#### UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

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### E-COMMERCE, WTO AND DEVELOPING COUNTRIES

by

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#### **ABSTRACT**

In this paper, I discuss the policy issues e-commerce raises for the World Trade Organization (WTO) and developing countries. I advocate three policy prescriptions. First, it will be most appropriate to classify e-commerce as trade in services with GATS discipline applied to it. Developing countries should ensure that e-commerce is not classified as goods trade with a permanent zero custom duty pact. Such an outcome would liberalize all e-commerce by default, undermining their bargaining power.

Second, at present there is some disagreement about whether international Internet transactions should be classified as cross-border trade or consumption abroad. In making their commitments in the UR and post-UR negotiations in services, countries presumably viewed these transactions as cross-border trade. Therefore, Internet transactions would be best classified as cross-border trade.

Finally, developing countries such as India that have the capacity to export skilled services through Internet should aggressively negotiate market access with developed countries in the future WTO negotiations. This involves negotiations on two fronts. One, they should seek liberalization by developed countries in sectors in which they have a comparative advantage. And two, they should seek recognition of their education, qualifications, requirements met, or licenses or certificates granted in the markets of other countries.

Electronic commerce offers unprecedented opportunities to both developing and developed countries. In the short run, the gains are likely to be concentrated in developed countries but, in the long run, developing countries have more to benefit. This is because, in the short run, developing countries lack the infrastructure necessary to take full advantage of Internet. But in the long run, they can leap frog, skipping some of the stages in the development of information technology through which developed countries have had to pass.

Key Words: e-commerce, Internet, WTO, developing countries.

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