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**Submissions from entities in the United Nations system and elsewhere on  
their efforts in 2017 to implement the outcome of the WSIS**

**Submission by**

World Trade Organization

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 21<sup>st</sup> 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.

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## **WSIS Follow up Reporting 2017 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, particularly e-business (C7) and international and regional cooperation (C11).

During the course of 2017, connectivity and ICT enabling issues were the focus of the WTO's Aid for Trade Programme and the implementation of the Information Technology Agreement (ITA) and its new sister agreement (ITA II) proceeded apace. The GATS Committee on Financial Services considered new developments related financial inclusion, such as mobile banking and e-payments, and the GATS Working Party on Domestic Regulation and the Special Session of the Council for Trade in Services considered proposals related to the regulatory environment for online, ICT-enabled Trade. Moreover, the WTO Work Programme on Electronic Commerce continued to be active, with Members tabling a significant number of new background papers and proposals. Discussion continued in the WTO bodies charged with conducting the Work Programme; the Councils for Goods (CTG), Services (CTS) and Trade Related Intellectual Property Rights (TRIPS) and the Committee on Trade and Development. At the Buenos Aires Ministerial Conference in December 2017, WTO Ministers adopted a Decision that called for continuation of the Work Programme and renewed the moratorium on customs duties on electronic transmissions.

### **Part Two: analytical overview of trends and experiences**

Over the past two years, the Members have generally begun to consider a wider variety of ICT and ICT-enabled trade-related regulatory issues across different bodies and agreements of the WTO. This trend is expected to continue in recognition of the impact that ICT developments and new technologies are having on global trade. Initiatives beyond the e-commerce work program, such as contributions to the 2017 Aid for Trade Review and discussion in the GATS committee on Financial Services are evidence of this trend. A key message that emerged from the Aid for Trade review is that digital networks have rapidly become integral to global trade, and offer opportunities for growth. Yet while accessible and affordable digital connections are indispensable for trade, the Internet remains unavailable to many people globally, particularly those in the least developed countries. As demand for financing to ICT connectivity and e-commerce is expected to increase, one conclusion that emerged was that official development financing must work in tandem with foreign direct investment to upgrade digital connectivity and address e-commerce capacity constraints. In discussion of the Financial Services Committee, a group of Members stressed the linkage between electronic payments, financial inclusion, and trade. As for the ITA, the recent evolution and implementation of the Agreement, under which Members extend duty-free treatment to ICT equipment, is also a sign that WTO Members recognize the importance of lowering costs for businesses and consumers of ICT-enabled trade and of other important online activities of citizens.

For its part, the Programme on E-commerce continued to be active and interest is expected to remain high, despite differences about the direction that the work should take. Information and experience sharing on developments in e-commerce and connectivity, and on regulatory efforts to better accommodate it, is now becoming a more integral part of the Work Programme. Whether the existing WTO agreements apply to online trade or whether new, more tailored rules are needed are issues that

Members will continue to debate in the coming year. While some Members were of the view that new rules would be premature at this time, many recognized the transformative role of e-commerce, its positive impact on growth and development and its potential to reduce transaction costs for businesses, especially for micro, small and medium enterprises (MSMEs). Members have drawn upon the business community, NGOs and academics by means of seminars and panels they have organized throughout 2017. Given the wide range of issues under discussion, this trend in seeking to hear from various stakeholders is likely to remain important.

### **Part Three: Description**

#### ***Part 3(a) Policies, programmes and projects***

##### **- Aid for Trade**

The 2017 Aid for Trade Global Review was held from 30 June – 2 July 2017. The theme, "Promoting Trade, Inclusiveness and Connectivity for Sustainable Development", focused on how and why trade connectivity is critical for inclusiveness, sustainable growth and poverty reduction. It also informed both practice and policy regarding aid for trade's contribution to the 2030 Agenda for Sustainable Development. The monitoring and evaluation exercise underpinning the Global Review collected 111 questionnaires and 143 case stories on priorities, challenges and actions to promote connectivity. The flagship [Aid for Trade at a Glance](#) publication was launched during the Global Review.

A key message that emerged is that digital networks have rapidly become integral to global trade, and offer opportunities for growth as a market place. Accessible and affordable digital connections are indispensable for trade connectivity. Yet the Internet remains unavailable to 3.9 billion people globally, many of whom live in the least developed countries (LDCs). Thus, the digital divide is also a market access divide with the cost of digital connections as trade cost. Firms and consumers that are offline are locked out of the opportunities offered by the rapidly expanding market for goods and services purchased or supplied online.

A total of US\$5.9 billion in concessional financing disbursements for ICT connectivity was reported to the OECD CRS over the period 2006-2015. This figure represents 1.97% of all aid for trade disbursed over this period (US\$298.3 billion). An additional US\$7.9 billion was also disbursed in non-concessional financing for ICT connectivity, mainly to middle income countries. Asia is the largest recipient of financing to ICT connectivity followed by Africa and Latin America and the Caribbean. A core group of five donors, the European Union (EU) institutions, Japan, Korea, the United Kingdom and the World Bank Group (WBG) provided two-thirds of financing to ICT connectivity.

Developing countries and donor partners have or are developing digital-related policies/strategies. According to the Aid for Trade monitoring exercise, the top three issues covered in national strategies were payment issues, B2B transactions and B2C transactions. The cost of broadband subscription was highlighted as their main issue in accessing and using internet services, closely followed by slow internet connection speeds, data protection and e-signatures. Demand for financing to ICT connectivity and ecommerce is expected to increase. One conclusion that emerges is that development financing from official sources must work in tandem with foreign direct investment to upgrade digital connectivity and address e-commerce capacity constraints.

- Information Technology Agreement

In June 2017, the Participants to the WTO 1996 Information Technology Agreement (ITA) held a Symposium to celebrate the 20th anniversary of the ITA with the participation of the private sector. The main purpose of the Symposium was to have an overview of the trade liberalization under the ITA and the evolution of global trade in ICT products over the past 20 years; to examine how ICT, as a development tool, can help developing countries and SMEs in promoting connectivity and achieving sustainable development goals, and can enable diversification, technology upgrading, and innovation; and to discuss what is next for the ITA and the ICT sector. Presentations of all speakers as well as the facilitator's closing remarks are available on the WTO website. The 1996 ITA currently has 53 participants representing 82 WTO members and covering 97% of world trade in ITA products.

By the end of 2017, the 2015 ITA Expansion Agreement (ITA II) had 26 participants, representing 55 WTO Members and accounting for approximately 90% of world trade in these products. The ITA Expansion covers new generation IT products, including multi-component integrated circuits (MCOs), touch screens, GPS navigation equipment, portable interactive electronic education devices, video game consoles, and medical equipment, such as magnetic resonance imaging products and ultra-sonic scanning equipment. Under the 2015 ITA Expansion agreement, import duties will be eliminated on 201 high-tech products whose annual trade is estimated at US\$1.3 trillion, accounting for approximately 10% of world trade in goods.

- The Committee for Financial Services and financial inclusion

Over the last three years, in the context of its consideration of the issue of financial inclusion, the WTO Committee on Trade in Financial Services has discussed the contribution of mobile banking and electronic payments to furthering access to financial services. Discussion included the organization of a seminar on mobile banking in November 2014, which featured speakers representing international organizations, the regulatory community, the mobile banking industry, and senior trade negotiators. The seminar highlighted the importance of mobile banking as a vehicle for expanding financial inclusion.

The Committee focused on the issue of financial inclusion, on the basis of a Background Note by the Secretariat entitled "Barriers to Financial Inclusion and Trade in Services" (S/FIN/W/88/Add.1). The Note provides an overview of barriers to financial inclusion (e.g. supply-side and demand-side constraints, inadequate regulatory frameworks, institutional weaknesses and deficient financial infrastructure); shows, through various original case studies, how trade in services may help overcome those obstacles; and discusses the potential role of trade policy in services. As part of this discussion, some Members provided information on their financial inclusion initiatives and policies. One Member provided an overview of recent domestic market trends and regulatory developments in the electronic payment services sector. Also, the representative of a group of countries referred to as the Friends of E-commerce for Development briefed the Committee on a seminar they had held on Digital Payments and Financial Inclusion, in March 2017. The FED group stressed that the main take-away from the seminar was the positive linkage between electronic payments, financial inclusion, and trade.

- Related work of other bodies

During the course of 2017, some discussion with relevance to ICT-enabled trade also took place in other bodies of the WTO. For its part, the services negotiating arm, the Special Session of the CTS, considered specific proposals relevant to Action Line C6

related to services trade facilitation (by India)<sup>1</sup> and to online services transactions (by the European Union)<sup>2</sup>. Discussions on these two proposals may be expected to continue in 2018.

More generally, efforts to develop overall disciplines conducive to an enabling environment (C6) for services trade also continued in the GATS Working Party on Domestic Regulation (WPDR). Following discussion throughout the year, a group of participants in WPDR forwarded a draft text of disciplines on domestic regulation to the WTO Ministerial in December.<sup>3</sup> While a decision was not achieved, work on the regulatory disciplines is expected to continue in 2018.

#### - Work Programme on Electronic Commerce

During the year, the General Council continued to oversee the Work Programme as well as receiving reports from the various bodies tasked with conducting the Work Programme. Discussion under the Work Programme continued to be active, in line with the revitalization of its work in recent years. Members tabled a significant number of new background papers and proposals, many of which were aimed at sharing policy perspectives and outlining important issues and obstacles to e-commerce. Submissions typically outlined what Members considered important topics in relation to enabling e-commerce to continue to evolve. Topics included: e-signatures, on-line consumer protection, e-payments, transparency, intellectual property, privacy and data security, data flow restrictions and development dimensions, including ICT infrastructure development (Action Line C2), to name a few. Of relevance to a segment of Action Line C7 (E-business), many WTO delegations emphasized the transformative role of e-commerce, its positive impact on growth and development and its potential to reduce transaction costs for businesses, especially for MSMEs. Most of the proposals were submitted to, and discussion took place in, all of the WTO bodies charged with the Work Programme; the General Council, the Councils for Goods (CTG), Services (CTS) and Trade Related Intellectual Property Rights (TRIPS) and the Committee on Trade and Development. This approach permitted each body to consider those aspects of each proposal relevant to its respective areas of work.

In the lead up to the year-end 11<sup>th</sup> Ministerial Session of the WTO in Buenos Aires, many delegations circulated proposals suggesting possible text for a decision on the future of the Work Programme, ranging from possible modification of the structure of discussions, possible expansion of the mandate, and including the continuation of the programme as currently configured. The Chairman of the General Council undertook consultations with a view to achieving a common text. In line with the objective of WSIS Action Line 11, the Ministerial resulted in a multilateral decision to continue the E-commerce Work Programme, as well as the extension of moratorium on customs duties on electronic transmissions.<sup>4</sup> The decision maintains the Work Programme with its current form and mandate, authorizing both discussions and the moratorium to continue until the next Ministerial session in 2019. In addition, a group of Members issued a Joint Statement on Electronic Commerce<sup>5</sup> announcing a plurilateral initiative to launch exploratory work on future negotiations on trade-related aspects of e-commerce.

#### - Technical assistance and outreach

During 2017, at the request of Members, WTO Secretariat staff of various divisions conducted a number of regional and national seminars on e-commerce and attended

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<sup>1</sup> TN/S/W/63 and TN/S/W/63/Rev.1.

<sup>2</sup> TN/S/W/64.

<sup>3</sup> WT/MIN(17)/7/Rev.2.

<sup>4</sup> WT/MIN(17)/W/6.

<sup>5</sup> WT/MIN(17)/60.

ICT-related meetings of inter-governmental organizations and NGOs. The e-commerce seminars included regionals in Qatar, Singapore and Fiji and national e-commerce seminars in Bangladesh and El Salvador. They were aimed to enhance capacity of governments to participate more fully in discussions on e-commerce at the WTO, and to take stock of inter-agency initiatives and stakeholder concerns. In terms of international collaboration, Secretariat staff (as well as many trade delegations) participated in ICT and e-commerce related meetings of, inter alia, UNCTAD, OECD, WCO, WSIS, the Internet Governance Forum and the G20 meetings under the German presidency.

### ***Part3(b) Future actions or initiatives***

The activities indicated above represent ongoing work of the WTO and its various bodies; work which is expected to continue into the foreseeable future. Questions of obstacles such as inadequate connectivity in developing countries and of MSMEs and of disadvantages posed by inadequate regulatory frameworks, e.g. for financial inclusion and various aspects of e-commerce, along with information sharing on experiences and initiatives taken by Members will remain on the agendas of the WTO bodies. Given the wide range of issues under discussion, a trend toward seeking to hear from various stakeholders by such means is likely to remain important. In another recent trend, many Members submitted the proposals cited above as public rather than restricted documents. This means the documents were promptly made available on the WTO website for consultation by all interested stakeholders.