

# WTO Services Liberalization - Computer and Related Services

## Why WTO Members Should Make Liberalization Commitments at the Two-Digit Level

### I. Background:

Computer and related services are frequently considered a tool for economic development and often lead to employment creation, especially of skilled, well-paying jobs. The Internet provides a new, efficient means for cross-border delivery of computer and related services, making these services available to a much broader group of users around the world who will now be better able to enjoy the benefits of information technology.

Computers and other information technology have historically undergone rapid and continual technological advances. This rapid pace of innovation can be expected to continue in the future. In addition, the Internet has facilitated the offering of computer services as a bundle or package of related services that can include some or all of the subsectors of the Provisional CPC Division 84: consulting services related to the installation of computer hardware (CPC 841), software implementation services (CPC 842), data processing services (CPC 843), data base services (CPC 844), maintenance and repair services (CPC 845), and other computer services (CPC 849). The increasing offering of services as a combination of two or more of these subsectors makes the distinctions between the subsectors less and less meaningful and increases the importance of obtaining commitments for the entire sector. Scheduling commitments at the two-digit level (CPC 84) would ensure coverage for all subsectors (including CPC 849) and bring commitments into better alignment with current market developments.

Further, while today's computer and related services provide greater speed and capacity than in the past, the basic functionality of these services – data processing, data storage, software services and related consulting – are fundamentally the same as they have always been. For example, "web hosting" is an offering that houses, services, and maintains files for web sites on the Internet. The essence of web hosting is database services, which are already covered under existing GATS commitments in computer and related services<sup>1</sup>. Making commitments at the two-digit level avoids confusion about classification of a particular computer service into a specific subsector when the service includes functionality covered by multiple subsectors.

### II. Key messages:

- Increasingly, computer users are purchasing information technology solutions as a service, rather than buying computer hardware and software to create their own solutions. Given this trend, liberalization in computer and related services is more important now than in the past.
- In an increasingly networked global economy, information technology and the Internet enable companies to operate more efficiently and serve markets that were previously out of reach. This is especially true for developing countries. WTO Members should take full advantage of the Doha Round to ensure a liberal and open trade regime in these important areas.
- Governments must ensure that as technology evolves, new market access barriers to information technology services are not put in place. In order to keep pace with the rapid technological changes in computer and related services, WTO Members should make full market access and national treatment commitments in computer and related services at the two-digit level. This would ensure commitments reflect the fast-paced evolution of technology.
- Information technology plays a critical role across all sectors of today's economy, helping businesses and governments to enhance productivity, provide better services, increase competitiveness and foster economic growth. WTO Members interested in capturing these benefits should: 1) show leadership by committing to full liberalization of computer and related services at the two-digit level, and 2) request their trading partners to do the same.

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<sup>1</sup> Further new developments include application hosting, remote data centres and backup storage, grid computing, and on demand computing.