



26 May 2005

**Comments of the Government of Israel on WGIG document "Cluster Three Assessment Report", April 5, 2005.  
"E –Commerce, Taxation, Trade"**

The Government of Israel would like to focus on the aspect of E-Commerce and Trade, as taxation is dealt with, as we understand, within the context of the WTO. Additionally, in the context of the WTO, we believe the recent WTO Appellate Body and Dispute Panel report, on the case of Antigua and Barbuda vs. the United States with regard to measures affecting the cross border supply of betting services, is very relevant to these issues, and should be mentioned.

The basic problem in the area of international electronic commerce is the lack of an agreed international law framework for electronic commerce, or critical aspects of it. At present, electronic commerce is dealt within local legislative systems. These systems are diverse, as they sprout from different legal traditions and cultures, leading to different legal regimes. This problem is not unique to electronic commerce, and it relates to international commerce in general. We suggest that it is more acute with regard to E-commerce, given its inherent international aspects. Moreover, traditional international commerce is usually conducted when both sides are aware that they in the international law realm. The ease of electronic commerce can diffuse the international aspects of electronic commerce, and may burden consumers.

On the other hand, this field is not without a legal framework altogether. For instance, the credit cards companies' international agreements allow on line cross border transactions. These and similar arrangements are not depicted in the paper, and therefore the description may be lacking.

We suggest that a closer observation be conducted with regard to basic international norms that could be in place in the context of the internet. As we have learned in the last decade in many cases of international attempts to reach agreement with relation to legal questions related to the internet and e-commerce, such international agreement in areas which are usually within the sovereignty of the states and portray their legal



culture, is difficult to achieve. Nevertheless, in many countries, some of the basic concepts relevant to electronic commerce, such as those included in the Unictal Model Law on Electronic Commerce 1996, and the regulation of electronic signatures, have been legislated in the last years. Given the global flow of technology and the similar substantial aspects of these areas, there is a strong basis that allows building upon in order to set an international legal infrastructure to support electronic commerce.