

WORK PROGRAMME ON ELECTRONIC COMMERCE: WORKSHOP WITH IGOS

OPENING REMARKS BY THE DIRECTOR-GENERAL, 1 JUNE 2023

Ambassador Molokomme,
Ambassador Canabady,
Excellencies,
Ladies and gentlemen,

Good morning and welcome to this workshop on e-commerce.

First, I would like to welcome our guests from other intergovernmental organizations and thank them for being here today to share their expertise and insights.

At our Twelfth Ministerial Conference, MC12, last June, Ministers instructed us to reinvigorate efforts under the Work Programme on E-commerce. This event is proof of that reinvigoration.

I always say that the future of trade is digital, services, green and inclusive. The WTO and the international community at large have a collective responsibility to help Members harness the full potential of the digital economy for economic growth, job creation and trade diversification. In other words, to harness digital trade for improvements in people's lives and livelihoods. We should seek to deliver on this responsibility at MC13 and beyond. This workshop is part of that effort.

As the GC Chair reported, Members are engaging – seriously and substantively - on this file, not only on the moratorium, but also on broader e-commerce-related issues with a development focus. These discussions are important to better understand the challenges and opportunities of digital trade.

Let me commend Ambassador Usha Canabady for her excellent work in steering these discussions with steadfast determination, impartiality, and a resolute focus on helping members build momentum towards solutions that will help people everywhere benefit more from the digital economy.

It is undeniable that e-commerce has emerged as a major force in global economic output and trade. It boomed during the pandemic, as house-bound consumers went online. For many companies – big and small – e-commerce was a lifeline, helping mitigate the loss of in-person business.

The growth in services delivered across borders via digital networks is strikingly visible in the trade data (thanks to some clever work by our statisticians). According to WTO estimates, global exports of digitally delivered services grew by 8.1% per year between 2005 and 2022, much faster than the 5.6% growth registered for goods exports. In 2022, the value of exports of these services, which cover everything from streaming games to consulting services provided by video, reached USD 3.82 trillion – worth 12% of total goods and services trade, up from 8% only a decade earlier. With the comparatively slow recovery of tourism and other services requiring cross-border movement of people, digitally delivered services have increased their footprint in global services trade. Last year represented 54% of total global services exports.¹

In addition to driving growth and trade, e-commerce is a key channel for creating jobs for women and young people, whose businesses are often better represented online than offline. However, important development-related challenges are preventing some Members from fully maximizing the benefits of digital trade. Many countries are still lagging behind – be it because of poor connectivity, outdated physical and digital infrastructure, inadequate digital financial services, deficiencies in digital literacy and skills, weak legal and regulatory frameworks – or any combination of these factors.

¹ WTO, Global Trade Outlook and Statistics, April 2023,
https://www.wto.org/english/res_e/booksp_e/trade_outlook23_e.pdf

The topics that Members will explore today – consumer protection, digital divide, legal and regulatory frameworks, and the moratorium – go to the heart of some of these issues.

Each organization represented here has a role to play in supporting Members' efforts to develop their e-commerce sectors. And the WTO is no exception.

Most fundamentally, as the international body overseeing the rules that govern international trade, the WTO's rules are also relevant in the context of cross-border e-commerce. The WTO agreements help ensure stability and predictability in all cross-border trade transactions, including those occurring online.

More specifically, since 1998, the Work Programme has offered a framework for deliberation on all trade-related issues relating to global e-commerce. Though engagement has been uneven over the past 25 years, as I said earlier, we are seeing a renewed commitment to these discussions. This is welcome – as is the renewed focus on the development dimension. I hope we can sustain this momentum moving forward.

The Work Programme has tasked Members to examine and report on the treatment of e-commerce within the WTO legal framework – GATT, GATS and TRIPS – and the issues that arise. But the WTO has also an important role to play in addressing the development dimension. This is in keeping with the fact that supporting developing countries' participation in the multilateral trading system is one of the WTO's most important functions.

Over the past few years, our Institute for Training and Technical Cooperation (ITTC), has been receiving an increasing number of requests for technical assistance on e-commerce and other emerging trade issues.

When the ITTC sent out a questionnaire to beneficiaries for inputs to inform its upcoming Biennial Technical Assistance and Training Plan for 2024-25, the vast majority of respondents – 70 out of 87, across all regions – pointed to e-commerce as a key priority. This reflects the growing importance of digitalization in Members' ability to engage in international trade.

While our technical assistance offer for the upcoming two years will take this feedback on board, there are limits to what the WTO can do on its own. This is why we have always partnered with other organizations to support Members' efforts to integrate into the multilateral trading system. With regard to e-commerce, such collaboration is particularly vital.

I am pleased that digital connectivity will be one of the main areas of focus of the 2023-24 Aid for Trade work programme. Aid for Trade has a significant role to play in democratizing access to electronic commerce, including for the most marginalized groups – women, MSMEs and rural areas – and in harnessing the potential of e-commerce for development.

But we need to redouble our efforts to bridge the digital divide that continues to impede the participation of developing countries in digital trade. According to the International Telecommunications Union, as of mid-2022, just over a third of the world's population – 2.7 billion people – still did not use the internet. And in many developing countries, especially LDCs, broadband internet access remains expensive – above the affordability target of 2% of monthly gross national income per capita. While Aid for Trade commitments related to information and communication technologies have increased by 32% since 2018, the amounts of financing concerned remain modest – accounting for only 1% of total disbursements.

Separate from the Aid for Trade initiative, the WTO is also working with the World Bank to look at how to improve hard and soft digital infrastructure in Africa.

On the research front, the Secretariat is cooperating with international organizations to collect data and statistics that can inform Members' deliberations.

Given high demand for comparable data on digital trade, the Secretariat has been working with the OECD, UNCTAD, and the IMF on producing a Handbook on Measuring Digital Trade. A new version will be available soon, setting out an enhanced definition and conceptual framework for digital trade, as well as guidance for how countries can compile data on trade flows that are digitally ordered or

delivered. The next stage will be to ensure developing economies receive any technical assistance they need to compile reliable and timely statistics on digital trade.

The Secretariat is also working with the IMF, the OECD, UNCTAD and the World Bank on a Joint Report on Digital Trade and Development. The objective here is to leverage the expertise within each organization to look at how digital transformation is changing the way countries grow and innovate. The report will also consider how digital technologies affect trends in trade and trade costs. And it will examine the challenges preventing developing countries from exploiting the opportunities of digital transformation as well as potential solutions. It will also include a facts-based discussion of the effects of the e-commerce moratorium. DDG González is overseeing its preparation in close coordination with her counterparts in the other authoring IOs. We plan to launch it at this year's Public Forum.

These are only some of the ways that the WTO is contributing to the e-commerce discussions. It is clear that this is a multifaceted issue – one that requires broader global cooperation. It is therefore fitting that Members are using the WTO's convening power to bring together different international organizations in pursuit of shared goals. This is what this workshop is about. And I want to thank once again today's panellists for responding to that call.

I wish you a very productive workshop and look forward to hearing the report of your discussions.

Thank you.
