World Trade Report 2018

The future of world trade: How digital technologies are transforming global commerce

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Trade has always been shaped by technology.

But we are entering a new digital era.
→ Potential major impact on what we trade and how we trade.

→ What consequences on the world economy, and in particular on international trade?
Focus of the report
• How digital technologies are transforming global commerce today – and will impact it tomorrow.

• Attempt at quantification of some of the changes at play.

• Some policy options for international trade cooperation
I. LOWER TRADE COSTS

→ In particular transport costs which account for a large share of overall trade costs
Other costs impacted:

- *Transaction/search costs* (matching of buyer/seller, easier access to information)
- *Communication costs*
- Facilitate *customs procedures*
- Facilitate *cross-border payments*
Trade costs reductions would be especially beneficial for
  ◦ SMEs
  ◦ Developing countries
II. **Changes in trade patterns**

- Blurring distinction between goods and services
- Increasing importance of data flows and intellectual property.

→ A 3D printed object = a "3D traded object"
The sectoral composition of trade will be affected:

- Services trade (especially of digitally-enabled services) will grow in importance
  - from 21% to 25% by 2030
  - important for SMEs
Trade and services
85% of micro firms, 72% of SMEs

Manufacturing
11% of micro, 20% of SMEs

Ag
5% / 8%

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<th>Developing</th>
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<tr>
<td>Micro</td>
<td>5.3%</td>
<td>1%</td>
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<tr>
<td>SMEs</td>
<td>8.5%</td>
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Source: WTR 2016
Trade in time-sensitive, certification-intensive and contract-intensive goods will increase.

Mass customization

Trade in digitizable goods (e.g. books, CD) likely to continue falling.
Impact on GVCs: uncertain

Changing patterns of comparative advantage

→ Brings about opportunities… but also challenges

→ market concentration, loss of privacy and security threats, productivity and the digital divide.
How can we prepare?

- We review:
  - Initiatives by governments and international organizations,
  - Provisions included in RTAs, and
  - How these issues are addressed in the WTO context

→ Many measures and programmes by governments and IOs to help MSMEs go digital
A few words on blockchain

- Could create new opportunities as users
  - creation of a digital identity
  - access to trade finance
  - streamlining of customs procedures
  - lower transportation/logistics costs

- Interesting potential
- But many issues to settle
  - WTO role: sensitization, regulatory framework
To know more:

Research workshop:
“Blockchain and international trade”

➔ 27 November (organized by ERSD)
➔ 10am–6pm, Room W
Thank you!