ECIPE SEMINAR » 15.11.2011

# 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

## 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

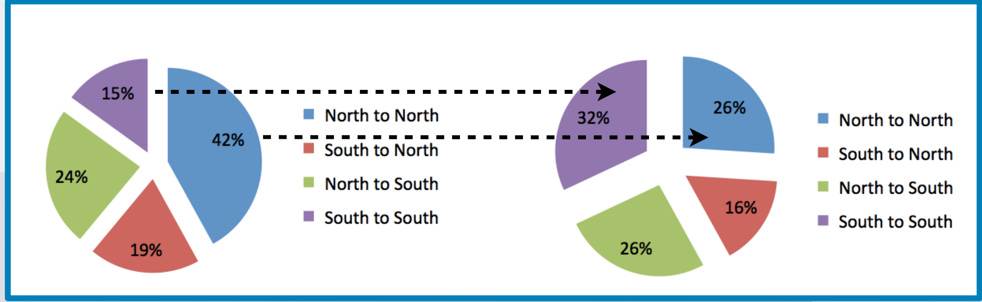


TABLE 1: ICT TRADE COMPOSITION

| 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 |



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# » 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



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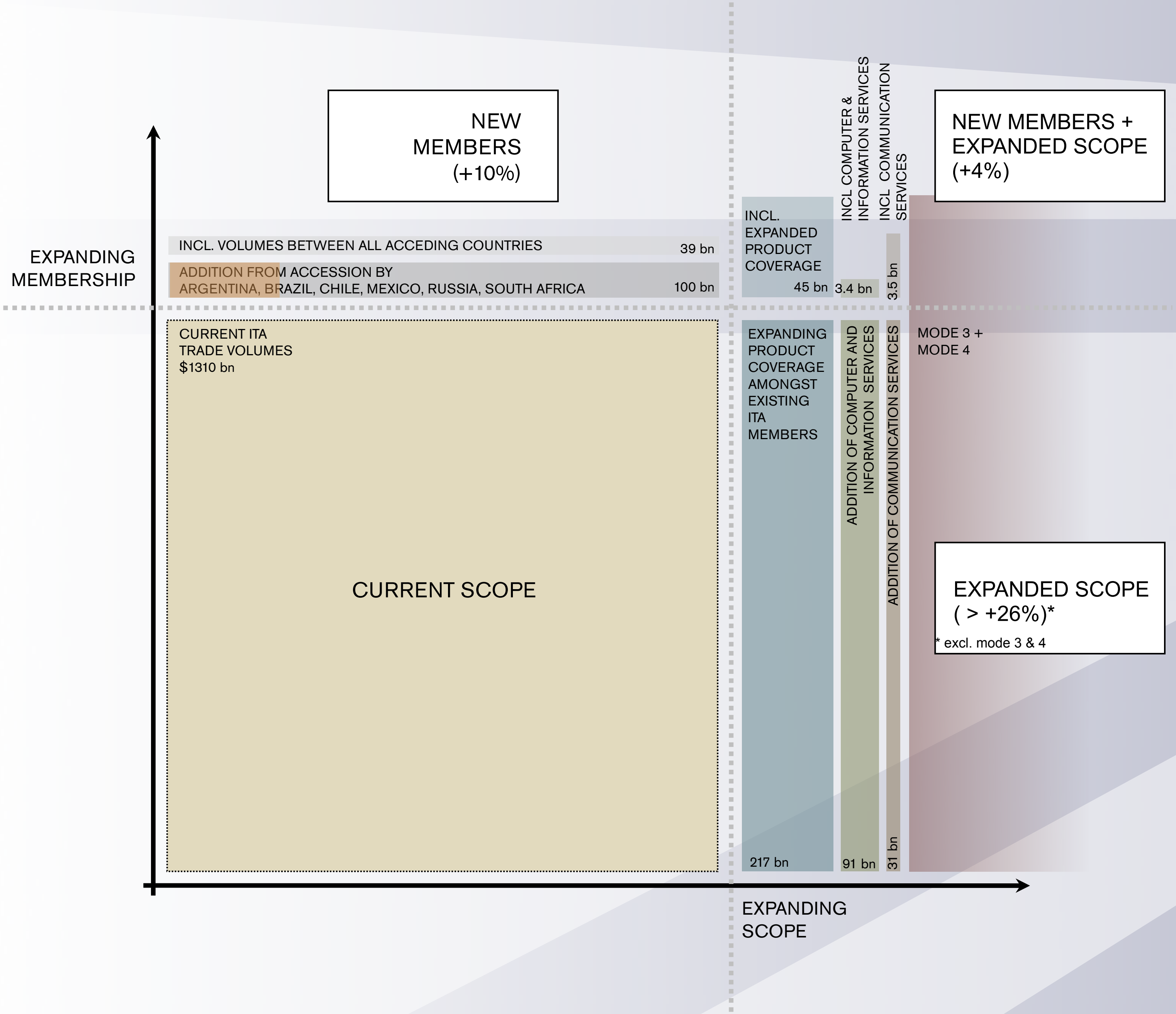
NEW MEMBERS (+10%)
NEW MEMBERS + EXPANDED SCOPE (+4%)
EXPANDING MEMBERSHIP
INCL. VOLUMES BETWEEN ALL ACCEDING COUNTRIES
39 bn
ADDITION FROM ACCESSION BY ARGENTINA, BRAZIL, CHILE, MEXICO, RUSSIA, SOUTH AFRICA
100 bn
INCL. EXPANDED PRODUCT COVERAGE
45 bn
INCL COMPUTER & INFORMATION SERVICES
3.4 bn
INCL COMMUNICATION SERVICES
3.5 bn
CURRENT ITA TRADE VOLUMES $1310 bn
CURRENT SCOPE
EXPANDING PRODUCT COVERAGE AMONGST EXISTING ITA MEMBERS
217 bn
ADDITION OF COMPUTER AND INFORMATION SERVICES
91 bn
ADDITION OF COMMUNICATION SERVICES
31 bn
MODE 3 + MODE 4
EXPANDED SCOPE ( > +26%)*
* excl. mode 3 & 4
EXPANDING SCOPE

# » 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?