

A FIFD and FED Joint Seminar

Bridging the Digital Divide: Harnessing E-commerce and Investment Facilitation for Inclusive Trade and Development

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Ambassador Roberto Zapata
Permanent Representative of Mexico to the WTO

Introductory remarks

- It is a pleasure to participate in this joint seminar organized by FIFDs and FEDs. This seminar, as part of the ecommerce dialogues launched by FEDs, is an excellent starting point to try to understand the linkages between e-commerce and the investment facilitation.
- Bridging the digital divide is one the most important challenges in the developing countries. I am confident that these dialogues will give us more clarity of the actions needed to enabling a regulatory framework to support the kind of investments required in developing countries to help in bridging the digital divide.
- Let me start to mention the World Investment Report 2017 of UNCTAD, which clearly states that promoting the digital economy could boost economic growth and development. Ecommerce could improve the competitiveness and create new business opportunities, particularly for SMEs in the developing countries.
- There are synergies between Investment and the Digital Economy. Investment is a key aspect to improve infrastructure and allow for digital development, and on the reverse side, enabling a digital environment is also fundamental to facilitate investment.
- However, according to the World Investment Report 2017, Digital Development Strategies largely fail to address the issue of investment, or contain investment needs only at a very general level. For example, less than 25% of digital development strategies contain details on investment requirements for infrastructure, and less than 5% on investment needs beyond infrastructure (for example, on development of digital industries).
- Most of the ICT infrastructure requirements will come from the private sector and, for this reason, proper investment facilitation and promotion policies are crucial to enabling the foreign investment.

- Additionally, a proper regulatory framework, at national level, is required for impulse the digital transformations and policy makers should to find a right balance between the private investors interest and the public objectives.

Mexico's experiences (building digital infrastructure)

- Also, I would like to share with you Mexico's efforts to reduce the digital divide. In 2014, a constitutional reform in the telecommunication sector was carried out in Mexico. This reform produced a structural change in the telecommunication and broadcasting sectors, creating an enabling environment for the establishment of a sound and reliable regulatory investment policy.
- A telecommunications and broadcasting law was implemented and as a consequence of it, the foreign direct investment was allowed up 100% in the fixed and mobile telephony and satellite communications.
- This new regulatory framework has generated greater certainty to the investment. As a result of this, private investment grew 35% during 2015 and telecommunications sector captured the 9% of foreign direct investment in 2015.
- Also, progress has been achieved in the penetration of fixed and mobile broadband connections. In 2016, Mexico had 57 mobile broadband subscriptions per 100 inhabitants, it grew 25% as compared with the same period in 2015, and it is expected to reach 67.4 percent in 2019 (84.9 million internet users)
- It means that 7 of every 10 Mexican Internet users could made purchases online, mainly through their mobile devices. The number of Internet users in our country has increased more than 50% as compared to 2012, counting 62.4 millions of Internet users.

Conclusions

- Investment Facilitation has had an important complementary role to play in the transformation of the telecommunications sector in Mexico. Transparency and predictability, as well as, speedy administrative procedures have underpinned the telecommunication reform and are promoting our digital national agenda.
- Certainly, additional efforts are need, for example, in order to accept electronic applications for foreign investors, national authorities are trying to assess the possibility to implement a single window in the future.
- Finally, I would like highlight that there are other challenges, not only infrastructure gaps, are faced by developing countries in order to reduce the digital divide. We consider that e-commerce as a tool for development will also depend on the following elements:

- Adoption and dissemination of new technologies, which entails competition and trade openness;
 - Security and protection of consumer's information, which requires a robust regulatory framework;
 - Increasing the access and support of financing services to expand the possibilities of electronic payments; and
 - Education and skills upgrading, which requires both domestic policies and international collaboration.
- Given that these elements are being considered elsewhere in fragmented efforts, efforts which nevertheless have the potential to prevail in designing a solid framework. The WTO should have a key role to play, not only rule-making area, but also in other aspects to facilitate the participation of developing countries in the international digital economy.
 - Again, we expect for today's workshop to shed light and to deepen our understanding on this relevant interlinkage between investment and e-commerce.