



WCO work on E-Commerce

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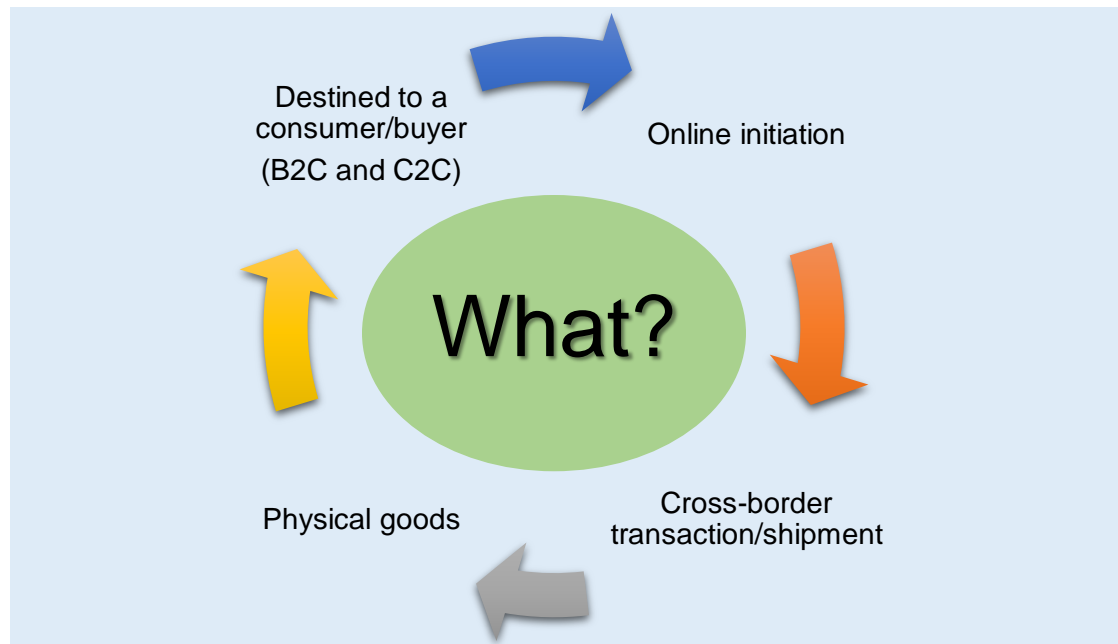
Director, Compliance and Facilitation

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Cross-Border E-Commerce

- WCO's Perspective



Tsunami of Packages





Opportunities

- ✓ Exponential growth in e-commerce
- ✓ 24x7 market
- ✓ Wider choices for consumers
- ✓ Advanced shipping and payment options
- ✓ Efficient delivery services
- ✓ Key driver in value preservation and economic growth
- ✓ Few intermediaries
- ✓ Supports MSMEs for overseas trade





Challenges

○Trade facilitation and security

- » Increasing volumes – Speed and efficiency
- » Few Large/bulk shipments → large number of low-value small shipments
- » B2C & C2C – Security risks: Limited knowledge on importers and supply chain
- » Data Quality: Accuracy and adequacy

○Fair and efficient collection of duties and taxes

- » Splitting, under-invoicing and mis-declaration
- » De minimis
 - Revenue, loss (Customs duty, VAT/GST)
 - Impact on domestic retailers
- » Classification and origin

○Society Protection - Criminal exploitation of e-commerce

- » Illicit trade and smuggling
- » Drug trafficking
- » Counterfeited and pirated goods
- » Illicit financial flows & Money laundering





De minimis

✓ Why

- Administrative costs of processing the imported low-value items outweigh the revenue gained
- RKC and WTO provisions

✓ Challenges

- Revenue implications
- Distortionary impact on domestically produced goods
- Lack of harmonization of *de minimis* thresholds for Customs duties and taxes

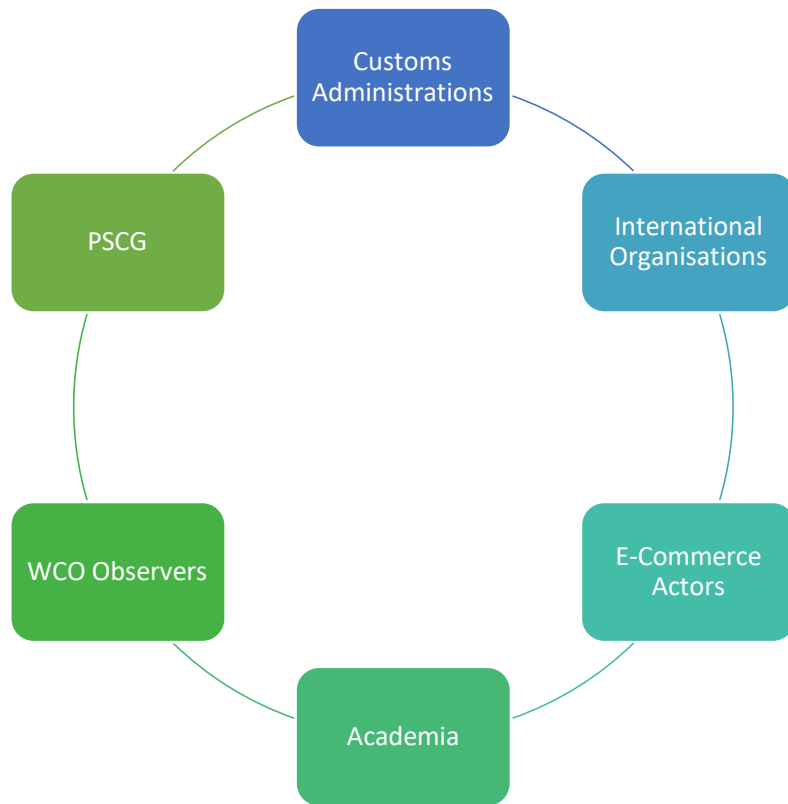
✓ Principle

- Balance between revenue collection from a large number of low-value shipments and the processing costs
- Simplified risk-based e-processing - lower *de minimis*

✓ 14th RKC/MC's decision – a flexible approach towards the implementation of '*de minimis*' provisions



WCO Working Group On E-Commerce



Remit and Scope

- Multi-stakeholders
- Cross- cutting issues
 - » Facilitation
 - » Control
 - » Revenue
- Collaborative solutions

Areas of Ongoing Work by the WGEC

I. Trade Facilitation & Simplification	II. Safety & Security
<ul style="list-style-type: none">• Definitions• Legislation• Automated systems - Single Window (OGAs)• Exchange of advance electronic data (<i>interoperability, minimum data sets, data quality, data privacy</i>)• Trusted Trader/AEO programme for e-vendors marketplaces and intermediaries - enhanced facilitation• Framework/guidelines/standards - harmonization and support to MSMEs• Return/refund (drawback) processes• Implementation and review/update of the WCO Immediate Release Guidelines and other related tools	<ul style="list-style-type: none">• Product safety• Illicit trade• Quarantine/bio-security• Dark web/net• Cyber security• Illicit Financial Flows - tracking financial trails• Cooperation and information exchange between Customs administrations• Smuggling of high-value items and environmentally sensitive goods• Non-intrusive inspection (NII) technologies• Review/update of relevant tools• Case studies
III. Revenue Collection	IV. Measurement & Analysis
<ul style="list-style-type: none">• <i>De minimis</i>• Simplified entry threshold• Classification, valuation, origin issues• HS Navigator, integrated tariff database• Transactional approach vs account-based approach• Alternate models of revenue collection (including impact analysis on the industry and government)• Fees and charges• Cooperation amongst authorities (Customs and Tax)	<ul style="list-style-type: none">• Big Data• Stocktake and analysis of work currently being undertaken by international bodies• Research and analysis of various e-commerce business models - case studies• Measuring e-commerce flows and economic benefits• Capacity building, awareness, and education - implementation support



Recent Developments



WCO WGEC
2016-2018



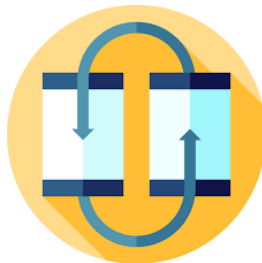
Luxor Resolution and
Customs Communiqué



First Global Cross-Border
E-Commerce Conference
Beijing Declaration



WCO Study Report
on E-Commerce



Case Studies



*Development of policy and technical
guidance for enhanced facilitation
and effective controls*

Updated Immediate Release
Guidelines



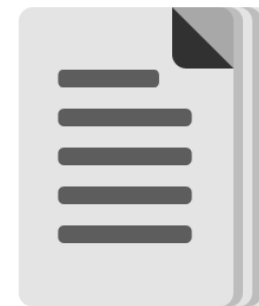
WCO Luxor Resolution

- **PRINCIPLE I** - Advance Electronic Data and Risk Management
- **PRINCIPLE II** - Facilitation and Simplification
- **PRINCIPLE III** - Security and Safety
- **PRINCIPLE IV** - Revenue Collection
- **PRINCIPLE V** - Measurement and Analysis
- **PRINCIPLE VI** - Partnerships
- **PRINCIPLE VII** - Public awareness, outreach, capacity building
- **PRINCIPLE VIII** - Legislative Frameworks



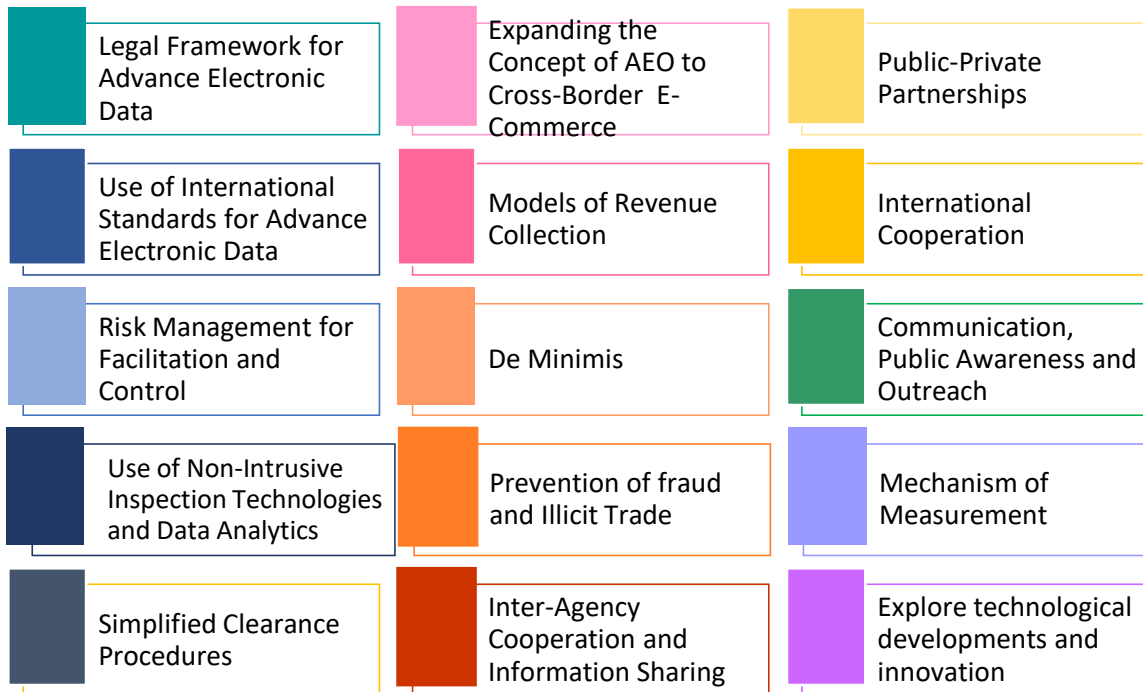
FoS: Key Elements and structure

1. Introduction
2. Objectives, principles and legal framework
3. Implementation strategy, monitoring, benefits and capacity building
4. Managing cross-border E-Commerce:
5. 8 Principles (Luxor Resolution)
6. 15 Standards
7. Technical Specifications and Guidelines
8. Annexes
 - Definitions
 - Stakeholders: Roles and responsibilities
 - E-Commerce Business Models
 - Revenue Collection Models
 - Data Elements
 - WCO Tools and Instruments
 - Other related tools and instruments
 - Implementation Strategy on Cross-border E-Commerce and Action Plan
 - Study Cases and best practices





FoS: Summary of Standards





Risk based approach based on advance electronic information

- New approach to Risk Management
 - » New actors
 - » New data sources
 - » New Partnerships
- Advance Data Exchange E-Commerce operators and Customs (e.g., e-vendors/platforms, Post, Express)
- Alternate Models of Revenue Collection





Direct Data Exchange between e-platforms and Customs

- Order data
 - Payment data
 - Shipping data

 - Centralised platform
 - Use of APIs
- Data with e-platforms and intermediaries
 - » Supplier's name and address
 - » Buyer's name and address
 - » Place of delivery
 - » Description of goods
 - » Value of goods
 - » Weight of goods
 - » Number of pieces
 - » Origin
 - » Delivery mode and tracking data (including consignment identifier/tracking number and carrier/postal operator)



Direct Data Exchange between e-platforms and Customs

**Improve Data
Quality**

**Timely
Manner**

**Business
Case**

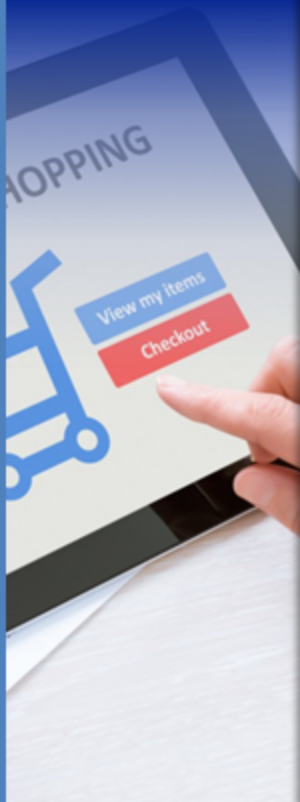
- **Enhanced facilitation**
 - » fast tracking of legitimate shipments
- **Efficient and effective risk management**
- **Improved compliance and efficiency**





Upcoming Deliverables

- Technical Specifications to FoS
- Standardized data elements and exchange mechanisms
- Implementation Strategy
- Pilots
- Case Studies





Thank you

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