
2018 ANNUAL SESSION OF THE
PARLIAMENTARY CONFERENCE ON THE WTO
WTO: The way forward
Geneva, 6-7 December 2018

*Organized jointly by the Inter-Parliamentary Union and the European Parliament
(WTO Headquarters, Room CR1)*

PC-WTO/2018/R.4
29 November 2018

HOW CAN TECHNOLOGICAL DEVELOPMENT BENEFIT THE PEOPLE?

Discussion paper presented by Mr. H. Scholz (European Parliament)

New technologies develop very fast. Digitalization, blockchain, robots, artificial intelligence, the Internet of Things and 3D printing will revolutionize how we produce, work, move and consume. The world economy will need a trade policy framework that will embrace change and respond to the multiple, speedy, transformation processes. Will the WTO and its members be able to deliver on the new challenges? How can we ensure that technological development benefits the people?

We find ourselves at the beginning of a new technological era. It depends on what we do and on what we do not do, whether the digital divide will be overcome and new economic and social development opportunities can emerge, or whether the divide will widen rapidly, and thus perpetuate economic misery for the masses. In November 2018 the European Parliament adopted a report on digitalization for development. We see here an opportunity to reduce poverty through technology.

Digital technology and services have an enormous potential in the achievement of the United Nations Sustainable Development Goals—the SDGs. If we look at SDG 4 on quality education, SDG 5 on achieving gender equality and empowering all women and girls, SDG 8 on decent work and economic growth, and SDG 9 on industry, innovation and infrastructure, I cannot imagine how these goals can be achieved without harvesting the potential of modern technologies. SDG 17 on partnerships also mentions this explicitly. The development of a digital economy could be a driver of decent jobs and inclusive growth, export volumes and export diversification.

Digital technology can play a central role in the management of health services, emergency response to epidemics, dissemination of public health campaigns, public access to health services, as well as in the training of health workers, the support and promotion of basic research, and the development of health and e-health information services.

Simultaneously, we must be aware of the disruptive effects of new technologies as well. The use of computers, robotics, and the automation of jobs has an impact on the kind of skills that will be demanded on the labour market. Do we have the education and training schemes for that in place? Digital literacy and skills are key enablers for social and personal improvement and progress, as well as for promoting entrepreneurship and building strong digital economies.

We have to cope with issues of digital exclusion and inequality. Half of the world's population is still offline, and progress has been slow towards achieving the SDG 9 target of significantly increasing access to ICTs and providing universal and affordable access to the Internet in LDCs by 2020. Despite the increase in Internet penetration, many developing countries and emerging economies lag behind when it comes to benefiting from digitalization, many people still have no access to ICTs, and major disparities continue existing both between countries and between urban and rural areas. Digital divides persist within each country in terms of gender, geography, age, income, ethnicity, and health condition or disability.

But let us see also the potential of digitalization for reducing disparities in social inclusion, for access to information and for reducing economic marginalization in peripheral areas. Spreading out technology is possible. Look at the huge increase in mobile services occurring across the planet. The

number of mobile users today surpass the number of people with access to electricity, sanitation or clean water. Having said this I need to stress that our topic today should not let us forget how hard we should strive to provide our planet's population with all their basic human needs. Still, I count access to the digital world also as a basic need.

The European Parliament has recently called for further joint actions in digital infrastructure cooperation, as this should become one of the key activities in the EU's partnerships with regional organizations, particularly the African Union. Governments and public sectors that are fully brought into the digital age can lead by example: e-government and the deployment of new technologies, accessibility, one-stop government and the once-only principle, and a digitalized public sector are key to transforming our societies. There is great potential in digital technology in promoting democracy and citizens' participation in decision-making.

Given the speed at which the digital economy is unfolding, we should be aware of the significant gaps that exist in developing countries with regard to the digital economy in terms of data privacy and security issues and the respective national policy. Less than half of all developing countries have data protection legislation. Certain other governments have chosen to consider personal data as a good that can be freely traded. Being a Member of the Parliament of the European Union, I dare to take this opportunity to say with some pride that this year we have agreed on a new and very strong data protection regulation. I would like to promote our European approach to data privacy. We found ourselves "a little bit alone" with our views in the Trade in Services Agreement (TiSA) negotiations. I warmly welcome everybody to have a look at our approach, and I am sure that technical assistance to the relevant authorities in drafting such legislation could be provided to develop a similar legislative approach.

The digital world requires trust, and trust can only be achieved if we ensure more proactive security by design in all digital policies, provide adequate security certification of products and services, and guarantee a high level of data privacy. A strengthened global, national, regional and local partnership is needed between governmental, scientific, economic and civil society actors.

In the digital world, we are also exposed to new forms of crime. Developing countries are far from being immune to cyberattacks. Let me underline the risks of disruption of economic, political and democratic stability if digital security is not guaranteed. We need to increase globally our capacity to prevent, deter, detect and respond to cyberattacks. To that end, the cybersecurity proposals should be developed in a multilateral UN framework and in a holistic way, delivered timely and examined immediately in the participating Member States, and then implemented based on an action plan.

We are facing serious regulatory issues on the national, the regional, and very importantly also, on the WTO level. And let me express clearly that I am not at all satisfied with the slow speed of deliberations, and the lack of deliverables produced by our working groups in the WTO. We need to speed up our efforts on common regulations and consumer protection. The WTO needs to respond to the urgent need to upscale capacity-building and technical assistance to developing countries, and especially to LDCs. According to UNCTAD, digitization is increasingly giving rise to monopolies and poses new challenges for anti-trust and competition policies of both developing and developed countries. We have reason for concern regarding technological dependence on a small number of operators, and especially on Google, Apple, Facebook, Alibaba and Amazon. To promote competition, Europe, India, and Africa and others could become partners in developing alternatives, and could take the lead in discussing anti-trust measures in the WTO.

It is high time for the WTO to deliver a regulatory framework. Our populations require access to Internet connectivity and digital payment methods that are reliable and compliant with international standards. The digital economy requires legislation protecting consumers of online goods and services, intellectual property rights, rules protecting personal data and tax and customs legislation appropriate to electronic commerce. These are pivotal to enabling digital trade, sustainable development and inclusive growth. Can we mobilize the potential of the Trade Facilitation Agreement to support digital initiatives in developing countries to facilitate cross-border trade?

In the WTO, we need agreement on pressing issues like an electronic communications code, flow of non-personal data and mode 5 services, geo-blocking, protection of audio-visual media services and parcel delivery. We need to develop the rules that govern cross-border 3D printing. We need a strong

link with WIPO and move forward on copyright and digital content, including platforms and streaming services, while continuing to deliver protection for audio-visual services of our cultures. We need the WTO to deliver on the elimination of roaming charges.

We need to give the WTO also a visible service character with a view to using the new opportunities. The WTO could play a central role in making blockchain technology usable in global trade. In the International Trade Committee of the European Parliament, we just adopted a report on blockchain drafted by my fellow MEP Emma McClarkin, with a lot of useful suggestions. The WTO could do a lot more to facilitate trade across different customs borders. Global trade is based on an estimated EUR 16 trillion supply chain sector in which the high transactional costs and burdensome paperwork lead to a complexity of processes and systems susceptible to error.

In the future, exporters could upload all their documents to a WTO application underpinned by blockchain, and instantly prove their compliance with preferential treatment granted by WTO commitments or a respective trade agreement. Let us recall that Micro, Small, and Medium Enterprises (MSMEs) in developing countries make up the majority of businesses and employ the majority of manufacturing and service sector workers on this planet. Dealing with bureaucracy can prevent them from making use of trading opportunities, even in neighbouring countries. Facilitating well-regulated cross-border e-commerce can have a direct impact on improving livelihoods, fostering higher living standards and boosting employment and economic development, as well as contributing to gender equality, since a great number of these companies are owned and run by women.

Blockchain technology could allow for peer-to-peer communication, collaboration tools and payments. It would be easier to do business. It can reduce the risk of non-payment and the legal and procedural costs of contract fulfilment with the use of self-executing contracts. Blockchain can improve transparency throughout the supply chain, streamline customs checks and regulatory compliance, reduce transaction costs, and strengthen the immutability and security of data.

As with all the new technologies, there are also risks and tasks related to their application. Blockchain, for instance, appears to be incompatible with the right to be forgotten, and can thus pose serious threat to the privacy of citizens. I would hence urge governments and the WTO to involve privacy experts and chief strategy officers (CSOs) in research of the possible applications of blockchain, outlining the consequences of blockchain in the context of privacy protection and rights. Regulatory oversight must be safeguarded. And maybe most importantly: energy consumption needs to be reduced. The servers currently operated in Bitcoin mining consume more energy than the entire country of Bangladesh.

Having mentioned energy, I would like to stress that there is an enormous potential for African states and regions to become energy rich. The amount of solar energy that could be harvested in the Sahel seems to be infinite. For rural areas, business potential for decentralized energy supply technologies is enormous. Renewables can make energy available as of tomorrow, and energy is the precondition for participation in the digital age.

Digital technologies offer a potential for ensuring sustainability and environmental protection. Traffic can be optimized and reduced. Think of the current chaos in many of our cities. 3D printing might soon reduce significantly the volume of transport. Video conferences can replace air travel, and I guess we all know how time consuming all such travel is.

However, the production of digital equipment involves certain rare materials with low recyclability and limited accessible reserves. Already today, electronic and electric waste represents an environmental and health challenge. Waste Electrical and Electronic Equipment (WEEE) is a priority area of environmental criminality. It is important to build a sustainable ecosystem for the digital economy in order to reduce the ecological impact linked to digitalization by developing an efficient use of resources in both the digital and energy sector, notably by prioritizing the circular economy. We need support for SMEs, which develop reuse, repair and refurbishment activities and incorporate take-back schemes into their business activities with the aim of removing the hazardous components used in the equipment.

We also need to stem trade in minerals whose exploitation finances armed conflicts or involves forced labour. Coltan is the basic raw material for many electronic devices (e.g. smartphones). The civil war that has engulfed the Great Lakes region of Africa, particularly in the Democratic Republic of the Congo, due to the exploitation and extraction and illegal trade in coltan has resulted in more than eight million deaths. The exploitation of children in coltan mines must end now. The WTO must stop being just a bystander. Due diligence schemes for supply chains must become a binding component of the set of rules governing world trade.

Let me finally address an issue, where my own region, Europe, lacks way behind China and the United States: Artificial Intelligence (AI). The EU Member States have stressed the need to ensure an appropriate ethical and legal framework. As with any transformative technology, artificial intelligence may raise new ethical and legal questions, related to liability or potentially biased decision-making. How will this particular new technology relate to our values? How long will it take until we see machines fighting in our conflicts and wars?

The EU Commission has been given the task to present ethical guidelines by the end of 2018 on AI development, based on the EU's Charter of Fundamental Rights, taking into account also principles such as data protection and transparency. AI will bring socio-economic changes. With the dawn of artificial intelligence, many jobs will be created, but others will disappear and most will be transformed. It becomes an imperative to modernize our education and training systems and support our labour force during the market transitions, building on the United Nations' defined pillar of social rights. How can the WTO—and maybe in enhanced cooperation with ILO and UNCTAD—promote education and capability-building for entrepreneurship in developing countries, while also helping create a favourable environment for start-ups and innovative companies?

We need to develop support structures in the WTO, which go beyond facilitating trade. We need to facilitate change. The United Nations Sustainable Development Goals shall be our guide in the upcoming era of disruptive technological and socio-economic change.