

Chapter 5

Conclusions

The benefits of e-commerce and the digitisation of goods and services have been explored in this Policy Guide. Developing countries, especially landlocked and island countries, have a strong interest in adopting economic and social policies that can facilitate the development of the internet economy, of which e-commerce is only one segment. Unlocking its potential will also reduce distance to markets, reduce landlockedness and enable countries to leapfrog certain barriers associated with physical trade. However, as Panagariya (2000) rightly noted, ‘Development of e-commerce should not be treated as a goal in itself. Some countries are better positioned than others to achieve a rapid expansion of ecommerce for the same amount of resource invested.’ Moreover, e-commerce is not a panacea for developing trade capabilities.

Developing countries which decide to pursue an active internet society policy need first to act on the domestic front in a wide range of policy areas to create the necessary supply side conditions for IT-based activities, including the infrastructure necessary for smooth functioning of the internet, an appropriate telecommunication policy, a reliable power sector, a financial system allowing e-banking and e-payments, and last but not least a modern education system accessible for all. Furthermore, an enabling legal framework also needs to be established in order to protect intellectual property rights, ensure contracts are enforced and guarantee standards. For goods purchased electronically but delivered physically, an efficient transport system and trade facilitation measures are needed to make trade competitive.

On the external front, developing countries need to secure market access for their services that they can export competitively both to developed and developing country markets. Creating regional markets for liberalised telecommunication and ICT services may also be needed in order to create competitive domestic markets. Developing countries may also need to ensure affordable access to computer hardware and software for their businesses and private individuals by liberalising the IT imports. This can be achieved by signing the WTO’s Information Technology Agreement or by liberalising imports on an autonomous basis.

Developing countries, in particular LDCs, small states and sub-Saharan African countries, should see in their active participation in the WTO Work Programme on E-commerce an opportunity to seek the reduction and/or elimination of trade policy barriers to e-commerce in their countries. This should also include seeking the inclusion of S&D treatment by developed countries in any outcome of the Work Programme. The recently concluded TFA might be a source for inspiration (see Box 5.1).

Box 5.1 Way forward in the WTO: seeking inspiration from the Trade Facilitation Agreement

The conclusion in December 2013 of the TFA was an historic moment for the WTO, being the first multilateral agreement concluded after 18 years, under the umbrella of the WTO. Specific work on trade facilitation started back in 1996, right after the establishment of the WTO, although it initially faced significant opposition, especially from developing countries, which were not ready to initiate another round of multilateral negotiations and preferred a more gradual approach based on non-binding rules.

The participation of developing countries during the negotiations was remarkable, especially that of the so-called 'Core Group', which worked to shift the focus from an ambitious negotiating mandate to one that emphasised flexibilities and implementation support for developing and least-developed countries, which were also meant to benefit from far-reaching exemptions. The language on special and differential treatment was expanded significantly, as least-developed countries were given a wide-ranging carve out from commitments, holding that they would not be obliged to implement aspects of a TFA when the required technical assistance and overseas development assistance were not forthcoming. This tailor-made approach represented a whole new consultative and transparency dimension to the granting of S&D treatment, indicating a major departure from the WTO's traditional S&D one-size-fits-all, which was granted according to whether a country was either a developing country or an LDC.

The negotiating history of the TFA defied the conventional ways in which WTO Members had approached multilateral trade negotiations, and specially the approach to S&D. The TFA moves away from the traditional practice of largely equating S&D treatment with transition periods and granting flexibilities on whether a country is characterised as a developing or least-developed country, but adopts an individual, country-by-country and measure-by-measure approach.

Additionally, the TFA represents the recognition that improving the way in which trade happens can be at least as important as the need to address explicit trade barriers.

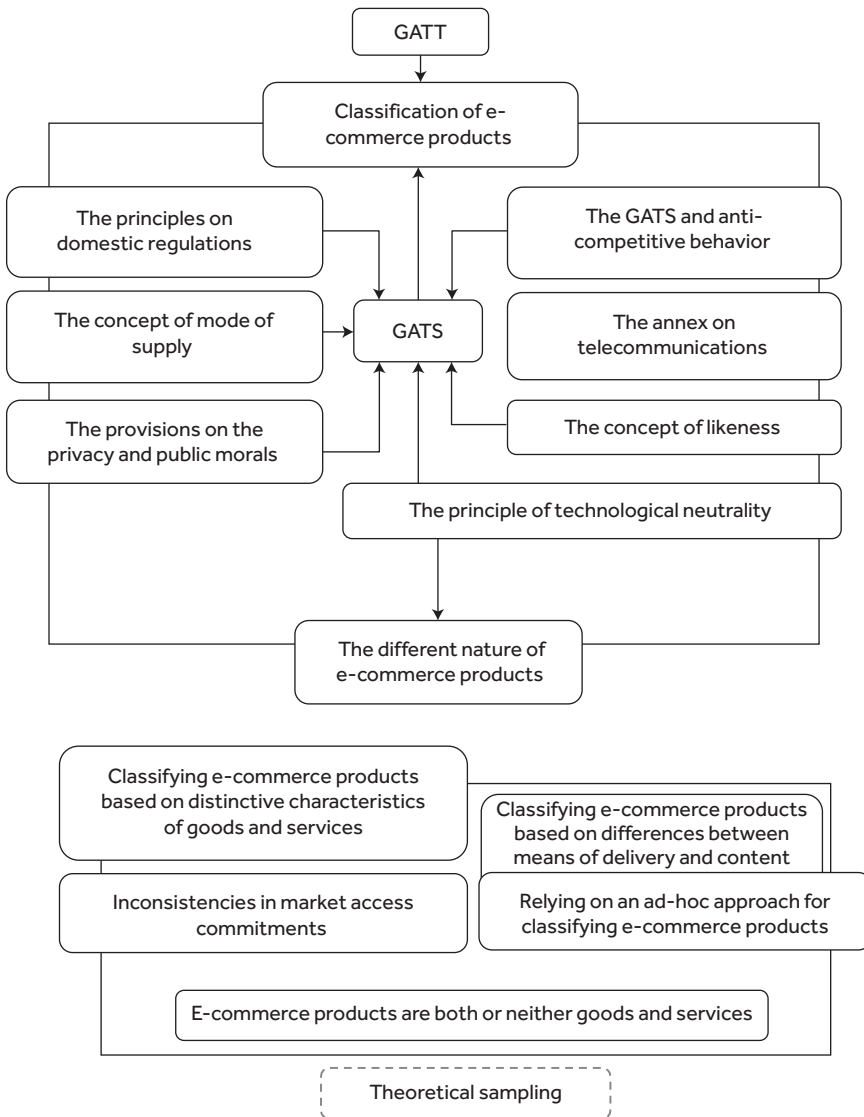
New ground was also broken in the way the negotiations were conducted, as TFA negotiations were carried out in an open-ended and inclusive setting, with national delegations remaining as the main driver throughout the entire process and the Chair functioning primarily as a facilitator.

The success of the Trade Facilitation undertaking makes it likely that it will serve as a benchmark for other negotiating exercises, and especially for the negotiations on e-commerce. It will be difficult, for instance, to define S&D treatment in future agreements without considering the TFA approach. The inclusive, de-centralised way of conducting the talks is also likely to set new standards during trade negotiations.

Source: Based on Neufeld, 2014.

While the group of LDCs, small states and sub-Saharan African countries is a heterogeneous group, a common negotiation position should be sought, or alliance with some of the more active members of the WTO which are seeking to revive e-commerce negotiations under the WTO’s Work Programme. At the national level, countries should undertake impact assessments from different negotiation positions, and prepare national e-commerce policies. Surprisingly few countries have an e-commerce strategy, and even fewer have linkages between e-commerce and their national export strategy.

Figure 5.1 Links between issues and concepts related to the classification of e-commerce products



LDCs, small states and sub-Saharan African countries need to seek technical and development assistance programmes outside of the WTO, whether from multilateral agencies like UNCTAD, ITC, the ITU, UNIDO and the World Bank, or from bilateral donors.

References

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