



PERMANENT TECHNICAL  
COMMITTEE

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217<sup>th</sup>/218<sup>th</sup> Sessions

-  
17 – 20 October 2017

Brussels, 11 September 2017

## **E-COMMERCE**

Potential WCO Communication on E-Commerce to the 11<sup>th</sup> WTO Ministerial Conference

### **(Item X.c on the Agenda)**

#### **I. Introduction**

1. The Eleventh WTO Ministerial Conference (MC11) will take place from 10 to 13 December 2017 in Buenos Aires, Argentina (the week following the WCO Policy Commission meeting in Egypt). The Ministerial Conference, which is attended by trade ministers and other senior officials from the organization's 164 members, is the highest decision-making body of the WTO.
2. At this stage, it is difficult to predict whether and which aspect of E-Commerce will be discussed at the MC11. However, the picture will be clearer once the MC11 Agenda is available (by November 2017 at the latest). Nevertheless, E-Commerce will be one of the topics of the many side events which will be taking place on the sidelines of the MC11.

#### **II. Draft Communiqué on E-Commerce from the International Customs Community to the WTO MC 11**

3. Given the global attention to exponentially growing E-Commerce and the work currently being done by the WCO in partnership with relevant stakeholders, it is considered to be an opportune moment for the Policy Commission to reflect on global developments in the international supply chain driven by E-Commerce, take stock of the work undertaken by the WGEC in terms of developing practical solutions, and share its thoughts on E-Commerce with the MC11 through a Communication from the International Customs Community.
4. Such a Communication could also be a good opportunity to reaffirm the WCO's leadership in providing policy and operational frameworks in effectively managing cross-border E-Commerce from both a facilitation and a control perspective as well as to

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demonstrate its strong commitment to supporting the WTO's Work programme on electronic commerce moving forward.

5. To that end, a draft Communiqué has been developed by a group (comprising the WGEC Co-Chairs and the Sub-Group Co-Leads) led by Australia with the support of the Secretariat (appended as an Annex to this document).
6. The draft Communiqué will be discussed by the 2<sup>nd</sup> WGEC meeting to be held from 10 to 13 October 2017 (the week preceding the PTC meeting). The PTC will be informed the views and suggestions emanating from this WGEC meeting.
7. Following the consideration by the PTC, the draft Communiqué will be presented to the December 2017 Policy Commission for its potential adoption and issuance, as appropriate.

### **III. Action Requested**

8. The PTC is invited to discuss, provide suggestions and, if appropriate, approve the Communication from the International Customs Community on Cross-Border E-Commerce on the occasion of the Eleventh WTO Ministerial Conference.

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**Eleventh WTO Ministerial Conference, Buenos Aires, 10-13 December 2017**

**Draft Communication from the International Customs Community  
on Cross-Border E-Commerce**

The Growing trade in electronic commerce (E-Commerce) has provided enormous opportunities for the global economy. The unprecedented growth in E-Commerce has revolutionized the way businesses and consumers market, sell, and purchase goods providing wider choices, advanced shipping, payment, and delivery options. It has also opened up global economic opportunities to micro, small and medium enterprises (MSMEs) in terms of wider access to overseas markets by lowering entry barriers, thus leading to an inclusive and robust globalized trade. At the same time, E-Commerce, in particular Business to Consumer (B2C) and Consumer to Consumer (C2C) transactions, is posing several challenges to governments and businesses alike.

This fast evolving trading environment requires a comprehensive and well-considered response from all stakeholders including Customs authorities to address increasing concerns regarding the unprecedented growth in volumes, lack of global standards and guidelines, and increasing border risks. To this end, the World Customs Organization (WCO)<sup>1</sup> established a Working Group on E-Commerce (WGEC) comprising representatives from governments, the private sector, international organizations, E-Commerce operators/intermediaries, and academia to discuss opportunities and challenges presented by E-Commerce and develop collaborative solutions for addressing current and emerging challenges more effectively and efficiently.

Working closely with the private sector and stakeholders over the last fifteen months, the WCO has explored in detail the key drivers of E-Commerce, examined existing business models and considered current and likely future trends based on extensive research and consultation. It has been developing Standards, guidelines and recommendations to facilitate cross-border E-Commerce in a way that meets the needs of industry, consumers and regulatory agencies alike.

**On the occasion of the Eleventh WTO Ministerial Conference in Buenos Aires, the international Customs community:**

**Reaffirms** that it is committed to facilitating the legitimate cross-border E-Commerce, acknowledging the digital transformation of the economy is one of the key drivers in the global trade environment.

**Notes** that E-Commerce is providing unparalleled opportunities to businesses, in particular Micro, Small and Medium Enterprises (MSMEs) to connect with global value chains.

**Understands** that E-Commerce dynamically supports the economic growth and competitiveness of nations.

**Acknowledges** that exponential growth in E-Commerce, in particular phenomenal growth in low-value and small B2C and C2C transactions and an increased role of consumers in individual transactions, is presenting several challenges to governments and businesses

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<sup>1</sup> The World Customs Organization is the only inter-governmental organization with competence in Customs matters and is the voice of the international Customs community. It brings together 182 Members covering more than 98 % of world trade.

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alike, in terms of trade facilitation and security, fair and efficient collection of duties/taxes, and society protection.

**Recognizes** that current mechanisms do not adequately capture data on cross-border E-Commerce flows.

**Takes into consideration** the WCO Revised Kyoto Convention (RKC), the WTO Agreement on Trade Facilitation (TFA), the WCO SAFE Framework of Standards (SAFE FoS), Annexes 9 and 17 of the ICAO Chicago Convention, the UPU Convention and Security Standards (S58 and S59) and other relevant international standards.

**Aims** to adapt, embrace and leverage opportunities presented by E-Commerce, and find solutions collaboratively between government and business stakeholders to challenges using modern technologies to facilitate legitimate trade, in particular for MSMEs.

**Appreciates** the ongoing cooperation and coordination between the WCO, the WTO and all relevant stakeholders at international, regional and national levels in developing and implementing simplified solutions relating to facilitation and control (where needed) of growing E-Commerce.

**Emphasizes** the importance of a harmonized approach to E-Commerce in close coordination with other international organizations and private sector, at international, regional, and national levels, that provide flexibility and customization for future developments and emerging business models to deliver common standards and guidelines to address challenges relating to certain high-risk consignments, whilst facilitating legitimate E-Commerce flows.

**Encourages** WTO Members to work constructively in addressing some of the E-Commerce/Digital Trade issues, including those concerning imposition of Customs duties on electronic transmissions.

**Recommends** that Members of the WCO Council and all members of the United Nations Organisation or its specialized agencies, and international or regional Customs or Economic Unions adopt an E-Commerce strategic framework based on the following key principles :

#### **Principle I - Advance Electronic Data and Risk Management**

Frameworks are established that support the timely and accurate exchange of advance electronic data for effective risk management and Customs control.

#### **Principle II - Facilitation and Simplification**

Simplified clearance procedures are adopted to facilitate the rapid clearance of legitimate low-value and small shipments/parcels. This principle is cross-cutting and supports trade facilitation, security and safety and revenue collection.

#### **Principle III - Safety and Security**

Government and industry work collaboratively to use technology, intelligence, non-intrusive intervention methodology, and risk profiling based on advance electronic data (pre-loading/pre-arrival), to identify and intercept high-risk shipments

#### **Principle IV - Revenue Collection**

Advance electronic data from E-Commerce operators and alternative models of revenue collection should be adopted to facilitate fair and efficient revenue collection with minimum intervention (streamlined and automated), while at the same time identifying and preventing fraud.

**Principle V - Measurement and Analysis**

Reliable mechanisms should be established to accurately measure and analyze cross-border E-Commerce in close cooperation with international organizations and private sector holders to facilitate trade statistical analysis that informs policy, supports risk management and contributes to the rapid clearance of legitimate trade

**Principle VI - Partnerships**

All stakeholders should work in partnership to develop business solutions that meets individual and collective needs of all actors in the supply chain

**Principle VII - Public Awareness, Outreach and Capacity Building**

Awareness and outreach programmes together with appropriate capacity building mechanisms are in place to ensure all stakeholders understand their obligations regarding compliance with Customs and other regulatory requirements.

**Principle VIII - Legislative Frameworks**

National legislation should be adjusted/adapted, as appropriate, that complements related international instruments, conventions, agreements, and WCO tools and guidelines, in order to facilitate cross-border E-Commerce, collect revenue payable and protect society, while ensuring a more level playing field for all economic operators, to the extent possible.

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