

# ICC and B20 Trade Dialogues event: summary of points raised by business representatives

7 June 2018

*The ICC and B20 convened a meeting of business representatives at the WTO headquarters in Geneva on 7 June 2018 to discuss a range of issues. The meeting included break-out sessions on four topics: e-commerce; investment facilitation; micro, small and medium-sized enterprises (MSMEs); and sustainable development. The summary of the discussions is as follows.*

## Importance of the trading system

Business representatives expressed strong support for the WTO and the rules-based multilateral trading system. They said the stability and predictability of the system is crucial for supporting growth, development and job creation.

Participants highlighted the negative impact of protectionism and called for businesses to speak up for an open, rules-based trading system. They underlined the need for ongoing negotiations at the WTO to ensure the system remains responsive and relevant.

The WTO could help businesses and governments meet the challenges of the 21st century, participants noted, by ensuring the fourth industrial revolution is inclusive and the benefits of technological innovation and e-commerce are shared widely.

Delivering on the Sustainable Development Goals, including on targets related to the environment, climate change, food security, infrastructure, gender equality and employment, would help smaller businesses participate in world trade flows and create a more enabling environment for facilitating investments. Business leaders welcomed current discussions at the WTO in these areas.

## E-commerce (EXTRACT)

Business representatives exchanged views on the challenges businesses currently face with regards to e-commerce and the role the WTO can and should play in helping address these challenges. The participants highlighted the following points:

- **their support for intensifying discussions on electronic commerce at the WTO and raising awareness among WTO members of the issues business faces:** E-commerce is changing the face of trade, affecting both big and small enterprises, and rich and poor countries. Participants were keen to see the WTO keep up with e-commerce developments and address these issues in a frank and open manner.
- **the growing importance of e-commerce to global trade,** with an estimated \$25 trillion in annual trade taking place online.
- **the importance of better integrating small and medium-sized enterprises (SMEs) into e-commerce and bridging the digital divide** between developed and developing countries: participants noted there has been an explosion of digital coverage and access to connected devices, yet many areas of the world do not have access to advanced networks needed to engage effectively in e-commerce. This is critical if SMEs, particularly in the developing world, are to take advantage of the trade benefits offered by e-commerce.
- **concern in the developing world about the e-commerce agenda:** this is not because developing countries do not realize the importance of the issue to their economies, but there is a fear of the unknown. Participants recognized a division among the membership on this issue: developing country WTO members know there are opportunities from e-commerce, but also risks, so it will be important that development concerns are addressed in the e-commerce discussions, including issues related to sovereign rights, privacy and national security.
- **the challenges businesses face in the online world** in ensuring the flow of data across borders, data localization requirements, cybersecurity, customs duties on e-commerce and consumer protection. The lack of a set of stable international rules on data transfers and data flows which sufficiently address privacy and security concerns is a particular concern, participants noted, and a major void in the current system which needs to be addressed. A common approach is needed at the global level to ensure a coherent regulatory framework for e-commerce.
- **the importance of consumer trust and consumer protection:** participants said concern about these issues was one of the main reasons why people are reluctant to carry out transactions online, both

in the developed and developing world. They expressed concerns regarding the potential impact of intellectual property rights systems on consumer protection. The WTO has played an important role in the recognition of standards developed by groups such as ISO, they noted, and could play a role in this regard in promoting the use of such standards.

- **the impact of data localization rules on e-commerce, particularly on payment systems:** participants noted these requirements are a huge potential burden in terms of both cost and security. Concerns were expressed that if more of these localized regimes emerge, it could lead to the "balkanization" of e-commerce and choke e-commerce. The WTO should play a more active role in making members aware of the issue and the challenges businesses face in this area.
- **non-tariff barriers, such as customs and bureaucratic barriers:** these issues were cited by several speakers, including increased documentation requirements, taxes, and customs delays. They noted all of this falls into the domain of trade facilitation: the WTO has done very important work on this already and has a very important role to play in this area in the future.
- **the need for the WTO to continue engaging closely with other international organizations and the private sector** to identify international best practices, guidelines and recommendations that promote an enabling environment for cross-border e-commerce.
- **the need for businesses to be ambitious in promoting the business agenda** and ensuring the issues they face are taken up at the political level.