



FOR THE ATTENTION OF
WTO Director-General Ngozi Okonjo-Iweala,
Trade Ministers of the 86 Participants in the
Joint Statement Initiative (JSI) on
Trade-related aspects of E-Commerce,
and Members of the WTO

May 9, 2022

Subject: Call for Robust JSI Ministerial Declaration on E-Commerce Negotiations and Extension of WTO Moratorium on Customs Duties on E-Transmissions and E-Commerce Work Programme at MC12

Dear Director-General Okonjo-Iweala, Trade Ministers and Participants in the JSI on E-Commerce,

The Global Services Coalition (GSC) represents the private sector services and digital industries around the globe in promoting economic growth, inclusivity and opportunity for all. GSC members represent services and digital industries including (but not limited to) financial services, telecommunications and IT services, transportation, logistics and express delivery services, business and professional services, construction, distribution, and audio-visual services. All these sectors are active in digital trade.

The GSC recognizes that geopolitical events have presented major challenges for the WTO. We commend the Director General for her steady leadership and creativity is seeking to maintain positive momentum for the organization, especially in areas such as pandemic response, seeking progress on fisheries and dispute

settlement reform, and venturing more deeply into sustainability and trade and the environment, empowerment of women in trade, and promoting gender equality. We also applaud the DG's recognition of the importance of promoting services and digital trade.

MC12 provides a critically important opportunity for Ministers to make the political commitments necessary to ensure meaningful progress in all of these areas. We are particularly concerned that these political commitments should cover the JSI on e-commerce and extension of the WTO e-commerce moratorium.

Such political commitment is necessary to carry forward the "substantial progress" made in recent months and to draft a roadmap for the future of the JSI e-commerce negotiations, as announced last December. The GSC applauds the hard work of the co-convenors and strongly supports the move to ensure further progress by the end of this year.

In addition to the political commitment, we call upon all JSI participants to redouble their efforts to ensure greater progress in the JSI negotiations at both a political and substantive level.

This is critical given the broad and growing importance of digital trade for all economies in the world. In 2016 the McKinsey Global Institute estimated that cross-border data exchanges had grown forty five times larger over the prior decade and forecast exponential expansion. In the intervening five years, digitalisation of the global economy intensified, a trend that was accelerated further by the recent pandemic. The Organization for Economic Cooperation and Development (OECD) estimates that cross-border data transfers already contribute US\$2.8 trillion to the global economy. Global trade in services, which is the fastest-growing component of international trade, now depends on cross-border data flows. The share of digital services in total global trade in services now stands at over 60%¹.

Meanwhile, barriers to services and digital trade and investment are increasing. These barriers disadvantage not only services sectors and all those who work in them, but also manufacturing workers and those employed by small and medium-sized firms. The OECD found that the services regulatory environment, particularly for foreign investment, continued to become more restrictive in 2020 and the pace of tightening accelerated². Tracking over time across the OECD indices suggests that the level of digital trade restrictiveness has increased since the benchmark indices were introduced in 2014 – notably for the OECD countries and for Asia-Pacific. Africa has seen some easing although the average level of restrictiveness remains much higher than elsewhere. Easing is also evident in Latin America, but digital services export performance remains highly constrained by regulatory obstacles, even where there is evidence of strong business competitiveness. This latest research identifies a strong consistent global correlation between high levels of digital regulatory restrictiveness and poor services trade performance.³ According to the Information Technology and Innovation Foundation, the number of countries that have enacted data localization requirements has nearly doubled from 35 in 2017 to 62 in 2021.⁴

Now more than ever, global trade policy must align with the realities of today's services and digital trade. To do so, it is vital to address the rising tide of services and digital trade barriers. To achieve these objectives, the JSI E-Commerce negotiations should include the following elements:

- 1 Prohibit customs duties on e-transmissions
- 2 Secure basic non-discrimination principles
- 3 Expand market access for commercial presence and cross-border digital delivery of services
- 4 Enable cross-border data flows
- 5 Discipline localization requirements
- 6 Discipline forced tech transfers and protect critical source code and algorithms
- 7 Foster innovative encryption technologies
- 8 Ensure technology choice

¹ ADB. (2022). ADB Asian Integration Report 2022; Theme Chapter on Digital Services. February 2022.

² [OECD. \(2022\). "Services Trade Restrictiveness Index: Policy trends up to 2021"](#), February 2022.

³ OECD. (2022). "Shedding New Light on the Evolving Regulatory framework for Digital Trade" (forthcoming April 2022).

⁴ Nigel Cory and Luke Dascoli, [How Barriers to Cross-Border Data Flows Are Spreading Globally, What They Cost, and How to Address Them](#), p.3.

- 9 Promote a free and open Internet
- 10 Promote transparency and stakeholder participation in the development of regulations and standards
- 11 Advance innovative authentication methods
- 12 Enable paperless trade
- 13 Require cross-border interoperability of e-invoicing systems
- 14 Enhance secure and interoperable e-payment systems
- 15 Foster digital trade through international standards
- 16 Deliver enforceable consumer protection
- 17 Ensure adequate protection of personal data
- 18 Promote cooperation on cybersecurity

We consider that the WTO negotiations on e-commerce are an essential forum for achieving agreement on digital trade disciplines and commitments. We therefore urge Ministers at MC 12 to issue a Ministerial Declaration recognizing the importance of this effort and pledging to achieve substantial progress in negotiations.

In addition, we want to highlight the continuing importance to developed and developing economies alike of issuing a Ministerial Declaration extending the WTO Moratorium on Customs Duties on E-Transmissions (E-Commerce Moratorium). In doing so we recognize and endorse an important linkage between extending the moratorium and extending and reinvigorating the WTO e-commerce work programme. In both cases, we consider it would be useful for the WTO e-commerce work programme to focus on both the benefits of digital trade to developing economies as well as on developing economies' specific concerns.

In closing, the GSC would like to again express our appreciation for the leadership of Director General Okonjo-Iweala in addressing the importance of services and digital issues. We look forward to working with her deputies, the JSI co-convenors and WTO Members to achieve extension of the E-Commerce Moratorium at MC 12 as well as a JSI Ministerial Declaration on E-Commerce negotiations, with the goal to build momentum for substantial progress on negotiations.