



The services component of e-commerce in the WTO

**IDB/INTAL Online Workshop on
Electronic Commerce for MERCOSUR Countries**

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Outline



1. Services matter for e-commerce
 - Making e-commerce happen – the services infrastructure
 - The role of the WTO
2. ... and e-commerce matters for services
 - Digitally-enabled services
3. Discussions in the WTO
 - Council for Trade in Services
 - Joint Statement Initiative
4. Concluding observations

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Making e-commerce happen ...



- Consumer accesses the internet
→ **Communication service**
- Performs an online search for a product
→ **Computer service**
- Clicks on a link with product information
→ **Advertising service**
- Orders a product from a website
→ **Distribution service**
- Pays for the product
→ **Financial service**
- Downloads the product or has it mailed
→ **Communication/postal & courier/transport service**

Services infrastructure for e-commerce



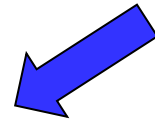
Telecom networks & computer services



Distribution platforms



Payment mechanisms



Transport and
logistics networks



Physical delivery

GOODS



Online delivery

SERVICES/GOODS

Services infrastructure for e-commerce



- Services form the backbone of e-commerce:
 - Internet/broadband are **catalysts**
 - **Services trade policies** impact the development of the digital infrastructure
 - Restrictive trade policies in “e-commerce enabling” services may **constrain** the development of the digital economy



Role of WTO

1. WTO Members may undertake **legally binding commitments** under the General Agreement on Trade in Services (GATS) in **relevant sectors**
→ to guarantee services policies that are conducive to greater digital connectivity
2. The GATS also contains **specific rules** that are of particular relevance to e-commerce, in the telecommunication sector

Role of GATS commitments

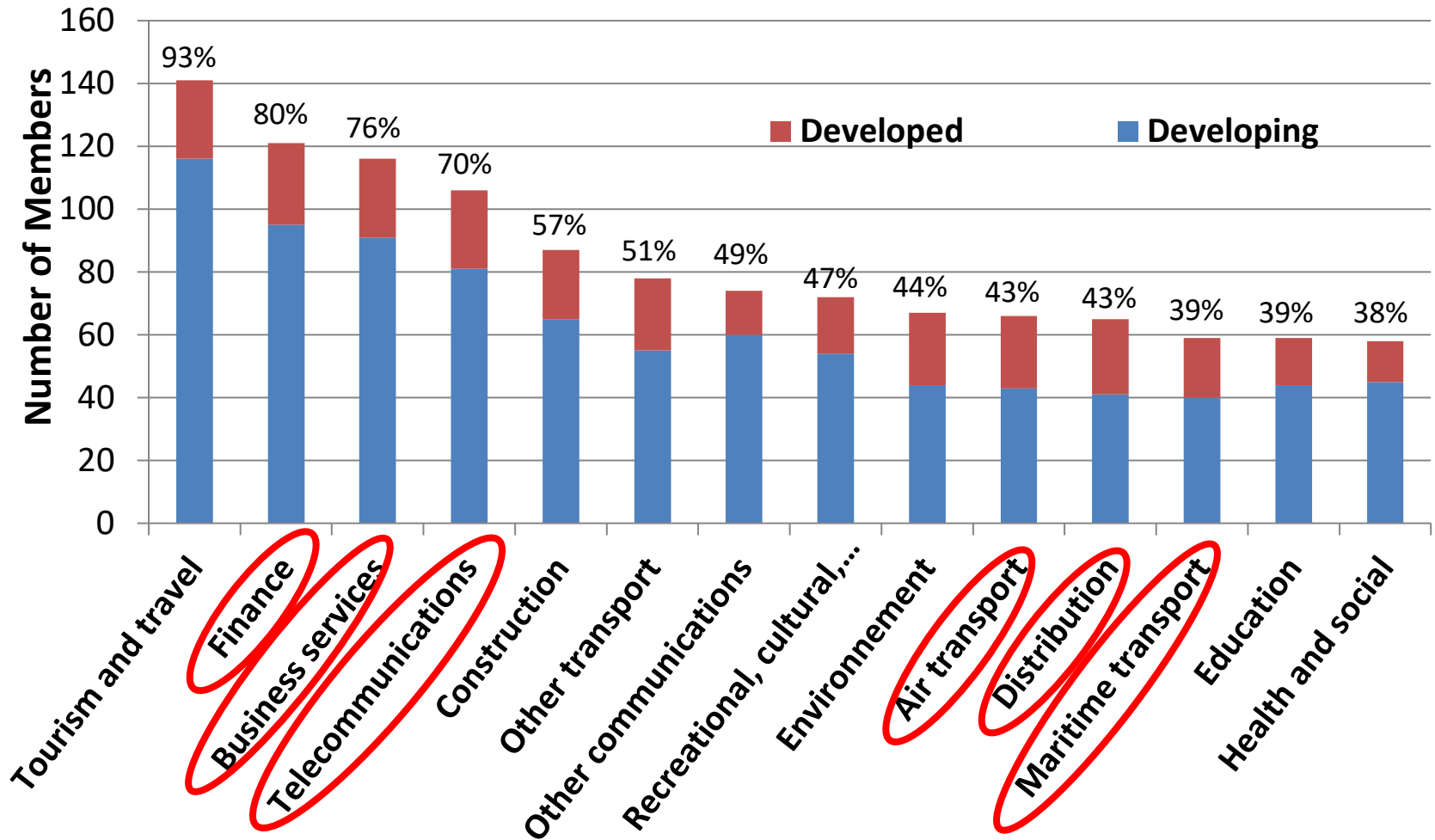


- Commitments can:
 - Ensure transparency and predictability
 - Enhance the credibility of policies, as they guarantee committed levels of openness
 - Encourage competition
 - Encourage investment
- However, WTO Members have so far made uneven use of GATS commitments to reduce trade barriers or even to guarantee existing levels of openness for their e-commerce infrastructure

Sectoral coverage of GATS commitments

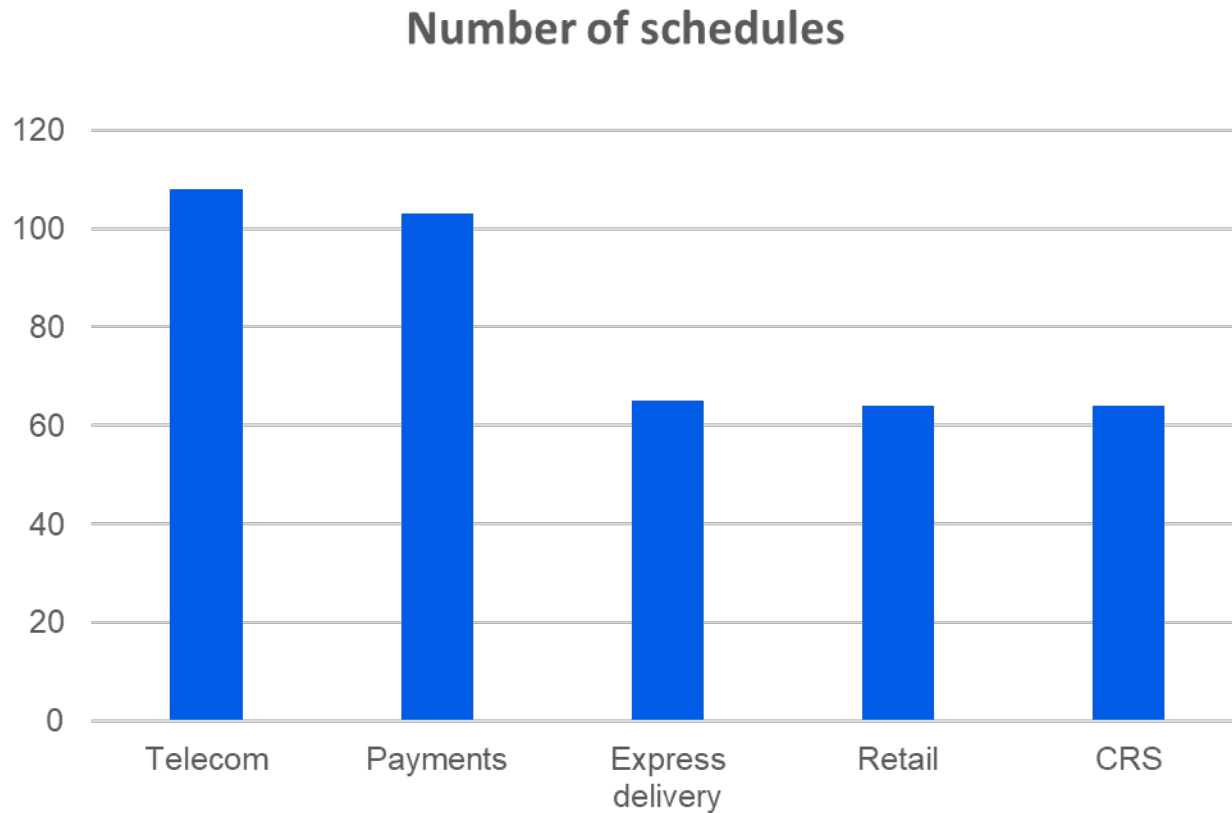


November 2021





GATS commitments in “e-com infrastructure” sub-sectors





GATS commitments – Production chain “issues” ...

- **Distribution** services – few commitments, retail level regulations aimed at brick-and-mortar models
- **Payments** – Not fully globalized
- **Transport and logistics** – air transport carved out of GATS, other transport sectors relatively uncommitted (e.g. trucking)
- **Express delivery** – Postal and courier services not fully competitive, affected by transport restrictions

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Digitally-enabled services

- Services are not only enablers of e-commerce, they are also enabled by digital technologies
- Technological advances have enhanced the cross-border tradability of services
- This is especially important for services such as computer services, financial services, professional services, audio-visual services
- But digital technologies have also reduced costs for services trade more generally, e.g. for services supplied through “establishment”

E-commerce enabled services



- Some of the services amenable to be online supply:
 - Business services (including computer-related services)
 - Communication (telecom, audio-visual services)
 - Education services
 - Financial services
 - Health and social services
 - Tourism (reservations)
 - Recreational, cultural and entertainment services
- GATS commitments provide guaranteed access

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WTO discussions – Council for Trade in Services



- Discussions under the **Work Programme**. Recently:
 - Many Members shared information about their respective **initiatives to enhance digital capabilities** of businesses and consumers, domestically and internationally (JOB/SERV/CTS/4)
 - Some Members updated the Council on the **latest domestic developments** related to e-commerce (e.g. on e-payments, logistic services, on-line distribution)
 - Some others called for discussions to focus on the **development dimension** and the challenges faced by developing countries in the e-commerce sphere
 - Divergent views were expressed on the **Moratorium** and the **JSI**
- Discussions of **Specific Trade Concerns** related to e-commerce (e.g. cybersecurity, 5G networks, mobile apps)

WTO discussions – Joint Statement Initiative



- Many of the issues discussed in the JSI have services relevance, e.g.:
 - Facilitation and trust (e.g. e-signatures, e-contracts, spam, privacy, cybersecurity)
 - Flow of information (e.g. cross-border data flows, location of computing facilities)
 - Customs duties on electronic transmissions
 - Access to internet
 - Sectoral issues & market access: business, courier, telecom, distribution, financial e-payments, transport and logistic services

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Concluding observations

- Services are the **backbone** of e-commerce infrastructure
- The WTO/GATS enables Members to make credible market opening **commitments** in sectors that are **supportive** of an enabling framework for e-commerce
- Services-relevant WTO e-com discussions are proceeding on two fronts, one multilateral and one plurilateral
- Services are not only e-commerce enablers, they are also amenable to online supply and **account for a significant part of e-commerce**



THANK YOU