

Editorial

Free Trade Agreements Feature E-Commerce and Telecom Trade

While there is great anticipation that the WTO Doha Development Round structure and timetable will be fully endorsed at the upcoming WTO Ministerial Conference in Cancun, Mexico, far less attention is being given to a series of bilateral trade agreements adopted or under negotiation. These Free Trade Agreements (FTAs) have become part of United States trade liberalization policy for the services sector. Japan also has launched several FTAs in Asia. In effect, FTAs are becoming policy guideposts for the goals of the Doha Round before negotiations even begin.

There are two common features of the US bilateral services trade agreements: commit to liberalized telecommunications markets and establishing rules for E-Commerce. At one level this represents the growing recognition that services sectors, ranging from accounting, insurance, education, travel, and construction, have become prime areas for increased exports of both developed and developing countries. A US-Singapore FTA was recently signed and one was negotiated last year between Singapore and Japan. A US-Chile FTA is awaiting official endorsement. In 2001 the US-Jordan FTA became effective. The US Trade Representative (USTR) has launched FTA negotiations with Morocco, Australia, and Central Africa (CAFTA).

The WTO Work Program on Electronic Commerce continues to consider issues like classification of content of electronic transmissions, but has not made any significant progress toward preparing a full agreement.

Its mandate must be renewed at the Cancun ministerial. Initiatives such as the US-Singapore agreement are important because they apply General Agreement on Trade in Services (GATS) rules to E-Commerce. For the first time, coverage of trade in digital products has been covered. The *In Focus* section of this issue of *I-Ways* provide readers the full texts of the US-Singapore and US-Chile E-Commerce chapters.

The delivery of digital products electronically includes legitimate downloads of music, videos, software, and text. It also covers digital products on hard media (such as DVD or CD) on which customs duties will be based on the value of the media (e.g., disc) not on the value of the movie, music, or software. This may be considered by some governments as a rather bold and clever maneuver US media companies are taking to try to pre-empt issues of classification and taxation of digital products in advance of formal Doha Round negotiations.

There have been many developments in telecommunications since the Uruguay Round and Basic Telecommunications Services Agreement were signed in the 1990s. The Singapore FTA telecommunications chapter may be significant in that it reflects a number of US objectives to be sought when the multilateral work-program begins.

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