



Brussels, 21 September 2018.

E-COMMERCE

- b) The Framework of Standards for Cross-Border E-Commerce:
Progress on further work and implementation

(Item V.b on the Agenda)

I. Introduction

1. The Permanent Technical Committee (PTC), at its 219th/220th Sessions held in April 2018, had examined and supported the draft Framework of Standards on Cross-Border E-Commerce developed by the Working Group on E-Commerce (WGEC) and had agreed with the associated draft Council Resolution. The PTC had recommended that the draft Framework and draft Resolution be submitted to the June 2018 Policy Commission and Council for their respective consideration and adoption.
2. Noting that work still needs to be carried out on some identified items, the PTC had proposed to the Policy Commission and the Council to extend the term of the WGEC until June 2019 to enable it to finalize and conclude the outstanding work, and to that end had approved a draft Work Plan.

II. Framework of Standards :

3. The Policy Commission and the Council, at their June 2018 sessions, endorsed the draft Framework of Standards on Cross-Border E-Commerce and the accompanying draft Council Resolution. The Framework and the Council Resolution can be consulted at : <http://www.wcoomd.org/en/media/newsroom/2018/july/wco-publishes-global-standards-on-ecommerce.aspx>.
4. The Policy Commission and the Council also agreed to extend the term of the WGEC to June 2019 to enable it to finalize outstanding work, taking into account the suggestions put forward by delegates and approved the WGEC's Work Plan, recognizing the need to have a flexible approach over the next year. Furthermore, they endorsed the updated Immediate Release Guidelines that had been adapted to reflect the cross-border E-Commerce context, as well as encouraged Members to share their operational experiences and initiatives/pilot projects in the area of cross-border E-

Commerce in order to further enrich the Framework of Standards and associated guidance tools.

5. The Framework of Standards is expected to provide baseline global standards for developing legislative and operational frameworks for cross-border E-Commerce. It will be equally useful for Members which are seeking to enhance their existing frameworks in order to effectively meet the requirements of new and evolving business models.
6. Furthermore, the Resolution is intended to highlight the development of the WCO Framework of Standards as a global standard in the area of cross-border E-Commerce and to demonstrate the international Customs community's collective will and commitment to implement the Framework in a harmonized manner, while continuing further envisaged work, to support the growth of safe, secure, sustainable and balanced cross-border E-Commerce, benefiting all.

- Progress on outstanding work

7. The WGEC's Work Plan envisages further enrichment of the Framework of Standards with the development of "Technical Specifications", "Definitions", "Flow Charts", "Data Elements", "Revenue Collection Models", "Implementation Strategy", "Capacity Building Mechanism", "Case Studies" and "Pilots". It includes a series of concrete actions with regards to those topics and corresponding indicative timelines. The WGEC's Work Plan, as approved by the Council, is appended as Annex I to this document.
8. In anticipation of the extension of the WGEC's term, a face-to-face meeting of interested Members and stakeholders of WGEC was held from 18 to 21 June 2018 to advance the ongoing work, as well as initiate work on some of the outstanding items.
9. This meeting has set out the context, and established a good foundation, for the work envisaged on items such as Data Elements, Definitions, and Technical Specifications. The Report of the meeting can be consulted at the WCO Members' Website: <http://www.wcoomd.org/en/meetings/procedures-and-facilitation/ecommerce-working-group.aspx>. The outcome of this meeting was disseminated to all the WGEC members (WCO Members and stakeholders) for their feedback and inputs.
10. The meeting had further agreed that the intersessional work could be divided into five sections: (1) Definitions and Technical Specifications; (2) Flow Chart and Data Elements; (3) E-Commerce Business Models, E-Commerce Stakeholders: Roles and Responsibilities; (4) Revenue Collection Models; and (5) Implementation Strategy, Action Plan and Capacity Building Mechanism. Several delegates volunteered for different groups, and a few also agreed to coordinate the work of their respective groups. A chart outlining the intersessional work along with respective coordinators and volunteer members is appended as Annex II to this document. The groups will remain open to Members and stakeholders, enabling them to join at any time they wished.
11. Based on the inputs and suggestions received from Members and stakeholders, updated draft documents as developed through respective Group Coordinators will be discussed at this WGEC meeting that will be held from 8 to 12 October 2018. All the updated working documents on each of the aforementioned items can be consulted at the WCO Members' Website under 4th WGEC meeting.
12. The PTC will be updated on the outcomes of the 4th Meeting of the WGEC along with the progress made on various items of work. PTC Delegates are requested to coordinate with their respective WGEC delegates in advance of the meeting.

- **Implementation**

13. While a comprehensive implementation strategy, an action plan and capacity building mechanisms are being developed, the WCO has already started supporting Members with the implementation of the E-Commerce Framework and its associated tools. To that end, five regional workshops have already been planned to promote and support the implementation of the Framework.
14. The first such event for WCO Members in the Asia/Pacific region was organized with the support of the Asia/Pacific Regional Office for Capacity Building (ROCB A/P), the Japanese Customs Cooperation Fund (CCF Japan) and Indian Customs, on 16 and 17 July 2018 in New Delhi, India. The Seminar brought together over 50 high-ranking representatives from 26 Customs Administrations of the Region to deliberate on the newly adopted Framework. Participants heard the overview and objectives of the Framework from the WCO expert, as well as Members' experiences with implementation, such as the use of advance electronic data and its accuracy.
15. The Seminar focused on multiple facets of cross-border E-Commerce that included its exponential growth, benefits, opportunities, challenges and related solutions. In particular, the experts from the WCO and Customs administrations of the Region highlighted the need for the exchange of advance electronic data between E-Commerce stakeholders (e.g. e-platforms/marketplaces, postal operators and express service providers) for a dynamic risk management approach attuned to the E-Commerce context, as well as the use of cutting-edge technologies such as Data Analytics, Artificial Intelligence, Machine Learning, and Blockchain, for enhanced facilitation, effective risk management (including security and product safety) and efficient revenue collection.
16. The Seminar equally underlined the importance of partnerships, public awareness, outreach, and capacity building for a secure and balanced development of cross-border E-Commerce. Public-private partnership in IT implementation and task-forces charged with specific technological solutions for facilitation and better risk-management were suggested as some of the means going forward.
17. Based on the experiences shared, and insights gained at this Seminar, the WCO will augment its efforts to raise awareness regarding the Framework of Standards through a more extensive outreach, and provide technical assistance to Customs administrations and stakeholders for a harmonized and effective implementation of the Framework.

III. Relationship between the WCO Framework of Standards on Cross-Border E-Commerce and the WTO Agreement on Trade Facilitation (TFA)

18. Cross-border E-Commerce, mainly characterized by business-to-consumer (B2C) and consumer-to-consumer (C2C) transactions, is expected to reach to USD 1 trillion in 2019, with an annual growth rate of over 27%. At present, approximately 1.6 billion consumers make online purchases and this figure is estimated to grow to 2.2 billion consumers by 2022. According to some estimates, it is already over 15% of the total international trade.
19. With the rapidly growing share of E-Commerce in the international trade and its unique specificities such as electronic nature, wider access, speed and efficiency, there is a growing demand from consumers and businesses for simple and transparent procedures attuned to the E-Commerce environment for an expeditious release of

shipments. This assumes significance as some of the procedures designed to support business-to-business (B2B) transactions are not able to deal with the new realities and dynamically evolving business models.

20. To that end, the WCO Framework of Standards on Cross-Border E-Commerce covers every facet of cross-border E-Commerce that relates to Customs and other regulatory processes involving various stakeholders. It also provides pragmatic, fair and innovative solutions along with practical approaches to effectively deal with various current and emerging challenges stemming from the phenomenal growth in cross-border E-Commerce. The Framework draws on the collective experience and knowledge of Customs administrations, other government agencies, industry, academia and civil society and is in keeping with the WCO's mandate to contribute to the standardization and harmonization of cross-border regulatory processes.
21. The corner stone of the Framework is the exchange of advance electronic data for effective risk management and enhanced facilitation of growing volumes of cross-border small and low-value B2C and C2C shipments, and the adoption of simplified procedures with respect to areas such as clearance, revenue collection and return, in close partnership with E-Commerce stakeholders. It also encourages the use of non-intrusive inspection (NII) equipment, data analytics and other cutting-edge technologies to support cross-border E-Commerce.
22. Article 7, one of the core articles of the TFA, stipulates provisions for the release and clearance of goods, providing various concrete and practical trade facilitation initiatives such as: Pre-arrival Processing; Electronic Payment; Risk Management; Post-clearance Audit; Time Release Studies, Authorized Operators concept, Expedited Shipment, and Perishable Goods. At the same time, Article 1 provides for the availability and transparency of all the relevant regulatory information; Article 8 mandates border agency cooperation and Article 10 stipulates formalities and documentation requirements and the use of related international standards.
23. Given these trade facilitation measures in the TFA that are equally relevant and applicable to the trade via E-Commerce, the Framework of Standards on Cross-Border E-Commerce further elaborates these provisions, provides additional measures, and offers more practical and operational perspectives for an enhanced facilitation, as well as an effective control, as appropriate.
24. The Framework of Standards leverages, and builds upon, the WTO TFA, among other international instruments and tools. A preliminary mapping of the Cross-Border E-Commerce Framework of Standards with the TFA (appended as Annex III to this document) indicates that the Framework supplements and complements a number of the key trade facilitation measures of the TFA and expands them to better support the increasing trade via E-Commerce channel.
25. Going forward, the Framework of Standards will be further enriched with technical specifications, data elements, implementation strategy, and case studies to ensure its expeditious, effective and harmonized implementation, thus further supporting the implementation of relevant TFA measures in the E-Commerce context, as well as the ongoing work on the WTO's Work Programme on E-Commerce.
26. The topic of relationship between the WCO Framework of Standards and the WTO TFA will also be discussed by the TFA Working Group (TFAWG) at its meeting on 22 and 23 October 2018. The outcomes of this meeting will be shared for the consideration and further discussion by the PTC.

IV. Action Required

27. The PTC is invited to:
- take note of, and review, the progress made on various items of work and provide inputs and guidance on the future work as envisaged in the WGEC's Work Plan;
 - discuss the relevance of the Framework of Standards on Cross-Border E-Commerce in the context of trade facilitation and its relationship with the WTO Agreement on Trade Facilitation; and
 - suggest measures for effective and harmonized implementation of the Framework of Standards including associated capacity building mechanisms and other key success factors.

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Work Plan for the Working Group on E-Commerce

| | Topic | Activity | Responsible | Timeline | Remarks |
|----|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|------------------------|----------------|
| 1. | Technical Specifications | Review current draft text and identify gaps/concerns and suggest amendments | Co-Chairs, Co-Leads and interested Members and stakeholders | May 2018 | |
| | | Disseminate updated draft text for comments and feedback | Secretariat | June 2018 | |
| | | Develop consolidated text based on inputs/suggestions | Co-Chairs, Co-Leads and Secretariat | July 2018 | |
| | | Discuss and potentially finalize Technical Specifications | WGEC | September/October 2018 | |
| 2. | Flow Chart and Data Elements | Refine and further develop Flow Chart | Co-Leads (CBSA and IFCBA) | May 2018 | |
| | | Establish a Sub-Group on Data Elements comprising Co-Chairs, Co-Leads and interested Members and Stakeholders | Co-Chairs and Secretariat | June 2018 | |
| | | Establish the context, noting commercial environments of the stakeholders who hold the data Discuss the concept and develop draft Data Elements | Sub-Group on Data Elements (face-to-face meeting) | June 2018 | |
| | | Engage and consult Members and E-Commerce stakeholders | Co-Chairs and Secretariat | August 2018 | |
| | | Discuss Flow Chart and Data Elements | WGEC | September 2018 | |
| | | Continue consultations and further work | Co-Chairs and Sub-Group Co-Leads | | |
| | | Discuss and finalize Flow Charts and Data Elements | Sub-Group on Data Elements (face-to-face meeting) | January 2019 | |
| | | Finalize Flow Chart and Data Elements | WGEC | March/April 2019 | |

| | Topic | Activity | Responsible | Timeline | Remarks |
|----|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------|----------------|
| 3. | Definitions | Review and update/expand the already identified terms | Interested Members and stakeholders and Secretariat | May 2018 | |
| | | Develop draft definitions | Co-Chairs and Interested Members and stakeholders | August 2018 | |
| | | Circulate draft definitions for consultation | Secretariat | August 2018 | |
| | | Finalize definitions | WGEC | September/ October 2018 | |
| 4. | Implementation Strategy and Action Plan | Discuss and develop the envisaged implementation strategy and action plan for the implementation of the Framework of Standards at the national/regional level | Interested Members and Stakeholders | August 2018 | |
| | | Circulate for comments and feedback | Secretariat | August/ September 2018 | |
| | | Continue consultations | Co-Leads and Secretariat | October 2018 to March 2019 | |
| | | Discuss and develop a Capacity Building strategy | Interested Members and Stakeholders | January 2019 | |
| | | Finalize Implementation Strategy and Action Plan | WGEC | March/April 2019 | |
| 5. | Case Studies and Pilots | Invite Members and stakeholders to share their working examples, initiatives/pilots | Members and stakeholders | December 2018 | |
| 6. | Other Annexes to the Framework of Standards | Review the already developed draft Annexes (e.g., Business Models; E-Commerce Stakeholders : Roles & responsibilities; Alternate Models of Revenue Collection) | Co-Chairs, Co-Leads, and interested Members and stakeholders | June 2018 | |
| | | Disseminate for further comments and feedback | Secretariat | July 2018 | |
| | | Finalize all other Annexes | WGEC | September/ October 2018 | |

| | Topic | Activity | Responsible | Timeline | Remarks |
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| 7. | Final Report | Consolidate and prepare the finalized document for the June 2019 Policy Commission and Council Discuss and establish the process for future development and maintenance of the Framework of Standards beyond June 2019 | WGEC, PTC, EC, Secretariat | June 2019 | |

Intersessional Work

| No. | Item of Work | Volunteers |
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| 1. | Definitions and Technical Specifications | <p>Coordinator: US and EU India, GEA, Japan, Amazon, FIATA, EEC, Mexico, UK, Australia, China, Sweden; Google, UPU, The Netherlands</p> |
| 2. | Flow Charts and Data Elements | <p>Coordinator: Canada and China GEA, UK, Japan, IATA, Amazon, FIATA, UNECE, France, EEC, US, EU, UPS, Sweden, UPU, The Netherlands, IFCBA</p> |
| 3. | E-Commerce Business Models and E-Commerce Stakeholders: Roles and Responsibilities | <p>Coordinator: China and Amazon GEA, Japan, ICC, FIATA, UNECE, US, France, UPU, The Netherlands, EEC, Spain, IFCBA</p> |
| 4. | Revenue Collection Models | <p>Coordinator: Australia and ICC OECD, Canada, Amazon, Australia, EU, China, UPS, Brazil, EEC, US, Spain, The Netherlands, IFCBA</p> |
| 5. | Implementation Strategy, Action Plan, and Capacity Building mechanism | <p>Coordinator: EU Australia, IATA, UPU, FIATA</p> |

Relationship between the WTO TFA measures and the WCO Framework of Standards on Cross-Border E-Commerce

| TFA Articles | Corresponding expanded Principles and Standards of the Framework of Standards on Cross-Border E-Commerce |
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| <p>Article 1: Publication and availability of information</p> <p>Article 2: Opportunity to comment, information before entry into force and consultations</p> | <p>Principle VI: Public Awareness, Outreach and Capacity building.</p> <p>Standard 13: Communication, Public Awareness and Outreach.</p> <p><i>Customs administrations should make consumers, the public and other stakeholders aware of the regulatory requirements, risks and responsibilities associated with cross-border E-commerce through comprehensive awareness raising, communication, education and outreach programmes.</i></p> |
| <p>Article 7: Release and Clearance of Goods</p> <p>7.1: Pre-arrival processing</p> | <p>Principle I: Advance Electronic Data and Risk Management</p> <p>Standard 1: Legal Framework of Advance Electronic Data</p> <p><i>A legal and regulatory framework should be established for requiring advance electronic exchange of data between relevant parties involved in the E-Commerce supply chain, and Customs administrations and other relevant government agencies to enhance facilitation and control measures, taking into account applicable laws, inter alia, those related to competition (anti-trust), and data security, privacy, protection, ownership.</i></p> <hr/> <p>Principle II: Facilitation and Simplification</p> <p>Standard 5 Simplified Clearance Procedures</p> <p><i>Customs administrations, working in coordination with other relevant government agencies as appropriate, should establish and maintain simplified clearance formalities/procedures utilizing pre-arrival processing and risk assessment of cross-border E-Commerce shipments, and procedures for immediate release of low-</i></p> |

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| | <p><i>risk shipments on arrival or departure. Simplified clearance formalities/procedures should include, as appropriate, an account-based system for collecting duties and/or taxes and handling return shipments.</i></p> |
| <p>7.2: Electronic Payment</p> | <p>Principle III: Fair and Efficient Revenue Collection</p> <p>Standard 7: Models of Revenue Collection</p> <p><i>Customs administrations, working with appropriate agencies or Ministries, should consider applying, as appropriate, various types of models of revenue collection (e.g., vendor, intermediary, buyer or consumer, etc.) for duties and/or taxes. In order to ensure the revenue collection, Customs administrations should offer electronic payment options, provide relevant information online, allow for flexible payment types and ensure fairness and transparency in its processes. Models that are applied should be effective, efficient, scalable, and flexible, supporting various business models and contributing to a level playing field for and among the various E-Commerce stakeholders.</i></p> |
| <p>7.4: Risk Management</p> | <p>Principle I: Advance Electronic Data and Risk Management</p> <p>Standard 3: Risk Management for Facilitation and Control</p> <p><i>Customs administrations should develop and apply dynamic risk management techniques that are specific to the E-Commerce context to identify shipments that present a risk.</i></p> <p>Standard 4: Use of Non-Intrusive Inspection Technologies and Data Analytics</p> <p><i>Customs administrations should use data analytics and screening methodologies in conjunction with non-intrusive inspection equipment, across all modes of transportation and operators, as part of risk management, with a view to facilitating cross-border E-Commerce flows and strengthening Customs controls.</i></p> |

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| 7.7: Trade Facilitation Measures for Authorized Operators | <p>Principle II: Facilitation and Simplification</p> <p>Standard 6: Expanding the Concept of Authorized Economic Operator (AEO) to Cross-Border E-Commerce</p> <p><i>Customs administrations should explore the possibilities of applying AEO Programmes and Mutual Recognition Arrangements/Agreements in the context of cross-border E-Commerce, including leveraging the role of intermediaries, to enable Micro, Small and Medium-sized Enterprises (MSMEs) and individuals to fully benefit from the opportunities of cross-border E-Commerce.</i></p> |
| 7.8: Expedited Shipment | <p>Principle II: Facilitation and Simplification</p> <p>Standard 5: Simplified Clearance Procedure</p> <p><i>Customs administrations, working in coordination with other relevant government agencies as appropriate, should establish and maintain simplified clearance formalities/procedures utilizing pre-arrival processing and risk assessment of cross-border E-Commerce shipments, and procedures for immediate release of low-risk shipments on arrival or departure. Simplified clearance formalities/procedures should include, as appropriate, an account-based system for collecting duties and/or taxes and handling return shipments.</i></p> |
| 7.9: Perishable Goods | <p><i>Customs administrations, working in coordination with other relevant government agencies as appropriate, should establish and maintain simplified clearance formalities/procedures utilizing pre-arrival processing and risk assessment of cross-border E-Commerce shipments, and procedures for immediate release of low-risk shipments on arrival or departure. Simplified clearance formalities/procedures should include, as appropriate, an account-based system for collecting duties and/or taxes and handling return shipments.</i></p> |
| Article 8: Border Agency Cooperation | <p>There are many Standards in the Framework that requires close coordination between Customs administration and other relevant government agencies. These standards include: Standard 5, Standard 7, Standard 9, Standard 13, Standard 14, and Standard 15.</p> |
| <p>Article 10: Formalities connected with importation and exportation and transit</p> <p>10.1: Formalities and Documentation Requirements</p> | <p>Principle I: Advance Electronic Data and Risk Management</p> <p>Standard 1: Legal Framework for Advance Electronic Data</p> |

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| | <p>Principle II: Facilitation and Simplification</p> <p>Standard 5: Simplified Clearance and Procedure</p> |
| 10.3: Use of international standards | <p>Principle I: Advance Electronic Data and Risk Management</p> <p>Standard 2: Use of International Standards for Advance Electronic Data</p> <p><i>Relevant WCO and other international standards and guidance should be implemented in accordance with national policy, in an effective and harmonized manner, to facilitate the exchange of advance electronic data.</i></p> |
| 10.4: Single Window | <p>Principle IV: Safety and Security</p> <p>Standard 10: Inter-Agency Cooperation and Information Sharing</p> <p>Governments should establish cooperation frameworks between and among various national agencies through relevant electronic mechanisms including Single Window, as appropriate, in order to provide cohesive and coordinated response to safety and security risks stemming from cross-border E-Commerce, thus facilitating legitimate trade.</p> |
| 10.8: Rejected Goods | <p>Principle II</p> <p>Standard 5: Simplified Clearance Procedures</p> <p>Customs administrations, working in coordination with other relevant government agencies as appropriate, should establish and maintain simplified clearance formalities/procedures utilizing pre-arrival processing and risk assessment of cross-border E-Commerce shipments, and procedures for immediate release of low-risk shipments on arrival or departure. Simplified clearance formalities/procedures should include, as appropriate, an account-based system for collecting duties and/or taxes and handling return shipments.</p> |

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| Article 12: Customs Cooperation | Principle V: Partnerships Standard 12: International Cooperation <i>Customs administrations should expand Customs cooperation and partnerships to the cross-border E-Commerce environment in order to ensure compliance and facilitation.</i> |
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