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WTO E-commerce Consultation  
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### **Context**

The Canadian Services Coalition (CSC) is the voice of Canada's services industries on international trade issues and raises awareness of the importance of services to the Canadian economy. Housed within the Canadian Chamber of Commerce, the CSC is the only pan-sector association in Canada advocating for policies to ensure the country's services sector remains globally competitive.

The CSC welcomes the opportunity to comment on the Government of Canada's objectives for the World Trade Organization (WTO) e-commerce negotiations. Given the importance of digital trade to the Canadian economy, it is vital that Canada plays an active role in these negotiations to ensure the outcomes support the needs of Canadian business.

### **Overall Principles**

It is crucial for the WTO e-commerce negotiations to maintain a high level of ambition in all areas. In order to achieve this, the CSC supports having a narrower list of countries participating in these negotiations if it means achieving a more ambitious outcome. It is understandable that not all countries may be able to implement an ambitious outcome from day one, and therefore it would make sense to introduce phased-in commitments, where it is absolutely necessary. However, where differentiated commitments are assumed, these should be time limited in nature.

Additionally, the commitments made by countries in these negotiations will only have value if they are enforceable. Therefore, the obligations assumed by countries in the e-commerce discussions should be subject to binding dispute settlement.

### **Customs Moratorium**

In preferential trade agreements such as the Comprehensive Economic and Trade Agreement (CETA) and the Progressive Agreement for Trans-Pacific Partnership (CPTPP) Canada has committed not to impose customs duties on electronic transmissions. The WTO e-commerce negotiations should re-affirm this goal from participating countries.

### **Digital Trade**

Digital innovation and the growth of cross-border digital services are transforming the global services industry. As we move toward a more data-driven global economy, regulators will need to keep pace with a more flexible and nimble regulatory approach.

In the context of the WTO e-commerce discussions, the federal government should advocate for the inclusion of a number of specific measures in the final agreement:

- Cross-border data flows: Include provisions to ensure the free flow of data across borders, and to prohibit data localization as a condition for doing business in a country. These provisions should apply to all services sectors.
- Data privacy: Although the WTO is not the primary forum for discussing data privacy issues, the WTO e-commerce agreement should include provisions which encourage a structured dialogue between the parties on data privacy that incorporates the views of the business community. Ensuring a balanced, principles-based approach that governs all businesses will allow Canadian services companies to compete on a level playing field globally. Specifically, this means adopting a data protection regime that maintains the confidence of consumers and allows them to make informed choices, without imposing measures on businesses that stifle innovation. Maintaining consumer confidence is also mutually reinforcing with ensuring support for companies' ability to move data.
- Cybersecurity: As governments and industry continue to adapt to rapid technological changes and increasingly complex cyber threats, greater information sharing between all stakeholders will be necessary to attain a greater understanding of global threats, raise awareness and mitigate risks. Ensuring the free flow of data will aid companies in deploying cutting-edge cybersecurity technologies regardless of where they are located. The e-commerce agreement should encourage the parties to work collaboratively with businesses to address cybersecurity matters.
- Regulatory cooperation: The WTO e-commerce discussions should include general provisions on regulatory cooperation to encourage governments and regulators to ensure businesses do not face a fragmented regulatory environment when it comes to digital issues. These provisions should encourage a dynamic, rather than static approach, to ensure regulatory environments remain responsive to evolving technologies.

### **Trade Facilitation**

In order for companies to take advantage of e-commerce opportunities, customs and trade facilitation rules must keep pace with advances in related technologies to ensure that goods move seamlessly across borders. The WTO Trade Facilitation Agreement (TFA) provides an excellent foundation, and countries should work towards fully implementing it. Additionally, Global Affairs Canada should continue support initiatives such as the Global Alliance for Trade Facilitation.

Canada should build on this through a TFA+ outcome within the e-commerce discussions. These TFA+ commitments could take several forms:

- Paperless trading: Encouraging a move towards greater acceptance of a paperless environment for trade documentation to build on the TFA Article 10. Likewise apply these principles to e-transactions and e-signatures. One model to draw from is the Canada-United States-Mexico Agreement (CUSMA). According to the OECD's Trade Facilitation Indicators in 2017, only half of middle-income countries had systems in place for duty e-payment and processing of digital certificates, with smaller uptake for lower-income countries.<sup>i</sup> Moves towards more paperless trading would particularly be supportive for SMEs.
- Release of goods: Promoting the World Customs Guidelines on the Immediate Release of Goods to ensure there is both a proper implementation of customs procedures without causing unnecessary delays at the border.
- Return Packages: Pursuing measures that could allow returned packages to be released without a formal declaration requirement under the caveat that the reference to the outbound shipment and declaration is given to allow for reconciliation. Given the rise in e-commerce,

governments must recognize measures are needed to respond to the inevitable rise in the number of returned packages.

**Next Steps**

The CSC looks forward to working with Global Affairs Canada and the Canada Mission to the WTO during the course of the negotiations. We would be happy to provide further inputs at any point in the negotiating process.

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<sup>i</sup> “Delivering the Goods: E-commerce Logistics Transformation,” World Economic Forum, October 2018, page 17:  
[http://www3.weforum.org/docs/WEF\\_Delivering\\_Goods\\_E\\_commerce\\_logistics\\_transformation\\_report\\_2018.pdf](http://www3.weforum.org/docs/WEF_Delivering_Goods_E_commerce_logistics_transformation_report_2018.pdf)