The year 2019 was a difficult one for global commerce, and Barbadian trade expert Matthew Wilson is predicting another challenging time in 2020.

But Wilson, who is chief of staff and chief adviser to the executive director of the International Trade Centre in Geneva, Switzerland, says Barbados should prepare itself to tap into possible increased benefits from electronic commerce.

The setting of new rules for this US$29 trillion sector is likely to be a main agenda item at the World Trade Organisation's Ministerial Conference in June.

Read more on Page 3.
Call to get ready for ecommerce

by Shawn Cumberbatch

The next World Trade Organisation (WTO) ministerial meeting could be a game-changer for global electronic commerce (ecommerce) and Barbados needs to be ready for whatever outcome there is.

Barbadian Matthew Wilson, the chief of staff and chief adviser to the executive director of the Geneva-based International Trade Centre (ITC), put the country on alert and noted that “if you look at the data, the area of greatest growth of trade is services, and, of that, trade through ecommerce is growing year on year.”

“So a country like Barbados has got to make sure that we have the architecture to be able to allow our consumers to buy, but more importantly to allow our small and medium enterprises, and our larger businesses to sell,” he said in an interview with BARBADOS BUSINESS AUTHORITY.

“An important component of that is having the right regulatory environment, the right taxation system and to have transparency of rules and regulations around importation and exportation so it’s all very well connected.” It is now about a year since some of the world’s economic powers, including the United States, China, the European Union and Japan, initiated a push for new ecommerce rules. The issue is expected to be on the agenda when WTO members meet at the 12th Ministerial Conference in Nur-Sultan, Kazakhstan, from June 8 to 11.

Since 1998, WTO members have periodically renewed their commitment not to impose customs duties on electronic transmissions. Last month, members agreed to maintain that moratorium on customs duties on electronic transmissions.

Last year, WTO members agreed to maintain that moratorium on customs duties on electronic transmissions until June’s ministerial conference. They also agreed to “continue work under the existing 1998 work programme on ecommerce in the beginning part of 2020.”

Speaking in April during a workshop on the moratorium on customs duties on electronic transmissions, WTO director-general Roberto Azevêdo said it was estimated that global ecommerce sales grew by 13 per cent in 2017, totalling about US$29 trillion.

“The number of online shoppers has registered a similar increase. One quarter of the world’s population purchased goods and services online in 2017. And, importantly, the share of those buying from abroad rose from 15 per cent in 2015 to 21 per cent in 2017,” he said.

Wilson said it was hoped that the WTO ecommerce discussion would “lead to a multilateral agreement on ecommerce and that will lead to some kind of outcome at the WTO ministerial in Kazakhstan.”

He stressed that for Barbados and countries in the Caribbean to effectively contribute to these discussions “they have to know the reality of their ecommerce readiness in the country.”

Prime Minister Mia Mottley with Barbadian trade specialist Matthew Wilson. (GP)

That means doing a survey of the SMEs to find out what do they want, what do they need, what they are not getting, what is the hard and soft infrastructure that is necessary for them to really use ecommerce as a vehicle,” he recommended.

“Also, to have a deep analysis of the rules and regulations around importation, exportation, rules of origin, taxation. That kind of work really needs to be done and there are organisations out there that are open to doing this kind of work.”

He said the United Nations Conference on Trade and Development (UNCTAD) and the ITC, which is a multilateral agency with a joint mandate from the WTO and United Nations through UNCTAD, could help.

“So I think although the work has got to be led by the country, there are organisations out there that are willing to help, but that has to be the most basic thing that needs to be done, understanding the current state of play of your ecommerce readiness,” he said.

“We all know that our greatest asset is our human capital and now human capital is all about using digital, so we need to embrace that.”

2020 will be tougher for trade, says expert

Last year was tough for trade and 2020 looks like it will be more challenging.

That is the outcome Barbadian trade expert Matthew Wilson anticipates.

Wilson, who is chief of staff and chief adviser to the executive director of the International Trade Centre, said that given such circumstances, countries like Barbados needed to continue fighting for multilateralism.

“I think 2019 was a very tumultuous year, a very difficult time for trade. We saw protectionism on the rise, unilateralism was on the rise, and then we saw reduced trade growth, reduced foreign investment flows, and reduced business confidence,” he said.

“And with reduced business confidence you have reduced investment as well, which is always problematic, especially for small countries like in the Caribbean.

And then we have these revolutions which continue to impact on the way we produce, the way we trade and the way we consume,” Wilson said Barbados, as a member of the World Trade Organisation, had a seat at the table and an equal voice, and therefore needed to “make sure that the WTO as an organisation is preserved”.

“I see many of these issues going into 2020 but in an even deeper way. People are now understanding the intersectionality between trade issues, between trade and climate change, between trade and inequality, between trade and poverty, between trade and inclusive growth, between trade and digital,” he noted.

“The one thing that small states have to do is to engage. They cannot be on the sidelines, they have to be rule makers and not just rule takers, and that just means making sure you have your seat at the table, making sure that you are able to contribute to the discussion, but, more importantly, making sure that what you put forward internationally is based on your reality domestically.

“So that means paying more attention to the right statistics so you actually know the state of your economy, and you actually know the challenges and the opportunities that are in different sectors of your economy.”

(SC)