



PERMANENT
TECHNICAL
COMMITTEE

PC0574Ea

-
225th/226th Sessions

-
28 - 31 October 2019

Brussels, 10 September 2019.

COMPENDIUM OF E-COMMERCE CASE STUDIES

(Item XVI.c on the Agenda)

I. Introduction

1. Following the adoption of the Framework of Standards on Cross-Border E-Commerce and associated Resolution by the June 2018 Council, Member Customs administrations, working in close cooperation with other relevant government agencies and E-Commerce stakeholders, are progressing with the implementation of the Framework in a phased manner based on their national priorities, specificities, internal procedures and resource availability.
2. At its June 2019 sessions, the Policy Commission and the Council endorsed the E-Commerce Package that included, among other things, two templates for collecting Members' case studies on : (i) Implementation of the Framework of Standards on Cross-Border E-Commerce, and (ii) Revenue collection approaches.

II. Compendium of E-Commerce case studies

3. Based on the case study templates endorsed by the June 2019 Policy Commission and Council, the Secretariat is collecting Members' case studies on e-commerce related implementation experiences and initiatives intending to develop a compendium of case studies. To that end, the Secretariat has sent out a letter dated 26 August 2019 to Members, requesting them to share their case studies in these templates. The letter along with the templates is appended as an Annex to this document.
4. Three case studies on revenue collection approaches, provided by Australia, Brazil and Eurasian Economic Union (EAEU), have already been issued. Furthermore, some Members' case studies on their new initiatives on e-commerce have also been published. These case studies are available at the WCO Website :

For reasons of economy, documents are printed in limited number. Delegates are kindly asked to bring their copies to meetings and not to request additional copies.

Copyright © 2019 World Customs Organization. All rights reserved. Requests and inquiries concerning translation, reproduction and adaptation rights should be addressed to copyright@wcoomd.org.

<http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/frameworks-of-standards/ecommerce.aspx>

5. The envisaged Compendium is expected to be a useful reference resource for WCO Members and stakeholders in tackling e-commerce related challenges through an effective implementation of the Framework. This compendium will also aid in future awareness-raising on the Framework and required capacity building for Members.

III. Action required

6. The PTC is requested to :
 - discuss the potential development of a compendium of case studies on e-commerce; and
 - encourage Members to share their working experiences and initiatives in the given templates, as well as provide guidance, going forward.

*

*

*



WORLD CUSTOMS ORGANIZATION
ORGANISATION MONDIALE DES DOUANES

Established in 1962 as the Customs Co-operation Council
Créée en 1962 sous le nom de Conseil de coopération douanière

The Secretary General

19.FL-0567E/P.P.

Brussels, 26 August 2019.

Dear Director General,

I am writing to you with reference to the discussions held on the topic of 'e-commerce' at the June 2019 Policy Commission and Council sessions, where the Policy Commission and the Council endorsed the E-Commerce Package, taking note of the overwhelming significance of the cross-border movement of e-commerce and the associated challenges faced by Customs administrations. The E-Commerce Package is aimed at further enriching and complementing the adopted Framework of Standards on Cross-Border E-Commerce to facilitate its effective and harmonized implementation.

Member Customs administrations, working in close cooperation with other relevant government agencies and e-commerce stakeholders, are implementing the Framework in a phased manner as per their national priorities, specificities, internal procedures and resource availability.

Based on the case study templates endorsed by the June 2019 Policy Commission and Council (attached), the WCO Secretariat is collecting Members' case studies on e-commerce related implementation experiences and initiatives with a view to developing a compendium of case studies that would be a useful reference resource for other WCO Members.

It would be highly appreciated if your Administration could send its response in the attached templates by 15 September 2019 and provide further updates, when needed. For any questions or clarification, please have your staff contact Mr. Pashupati N. Pandey, Senior Technical Officer (e-mail: pn.pandev@wcoomd.org) in the WCO Procedures and Facilitation Sub-Directorate.

I thank you for your Administration's continued support towards WCO activities.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kunio Mikuriya', with a horizontal line underneath it.

Kunio Mikuriya.

Rue du Marché, 30, B-1210 Bruxelles, Belgique
• Téléphone +32 2 209 92 11 • Fax +32 2 209 92 92 • <http://www.wcoomd.org>
Account-compte Fortis banque : 210-0475126-72 *

Strategy for the implementation of the WCO Framework of Standards on Cross-Border E-Commerce

Case Study Template

The purpose of developing case studies is to show country-specific examples of the implementation of the standards laid down in the WCO Framework of Standards on Cross-Border E-Commerce. This template acts as a guide to providing case studies that have a similar level of consistency in terms of layout and information provided.

Such examples may relate to the implementation of specific Standards or the complete Framework as a package. Special attention should be given to describing existing legislative frameworks, approaches and Customs processes relating to (low value) e-commerce shipments, the relevance of e-commerce in the country's economy and the circumstances that triggered the need for changes.

In the case of partial implementation of the Framework of Standards, an explanation on the selected Standards and the approach applied for the prioritization would also be useful.

It is still to be decided whether it would be desirable to design a specific template for each of the Standards, or whether a generic template would be more appropriate.

1- Introduction / General Overview

- General description of the current practices and approaches to handling cross-border e-commerce shipments
 - Trends, relevance of and legislative framework for cross-border e-commerce, supported by statistics (if possible and available), on
 - annual number of volumes (shipments) and declarations (if applicable, the proportion of low value shipments)
 - taxes and duties collected from e-commerce goods
 - average time for clearance of e-commerce goods
 - other important information.
 - Use of electronic advance data
 - Main issues and challenges that the Customs administration has to face in relation to cross-border e-commerce shipments

2- Planning and Prioritization

- Which were the main elements/circumstances that triggered the (need for the) implementation of the Framework of Standards?
- Prioritization of Standards:
 - What aspects have been taken into account in setting up the priority and the roadmap for the implementation?
 - Why is this approach / priority considered the most effective for e-commerce goods? For example, it is for providing facilitation and compliance, minimizing risks of undervaluation, preventing revenue losses, enhancing the predictability of delivery times if there is a need to pay duties and taxes, creating comfortable

conditions for consumers (buyers) because there is no need to pay duties and taxes directly upon goods arrival, etc.

- If not all the Standards have been selected for implementation, what was the basis for the selection?
- Is there any phased implementation foreseen?
- Use of studies, gap-analysis between 'as-is' and 'to-be' situations and any other analyses made by independent experts.
- Were any other government agencies, besides Customs, involved in the planning phase?

3- Advance Electronic Data

- Is there any legal framework that requires (or enables) the exchange of electronic advance data? Is there any differentiation between economic operators with similar business activities (e.g., postal operators and express couriers)?
- Is there any timeline defined for the submission of data, and if so, what is it?
- Describe the purposes for which advance electronic data is used (safety & security risk analysis, financial risk analysis, etc.).
- Describe how data security, protection and privacy aspects are ensured (if applicable, also in relation to voluntary data submission).
- Describe any measure(s) taken to ensure or improve data quality.
- Are there new actors and data sources identified (e.g., new reporting obligation introduced in legislation) in relation with e-commerce, and how can they improve the effectiveness and efficiency of risk analysis?
- Any possibility / incentive for voluntary submission of additional data? What is the basis of such submission (e.g., legislation, MoU, etc.)? What are the main benefits of such extra reporting?
- Any possibility for the re-use of data (including data provided by different e-commerce stakeholders)? How is the liability issue tackled in the case of reporting and re-use of data by different actors?

4- Risk management

- New approach or elements introduced to the risk management processes following the implementation.
 - Describe the main principles and methods used for the risk analysis of e-commerce shipments.
 - What are the main benefits of the new approach? What were the main gaps/challenges of the old system?
 - Any differentiation between transport modes?
- Describe the approach in detail, to the extent possible, including the use of non-intrusive inspection (NII) technologies.
- What are the measures taken to cope with a large number of unknown parties?
- Describe how other government agencies and private sector stakeholders are involved in risk management.

5- Facilitation and simplification

- Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to make the understanding easy.
- What is the scope of simplified processes (e.g., low value shipments, all e-commerce goods, goods subject to prohibitions and restrictions are excluded, etc.).
- Is a level playing field ensured in terms of
 - economic operators
 - transport modes
 - others.
- Do economic operators need to comply with specific criteria in order to benefit from simplifications and expedited release of goods? Can e-commerce stakeholders (in particular e-platforms and marketplaces) take part in AEO programmes? Are there any specific criteria that they have to meet due to their particular business model?
- Is there any specific trusted trader programme set up for e-commerce stakeholders (in addition to AEO)?
- What is the average release time of non-risky e-commerce shipments?
- Are there any simplified methods available for the determination of the
 - Origin
 - Customs value and
 - Classification

of the goods? Describe these methods in detail.

- Is there any possibility for account-based consolidated reporting and payment of the Customs duties and taxes due in relation to e-commerce goods?
- Do you have in place (or plan to establish) a Single Window or any other centralized platform for the Customs clearance of e-commerce shipments?
- Describe the return/refunds procedures in detail.

6- Safety and Security

- Is there any IT system in place for safety & security risk management?
- Describe the approach applied in detail, including the use of dynamic risk profiling to identify high-risk shipments.
- Is there any inter-agency cooperation established with other government agencies?
- What is the role of private sector stakeholders in identifying illicit trade channels and high-risk e-commerce goods?

7- Revenue collection

- Refer to the template for revenue collection models.

8- Partnerships

- What kind of partnership arrangements have been established with e-commerce stakeholders?
- Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to facilitate understanding.

9- Public awareness, outreach and capacity building

- Is there a dedicated website available to consumers and private stakeholders, developed by the Customs administration, which collects all the relevant information and regulatory requirements related to cross-border e-commerce?
- How do you ensure that e-commerce stakeholders are aware of their responsibilities and obligations related to e-commerce goods?
- What other measures are taken or methods used to raise consumers' awareness of the regulatory requirements?

10- Measurement and Analysis

- Describe the approach used for the measurement of cross-border e-commerce, including the following main aspects:
 - Scope of the statistics
 - Dimensions considered in the statistics (e.g., value, quantity, geographic locations, type of goods, etc.)
- Are returns also measured? If yes, please describe the approach in detail.
- What are the main sources used for drawing up statistics? Is the private sector directly involved in drawing up statistics on cross-border e-commerce goods?
- Is there any legislative framework on statistics available in the country?
- To what extent is the WCO Data Model considered for statistical purposes?
- For what purposes are these statistics used?

11- Technological developments

- Is there any strategy developed at the national level for the exploration and use of modern technologies?
- What are the most relevant technological developments intended to be used in relation to cross-border e-commerce: for what purpose / in which part of the Customs process?
- Are there any pilots and trials already in place or under planning?
- If such pilots are in place, or certain technological developments are already in use in relation with cross-border e-commerce, what are the main challenges and benefits of their use?

12- Timeline, Benefits and Challenges

- What was the timeline to implement the Standard(s) concerned?
- Which were the main difficulties or challenges encountered during the implementation process?
- What are the key enablers for a successful implementation?
- What are the most important lessons learnt?

13- Capacity Building

- Which instruments and tools of the WCO or other international organizations were considered?

- Has any support been received from WCO or other organizations/countries to facilitate the implementation?
- Is there any plan to support other countries' implementation based on the experience gained?

14- Compliance and Future Developments (if applicable and/or available)

- What was the response of stakeholders to the implementation approach?
- What is the approach to ensure compliance (penalties, education, etc.)?
- How is the success of the approach measured?
- Next steps (phases, reviews, adjustments, if applicable, other Standards to be implemented)?

15- Additional or Final Comments

- Any additional or final comments.

*

* *

Revenue Collection Approaches

Case Study Template

The purpose of developing case studies is to show country-specific examples in defining an effective approach or approaches (henceforth referred to as approach/es) to revenue collection for cross-border e-commerce goods. This template acts as a guide to providing case studies that have a similar level of consistency in terms of layout and information provided.

Such examples may be useful for administrations when considering implementation of the Framework of Standards on Cross-Border E-Commerce, taking into account that e-commerce is a rather new phenomenon and special rules, in particular for revenue collection relating to E-Commerce goods only, are not widespread in practice.

Special attention should be given to describing existing and developing revenue collection peculiarities and their main differences, the existing *de minimis* threshold and possible steps for reviewing it, approaches to determine value for the purpose of calculating duties and taxes relating to small shipments destined to consumers by express, couriers or postal operators, and opportunities and challenges for risk management systems due to the enormous volume of parcels.

1. Introduction / General Overview

- General description of the approach/es to revenue collection for e-commerce, based on one of the three approaches (or hybrid) discussed within the Annex to the Technical Specifications.
 - Peculiarities of the revenue collection approach/es, in particular who submits goods declaration and pays customs duties, taxes and fees (postal operator, express courier, sender, e-vendor, e-commerce platform, buyer), how and when (after, before or concurrently submitting goods declaration, clearance process or on periodic basic, pre-arrival processing and/or account-based processing with deferred payment of duties and taxes).
- Why was this approach/es developed, or under development, for e-commerce?
- What is the legal framework that supports revenue collection for e-commerce?
 - Legal acts that regulate revenue collection issues (Customs code, laws and regulations, etc.)?
 - Are there special rules for the revenue collection approach/es regarding e-commerce, or are general rules applied for such categories of goods (for example, intermediary collection approach)?
 - Is there a need for developing unique rules (new legislation) for revenue collection adapted to cross-border e-commerce goods? If yes, have such rules been developed in your country or union?
- *De Minimis* Threshold.
 - Is there a *de minimis* threshold in your country or union. If yes, please specify its level?
 - Is the *de minimis* threshold related only to duties or to duties and taxes?
 - Is your country or union planning to review or adjust *de minimis* thresholds? If yes, when.

2. Background

- Is there any previous experience with other types of approach/es, and how has this led to the current approach/es.
- Provide a brief explanation of the domestic regulatory environment relevant to the case study (competent authorities, *de minimis* threshold, taxation, etc.).

3. Description of the process

- Describe the approach/es in detail. Use pictures, diagrams and charts, print screens, websites, etc., to make the understanding easy.

4. Benefits and Challenges

- What are the benefits and challenges of using the approach/es chosen for e-commerce goods within the domestic environment?
- Why is this approach/es considered the most effective for e-commerce goods? For example, it is providing facilitation, efficiency of revenue collection, compliance, minimize risks of undervaluation, prevent revenue losses, more predictability of delivery time if there is a need to pay duties and taxes, more comfortable conditions for consumers (buyers) because there is no need to pay duties and taxes directly upon goods arrival, etc.
- Has the approach/es been integrated with Risk Management Systems, and if so how.

5. Lessons Learned (if available)

- What was your administration's experience in implementing the approach and what did you learn from this experience? This may be related to any aspect of the approach including, but not limited to: legislation, systems, cooperation with other government agencies and the private sector, training of staff, resourcing, and/or achieving policy objectives.

6. Compliance and Future Developments (if available)

- What was the response to implementation?
- What is the approach to compliance (penalties, education, etc.)?
- How is the success of the approach measured?
- Next steps for the approach (phases, reviews, adjustments, etc.)?

7. Additional or Final Comments

- Feel free to add any additional or final comments.

8. Statistics (if available)

The purpose of this section is to provide statistical information that supports the case study outlined above. It is acknowledged that provision of statistics may be challenging and therefore some or all of the suggested information below, which is not exhaustive, may not be obtainable, or what can be provided may not add value to the case study due to its level of aggregation or reliability. As such, this section should be considered as "best endeavours". If there are statistics that contain estimates or are anticipatory based on research, then these can be provided but should be identified.

- annual number of volumes and declarations
- volumes cleared within *de minimis*

- number of operators [registered or otherwise] with respect to the approach/es
 - taxes and duties collected on e-commerce goods
 - average time for clearance of e-commerce goods
 - other important information.
-