



WORK PROGRAMME ON ELECTRONIC COMMERCE

REINVIGORATING THE WORK UNDER THE 1998 WORK PROGRAMME ON ELECTRONIC COMMERCE

Communication from South Africa and India

The following communication, dated 3 December 2020, is being circulated at the request of the delegations of South Africa and India.

1 INTRODUCTION

1.1. On 10 December 2019, Members agreed to reinvigorate the work under the Work Programme on Electronic Commerce, based on the existing mandate as set out in WT/L/274. They agreed that the work will include structured discussions in early 2020 based on all trade-related topics of interest brought forward by Members, including LDCs, including on scope, definition and impact of the moratorium on customs duties on electronic transmissions. Members also agreed to maintain the current practice of not imposing customs duties on electronic transmissions until the 12th Ministerial Conference. Furthermore, Members agreed that the General Council shall report to the 12th session of the Ministerial Conference.

1.2. In going through the discussions on e-commerce that have taken place since the establishment of the Work Programme in 1998, both at a horizontal level in the General Council and in the relevant WTO bodies (CTD, CTS, CTG, TRIPS Council), Members will observe that discussions, even from a trade policy perspective have not been adequately explored, and where it has, it has barely touched the surface.

1.3. There are also different approaches by the WTO bodies on this issue of critical importance to the membership, with some bodies having the Work Programme on electronic commerce as a standing item in the agenda, while in some it is an ad-hoc item that is only put in the agenda at the request of Members even though there is a clear Ministerial mandate on issues to be addressed by each of the WTO bodies.

1.4. The digital economy has not been static, and many Members are still coming to grips with what appears will be very profound changes brought on by the digital transformation of which e-commerce is integral. Hence, the evolution of the sector makes it necessary to continue the exploratory discussions under the Work Programme.

1.5. India and South Africa have jointly introduced the proposal 'Moratorium on customs duties on electronic transmissions: Need for a re-think'¹. The discussions were centred around the following thematic areas:

¹ WT/GC/W/747, 13 July 2018.

- Revenue implications of the moratorium on electronic transmissions;
- Scope and definition of electronic transmissions;
- Technical feasibility of imposing customs duties on electronic transmissions;
- Broader impact of the moratorium on trade and industrialization and any other issue with respect to the moratorium.

1.6. In a communication (WT/GC/W799) by Switzerland and other co-sponsors have called for the need to broaden and deepen the discussion on the moratorium on imposing customs duties on electronic transmissions. The issue on the scope, definition and impact of the moratorium on customs duties on electronic transmissions continues to be an issue of interest to Members and is critical in determining the decision of Ministers at MC12 on the future of the moratorium on e-commerce.

1.7. The number of papers and inputs across the membership, including from LDCs is a clear indication of the need for a multilateral discussion that will result in deliverables that will promote an inclusive and development-oriented digital transformation agenda for consideration by Ministers at MC12. The discussion in the JSI on e-commerce narrowly focuses on the development of legally binding rules and risks further marginalization of developing countries in global trade.

2 IMPACT OF COVID-19

2.1. A paper by UNCTAD titled "The COVID-19 Crisis: accentuating the need to bridge the digital divide" states that the COVID-19 pandemic highlights a deepening digital divide both within and between countries. Despite the rapid uptake of digital technologies, significant divides remain, both between and within countries. Developing countries are disproportionately affected by the pandemic, both from a health and economic point of view.

2.2. Almost half of the world population has no access to the internet. Only 35 per cent of population in developing countries have internet access as compared to 87 per cent in the developed world. The least developed countries (LDCs) are the most vulnerable to the human and economic consequences of the pandemic and lag behind in relation to digital readiness with only one in five people in LDCs using the internet. In most developing countries well below 5% of the population currently buy goods or services online. As a result, countries which are hyperconnected have been able to continue many of their economic operations online during the ongoing pandemic, but countries which are less connected were not even able to provide basic information on combating Covid-19 where it was most needed.

2.3. According to the UNCTAD eTrade Readiness Assessments, there are significant gaps and barriers in several policy areas ranging from ICT infrastructure, payment solutions, skills, legal frameworks, insufficient quality of broadband services that hamper the ability of many developing countries to leapfrog and leverage digital trade.

3 STRUCTURED DISCUSSIONS UNDER THE 1998 WORK PROGRAMME

3.1. The WTO has a unique opportunity to make a contribution towards laying the foundation for a more just and inclusive economy by promoting an inclusive and development-oriented approach to electronic commerce. Multilateralism is vital in a world facing development challenges. In this regard the General Council should:

- Direct that the E-commerce Work Programme be a standing item in the relevant WTO bodies given a mandate as set out in WT/L/274.
- Play a central role in the discussions and keep the Work Programme under continuous review through a standing item on its agenda and take up consideration of any trade-related issue of a cross-cutting nature as entailed in the 1998 Work Programme.
- Continue structured thematic discussions in the General Council through various platforms.

These may include:

- Developmental aspects of electronic commerce;
 - Scope, definition and impact of the moratorium on customs duties on electronic transmissions; and,
 - Examination of the challenges experienced by developing countries and LDCs in relation to electronic commerce and explore ways of enhancing the participation of developing countries in electronic commerce.
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