

## World Trade Centre Mumbai Submission on E-commerce

E-commerce has been the subject of intense debate at various fora both at the international and national levels in recent years. The subject has been widely discussed by various stakeholders and interest groups at the WTO Public Forum, a prestigious platform representing the voice of the governments, civil society, business and MSMEs. World Trade Centre Mumbai and All India Association of Industries had the privilege to discuss E-commerce at the 15<sup>th</sup> edition of the WTO Public Forum at Geneva last year.

Ahead of the WTO Ministerial Conference in Buenos Aires, WTO members are clearly divided over the contentious issue of negotiating new global e-commerce rules under the aegis of the World Trade Organization. A few WTO members have sought the establishment of a working party at this crucial meeting and authorizing it to conduct preparations for and carry out negotiations on trade - related aspects of electronic commerce on the basis of proposals by Members.

We feel that this proposal if carried forward at this crucial Ministerial Meeting would have widespread and serious implications for the global e-commerce business, which still remains at a fragmented stage. No doubt most WTO members have embraced e-commerce as an instrument of cross-border trading, yet it must be acknowledged that their capacity to fully adapt to this mode of trade transaction is highly uneven across geographical space and in many regions e-commerce is still at a very nascent stage. The reasons for this is not far to seek. E-commerce is highly technology intensive and WTO members, particularly developing and least developed countries, are yet to realize the full potential of e-commerce as a method of modern international trading. Furthermore, the infrastructure for supporting e-commerce is very fragile in many LDCs and Developing countries unlike in the developed nations. Most governments due to the limited scale of e-commerce activities in their trading and business landscape have made very little progress in structuring any viable policy to promote e-commerce in their territories. Understandably, many WTO members need a reasonable timeframe to develop their e-commerce platform in order to integrate the system during the transitional phase.

It is feared that the new rules if adopted could provide unfair market access to foreign companies, hurting the rapidly growing e-commerce platform in many developing and LDC member states. A small business even if connected to the web and e-commerce enabled grid, will not succeed in a competitive world. Many MSMEs are ignorant of international opportunities, the needs of those markets and how to service them properly. They lack the capacity, both financial and technological, to absorb the benefits

of e-commerce and compete with large, powerful global businesses. Further, many countries where Trade Facilitation measures are slow in progress and not yet fully implemented will face lengthy customs clearance time which nullify the benefits of speed in transactions offered by e-commerce. This affects service levels and increases the cost of business operations. Thus this will obviate the level playing field denying e-commerce opportunities in many member countries. Many companies lack the capacity and the skills to adapt to new technologies required in becoming e-commerce enabled. The costs and skills required to set up an internal e-commerce infrastructure are often overwhelming for small and medium businesses. E-commerce being a relatively new domain for business, funding an e-commerce venture is not easy, and often turns out to be a difficult and risky proposition.

WTC Mumbai and AIAI debate on e-commerce at the WTO Public Forum 2015 highlighted on UNCTAD's new initiative 'eTrade for All', a program that aims to assist developing countries to enter e-commerce platform. According to UNCTAD, four billion people around the world don't have access to internet. Most developing countries are facing massive challenges in adopting e-commerce and need to prepare as to how to cope with the challenges. It need hardly be emphasized that it calls for targeted efforts through appropriate legal and regulatory framework to understand the efficacy and emerging opportunities in e-commerce. All policies and support systems must be in place at the national level to build an appropriate ecosystem for e-commerce. Therefore, any rules on e-commerce within the framework of WTO have to be in accordance with the development processes and parameters of regional e-commerce initiatives.

E-commerce is evolving and given the present state of play of e-commerce and its global scale of operations and dispersal, it may not be inappropriate to suggest that the global community needs more time to adjust to the emerging scenario and reap the benefits to its full capacity. Therefore, we urge you to continue with the current work programme of 1998 on electronic commerce and defer any move to establish a working party to negotiate e-commerce under the aegis of the WTO till such time there is full consensus among WTO members on this crucial issue.

From:

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