



WORK PROGRAMME ON ELECTRONIC COMMERCE

REINVIGORATING THE WORK UNDER THE 1998 WORK PROGRAMME ON ELECTRONIC COMMERCE: A DEVELOPMENT APPROACH TO THE WORK PROGRAMME ON E-COMMERCE

Communication from the African Group (Angola; Benin; Botswana; Burkina Faso; Burundi; Cabo Verde; Cameroon; Central African Republic; Chad; Congo; Côte D'Ivoire; Democratic Republic Of Congo; Djibouti; Egypt; Eswatini; Gabon; The Gambia; Ghana; Guinea; Guinea-Bissau; Kenya; Lesotho; Liberia; Madagascar; Malawi; Mali; Mauritania; Mauritius; Morocco; Mozambique; Namibia; Niger; Nigeria; Rwanda; Senegal; Seychelles; Sierra Leone; South Africa; Tanzania; Togo; Tunisia; Uganda; Zambia and Zimbabwe)

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1 INTRODUCTION

1.1. At MC12, Ministers once more emphasized the need to reinvigorate the work under the Work Programme on Electronic Commerce, based on the existing mandate as set out in WT/L/274. This paper is a contribution to that directive.

1.2. As digital transformation has accelerated, the e-commerce landscape has become increasingly dynamic and complex. New players have emerged at the same time that established actors have taken on new roles and new business models have transformed buyer-seller relationships and pushed out the frontier of what it is possible to buy and sell online. Above all, new opportunities have arisen to unlock the potential of e-commerce to boost growth and well-being. However, what is clear is that the gains from growth in global e-commerce will not be automatic for developing countries. This will require strategic interventions at all levels, including at the national and international levels. Policy space will be required for developing countries to adapt their productive capabilities and trade competitiveness to take account of these developments.

1.3. Although the share of firms selling online is increasing, many firms still face challenges to further engaging in e-commerce. In addition, a large proportion of firms struggle with high costs associated with delivery and returns, or logistics more broadly. Addressing cross-border complaints and disputes, as well as limited language skills pose additional challenges, particularly for firms that engage in cross-border e-commerce. Access to payment mechanisms represents another important challenge for many people engaging in e-commerce, and is likely to affect some groups, particularly low-income households, disproportionately.

1.4. While recognizing the importance of e-commerce in an increasingly digitalizing world, it is also important to understand that e-commerce affects a number of policy areas and requires careful analysis and understanding. This necessitates a proper examination of all trade-related issues relating to global electronic commerce, taking into account the economic, financial, and development needs of developing countries. The key policy implications of e-commerce include:

- Industrial policy – implications for the use of tariffs to protect domestic industries and to safeguard policy space and flexibilities to promote digital industrialization.

- Trade policy – the lack of common understanding on the scope and definition of electronic transmissions can result in legal and regulatory uncertainties for firms participating in cross-border e-commerce. Clarity on the scope and definition of electronic transmissions is also critical to understand the revenue implications of the moratorium. Members are at different levels of dependence on tariff revenues to finance their budgets and provide public goods and services.
- Environmental policy – the net effect of e-commerce on the environment requires analysis. There can be a positive impact with decreased pressure on physical infrastructures (e.g., lower electricity use). On the other hand, increased residential deliveries may reduce transportation efficiency, while increased e-commerce may also increase e-waste.

1.5. 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 digital transformation to which e-commerce is integral. Hence, the evolution of the sector makes it necessary to continue work under the Work Programme with a view to ensuring inclusivity and broadening the benefits of e-commerce, especially to developing countries. The work of the Facilitator, Ambassador Usha Dwarka-Canabady, and the contribution of Members in the structured discussions is welcomed. Having said this, the relevant committees must continue their examination of the issues identified in the Work Programme as mandated by Ministers.

1.6. Importantly, the discussion must explore ways of enhancing the participation of developing countries, including LDCs, in electronic commerce not only as consumers but also meaningful participants as producers so as to broaden the benefits and promote a development and inclusive approach to e-commerce.

2 DEVELOPMENT APPROACH TO THE E-COMMERCE WORK PROGRAMME

2.1. The approach to the e-commerce Work Programme requires a development oriented and inclusive approach that promotes understanding of the complexities of e-commerce and takes proper account of developing country interests. This is not a matter of being for or against digitization. It is about what kind of digital economy we should have. A development agenda needs to be based *inter alia* on the following:

- Outcomes that support digital industrialization particularly in developing countries including LDCs.
- Addressing the digital divide, in order to foster growth, innovation and inclusion of developing countries' small national digital firms in the digital economy, and ensure their competitiveness *vis-à-vis* major digital platforms.
- Policy space to develop enabling legal and regulatory frameworks based on developing countries' needs and priorities. The importance of this is well-recognized by most countries, and necessary frameworks are either already in place or being developed.
- A supportive environment to promote domestic digital sectors and small and medium-sized digital firms in developing countries. Developing countries' SMEs and industries must be recognized for their peculiarities and unique needs, and their great national importance. This is because they have a unique characteristic of localness of their key resource i.e., data. But they still need to compete with global businesses, with huge financial muscle, that are entering every country's digital space. They also need to be protected from unfair terms of the monopolistic digital platforms/ecosystem – both for them, and for the larger economy.
- Building national and regional digital platforms in order to provide competitive and fair market access to SMEs engaging in e-commerce in developing countries.
- Building robust digital infrastructures that foster the growth and competitiveness of the national digital economy.
- Preserving critical policy tools that Governments can utilize to protect the interests of all economic actors in the economy, including strategic deployment of tariffs to promote industrialization.
- Technology transfer and equitable and affordable access to new technologies.
- Sharing of good practices in terms of digitally transforming economies and building the requisite digital infrastructure.

2.2. Digital transformation presents challenges for developing countries but also at the same time presents opportunities for growth and development which can be realized with appropriate strategies and policies.

3 CONCLUSION

3.1. The Work Programme on E-Commerce states that the General Council shall play a central role in the whole process and keep the Work Programme under continuous review through a standing item on its agenda. In view of the need to deepen the discussion on all the trade-related aspects of e-commerce in accordance with the mandate and in view of the work of the Facilitator which will continue through the thematic sessions, it is recommended that the Work Programme be a standing item under the General Council and the Facilitator reports through this item on her activities and progress made.

3.2. Similarly, the E-Commerce Work Programme should be a standing item in the relevant WTO bodies given a mandate as set out in WT/L/274.

3.3. The General Council should undertake a review of the discussions in the mandated bodies to examine progress made in the relevant bodies on the development dimension of the Work Programme.
