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DIGITAL ECONOMY AFTER DOHA?

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» Challenges of the digital economy

Since the conclusion of the ITA (1996)

- » Change in configuration
 - Rise of China-centric global production network (GPN)
 - Intra-Quad to South-South; the concept of net importer/exporter
- » Composition in trade
 - Fragmentation of the manufacturing process
 - IT to telecommunication
- » Content
 - Internet, digital content
 - Enabling factor
 - Mobile networks & network convergence

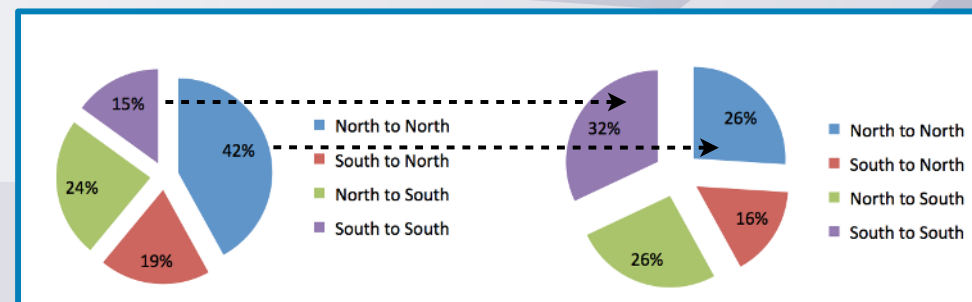


TABLE 1: ICT TRADE COMPOSITION

Most exported ICT goods, 2007 (per cent)	HS code (1996)	Share of total ICT exports (%)
Other monolithic integrated circuits	854230	16.4
Parts and accessories of computers	847330	8.1
Transmission apparatus incorporating reception apparatus (mobile phones)	852520	7.5
Portable digital automatic data processing machines, weighing not more than 10 kg (laptops)	847130	5
Parts of other electrical apparatus for line telephony (parts of telephone sets)	851790	4.3
Reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound (colour-tv)	852812	4.1
Storage units (automatic data processing machines) (of computers, including peripherals)	847170	3.6
Parts for radio/tv, transmit/receive equipment	852990	3.5
Other electrical apparatus for line telephony	851780	3.4
Input or output units, whether or not containing storage units in the same housing	847160	2.9

Trade policy challenges

- » True coverage
 - “97% of IT trade”
- » Servification, beyond software and apps
- » Non-tariff issues
 - NTBs
 - Services, and other regulatory issues
- » Insufficient clarities in existing commitments
 - EC – Tariff Treatment of Certain Information Technology Products, DS375, 376, 377

» Modules in the International Digital Economy Agreement (IDEA)

Expansion of product coverage

- » Core commitments via negative listing approach based on 4-digit level (category)
- » Two-tier criteria on product coverage

Non-tariff barriers

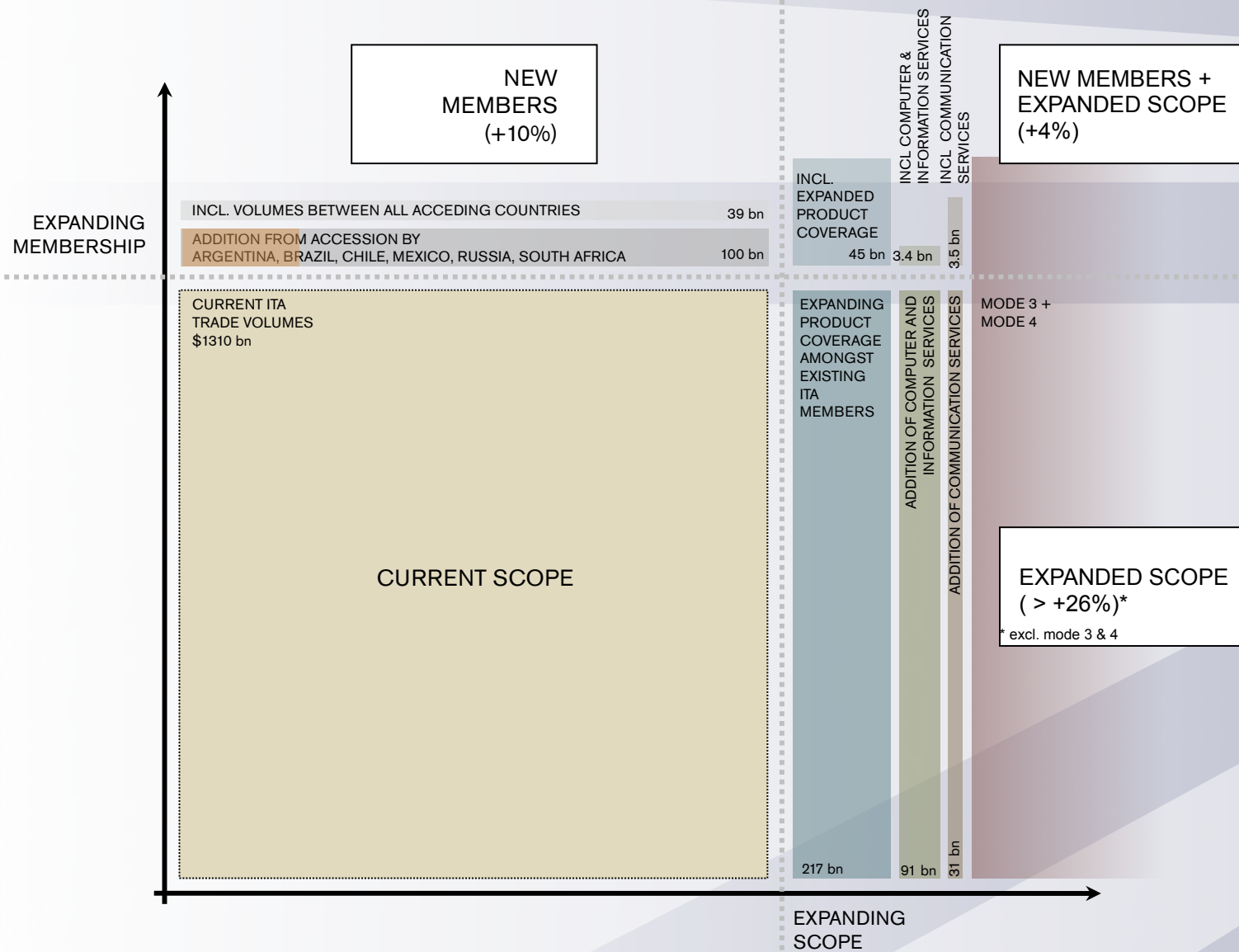
- » Mutual recognition on product-by-product basis?
- » Existing proposals: EU proposal on NAMA sectors; Electromagnetic compatibility and interference (EMC, EMI)?
- » Supplier's declaration of conformity

Services

- » Full commitments (mode 1-3) on computer and related services [existing ITA signatories share of trade: 99.1%]*
- » Telecommunication services [89.3%]*
- » Basic reference paper + additions on cross border data

Mode 4?

- » Intra-corporate transfers, independent providers/contract service suppliers (mode 4); abolishment of ENTs; introducing quotas



» Priorities post-Doha

Is the WTO still relevant for the digital economy?

- » Supply chain fragmentation converges regional/bilateral towards a plurilateral
- » Pivotal as enabler for services sectors and exports for developing economies
- » The end of the concept of 'net importer'

New signatories after Russia

- » Russian accession – one-fifth of outstanding trade volumes and tariff costs
- » Mexico (0.75 bn), Brazil (1.15), South Africa (0.07) , Argentina (0.28), Chile (0.07)

Goods, services and infrastructure interlinked

- » Cluster approach for market access, adding up to 40% of existing volumes, even excluding mode 3 & 4

Trade barriers on goods

- » Tariffs – 11.5 bn
- » NTBs – at least 250 bn in trade costs:

Services

- » GATS commitments on CRS, telecommunication
- » Negotiation on regulatory issues
 - Transparency and non-discrimination on licensing, privacy and liability
 - Disproportionate blocks and other restrictions
 - Local infrastructure requirements
 - E-commerce moratorium?
 - Plurilateral or a reference paper approach

» Learnings from the ITA

Where clarity of definitions can be achieved

- » Objective rather than subjective criteria
- » Or agreed minimum commitments

Manage issue-linkages

- » Trade negotiators' reluctance for zero-for-zero
- » Delinked from North-South divide
- » Asymmetrical interests within the sector manageable, but not difference in ambition
- » Allow outstanding issues to remain open

Market access only

- » Keep the discipline clean
- » Complication of introducing rules, GPA or TRIPS elements
- » TBTs, NTBs – WTO not a standard setting body

MNC driven sectors

- » Role of MNCs
- » Qualification and product standards

Other issues

- » Feasibility of non-MFN?