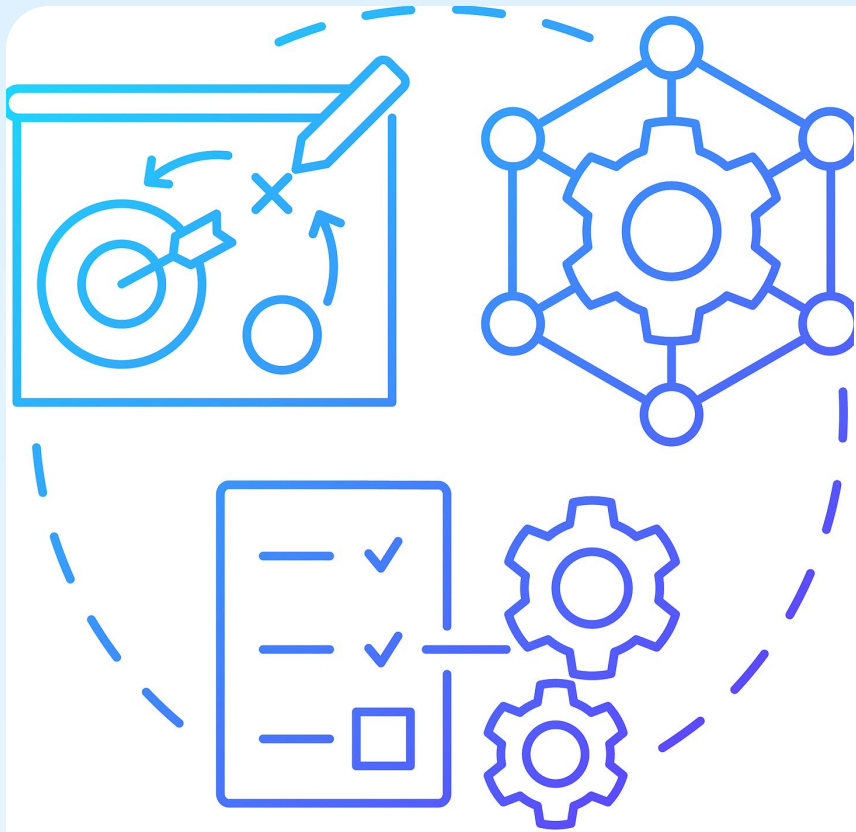
Sectoral Exceptions: Customs

In the customs sector, there are exceptions to the functional equivalence principle. Customs declarations may still require paper - based documents in some cases, despite the general recognition of digital documents in other areas, indicating that the application of this principle is not universal across all sectors.



PROBLEMS

Functional Equivalence in Practice



Notarized Documents Exception

Certain notarized documents also deviate from the functional equivalence principle. They often still rely on traditional paper-based forms, showing that in some specific legal and administrative areas, the full acceptance of digital documents as equivalent to paper ones has not been achieved.

EVALUATE SCENARIOS

03

Responding to ICLRC Research Findings

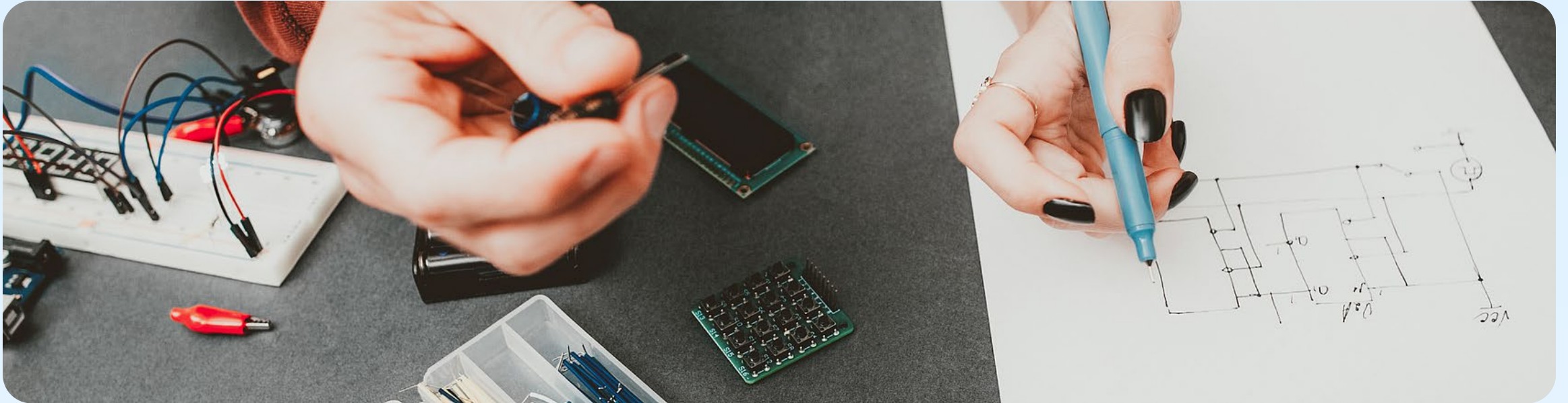
Cross-Border E-Signature Recognition

Centralized Licensing System

China's trust service providers (TSPs) are accredited under a central licensing regime. This regime includes identity verification, security compliance, and audit trails, ensuring the reliability and security of e-signatures.

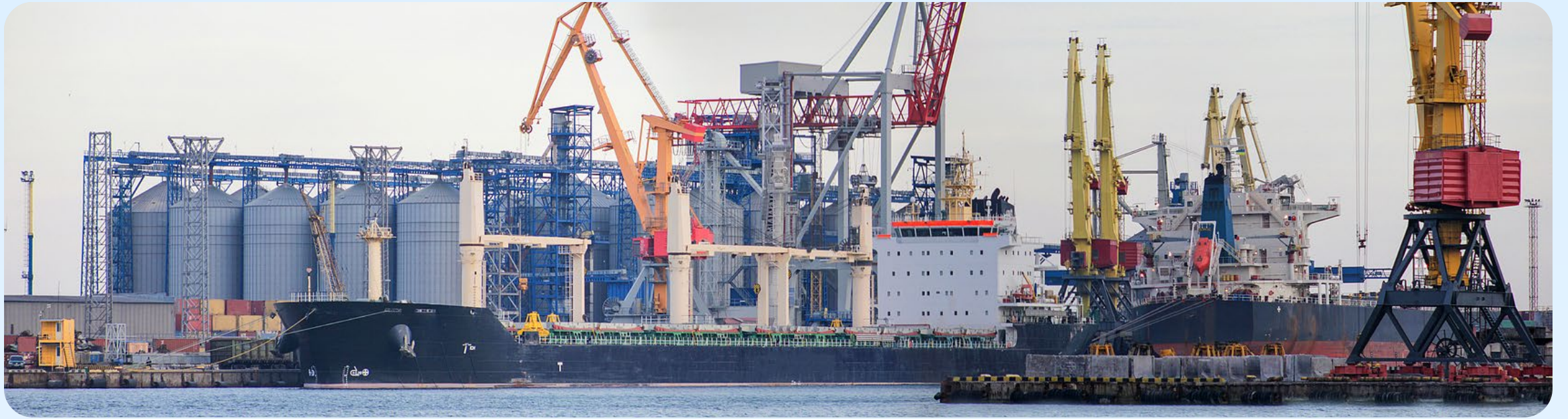


Cross-Border E-Signature Recognition



Reciprocity - Based Mutual Recognition

The Electronic Signature Law was amended in 2020 to simplify the recognition process for foreign e - signatures under conditions of reciprocity or mutual recognition.



Electronic Transferable Records Pilot

Digital Bills of Lading in Maritime Trade

Financial regulators in China are piloting digital bills of lading in maritime trade. This initiative aims to digitize trade finance and improve the efficiency of maritime transactions.

Interoperability Sandbox Experiments

Hainan FTZ as a Model

The Hainan Free Trade Zone is creating a "sandbox" for regulatory experimentation. Through regional agreements and pilot zones, it offers a model for coordinated interoperability frameworks under UNCITRAL, which could be replicated globally.

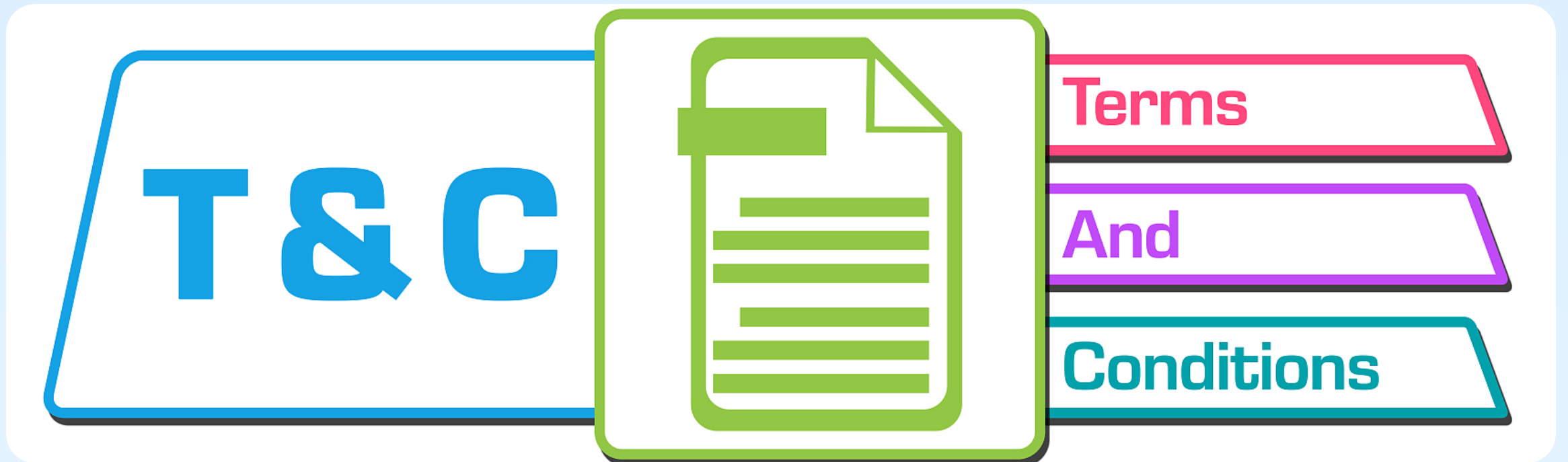




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Proposals for Future Regulatory Models



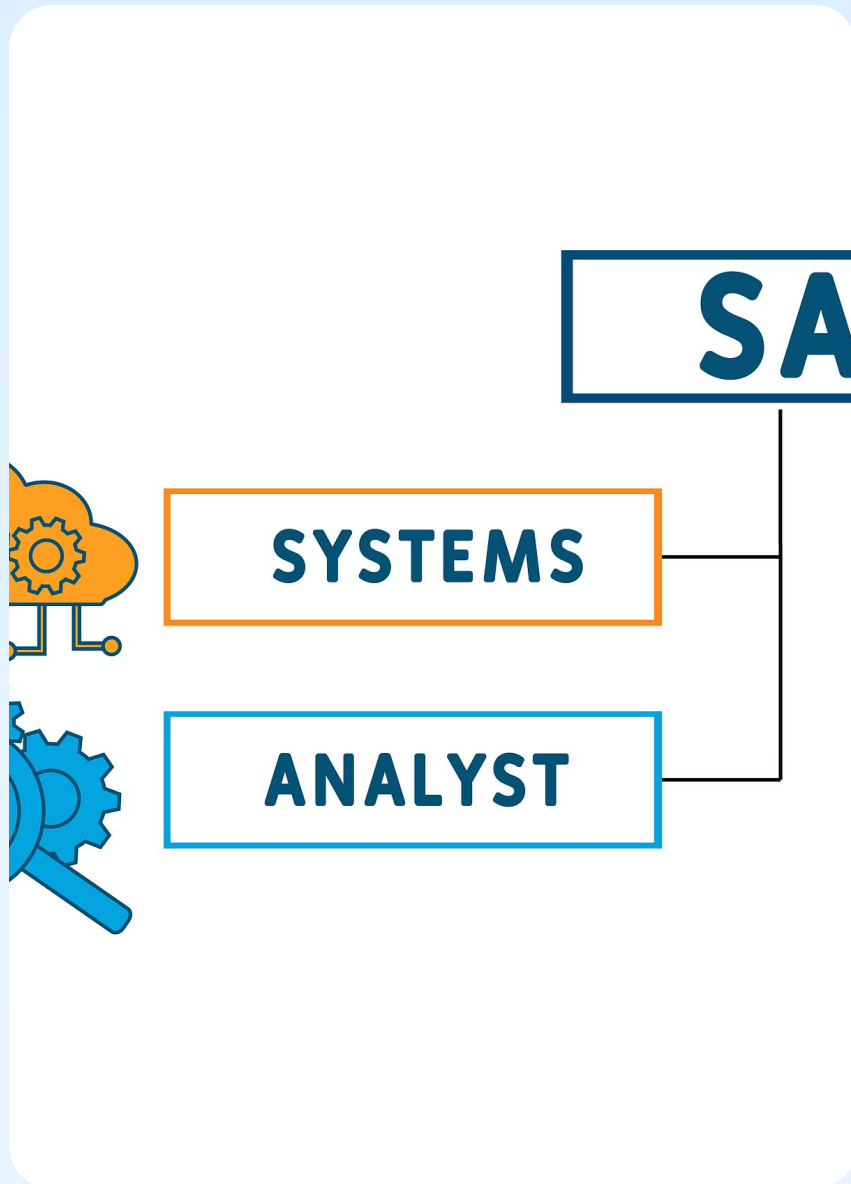


Layered Harmonization Framework

Core Standards Issuance

Consider to issue core standards such as the Model Law on Electronic Transferable Records (MLETR) and electronic ID frameworks. These standards serve as the fundamental pillars for digital trade regulation globally.

Layered Harmonization Framework



Sector - Specific Adaptation

Annexes for sector - specific adaptation can be developed, for example, in digital agriculture, customs, and trade finance. China's Hainan Free Trade Port (FTP) has adopted a layered approach, which can offer valuable lessons for this model.

Modular Clause Design

Reusable Templates from Treaties

Instead of only issuing new model laws, consider developing modular “model clauses” from existing treaties. China’s recent treaties under RCEP and DEPA contain clauses on digital identity, e - payments, and data localization.



Modular Clause Design

Promoting Convergence

By sharing these clauses, it promotes the convergence of digital trade rules across different economies, reducing regulatory fragmentation and facilitating cross - border trade.



**DISRUPTION TO
LOCAL ECONOMIES**

EDITABLE STROKE

Cross - Border Sandbox Mechanism



Multinational Testing Platforms

Consider encouraging member states to establish cross - border sandboxes. These platforms allow for the testing of mutual recognition of digital credentials, trust services, and smart contracts.



Pragmatic Pilots

Such pragmatic pilots can generate real - world data and experiences. For example, China's Free Trade Zones and digital pilot projects have demonstrated the feasibility of this approach.



THE END

Thank you

