

# REPORT

## from WTO Public Forum 2017

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## Geneva Internet Platform

# DigitalWatch

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**Trade has created opportunities for many, from economic growth to employment. Yet, trade has not benefited everyone. Certain states and populations are struggling to keep up with the rapidly changing world. In the midst of fast-paced developments and bold headlines, this year's World Trade Organization Public Forum (26–28 September) looked at the reality behind the headlines.**

'Trade: Behind the headlines' was the theme of this year's WTO Public Forum. Over 1500 policymakers, business representatives, NGOs, and academics met in Geneva, in what is widely recognised as a main venue for discussions on trade.

In this report, we focus on the discussions related to e-commerce and digital policy, which have become increasingly prominent features of the Forum. Out of 106 sessions, about a third were dedicated to the challenges posed by digitalisation. We summarise the main digital policy themes, distilled from our team's reports from various sessions.

### The broader picture: trade benefits and challenges

There is no doubt that trade is important for growth and development, but its benefits are not equally distributed around the world (Opening Plenary), as is the case in least developed countries (LDCs) (Session 14). With some gaining from trade and others losing out, attitudes towards trade and its contribution to the economy differ among countries and different social groups. The Forum reflected on the bigger issues of globalisation, the multilateral trade system, and the digital economy challenges.

There is growing concern that protectionist measures and negative views about globalisation could spill over and affect the fast-growing

digital economy. Many experts think that closing the door to trade is not an option, and there is a need to look beyond the solutions currently implemented.

Among the policy proposals put forward, many focused on decent work conditions, equal employment opportunities, and support for rural areas and conflict zones. To make trade more inclusive, broader programmes for growth, hard and soft infrastructure, and workforce re-training need to be in place. The digital dimension adds to the complexity, moving the discussion from cross-border data flows to risks and opportunities of automation and artificial intelligence (AI).



Credit: WTO/Jay Louvion

## The increasing importance of e-commerce in international trade discussions

E-commerce can be a tool for development, and is a key part of the digital economy. It can provide a good opportunity for small and medium-sized enterprises (SMEs) in developing countries and LDCs to leap forward in terms of economic growth. Small enterprises can use the online environment to access to the same services, and have the same exposure as multinational companies (Session 28 [↗](#) and Session 33 [↗](#)). However, e-commerce itself 'is not the magic wand that can transform underdevelopment into development' (Session 45 [↗](#)).

### Good e-commerce starts with an enabling environment

E-commerce is not just a matter of a good idea or entrepreneurship. It requires an enabling environment. This starts with access to the Internet, which is a challenge for many LDCs (Session 35 [↗](#)). In addition to connectivity, legal frameworks, delivery logistics, cybersecurity, and a skilled workforce are other elements that create an enabling environment for e-commerce.

There are still challenges that need to be overcome in this regard. Bridging the digital divide is one of them. But what does this mean in practice? It means deploying infrastructures, enhancing access to Internet and other information and communications technologies (ICTs), and fostering capacity-building initiatives focused on digital skills and entrepreneurship (Session 33 [↗](#)). The Information Technology Agreement [↗](#), which eliminated import taxes on ICT products, could help close the digital divide (Session 103 [↗](#)).

When conditions for digital inclusion are met, a sound business environment is the next step.

Clear e-commerce and trade regulations can promote competitiveness and facilitate enterprises' access to markets and financing sources

(Session 33 [↗](#), Session 96 [↗](#), Session 97 [↗](#), Session 99 [↗](#)). Improving digital trade facilitation and e-commerce logistics are also paramount (Session 33 [↗](#)). On a larger scale, some argue we should be looking at liberalising trade and strengthening ICT policies (Session 90 [↗](#)).

### Opening doors to international trade

E-commerce and digital trade make it easier for developing countries to access international markets (Session 31 [↗](#)). SMEs get a chance to grow faster, but there are still challenges that prevent them from taking part in cross-border e-commerce. Knowledge and skills gaps, online visibility, and lack of e-payment service providers are some of them (Session 99 [↗](#)). Burdensome exporting and customs regulations; managing cross-border deliveries; and the need to comply with safety, privacy, tax, banking, and payment norms – which may largely differ from country to country – are also challenging.

What about governments? They have a major role to play by adopting policies to support SMEs in their e-commerce and digital trade journey, providing packages of information tailored to the needs of SMEs, integrating single-window systems to make all the data needed by actors accessible in one place (Session 92 [↗](#)), or creating sandboxes where businesses can test their product placement and prices first (Session 28 [↗](#)). Estonia's e-Residency programme allows entrepreneurs to run a company completely online, independent of its physical location (Session 56 [↗](#)).

International harmonisation of norms is also important, and the WTO has a relevant role to play in this regard (Session 49 [↗](#)). However, there is no one-size-fits-all solution and the playing field is not level between developed and small developing economies (Session 45 [↗](#)).



E-commerce opens doors to international trade

## Data flows underpin e-commerce

Digital trade and related enabling services increasingly rely on data flows. On the one hand, the free flow of data is seen as a precondition for trade facilitation, because data flows are necessary for information exchange between the public and private sectors and to increase the efficiency of transport and logistics, for example (Session 92[\[L\]](#)).

On the other hand, there are warnings with regard to the concentration of data in the hands of few players, which may give rise to competition issues (Session 105[\[L\]](#)). Whoever controls the data, controls sectors of the digital economy (Session 35[\[L\]](#)).

Some argue that the free flow of data simply means 'giving away resources for free' (Session 35[\[L\]](#)) and could have a 'devastating impact on industrialising efforts' (Session 59[\[L\]](#)). In this context, one view is that developing countries and LDCs adopt a 'smart protectionism' approach, preventing the free flow of data outside the country, as a way to enable their digital enterprises to compete (Session 35[\[L\]](#)).

Data localisation provisions are a growing concern and are sometimes framed as a non-tariff barrier to trade (Session 26[\[L\]](#), Session 49[\[L\]](#)). Potential ways to strengthen data flows and data sharing were envisioned, such as promoting open data as a way to reduce the costs of databases, using blockchain to enable more diffuse and decentralised forms of data sharing across the global value chain, and developing international trade principles and/or norms (Session 46[\[L\]](#), Session 49[\[L\]](#), Session 92[\[L\]](#)).



## International negotiations: on the path to the WTO Ministerial in Buenos Aires

Whether mentioned explicitly or not, the December WTO Ministerial Conference (MC11) in Buenos Aires was on everyone's mind at this year's Forum, also in connection with the sustainable development agenda and digital trade rules. At stake in many discussions was the role of the WTO in global e-commerce policy-making, and in particular understanding what should become part of the WTO mandate and what should be outside its remit.

The WTO has been discussing aspects of e-commerce for almost two decades and has in place a moratorium on custom duties on electronic transmissions (renewed every two years). And while the WTO also has its 1998 Work Programme on E-commerce, there are views that this programme needs to be updated, in light of recent technological developments (Session 49[\[L\]](#)).

At MC11 in Argentina, decisions are expected on a variety of issues, including domestic regulation and trade facilitation in services, fish subsidies and agriculture, special and differential treatment, TRIPS, and e-commerce. Countries and regions have different views on whether e-commerce should be subject to dedicated rules, and what such rules could look like. For some countries, the WTO should not open up negotiations on e-commerce until the Doha Round is completed (Session 29[\[L\]](#)). Others called for the WTO to 'keep up with the digital world agenda' (Session 31[\[L\]](#), Session 96[\[L\]](#)).

## Addressing new realities for consumer protection and intellectual property

One of the areas that needs to be tackled to fully benefit from e-commerce is the protection of consumer rights, as consumers are considered to be 'the drivers of the global economy' (Session 29[\[L\]](#)). Failing to address consumer rights could negatively affect trust, which many see as one of the core e-commerce challenges. An erosion of trust in e-commerce could be caused by poor quality of the products and negative experiences of the payment and delivery process, as well as privacy and data protection concerns (Session 29[\[L\]](#), Session 83[\[L\]](#)).

An adequate response to consumer rights needs to address the lack of harmonisation of laws at international level (Session 101[\[L\]](#)). Yet, due to the plurality of actors and interests, consensus might only be reached on a minimal set of agreed practices (Session 29[\[L\]](#)). At national level, policies can be enhanced by consulting the private sector and civil society on ways to empower and inform consumers, so that they enjoy the same level of protection as with regular commerce (Session 29[\[L\]](#), Session 101[\[L\]](#)).

Not only is there concern about consumer rights, but also about the protection of intellectual property rights (IPRs). Debunking the idea that IPRs could be a barrier to market entry, some say that without such rights, there would be no supply. To strike a balance, a good model would combine fair remuneration and incentives to trade. Rapid technological developments add another layer of complexity to the intellectual property regime, raising questions on the ownership of user-generated data and the liability of theft or damage to trade secrets and blueprints that are stored online (Session 101[\[L\]](#)).

There are now multiple proposals put forward to the WTO Ministerial. Some experts expect progress on e-commerce and investment facilitation and new alliances formed around these issues (Session 48[\[L\]](#)). Some developing countries think that many of these proposals are based on a one-size-fits-all approach, and do not consider their particular context. Instead of jumping ahead with market access commitments and new regulations for e-commerce, there should be more focus on stringent issues, such as access to infrastructure, capacity development, and skills (Session 45[\[L\]](#)).

Yet, the inclusion of non-traditional topics on the WTO agenda, such as cybersecurity and privacy, has raised concerns about the scope of the WTO's mandate.

WTO is not the only forum where trade issues are tackled. G20, with its role in 'contextualising the trade agreements' and putting trade discussions in a broader perspective, complements the work of the WTO, which is seen as more inclusive when it comes to tackling complex issues. With Argentina assuming the G20 presidency for 2018, the country is expected to tackle issues related to the impact of technology and globalisation on structural unemployment and its implications for education (Session 48[\[L\]](#)).



MC11  
BUENOS AIRES  
2017

## New technologies: preparing for the future of the global economy

We are immersed in a context of swift technological change, dominated by developments in digitisation, automation, and AI. These profound, technologically driven transformations in the global economy could bring opportunities for trade, but could also have an adverse impact on the global economy.

New technologies, such as blockchain and AI, have the potential to drive trade forward. Blockchain, considered by some as the future of e-commerce ('e-commerce 2.0'), can reduce transaction costs for players involved in the value chain. And big data can help in the implementation of the sustainable development goals (Session 46 [↗](#)).

Yet, there are still many policy uncertainties and risks, such as how to prevent cryptocurrency fraud and how to ensure transparency and accountability when relying on AI algorithms (Session 105 [↗](#)).

### Automation and employment

Besides new technologies' direct impact on future trade, they could cause seismic shifts in the global economy, especially in relation to the labour market. New technologies have raised concerns about automation and a rise in unemployment, as machines are increasingly capable of taking over human tasks (Session 59 [↗](#), Session 14 [↗](#)). Such concerns often generate a negative attitude towards globalisation and technological advancements, sometimes leading to a push for more protectionist trade policies (Session 14 [↗](#)).

Still, some think that new technologies might not have a negative impact on jobs. By boosting productivity, automation could in fact positively affect employment, as the labour market will adapt and reshape to the needs of the future economy (Session 60 [↗](#), Session 104 [↗](#)). Re-training the workforce (Session 14 [↗](#)) and reforming the education sector (Session 104 [↗](#)) could empower those skills that separate us from machines and robots.

The importance of this topic is highlighted by the 2017 World Trade Report [↗](#) which addresses the impact of technology and trade on employment and wages. The report considers technology to be 'the main source of labour market change' and acknowledges that AI and robotics raise questions about their impact on the future of jobs. To benefit from technological advances, the 'mismatch, or 'friction'' between traditional and new skills needs to be addressed, as well as striking the right balance between labour market flexibility and job security.

Automation and its possible consequences for the labour market – whether positive or negative – are expected to impact the welfare system. Proposals such as a universal basic income and a robot tax are complex legal issues requiring serious consideration, but the lack of consensus on these issues could mean that political entities will not be able to take timely action in response to fast-paced technological developments (Session 104 [↗](#)).

### Policy-making in the midst of uncertainty

Bearing in mind the difficulty of understanding the trade impact of new technologies, let alone those technologies that have not yet been invented, policy-making on these issues is particularly difficult. Some are calling on the WTO and other international institutions to initiate regulation in these emerging fields, preventing conflicting national rules that might hinder global trade (Session 46 [↗](#), Session 60 [↗](#)). Others are encouraging national regulators to 'start at home', as international efforts might be 'worthless' if not accompanied by similar domestic policies (Session 46 [↗](#)). Answers could come from regional level, such as the European Parliament's resolution on Civil Law Rules on Robotics (Session 104 [↗](#)).

At the same time, to avoid deepening the divide between those who can benefit from new technologies, and those who are unable to access them, policies on new technologies may need to encompass provisions on infrastructure, trust, security, and skills (Session 46 [↗](#)).

### The team behind GIP's reports

During the WTO Public Forum, the Geneva Internet Platform's team of rapporteurs prepared timely reports from sessions related to digital policy. This summary report builds on these session reports and the daily round-ups [↗](#) providing a thematic digest of the discussions.

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