Impact of E-Trade: From International Trade Law Perspective

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Abstract—E-commerce may be termed as e-trade. E-Trade means e-goods and e-service. E-trade is a part of International Trade law. E-trade plays a key role in the sustainable development of trade and becomes a part of international trade development. Thus, E-trade leads to the globalization of trade. Today, e-trade is expanding due to the rapid growth of trade across the world. E-trade is executed by linking among different terminals through the transnational electronic transaction. E-trade has different difficulties or barriers for its virtual world. Sustainable e-trade mechanism depends on transaction security and reliable legal framework. Non-privatization of DNS also a key factor for the development of e-trade. Different measures (i.e. transaction security, electronic signature and access control measures) should take into consideration for removing trade barriers from e-trade sector. The question may arise what should parties do with e-trade disputes. This question was answered by different scholars in different ways. Some argue to adopt proper Online Dispute Resolution to deal with e-trade disputes. Today, different adhoc online dispute settlement venues (i.e. e-arbitration) may be found across the world to deal with e-trade disputes. For the development of e-trade, different international laws should take into consideration, i.e. UNCITRAL Model Law on Electronic Commerce, United Nations Convention on International E-Contracts, WTO agreements. This is qualitative and library-based research. This research is to examine as to how future development of e-trade may be executed from an international trade law perspective.

Index Terms—DNS, E-Trade, International Trade Laws, Legal Framework.

I. INTRODUCTION

E-business is a part of e-trade. E-trade includes e-goods and e-services. E-trade depends on transaction security and trustworthy transborder legal framework. A stable legal framework for e-trade is necessary for a successful electronic transaction within the trade community. It is necessary to remove the trade barrier while dealing e-trade in cross border transaction [1].

E-trade is a vital part of the globalization of trade. Internet is one of the key factors for impacting e-trade transaction. Lou Gerstner (head of IBM) said "the internet is the great leveler between big and small companies. Even small companies now customize their products for specific foreign markets" [2].

For Companies, E-trade is an electronic transaction business and needs long-term survival. E-Trade may be done by selling and buying e-products through electronic devices and methods (i.e. credit/cash/debit card etc.). These procedures are followed by different companies in different

jurisdictions (i.e. United States, Japan etc.) [2].

Companies which cannot compete with global competition in e-trade may face different difficulties. For Example, Buyer "A" would like to purchase books and he will search for different online book shops/stores (i.e. Amazon.com, barnesandnoble.com) and check the security system to purchase his desired books [2].

From the above example, it may be observed, online companies should consider different factors (i.e. payment, price, security checks etc.) while dealing with e-trade [2].

Internal government (i.e. USA) cannot keep up-to-date with e-trade mechanism due to fast-growing changes in e-commerce. However, the particular jurisdictional government should provide a predictable, consisting and non-complex legal environment to cope with e-trade mechanism. This is a view from domestic thought on e-trade mechanism [2].

From international jurisdictional thought on e-trade, trade barriers (i.e. cutting tariffs, removing subsidies etc.) should be removed and science-based international standard should be adopted [2].

There are many issues which may be identified to lead e-trade for future globalization of international trade. The factors may include, to develop telecommunication to competition, to consider the internet as a permanent facility at "duty-free zone", liberal treatment should be provided to digitalized goods, technologically neutral rules should be introduced, developed and digitalized co-operation on consumer protection etc. [2]

Development of e-trade will improve the quality of life and thus lead to globalization of trade within the trade community [2].

For sustainable growth of e-trade, development of the framework for e-trade is an essential tool. In the next heading, the framework for e-trade will be discussed.

II. FRAMEWORK FOR E-TRADE

A. Internet Governance Framework for E-trade

Each business entity should have a domain name or terminal to build a link with other terminals. This provides visibility of a particular business entity in the global network and becomes a part of the e-trade community. [1]

This domain name identifies the destination of the communication, the business legal entity and to develop free access of information for e-trade dealings etc. [1]

This system of linking different terminals is done through the Domain Name System (DNS). DNS was run by the Internet Assigned Numbers Authority (IANA). Recently, there are organizations which deal with DNS, i.e. The Internet Corporation for Assigned Names and Numbers

(ICANN). [1]

Privatized DNS may impact on the sovereignty of a state. In November 2005, in the second World Summit on the Information Society (WSIS), it was addressed that the internet governance should be multilateral, transparent and democratic forms. It was also held, there should be coordination of activities among international and inter-governmental entities for sustainable e-trade communication. In 2006, the Internet Governance Forum (IGF) proposed a new idea of "dynamic coalitions" to deal with specific issues and cope with policies which were recommended by different entities [1].

B. Legal Framework for E-Trade

Nowadays, 80% of legal entity's assets are digitalized. An essential secured technical framework for execution is necessary to save these assets from loss. Thus, transaction security comes into effect [1].

Transaction security may include protection of e-business transaction, appropriate measure for e-trade security and build firewalls. The transaction security should comply with different technical measures and business environment [1].

Transaction security may get more secured by taking consideration of different preventive digitalized measures, i.e. cryptographic measures, electronic signature and access control [1].

Cryptographic measures are taken to hide digital data from an unauthorized person, i.e. e-banking/online banking system. Transnational transfer of cryptographic goods is executed according to different regulations (i.e. COCOM list, Wassenaar Agreement etc.) [1].

Electronic signatures provide protection against unauthorized modification and verify authentication. This protection measure is observed between seller and buyer during delivery of e-goods and e-services. For the transnational transaction, Model Law on Electronic Signature (i.e. drafted by UNCITRAL) are applicable. This Model law acts as harmonized legal rules within the e-trade community [1].

Access control means blocking unauthorized access to an electronic transaction. These access controls are installed in electronic domains. These domains determine which individuals may access or maybe blocked for accessing their domains [1].

C. Other Frameworks for E-Trade

Besides the above-mentioned frameworks, there are other trade-related frameworks which exist in e-trade sector. The main purpose of trade rules is to remove trade barrier and to enhance trade. For e-trade, it is difficult to deal with the trade barrier concept because it does not have physical traces [1].

However, the internet is globally accepted for the electronic transaction and it may be used in e-trade sector. A reliable legal framework is needed for governing e-trade through the internet. For legal framework, consideration may be taken on different e-trade rules under the World Trade Organization (WTO) and "Organization for Economic Co-operation and Development (OECD)" [1].

From the above discussion, it may be observed, a harmonized transaction framework is needed for a sustainable e-trade framework. This will provide certainty

and predictability in e-trade.

The e-dispute settlement is a part of a sustainable legal framework for e-trade. In the next heading, e-dispute settlement for e-trade will be discussed.

III. E-DISPUTE SETTLEMENT

Internet is a vital part of world e-economy. E-economy is formed through e-contracts between businesses (B2B) and between businesses and consumers (B2C). For examples, selling laptops, camera, online banking etc. [3]

It is a difficult task when any dispute arises within e-trade. Many scholars argue to introduce online dispute Resolution (ODR). This notion was supported by the American Bar Association, The Federation Trade Commission, the World Trade Organization. Thus, a group of 13 states formed Econsumer.gov where individuals may file e-contract dispute for settlement. Complain to Econsumer.gov may be filed in 4 languages, i.e. English, French, German and Spanish.

Online dispute resolution resolves both offline and online e-contractual disputes. In mid-1990, there were 4 online dispute resolution venues, i.e. the virtual Magistrate at Villanova University, the Online Ombuds Office at the University of Massachusetts, the Online Mediation Project at the University of Maryland and the Cyber Tribunal Project at the University of Montreal, Canada [3].

Due to fast growing of web browsing, ODR venues are open 24 hours and deal the matters like traditional forums. ODR venues use modern technologies to settle the disputes, i.e. instant text message, java enable chat rooms, video conferencing, e-mail etc. [3]

There are mainly two types of ODR venues, i.e. automated ODR and interactive ODR venues. Automated ODR venues are virtual where no human intervention to settle the dispute, i.e. Clicknsettle.com, Cybersettle.com. On the other hand, interactive ODR venues have real mediator or arbitrator to settle the disputes by using electronic robots. This may be termed as I-ODR, i.e. ICourthouse.com, Squaretrade.com and the American Arbitration Association's AAA Webfile Portal.

ODR is beneficial to both buyer and seller. ODR is low cost, has a low barrier to access, convenience, has 'impersonal and non-adversarial aspects of ODR venues', electronic version of Law Merchant is used for choosing the law for transnational transactions etc. [3]

This heading provides a brief idea of how e-dispute may be settled through ODR. Next heading will describe the future of e-trade.

IV. FUTURE OF E-TRADE

In 1994, Gore (vice President of Argentina) suggested forming a global infrastructure to deal with e-trade worldwide. Gore was also known as the inventor of the internet. This was the year for enhancing e-trade across the world [4.]

21st century is treated as industrial revolution transformed era. Expansion of e-trade is playing a key role for the purpose of developing international trade across the world.

E-trade will be succeeding to reach its goal with compliance with rules of market competition, non-discrimination and rule of law [4].

Thomas Friedman stated, the internet is home of everything where individuals can sell and purchase according to their desired options. The future of the international trading regime will reach its goal with future development of e-trade [4].

Future development of e-trade may be achieved in different ways, i.e. forming legal framework among WTO members basing on tailoring and negotiable procedure, Telecommunication service should be developed and model for e-trade should be formed under WTO, Computers and related services should be improved among WTO members, audiovisual and Entertainment services should be developed under WTO agreements [4].

For future improvement of e-trade, scholars suggested considering the tailor or necessary adoption of different laws, i.e. UNCITRAL Model Law on Electronic Commerce, United Nations Convention on International E-Contracts, laws relating to E-Business contracts and any other necessary laws [4].

V. CONCLUSION

From the above discussion, it may be concluded that for development of e-trade, a stable and uniform (i.e. e-CISG) legal framework should be formed in compliance with good policies.

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