

# ICC KEY MESSAGES FOR UNCTAD E-COMMERCE WEEK E-COMMERCE AND THE FUTURE OF GLOBAL TRADE

## THE INTERNET IS CHANGING TRADE AS WE KNOW IT

A common criticism of trade and globalisation has been that it only works for big business at the expense of smaller firms.

There is perhaps a grain of truth in that assertion: traditionally, commerce over distance has come with significant costs—limiting the ability of SMEs and businesses in developing economies to benefit from global trade.

Internet, technologies and the connectivity they create mean this does not need to be the case. Developments from an increasingly connected digital economy give SMEs unprecedented opportunities to trade in global markets.

Small businesses and entrepreneurs in developing economies are already at the forefront of this emerging trend. In Nigeria, for example, e-commerce has leapfrogged the development of traditional bricks-and-mortar retail.

## POLICYMAKING MUST KEEP PACE TO SUPPORT THE DEVELOPMENT OF SME E-COMMERCE

Given the pace of technological change and the impact global connectivity has on all aspects of life, it is unsurprising the composition, nature and speed of global trade are also seeing increasing policy frictions.

Today's trade rules largely reflect 20th century patterns of trade: large (containerised) shipments made by relatively large companies on a B2B basis.

These rules are not always well-suited to supporting the growth of SME e-commerce, which is typically based around small, high frequency shipments to consumers.

Fragmented national rules on data, consumer protection and the availability of online information can act as a major trade impediment: creating new barriers to global markets and increasing costs for SMEs.

In short: the patterns, frequency and mechanics of global trade are changing and trade policy-making needs to keep pace.

## A NEW GLOBAL AGREEMENT TO SUPPORT ONLINE TRADE IS NEEDED

Data from eBay shows that SMEs that use on-line platforms are more than five times more likely to export than those in the traditional economy.

ICC believes e-commerce has enormous potential to boost MSME growth, but many small businesses still find it hard to navigate the myriad national rules and regulations covering e-commerce.

ICC has called on governments to develop a common framework of legal standards and practices without delay.

A full concept paper was launched at the World Trade Organization's (WTO) Public Forum in early 2017 recommending an agreement that could be developed through the World Trade Organization (WTO) around three pillars:

## **1 | Measures to enhance connectivity and capacity building for e-commerce.**

WTO disciplines have already made a difference supporting enhanced access to the Internet through the development of competitive telecoms markets.

The time is right to consider whether these WTO disciplines could be upgraded to enhance SME access to the Internet and related services.

ICC calls for a significant scaling-up and enhanced coordination of existing trade-related capacity building programs for e-commerce.

This should include targeted capacity building programs for SMEs looking to expand through e-commerce, including through the use of global Internet platforms and online educational tools.

## **2 | ICC recommends the WTO develops new measures to enable SMEs to get goods sold online to consumers more efficiently..**

We are calling this "Trade Facilitation 2.0".

The WTO's landmark Trade Facilitation Agreement provides a good starting point to build on, but its provisions are largely modelled on traditional patterns of trade.

New standards are needed to simplify and expedite the clearance of e-commerce shipments through targeted customs, tax, and market access measures.

Such measures would aim to support the growth of self-employed entrepreneurs and SMEs by facilitating the delivery of small shipments direct to consumers.

## **3 | The WTO is encouraged to establish a new package of digital rules to support the development of the online space and build consumer trust in e-commerce.**

Possible measures could include:

Commitments on cross-border consumer protection standards and dispute settlement to build consumer confidence in cross border e-commerce.

Rules to promote technological innovation to enhance online security and reliability based on broadly agreed industry guidelines.

And new provisions to ensure the free flow, storage, and handling of all types—in any sector—of data across borders.

## THE VISION FOR A NEW INCLUSIVE MODEL FOR TRADE...

Such a package of 21st century trade rules would help promote an open, trusted and secure Internet: in the process driving down transaction costs and frictions for businesses trading online.

With the right global policies in place there is an opportunity to unleash a new era of “inclusive trade”: one in which all companies—regardless of size, sector or location—can benefit from equal access to the global trading system.

Simply put, a trading system in which SMEs are empowered to drive the transition to a fairer, more inclusive and robust world economy.

**We urge trade ministers to commit to a new WTO mandate for e-commerce negotiations with the aim of boosting SME growth.**

## ICTS PLAY PIVOTAL ROLE UNDERPINNING THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

Well beyond the benefits of boosting SME trade access and viability through effective and interoperable policy, governments have the opportunity for these same policies to advance their efforts toward the UN’s Global Goals. Information and communications technology (ICT) enables greater connectivity, better communication, exchange of information, uniform application procedures, faster, and more reliable processing. E-business solutions can streamline trade formalities, simplify complex government processes and procedures, and stimulate communication between private and public actors, and governments from different countries.

An interoperable, seamless ICT ecosystem is crucial to help reap the benefits of e-commerce and further development opportunity and like the Internet, these solutions don’t stop at the border.

To foster the development gains of technology, trade and connectivity, governments should pursue a holistic policy environment and enable meaningful access to use and benefit from digital technologies. Understanding how the ICT ecosystem works in practice and the balance of policies that enable sustainable investment and thus development is a prerequisite.

**Women are currently less likely than men to use or own digital technologies and gaps are larger among youth and those over 45 years old. For countries to enhance the use of enabling technology for women, they need to be well-informed about the barriers to access and how these challenges can be overcome.**

**Meaningful access to ICTs by women can be facilitated or prevented by affordability, relevant content, skills and security, to name a few examples.**

For ICT to be leveraged in a meaningful way for development governments should foster literacy skills and training in ICT and related subjects to harness the local development opportunities ICT brings.

To ensure the full potential of ICT investment in broadband infrastructure, access technologies, wireless devices and other related aspects of the ICT ecosystem still need to be incentivised.

Public-private partnerships are key to leveraging existing industry standards and investments, use public and private resources for research, leadership and governance to advance the use of ICT for sustainable development.

## **GOVERNMENTS CANNOT MEET CHALLENGES AND OPPORTUNITIES ALONE**

Timely, scalable, and innovation enabling policies are found through the participation of all relevant stakeholders in the policy-making process.. In this way, governments are better equipped to make the right choices to support the investment and ICT adoption that can drive e-commerce capacity.

## **ABOUT THE INTERNATIONAL CHAMBER OF COMMERCE (ICC)**

The International Chamber of Commerce (ICC) is the world's largest business organisation with a network of over 6 million members in more than 100 countries. We work to promote international trade, responsible business conduct and a global approach to regulation through a unique mix of advocacy and standard setting activities—together with market-leading dispute resolution services. Our members include many of the world's largest companies, SMEs, business associations and local chambers of commerce.

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