

Session 5 – E-commerce and trade Facilitation in Regional Trade Agreements

ESCAP-ARTNET/ITD REGIONAL WORKSHOP ON TRADE FACILITATION FOR SUSTAINABLE DEVELOPMENT

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Bangkok, Thailand

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Trade, Investment and Innovation Division

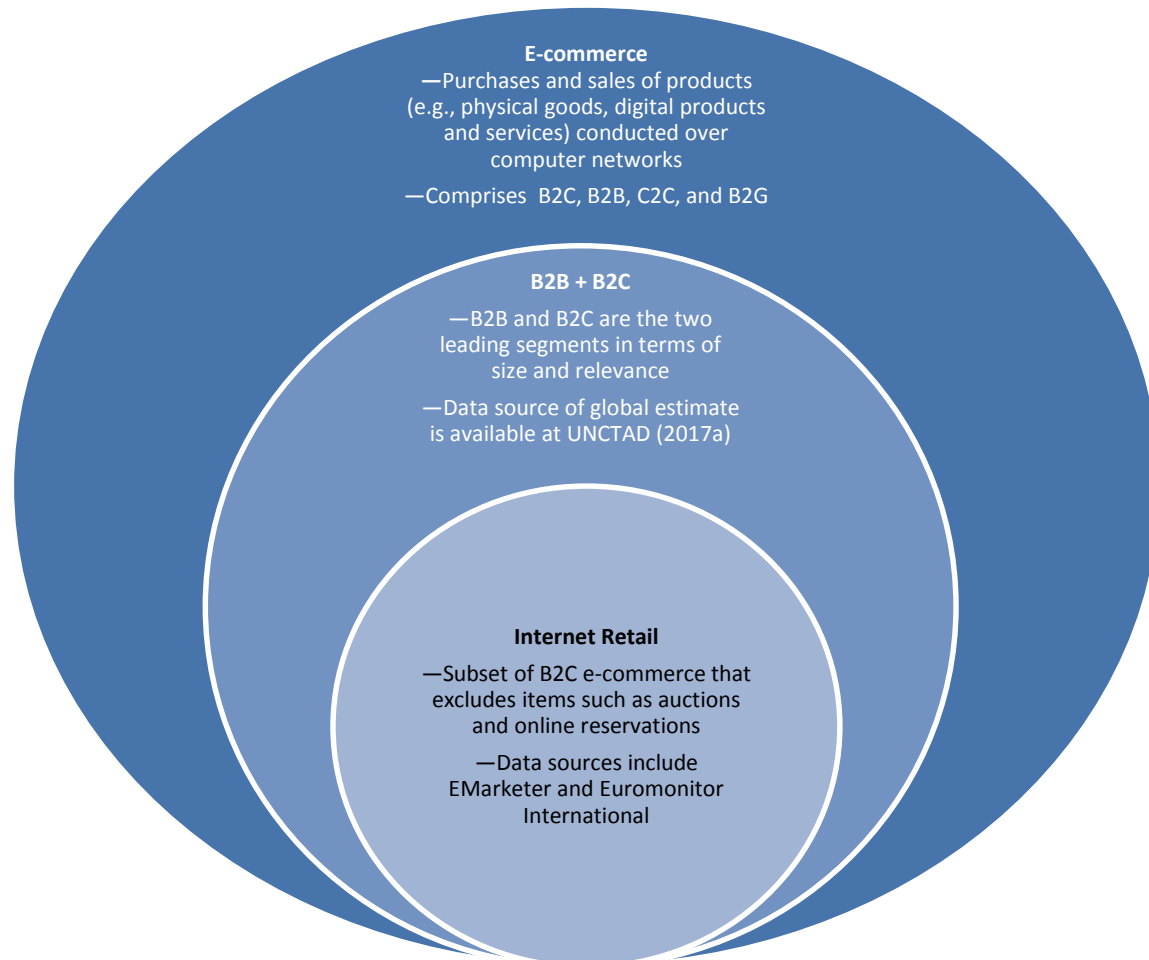
UN ESCAP, Bangkok

Email: ratna@un.org

Introduction

- E-commerce revolution in Asia and the Pacific presents vast economic potential.
- E-commerce market in the region remains highly heterogeneous in (i) economic factors and conditions, (ii) legal and institutional environment and (iii) social acceptance.
- The emergence of new technologies will significantly impact the e-commerce landscape.
- Developing a viable e-commerce ecosystem requires a holistic approach and concerted efforts by all stakeholders.
- Complex border procedures and regulatory burdens should ease to foster cross-border e-commerce.

Coverage of E-Commerce



B2B = business-to-business, B2C = business-to-consumer, B2G = business-to-government, C2C = consumer-to-consumer, UNCTAD = United Nations Conference on Trade and Development.

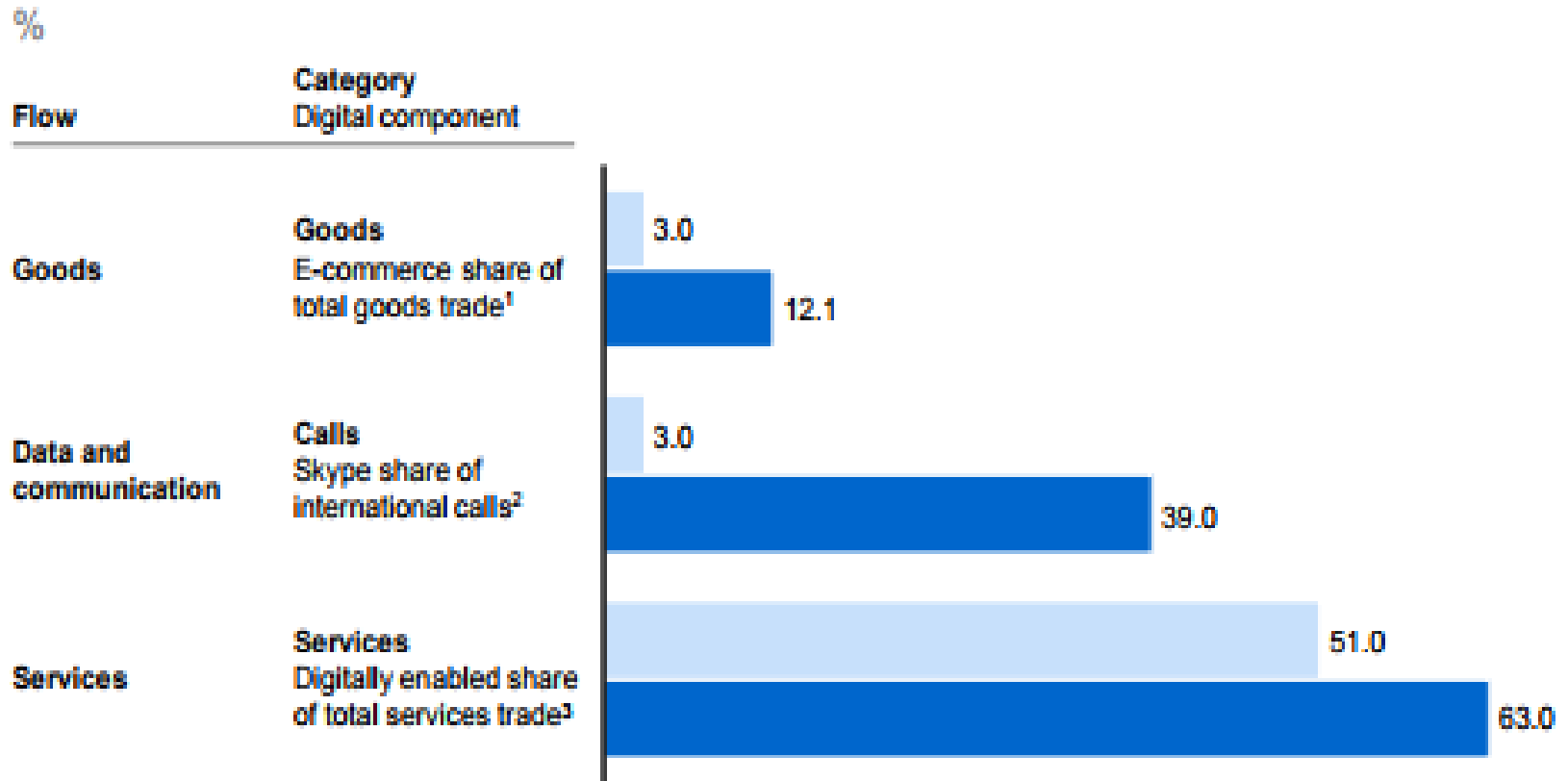
Sources: Ecommerce Foundation (2016a), eMarketer (2017b), Euromonitor International (2018), and UNCTAD (2015).

Rajan Ratna

Digitisation is transforming all flows and expanding opportunities for smaller players

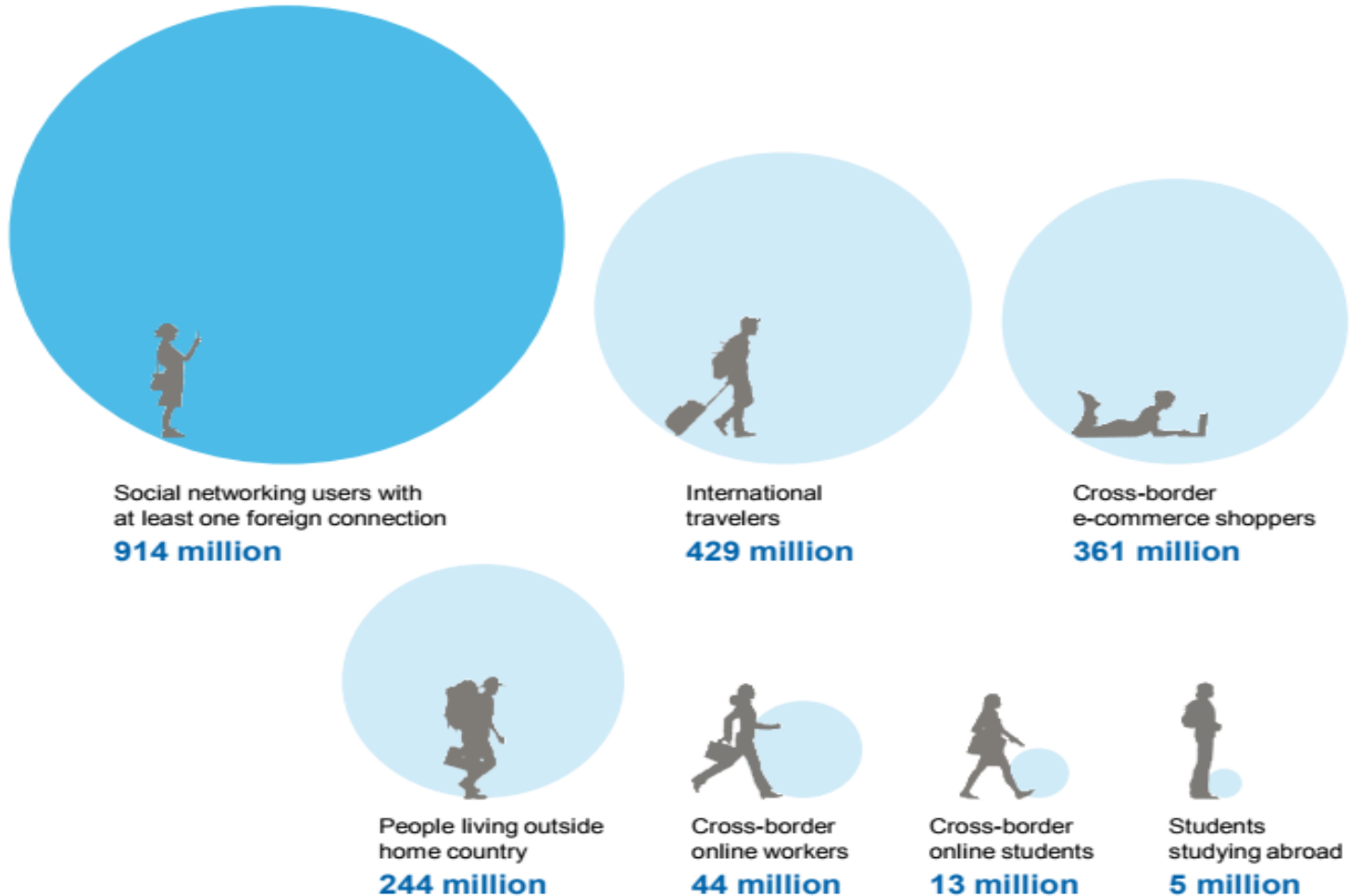
The digital component of global flows is growing quickly

Share of selected cross-border flows that are digital



Source: McKinsey Global Institute

Individuals are participating in globalization eventually leading to trade implications



Source: McKinsey Global Institute

Pakistani Bridal Sharara

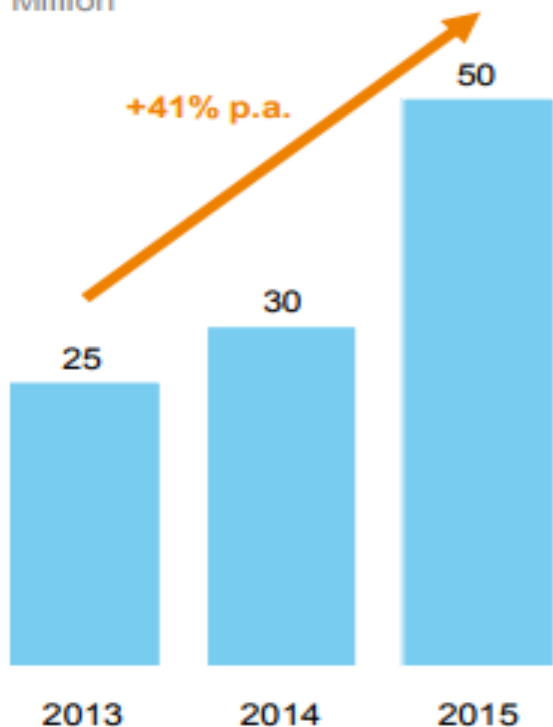


Supply side perspective

50 million SMEs use Facebook to find customers, and 30 percent of their fans are from other countries

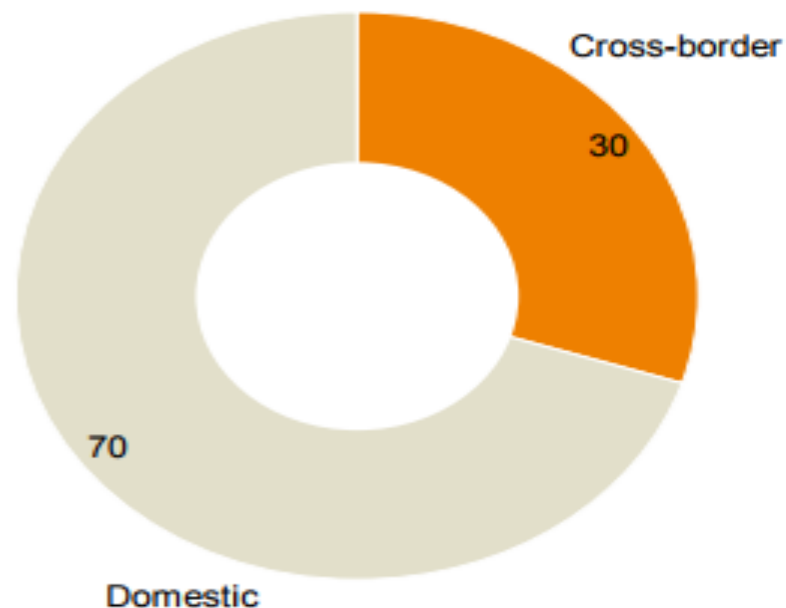
Estimated number of SME pages on Facebook

Million



Share of SME fans that are cross-border

%

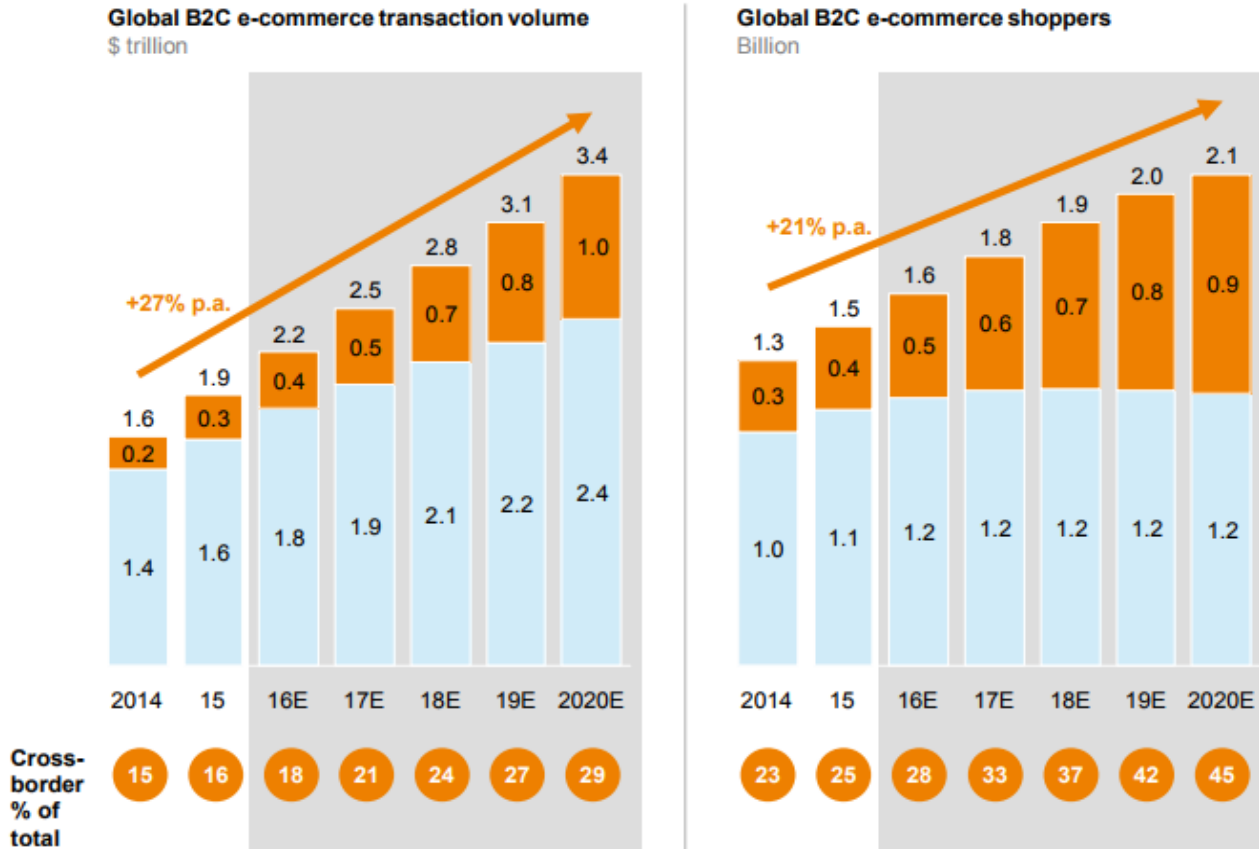


Source: McKinsey Global Institute

Demand side perspective

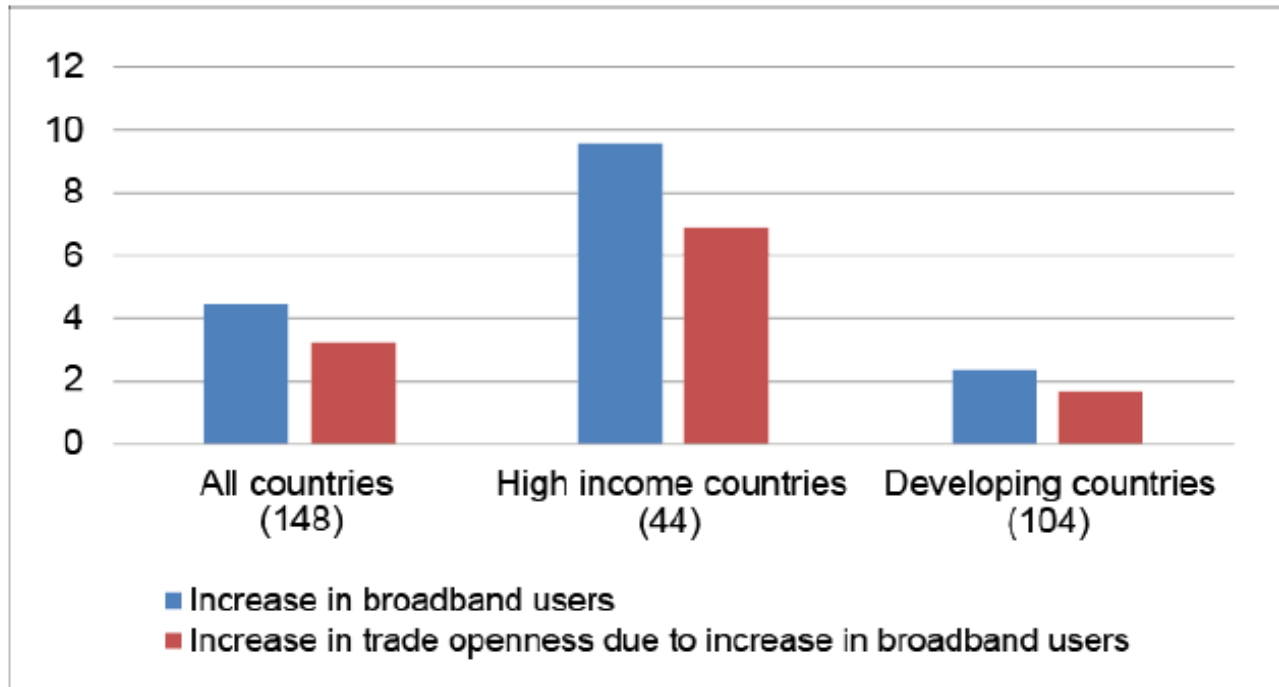
By 2020, some 940 million online shoppers are expected to spend almost \$1 trillion on cross-border e-commerce transactions

■ Cross-border
 ■ Domestic
 ■ Forecast



Source: McKinsey Global Institute

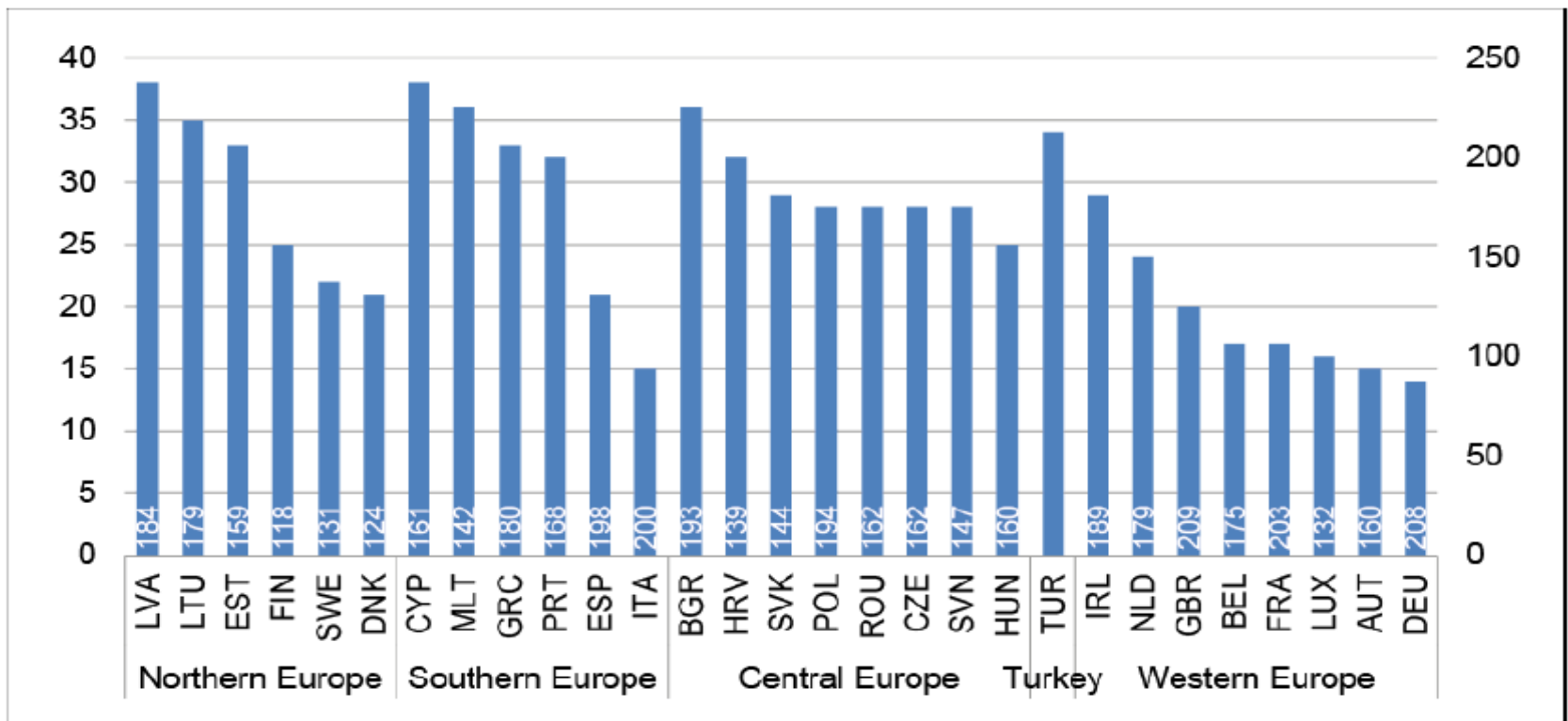
Trade Openness- Can be increased by the rise of broadband users



Source:
ADB Working Paper Series
DIGITAL TRADE IN EUROPE AND CENTRAL ASIA Shawn W. Tan No. 751

E-commerce is transforming sales to both domestic and foreign consumers

Commercial Sellers on eBay in ECA are Able to Reach an Average of 27 Export Destinations

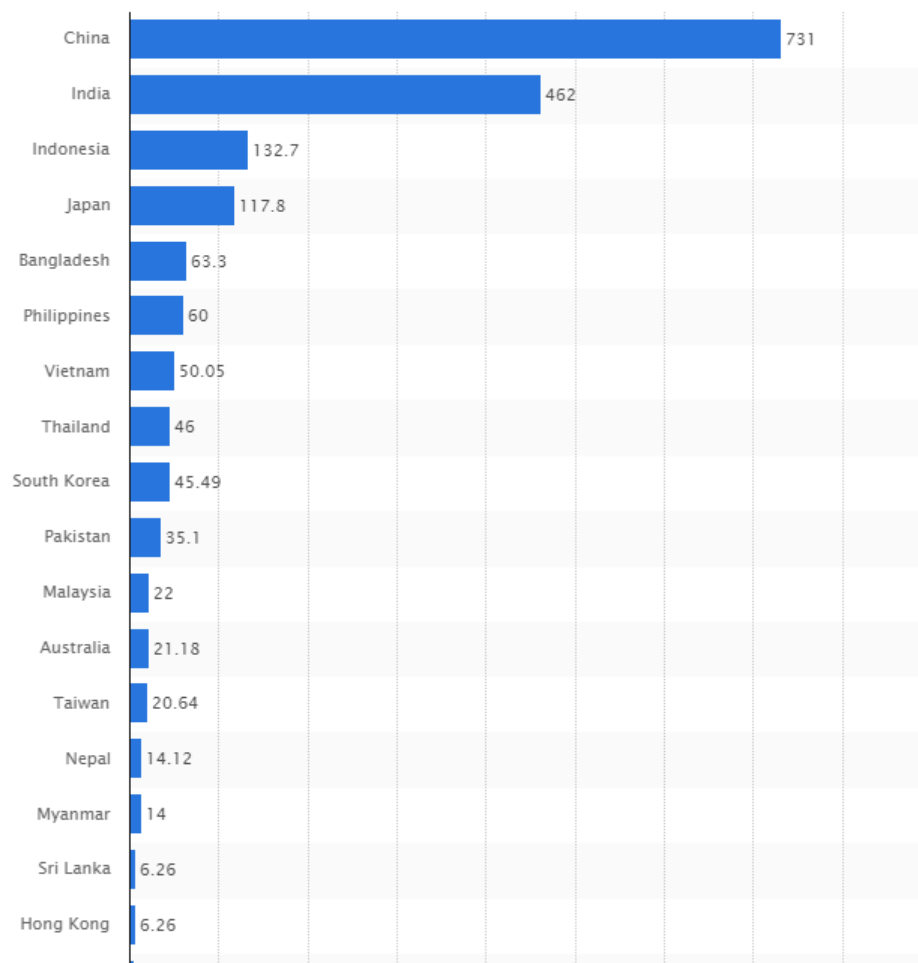


Source: ADBI Working Paper Series
 DIGITAL TRADE IN EUROPE AND CENTRAL ASIA
 Shawn W. Tan
 No. 751

Digital Trade in the Asia-Pacific region

- **Rapid spread of internet access**
- **Growing culture of e-Commerce**
- **High proportion of SMEs**
- **Understanding sectors and implications**
 - **Healthcare**
 - **Education**
 - **Retail**
 - **Media and entertainment**
 - **E-commerce related**

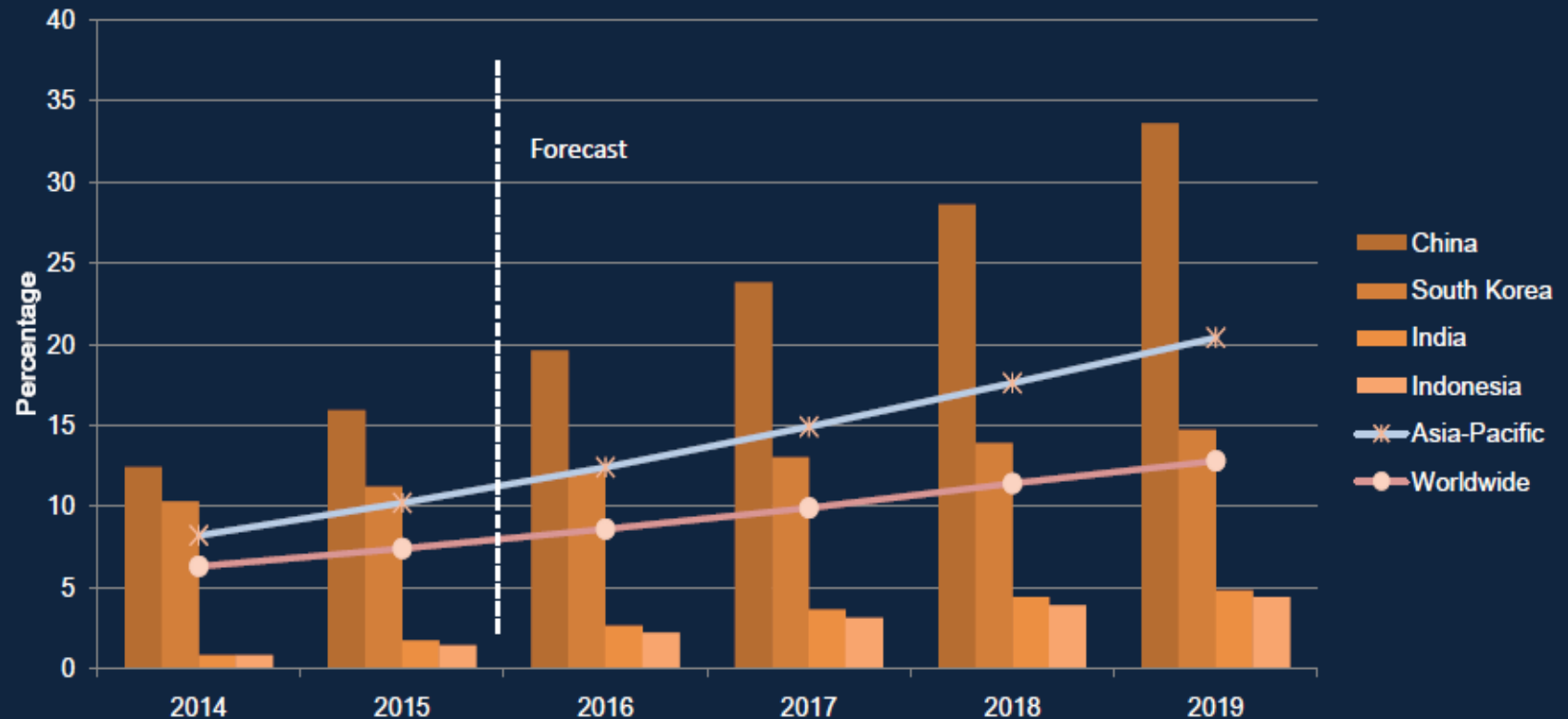
Number of internet users in the Asia Pacific region as of January 2017, by country (in millions)



Source:
<https://www.statista.com/statistics/265153/number-of-internet-users-in-the-asia-pacific-region/>

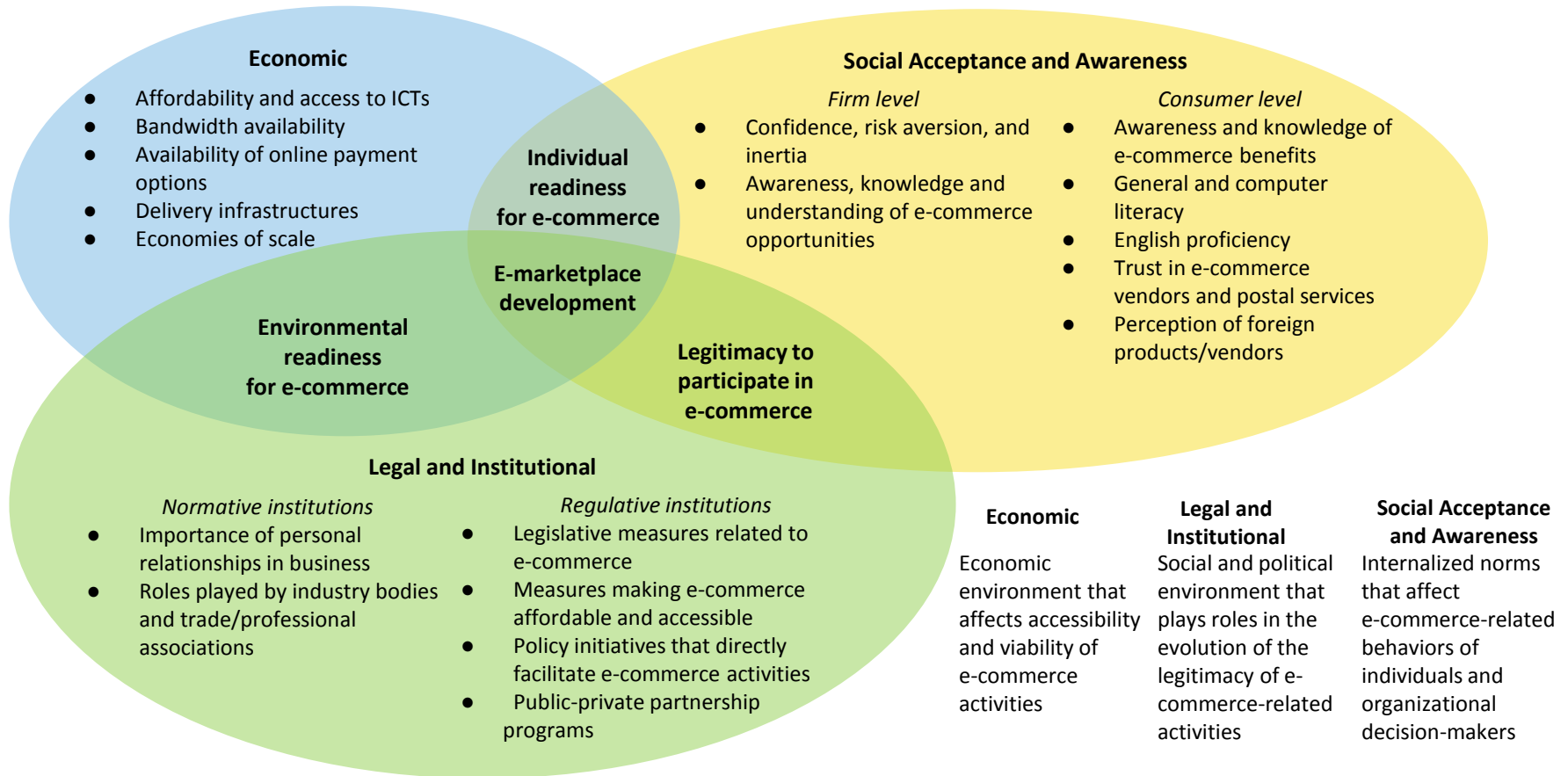
Retail Trade in the Asia-Pacific region - Growing culture of e-Commerce

Retail Ecommerce Sales as a Percent of Total Retail Sales in Select Countries in Asia-Pacific and Worldwide, 2014 - 2019



Source: https://www.itu.int/net4/wsis/forum/2016/Content/AgendaFiles/document/ef6eeafe-0ccd-46cd-9c0f-db87fe80fa1f/UN_ESCAP_presentation_Heal.pdf

Factors Affecting the Development of e-marketplace



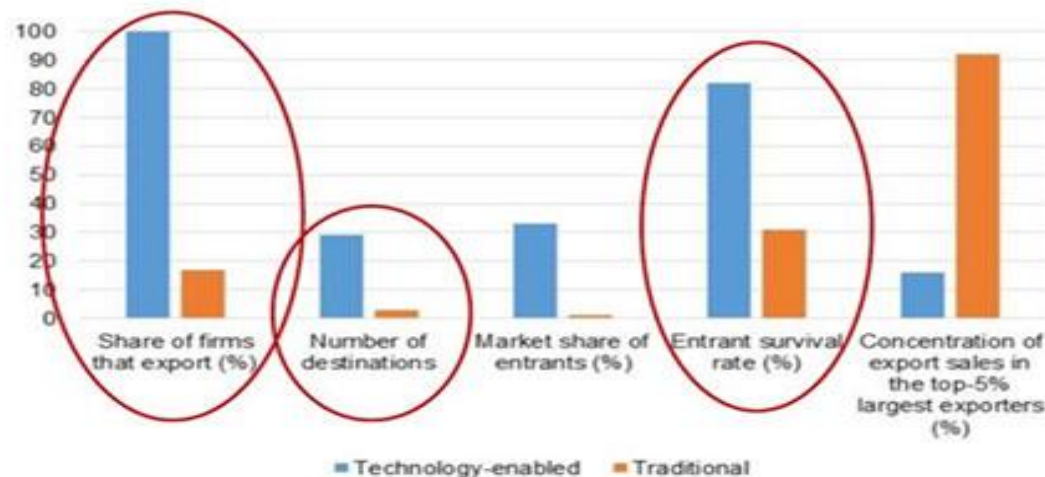
ICT = information and communications technology.

Source: ADB compilation based on Kshetri (2007a, 2018a), North (1996), Parto (2005), Scott (1995, 2001), and World Bank (2016a).

High proportion of SMEs

Exporters using e-trade outperform traditional exporters, especially SMEs

Export Participation and Performance of Chilean eBay Sellers vs. Traditional SMEs




Source: <http://blogs.worldbank.org/trade/policy-framework-two-types-e-trade>

Secure | <https://www.amazon.com>



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565 answered questions
Rated: Rating Pending

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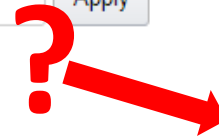
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Roll over image to zoom in

Sony PS4 1 TB Slim Console (Free Games: The Last of Us, Uncharted Collection and Infamous Second Son)

Sony

Platform : PlayStation 4

★★★★★ 46 customer reviews

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Cross-border e-commerce & paperless trade

- **E-marketplaces brings buyers and sellers together, making contract/commercial procedures easier.**
- **But goods still need to be transported to buyers, goods still need to be paid for, and regulations still need to be complied with.**
- **... all of which typically involve a lot of paperwork acting as a barrier to cross-border e-commerce development.**

Paperless Trade?

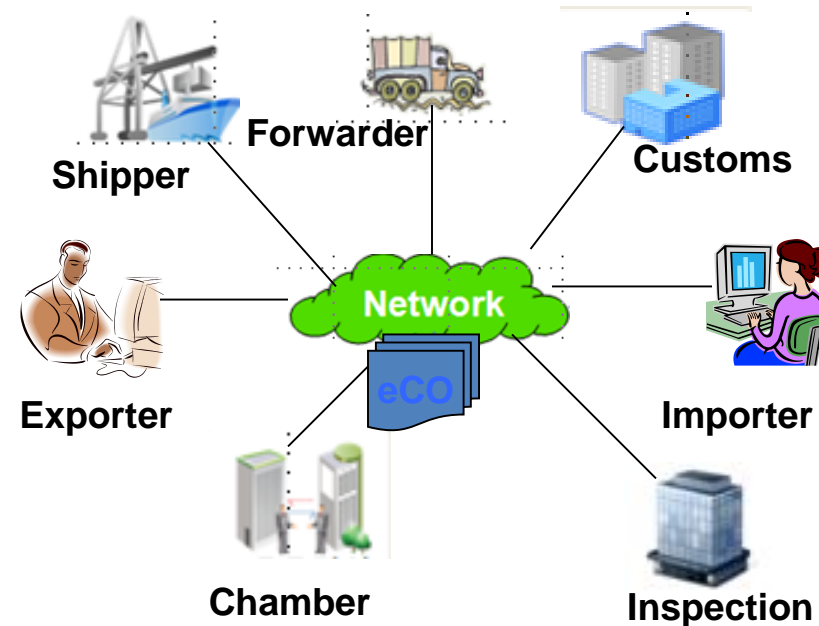
■ Paperless Trade

Conduct of trade activities on the basis of electronic rather than paper documents *e.g. electronic Customs declaration, electronic cert. of origin*

(application of e-commerce to international trade domain)

■ Paperless Trade Systems

Legal/regulatory and technical frameworks in which paperless trade transactions take place *e.g. electronic Single Window facility, e-port management systems, Framework Act on Electronic Transaction (in RoK)*



Benefits of Paperless Trade

Government

Effective & Efficient
Deployment of
Resources

Correct
Revenue
Yield

Improved
Trader
Compliance

Enhanced
Security

Increased
Integrity &
Transparency

***Paperless
Trade***

Traders

Cutting Costs
through
Reducing Delays

Faster
Clearance &
Release

Predictable
Application and
Explanation of Rules

Effective & Efficient
Deployment of
Resources

Increased
Transparency

Benefits of Cross-Border Paperless Trade

Estimating the Benefits of Cross-Border Paperless Trade



Date: Tuesday, June 24, 2014

Type: Books

ABSTRACT

This report estimates the possible economic benefits—export gains, and cost savings—from partial or full implementation of cross-border paperless trade facilitation measures. Simulation results suggest that cross-border paperless trade has significant potential to reduce trade costs and boost trade in the Asia-Pacific region. Moreover, there is every reason to believe that these are low-end estimates of the possible economic gains from reform, due to the way in which the simulations are set up on a technical level, and the fact that they focus on implementation of cross-border measures only. In reality, paperless trade is typically implemented on a broader basis, which would tend to increase the level of export gains and cost savings reported here.

DOWNLOAD:

Benefits of Cross-Border Paperless Trade

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Annual regional export gains :

\$36 bn (for partial implementation) to \$257 bn (full implementation)

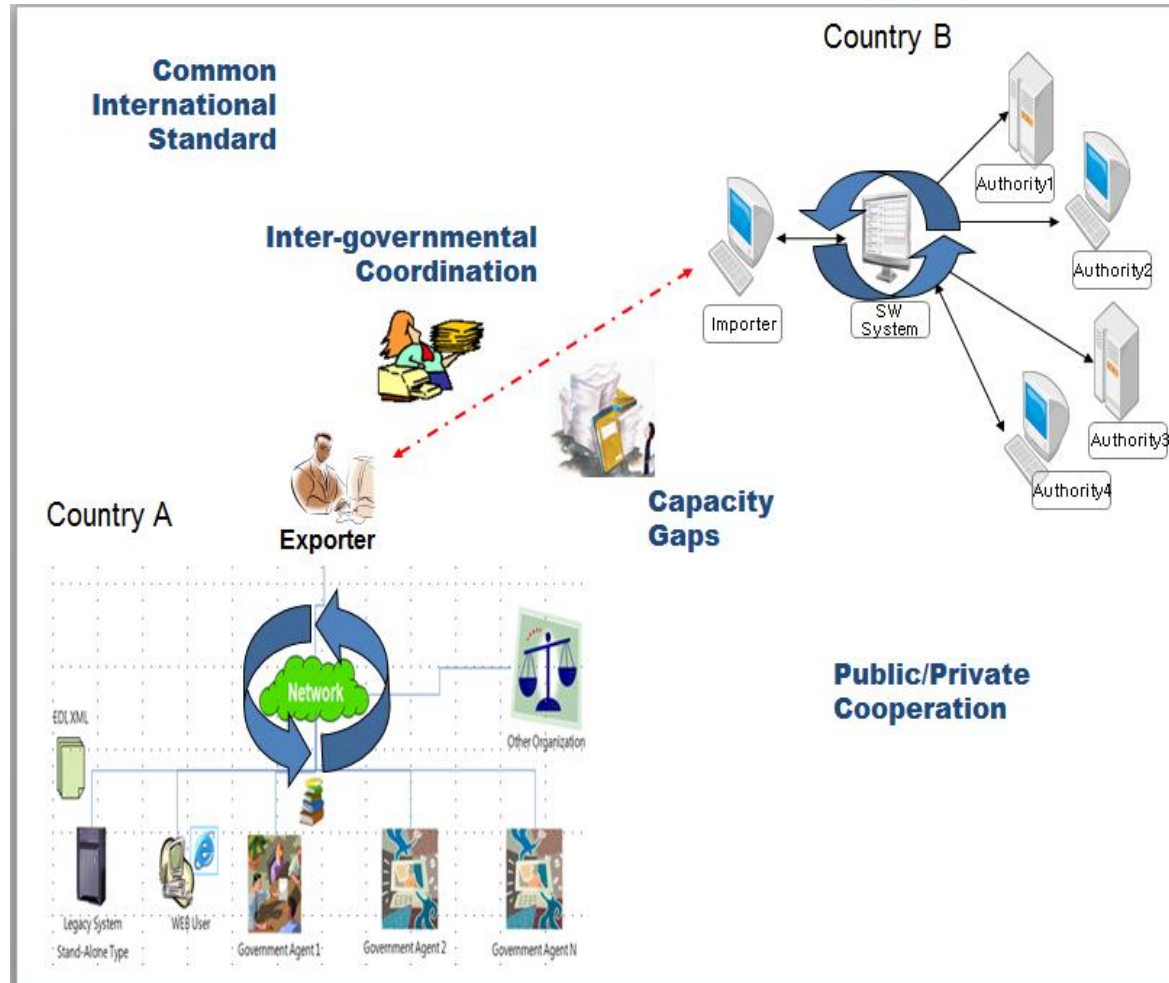
Export time reduction: 24% to 44%

Export cost reduction: 17% to 31%

Total direct cost savings across all trade: \$1bn to \$7bn annually

Challenges to moving forward on cross-border paperless trade

- Adoption of common International Standards
- Harmonization of legal frameworks
- Capacity gaps among the parties (infrastructure & HR)
- Cooperation between public and private sectors
- Lack of intergovernmental coordination mechanism



United Nations Regional Commissions

Global Survey on Trade Facilitation and Paperless Trade Implementation



The screenshot shows a web browser window with the address bar displaying <http://unnex.unescap.org/UNTFSurvey2015.asp>. The browser's menu bar includes File, Edit, View, Favorites, Tools, and Help. The toolbar shows various icons for navigation and utility. The main content area features a header with the United Nations logo and the text "United Nations Regional Commissions" and "Global Survey on Trade Facilitation and Paperless Trade Implementation 2015". Below the header, a paragraph explains the survey's purpose and the organizations involved (UNCRCs, UNCTAD, OECD, ITC, OCO, and SELA). A section titled "Report and Data" contains six globe icons representing different regions and the global report: Africa, Asia and the Pacific, Latin America and the Caribbean, Western Asia, Global Report, and Countries Report. The browser's status bar at the bottom right shows a zoom level of 125%.

http://unnex.unescap.org/UNTFSurvey2015.asp

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United Nations Regional Commissions

Global Survey on Trade Facilitation and Paperless Trade Implementation 2015

The United Nations Regional Commissions (UNCRCs) including [ECA](#), [ECE](#), [ECLAC](#), [ESCAP](#) and [ESCWA](#), in collaboration with [UNCTAD](#), [OECD](#), [ITC](#), [OCO](#) and [SELA](#), have conducted a global survey to collect relevant data and information on trade facilitation and paperless trade implementation in their respective member states. Outcomes of the survey are expected to enable the countries to better understand and monitor progress in trade facilitation, support evidence-based policy-making, and highlight the needs for capacity building and technical assistance.

The global survey represents a key initiative under the framework of the Joint UNRC Approach to Trade Facilitation, agreed upon in Beirut, January 2010 to enable the five UNCRCs to present a joint global view on key trade facilitation issues. The questionnaire for the global survey was jointly prepared and finalized by UNCRCs and OECD and is available [here](#). The survey results and data collected are made available below.

Report and Data

Africa

Asia and the Pacific

Latin America and the Caribbean

Western Asia

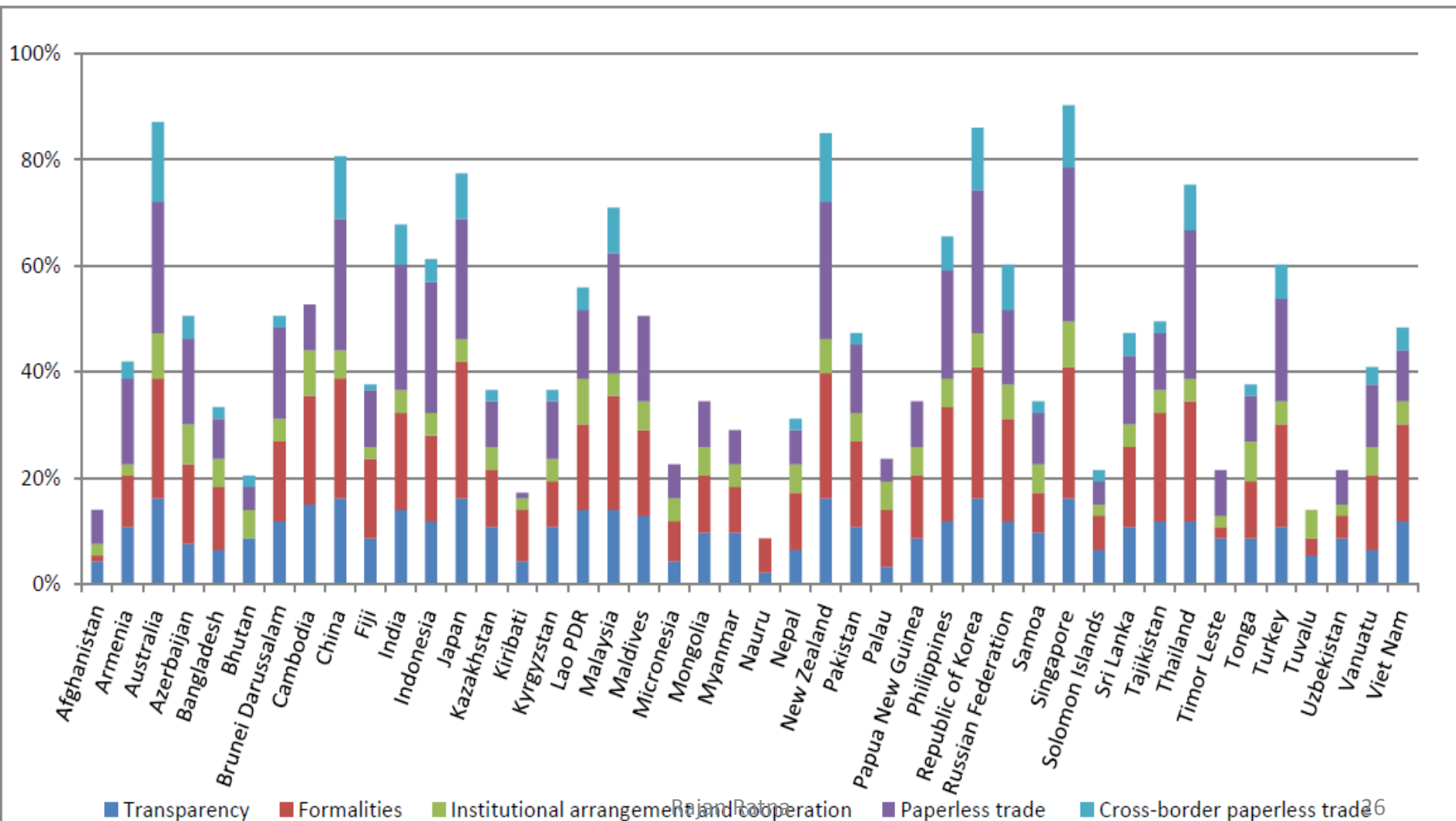
Global Report

Countries Report

125%

TF and Paperless Trade Implementation in Asia-Pacific: Survey Highlights

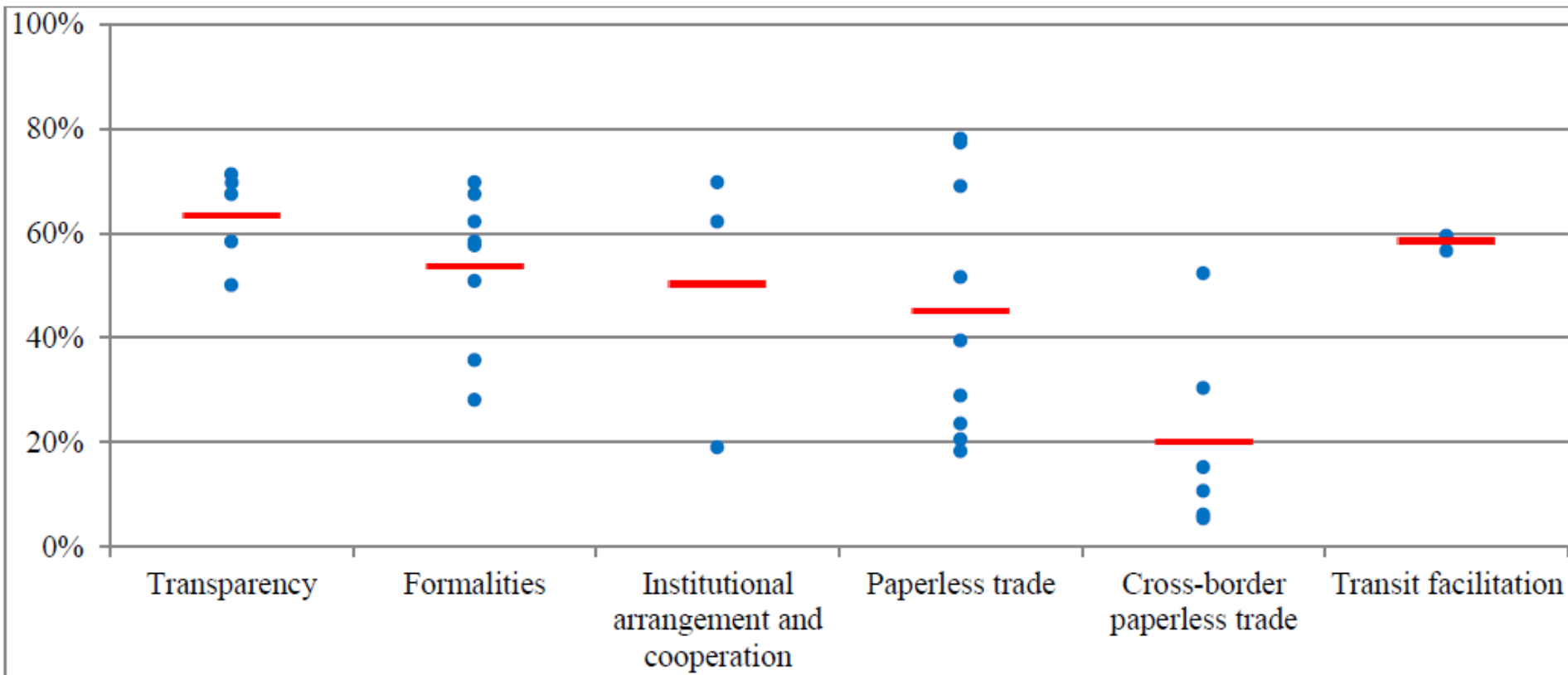
Implementation very heterogeneous across the region



TF and Paperless Trade Implementation in Asia-Pacific: Survey Highlights

Transparency measures most implemented;

Cross-border paperless trade measures least implemented



Note: Blue dots show regional average implementation level of individual measures within each group.
— Average regional implementation level by groups of measures.

Figure 12: State of implementation of “paperless trade” measures in Asia-Pacific economies (in %)

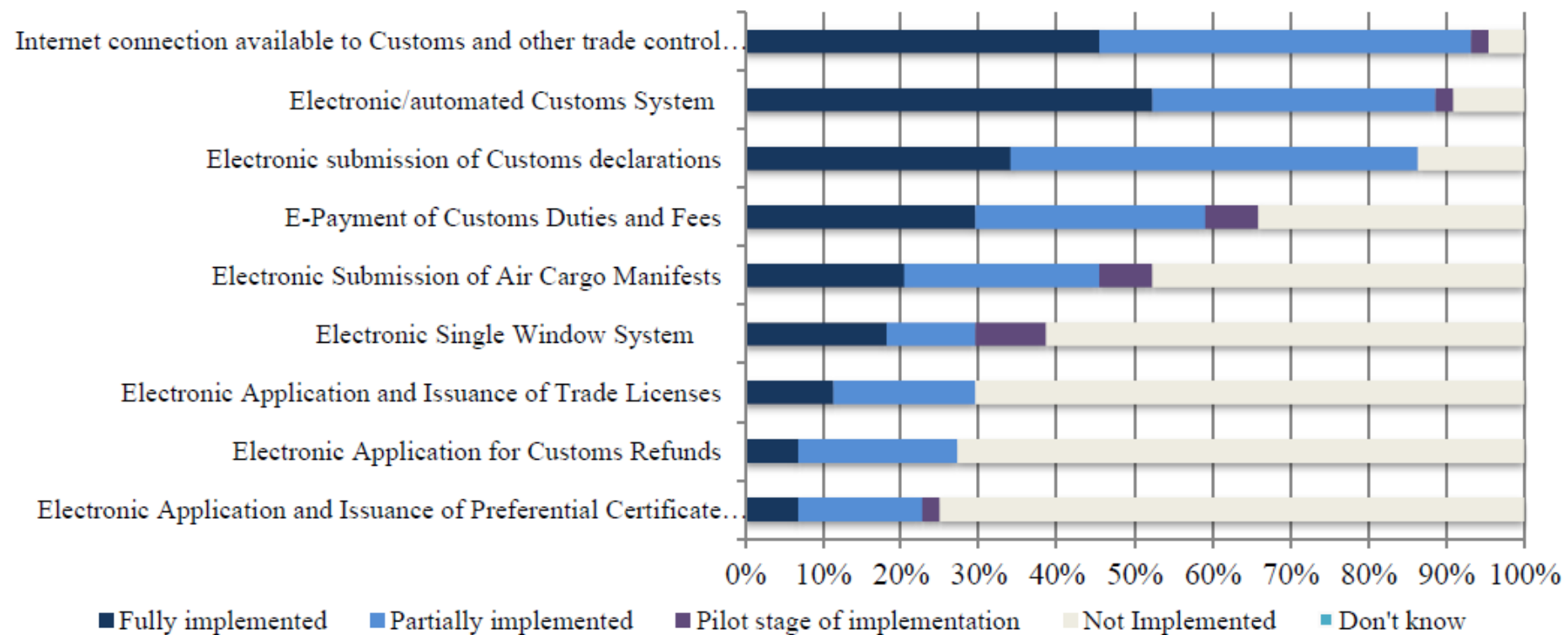
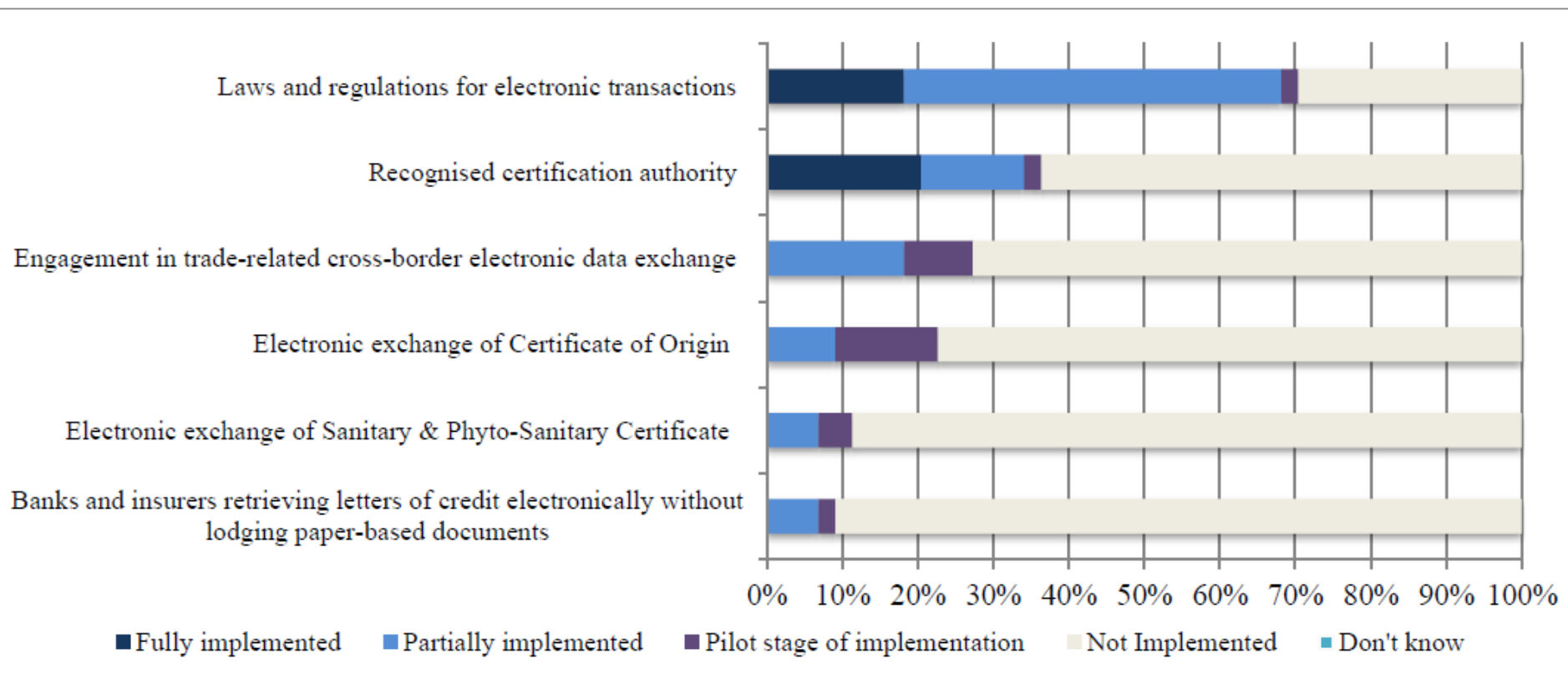


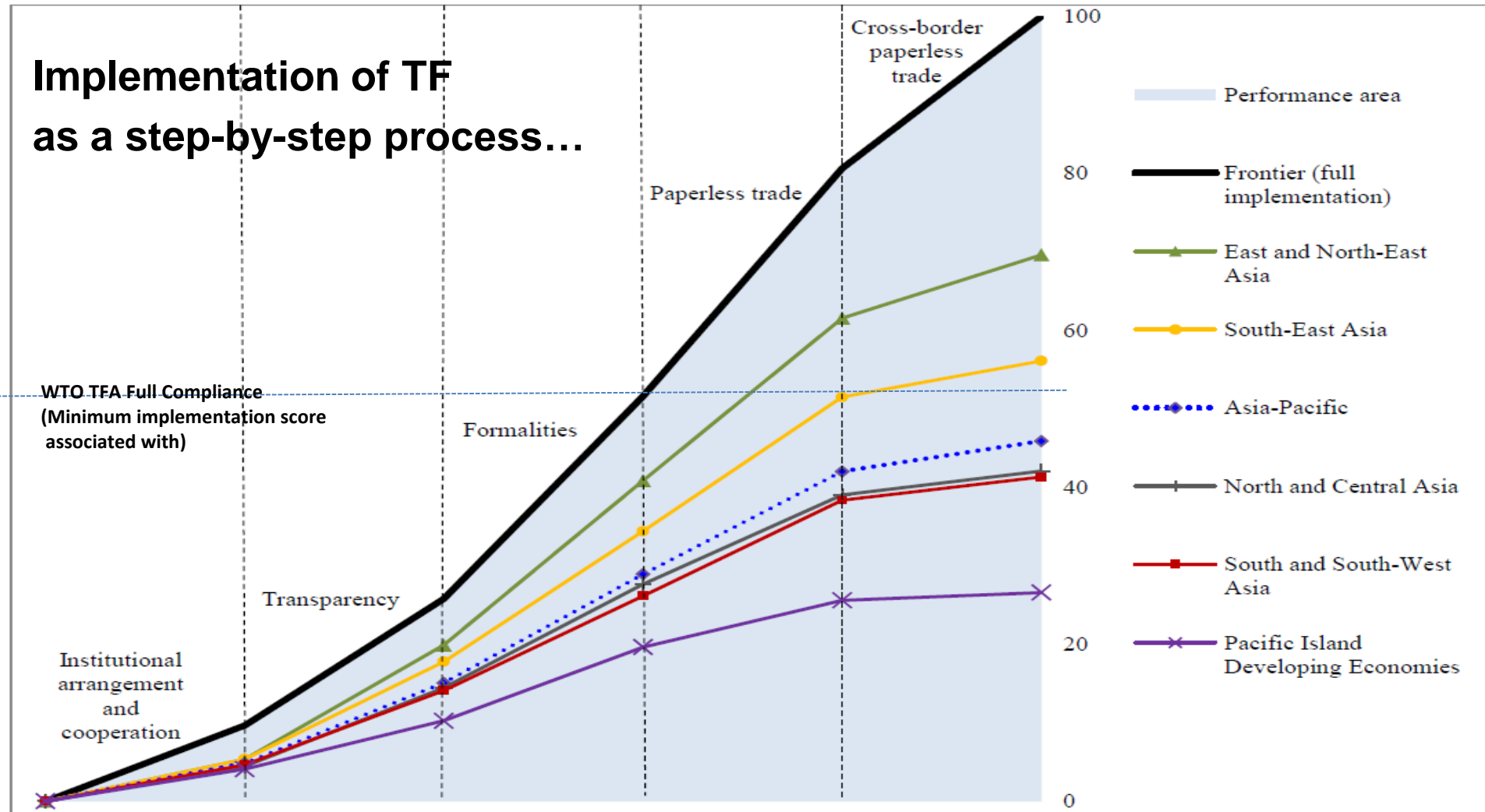
Figure 14: State of implementation of “cross-border paperless trade” measures in Asia-Pacific economies (in %)



Towards “Next Generation” TF [and cross-border e-commerce] in Asia-Pacific

Figure 20: Moving up the trade facilitation ladder towards seamless international supply chains

Implementation of TF as a step-by-step process...



Note: the figure shows cumulative trade facilitation implementation scores of Asia-Pacific sub-regions for five groups of trade facilitation measures included in the survey. Full implementation of all measures = 100.

Paperless trade coverage of RTAs

- Figure shows number of measures (out of 27) that are featured in each RTA
- Measures mainly found in **TF & Customs** chapters, and **e-commerce** chapters
- Regional findings:
 - TPP most far reaching
 - Rep. of Korea, USA, and Australia/N-Z leading
 - East Asia is leading subregion, followed by South-East Asia
 - RTAs of South and Central Asia are (far) behind; India as a leader

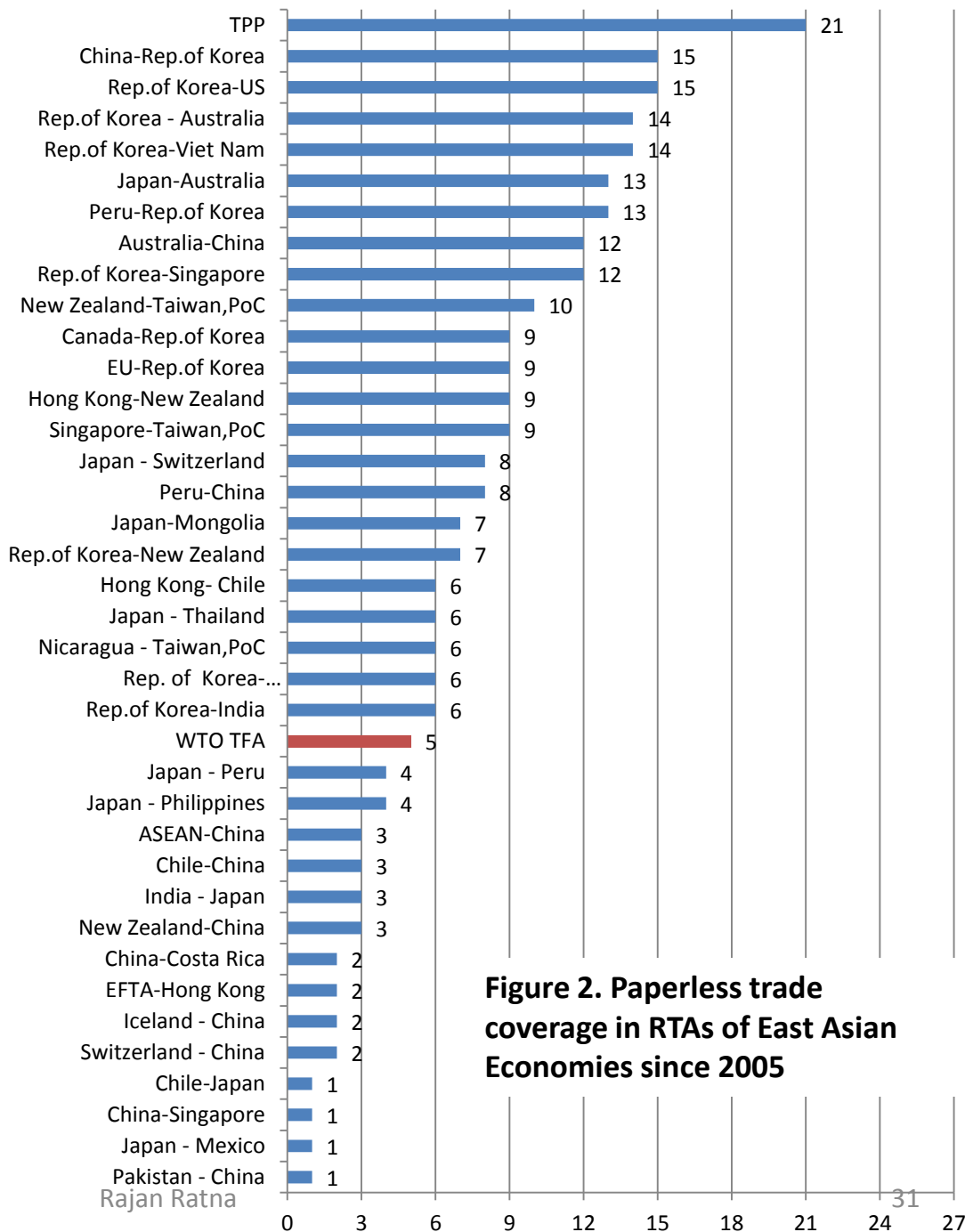


Figure 2. Paperless trade coverage in RTAs of East Asian Economies since 2005

Frequency of paperless trade measures in RTAs

- 90 of 138 RTAs (65%) contain at least one paperless trade measure
- 30 RTAs (22%) have a dedicated “*Paperless Trading*” or “*Paperless Trade Administration*” provision
- Wide diversity in the type of paperless trade measures included
 - “Single window” specifically mentioned in very few agreements



WTO and e-commerce

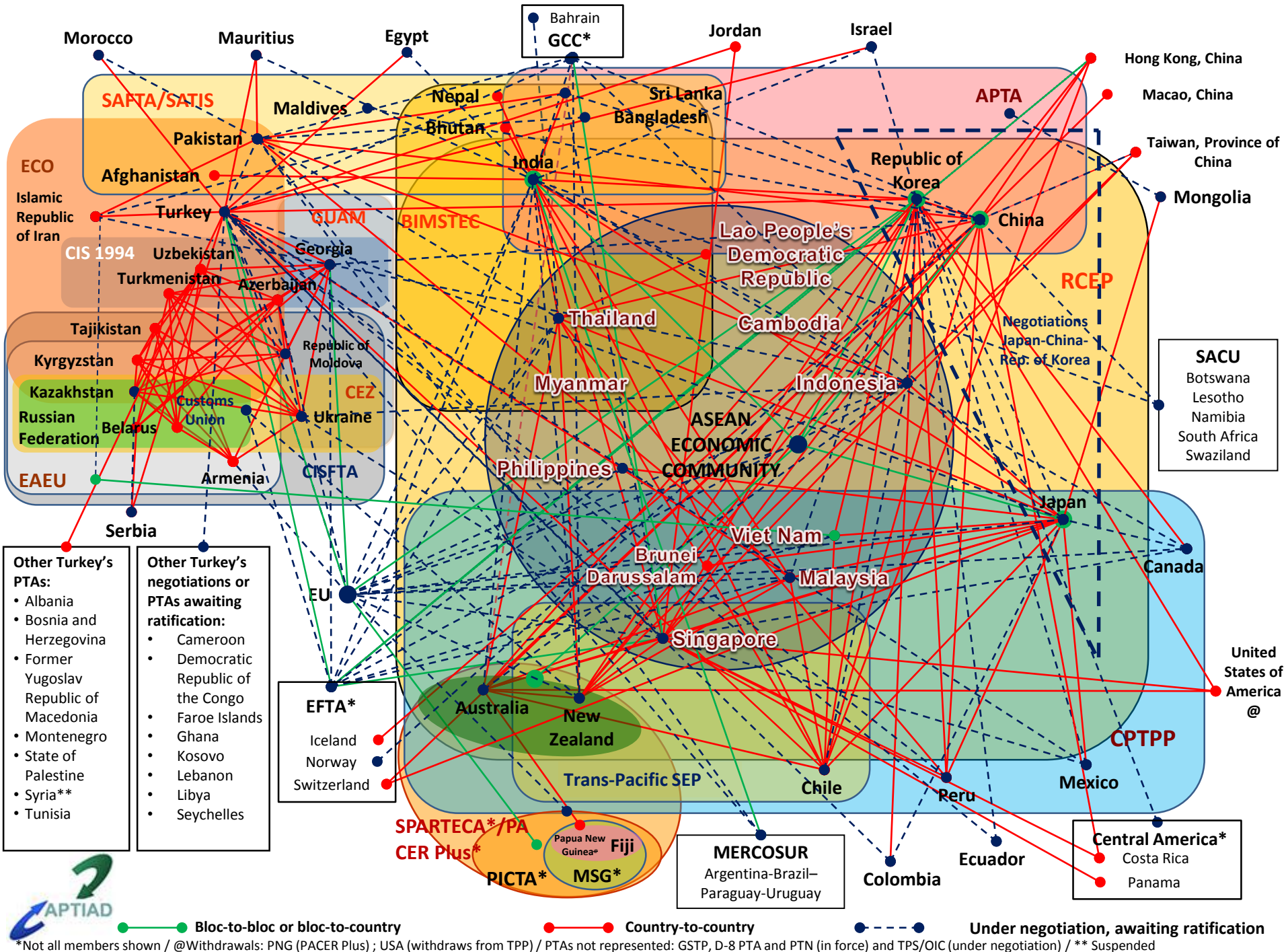
- At the Second Ministerial Conference in May 1998, ministers, recognizing that global electronic commerce was growing and creating new opportunities for trade, adopted the Declaration on Global Electronic Commerce. This called for the establishment of a work programme on e-commerce, which was adopted in September 1998. Periodic reviews of the programme are conducted by the General Council based on reports from the WTO bodies responsible for implementing the programme. Ministers also regularly consider the programme at the WTO's ministerial conferences.
- The Work Programme on Electronic Commerce states that: "Exclusively for the purposes of the work programme, and without prejudice to its outcome, the term 'electronic commerce' is understood to mean the production, distribution, marketing, sale or delivery of goods and services by electronic means". Four WTO bodies were charged with the responsibility of carrying out the Work Programme: the Council for Trade in Services; the Council for Trade in Goods; the Council for TRIPS; and the Committee on Trade and Development. The General Council plays a central role and keeps the work programme under continuous review

WTO and e-commerce (2)

- Ministers have considered the Work Programme on Electronic Commerce Ministers at their Ministerial Conferences in Geneva 1998; Doha 2001; Hong Kong 2005; Geneva in 2009; Geneva 2011; Bali 2013, Nairobi 2015 and Buenos Aires 2017.
- At those Conferences, Ministers have taken note of the reports on electronic commerce and have instructed the General Council and its relevant subsidiary bodies to continue their work on e-commerce.
- Ministers have also agreed to continue the practice of not imposing customs duties on electronic transmissions until their next session (December 2019).

WTO and TFA

- WTO members concluded negotiations at the 2013 Bali Ministerial Conference on the landmark Trade Facilitation Agreement (TFA), which entered into force on 22 February 2017 following its ratification by two-thirds of the WTO membership.
- The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues.
- It further contains provisions for technical assistance and capacity building in this area



Asia-Pacific RTAs

- **In force – 179**
 - ❖ **FTA – 76**
 - ❖ **FTA & EIA – 79**
 - ❖ **PSA – 21**
 - ❖ **CU – 2**
 - ❖ **CU & EIA – 1**
- **88 RTAs are having provisions relating to Trade Facilitation and Customs Cooperation provisions.**

Structure of TF and CC

- **Cooperation**
 - **Transparency**
 - **Exchange of experts**
 - **Early warning**
 - **Advance ruling**
-
- **In parallel issues relating to electronic CoO or self declared CoO are being also provided in RTAs**

CPTPP

- **CHAPTER 5 - CUSTOMS ADMINISTRATION AND TRADE FACILITATION**
 - Customs cooperation
 - Advance rulings
 - Response to Requests for Advice or Information
 - Review and Appeal
 - Automation
 - Express shipments
 - Penalties, risk management
 - Release of goods
 - Publication
 - Confidentiality

AEC 2025 TRADE FACILITATION STRATEGIC ACTION PLAN

- **GOALS**

- Increased trade flows, by facilitating the efficient movement of goods across borders, with the following measurable targets:
- Reduction in trade transactions cost in the AEC (by 10% by 2020)
- Doubling of intra-ASEAN trade between 2017 and 2025
- Improved performance in global rankings/surveys e.g. World Economic Forum Global Competitiveness Report (WEF-GCR), World Bank Ease of Doing Business (WB-EODB)

Way forward

- **Recognise the benefits of e-commerce and TF**
- **Could be tool to promote trade and reduce trade cost**
- **Regulatory mechanism – domestic**
- **Data security and sharing arrangements**
- **How to build WTO-plus provisions in RTAs**
- **Capacity building needs?**

Thank You