

Pursuing 21st Century Trade Rules for the Digital Economy

An Address By:
Talal Abu-Ghazaleh
Chairman and CEO

Talal Abu-Ghazaleh Organization
WTO Public Forum
Geneva, Switzerland
October 1st, 2013

Introduction

Good morning to all.

I would like to thank the organizers of this annual WTO Public Forum for their kind invitation to address you today. I am most grateful to have been included in the impressive roster of speakers.

I also want to add my belated congratulations to Roberto, our new DG. He has my fullest support, and I wish him and the WTO every success.

I cannot tell you how happy I am that the WTO has organized this get together around the theme of, ‘Expanding Trade through Innovation and the Digital Economy’!

Happy, because for years, like an old broken record, I have been telling my friends at the WTO that we must embrace the new technologies that have revolutionized the global market place. The digital economy is already part of our global market place. And its impact continues to grow impressively.

Therefore, when we negotiate new rules, for a new world, this must include new rules for internet trade. Failure to do so would push the multilateral trading system further behind the reality and power of the internet.

The internet is a huge trade tool.

Accordingly, the WTO must ensure that rules are in place so as to ensure that it is harnessed to the fullest; that it will be a means to a better economic and social quality of life for all peoples, in all parts of the world.

Let us therefore use this Forum, over the next days, to review and evaluate all the intricate issues involved. But most importantly, let us not make this just a one-off event that will be quickly forgotten. The theme we are grappling with is just too important for a “quick hit and run”.

Instead, this Forum must build momentum. It must make some noise. It must impress upon the WTO Members that this cause should be taken up with a sense of urgency.

Now is the time.



Talking of the word now, the Rev. Martin Luther King, whose 50th anniversary of the March on Washington and his electrifying, ‘I have a Dream’ speech was celebrated a few weeks ago, formulated it so beautifully. In referring to now, he said:

“ The fierce urgency of now. That this is no time to engage in the luxury of cooling off, or to take the tranquilizing drug of gradualism!”

That’s how I see our trade work for the internet era. And I hope you share that vision.

But, in my excitement, I am getting ahead of myself. Let me briefly explain why I feel so passionately about updating our trade tool box, in regards to the internet and the digital economy.

A Growing Internet Economy

The significance of the internet to global trade cannot be understated.

“This was particularly brought home to me in a Roundtable of Internet Experts, I hosted with the US Computer and Communications Association (CCIA) and the Hon. Sergio Marchi, the former Canadian Minister of International Trade and WTO Ambassador, in Washington last month.

As an important aside, one of the outcomes of the Roundtable was an agreement between my firm, TAGO, and the CCIA, to found and co-chair a new entity --- the International Digital Economy Alliance. Or, IDEA, for short. This has exciting potential, for it offers a home and an advocacy for promoting internet trade.

The internet has been a world altering force. You know the numbers and statistics better than me. Every day, 500,000 new internet users are coming on line. That’s economic magic!

In a very short period of time, it has had a profound impact on the way we live;

- It has the capacity to spread and share information on a scale never before thought achievable.
- It empowers people.
- It has enhanced people’s ability of self-expression and freedom of speech.
- It challenges public and private institutions that pride themselves on secrecy and non-transparency.
- On the economic front, it challenges old business models and thereby creates huge, new opportunities.
- And on the social tangent, it has the potential of bridging existing gaps between peoples and cultures.



For centuries, the general rule was that access to, and the creation of, information, was controlled by the few. Today, the Internet has turned this old reality on its head.

All facets of our lives --- at home, at work, and at play --- depend on information and communication technologies.

If one considers that information flows constitute trade in knowledge, then the volume of information relayed by online platforms such as Google, Yahoo, Facebook, Tuenti, Baidu, Yandex, Microsoft , and Bing, the Internet is home to some of the largest traders in the global economy.

This is only reinforced when you consider the opportunities that Internet services create for more traditional businesses that would otherwise not exist. Online marketplaces like eBay, Rakuten and Mercado Libre, for example, underpin SME trade internationally every year, and that trade is growing.

The creators of digital knowledge products have created something as special as any of the more traditional and tradable physical goods or services. And, if we protect the latter through the World Trade Organization (WTO), as we do, then logic would dictate that we also extend the same protection to the former.

The internet provides a tremendous platform for innovation. New communication technologies are constantly being developed, and an unparalleled wealth of information is being constantly expanded.

The Internet is making economic activity more efficient, faster, and cheaper, and extending economic and social interaction in unparalleled ways. Increasingly, the largest productivity gains for businesses come from using online networks in some form.

The multinational food giant Nestlé, for example, now receives all of its orders directly from supermarkets over the Internet. The shipping company UPS, uses online networks to optimize its delivery routes, resulting in a saving of 12 million liters of fuel from their nearly 100, 000 trucks.

Many new business models are emerging around the provision of content, and this area is evolving rapidly. The music and video industries, for example, are still grappling with these issues as they seek to develop new, more effective and popular ways of commercializing their products on line.

But this also raises concerns, notably in the area of reliability, scalability, security and openness of access. If global supply-chain management depends on the Internet, for example, then a breakdown or security breach could cause major economic damage. If people's personal data are compromised online, it will breach their privacy and negatively impact aspects of their lives.

Looking forward, the Internet is poised to connect an ever-greater number of users, objects and information infrastructures. This means that the policy framework governing its use and development needs to be adaptable, carefully crafted and coordinated across policy domains, borders and multiple stakeholder communities.

The Internet has also brought unprecedented user and consumer empowerment. Individuals now have greater access to information, which facilitates cost comparisons and creates downward pressure on prices. Internet users are extremely active, creating new content themselves and interacting in new ways.

Where is the Digital Economy Agenda at the WTO?

Yet, I am concerned that for all of this incredible economic reality and untapped potential, the issue of internet trade and the digital economy is not on the WTO radar screen in any tangible way.

Why is that?

As a new phenomenon, it would require new trade rules, in an attempt to galvanize its potential and dissuade those who would wish to practice protectionism for either economic or political reasons.

But where are these new rules?

Trade Ministers and Ambassadors should have already embraced internet trade as a so-called 'new' issue, fostered discussions and commissioned studies and analysis. But they have not.

Why is that?

The dedication and commitment that has been invested into IP protection and promotion by the global community has been sorely lacking on the internet front. We have yet really to even start.



Again, why is that?

I find these questions troubling.

I hope you share my concern, because this would be the first step towards remedying the situation. Indifference is our worst enemy.

I have arguing for some time that the WTO should make internet trade one of its priorities. It should be its champion and protector!

But sadly, thus far, it is neither.

This must change.

This would mean that the mindset of the global trading community must also change.

I believe that this Forum can represent a first important step. I also truly hope that as a new and young DG --- a product of this modern era and not an old man, like me! ---Roberto will get behind this issue.

But a digital trade agenda must be sustained. We need a work plan, and a clear road map.

In this regard, let me try to help by making the following proposals, for the consideration of the DG and the WTO Members:

1) First, Trade Ministers and Ambassadors should create the appropriate ‘space’ at the WTO for engaging in an informal, ongoing discussion about the role that the digital economy plays in terms of international trade flows, how this can be enhanced, and what new rules are required for facilitating this

- At this stage, the discussion should be a ‘non-negotiating’ one, and inclusive of all Members and Observers. It must also be transparent.

- In terms of finding or creating the right space, different options do exist: i) it can be done under an existing WTO Committee or Council; ii) it can be an extension of the Trade Policy Review mechanism; iii) a new body with a specific and focused mandate can be created; or iv) the task could be assigned to a newly created Business Advisory Board

- Over the course of their deliberations, WTO Members would identify the central issues, principles, and policy challenges inherent with liberalizing Internet Trade, as well as defining the scope of possible solutions and approaches
- This would be supported by rigorous research and analysis by the WTO Secretariat
- At the same time, Members would be free to also conduct public meetings and hearings in their own countries, as another way of providing valuable input and critical thinking.
- The deliberations would be reflected in a comprehensive report, or a series of evolving reports, that would be also shared with the trading community at large.

2. Second, the deliberations should be published in a comprehensive report, or a series of evolving reports, and it should be widely circulated in the trading community at large.

3. Third, to assist with this discussion the WTO should appoint a Multi-Stakeholder Digital Economy Task Force.

- The task force would report to the WTO General Council
- Having government, business, and civil society representatives as task force members would ensure that an inclusive, transparent, and comprehensive approach is made in terms of consulting the relevant players.
- It would also serve to energize the various trade constituencies, which is an important requirement in revitalizing the multilateral trading system.

4. Fourth, the WTO must regularly consult the relevant stakeholders, on the digital economy, starting with the business community.

- Utilizing the task force and its reports, and other processes, WTO Members must ensure that the global trade constituency is engaged, so as to improve the policy making process.
- Consultation is an indispensable step in rebuilding trust and confidence between trade policy makers and the trade practitioners.

5. Fifth, the WTO should consolidate all of its findings and those of the task force, under a Final Digital Economy Report, and should be published and widely distributed.

6. Sixth, based on the final report, WTO Members should develop a Framework for Negotiating New Rules and Disciplines for the Digital Economy.

- Once Members approve a Negotiating Framework, then they would enter into negotiations with the objective of adopting new rules and disciplines for the trade in digital products.

7. Finally, the WTO DG should establish a Business Advisory Council (BAC), beyond just the purview of a digital economy agenda.

- The BAC would have at least two primary responsibilities.

- The first would be to offer advice and support to the DG and through him, to Members, on the central trade issues and challenges facing the global business community.

- And the second, would be for the BAC to create and promote opportunities that would bring the private sector back to the WTO table, and restore its traditional role and leadership in growing trade.

Conclusion

In closing, I am not a trade expert.

I am a businessman.

People in this room, and in the WTO Council Meetings, are better equipped than I to develop the right trade policy processes and measures that meet the aspirations of our digital times.

As an entrepreneur, I have tried to offer a perspective and a prescription from what I have experienced; from both my successes and my mistakes. They are derived from pragmatic outcomes, and not from theory. They try to draw from lessons learned.

I am also indebted to the cooperation and work of the US Computer and Communications Industry Association (CCIA). As I mentioned, I am excited about launching our collaboration under **IDEA, the International Digital Economic Alliance.**



I have been called a dreamer.

But I am not fazed by this. We need to dream.

But not just the pie-in-the-sky variety we talk about the morning after with our family over breakfast. But measurable, realistic dreams.

Dreams that come from visions; visions that serve to move societies forward.

Visions, which champion the cause of improving the quality of life for all of mankind.

Visions, which have the force of altering destinies.

For me, harnessing the full trade potential of the internet is such a vision. And while it is not easy, it is perfectly doable.

In this regard, I have taken the liberty of providing the Forum organizers with a more detailed **Discussion Paper on a Digital Trade Agenda**. My hope is to engage people's interest and curiosity, and trigger a meaningful dialogue.

Please come forward with your views. Feel free to counter my proposals. Tear my paper apart, if you must! That's all ok.

But please don't remain indifferent to it.

Not because the essence of this paper represent my ideas alone. They clearly do not. Countless of people in the digital economy, are counting the moments for when the WTO moves on this front.

As I said earlier, I believe that moment is now.

Thank you for your attention.

TAG

