



UPU Think Tank Brief

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Enhancing postal references in international e-commerce agreements: WTO Joint Statement Initiative (JSI) on e-commerce

I. Introduction

E-commerce has become increasingly relevant to the global economy over the last two decades. COVID-19 only increased policymakers' sense of urgency to review trade rules as their application becomes increasingly challenging, moving from the physical to the virtual space. A growing number of countries have negotiated and concluded regional trade agreements (RTAs) with specific provisions or chapters on e-commerce. According to the regional trade agreement (RTA) database of the World Trade Organization (WTO), 187 of the 352 agreements in force to date contain provisions relevant to e-commerce. In 2020 alone, as the implications of COVID-19 flared, 19 RTAs with e-commerce provisions were notified to the WTO.

E-commerce discussions in the WTO currently take place in two parallel tracks. The WTO Work Programme on Electronic Commerce, launched in 1998 (of a non-negotiating and exploratory nature), and the Joint Statement Initiative (JSI) on e-commerce, which aims to produce a binding agreement among its members. This initiative encompasses both traditional trade topics (e.g. trade facilitation) and several digital policy issues, such as cross-border data flows and data localization, online consumer protection and privacy.

The first Joint Statement on Electronic Commerce was released at the 11th Ministerial Conference in Buenos Aires in 2017. Currently, the total number of WTO members formally participating in the e-commerce JSI negotiations is 89.¹ JSI participants account for slightly more than half of all WTO members and 90% of global trade. Australia, Japan and Singapore are currently co-convening this plurilateral process.

To date, some 38 developing countries (DCs), including seven African² countries and four least developed countries (LDCs), have joined the WTO JSI.³ Despite their limited capacities and legitimate doubts and hesitation owing to the digital divide, many DCs joined the process in the hope of ensuring that the future agreement would catalyze their digital transformation, generate new services, and open new markets for their micro, small and medium enterprises (MSMEs). They also raised awareness of the crucial need to strengthen the development dimension of the future agreement to promote effective cooperation and ensure that necessary capacity building and technical assistance are provided to enable small DCs and LDCs to fulfill their forthcoming commitments.

Negotiations on the WTO's JSI on e-commerce outcome document are progressing and aim to reach a "technical" conclusion of the negotiations on digital trade area by the WTO's Ministerial Conference 13, scheduled for February 2024.⁴

This policy brief explores the main topics covered in the WTO joint initiative on e-commerce negotiating text (INF/ECOM/62/Rev.2). It also discusses the contribution of the postal sector to e-commerce and the trade inclusion of MSMEs, women and underrepresented communities, and highlights ways in which the postal sector can enhance its role in the implementation of the WTO joint initiative on e-commerce by providing recommendations that members could consider for inclusion in the negotiating text.

II. Status and impact of the negotiations

The objective of the participants in the negotiations is to agree on a multilateral framework to increase the flow of e-commerce

¹ www.wto.org/english/tratop_e/ecom_e/joint_statement_e.htm.

² Cooperation, Capacity Building and Implementation Considerations of Developing Countries in the E-Commerce JSI, page 1 (Ismail Y, April 2022).

³ [www.iisd.org/articles/policy-analysis/joint-statement-initiative-](http://www.iisd.org/articles/policy-analysis/joint-statement-initiative-electronic-commerce)

[electronic-commerce](http://www.iisd.org/articles/policy-analysis/joint-statement-initiative-electronic-commerce).

⁴ [www.iisd.org/articles/policy-analysis/joint-statement-initiative-](http://www.iisd.org/articles/policy-analysis/joint-statement-initiative-electronic-commerce)
[electronic-commerce](http://www.iisd.org/articles/policy-analysis/joint-statement-initiative-electronic-commerce).

and raise the capabilities of countries, particularly developing ones. For that purpose, the implementation of the agreement will be accompanied by technical assistance and capacity building for DCs.

i Status of the WTO JSI negotiations

On 8 September 2021, the JSI co-conveners circulated an updated consolidated negotiating text based on members' proposals and progress in the negotiations in 2020 and 2021 (INF/ECOM/62/Rev 2).⁵ The text forms the basis for negotiations and reflects outcomes of small group discussions and consultations that were considered in plenary sessions.

The themes advanced in members' proposals have been aggregated in six sections in the JSI negotiating document, as follows:

- A. enabling electronic commerce;
- B. openness and e-commerce;
- C. trust and e-commerce;
- D. cross-cutting issues;
- E. telecommunications; and
- F. market access.

On 22 December 2022, the co-conveners circulated a third revision of the updated consolidated negotiating text, INF/ECOM/62/Rev 3. The consolidated text gathers proposals submitted by JSI participants, reflects advancements in the thematic small group negotiations, stocktake and plenary discussions, and forms the basis for the negotiations and future agreement. Unlike the 2021 and 2020 consolidated negotiating texts, the December 2022 text (INF/ECOM/62/Rev 3) witnessed changes to its structural organization and a dilution of its policy coverage.

Three small negotiating groups reached converged texts appearing in the December 2022 updated consolidated text: i) access to and use of the Internet; ii) electronic transactions frameworks; and iii) cybersecurity.

As the new annex gathers proposals that are gaining less traction or complicating the integration of the future agreement into the WTO

framework, it may point to the possibility that this move is a preliminary step towards excluding the annex or some of its articles or postponing it to a later phase.⁶

A new revision was issued in August 2023 (INF/ECOM/62/Rev 4). This new consolidated document will form the basis for negotiations in 2023, the year in which negotiations are expected to be concluded.

Key areas of debate in the WTO JSI on e-commerce negotiations

Preliminary agreement has been reached on 11 articles.⁷ Negotiations are continuing on a number of articles (personal data protection, access to source code, revision of the telecommunications reference paper, ICT products that use cryptography), and stocktake sessions are being organized to discuss other proposals presented for negotiation.

Some of the key areas generating the most debate in the negotiations include restricting the free flow of data, network neutrality and customs duties on electronic transmissions (moratorium), which have also played out in the form of a north-south divide.

It is clear, however, that DCs cannot tackle the challenges of negotiating and applying e-commerce rules without adequate need-based capacity-building assistance during the negotiations and all the way to implementation.

ii Impact of the postal sector's absence during the current negotiations of the WTO JSI on e-commerce

Notwithstanding the postal sector's role in connecting people, businesses and governments and in the development of economic growth and e-commerce (without postal infrastructure, the median country would experience a 6.96% reduction in its annual gross domestic product (GDP)⁸, postal references are quasi-absent in the consolidated negotiating text. In fact, in the 2021 consolidated negotiating text (INF/ECOM/62/Rev 2), the word "postal" is referenced only once in the document, notably in sub-section A2 (Digital trade facilitation and logistics). This is a missed opportunity for postal sector decision

⁵ Cooperation, Capacity Building and Implementation Considerations of Developing Countries in the E-Commerce JSI, page 6 (Ismail Y, April 2022).

⁶ The Evolving Context and Dynamics of the WTO Joint Initiative on E-Commerce: The fifth-year stocktake and prospects for 2023, page 11 (Ismail Y, March 2023).

⁷ State of play of WTO negotiations on e-commerce, investment facilitation and services domestic regulations, page 2 (European Commission).

⁸ State of Postal Sector 2023, page 7 (UPU).

makers. By being quasi-absent in the major trade agreements covering e-commerce, the postal sector may miss out on opportunities that could be beneficial to the development of e-commerce at local, regional and global levels and the trade inclusion of MSMEs, women and underserved communities through the postal network.

Like all products and services, postal services have their own specifications that should be considered in e-commerce agreements, particularly the WTO JSI one.

III. How the postal sector can contribute to the WTO JSI negotiations on e-commerce

Our analysis reveals that to promote inclusive e-commerce participation in the WTO JSI on e-commerce, it is imperative to design policies that recognize the postal sector's contribution to the evaluation of the effectiveness and implementation of e-commerce agreements at the national, regional and global levels.

In the WTO JSI on e-commerce negotiations, it is important to emphasize the postal sector's role in the development of goods flows linked to e-commerce, in particular through postal delivery services, the exchange of advance data with customs authorities, evaluation of the effectiveness of trade agreements through the use of postal data, data localization linked to e-commerce transactions, cybersecurity, and payment services.

a Use of postal data to monitor and evaluate the effectiveness of the WTO JSI on e-commerce

Postal data offers a valuable source of information to assess the efficiency and impact of RTAs. It provides tangible data on trade volumes, goods diversity, delivery times, market access and trade flows, allowing policymakers and analysts to monitor and evaluate the effectiveness of these agreements in promoting regional trade and economic integration.

There are several ways in which postal data can be used to gauge the effectiveness of trade agreements.

- *Monitoring the volume of trade between two countries:* Postal data can capture the number of packages and letters exchanged between countries, thereby providing insights into trade flows. By comparing the postal data before

and after the implementation of a trade agreement, policymakers can gauge if the agreement has led to an increase or decrease in trade volume between the countries involved.

- *Evaluating market access:* Trade agreements often aim to eliminate or reduce trade barriers, such as tariffs and quotas, to enhance market access. Postal data can help assess if there has been an increase in cross-border shipments, indicating improved access to markets. Increased market access can lead to more postal transactions and exports, demonstrating the effectiveness of trade agreements.
- *Identifying emerging trade patterns:* Analyzing postal data can uncover emerging trade patterns by identifying the types of goods being shipped and the countries involved. This information can reflect the impact of trade agreements on market diversification, as new trading partners and products may emerge owing to reduced trade barriers.
- *Tracking regional integration:* Many trade agreements, such as regional trade blocks, aim to promote regional integration by fostering trade among member countries. Postal data can track the volume of mail and packages within a regional block, illustrating the level of integration. An increase in postal transactions within the block can indicate enhanced regional trade, highlighting the effectiveness of the agreement.
- *Monitoring compliance:* Almost all trade agreements have provisions to be followed (e.g. requirements to provide certain customs procedures and dated documentation). Postal data can be a useful tool for tracking compliance given the obvious compliance requirements in these types of transactions. Non-compliance in postal transactions can serve as an indicator of potential issues with implementing the agreement.

b Enhancing the trade inclusion of MSMEs and women

Referring to the 2022 Universal Postal Union (UPU) survey results on the situation of trade facilitation, 46.6% of member countries mentioned that their export process needs to be enhanced. A majority of UPU member countries (80.7%) agreed on the key role of postal infrastructure in enabling trade inclusion for MSMEs. Sixty-eight percent of UPU designated postal operators (DOs) have also integrated

trade facilitation for MSMEs into their corporate vision.

At policy level, to ensure an inclusive e-commerce policy, some governments and regional development institutions have integrated the postal sector's contribution in their national and regional e-commerce strategies, such as the Regional E-Commerce Strategy endorsed by the ECOWAS Council of Ministers in July 2023, which aims to enhance the contribution of postal services to the development of e-commerce and to transform traditional postal services into a modern e-commerce and logistics hub. The postal sector will serve as an enabler for the e-commerce inclusion of DCs and LDCs.

The WTO JSI on e-commerce as a global policy that facilitates the inclusion of DCs and LDCs in the e-commerce space is considered highly important. However, this is a daunting task because of the prevailing inequalities in e-commerce participation worldwide, with a widening gap between developed countries and DCs.⁹ At the company level, MSMEs also lag behind larger firms in e-commerce adoption and in reaping related benefits.¹⁰

Both in developed and less-developed economies, MSMEs have been less able to leverage these advantages. In 2019, e-commerce accounted for 24% of economic turnover in large firms in member countries of the Organization for Economic Cooperation and Development (OECD), while merely 9% of small firms engaged in e-commerce.¹¹

According to Guglya and Maciel (2020), "the work in the JSI appears to be based on the presumption that the necessary e-commerce infrastructure, regulatory framework, and even a certain level of e-commerce consumer culture are already in place".¹²

Guglya and Maciel reiterated this approach in their 2020 study. They noted the potential of the JSI to achieve progress on enabling issues "parallel to the regulatory framework development" and that the "implementation of (digital) trade facilitation measures ... could progressively build the necessary capacity in developing countries and LDCs, and the stakeholders within".¹³

⁹ Aid for trade at a glance 2017: Promoting trade, inclusiveness and connectivity for sustainable development (WTO/OECD Publishing).

¹⁰ Unpacking E-commerce: Business Models, Trends and Policies (OECD Publishing).

¹¹ Digital Economy Outlook 2020 (OECD Publishing).

c Integration of postal services with border agencies

The integration of postal services with border agencies aims to create a more efficient and secure environment for international mail and package movement. It enables faster customs clearance, reduces the risks associated with cross-border trade, and enhances overall border security measures.

Enhanced integration enables postal services to work closely with border agencies to ensure smooth customs clearance of international mail; share relevant information about mail and packages crossing borders; align operational procedures, practices and data formats with international standards; share information on prohibited or restricted items; track suspicious packages; and implement security measures to prevent illicit trade, smuggling and terrorism-related activities.

Globally, the UPU has made efforts to help postal operators improve this integration with border authorities. One such effort is the development of the Customs Declaration System (CDS) to manage and capture digital customs declarations and process EDI messages between postal operators and customs authorities.

Customs authorities are an integral and important part of the postal logistics chain. The time that e-commerce parcels spend in Customs is a substantial part of postal end-to-end performance.

IV. Recommendations

Based on our analysis and understanding of the sector as a whole, we can make the following recommendations to postal sector and digital trade policymakers and regulators.

a Enhancing postal references in the WTO JSI on e-commerce outcome document

By ensuring a comprehensive agreement that considers physical as well as digital trade, governments and stakeholders can establish a robust framework that supports innovative cross-border transactions in goods while

¹² Addressing the Digital Divide in the Joint Statement Initiative on E-Commerce, page 9 (Guglya and Maciel, December 2020).

¹³ Addressing the Digital Divide in the Joint Statement Initiative on E-Commerce, page 11 (Guglya and Maciel, December 2020).

addressing challenges related to customs procedures, logistics and regulatory frameworks.

In fact, the postal network plays a vital role in facilitating the flow of information and goods between people, businesses and organizations around the world. This role became more marked with the transformation of the international postal system from a document exchange service to a goods distribution service.

b Promoting the postal sector's role in the implementation of the WTO JSI

Postal operators can play a critical role in the implementation of this initiative by improving their digital infrastructure. This includes upgrading their IT systems, implementing e-commerce platforms that enable merchants to sell their goods and services online, and providing online tracking and delivery services.

The postal sector can assist the governments of DCs and other low-income countries in the establishment of an effective ecosystem to allow them to fully exploit their e-commerce potential, particularly in the shipping and logistics field, by simplifying the transfer of physical goods worldwide through the tracking of shipments and provision of web-based payment solutions ensuring a simple, safe and quick payment process between customers.

c Integrating postal references in national, regional and global e-commerce policy frameworks

Including postal references in regional and global e-commerce agreements will ensure the smooth functioning of cross-border trade, promoting inclusivity, enhancing customer satisfaction, and creating a conducive environment for sustainable e-commerce growth.

Policymakers and regulators for postal sector and digital trade should:

- Define clear regulatory guidelines on postal services for e-commerce in national e-commerce policies;
- Encourage regional cooperation and harmonization of postal regulations and policies to facilitate cross-border e-commerce transactions;
- Advocate for postal contribution in the WTO JSI and other e-commerce regional and global policy frameworks;

- Facilitate international negotiations and agreements to address challenges and barriers to cross-border postal services, including customs procedures, duty and tax regulations, and intellectual property rights protection;
- Promote the use of advanced technology and digital solutions in postal operations, such as electronic tracking systems, e-customs platforms and digital address verification, to enhance efficiency and traceability; and
- Encourage integration of postal networks into global logistics ecosystems, ensuring interoperability and compatibility with other transportation modes and logistics providers.

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