

Statement developed by Just Net Coalition

E-commerce negotiations being launched at the WEF are really about rules for digital colonisation

A call to the people and governments of the world to oppose legitimisation of the new land grab of people's, communities', and nations' data

World Economic Forum's (WEF) Davos meeting in January, 2019, is expected to witness the launch of plurilateral negotiations on global e-commerce rules, bypassing the WTO. Dominant digital interests – global digital business and governments supporting it – plan the proposed rules to be a blue-print for a whole new global digital order.

A new digital social contract

Agrarian-feudal economic and social relationships centred on land ownership, and industrial age ones on ownership of industrial and later intellectual capital. In the digital age, these relationships will revolve around ownership of data and the resultant artificial intelligence.¹ The proposed e-commerce rules² mandate unrestrained global flow of data – the primary resource of the digital society. This in essence means that data will be the property of whoever collects and hoards it. It provides an, in perpetuity, legitimacy to global data land-grabs by a few digital corporations such as Facebook, Google, Amazon, Alibaba, etc.

These rules would insulate global digital corporations from national regulation by disallowing any requirement for their 'local presence' in the domestic territory, and inspection of their software and algorithms. Digital inter-connections, payments, authentication, cyber-security, etc, get mostly subject to global private law – under pro- big business arbitration – further curtailing the remit of domestic jurisdictions over global digital interactions. Prohibition against any border-crossing tax on commercial digital transactions would, in turn, debilitate the nation state's finances in the digital era.

Digital economy is not just a sector. It pervades and increasingly transforms all sectors – like the industrial society/economy paradigm did before it. As every sector and activity becomes digital, and infused with artificial intelligence, this proposed political economy and private governance framework for the digital will dominate all aspects of societies. It will increasingly upend the social contract that underlies the nation-state based mixed economy and welfarism for the last many decades.

Digital opportunities, many believe, can bring unprecedented prosperity for all. But for this, digital governance must be based on principles of social justice and equity within and across societies. This is required even more in this formative period of the digital society. Quite the opposite is sought, however, through rules for global usurpation of the most valuable digital resource, and hamstringing national regulation. A few powerful businesses and governments plan to digitally control all social activities and economic sectors across the world. The omnipresent tentacles of the Internet, globally extracting granular data about every person and thing, underpin these new controls.

1 Among others, the prominent author and public intellectual Yuval Harari recently employed the analogy across land, capital and data ownership.

2 First developed as a part of the Trans Pacific Partnership trade treaty, its template of e-commerce rules has been repeated at all trade discussions that US and its allies get involved in, including at the WTO.

The e-commerce chimera

The biggest bluff of global e-commerce rules is how they get sold in the name of helping micro, small and medium enterprises in developing countries. So apparently, the new messiahs of small enterprises in developing countries are going to be a few US based global digital corporations, that monopolise e-commerce to take up to 40 percent commissions, abuse sellers' and manufacturers' data to manipulate them and/or replace their products by in-house ones, are most arbitrary and exploitative in their relationships with sellers/producers, and beyond national regulations to impose any fairness on their activities!

Some developing country leaders get led to believe that global e-commerce simply represents a great expansion of the marketplace, opening more market opportunities for their struggling businesses. For one, expanded and more open markets are not necessarily better for their small businesses, an overwhelming majority of which deal in goods that are easily out-priced by global mass manufacturing centres like in China. The latter can now so much more readily penetrate even the remotest local markets. These leaders that are enthusiastic about global e-commerce perhaps need to first list the actual goods that their domestic businesses produce in a globally competitive manner! Artisan and other cultural goods tend to form the staple of the 'global e-commerce for development' rhetoric, but they constitute an extremely small part of any economy.

Digitalisation can enhance efficiencies in every economic activity and layer of the economy. It is NOT digital efficiencies in the global trade layer that will bring the most immediate benefits to developing countries. It will simply expose their vulnerable economies and markets to endless exploitation. Developing countries need to first digitalise their domestic production processes, to produce globally valuable products cheaply. They must focus on developing domestic digital platforms. In short, they need to undertake digital industrialisation before they can benefit from global digital trade. To the extent that trade across borders also can stimulate industrialisation, and scale being important for the digital economy, developing countries should first collaborate among those with comparable digital development.

The founder of e-commerce giant Alibaba, Jack Ma, himself considers e-commerce to be an outdated concept. This clearly underlines the fallacy of seeing e-commerce primarily as digitally-expanded marketplaces. What global digital platforms really do is to re-organise every sector employing data-based digital intelligence, and then control them in a monopolistic manner. Such controls tend to be very one-sided and highly exploitative, with deep lock-ins. This situation demands new kinds of digital regulation, and national frameworks mandating local ownership of data for nurturing domestic digital businesses. The proposed e-commerce rules pre-empt all such possibilities, which shows how their proponents know their game well into the future.

Developing countries cannot simply hope that the benefits of their local producers getting new markets through global e-commerce will somehow outweigh the disadvantages of cheap products from mass manufacturing centres inundating their domestic markets. They would be equally misplaced to expect that global e-commerce rules will help the flourishing of their domestic digital platforms, where they already exist. The latter face quick annihilation as soon as global digital majors cast their eyes on the corresponding markets. India, which has been a little ahead of the curve among developing countries (other than China), has already seen its major digital platform companies unionise and seek government protection against global 'capital dumping'.

A reality check is needed for the chimera of 'global e-commerce for development' created by digital superpowers, with the support of some donor and international agencies.

Resist digital colonialism

Global business leaders from the South – like Bob van Dijk, CEO of Naspers, Africa’s biggest company; Anil Ambani, head of India’s largest business house ; and Nandan Nilekani, Chairman of India’s top IT company – have been warning against data and digital colonisation. Traders’ groups in many developing countries are holding protests, and local digital businesses are complaining, as they face being captured or wiped out by global digital corporations.

Some developing country leaders, however, remain blinded by the lure of sitting at the high table with global digital business leaders, this time at the snow-white Davos. They keep hoping that these business leaders will somehow magically usher in the appropriate digital economy/ society in their countries.

It would be useful to understand the future that dominant digital interests have in mind through the proposed e-commerce rules. Data flows unchecked from all countries to a very few global digital corporations, mostly in the US and some in China. Such expansive and minute data enables them to develop thorough real time digital intelligence about every sector and every single economic activity and actor. It would be as if the ‘brains’ of all physical activities and processes in all other countries are ‘outsourced’ to these few corporations. A complete cognitive lock-in and digital intelligence dependency soon sets the conditions for total economic and social domination. As it gets entrenched, future options for developing countries to ever extricate themselves also get foreclosed. In any case, as explained earlier, the proposed rules simultaneously de-fang key levers of national digital regulation, render digital relationships subject to global private law, and considerably squeeze the taxation base of the state.

The choice of the Mecca of global business, WEF, for launching this potent new framework for domination of the world by a few digital corporations indeed rings of poetic appropriateness!

We, the undersigned, call upon the people and the governments of the world to oppose this blatant attempt at a new elitist digital social contract which is nothing but one between the digital masters and the rest of us, laying out the rules of our digital servitude for all times to come.

Let us claim our data, and our digital future, for ourselves!

Just Net Coalition

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*This statement is open for endorsements by organisations and individuals till January 20th, 2019.
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Alternatively, you can endorse it online at <https://data.justnetcoalition.org> .*