Promoting Trade, Inclusiveness and Connectivity for Sustainable Development

Setting the Scene

CTD WORKSHOP
30 MAY 2017
Since 2007, successive Global Reviews of Aid for Trade have helped maintain high level commitment to mainstreaming trade in development policy.
Overview of 2017 Aid for Trade M&E Exercise

- 2016-2017 WTO Aid for Trade (AfT) biennial work programme.

- Monitoring and evaluation (M&E) exercise
  - Self assessment questionnaires
  - Case stories
  - Country profiles
  - AfT Financial flows

- Thematic focus
  - AfT priorities
  - Trade Facilitation
  - Digital connectivity
  - Infrastructure & Services

Overview of 2017 Aid for Trade Monitoring and Evaluation Exercise: Promoting Connectivity-Self Assessment Questionnaire

110 Self-assessment questionnaires
145 Case stories

Setting the Scene

- Digital divide is also a market access one
- Digital divide has both supply *and demand* elements
- Connectivity: a trade and development enabler
- More to ecommerce than digital connection
- Ongoing actions by governments to promote connectivity, with private sector engagement
- Suggestion of a “digital trade policy divide”? 
Pakistan: “Pakistan eyes $U150 billion exports by 2025 under Vision-2025, which requires a paradigm shift in nature and composition of exports by adding value and introducing innovation in existing export regime. Government is simultaneously working on major initiatives on economic integration and regional connectivity to turn Pakistan into a major trade and manufacturing hub in the region. China-Pakistan Economic Corridor (CPEC), TAPI and KASA 1000-MGW are the major projects for economic integration and regional connectivity, which would enormously benefit Pakistan and region.”

Full implementation of the TFA could reduce trade costs by an average of 14.3 per cent, and in excess of 16 per cent for many African countries and LDCs (WTR 2015)
Overview of 2017 Aid for Trade Monitoring and Evaluation Exercise – Donor priorities

- Trade facilitation: 27
- Trade policy analysis, negotiations and implementation: 26
- Connecting to value chains: 20
- International competitiveness: 19
- Regional integration: 18
- Transport infrastructure (airport, roads, rail, port): 15
- Network infrastructure (power, water, telecommunications): 12
- Export diversification: 12
- Services development: 8
- E commerce: 6
- WTO accession: 4
- Other (please specify): 4
- Industrialization: 3
- Network and/or transport infrastructure of a cross border nature: 2
- Adjustment costs: 1

22 February 2017 – Entry into force WTO Trade Facilitation Agreement
A broad conception of trade facilitation...

**APEC Connectivity Blueprint**

APEC leaders defined connectivity under three distinct pillars: physical connectivity that improves supply chain performance by connecting and integrating logistics, transport, energy and telecommunications infrastructure; institutional connectivity that advance regulatory and procedural cooperation among economies; and people to people connectivity that enhances interaction mobility and joint endeavours. The table below expands on these elements of connectivity agreed in the 2014 APEC leaders' declaration.

<table>
<thead>
<tr>
<th><strong>PHYSICAL CONNECTIVITY</strong></th>
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<tbody>
<tr>
<td>Expand trade routes and corridors and strengthen regional quality transportation networks</td>
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<td>Advance cross-border energy networks and interconnections</td>
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<td>Achieve universal and high-speed broadband access</td>
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<td>Develop and improve well-designed, sustainable, and resilient infrastructure by implementing, at the outset, a multi-year plan on infrastructure development and investment</td>
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<thead>
<tr>
<th><strong>INSTITUTIONAL CONNECTIVITY</strong></th>
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<tr>
<td>Advance logistics and transport facilitation</td>
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<td>Enhance regulatory coherence and cooperation and strengthen the implementation of good regulatory practices</td>
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<td>Advance APEC’s agenda on structural reforms</td>
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<td>Modernize trade-related as well as customs and border agencies, including by progressing the development of Single Windows</td>
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<td>Promote cross-border financial cooperation</td>
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<td>Expand the application of a safe and trusted ICT and e-commerce environment, especially in the area of electronic documents exchange including electronic means of authentication and improved security methods</td>
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<tr>
<th><strong>PEOPLE-TO-PEOPLE CONNECTIVITY</strong></th>
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<tbody>
<tr>
<td>Advance work on cross-border education, science, technology and innovation, and services</td>
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<td>Expand the facilitation of movement of tourists, business people, professionals and workers, women and youth</td>
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*Source: APEC*
"A large body of evidence has now been amassed that affordable and effective broadband connectivity is a vital enabler of economic growth, social inclusion and environmental protection."

Broadband Commission, 2015
Efficiency Gains from Digital Connectivity

- Enhanced 'tradability' of services (e.g. telemedicine) and lower trade costs for both goods and services (e-commerce platforms)
- Better access to market information (consumer, prices etc)
- Targeted access to domestic and global market at lower cost than traditional channels
- Direct customer contact & disintermediation
- Data flows & digitalisation support more efficient government services (e.g. customs, govt. procurement)
- Financial inclusion through digital payment solutions

Source: Telenor
# Digital inclusion targets

<table>
<thead>
<tr>
<th>2030 Agenda for Sustainable Development</th>
<th>Broadband Commission for Sustainable Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>- SDG 9(c) target: &quot;Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020&quot;.</td>
<td>Goal 2: Inclusiveness - Bridge the digital divide and provide broadband for all.</td>
</tr>
<tr>
<td>- SDG 9(c) Indicator: Proportion of population covered by a mobile network.</td>
<td>Target 2.2.</td>
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<tr>
<td></td>
<td>a. In the developing world, 50 per cent of individuals should be using the Internet by 2020.</td>
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<tr>
<td></td>
<td>b. In the least developed countries (LDCs), 20 per cent of individuals should be using the Internet by 2020.</td>
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<tr>
<td></td>
<td>Target 2.3.</td>
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<td></td>
<td>a. The affordability gap between developed and developing countries should be reduced by 40 per cent by 2020.</td>
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<td></td>
<td>b. Broadband services should cost no more than 5 per cent of average monthly income in developing countries by 2020.</td>
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Quotes from self-assessment questionnaire on e-commerce and digital strategies

**Burkina Faso**: [the] e-commerce sectoral cyber strategy [was] adopted in 2013 by the Government.

**Dominica**: There is a draft strategy for e-government which takes into consideration e-commerce.

**Mali**: has adopted a national policy document and a strategic plan to develop ICTs in 2004. In 2010, a sector-wide development policy for e-commerce was created.

**Mauritius**: The E-Government Strategy 2013-2017 identifies e-payment as facilitators for electronic transactions with Government. The draft National ICT Strategic Plan 2016-2020 also creates the conducive environment for e-commerce to flourish in Mauritius.

**Pakistan**: has a National Telecommunication and ICT infrastructure strategy and a National Strategy for E-commerce is being formulated.

**Philippines**: Republic Act No. 8792, known as the "Electronic Commerce Act"

**Saint Vincent and the Grenadines**: the National ITC Strategy expired in 2015. We are currently in the process of developing a new strategy.

**Tonga**: There is little awareness about e-commerce.

Digital trade policy divide in national coordination mechanisms?

15 LDCs, 16 MICs highlighted national strategies (e.g. Burkina Faso & Mali ecommerce strategies)

ITU: World Summit on Information Society & Broadband Commission

"As regards affordability, 57 per cent of the world population currently cannot afford the Internet, because the costs of end-user devices, services, access and ancillary costs (including usage and device taxes) are still too high for many". Broadband Commission (CS41)

Myanmar – Sim card cost fell from USD 150 (2013) to USD 1.50 (2015)

"The cost of computers and telecommunications remain generally high, because of insufficient liberalization and deregulation of markets, and years of chronic underinvestment". Asian Development Bank
Top 10 issues cited by developing country governments that enterprises and consumers face in accessing and using internet services

- Cost of broadband subscription
- Slow internet connection speeds
- Data protection
- E-signatures
- On-line fraud
- Credit card payments
- Cost of mobile phone subscription
- Cybercrime laws
- Private data protection (including safe harbouring of data)
- Access to labour with necessary technical skills

- "No or slow connection"
- Guinea Bissau
- "High cost of internet"
- Papua New Guinea
- "Access outside of major cities"
- Peru
Top 10 export challenges that micro, small and medium sized enterprises face in relation to cross-border e-commerce transactions

- High shipping costs: 37
- High costs of small parcel shipment: 27
- Issuance and acceptance of sanitary and phytosanitary certificates: 25
- Problems with on-line payment systems: 23
- Absence of, or difficulties in, using electronic single window for customs or border clearance: 22
- Difficulties accessing third-party payment services: 21
- Warehousing, storage and packaging difficulties: 16
- Issuance and acceptance of conformity assessment certificates: 16
- Banking restrictions on foreign exchange transfer: 15
- Issuance and acceptance of origin certificates: 14

Challenges the online purchase of goods present to customs and other border authorities

- Difficulties to control counterfeit goods: 18
- Difficulties issuing sanitary and Phytosanitary certificates: 16
- Dealing with returned goods: 16
- Problems clearing small parcel shipments: 14
- Banking restrictions on foreign exchange transfer: 13
- Difficulties issuing origin certificates: 12
- Difficulties issuing conformity assessment certificates: 12
- Difficulties issuing export certificates: 8
- Problems collecting export taxes: 7
- Difficulties in issuing rules of origin determinations: 7

### Donor's e-commerce development support

<table>
<thead>
<tr>
<th>Area</th>
<th>Support Count</th>
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<tbody>
<tr>
<td>ICT infrastructure upgrading</td>
<td>16</td>
</tr>
<tr>
<td>ICT skills and training</td>
<td>15</td>
</tr>
<tr>
<td>Telecommunications infrastructure</td>
<td>14</td>
</tr>
<tr>
<td>Broadband infrastructure development</td>
<td>14</td>
</tr>
<tr>
<td>Support for E-government strategies</td>
<td>13</td>
</tr>
<tr>
<td>ICT training for MSMEs</td>
<td>13</td>
</tr>
<tr>
<td>E-commerce training for MSMEs</td>
<td>13</td>
</tr>
<tr>
<td>Telecommunications regulatory policy support</td>
<td>11</td>
</tr>
<tr>
<td>Support for regulatory frameworks for E-government</td>
<td>11</td>
</tr>
<tr>
<td>E-commerce regulatory policy support</td>
<td>9</td>
</tr>
<tr>
<td>Broadband regulatory policy support</td>
<td>9</td>
</tr>
<tr>
<td>Telecommunications skills and training</td>
<td>8</td>
</tr>
<tr>
<td>ICT regulatory policy support</td>
<td>8</td>
</tr>
<tr>
<td>ICT training for business associations</td>
<td>7</td>
</tr>
<tr>
<td>E-commerce training for business associations</td>
<td>7</td>
</tr>
<tr>
<td>Broadband skills and training</td>
<td>6</td>
</tr>
<tr>
<td>None</td>
<td>5</td>
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#### e-commerce issues addressed in donor - partner country dialogues

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<tr>
<td>Information and Communication Technology (ICT) development</td>
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<td>Broadband development</td>
<td>13</td>
</tr>
<tr>
<td>Telecommunications strategy</td>
<td>10</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>2</td>
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</table>
Aid for Trade – Donor frameworks

Some established players – Asian donors, MDBs

New entrants & new strategies - various digital strategies being developed

Significant role of private sector – 54% of donors in private sector collaboration

Innovative financing models – PPP → consortia → private networks

Private sector active:
• infrastructure,
• training
• women’s economic empowerment
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Conclusions

Digital connectivity - intertwines with physical & reduces physical distance

Economic efficiency, expands the range of good and services trade and reduces trade costs

Activity by governments and regional organizations at all levels of development

Trade dimension to connectivity - bridging the digital divide & supporting ecommerce

Measures to bridge the digital trade policy divide

Aid for Trade – supportive, catalytic.
Michael Roberts
E-mail: michael.roberts@wto.org