Digital Trade and Market Openness

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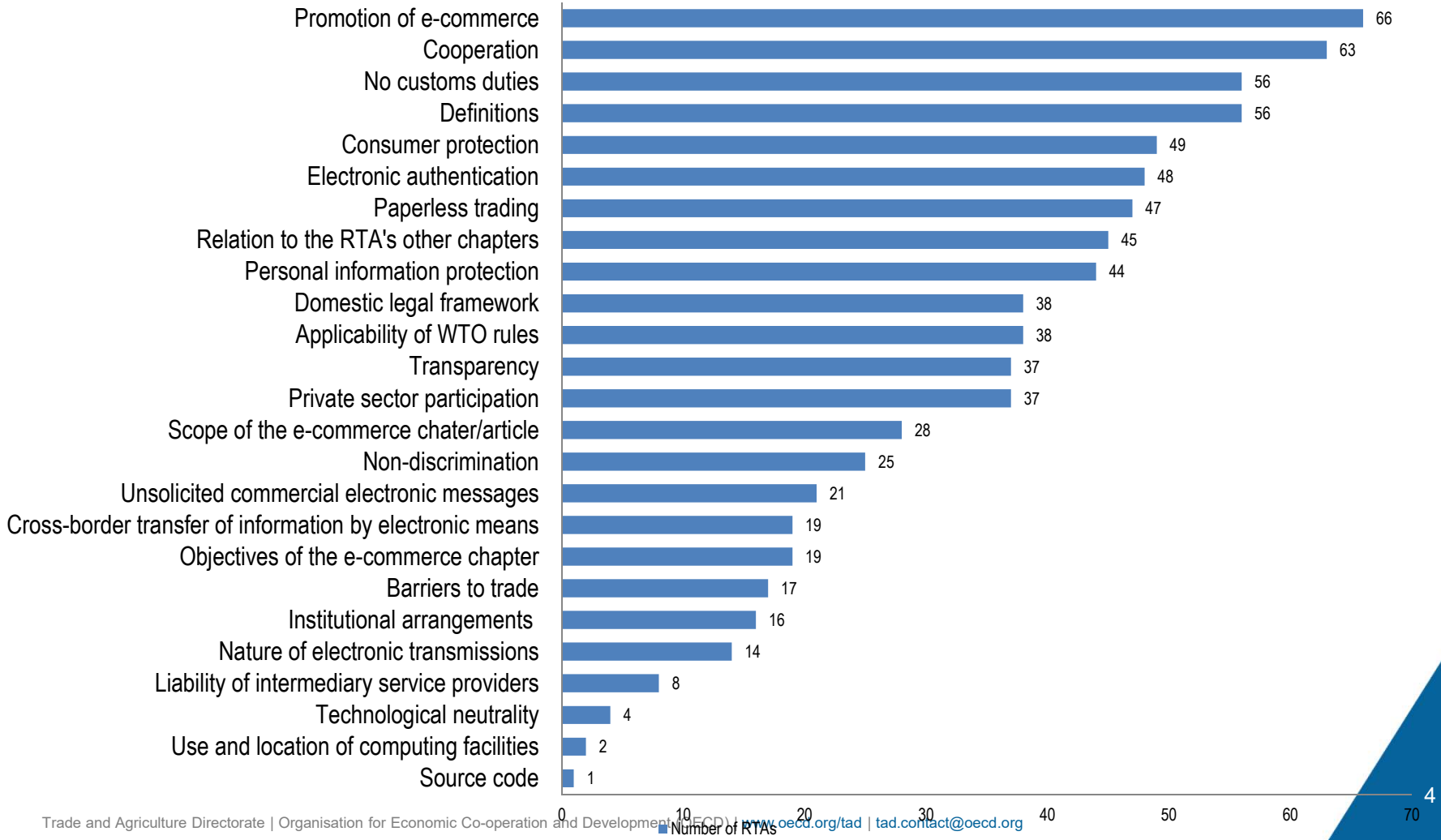
Today trade is more complex

- It involves combinations of goods, services and data crossing different borders.
- Even simple transactions rest on a series of supporting or enabling transactions.
- And we expect trade to be faster (just-in-time, 24/7)
- And meet a range of regulatory requirements which differ across markets.
- But what does this all mean for trade and trade-policy making?

In terms of the rules, need to recall that existing rules cover important aspects of digital trade in goods and services…

	Layer component	Relevant WTO trade regulation
Content	Goods	GATT, TFA, ITA
	Entertainment Books, films, music, games, television	GATS: TRIPS
	Telecommunications Access to networks, email, VoIP, etc.	GATS: GATS Annex on Telecommunications and Agreement on Basic Telecommunications
	Retail and supply chain management Online platforms, websites	GATS: GATT, TFA
	Financial services Payments and other financial transactions	GATS: GATS Annex on Financial Services
	Other Social media, data storage and processing, cloud computing, etc.	GATS: TRIPS, GATT, TFA, ITA
Technical	Domain names	TRIPS: TBT
	IP addresses	TRIPS: TBT
	Software	TRIPS: TBT
	Internet Protocols (TCP/IP)	TRIPS: TBT
Infrastructure	Undersea and terrestrial cables	TBT: GATT, ITA, GATS Annex on Telecommunications and Agreement on Basic Telecommunications
	Satellite and wireless networks	TBT: GATT, ITA, GATS Annex on Telecommunications and Agreement on Basic Telecommunications
	Internet exchange points	TBT: GATT, ITA, GATS Annex on Telecommunications and Agreement on Basic Telecommunications
	Devices (computers, smartphones, etc.)	TBT: TRIPS, GATT, TFA, ITA

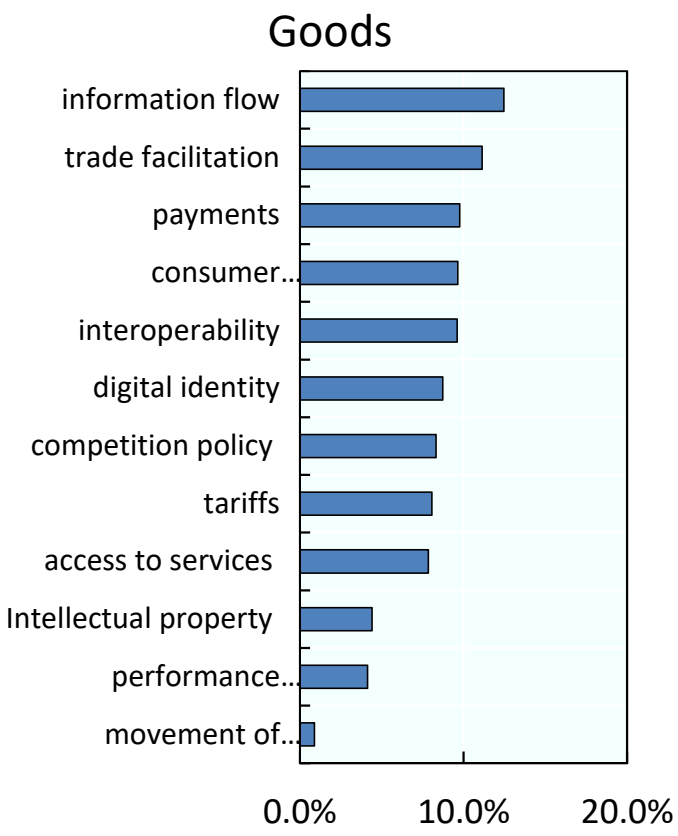
… But new issues increasingly addressed in RTAs

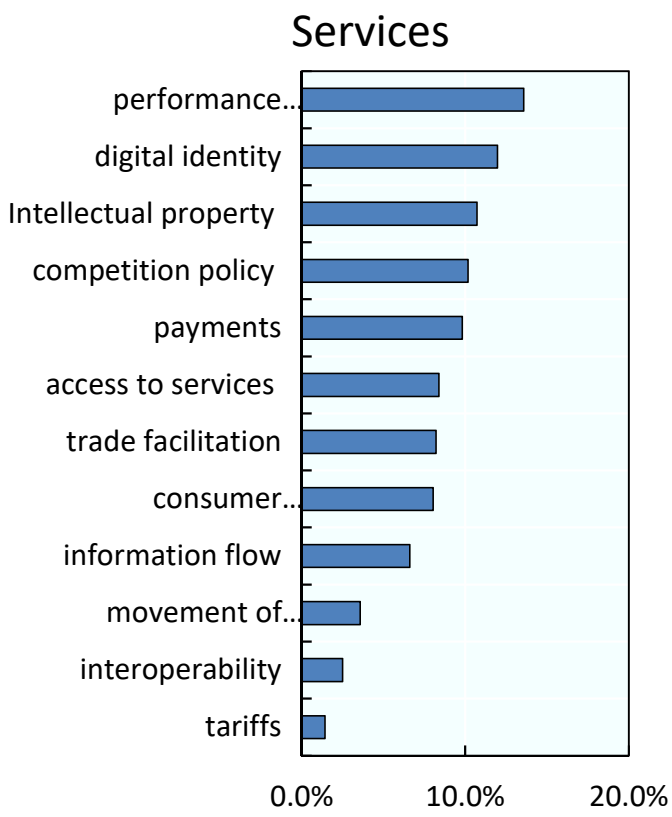


Trade policy has become more complex

- Trade rules are predicated on identifying whether products are goods or services and the borders they cross.
- However, it is increasingly difficult to identify the specific rules that apply to specific transactions (growing uncertainty).

And firms which sell goods now care about services barriers (and vice versa)





Lopez-Gonzalez and Ferencz (2018) – Business questionnaire

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So what does this mean for market openness?

- New approaches that help us ensure that the benefits from digital trade can be reaped are needed. This means that we need to approach market openness:
- **More holistically:** The benefits of the digital transformation for trade are contingent on a combination of factors spanning goods, services and digital connectivity. Increasingly we also need to bring in other policy areas.
- **More jointly:** Digital infrastructures are born global, but they raise key challenges in a world where regulatory differences between countries remain (more spillovers).
- **Without forgetting underlying principles of good regulatory practice:** trade agreements require: transparency, non-discrimination; least trade restrictive; promotion of competition; and interoperability.

Contact us

We look forward to hearing from you!

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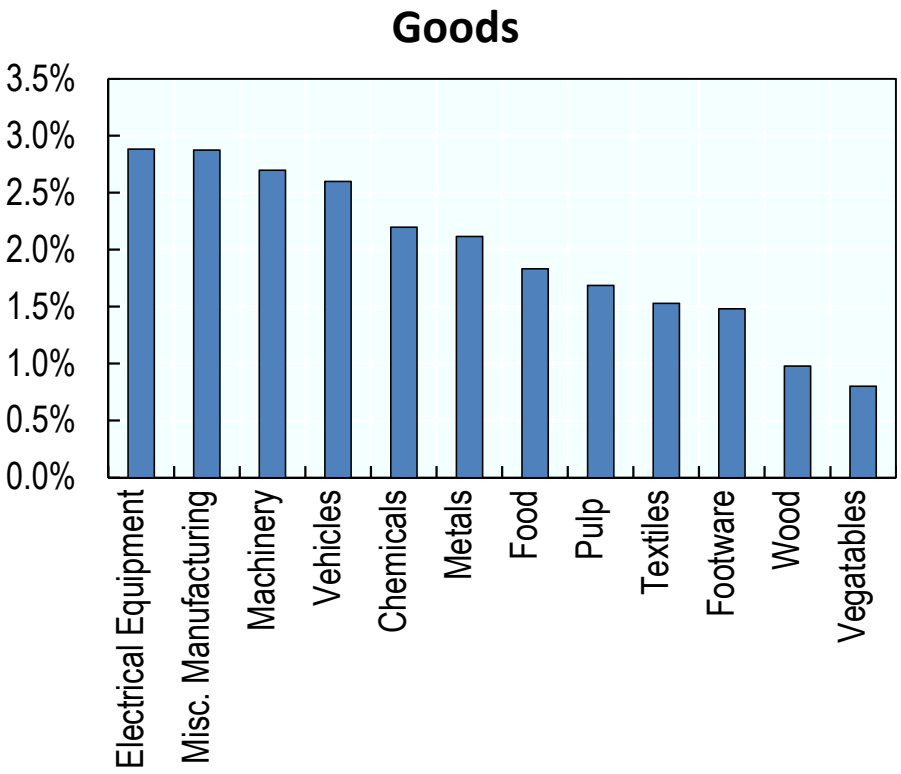
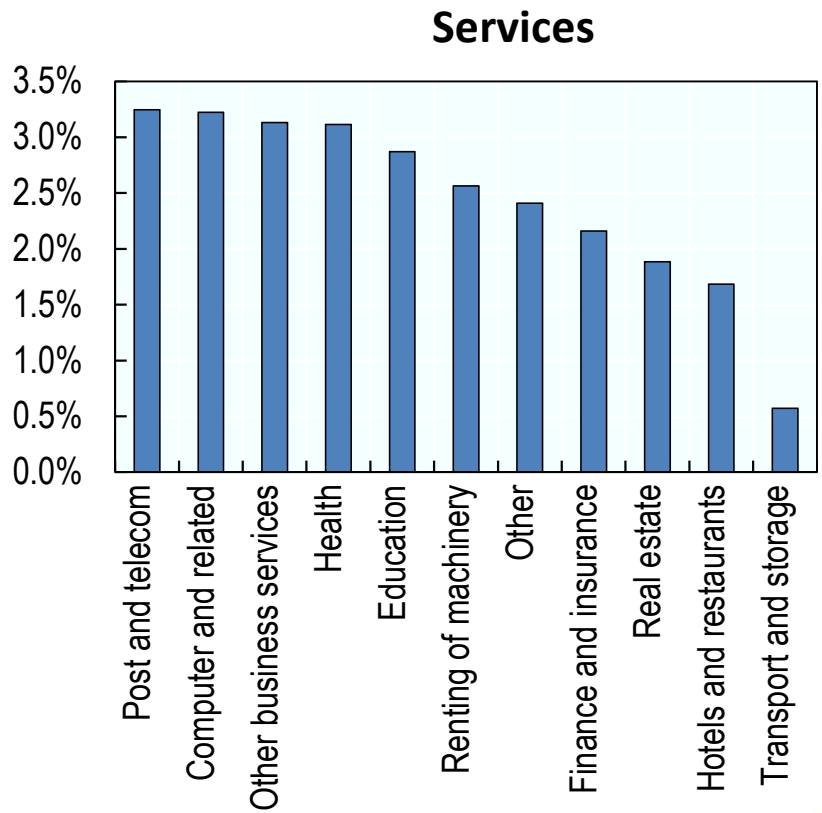
Digitalisation not just about ICT sectors: it means more trade in goods and services





The measures iceberg : transactions are underpinned by a range of complex issues

most visible measures directly impacting goods and services

Supporting services and goods

Measures affecting **digital trade enablers**

	Goods	Bundled products	Services
Specific provisions	NTMs Tariffs Trade facilitation – de minimis, customs handling, pre-arrival notices...		
		Market Access National Treatment Domestic regulation	
Support services and goods	Support services for goods – logistics, transport, courier		
		Supporting goods for services – Computers, smart phones, tablets	
Enabling and supporting services	Support services – retail or financial services (e-payments) Enabling Services – Computer services Business environment – Competition policy, regulations on establishment, local content requirements, dispute settlement, IPR Transparency		
Infrastructure and connectivity	Telecommunications services Technical – measures that affect use of infrastructure – flows of data, technical interoperability, domain names, net neutrality, Internet protocols, e-contract and e-signature provisions Infrastructure – measures affecting the use and access to equipment (cables and wires, wireless networks)		