



## **WTO MC-12: LESSONS LEARNED FROM THE PANDEMIC SHOULD INSPIRE THE GLOBAL TRADE AGENDA**

The Global Express Association represents the three leading express delivery carriers: DHL, FedEx and UPS. Express delivery has played a critical role during the COVID 19 pandemic by distributing emergency medical supplies and vaccines world-wide and keeping businesses of all sizes in operation.

Several lessons can be drawn from the pandemic. They should inspire the WTO's agenda over the next cycle.

Our industry would like to suggest three main priorities for decision at MC-12, and an additional one for discussion in 2022.

### **Accelerate the implementation of the Trade Facilitation Agreement**

The pandemic has shown the importance of the Trade Facilitation Agreement. Countries with more advanced border processes – those that most closely met the standards set by the TFA – were more resilient in the face of the pandemic than countries that rely on outdated, paper-based processes. Their supply chains were less disrupted as a result. Their populations were less affected by the negative effects of the pandemic.

MC-12 ought to adopt the current proposal to accelerate implementation of the TFA and increase the level of ambition, in particular as regards the digitalization of borders. In doing so, MC-12 should build upon the recent engagement of the private sector in this effort by establishing a formal mechanism for regular industry input on all matters of TFA implementation.

### **Open market access negotiations for services**

The pandemic has also shown the vital importance of logistics, IT, telecommunications, and other services. Without efficient global logistics, the effects of the pandemic would have been significantly worse. Modern logistics involve a bundle of services that need to be operated together including physical transportation, handling and delivery services, freight forwarding, warehousing, supply chain management, and wholesale and retail distribution. They depend, too, on the ability to transmit data across borders, in particular to border authorities.

Yet, there has been little progress on trade in services under the aegis of the WTO. MC-12 presents a unique opportunity to open a round of negotiations on market access for trade in

services, generally. This would have a multiplier effect across all sectors of the economy and contribute to post-COVID economic recovery around the world. We see this as the most significant strategic decision that the WTO could take at this stage. This decision should complement – not detract from – any existing services market access discussions currently underway at the WTO such as those contemplated in the Joint Statement Initiative on E-Commerce.

### **Adopt the Domestic Regulation plurilateral**

GEA members collectively operate in over 220 different markets where good regulatory practices are vital to our ability to serve our customers. Frequently, express delivery carriers are subjected to opaque – and often biased – national licensing regimes that limit their ability to do business, even where market access is granted. We are encouraged by the announcement that text-based negotiations have concluded. By adopting a plurilateral agreement on Domestic Regulation at MC-12, the WTO would signal the importance of transparent, open and impartial licensing regimes, as an essential supplement to market access for services. When implementing this agreement, WTO members should do so with high ambition, *e.g.*, by extending these new and important disciplines to all sectors – not just the ones for which they have previously undertaken commitments. We are also pleased to note that the text addresses gender balance issues.

### **Next, simplify duty and tax collection on low value shipments to deal with the growth of e-commerce**

The pandemic has triggered an explosive growth of e-commerce, as people who could not access traditional retail outlets shopped on-line, many for the first time. Even as things return to normal, these habits will stay. Cross-border e-commerce is now just another way of trading. And it opens up opportunities for the smallest traders to export globally and grow.

Yet, import regulations, especially as regards duties and taxes on low value shipments, remain too complex. In turn, they discourage MSMEs from exporting, as they lack the wherewithal to comply with rules they often cannot understand. And, as border authorities are finding out around the world, they are also not best adapted to process the increasing volumes of small parcels that are crossing borders.

We invite the WTO to look into simplifying rules for tax and duty assessment and collection on low value shipments, as part of its post-MC-12 program, in a way that benefits all players: authorities, traders of all sizes, and carriers. Our industry has put forward proposals in this area, based on best world-wide practices.

Geneva, 30 September 2021