



MULTI-YEAR EXPERT MEETING ON

Trade, Services and Development

Leveraging services, including infrastructure services, to achieve the Sustainable Development Goals

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Segment 2. Services-enabled digitization: potential and challenges for development

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*The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.

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Remarks by Lee Tuthill, WTO

Relevant quotes from the excellent Secretariat note include:

“This indirect role of services shows that the services sector is not an alternative to agriculture or industrial development, but rather provides the key means to complement and strengthen agricultural and industrialization strategies.”

“The liberalization of services markets in combination with the development of telecommunications and ICT services has enabled many services to become tradeable services.”

Question 1. What are the appropriate regulatory and institutional frameworks that can help developing countries and LDCs to maximize the benefits of ICT-enabled services trade?

- Because of the downstream benefits of ITC for export diversification, there is a need for coherence between domestic policy and trade policy
- The new normal is inter-agency collaboration. This always took place in services negotiations with trade ministry as lead. It is now being strongly encouraged by ITU for work on leading edge ICT regulatory issues.
- Regulatory impact assessments will be increasingly important and must be increasingly multi-disciplinary ---- involving all relevant government agencies.
- In fact, I just came from a seminar where the topic was a new toolkit on conducting assessment of regulatory impact in the Internet. The Internet, at a minimum, needs to be taken into account as governments seek to determine what their rules should be for various aspects of the digital economy, including its links with cross border functionality
- Experience working with many governments on ICT policy has told me that the single most important factor in promoting connectivity of businesses and consumers is pricing. In far too many countries with lower levels of connectivity, often the former monopoly or in some cases a *de facto* monopoly continues to exact monopoly rent that keeps prices high, with huge implications for the possibilities for inclusion of MSMEs.
- Distorted pricing affects not only the retail cost of Internet itself, then even more importantly, the wholesale cost of the leased lines that Internet relies upon, and many other domestic businesses also rely on access to leased line in order to effectively participate in online trade.
- For prices to become more affordable, competition needs to be healthy and investment needs to be encouraged, which leads to the next question posed by the Secretariat for this meeting.

Question 2: What is the role for international cooperation in promoting inclusive digitization and its positive impact upon services trade?

- Let's first look back at what has been done through international collaboration. The GATS Annex on Telecom and the commitments to telecom regulatory principles in the so-called Ref Paper, now in over 100 members' schedules, were a prime example. Not only of intergovernmental co-operation, but of inter-agency collaboration. Telecom and trade officials, and some competition authorities, worked hand in hand to product these
- Because of this, both of these reflected good regulatory practice at the time and to a great extent, assuming they are seen in the light of technological "impartiality" or "neutrality", they continue to reflect important principles of regulatory practice for the now broader scope of ICT and new digital technologies.
- The primary objective of WTO members in designing both instruments is facilitate a pro-competitive regulatory framework. They have offered legal support and guidance to

developed and developing countries alike, while also offering flexibility for regulatory innovation, which has proved especially important for developing countries.

- Looking to the future, e-commerce involves a huge array of services that are either supplied or ordered online, i.e. ICT enabled services. Regional initiatives have certainly taken an important role of feeding into the policy debates at national and international levels.
- It has become increasingly clear that e-commerce discussions at the domestic require inter-agency mechanisms and at the international level benefit from inter-organizational collaboration. ICT infrastructure and services form a major component of relevant policy coordination and collaboration, if ICTs are going to successfully enable other services and industries to become more inclusive and pro-development.

Let me conclude by affirming the relevance of the conclusion of the secretariat paper...

"A coherent and coordinated approach to domestic policymaking, regulation and trade liberalization is necessary in order to benefit from any agreement on trade in services."