



Background Paper on the World Trade Organization's Negotiations and Issues Regarding Information and Communications Technology (ICT)

December 2002

EXECUTIVE SUMMARY

This statement lays out the overall views of the World Information Technology and Services Alliance (WITSA) on issues regarding information and communications technology (ICT)¹ that are being discussed at the Doha Development Agenda Negotiations. The ICT industry is an important and robust industry. Worldwide in 2001 it accounted for 7.6% of GDP according to *Digital Planet 2002*, published by the World Information Technology and Services Alliance (WITSA). While ICT spending was nearly flat in much of the developed world, the developing economies continued to advance. China is the world's fastest growing ICT nation with a compound annual growth rate of 27%, approximately 4.5 times greater than the U.S. This statistic underscores the importance of the current negotiations.

Opening markets in Computer and Related Services benefits not only companies directly engaged in these services, but also those engaged in other segments of the industry. Generally many countries made commitments in these services in the Uruguay Round. There were a number of key countries, however, that made either no commitments or only partial commitments. WITSA feels that an appropriate negotiating objective for all countries is to achieve full market access and national treatment in all Computer and Related Services. This means achieving full commitments for countries that currently have no commitments as well as for those that have only partial commitments.

The Internet represents the latest stage in the continuing evolution of computing. Like the underlying computer technology, computer services have also evolved and improved to take advantage of advances in technology. Computer and Related Services today have simply evolved from and are basically the same as the Computer and Related Services that were prevalent at the conclusion of the Uruguay Round. The Internet has improved our ability to deliver a number of services, and new names have been developed for some services, but fundamentally they are the same services. Thus Uruguay Round commitments for Computer and Related Services apply to the evolved Internet Services

Electronic commerce represents significant opportunities for all countries of the world. For computer service providers to realize the greatest benefit from cross-border liberalization, their customers' sectors must also be liberalized. If global industry is to benefit from widespread electronic commerce, obtaining Mode 1 commitments in applicable sectors is crucial.

¹ ICT in this context is the sum of external and internal IT spending, plus telecommunications and other office equipment.

Governments are substantial buyers of information technology and information technology services. WITSA urges governments to reestablish transparency in procurement as a priority and to focus on building support for the start of formal negotiations at the Fifth Ministerial working toward a quick conclusion and implementation of an agreement.

WITSA members are geographically and economically diverse. Both developed and developing economies are well represented in the general membership and as a part of the Steering Committee. WITSA is involved in a variety of technical assistance and capacity building efforts. Since its inception in 1996, the Public Policy Committee has been actively involved in educating its members and developing positions on trade. Currently, WITSA is focused on assisting its developing economy members become effective sustainable associations so that they may better work to improve their economies from within.

I. INTRODUCTION

This statement lays out the overall views of the World Information Technology and Services Alliance (WITSA) on issues regarding information and communications technology (ICT)² that were discussed at the Doha Development Agenda Negotiations. As such, the statement represents global industry consensus and provides compelling statistics for expanding the ICT industry worldwide.

The ICT industry is an important and robust industry. Worldwide in 2001 it accounted for 7.6% of GDP according to *Digital Planet 2002*, published by the World Information Technology and Services Alliance (WITSA). Other statistics are equally impressive:

- Global ICT grew from \$2.3 trillion to \$2.4 trillion between 2000 and 2001.
- Typical countries saw ICT spending gains of 5 %.
- While ICT spending was nearly flat in much of the developed world, the developing economies continued to advance. China is the world's fastest growing ICT nation with a compound annual growth rate of 27%, approximately 4.5 times greater than the U.S.
- ICT is not all about the Internet. The global software sector increased more than 100% between 1995 and 2001, exceeding all other ICT sectors.
- ICT access continued to grow in 2001 with an added 123 million users bringing the online community to a total of 522 million people.

² ICT in this context is the sum of external and internal IT spending, plus telecommunications and other office equipment.

- E-business continues to grow. 2001 saw a 40% increase in online shoppers, business-to-business spending grew 83%, and business-to-consumer spending jumped 64%.

The trade conclusion that can be drawn from these statistics is that ICT is an industry important to all countries of the world. A market in excess of \$2 trillion is one where everyone wants to participate. The industry is one that is fast-changing and dynamic. The challenge is to keep it open, to insure that barriers are not erected in the future, and to develop a negotiating methodology that encompasses new ways of using technology into existing commitments.

The World Information Technology and Services Alliance (WITSA) is a consortium of 49 information technology (IT) industry associations from 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:

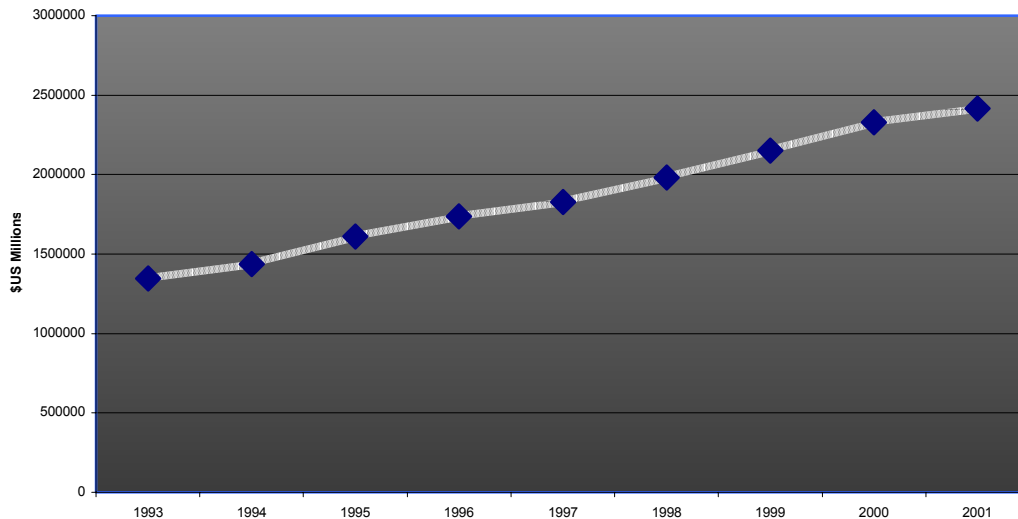
- advocating policies that advance the industry's growth and development;
- facilitating international trade and investment in IT products and services;
- strengthening WITSA's national industry associations through the sharing of knowledge, experience, and critical information;
- providing members with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

II THE GLOBAL MARKETPLACE³

2001 Total Spending Perspective

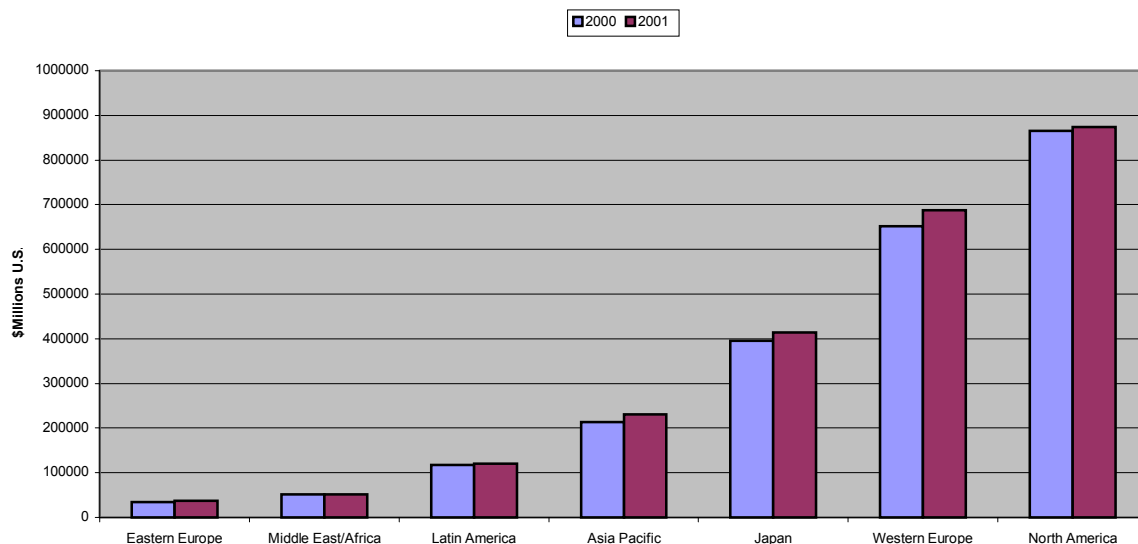
The global ICT market grew from \$1.3 trillion in 1993 to over \$2.4 trillion in 2001 (See Figure 1). The compound annual growth rate for that eight-year span is 7.6 percent.

Figure 1: Global ICT Growth (1993-2001)



The pace of global ICT growth may be changing from revolution to evolution in many regions, but the overall outline of this market remain fixed. North America is the world's largest ICT market with \$874 billion in 2001 spending. Figure 2 illustrates the size of regional ICT markets.

Figure 2: Total ICT Spending by Region (2000 vs 2001)

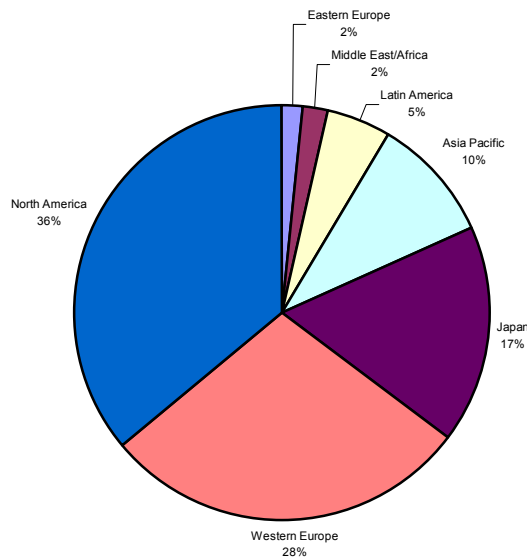


As for the ranking of regional spending, North America leads with 36%. Eastern Europe lags at only 2%. See Figure 3. Global market share is changing, however. North America has lost one

³ This Section quotes extensively from *Digital Planet 2002* published by the World Information Technology and Services Association.

percentage point each year for the past three years. Gaining share have been Asia Pacific and Eastern Europe.

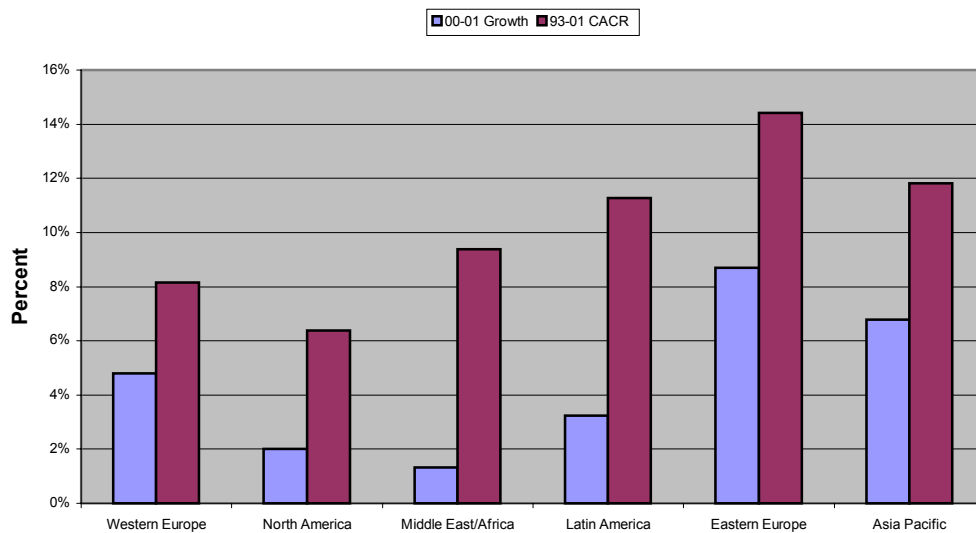
Figure 3: Regional Percent of World ICT Market



Total Spending Over Time Perspective

While the above shows the market today, viewing it from a perspective of spending over time (CAGR) yields some insight into what the market may look like tomorrow. Regions with the smallest base are outpacing those with the largest as shown in Figure 4. Eastern Europe saw more spending than North America, Latin America and Middle East/Africa combined.

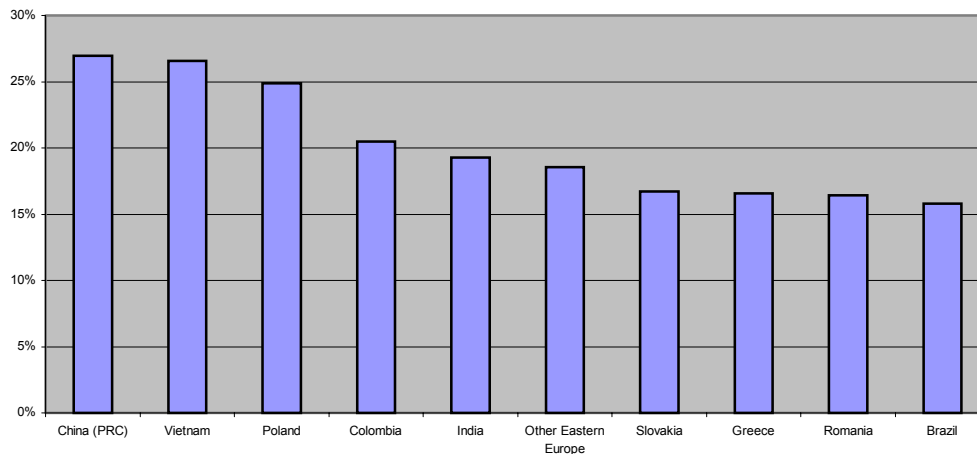
Figure 4: Regional ICT Growth: Short and Long Term



Acceleration among developing countries is also apparent among the top ten fastest growing ICT nations, where China’s almost 27% compound annual growth rate from 1993 to 2001 is

approximately 4.5 times that of the U.S., almost six times that of Germany and seven times that of Russia. Other countries growing at better than 15% include Poland, Columbia, India, Slovakia, Greece, Romania and Brazil. See Figure 5.

Figure 5: Fastest Growing ICT Markets by CAGR (1993-2001)



2001 Sectoral Perspective

While the Internet has drawn most of the popular attention in recent years, and telecommunications dominates ICT spending, a closer look reveals that the software segment has increased by over 100 percent between 1995 and 2001, and [outsourcing] services grew at over 80 percent. Telecommunications growth on the other hand, was considerably less at approximately 56 percent. Also significant is the fact that in 2001, services spending surpassed hardware for the first time, an important fact to consider as we move into the negotiations. Total spending by sector and by region is in Figure 6.

Figure 6: ICT Spending by Sector and by Region

Region	Telecom	Software	IT Services ⁴	IT Hardware	Internal ⁵
Spending (\$US Mil)	\$1037877	\$196237	\$425660	\$376119	\$345500
W. Europe	38.1%	9.4%	18.6%	15.4%	18.5%
N. America	33.2%	11.8%	24.5%	16.8%	13.7%
Mid. East & Africa	6.4%	12.4%	25.4%	35.7%	20.2%
L. America	67.2%	3.0%	8.8%	13.6%	7.3%
E. Europe	53.8%	5.6%	9.0%	19.1%	12.5%
Asia Pacific	60.7%	3.9%	7.5%	20.4%	7.5%
Japan	55.2%	3.4%	12.8%	12.1%	16.6%

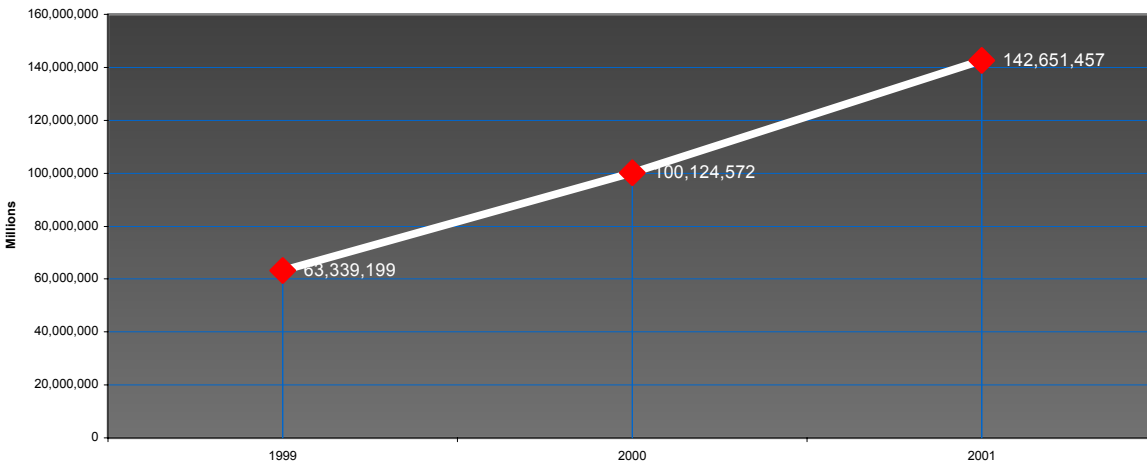
⁴ Services in this context relates to IT services provided to a corporation by an external agent or corporation, above and beyond the services provided by an internal team. These services cut across all of the Computer and Related Services contained in the W/120 or CPC coding schemes.

⁵ Internal spending is that spending on ICT not paid to a vendor but performed by internal company employees. While not a part trade statistics, it is considered as part of the available market and potentially available for trade.

An Internet Economy

The Internet, however, cannot be ignored. The number of people worldwide using the Internet to purchase goods and services is in steady ascent in the past three years (See Figure 7). The global online shopping community jumped over 50 percent between 1999 and 2000, and over 40 percent the following year.

Figure 7: Worldwide Internet Buyers



In terms of where the spending takes place, the United States is the world's biggest e-commerce marketplace, racking up over twice as much business-to-business (B2B) and six times as much business-to-consumer (B2C) spending as its closest competitor, Japan. The U.S. accounts for 40 percent of the world B2B and 56 percent of the world B2C market.

But other countries are moving up – and fast. China B2B spending today is 60 times what it was in 1999. Taiwan outlays moved up 38 percent and Korea 31 percent over the same time period. Compare these multiples with the 3.8 percent B2B uptick in the U.S. In the B2C space, the difference between the top ten spending countries is much less pronounced. Of this group, France has the largest percentage increase since 1999, about 2.6 times to \$2.9 billion. Trailing the top ten, B2C spending in the U.S., \$66.5 billion, is up only 1.5 times its 1999 level.

What's In Store?

The forecast for ICT is bright. The pace of expansion will be accelerated by a number of factors:

- Continued global build out of the Internet, with new means of access created using wireless networks, high speed broadband technologies, and a multitude of intelligent devices.
- Consensus on issues like intellectual property protection, interface standards and practices that will speed the delivery of broadband-enabled digital content and services in ways large and small.
- Privatization of government owned infrastructure and the opening of markets to international investment.

- Transformation of business models and the global adoption of e-business based exchanges, auctions, integrated supply chains and the like.
- Harmonization of international laws and regulations on policy issues like taxation, privacy and security.
- Emergence of major new ICT markets on the world stage including China, Poland, India and Brazil.

This bright picture, however, assumes that markets that are open, remain open. Additionally, markets that are only partially open or closed need to be opened fully to achieve the benefits of free trade. Many of the newer markets are those that are not fully open, and these are the markets where companies from around the world want to participate. They are counting on our trade negotiators to help us fulfill the promise of the ICT sector.

III. COMPUTER AND RELATED SERVICES COMMITMENTS

While the previous Section looked at the ICT industry in general, this and successive sections narrow the focus to Computer and Related Services. Figure 8 lists the applicable W/120 codes along with the corresponding United Nations Provisional Central Product Classification (CPC) codes as identified by the UN Statistics Division. Although there was no requirement to do so, most countries used one or the other in making their commitments.

Figure 8
Computer and Related Services Codes

W/120 Code	W/120 Description	Provisional CPC Code
<i>1.B.</i>	<i>Computer and Related Services</i>	
1.B.a.	Consultancy services related to the installation of computer hardware	841
1.B.b.	Software implementation services	842
1.B.c.	Data processing services	843
1.B.d.	Data base services	844
1.B.e.	Other	845+849

IT services, as listed above form the keystone of the ICT industry. Opening markets for these services benefits not only companies directly engaged in these services, but also those engaged in other segments of the industry. Expanding business in these areas provides additional business for hardware companies because new applications generally require additional hardware to operate. Expanding applications also require additional telecommunications capacity and infrastructure. Thus, by expanding commitments in this area, a range of sectors benefit.

Generally many countries made commitments in these services in the Uruguay Round. There were a number of key countries, however, that made either no commitments or only partial commitments. Key countries making no commitments, for example, were Brazil, Egypt and Chile. Countries making partial commitments included, among others, Australia, Hong Kong, Mexico, India, and Thailand.

WITSA feels that an appropriate negotiating objective for all countries is to achieve full market access and national treatment in all Computer and Related Services. This means achieving full commitments for countries that currently have no commitments as well as for those that have only partial commitments.

IV. INTERNET-BASED SERVICES

The previous section considered the improvement of existing commitments from the Uruguay Round and accessions since its conclusion. This section will examine the treatment of services that have evolved from services that were commonplace at the time of the conclusion of the Uruguay Round. For example, the Internet, which is ubiquitous today, was in its infancy when the Uruguay Round concluded. Many of the services that have evolved and are being delivered via the Internet could simply have not been provided in the same manner prior to its inception. As will be shown, however, the services are not new; they are simply adaptations of services committed to previously.

The Internet represents the latest stage in the continuing evolution of computing. Starting with mainframe computing that filled large, centralized data centers with computer hardware and support personnel, the computer age has evolved through mini-computers, desktop personal computing, and client-server computing. Continual improvements in the speed and power of computers and networks have enabled these new models of computing and made possible greatly enhanced software applications. But while these models of computing have evolved, their fundamental purpose has remained the same: facilitating the processing and storing of information.

Like the underlying computer technology, computer services have also evolved and improved to take advantage of advances in technology. The Internet is the latest implementation of these services, providing a convenient way to package and deliver them so that users can share information and applications easily and cost-effectively on a global basis. Over time, data base storage and online retrieval systems evolved into a number of internet-based services. This evolution has been made possible because of advances in the power and speed of computer processors, the capacity of information storage devices, and the speed and flexibility of networking. What we call the Internet “revolution” is in fact the result of applying these highly evolved computer and networking technologies in different ways.

The Internet has made sophisticated information and services previously available only to large corporations available to small businesses and individuals in every nation. The advanced capabilities of today’s information technology tools have made Internet-based computer services very powerful and flexible. Although the current generation of computer services represent the same spectrum of services large businesses have used for years, the Internet is allowing the benefits of these services to become more visible to individuals around the world.

Some examples follow that illustrate the evolution of traditional services in the Computer and Related Services Sector into the services we are familiar with today. In many instances, as will be shown, there is a one-to-one correlation to the traditional services. In other instances, the “new” service is actually a combination of traditional services.

Application Hosting

Traditionally, if a company wanted to outsource, for example, its customer data base operations, it would hire an outside expert in customer database software, and that expert would set up the necessary computer systems to track customer information and make it available to members of the company's sales force. The expert company would set-up the necessary hardware and software and also provide support and maintenance of the system. The services being provided were clearly consultancy, software, data base and data processing.

Now, over the Internet, Application Service Providers (ASPs) allow the same kinds of functions to be provided online through *Application Hosting*. Like an outsourcing expert, the ASP will typically provide a software application and accompanying support, but instead of physically setting up a customized software system specifically for the company, it will provide access to a standard application through an Internet browser. The ASP model is more efficient for many types of operations and is often a much less costly method for providing computer and related services. The ASP model also makes it possible for businesses and individuals in remote areas and developing countries to access technology that would be prohibitively expensive or physically impractical under an outsourcing model.

Application hosting services could be classified under a combination of data processing services, data base services and software implementation services under the existing W/120 classification system.

Electronic Procurement Hosting

There have been a number of different systems for businesses to exchange information over private (leased line) networks. Procurement systems, for example, have allowed suppliers to bid on jobs from governments and businesses. These services were previously part of software, data processing and data base.

Recently, Internet-based *electronic procurement hosting* services allow posting, accepting and pricing of trade opportunities when the underlying supply and distribution services are permitted across borders. These marketplaces have begun to create new opportunities for small businesses in developing countries and in the developed world to access markets that were previously closed due to the impossibility of obtaining access to information regarding sales opportunities. Producers benefit as well, because they have easy access to a virtual shopping mall and can compare the quality and price of goods from suppliers all over the world.

Electronic procurement hosting could be classified under data processing services and data base services.

Web Site Hosting Services

In the past, when a corporation wanted to display and distribute information, they created either pre-determined or customized reports and then distributed that information to recipients electronically, by mail or by other means. Today, the Internet provides another means of storing and displaying information. The information is displayed on web sites and the service of storing and displaying it is known as *web hosting*. The service that

could encompass web hosting is data base services under the existing W/120 classification system.

The examples above demonstrate the underlying point that Computer and Related Services today have simply evolved from and are basically the same as the Computer and Related Services that were prevalent at the conclusion of the Uruguay Round. The Internet has improved our ability to deliver a number of services, and new names have been developed for some services, but fundamentally they are the same services. Figure 10 below shows the correlation between the services discussed above and the corresponding services negotiated in the Uruguay Round.

Figure 10
Correlation of Selected Internet Services to Provisional CPC Codes

IT Internet-Based Service Examples	Provisional CPC Codes					
	841	842	843	844	845	849
Application hosting		X	X	X		
E-procurement hosting			X	X		
Web hosting				X		

V. ELECTRONIC COMMERCE SERVICES THAT CAN BE DELIVERED ELECTRONICALLY

In past statements WITSA has maintained that electronic commerce does not constitute a sector in itself. Rather, it is simply a means of delivering services electronically that had previously been delivered by other means. WITSA continues to hold that position and urges all countries to resist any efforts to create a sector designated “electronic commerce”.

On the other hand, electronic commerce does represent significant opportunities for all countries of the world. Section II clearly described the growing market in Internet commerce, and it is important that that market remains open to everyone.

Electronic commerce also depends on the ability to access both narrowband and broadband communications networks for the provision of services. WITSA has long supported, and continues to support, positions to ensure cost-based, non-discriminatory access to basic telecommunications networks and services, including leased lines and other communications platforms. Such access remains important to the conduct of electronic commerce. Further, stronger protections are necessary to prevent dominant operators from abusing their positions either directly or through downstream affiliates.

Similarly, liberalization of other services needed to initiate and complete an electronic commerce transaction is also important. These areas include advertising, on-line payment, and distribution including express delivery services. Along these same lines, it is important that trade liberalizing commitments be secured in digitally downloadable products such as entertainment, news, publishing, etc. Notwithstanding theoretical debates about whether such product is a good or a service, trade liberalization should ensure maximum market access and national treatment.

It is also important to understand that electronic commerce implies much more than simply selling merchandise electronically. Many services that we are familiar with today, can also be provided electronically. Legal services, architectural services, entertainment services including movies and music, health services, educational services, financial services and engineering services, to name a few, can all be delivered across borders electronically. To do so, however, countries must make Mode 1 commitments for all of these sectors and others that have the potential of electronic delivery.

Previous sections of this Submission have dealt primarily with Computer and Related Services. As discussed, commitments are important in this sector and WITSA supports all countries pursuing full liberalization of these services aggressively. However, with regard to electronic commerce, these services do not provide full access. Full liberalization of Computer and Related Services provide all countries the opportunity to provide what is known in some circles as “back office” services to business in other countries.

For example, assume a Malaysian information technology firm is processing banking records for a foreign bank, and the country in which the bank is located has made Mode 1 commitments in Computer and Related Services. The records of that bank can be processed anywhere the Malaysian information technology firm can do business and the ensuing processed data may be delivered to that bank electronically. The true potential of electronic commerce, however, is not

realized in this example since the underlying financial transactions are not being delivered electronically across borders. For that, Mode 1 commitments in financial services are required.

After the conclusion of the Uruguay Round, the Organization for Economic Cooperation and Development (OECD) performed an analysis of Mode 1 commitments for selected countries in a number of industry sectors. Figure 11 graphically depicts that analysis for Computer and Related Services. The Chart is color-coded such that full commitments are green, partial commitments are yellow, and no commitments are red.

As was noted in Section III of this Submission, many countries made Computer and Related Services commitments in the Uruguay Round. Figure 11 shows that for Mode 1 a number of countries made no or few commitments.

However, when one considers Mode 1 commitments in other sectors, the situation becomes more bothersome. Figure 12 depicts the analysis of other sectors in the same way. As is readily apparent, this chart shows that there are very few Mode 1 commitments in most of the industry sectors. For computer service providers to realize the greatest benefit from cross-border liberalization, their customers' sectors must also be liberalized. According to the data shown in Figure 13, there are few sectors that can feel secure that electronic commerce that may be taking place today is secure in the future. Additionally, the lack of commitments is very likely to dampen investment in electronic commerce in these sectors.

If global industry is to benefit from widespread electronic commerce, obtaining Mode 1 commitments in applicable sectors is crucial. Otherwise, the progress that has been made to date and that we expect to continue in the future in the area of Computer and Related Services will be of only marginal value. The information technology services industry will be able to participate in the back office business for our customers, but the larger opportunity in providing the underlying transactions electronically across borders will be lost to both us and to our customers.

Figure 11: WTO Information Technology Trade Commitments

	Software Implementatio	Date Processing	Data Base	Management consultin
Argentina	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Australia	Full Market Access	Full Market Access	No Market Access	Full Market Access
Austria	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Brazil	No Market Access	No Market Access	No Market Access	No Market Access
Canada	Full Market Access	Full Market Access	Full Market Access	Partial Market Access
Chile	No Market Access	No Market Access	No Market Access	No Market Access
Czech Republic	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Egypt	No Market Access	No Market Access	No Market Access	No Market Access
European Communities	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Finland	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Hong Kong	Full Market Access	Partial Market Access	Partial Market Access	No Market Access
Hungary	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Iceland	Full Market Access	Partial Market Access	Partial Market Access	Full Market Access
India	No Market Access	No Market Access	No Market Access	No Market Access
Indonesia	No Market Access	No Market Access	No Market Access	No Market Access
Japan	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Korea	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Malaysia	Full Market Access	No Market Access	Full Market Access	Full Market Access
Mexico	No Market Access	Full Market Access	No Market Access	Full Market Access
Morocco	No Market Access	No Market Access	No Market Access	No Market Access
New Zealand	Full Market Access	Full Market Access	Full Market Access	No Market Access
Norway	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Philippines	No Market Access	No Market Access	No Market Access	No Market Access
Poland	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Singapore	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Slovak Republic	Full Market Access	Full Market Access	Full Market Access	No Market Access
South Africa	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Sweden	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Switzerland	Full Market Access	Full Market Access	Full Market Access	Full Market Access
Thailand	No Market Access	No Market Access	No Market Access	Full Market Access
Turkey	Full Market Access	Full Market Access	No Market Access	Full Market Access
USA	Full Market Access	Full Market Access	Full Market Access	Full Market Access

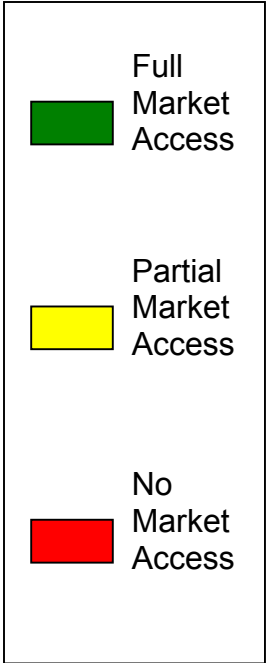


Figure 12: Selected Sector Mode 1 Commitments

	Medical and Dental	Real Estate	Advertising	Motion Picture Projection	Sound Recording	Higher Education	Adult Education	Other Education	Travel Agencies	Life, Accident, Health Insurance	Non-Life Insurance	Lending	Financial Leasing	Securities Trading	Settlement and Clearing	Retail
Argentina	Red	Red	Green	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red	Red	Green
Australia	Green	Yellow	Red	Red	Red	Green	Red	Green	Yellow	Red	Red	Red	Red	Yellow	Red	Yellow
Austria	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Green
Brazil	Red	Red	Yellow	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Red	Red	Red	Red
Canada	Red	Yellow	Red	Red	Red	Red	Red	Red	Yellow	Red	Yellow	Green	Green	Green	Red	Yellow
Chile	Red	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Red	Red	Red	Red
Czech Republic	Red	Red	Green	Red	Red	Green	Green	Green	Red	Red	Yellow	Red	Red	Yellow	Yellow	Yellow
Egypt	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Green	Red	Green	Red
European Communities	Red	Yellow	Green	Red	Red	Yellow	Green	Red	Green	Red	Yellow	Red	Red	Yellow	Yellow	Yellow
Finland	Red	Red	Green	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red	Red	Green
Hong Kong	Red	Red	Green	Red	Yellow	Red	Red	Red	Red	Yellow	Red	Red	Yellow	Red	Red	Red
Hungary	Yellow	Red	Green	Red	Red	Yellow	Yellow	Red	Red	Red	Yellow	Red	Green	Green	Green	Green
Iceland	Red	Green	Green	Red	Red	Red	Red	Red	Green	Red	Red	Red	Yellow	Yellow	Yellow	Green
India	Red	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Red	Red	Red	Red
Indonesia	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Green	Green	Red	Red	Red
Japan	Red	Yellow	Green	Red	Green	Red	Yellow	Red	Red	Red	Yellow	Red	Yellow	Yellow	Yellow	Green
Korea	Red	Red	Green	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red	Red	Yellow
Malaysia	Yellow	Red	Yellow	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Yellow	Yellow	Red	Red
Mexico	Yellow	Red	Green	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green
Morocco	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Green	Yellow	Red	Red
New Zealand	Red	Green	Green	Yellow	Yellow	Green	Red	Red	Green	Red	Yellow	Red	Red	Red	Red	Green
Norway	Green	Red	Green	Red	Red	Yellow	Yellow	Red	Red	Red	Red	Green	Green	Green	Green	Yellow
Philippines	Red	Red	Red	Red	Red	Red	Red	Red	Yellow	Red	Red	Yellow	Yellow	Yellow	Red	Red
Poland	Yellow	Red	Red	Red	Red	Yellow	Yellow	Red	Red	Red	Red	Red	Red	Yellow	Red	Red
Singapore	Yellow	Red	Yellow	Yellow	Green	Red	Red	Red	Yellow	Red	Red	Yellow	Green	Yellow	Red	Red
Slovak Republic	Red	Red	Red	Red	Red	Green	Green	Green	Red	Red	Red	Red	Red	Yellow	Yellow	Red
South Africa	Green	Green	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red	Red	Green
Sweden	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
Switzerland	Green	Red	Green	Red	Red	Green	Green	Red	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Green
Thailand	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Yellow	Red	Red
Turkey	Red	Red	Green	Red	Red	Green	Red	Yellow	Red	Yellow	Red	Green	Yellow	Green	Green	Red
USA	Red	Yellow	Green	Red	Green	Red	Yellow	Yellow	Green	Yellow	Red	Yellow	Yellow	Yellow	Yellow	Green

VI. TRANSPARENCY IN GOVERNMENT PROCUREMENT

Governments around the world, both central and local, are significant purchasers of goods and services. A recent OECD analysis estimated that the value of potentially contestable government procurement markets was in excess of \$2 trillion. According to the same study, the value of local procurements exceeded the value of central government procurements by a factor of 2 to 3.⁶

Governments are substantial buyers of information technology and information technology services. WITSA is strongly interested in ensuring that its members have access to that market throughout the world. Unfortunately, government procurement often tends to favor local suppliers distorting trade flows, limiting competition and increasing prices. While the discrimination is sometimes explicit, it often takes the form of opaque bidding processes lacking clarity and transparency.

WITSA has a strong interest in making the government procurement processes in general, and information technology procurements in particular, more transparent and open. Unfortunately, only a fraction of the world's nations are signatories to binding agreements that guide conduct in this market.

Government procurement has been an important component of trade policies of many countries in the past. Without the leadership of these countries, it is doubtful the WTO Government Procurement Agreement (GPA) could have been concluded. The GPA opened up tremendous new opportunities for exporters to compete on a level playing field for foreign governments' procurement contracts. However, since the GPA only applies to 27 WTO Members and efforts to attract more members have met with resistance, WTO Ministers agreed at their 1996 Singapore Ministerial to establish a Working Group on Transparency in Government Procurement.

Prior to the Seattle Ministerial Meeting, many countries expended considerable resources on completing a WTO Agreement on Transparency in Government Procurement – a top priority for many companies. While these countries fell short of that goal, agreement was reached on language that would have directed a time-limited negotiation of an agreement.

WITSA and the business community strongly supported the Seattle effort and continues to devote resources to supporting these initiatives on government procurement transparency and market access in the WTO. We were disappointed that a conclusion was not reached in Seattle. However, we were even more disappointed in the outcome of Doha with regard to government procurement.

WITSA now urges governments to reestablish transparency in procurement as a priority and to explore the prospects for making significant progress on the limited number of outstanding issues on transparency in procurement prior to the Fifth Ministerial. We also urge countries to focus on building support for the start of formal negotiations at the Fifth Ministerial and to work toward a quick conclusion and implementation of an agreement.

⁶ *The Size of Government Procurement Markets*, OECD, April 19, 2002

VII. TECHNICAL ASSISTANCE AND CAPACITY BUILDING

WITSA plays an active role through a number of venues in providing technical assistance and capacity building to facilitate the participation of poorer, less-advanced and least-developed countries in the WTO. This Section attempts to capture that involvement.

As pointed out previously, WITSA is a consortium of 46 information technology associations around the world. According to the WITSA By-laws, the WITSA members must be the organization from each country or region that best represents the IT services industry in that country or region.

WITSA members are geographically and economically diverse. Both developed and developing economies are well represented in the general membership and as a part of the Steering Committee. A list of current WITSA members is included in Appendix B. WITSA is dedicated to the following:

- 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 information.
- Providing members with a network of contacts throughout the world.

WITSA is involved in a variety of technical assistance and capacity building efforts. WITSA has organized and conducted a World Congress on Information Technology every year since 1978. The World Congress features industry and government leaders from all parts of the world. The most recent Congress was held in Adelaide, Australia, in February 2002. The event attracted over 1800 participants from 55 countries.

The WITSA General Assembly and Public Policy Committee meetings held in conjunction with the World Congress included representatives from over 30 countries. The World Bank provided funding to bring association executives from 15 developing countries to the meeting affording them the opportunity to learn about new developments and network with their peers. Six new members from Bulgaria, Jordan, Nepal, Panama, West Bank and Gaza, and Uruguay joined WITSA at the General Assembly.

A specific topic discussed by the members at the Public Policy Committee meeting was the WTO and the Doha Agenda. Many of the developing countries were particularly eager to understand the process in more detail so that they could interact with their governments upon their return. In response, WITSA has provided its members with a WTO Question and Answer Fact Sheet and a matrix summarizing current Computer and Related Services commitments from 42 countries, including appropriate requests that could be made.

Since its inception in 1996, the Public Policy Committee has been actively involved in educating its members and developing positions on trade. The very first WITSA Statement, published in 1996, dealt with the Negotiating Group on Basic Telecommunications (NGBT). Numerous Statements and positions since then have dealt with the WTO and trade. In January 2000,

WITSA held a Steering Committee and Public Policy Committee meeting in Geneva supporting the start of Services negotiations that included numerous meetings with Geneva-based WTO delegations.

Currently WITSA has engaged in efforts to assist its members from developing economies to become more viable organizations so that they may better work from within to improve the economies of their countries. WITSA is obtaining US \$1,000,000 over three years from USAID to assist in association-building efforts to insure effective and sustainable members that will promote the IT industry and good polices to underpin its growth.

**APPENDIX A
NEGOTIATING PRIORITY GUIDE**

COUNTRY	MKT SIZE	CONSULT ANCY	SOFTWARE	DATA PRCSNG	DATA BASE	OTHER	FACTOR	CAGR	SCORE
Provisional CPC Codes ⁷		841	842	843	844	845			
W/120 Codes		1.B.a	1.B.b	1.B.c	1.B.d	1.B.e ⁸			
Argentina	NA	0	0	0	0	0	0.0	NA	0
Australia	8211	0	0	0	2	0	0.2	1.33	2184
Brazil	7231	2	2	2	2	2	1.0	1.396	10094
Bulgaria	71	0	1	0	0	1	0.2	1.609	23
Canada	NA	0	0	0	0	0	0.0	NA	0
Chile	529	2	2	2	2	2	1.0	1.249	661
China	3015	0	1	1	2	2	0.6	2.179	3942
Colombia	636	1	1	1	1	2	0.6	1.345	513
Czech Republic	1092	0	0	0	0	0	0.0	NA	0
Egypt	369	2	2	2	2	2	1.0	1.579	583
European Community	NA	0	0	0	0	0	0.0	NA	0
Hong Kong	1050	1	1	1	1	2	0.6	1.243	936
Hungary	840	0	0	0	0	2	0.2	1.336	224
India	2263	1	1	1	1	1	0.5	1.57	3553
Indonesia	209	1	1	2	2	2	0.8	0.967	162
Israel	2068	0	0	0	0	2	0.2	1.513	626
Japan	NA	0	0	0	0	0	0.0	NA	0
Jordan	NA	0	0	0	0	0	0.0	NA	0
Korea	NA	0	0	0	0	0	0.0	NA	0
Malaysia	726	1	1	2	1	2	0.7	1.318	670
Mexico	2462	2	2	0	2	2	0.8	1.237	2436
New Zealand	1772	0	0	0	0	2	0.2	1.462	518
Norway	NA	0	0	0	0	0	0.0	NA	0

⁷ Provisional CPC was cited by some, but not all countries as a reference in defining the W/120 sectors. The Provisional CPC is therefore legally binding only on those countries that included these explicitly in their commitments.

⁸ 1.B.e code "Other" references CPC Codes 845, "Maintenance and Repair Services of Office Machinery, Computers and Related Services" and CPC Code 849 "Other". Since some countries using CPC Codes only scheduled 845, this column lists only commitments for that service.

COUNTRY	MKT SIZE	CONSULT ANCY	SOFTWARE	DATA PRCSNG	DATA BASE	OTHER	FACTOR	CAGR	SCORE
Provisional CPC Codes ⁷		841	842	843	844	845			
W/120 Codes		1.B.a	1.B.b	1.B.c	1.B.d	1.B.e ⁸			
Philippines	474	2	2	2	2	2	1.0	1.84	872
Poland	1388	0	0	0	0	2	0.2	1.735	482
Russia	989	2	2	2	2	2	1.0	1.024	1013
Singapore	1808	2	0	0	0	2	0.4	1.444	1044
Slovenia	NA	0	0	0	0	0	0.0	NA	0
Slovak Republic	NA	0	0	0	0	0	0.0	NA	0
Switzerland	NA	0	0	0	0	0	0.0	NA	0
Taiwan	NA	0	0	0	0	0	0.0	NA	0
Thailand	464	1	1	1	1	2	0.6	.88	245
Turkey	553	0	0	0	0	2	0.2	1.342	148
South Africa	NA	0	0	0	0	0	0.0	NA	0
United States	NA	0	0	0	0	0	0.0	NA	0
Venezuela	819	1	1	1	1	1	0.5	1.483	607
Vietnam	53	2	2	2	2	2	1.0	1.42	75

Mode 1 is cross border services. A commitment to allow cross-border services in information technology means that a company can provide information technology services from outside the country into the country.

Mode 2 is consumption abroad. This means that a citizen of the country is free to travel abroad to receive information technology services.

Mode 3 is commercial presence. This means that a foreign company may set up operations within the country to provide information technology services and be subject to the same rules and regulations as a company of the country itself.

Mode 4 is presence of natural persons. These commitments were generally taken horizontally across all sectors and are not contained in this chart.

Appendix B
THE WORLD INFORMATION TECHNOLOGY AND SERVICES ALLIANCE
MEMBERS

Argentina	Cámara de Empresas de Software y Servicios Informáticos (CESSI) URL: http://www.cessi.org.ar/ E-mail: camara@cessi.org.ar
Australia	Australian Information Industry Association (AIIA) URL: http://www.aiia.com.au/ E-mail: aiia@aiia.com.au
Bangladesh	Bangladesh Computer Samity (BCS) URL: http://www.bcs-bd.org/ E-mail: samity@dhaka.agni.com
Brazil	Sociedade de Usuários de Informática e Telecomunicações - Sao Paulo (Sucesu-SP) URL: http://www.sucesusp.org.br E-mail: sucesusp@sucesusp.org.br
Bulgaria	Bulgarian Association of Information Technologies (BAIT) URL: http://www.bait.bg/ E-mail: bait@spnet.net
Canada	Information Technology Association of Canada (ITAC) URL: http://www.itac.ca/ E-mail: info@itac.ca
Chinese Taipei	Information Service Industry Association of Chinese Taipei (CISA) URL: http://www.cisanet.org.tw/english/index.html /E-mail: cisa@mail.cisanet.org.tw
Colombia	Colombian Software Industry Federation (FEDESOFIT) URL: www.fedesoft.org E-mail: proyectos@cati.org.co
Czech Republic	Association for Consulting to Business (Asociace Pro Poradenství v Podnikání - APP) URL: http://www.asocpor.cz/ E-mail asocpor@asocpor.cz
Ecuador	Association Ecuatoriana de Tecnología de Información y Servicios (AETIS) URL: http://aetis.org.ec E-mail: aetis@usa.net
Egypt	Egyptian Software Information & Communication Technology Chamber URL: http://www.fei.org.eg/ChamberPages/15-Software/software_bd.htm E-mail: cit@cit-fei.org.eg
Finland	Federation of the Finnish Information Industries (TIETOALAT) URL: http://www.finnishinformationindustries.net E-mail: info@tietoalojenliitto.fi
France	Syntec Informatique http://www.syntec-informatique.fr/ / jpeybert@syntec-informatique.fr
Greece	Federation of Hellenic Information Technology and Communications Enterprises (SEPE) URL: http://www.sepe.gr/ E-mail: sepe@compulink.gr
Hong Kong	Hong Kong Information Technology Federation (HKITF) URL: http://www.hkitf.org.hk/ E-mail: mok@hknet.com
India	National Association of Software and Service Companies (NASSCOM) URL: http://www.nasscom.org/ E-mail: nasscom@nasscom.org
Indonesia	ASPILUKI - Indonesian Telematic Software Association URL: http://www.aspiluki.or.id/ E-mail: g_rianto@link.net.id
Israel	Israeli Association of Software Houses (IASH) URL: http://www.iash.org.il/ E-mail: software@industry.org.il
Italy	Associazione Nazionale Aziende Servizi Informatica e Telematica URL: http://www.anasin.it/ E-mail: Anasin@anasin.it

Japan	Japan Information Technology Services Industry Association (JISA) URL: http://www.jisa.or.jp/ E-mail: info@jisa.or.jp
Jordan	Information Technology Association - Jordan (int@j) http://www.intaj.net/ ; info@intaj.net
Kenya	Computer Society of Kenya (CSK) URL: http://www.csk-online.org ; E-mail: charlesnduati2002@yahoo.co.uk
Lithuania	Association of the information technology, telecommunications and office equipment companies of Lithuania (INFOBALT) URL: www.infobalt.lt E-mail: office@infobalt.lt
Malaysia	Association of the Computer And Multimedia Industry Malaysia (PIKOM) URL: http://www.pikom.org.my E-mail: info@pikom.org.my
Mexico	Asociación Mexicana de la Industria de Tecnologías de Información (AMITI) URL: http://www.amiti.org.mx/ E-mail: amiti@amiti.org.mx
Mongolia	Mongolian National Information Technology Association; badarch@magicnet.mn
Morocco	l'Association des Professionnels des Technologies de l'Information (APEBI); http://www.apebi.org.ma/ E-mail: apebi@apebi.org.ma
Nepal	Computer Association of Nepal (CAN) / http://www.can.org.np/ / info@can.mos.com.np
Netherlands	Federation of Dutch Branch Associations in Information Technology (Federatie Nederlandse IT - FENIT) URL: http://www.fenit.nl/ E-mail: bureau@fenit.nl
New Zealand	Information Technology Association of New Zealand (ITANZ) URL: http://www.itanz.org.nz/ E-mail: info@itanz.org.nz
Northern Ireland	Momentum - The Northern Ireland ICT Federation URL: http://www.momentumni.org E-mail: billy@momentumni.org
Norway	ICT Norway (IKT Norge) / http://www.ikt-norge.no/ E-mail: bt@ikt-norge.no
Panama	Asociación Panameña de Software (APS) http://www.aps.org.pa/ / aps@arango.com
Poland	Polish Chamber of Information Technology and Telecommunications (Polska Izba Informatyki i Telekomunikacji - PIIT) / http://www.piit.org.pl/ Email: biuro@piit.org.pl
Portugal	Associação Portuguesa das Empresas de Tecnologias de Informação e Comunicações (APESI) E-mail: apesi@treal.pt
Republic of Korea	Federation of Korean Information Industries (FKII) http://www.fkii.or.kr/ ; grant@Fkii.org
Romania	Association for Information Technology and Communications of Romania (ATIC) URL: http://www.atic.org.ro E-mail: atic@softnet.ro
Singapore	Singapore Information Technology Federation (SITF) www.sitf.org.sg / sitf@sitf.org.sg
South Africa	Information Industry South Africa (IISA) URL: http://www.informationindustry.org.za/ E-mail: info@informationindustry.org.za
Spain	Asociación Española de Empresas de Tecnologías de la Información (SEDISI) URL: http://www.sedisi.es E-mail: info@sedisi.es
Sweden	The Association of the Swedish IT and Telecom Industry (IT-Företagen) URL: http://www.itforetagen.se/ E-mail: info@itforetagen.se
Thailand	The Association of Thai Computer Industry (ATCI) URL: http://www.atci.or.th/ E-mail: Info@ATCI.or.th

United Kingdom	The Information Technology, Telecommunications and Electronics Association (Intellect) URL: http://www.intellectuk.org E-mail: info@intellectuk.org
United States	Information Technology Association of America (ITAA) URL: http://www.ita.org/ E-mail: jmewilliams@ita.org
Uruguay	Uruguayan Chamber of Information Technology (CUTI) URL: http://www.cusoft.org.uy/ E-mail: info@cusoft.org.uy
Venezuela	CAVEDATOS - Venezuelan Chamber of IT Companies URL: www.cavedatos.org.ve E-mail: cavedato@telcel.net.ve
Vietnam	VINASA - Vietnam Software Association URL: http://www.vinasa.org E-mail: office@vinasa.org
West Bank & Gaza	Palestinian IT Association (PITA) www.pita-palestine.org info@pita-palestine.org
Zimbabwe	Computer Suppliers' Association of Zimbabwe (COMSA) http://www.comsa.org.zw/ / comsa@csz.icon.co.zw

