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What can developing countries do in order to strengthen their physical and technology infrastructure?

Issues

For the development of digital trade, it is essential to develop ICT infrastructure so as to create an environment where individuals can access the Internet at an affordable price. The recent ITU survey shows that while developing Member States have been rapidly developing their ICT infrastructure, some countries, mainly those in Africa, face a challenge to do so.

Strategies

Some reports including the Information Economy Report 2015 by UNCTAD and the latest report by the Broadband Commission led by the ITU and UNESCO suggest a wide range of policies, which should be pursued in order to promote ICT infrastructure development. Taking these reports into consideration, the following policies are recommended in general.

- Promote a fair competition environment and encourage new entrants in the telecommunications market (incl. privatisation of state-owned entities)
- Promote ICT infrastructure in rural areas using public-private partnerships
- Improve the foreign investment environment (e.g. relaxation of foreign capital restrictions and assurance of non-discriminatory treatment)
- Reduce the cost of information and communications equipments necessary to build ICT infrastructure and the cost of personal devices

What can UNCTAD and other related international organisations do?

- 1) Revisit the Telecommunications Reference Paper and provide necessary support to developing Member States

As a result of the Uruguay Round and the subsequent Basic Telecommunications Negotiations, the Telecommunications Reference Paper (TRP) was created and currently 94 Members commit to TRP in whole or with just a few modifications. TRP relates to such matters as competitive safeguards,

interconnection regulations, licensing, and the independence of regulators, which promote a fair, transparent and competitive environment in the telecommunications market. Moreover, a GATS schedule that incorporates a Reference Paper could function as a sign of a fair, transparent, and investment-friendly market, and attract domestic and foreign investors.

In this area, UNCTAD can encourage developing countries to commit TRP. Also, providing technical assistance or capacity building to developing countries which try to accept TRP could be a potential topic for discussion at UNCTAD.

2) Impose lower customs duties on IT equipment and personal devices

Affordable information and communications equipments, such as servers, routers, network switches, optical fiber cables, WDMs, UPS and so forth, as well as personal devices, are indispensable for building and utilising ICT infrastructure. However, many developing countries impose high tariffs on such IT equipments and devices. With that in mind, a potential discussion topic could be how to encourage Member States to lower tariffs imposed on IT equipments and devices. (e.g. encouraging more Member States to join the expanded ITA.)

3) Schedule special commitments related to market access and national treatment

In order to efficiently build ICT infrastructure, it is important to allow the entry of foreign companies to telecommunications markets and assure national treatment to such companies.

While having already abolished restrictions on foreign investment and assuring non-discriminatory treatment, many developing Member States have not committed to those abolition and assurance in their schedules. Since scheduled international commitments that mitigate foreign capital restrictions in place can serve as positive signs to foreign investors, it could also be worthwhile to discuss ways to encourage Member States to consider some commitments in the telecommunications sector.

4) Cooperation with other international organisations and sharing best practices

In order for developing countries to improve their ICT infrastructure, policy areas such as establishing sufficient regulatory frameworks, formulating national strategies, creating transparent and predictable business and investment environment and so forth, are also important. With regard to these policy areas, UNCTAD, in cooperation with other international organisations, can play an important role in sharing relevant information and best practices through the mechanisms such as eTrade for All and the Intergovernmental Group of Experts on E-commerce and the Digital Economy. We hope that such efforts by UNCTAD and other organisations will help Member States maximise the benefits of the digital economy and fully utilise its potential for inclusive and sustainable economic growth.