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# World Trade Report 2018

The future of world trade:  
How digital technologies are transforming  
global commerce

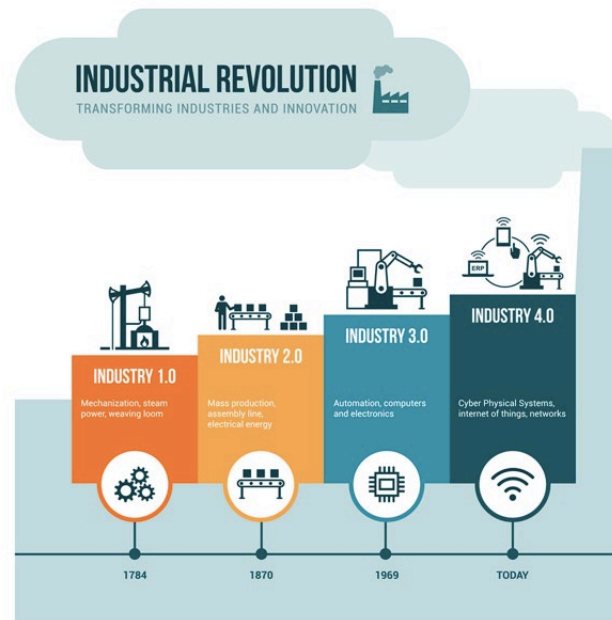
Emmanuelle Ganne

# Context



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- ▶ Trade has always been shaped by technology



- ▶ But we are entering a new digital era



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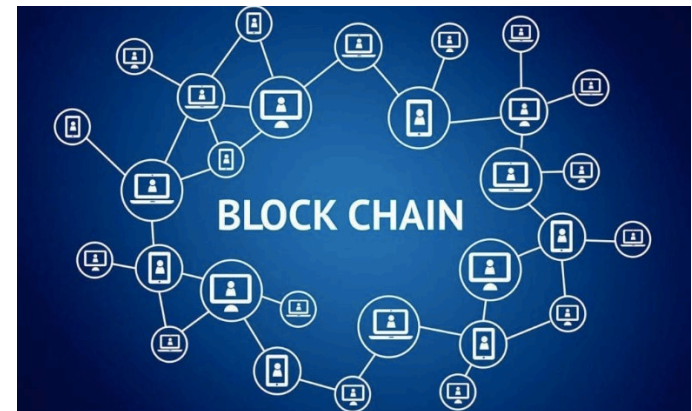
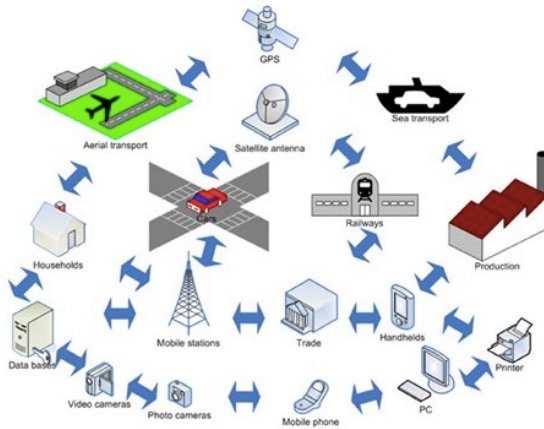
- Potential major impact on what we trade and how we trade.
- What consequences on the world economy, and in particular on international trade?

# Focus of the report



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Internet of things: Everything is getting connected



# Aim of the report



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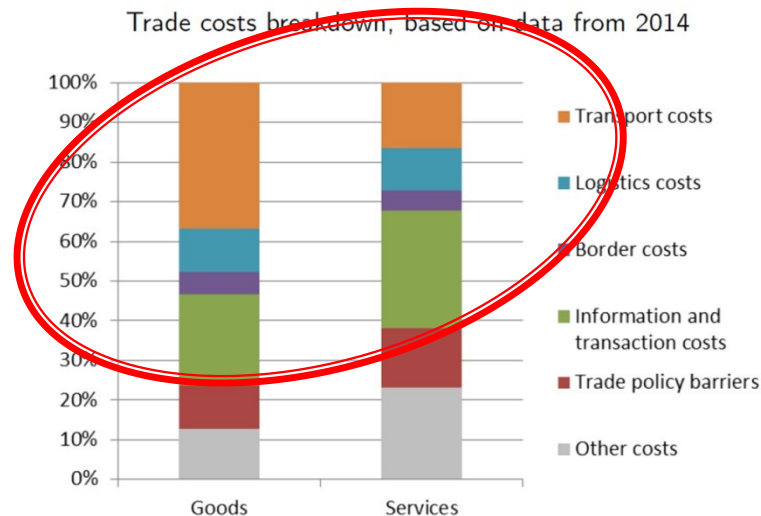
- How digital technologies are transforming global commerce today – and will impact it tomorrow.
- Attempt at quantification of some of the changes at play.
- Some policy options for international trade cooperation



# Key findings

## I. LOWER TRADE COSTS

→ In particular transport costs which account for a large share of overall trade costs



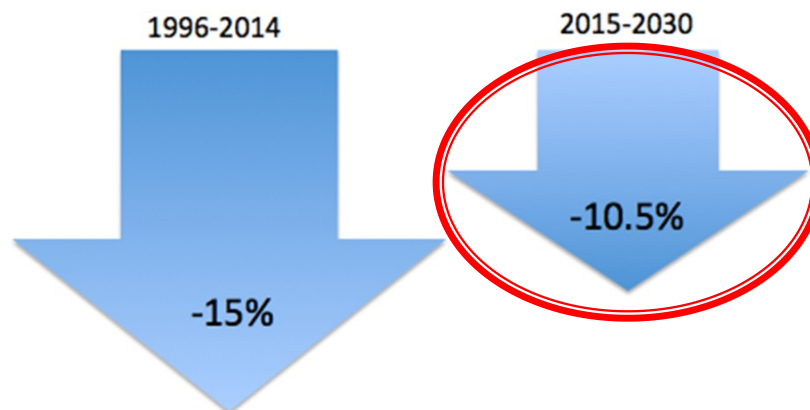




## Other costs impacted:

- *Transaction/search costs* (matching of buyer/seller, easier access to information)
- *Communication costs*
- Facilitate *customs procedures*
- Facilitate *cross-border payments*

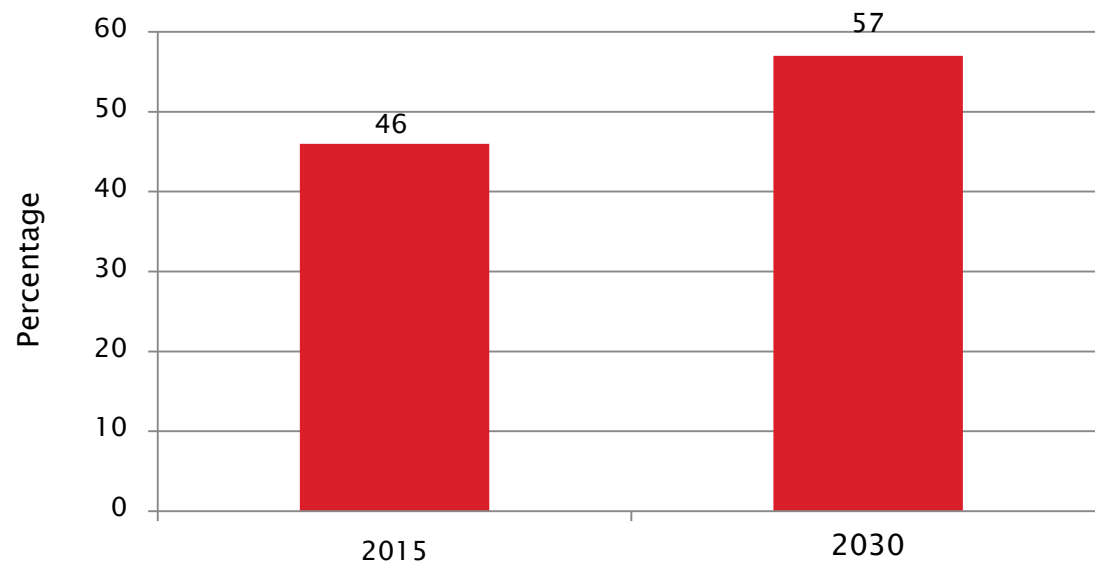
### Cumulated trade cost reductions





- ▶ Trade costs reductions would be especially beneficial for
  - SMEs
  - Developing countries

Developing countries' share in global trade







## II. CHANGES IN TRADE PATTERNS

- ▶ Blurring distinction between goods and services
- ▶ Increasing importance of data flows and intellectual property.

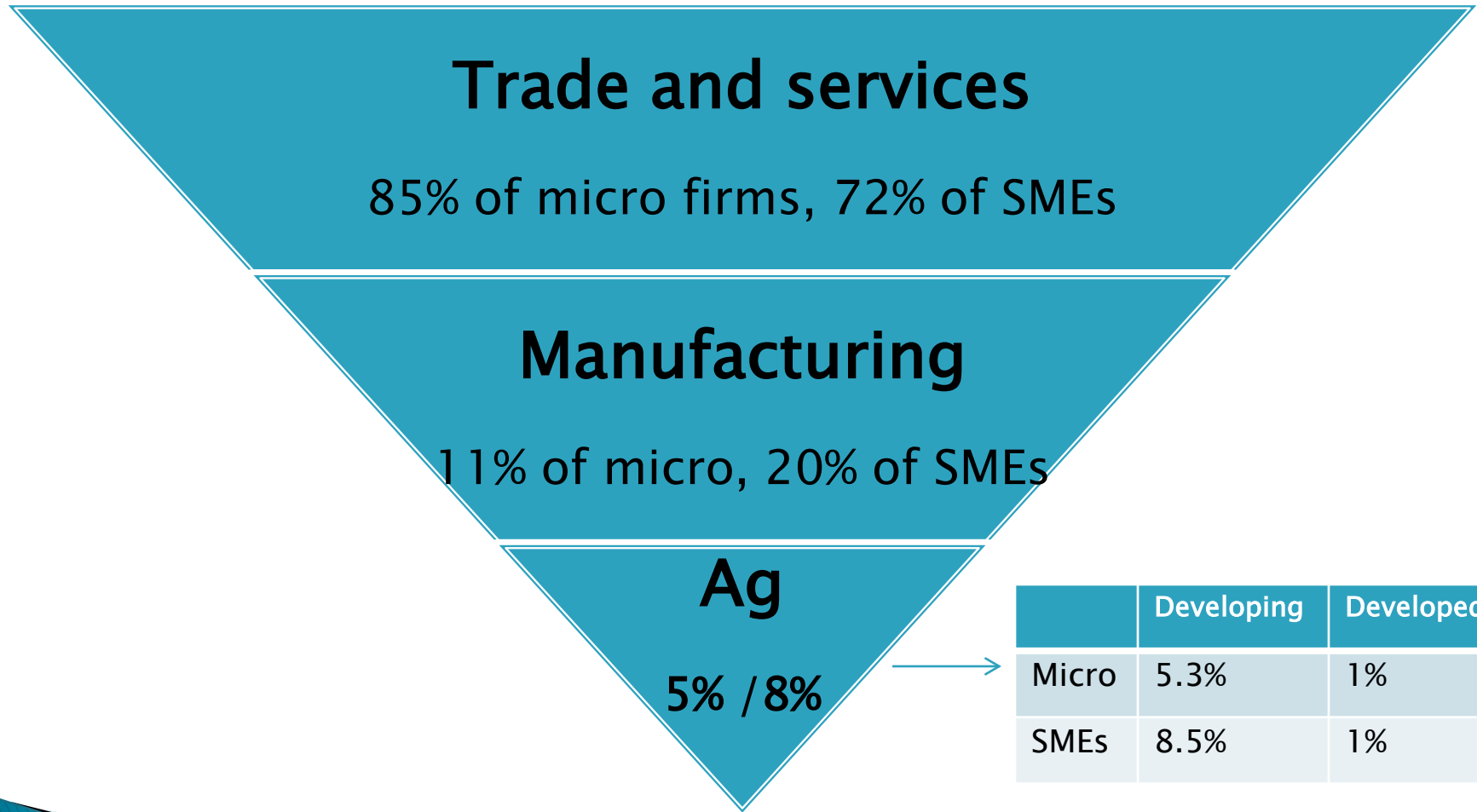
→ A 3D printed object = a "3D traded object"



- ▶ The sectoral composition of trade will be affected:
  - Services trade (especially of digitally-enabled services) will grow in importance
    - from 21% to 25% by 2030
    - important for SMEs



## Sectoral distribution



Source: WTR 2016



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- Trade in time-sensitive, certification-intensive and contract-intensive goods will increase
- Mass customization



- Trade in digitizable goods (e.g. books, CD) likely to continue falling





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- ▶ Impact on GVCs: uncertain
- ▶ Changing patterns of comparative advantage
- Brings about opportunities... but also challenges
  - market concentration, loss of privacy and security threats, productivity and the digital divide.



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# How can we prepare?

## ▶ We review:

- Initiatives by governments and international organizations,
- Provisions included in RTAs, and
- How these issues are addressed in the WTO context

→ Many measures and programmes by governments and IOs to help MSMEs go digital





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# A few words on blockchain

- ▶ Could create new opportunities as users
  - < creation of a digital identity
  - < access to trade finance
  - < streamlining of customs procedures
  - < lower transportation/logistics costs

- Interesting potential
- But many issues to settle
  - WTO role: sensitization, regulatory framework

**Blockchain Technology  
in SME Environment**

A graphic with a dark blue background featuring a network of white lines and dots, representing a blockchain or digital network. The text is in white, bold, sans-serif font.



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▶ To know more:

**Research workshop:  
“Blockchain and international trade”**

- 27 November (organized by ERSD)
- 10am–6pm, Room W



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Thank you!