



## **WITSA STATEMENT ON NEGOTIATING INFORMATION AND COMMUNICATION TECHNOLOGY SERVICES**

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### **Introduction**

The global information and communication technology (ICT) marketplace in 2001 was over \$2.4 trillion. That represents a compound annual growth rate (CAGR) since 1993 of 7.6 percent. The dominant spending is on telecommunications which has seen a 56% increase since 1993. On the other hand, the software sector has experienced more than 100% growth in that same period. Because of its very nature, national borders are pretty much invisible to the ICT sector. Compared with other sectors, a 1999 OECD analysis showed that the sector was remarkably open. That openness cannot be taken for granted, however, and trade liberalization must be relentlessly pursued.

### **The World Information Technology and Services Alliance (WITSA)**

The World Information Technology and Services Alliance (WITSA) is a global alliance of information technology (IT) national and regional industry associations from 46 economies around the world. WITSA members represent over 90 percent of the world IT market. As the global voice of the IT industry, WITSA is dedicated to:

- advocating policies that advance the industry's growth and development;
- facilitating international trade and investment in IT products and services;
- strengthening WITSA's national industry associations through the sharing of knowledge, experience, and critical information;
- providing members with a vast network of contacts in nearly every geographic region of the world; and
- hosting the World Congress on IT, the premier industry sponsored global IT event.

Founded in 1978 and originally known as the World Computing Services Industry Association, WITSA has increasingly assumed an active advocacy role in international public policy issues affecting the creation of a robust global information infrastructure, including: **increasing competition** through open markets and regulatory reform; protecting **intellectual property**; encouraging cross-industry and government cooperation to enhance **information security**; bridging the education and **skills gap**; **reducing tariff and non-tariff trade barriers** to IT goods and services; and safeguarding the viability and continued growth of the **Internet** and **electronic commerce**.

WITSA has an impact on the global IT environment. It strengthens the industry at large by promoting a level playing field and by voicing the concerns of the international IT community in multilateral organizations, including the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD), the G-8 and other international fora where policies affecting industry interests are developed. More information on WITSA can be found online at <http://www.witsa.org>.

### **WITSA and the WTO**

WITSA recognizes the World Trade Organization ([WTO](#)) as the international body dealing with the rules of trade between nations. WTO agreements provide the legal ground-rules for international commerce and for trade policy. These multilateral agreements have three main objectives: to help trade flow as freely as possible, to achieve further liberalization gradually through negotiation, and to set up an impartial means of settling disputes. A number of simple, fundamental principles run throughout all the WTO agreements: non-discrimination ("most-favored-nation" treatment and "national" treatment), freer trade, predictable policies, and encouraging fair competition. With stability and predictability, the multilateral trading system should encourage trade and investment flows, create jobs, and provide consumers the benefits of competition - expanded choice and lower prices.

WITSA strongly supports the WTO and its objectives in creating an open trading system free of barriers. WITSA is committed to maintaining open markets, reducing protectionism and sustaining the momentum of liberalization achieved by the General Agreement on Tariffs and Trade (GATT)/WTO over the last forty years. WITSA commends the launch of a new round of multilateral trade negotiations, which will provide an opportunity to embark on further liberalization of barriers to international trade, including trade in information technology goods and services

The November decision by WTO Trade Ministers to launch a comprehensive trade round adds greater urgency to the negotiations on services, which have been underway since 2000. The Doha Declaration launching the trade round calls for countries to make "requests" of trading partners in the services sectors by June 30, 2002 with offers by March of 2003. The current schedule calls for conclusions of the negotiations on January 1, 2005.

A major theme of the Doha Declaration is capacity building and technical assistance for developing economies. WITSA embraces this concept and is dedicated to providing this type of assistance to its members.

Information and communication technology (ICT) industries must work with their governments to determine how to negotiate trade commitments affecting these critical sectors over the next few months. This collaborative effort should establish the ICT industry's goals for the Doha negotiations and the negotiating methodology best suited to achieve those goals.

## **Current ICT Industry Issues**

The ICT industry confronts primarily the following trade issues:

- Inability to provide a service because a country has not committed to liberalize either the primary service, or a secondary service sector necessary to providing the primary service;
- Inability to enforce a country's commitment to liberalize a service because the commitment lacks clarity in describing the service to be liberalized or in the limitations constraining the commitment;
- Uncertainty about how a new service is covered by a country's existing services commitments due to the rapid introduction of new technologies and services; and
- Absence of effective recourse to mechanisms that require incumbent telecommunications and other service suppliers with market power to compete fairly with new entrants.

## **ICT Industry Goals**

The principal goals of the ICT industry for the Doha negotiations are expected to include:

- Further liberalization of ICT services through new market access and national treatment commitments;
- Improved enforcement and increased scope of ICT commitments through improved negotiating approaches;
- New commitments to foster fair competition between dominant incumbents and new entrants for the telecommunications services that provide the infrastructure for the ICT industry.

## **WITSA Negotiating Methodology Recommendations**

One very important key to achieving the ICT industry's goals for the Doha negotiations is to select an appropriate negotiating methodology. The approach taken in the Uruguay Round negotiations generated valuable commitments to provide market access and national treatment for computer and information services, value-added network services, and basic telecommunications services, as well as additional commitments to foster fair competition for basic telecommunications. But this approach needs to be updated in the Doha negotiations to achieve the ICT industry's goals.

An updated negotiating methodology requires no formal change to the manner in which countries negotiate WTO commitments. Like-minded countries can agree to negotiate computer and information services, value-added network services, basic telecommunications services, and other ICT service sectors in a new way. A successful outcome of the Doha Negotiations could be expected once a critical mass of countries reaches a consensus on ICT negotiating methodologies and trade commitments.

Specifically, WITSA supports negotiating methodologies that account for the:

- Convergence of technology and services in the ICT sector;
- Speed with which new technologies and services are being developed in the ICT sector;
- Benefits of fully liberalizing these converged services;
- Effective enforcement of liberalization commitments; and
- Additional rules to promote fair competition in basic telecommunications.