

Trade Policy Implications of Electronic Commerce

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The WTO Work Program

Launched by Geneva Ministerial Session 1998

- Called for a comprehensive work programme on trade-related aspects of global e-commerce
- **Moratorium:** Members agreed to continue the current practice of not imposing customs duties on electronic transmissions

Nairobi Ministerial 2015

Recalling the 'Work Programme on Electronic Commerce' adopted on 25 September 1998 and reaffirming subsequent Ministerial Declarations and Decisions ...

Decides:

- 1. To continue the work ...
- 2. To ... hold periodic reviews ... and report to the next session of the Ministerial Conference,
- 3. *That Members will maintain the current practice of not imposing customs duties on electronic transmissions until our next session ... in 2017*



The Bali Declaration

“ the Work Programme shall take forward the issues emerging in the discussions and the evolving application of e-commerce to enhance economic/development opportunities, with special consideration of the situation in developing countries, particularly in least-developed country Members & least connected countries

It shall continue to examine opportunities & challenges for access to electronic commerce by micro, small & medium sized enterprises, including small producers & suppliers

Global e-commerce in goods and services

B2C Ecommerce Sales Worldwide, 2012-2017
trillions and % change



Note: CAGR (2012-2017)=17.4%; includes products and services ordered and leisure and unmanaged business travel sales booked using the internet via any device, regardless of the method of payment or fulfillment
Source: eMarketer, Jan 2014

Global e-commerce by region

B2C Ecommerce Sales Worldwide, by Region, 2012-2017

billions

	2012	2013	2014	2015	2016	2017
Asia-Pacific	\$301.2	\$383.9	\$525.2	\$681.2	\$855.7	\$1,052.9
North America	\$379.8	\$431.0	\$482.6	\$538.3	\$597.9	\$660.4
Western Europe	\$277.5	\$312.0	\$347.4	\$382.7	\$414.2	\$445.0
Central & Eastern Europe	\$41.5	\$49.5	\$58.0	\$64.4	\$68.9	\$73.1
Latin America	\$37.6	\$48.1	\$57.7	\$64.9	\$70.6	\$74.6
Middle East & Africa	\$20.6	\$27.0	\$33.8	\$39.6	\$45.5	\$51.4
Worldwide	\$1,058.2	\$1,251.4	\$1,504.6	\$1,771.0	\$2,052.7	\$2,357.4

Note: includes products and services ordered and leisure and unmanaged business travel sales booked using the internet via any device, regardless of the method of payment or fulfillment; numbers may not add up to total due to rounding

Source: eMarketer, Jan 2014

What people are buying - Top 10

	ASIA-PACIFIC	EUROPE	MIDDLE EAST/AFRICA	LATIN AMERICA	NORTH AMERICA
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CLOTHING, ACCESSORIES AND SHOES	57%	34%	26%	28%	42%
ELECTRONIC EQUIPMENT	41%	25%	26%	29%	30%
TOURS AND HOTEL RESERVATIONS	53%	33%	35%	32%	43%
AIRLINE TICKETS AND RESERVATIONS	59%	34%	39%	36%	43%
MOBILE PHONE	44%	22%	28%	27%	22%
EVENT TICKETS	50%	33%	28%	31%	35%
COMPUTER HARDWARE	36%	23%	25%	20%	29%
HARDCOPY BOOKS	50%	30%	22%	24%	31%
COMPUTER SOFTWARE	33%	19%	27%	18%	27%
E-BOOKS	43%	22%	29%	23%	35%



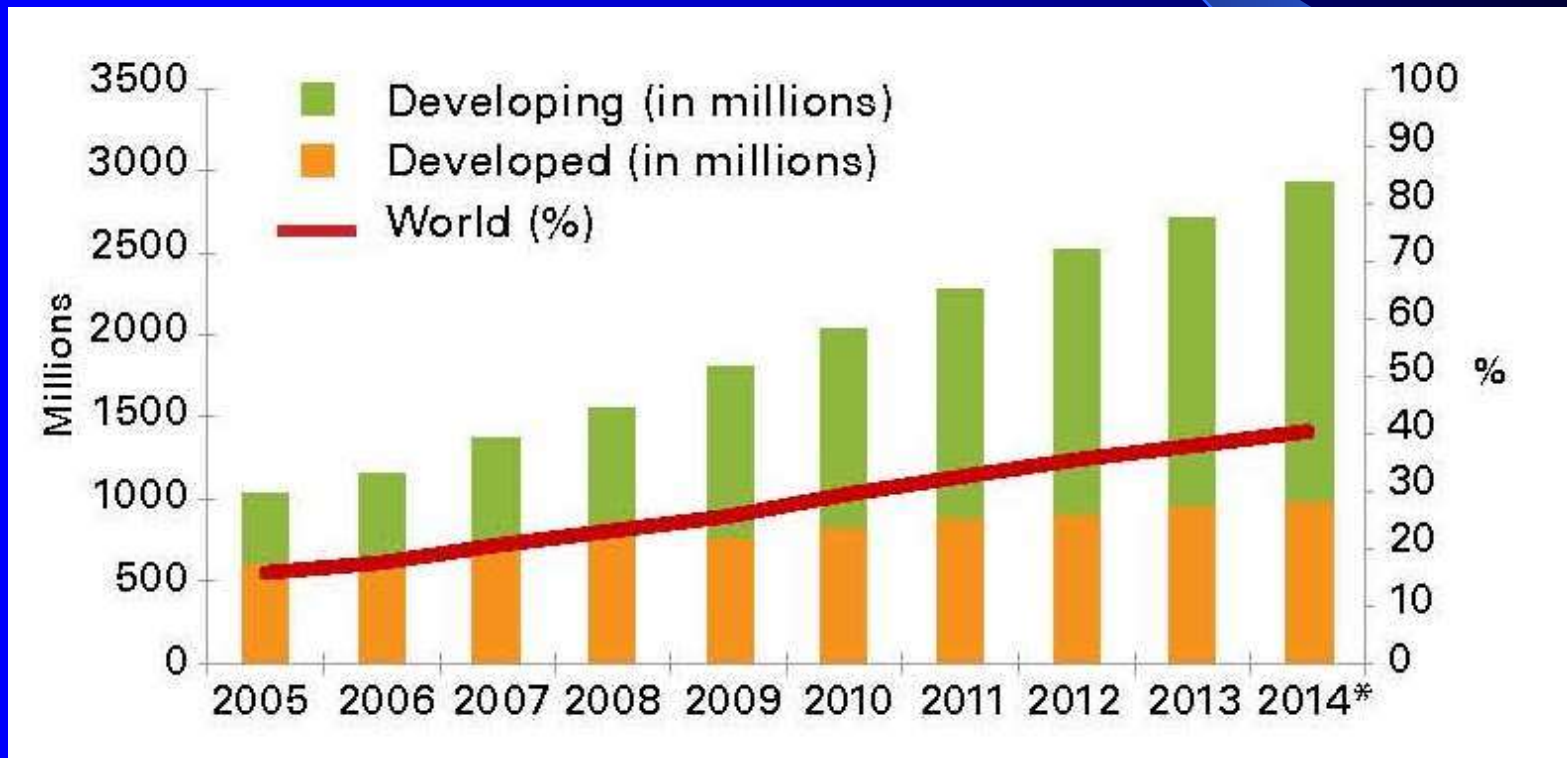
The Bali Declaration

“ the Work Programme should continue to examine the trade related aspects of, *inter alia*,

- enhancing internet connectivity & access to information & telecommunications technologies and public internet sites
- the growth of mobile telephony
- electronically delivered software
- cloud computing
- the protection of confidential data, privacy and
- consumer protection

Connectivity

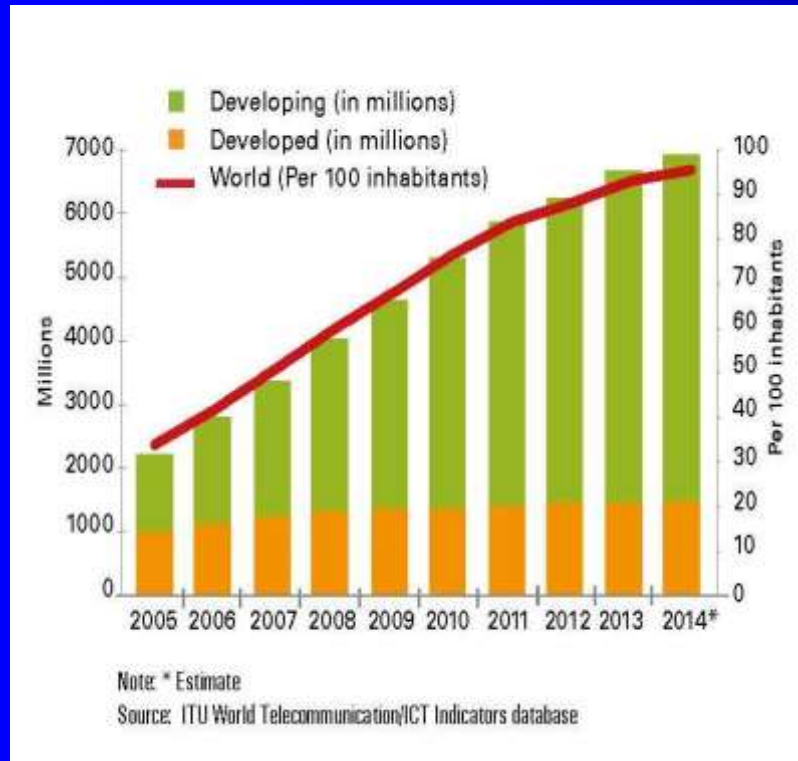
Internet access now reaches 40% of the global population
Developing country users doubled since 2009



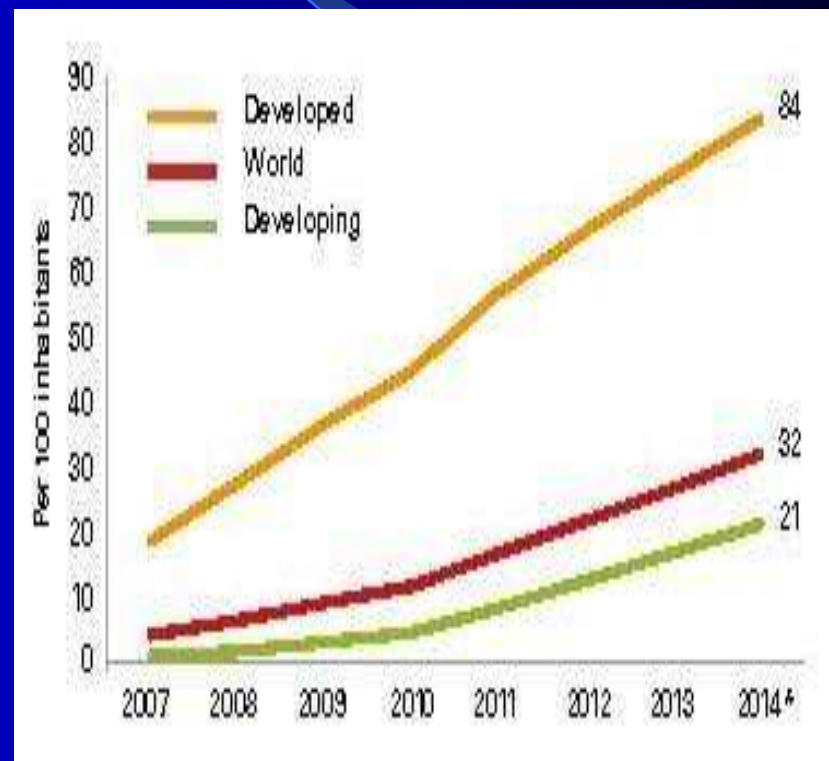
Source: ITU World Telecommunications/ICT Indicators

Mobile services

Mobile telephone



Mobile broadband

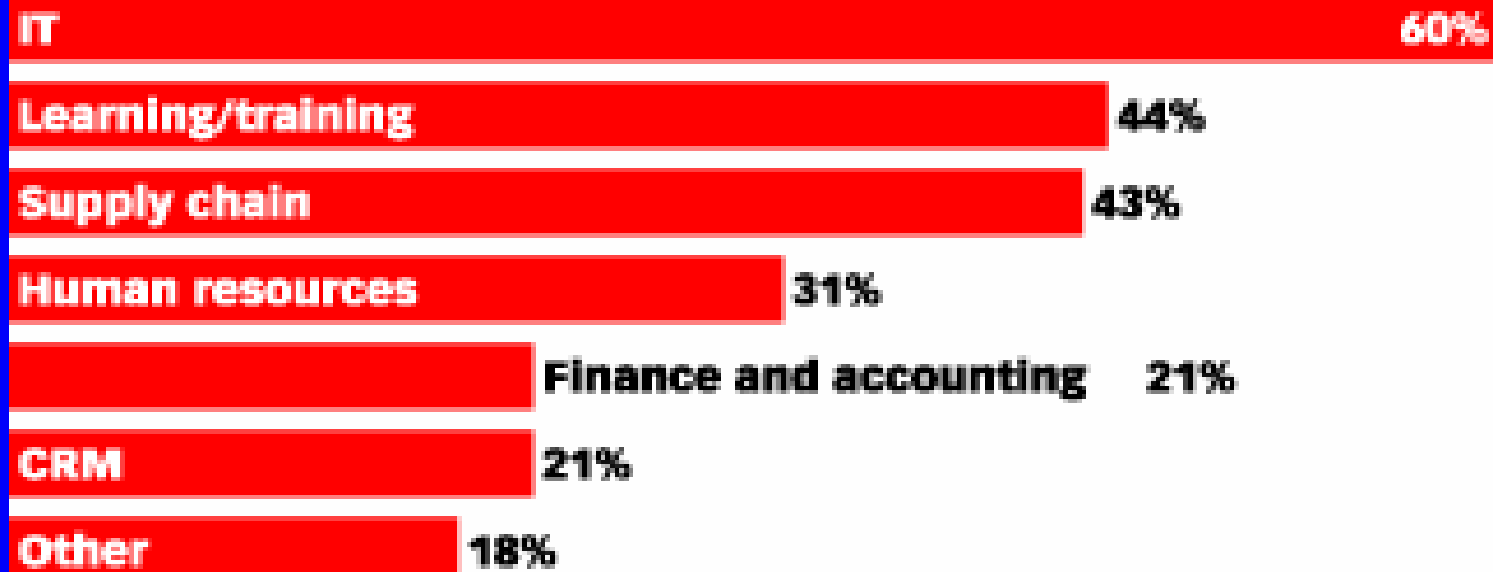


Source: ITU World Telecommunications/ICT Indicators

B2B - Outsourcing

Emerging market/SME trade

Functions Most Commonly Outsourced according to Executives Worldwide, 2004 (as a % of respondents)



Source: Accenture, June 2004

The Cloud - what is it & what does it do?

Cloud computing reduces cost and complexity of computing tasks and data intensive work. Users only pay for what they need. No IT infrastructure or staff necessary.

- *Cloud Software.* The service provider offers use of its applications. The applications are accessed by the client, e.g. via the Internet
- *Cloud Platforms.* The service provider offers to deploy the clients' applications on its infrastructure
- *Cloud Infrastructure.* The service provider offers and manages the infrastructure for the clients' processing, storage, network & other computing functions. The client uses its own software, operating systems and applications

Resurgent Policy Concerns

Individual Privacy

Consumer protection

Data protection

IPR protection

Cybercrime

Cyber security

Consumer protection

Many countries' laws deal with e-commerce:

- just over half of countries surveyed had legal protections that cover e-commerce - beyond general consumer protection
- almost 90% of these e-commerce laws deal with the ordering and confirmation process
- about 80% address information disclosures about the business, the goods or services and the transaction
- slightly more than 70% of them cover business advertising and/or marketing practices.
- payment, dispute resolution, redress, privacy covered less

Data protection & privacy

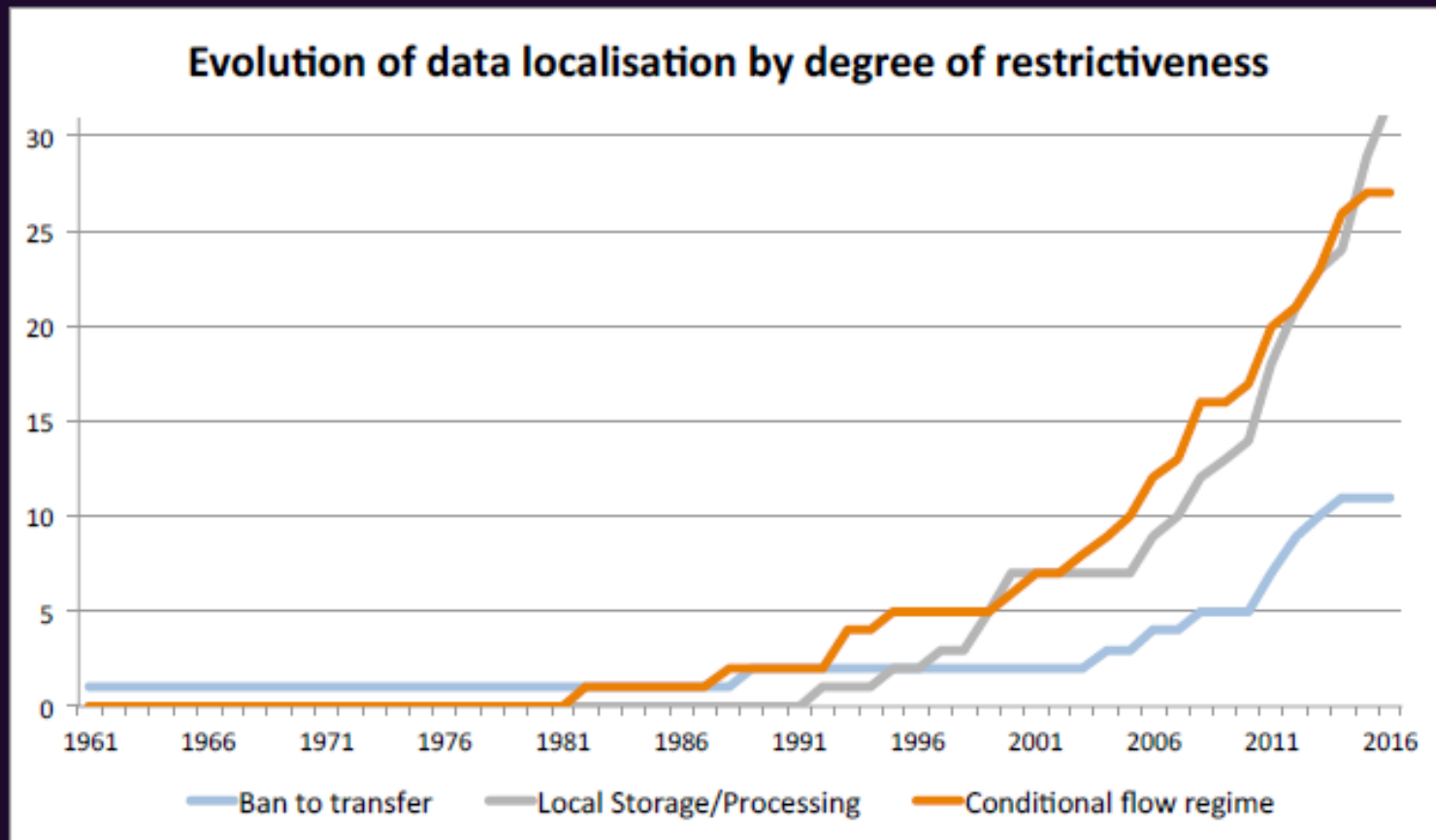
Data privacy has become a major concern

- Sparked by emerging economic activities for which personal data is an important commercial resource
- Companies that collect personal data are diverse and often subject to different regulations
- Consumers' worry about privacy and the way personal data are used have been shown to negatively impact e-commerce
- The challenge for policy makers is to find the balance between commercial interests and those of individuals.

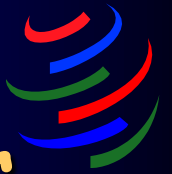
Emerging Regulation

- Off-line rules apply
 - On-line world not exempt
- Internet regulation
 - Net neutrality – non-discrimination while monetizing the Internet
 - Data transfer regulation and data localization

A recent phenomenon



Note: The graph does not include four measures whose date of entry into force is unknown.



E-trade & GATS Obligations

GATS makes no distinction between the different technologies to supply services:

- Measures affecting electronic delivery, just as for other means of delivery, are covered by GATS
- Many existing GATS obligations are relevant
- Often seen as cross-border supply and consumption abroad, e-commerce also used in commercial presence & by natural persons

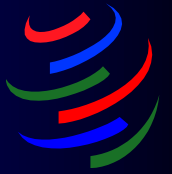
Cross Border Supply Request Targets B2B ICT-enabled services

Request

- Professional
 - Computer
 - R&D
 - Other Business
 - Telecom
 - Distribution
 - Financial
 - Tourism
 - Services
- auxiliary to...

BPO...

- Financial (auxiliary)
- Customer relations
- Human resources
- Sales & marketing
- Website related
- E-publishing
- Call centres



Also, in Bali

Ministers decided:

“ To reiterate the importance of adhering to WTO's basic principles in the on-going discussion on e-commerce including non-discrimination, predictability and transparency. ...

WTO E-Trade Toolkit

GATS

GATT & ITA

TRIPS

Also ...

- Trade Facilitation - e-government
- Agreement on Technical Barriers to Trade
- Customs Valuation Code – software valuation
- Government Procurement Agreement