COMMISSION ON SCIENCE AND TECHNOLOGY FOR DEVELOPMENT (CSTD)

Eighteenth Session
Geneva, 9 to 13 May 2016

Submissions from entities in the United Nations system and elsewhere on their efforts in 2015 to implement the outcome of the WSIS

Submission by

World Trade Organization (WTO)

This submission was prepared as an input to the report of the UN Secretary-General on "Progress made in the implementation of and follow-up to the outcomes of the World Summit on the Information Society at the regional and international levels" (to the 18th session of the CSTD), in response to the request by the Economic and Social Council, in its resolution 2006/46, to the UN Secretary-General to inform the Commission on Science and Technology for Development on the implementation of the outcomes of the WSIS as part of his annual reporting to the Commission.

DISCLAIMER: The views presented here are the contributors' and do not necessarily reflect the views and position of the United Nations or the United Nations Conference on Trade and Development.

WSIS Follow up Reporting 2015
WTO submission

Part One: Executive Summary

The work of the WTO generally relates most directly to WSIS action lines on information and communications infrastructure (C2), the enabling environment (C6), ICT applications (C7) and international and regional cooperation (C11).

At the Bali Ministerial Conference in December 2013, Ministers adopted a Decision that called, among other things, for continued positive work under the Work Programme on Electronic Commerce, based on its existing mandate and guidelines and on the basis of proposals submitted by Members in the respective WTO bodies. Ministers further instructed the General Council to hold periodic reviews of progress on the Work Programme. The WTO bodies mainly charged with conducting the Work Programme are the Councils for Goods, Services and TRIPS and the Committee on Trade and Development.

Part Two: Analytical Overview

The WTO Work Programme on E-commerce continues its recent reinvigoration by Members. The Work Programme's Moratorium on customs duties on electronic transmissions has continued to be renewed since its inception in 1998, and is anticipated to be renewed again at the 10th WTO Ministerial Conference in Nairobi in December 2015 **(TBC).** Over the past year, an increasing number of WTO Members have expressed the desirability of making the e-commerce Moratorium permanent, but this is not expected to be a possible outcome at the Nairobi Ministerial.

Other notably relevant activities during 2015 included the negotiations on the expansion of the coverage of the Information Technology Agreement (ITA) and discussions generally occurring under the Council for Trade Related aspects of Intellectual Property Right (TRIPS).

Part Three: Description

(a) Relevant policies, programmes and projects undertaken.

(i) Work Programme on Electronic Commerce

General Council and Dedicated Discussions on E-commerce

The General Council exercises oversight of the WTO Work Programme on e-commerce and considers related issues of a cross-cutting nature. The horizontal discussions, under the auspices of the General Council, held meetings in February 2015 and pursued informal meetings and consultations with WTO Members throughout the remainder of the year. The main objectives of the discussions were to explore the way forward on e-commerce and preparations for the WTO Ministerial in Nairobi in December. Members are proposing to include a text at the Nairobi Ministerial that would continue the reinvigoration of the work program and further extend the WTO's moratorium on customs duties on electronic transmissions. A number of delegations have expressed a preference for making the moratorium permanent. However, others stress that they could only consider an extension at this time. Members expressed general support for focusing on SMEs in the context of the Work Program, and others cited continuing issues of interest such as data flows, privacy, e-signatures. Some delegations emphasize that a deepened discussion on e-commerce is important for the WTO to remain relevant, and one noted that it was time to move to more concrete matters, possibly including disciplines. Other delegations stressed, however, that they did not consider the Work Program to include a mandate to negotiate disciplines that countries who do not have e-commerce laws in place are not ready to consider.

Councils for Trade in Services and Goods

The **Council for Trade in Services** met in March and June and again informally in July to consider submissions under the Work Programme on E-commerce. Further details on the proposals as well as the ensuing discussions are contained in the CTS Chair's report (S/C/47). At the March

meeting, Members reverted to the US communication addressing cross-border information flows, localization requirements, privacy protection and cloud computing.[1] The US delegation indicated that the submission was designed to engage Members in a dialogue and information-sharing exercise with regard to these issues. At the June meeting, two proposals were put forward. Chinese Taipei suggested that a workshop on trade policy issues related to e-commerce be organised by the Services Council and submitted a communication on the protection of personal information and the development of e-commerce.[2] China suggested that the Council embark on a structured information-sharing exercise on topics relevant to the Work Programme. China suggested that challenges to SME participation in e-commerce was one topic such an exercise could cover. In July consultations, China's proposal to formalize information sharing was accepted. Accordingly, it featured as a sub-item the Services Council meeting in October and interventions were contributed by China and Nigeria. Members elected to defer discussion of Chinese Taipei's proposal for a workshop until after the Nairobi Ministerial.

The **Council for Trade in Goods** also considered the issue of e-commerce in March and June this year but without considerable discussion. At these meetings, the Chair invited delegations to express their opinions and to make suggestions as to how to work on the preparation of the periodic reviews to be held in the General Council at its session in July 2015. At the meeting in March 2015, one delegation called upon Members to continue to reinvigorate the Work Programme and to continue extending the moratorium on customs duties on electronic transmissions.

(ii) Other activities

Council for Trade related Intellectual Property Rights (TRIPS)

The Council for TRIPS held three formal meetings during 2015, in February, June and October. Although electronic commerce was not formally on the agendas of these meetings, the Council discussions on IP nonetheless addressed issues related the latest technologies and their uses and how intellectual property rights can promote innovation in IT technologies. Accordingly, one of the recurring agenda items of the TRIPS Council was "IP and Innovation". At the February meeting the item focused on "Women and Innovation". Views expressed covered a wide range of interlinked societal and innovation-related areas that cross the north-south divide. Delegations mentioned their strategies for addressing the challenges faced by women in those areas, giving examples of their experiences at the national and international levels.   At the June Meeting the item addressed the role of IP in financing innovation. Finally, at the October meeting, under this topic WTO Members discussed "entrepreneurialism and new technologies". Under this item, Members shared experiences and detailed examples of SMEs and start-up enterprises in the area of new and mobile technologies – to illustrate the role that IP played in bringing innovation to the market. The focus lay in particular on start-ups commercializing mobile technologies and "Apps", including the benefit these can have in the context of developing countries.   Other topics of interest managed by the TRIPS Council, including during 2015, involve transfer of technology to developing countries and the oversight of technical assistance to developing countries.

Information Technology Agreement

The ITA continues to be an area significant on-going activity and progress in the WTO. The Committee of Participants on the Expansion of Trade in Information Technology Products held two formal meetings in 2015, in May and October. The Committee continued deliberations on the Non-Tariff Measures (NTMs) Work Programme. In considering ways to advance and expand its work on NTBs, the Committee held a workshop in May on NTBs affecting trade in IT products. Issues raised at the workshop by industry representatives included transparency, standards for recognition of test results, e-labelling, and energy efficiency.[3] At the request of the Committee, the Chairman initiated informal consultations with interested delegations on the suggestions made by industry that will continue in 2016. At present, 82 WTO Members are participating. Kazakhstan joined the ITA in July 2015 and its ITA commitments will be implemented upon its accession to the WTO.

---

[1] Document S/C/W/359.
[2] Document S/C/W/360.
[3] A factual report on the workshop was circulated in document G/IT/28.

A new agreement to expand the ITA product coverage was finalized during the review period. Following 17 rounds of negotiations, the ITA Expansion deal was finally reached on 24 July 2015 and agreed to add an additional list of 201 products for tariff elimination.[4] Annual trade in these 201 products is valued in excess of $1.3 trillion per year, and accounts for approximately 7% of total global trade. The agreement covers new generation semi-conductors, semi-conductor manufacturing equipment, optical lenses, GPS navigation equipment, and medical equipment such as magnetic resonance imaging products and ultra-sonic scanning apparatus. Some of products covered by the expansion have relatively high import duties in some markets. Fifty-four WTO Members took part in the negotiations on expanded coverage of the ITA, accounting for approximately 90 per cent of world trade in the products proposed for inclusion in the product expansion. The agreement also contains a commitment to work to tackle non-tariff barriers in the IT sector, and to keep the list of products covered under review to determine whether further expansion may be needed to reflect future technological developments.[5] Beyond the monetary gains for the IT industry resulting from the elimination of import duties, investors and traders would also gain from significantly improved market access, predictability and certainty. This is because a number of these products are either currently unbound (i.e. they are not subject to a legal maximum limit at the WTO) or are bound at high tariff levels. With the ITA product expansion, the participating Members would have the legal obligation not to impose import duties on covered products. Participating governments now are working to conclude their implementation plans in time for the WTO's 10th Ministerial Conference in Nairobi in December 2015. Most importantly, the ITA tariff elimination concessions by the participants to the Expansion Agreement are implemented on a most-favoured nation basis and, therefore, will benefit even countries that have not joined the Agreement.

Aid for Trade Initiative

The 5th Global Review of Aid for Trade featured a panel discussion on electronic commerce and aid for e-trade. Some observers suggest that an Aid for E-trade initiative might help accelerate the global ecommerce revolution. The opportunities offered by e-commerce for SMEs remain largely untapped and many SMEs remain unable to access reliable network services. In the absence of mobile money platforms or postal or parcel delivery services, many developing country SMEs find it difficult to have a successful online presence. This panel session examined these questions and considered what more could be done to promote aid, investment, technology and knowledge transfer, in what was emerging as a powerful tool for the integration of small firms in developing countries into the trading system. The panel was widely considered to have helped present concrete examples of situations, challenges, opportunities, and the cost of missing the opportunities available to SMEs engaging in e-commerce. The panelists also made suggestions on how the WTO might promote e-commerce as a tool for trade by developing countries.[6]

(b) Future actions or initiatives to be taken.

It is proposed, although not yet confirmed, that the WTO Council for Trade in Services hold a seminar on e-commerce during 2016, addressing, for example, the challenges for SME participation in e-commerce, among other related issues of interest to WTO Members.

It is also envisioned that the forthcoming 2016 WTO World Trade Report focus on the participation of SME's in world trade. The report would include, among other topics, the ways e-commerce may enhance the participation of SMEs in world trade, the role of infrastructure and regulatory and other obstacles that face them in conducting e-commerce trade and the extent to which work of the WTO can help to address some of these challenges**.**

---

[4] The majority of tariffs under the terms of the agreement will be eliminated on the 201 products within three years, with reductions beginning in 2016.
[5] The Agreement is open to any other Members who wish to join.
[6] Document WT/COMTD/AFT/W/58, p. 56