

Report prepared by the Geneva Internet Platform with support from DiploFoundation

**‘Trade 2030’ was the main topic at this year’s World Trade Organization (WTO) Public Forum (2–4 October). The event provided a glimpse into the future and focused on the impact of technology on the trading system. Participants gathered at the headquarters of the WTO, in Geneva, to discuss how trade can further contribute to economic growth, the creation of jobs, and sustainable development. The cross-cutting question that many of the sessions addressed was: Is today’s global trading system equipped to face the changing environment we live in?**

## OVERVIEW

The gap between those who have been able to benefit from technology-enabled trade and the ones lagging behind provided the backdrop to the discussions. The ways to overcome this gap and ensure that trade becomes an instrument to facilitate the achievement of the sustainable development goals (SDGs) was at the forefront of concerns.


In the future, the digitisation of the economy will continue with accelerated speed, the importance of data flows will

increase exponentially, e-commerce will be a leading force for growth, and the service industry will be responsible for the creation of a large number of jobs. There will also be an increase in the importance of services for trade, due to the evolution of artificial intelligence (AI), online platforms, and big data analytics.

In turbulent times, there is a need for stability, predictability, and consistency. The harmonisation of legal frameworks



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will be important, especially in fields such as cybersecurity, privacy and data governance. Investment, regulation, and industrial policy will need to be smartly combined, to promote development and face the challenges to come.

Developing countries are currently at a disadvantage in this new digital economy, due to the lack of access to technology and skills. Capital share and profits are rising, but labour share is falling, raising the risk of breeding inequality in the future. Network effects create 'super platforms'. In the absence of true competition, the potential benefits for developing countries could be reaped by large platforms and developed regions.

In this scenario, public and private efforts need to be combined. Innovation and smart regulation are the keys to unlocking the potential that will enable the achievement of the SDGs. The basic principles of the WTO remain relevant and applicable to the current trade relations; however, the evolution of technology is challenging the trade system by creating gaps in the current legal frameworks. A considerable part of the discussions at the Public Forum 2018 was dedicated to mapping these gaps.

The Geneva Internet Platform and DiploFoundation provided just-in-time reporting from the sessions related to digital policy. In this summary, we identify the main trends in the discussions.

## THEMATIC SUMMARY

Which issues were discussed during the WTO Public Forum? What were the main messages signposted? This

thematic summary uses DiploFoundation's Internet governance taxonomy to group issues together.

## E-COMMERCE AND DIGITAL BUSINESS MODELS

E-commerce is key to the promotion of development and the achievement of the SDGs, especially because of its contribution for the inclusion of micro, small, and medium-sized enterprises (MSMEs) in global value chains (GVCs). MSMEs are numerous, but they still contribute with a relatively small share of global output (GDP) and exports, so there is plenty of room for growth.

Some of the barriers for MSMEs to engage in cross-border trade include understanding the commercial and regulatory environments abroad and having access to tools that are tailored to their size and specific needs, such as banking solutions. For e-commerce to flourish, there should be confluence among promoting digital skills, industrial policy, tax policy, a development-oriented data governance,



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and and close articulation with manufacturing activities. In order to avoid the digital divide becoming a permanent situation, solutions must be found to incorporate informal sectors of the economy into digital trade. MSMEs are also in need of mechanisms for financial inclusion, and emerging technologies, such as blockchain, could be used in this scenario.

Market concentration and competition in the digital economy are increasingly important concerns. There is a growing volume of start-ups and the acquisition of MSMEs by large companies, especially through the promotion of incubators and innovation centres, which need to be further studied and fully understood. The role of digital platforms and their impact on the inclusion of MSMEs was largely discussed. On the one hand, they facilitate access to an international audience and to GVCs. On the other, a large volume of trade is increasingly concentrated in the hands of

big firms. While the protection of MSMEs against Internet giants and monopolies is a possible solution, it could also bring further risks, as MSMEs could lose the capacity to compete in a free market. Another possible course of action would be to strengthen or update competition norms and to introduce enabling measures to support MSMEs, such as helping them deal with border procedures.

Some platforms are also relevant in the context of the labour market, such as Uber or Airbnb. The precarity of labour standards and the lack of data portability are key issues. The latter could undermine competition and workers' autonomy. Moreover, data collection on workers' performance makes them vulnerable to tracking and privacy breaches. Workers currently have very limited capacities to defend themselves against these practices, as they have no clearly defined rights on the global level when it comes to accessing the data collected about them.

## REGULATORY FRAMEWORKS

Regulatory frameworks are key to the development of the digital economy. They help build trust, which is essential to the growth of MSMEs and market newcomers. Cybersecurity, consumer protection, and privacy are among the areas in which legal frameworks are more acutely needed.

Due to the trans-border nature of e-commerce, regulatory issues are ideally discussed in a multilateral setting. The WTO has an important role in promoting stable, predictable,

and harmonised global regulatory standards that simplify the patchwork that companies are currently confronted with. Regional trade agreements are taking different and sometimes contradictory regulatory paths, with the potential of causing friction in commercial relations among countries that are part of different RTAs. While multilateral dialogue is important, over-regulation inspires caution, since it could slow down business and create barriers of entry for MSMEs. Capacity building for policymakers and negotiators could help them identify the best way forward.



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Growing emphasis is being placed on the need for data governance frameworks, in order to ensure that data benefits economic inclusion and development. Accordingly, the costs and potential benefits of data localisation policies was a key topic at the WTO Public Forum. On the one hand, there is a perception that the introduction of data localisation regulations undermines the benefits of free flow of data, bringing higher costs for consumers and businesses. On the other hand, well-tailored data localisation policies could be a way to ensure that the benefits of consumer-generated data are enjoyed locally.

## EMERGING TECHNOLOGIES

The introduction of emerging technologies, such as robotics, AI, and 3D printing, creates opportunities and risks. While they can promote more efficient and sustainable production, divides in the access to emerging technologies are widening the global economic divide. In developing regions, there is a need to continue to boost traditional manufacturing, while at the same time, promoting the digitalisation of the industrial sector.

Algorithms and machine learning have an increasing potential to influence market behaviour, making it hard to identify certain practices, such as collusion. For example, third party sellers use algorithms to set the prices they charge on Amazon.com, which can produce characteristics of undue coordination. Therefore, negotiations that aim to forbid access to the source code should not negatively hamper measures taken to enhance the transparency of algorithms as a side effect.

AI can influence not only the players in the market, but also assist the work of negotiators. The Cognitive Trade Advisor (CTA), for example, is a new product in the area of AI-powered tools for trade negotiations. IBM Watson was taught to 'read' trade agreements and to be able to answer

Domestic regulation also plays an important role when it comes to fostering e-commerce, stipulating what a foreign service provider needs to do in order to establish itself in a given market. Domestic rules should be reasonable, and should not unduly impair the provision of services by foreign providers. At the same time, governments should not be constrained in their ability to promote regulation that will seek the fulfillment of national priorities and objectives. Especially in a scenario of change, domestic regulation needs to be flexible and address the unique circumstances of each country.

queries from trade negotiators, allowing them to save time on research. This augmented intelligence could enhance the chances of achieving better trade deals. AI could also be a way of preserving the institutional memory of past negotiations in cases where negotiators often change.

3D printing, which was initially used for prototypes, is now being used for mass production. The technology is becoming more efficient, environment-friendly, and less expensive, showing potential to be as competitive as traditional manufacturing in the future.

Blockchain continues to hold promise of advancements within the context of trade. It could be used, for example, to trace supply chains and reduce the use of paper in cross-border transactions, contributing to greater sustainability in trade processes. It could also promote fair trade by eliminating intermediaries and creating economic incentives to align behaviour across the supply chain, ensuring that a fair price is paid.

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