

ICC and B20 Trade Dialogues event: summary of points raised by business representatives

7 June 2018

The ICC and B20 convened a meeting of business representatives at the WTO headquarters in Geneva on 7 June 2018 to discuss a range of issues. The meeting included break-out sessions on four topics: e-commerce; investment facilitation; micro, small and medium-sized enterprises (MSMEs); and sustainable development. The summary of the discussions is as follows.

Importance of the trading system

Business representatives expressed strong support for the WTO and the rules-based multilateral trading system. They said the stability and predictability of the system is crucial for supporting growth, development and job creation.

Participants highlighted the negative impact of protectionism and called for businesses to speak up for an open, rules-based trading system. They underlined the need for ongoing negotiations at the WTO to ensure the system remains responsive and relevant.

The WTO could help businesses and governments meet the challenges of the 21st century, participants noted, by ensuring the fourth industrial revolution is inclusive and the benefits of technological innovation and e-commerce are shared widely.

Delivering on the Sustainable Development Goals, including on targets related to the environment, climate change, food security, infrastructure, gender equality and employment, would help smaller businesses participate in world trade flows and create a more enabling environment for facilitating investments. Business leaders welcomed current discussions at the WTO in these areas.

E-commerce

Business representatives exchanged views on the challenges businesses currently face with regards to e-commerce and the role the WTO can and should play in helping address these challenges. The participants highlighted the following points:

- **their support for intensifying discussions on electronic commerce at the WTO and raising awareness among WTO members of the issues business faces:** E-commerce is changing the face of trade, affecting both big and small enterprises, and rich and poor countries. Participants were keen to see the WTO keep up with e-commerce developments and address these issues in a frank and open manner.
- **the growing importance of e-commerce to global trade,** with an estimated \$25 trillion in annual trade taking place online.
- **the importance of better integrating small and medium-sized enterprises (SMEs) into e-commerce and bridging the digital divide** between developed and developing countries: participants noted there has been an explosion of digital coverage and access to connected devices, yet many areas of the world do not have access to advanced networks needed to engage effectively in e-commerce. This is critical if SMEs, particularly in the developing world, are to take advantage of the trade benefits offered by e-commerce.
- **concern in the developing world about the e-commerce agenda:** this is not because developing countries do not realize the importance of the issue to their economies, but there is a fear of the unknown. Participants recognized a division among the membership on this issue: developing country WTO members know there are opportunities from e-commerce, but also risks, so it will be important that development concerns are addressed in the e-commerce discussions, including issues related to sovereign rights, privacy and national security.
- **the challenges businesses face in the online world** in ensuring the flow of data across borders, data localization requirements, cybersecurity, customs duties on e-commerce and consumer protection. The lack of a set of stable international rules on data transfers and data flows which sufficiently address privacy and security concerns is a particular concern, participants noted, and a major void in the current system which needs to be addressed. A common approach is needed at the global level to ensure a coherent regulatory framework for e-commerce.
- **the importance of consumer trust and consumer protection:** participants said concern about these issues was one of the main reasons why people are reluctant to carry out transactions online, both

in the developed and developing world. They expressed concerns regarding the potential impact of intellectual property rights systems on consumer protection. The WTO has played an important role in the recognition of standards developed by groups such as ISO, they noted, and could play a role in this regard in promoting the use of such standards.

- **the impact of data localization rules on e-commerce, particularly on payment systems:** participants noted these requirements are a huge potential burden in terms of both cost and security. Concerns were expressed that if more of these localized regimes emerge, it could lead to the "balkanization" of e-commerce and choke e-commerce. The WTO should play a more active role in making members aware of the issue and the challenges businesses face in this area.
- **non-tariff barriers, such as customs and bureaucratic barriers:** these issues were cited by several speakers, including increased documentation requirements, taxes, and customs delays. They noted all of this falls into the domain of trade facilitation: the WTO has done very important work on this already and has a very important role to play in this area in the future.
- **the need for the WTO to continue engaging closely with other international organizations and the private sector** to identify international best practices, guidelines and recommendations that promote an enabling environment for cross-border e-commerce.
- **the need for businesses to be ambitious in promoting the business agenda** and ensuring the issues they face are taken up at the political level.

Investment facilitation

Business representatives highlighted the following points:

- **their recognition of the importance of the envisaged investment facilitation framework under discussion in the WTO:** participants highlighted their support for the joint initiative and their readiness to contribute to the development of a framework on investment facilitation; they agreed about the important role of the WTO in increasing the scope of key issues such as investment facilitation.
- **the need to maintain a multilateral approach and to promote negotiations on investment facilitation** but participants highlighted that businesses need a better understanding of the negotiating scenario at the WTO and the possible ways forward.
- **the need to identify the operational steps to eventually implement an agreement on investment facilitation:** participants discussed how to make the case that a multilateral approach is more effective than a bilateral path. Clear answers to these questions and an evidence-based process are needed to be able to move forward.
- **the benefit of opening the door of the WTO to businesses to address investment facilitation** but participants highlighted it is fundamental to avoid bureaucracy and an excessive focus on "modus operandi" in this process as the discussion is about competition for investment and not about how we control investment.
- **the paramount importance of ensuring a prominent focus on regulation and coordination within a trade and investment framework:** Some participants proposed the possibility of establishing a business advisory group and a best-practice forum to advance discussion on this issue.
- **governments' lack of understanding of the key elements to attract investment:** participants underlined that governments need to understand the business case: the importance of legal certainty, application of the law, assurance of market access (information, less red tape and transparency), strong governance models and protection against corruption. They highlighted that investment facilitation can help educate governments in better understanding what an enabling environment for investment means.

MSMEs

Business representatives called on the international community to join efforts to identify the main barriers that MSMEs face when doing business. They proposed that future discussions should focus on the following issues:

- **capitalizing on existing tools developed by the WTO, including the Trade Facilitation Agreement (TFA):** it was noted that the WTO has started delivering for small companies through the TFA. There should be regular monitoring of the impact of the TFA on connecting MSMEs to global markets, particularly on reducing the burdens created by regulatory requirements. Other tools to be further

developed should be the Global Trade Helpdesk and the ePing initiatives. This should be done through increased finance, regular updating and awareness raising.

- **improving access to information:** it is important to raise awareness of the opportunities available to MSMEs, especially for those willing to connect to global value chains. Governments should examine ways of making business-related information easily accessible to help MSMEs enter foreign markets. This would help MSMEs navigate their way through the regulations encountered in foreign markets.
- **reducing trade barriers:** this includes minimizing the burdens generated by regulatory requirements. Participants called on governments to reduce the number of inefficient policies that make doing business burdensome for MSMEs, such as local content assessment (TBT and SPS) and other compliance issues, and to set up an inventory of existing international rules for trade in services.
- **enhancing MSMEs' digital presence:** this is one of the most burning challenges that MSMEs face, according to participants. Priorities include improving access to mobile money as a means of easing business transactions, which would particularly benefit women traders. It was suggested that the WTO set up a common protocol for identifying MSMEs to help them connect with one another. It was also suggested the governments set up platforms for enabling business and for addressing regulatory issues pertaining to data.
- **improving access to trade finance:** MSMEs need help to comply with bureaucracy and to enhance access to innovation.
- **calling on governments to set a high level of ambition:** this is particularly important in WTO-led negotiations to generate best practices at the country-level. Some of the examples cited were the implementation of the TFA, the establishment of regulatory cooperation among countries and an increased dialogue between governments and the private sector.

Sustainable development

Participants recognized the importance of strengthening dialogue with the WTO. They noted that businesses and the WTO share a common agenda and must work together to achieve the Sustainable Development Goals (**SDGs**). Businesses fully support ongoing WTO work on **fisheries subsidies and agriculture** as well as initiatives on **environmental goods and services**.

Participants highlighted that in many areas, business is moving ahead of government and WTO negotiations, particularly in embracing sustainability principles into their work. They raised the following points:

Standards and certification

- Further work is needed to harmonize sustainability standards, labelling and certification and to ensure their consistency with relevant WTO agreements.
- Voluntary certification schemes and private sector standards can contribute to sustainability. Greater transparency of standards in the supply chain, recognition of best practices already being used in the private sector, and better international alignment can help accelerate WTO work in this area.

Circular economy

- Trade policy can help unlock the potential of the circular economy. Harmonized and transparent rules on waste are required, particularly on definitions, transport and appropriate safety standards.
- Linkages between trade policy and the circular economy need to be further explored.

Trade and sustainable development

- A new narrative on the nexus between trade and sustainable development needs to be communicated. People should be placed at the centre of these efforts. Enhanced market access, for example, is needed to promote food security.
- More information on negotiations should be shared with businesses so they can engage with governments to find appropriate solutions for WTO negotiations in areas such as agriculture and fisheries subsidies.

Government procurement

- Government procurement should take into account sustainability principles and the WTO has a role to play in advancing this.