



Permanent Technical Committee

PC0701Eb

-  
237<sup>th</sup>/238<sup>th</sup> Sessions

-  
25 – 27 October 2022

Brussels, 27 September 2022.

## **E-COMMERCE**

### **E-Commerce Package Progress Report**

**(Item VI.a on the Agenda)**

#### **SUMMARY**

##### **Purpose of document**

The purpose of this document is to report on the progress of work in the area of cross-border e-commerce since the 235<sup>th</sup>/236<sup>th</sup> PTC sessions. The document contains information on capacity building and awareness raising activities, update and development of relevant tools in the compliance and enforcement area, activities related to cooperation with stakeholders, as well as information on the proposals compiled by the Secretariat in the context of the 2022/2023 annual review of two annexes forming part of the WCO E-Commerce Package.

##### **Action required of the Permanent Technical Committee**

The Permanent Technical Committee is invited to:

- take note of the progress made;
- discuss the proposals pertaining to the 2022-2023 annual review of two annexes forming part of the WCO E-Commerce Package as outlined in the Annex hereto; and,
- provide guidance on the way forward.

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## **I. Introduction**

1. At its June 2018 Sessions the Council approved the Framework of Standards on Cross-Border E-Commerce (hereafter “E-Commerce FoS”) and the accompanying Council Resolution. Subsequently, in June 2019 and December 2020, the Council approved a number of tools that support the implementation of the E-Commerce FoS and form part of the E-Commerce Package.
2. In addition to endorsing the outstanding e-commerce tools, in December 2020 the Council approved the E-Commerce FoS update/maintenance mechanism and took note of a broad capacity building action plan for e-commerce and the finalization by the Permanent Technical Committee (PTC) of key performance indicators (KPIs) for possible monitoring and evaluation of the E-Commerce FoS implementation, as well as for capacity building purposes.
3. In June 2022 the Council endorsed the outcome of the first periodic review of the E-Commerce FoS and the tools supporting its implementation. The 2022 edition of the E-Commerce Package is available on the WCO web-site at:  
<http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/frameworks-of-standards/ecommerce.aspx>.
4. Following the finalization of the E-Commerce Package in December 2020, the Secretariat intensified its efforts in supporting the effective and harmonized implementation by Members of the E-Commerce FoS. Progress reports on the delivery of capacity building and awareness raising activities in the area of e-commerce were submitted to the PTC sessions in April 2021, October 2021 and April 2022, as well as to the June 2021 and June 2022 sessions of the Policy Commission (PC) and Council.
5. The WCO Compliance and Enforcement Sub-directorate has also invested efforts aimed at addressing the challenges faced by Members in the e-commerce environment, through the development and update of relevant tools, and cooperation with relevant stakeholders.
6. Moreover, the discussions held in the respective WCO working bodies, as well as in the various capacity building and awareness raising activities demonstrated the importance of cooperation between Customs and e-commerce stakeholders, in particular e-commerce platforms for the exchange of information for enhanced risk management, trade facilitation and revenue collection purposes. In this context, the Secretariat directed part of its efforts towards exploring possible future steps at the international level aimed at strengthening the cooperation between Customs and e-commerce platforms.
7. As a final point, the current E-Commerce FoS update/maintenance mechanism specifies a “two-tier review mechanism” that provides for an annual review of at least two documents forming part of the E-Commerce Package and a four-year periodic review of the entire E-Commerce Package. In April 2022 the PTC identified the two annexes to be subject to an annual review in financial year 2022/2023, namely E-Commerce Business Models and E-Commerce Stakeholders: Roles and Responsibilities.
8. The present document provides a progress update on capacity building and awareness raising activities, update and development of relevant tools in the compliance and enforcement area, activities related to cooperation with stakeholders, as well as information on the proposals compiled by the Secretariat in the context of the 2022/2023 annual review of two annexes forming part of the E-Commerce Package.

## II. Intersessional progress

### a. Capacity building and awareness raising activities to support the E-Commerce FoS implementation

9. Through document PC0690, the 235<sup>th</sup>/236<sup>th</sup> PTC Sessions were informed of the progress of delivery of capacity building activities in the area of cross-border e-commerce as of 7 March 2022. Since that date, the Secretariat, with the support of two WCO accredited experts, delivered one national capacity building workshop on e-commerce for the Jordan Customs Department. The workshop was held between 25 and 28 July 2022 under the Global Trade Facilitation Programme of the WCO and the Swiss State Secretariat for Economic Affairs (SECO).
10. In addition to this first national capacity building workshop delivered by the WCO after the June 2020 PTC endorsement of the capacity building plan for e-commerce, the WCO Corporate Plan for financial year 2022/2023 contains nineteen other requests for capacity-building support on e-commerce – one for a regional workshop, three for sub-regional workshops and fifteen for national workshops. Out of the nineteen requests, eight have received funding from various donors. Thus, the Secretariat has started the planning for the delivery of three sub-regional and five national workshops, with the support of the pool of accredited experts on e-commerce. The distribution of planned workshops per region is as follows: three national workshops for the Europe region; one national workshop for the East and Southern Africa (ESA) region; one national workshop for the North of Africa, Near and Middle East (MENA) region and three sub-regional workshops for the Far East, South and South East Asia, Australasia and the Pacific Islands (AP) region.
11. In terms of awareness raising activities, the WCO work in the area of cross-border e-commerce was promoted at the 2022 edition of the eCommerce Week organized by the United Nations Conference on Trade and Development (UNCTAD) during the week of 25 April 2022. This was done through a speech by the WCO Secretary General in the “eTrade for all leadership dialogue: Connecting the dots for more inclusive development” and through a session organized jointly with the Universal Postal Union (UPU) under the theme “Leveraging advance electronic data to scale up Customs performance and support safe, secure and sustainable cross-border e-commerce”. In addition, the WCO tools and initiatives in the area of cross-border e-commerce were presented in events organized by UNCTAD, the Asia-Pacific Economic Cooperation (APEC) and by private sector stakeholders.

### b. Development and update of relevant tools in the compliance and enforcement area

- Risk Management Compendium

12. At its 41<sup>st</sup> Session in March 2021, the Enforcement Committee (EC) discussed the update of Volume 2 of the WCO Risk Management Compendium and decided that the Global Information and Intelligence Strategy (GIIS) Project Group could continue its consultations on the update. The GIIS Project Group, at its 16<sup>th</sup> and 17<sup>th</sup> Meetings, held in October 2021 and February 2022 respectively, identified certain priorities, e-commerce being one of them, in view of addressing emerging challenges that the global Customs community is facing.
13. Drafting groups were set up to discuss and provide input for the update of the Compendium. In order to learn about Members’ practices and experiences on the challenges associated with e-commerce, the relevant drafting group conducted a survey on e-commerce risk analysis, which included questions on 1) the use of datasets additional to the traditional import declaration data and 2) the use of open

source data. The drafting group continues its work, and the current Risk Management Compendium review cycle will conclude in June 2023.

- **Post-Clearance Audit (PCA) on e-commerce trade**

14. The WCO Secretariat developed “How to Audit” Typology of PCA, which was endorsed by the 42<sup>nd</sup> EC in March 2022. It serves as a technical reference for frontline auditors and is intended to provide field auditors with information of modus operandi of common irregularities around the world and with practical techniques to find them, including audit on e-commerce transactions, so that consequently auditors identify more irregularities and provide an option for traders to correct their errors.

- **Intellectual property rights (IPR), health and safety infringing goods: e-commerce case studies**

15. Over the past few years, the use of postal and express consignments for IPR, health and safety infringements has increased rapidly in the context of the exponential growth of e-commerce. During a panel discussion at the 42<sup>nd</sup> EC Session on the outcomes of Operation STOP related to e-commerce, delegates provided advice and guidance on how Customs administrations can address this issue. Therefore, in order to provide assistance to Member administrations in coping with this challenge, the WCO Secretariat, as part of the implementation of the IPR Strategy 2020, is developing a document containing case studies and risk indicators to identify IPR, health and safety infringing goods related to e-commerce. The draft document will be submitted to the 19<sup>th</sup> Counterfeiting and Piracy (CAP) Meeting in November 2022 and to the 43<sup>th</sup> EC Session in April 2022 for approval.

**c. Cooperation with stakeholders**

- **Cooperation project with UPU and the International Narcotics Control Board (INCB)**

16. Another phenomenon observed in recent years, in the context of the exponential growth of e-commerce, is the increased use of the mail channel for drug smuggling. In order to provide assistance to Member administrations in coping with this challenge, the WCO Secretariat is developing a cooperation project with the UPU and the INCB to combat the illegal trafficking of drugs in the mail channel. The project was discussed in the 42<sup>nd</sup> EC, and supported by Members. The EC encouraged Members to explore ways of funding the implementation of the project.

- **Cooperation between Customs and e-commerce platforms**

17. In June 2022 a number of PC delegates shared national experiences of cross-border e-commerce in several areas, among which the cooperation with e-commerce platforms and other stakeholders for the exchange of information. Moreover, delegates provided guidance for future WCO work in the area of cross-border e-commerce, whereas a number of proposals related to strengthening the cooperation with e-commerce platforms for the purposes of facilitating information exchange, including the possibility of pursuing a global agreement requiring e-commerce platforms to share data with Customs, or defining a standard of data that needs to be provided to Customs automatically by e-commerce platforms.

18. Against this background, the Secretariat extended an invitation to a limited number of Members and e-commerce platforms for an Ad Hoc Expert Group Meeting on the sharing of data with Customs by e-commerce platforms to be held online on 15 September 2022. The objective of the Ad Hoc Expert Group Meeting is to map out

some initiatives that are already in place at the national level and to explore possible future steps at the international level. An oral report on the outcomes of the meeting will be presented to the forthcoming PTC sessions.

**d. Financial year 2022/2023 annual review of two documents forming part of the E-Commerce Package**

19. In June 2022 the PC and Council confirmed the April 2022 PTC decision with regard to the two documents/annexes to be subject to annual review during financial year 2022/2023 as per the current E-Commerce FoS update/maintenance mechanism. On 28 July 2022 the Secretariat launched the annual review process of the annexes on E-Commerce Business Models and on E-Commerce Stakeholders: Roles and Responsibilities by inviting all WCO Members, the members of the Private Sector Consultative Group (PSCG), the observers to the PTC and certain e-commerce platforms to submit, by 9 September 2022, detailed proposals for the review of the two annexes.
20. As of 12 September 2022, the Secretariat had received a total number of thirty-four proposals submitted by eight Members (Canada, China, Denmark, the European Union, Guatemala, Mexico, Mozambique and Saudi Arabia) and three partner organizations (the International Chamber of Commerce (ICC), the Regional Private Sector Group for the AP (RPSG-AP) and the UPU). Additionally, six other Members (Australia, Belarus, Brazil, Ecuador, Madagascar and Myanmar) notified the Secretariat that they do not have proposals in the context of the 2022/2023 annual review. On 20 September 2022 the Secretariat received two proposals from Sri Lanka Customs, bringing to thirty-six the total number of proposals received. The proposals by Sri Lanka Customs were added to the b) version of document PC0701.
21. Annex I to the present document compiles the proposals received. It should be noted that some of the proposals refer to the E-Commerce FoS or other parts of the E-Commerce Package rather than the two annexes being subject to annual review. Moreover, some proposals outline Members' comments and concerns related to specific national contexts and practices with regard to the E-Commerce FoS implementation.
22. Moreover, as indicated in the 28 July 2022 letter launching the current annual review, the business models emerging in the context of cross-border e-commerce were already subject to discussion during the first four-year periodic review of the E-Commerce FoS that was completed in June 2022. Although these discussions did not result in changes to the annex on E-Commerce Business Models, the information exchanged in the process of the first periodic review will be leveraged in the forthcoming dedicated review of this annex.
23. As per the timeline outlined in the above-referred letter, the next steps in the annual review process would be as follows:
  - October 2022: The PTC is expected to consider the proposals and provide guidance on the way forward.
  - November 2022 – February 2023: Intersessional informal ad hoc virtual meetings may be conducted, as required, to discuss the proposals.
  - April 2023: The PTC is expected to consider the outcomes of the 2022-2023 annual review of the annexes on E-Commerce Business Models and E-Commerce Stakeholders: Roles and Responsibilities.
  - June 2023: The PC and Council are expected to consider and, if appropriate, endorse the reviewed annexes on E-Commerce Business Models and E-Commerce Stakeholders: Roles and Responsibilities.

**III. Action required**

24. The PTC is invited to :

- take note of the progress made in the area of cross-border e-commerce;
- discuss the proposals pertaining to the 2022-2023 annual review of two annexes forming part of the WCO E-Commerce Package as outlined in the Annex hereto; and,
- provide guidance on the way forward.

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**Proposals for an annual review of the annex on E-Commerce Stakeholders: Roles and Responsibilities**

	<b>Source of proposal</b>	<b>Proposal</b>	<b>Rationale</b>	<b>Comments</b>
1	Canada Border Services Agency (CBSA)	<p>Annex: <b>E-Commerce Business Models</b></p> <p><b>Section II:</b> E-platform/marketplace model</p> <p><b>Paragraph 4:</b> “This makes it easy for micro-, small and medium-sized enterprises and individuals <del>businesses</del> to become vendors.”</p> <p><b>Proposal:</b> Remove the word “businesses”.</p>	<p>Not necessarily an individual “business” per say. Individuals have the opportunity to sell new or used goods (e.g., eBay) on an e-platform/marketplace website. Suggest removing the word “businesses” to allow for an understanding that individuals (with or without a business) can also sell goods on such a platform.</p>	
2	Canada Border Services Agency (CBSA)	<p><b>Annex:</b> E-Commerce Stakeholders: Roles and Responsibilities</p> <p><b>Section C:</b> Consumers/Buyers</p> <p><b>Paragraph 3:</b> “...they face an unexpected charge at the time of purchase, or a claim for the payment of import duties/taxes <u>or transport and administrative fees</u> upon delivery...”</p> <p><b>Proposal:</b> Consider adding other applicable fees such as those associated with transportation or administrative (e.g., brokerage).</p>	<p>Unexpected charges are not limited to duties and taxes. For example, express carriers may charge administrative fees for the transportation or even brokerage. Consider adding. This type of fee is not well known to consumers, this presents an opportunity to raise awareness.</p>	
3	Canada Border Services Agency (CBSA)	<p><b>Annex:</b> E-Commerce Stakeholders: Roles and Responsibilities</p> <p><b>Section G:</b> Express Carriers</p> <p><b>Paragraph 4:</b> “Express carriers routinely complete the Customs clearance procedures and pay the duties and taxes <del>at importation</del> on behalf of buyers/vendors.”</p>	<p>Duties and taxes are not always paid at importation. Some programs allow for payment of duties and taxes after release of the goods, provided that requirements are met.</p>	

		<p>“they could be responsible for the payment of duties and taxes to the authorities on importation <u>or following release.</u>”</p> <p><b>Proposal:</b> Consider adding that duties and taxes may also be paid following release of the goods, depending on the Program.</p>		
4	China Customs	<p><b><u>E-Commerce Business Models</u></b></p> <p><u>There are many ways to define business models. From business perspective, based on who is the seller and who is the buyer, there are B2B, B2C and C2C. Based on types of goods, business models can also be classified into vertical E-Commerce and comprehensive E-Commerce. Based on the marketing methods, cross-border E-Commerce can also be classified into social E-Commerce and live streaming E-Commerce. However, from Customs perspective, based on the four main characteristics of cross-border E-Commerce described in the FoS, there are currently three main E-Commerce business models: the self-run model, the E-platform/marketplace model and the hybrid model.</u></p>	<p>The development of cross-border e-commerce is so rapid and innovative that sometimes it produces completely new business models, while at other times it optimizes and upgrades original business models.</p> <p><b>From Business perspective,</b> there are many ways to define business models. Based on who is the seller and who is the buyer, there are B2B, B2C and C2C. B2B refers to conducting transactions online between e-vendor/platform/marketplace. B2C is that the e-vendor/platform/marketplace sells goods and services directly to consumers. C2C means both the seller and the buyer are individual consumers.</p> <p>According to the type of goods, business models can also be classified into vertical e-commerce and comprehensive e-commerce. When e-vendor/platform/marketplace only sells a certain type of goods, it is called vertical e-commerce, while those who sell multi-category goods are called comprehensive e-commerce.</p>	



			<p>Depending on the marketing methods, cross-border e-commerce can also be classified into social e-commerce and live streaming e-commerce. Social e-commerce refers to e-vendor/platform/marketplace sells goods through social media, while live streaming e-commerce means e-vendor/platform/marketplace mainly sells goods through short videos or live streaming.</p> <p><b>From WCO perspective,</b> however, the priority of a Customs administration is to know who will be the person responsible the Customs procedures, including who will be the declarant and who pays Customs duties and tax. In the Revised Kyoto Convention (RKC), it says “Any person having the right to dispose of the goods shall be entitled to act as declarant”. But RKC does not say who will be the person to pay Customs duties and tax, it leaves that question for national legislation to decide.</p> <p>Bearing that in mind, we believe that the way of defining cross-border e-commerce business models in WCO Cross-Border E-Commerce Framework of Standards (hereinafter referred to as FoS) is the most suitable one for Customs administrations.</p> <p>In FoS, four main characteristics of cross-border e-commerce are</p>	
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			<p>summarized: first, online ordering, sale, communication and, if applicable, payment; second, cross-border transactions/shipments; third, physical (tangible) goods; and fourth, destined to consumer.</p> <p>Among these four characteristics, the second and the third are the same as characteristics of traditional trade; while the fourth one explains that FoS mainly applies to B2C and C2C transactions, but usually the C (consumer) is of a much big number and it is difficult for Customs to deal with all of them. Therefore, this characteristic will not be used to define business models either. Then, in the discussion of business models, based on the first characteristic, "online ordering, sale, communication", it is more easy to see who will be responsible to declare the goods and pay the Customs duties. Thus, the three main models of self-run, e-platform/marketplace and hybrid are the best for Customs.</p> <p>There will be more business models coming up as cross-border e-commerce continues to grow, for Customs, the first thing we shall do is perhaps to see if they can be classified into self-run model, e-platform/marketplace model and hybrid model which already demonstrated in FoS. If not, it is then</p>	
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			necessary to start discussion of adding a new business model in the FoS.	
5	China Customs	<p><b>E-Commerce Stakeholders: Roles and Responsibilities</b></p> <p><u>i. Single Window</u></p> <p><u>The transaction of cross-border e-commerce is based on the Internet. Orders, payment, logistic operations will generate electronic data. The Single Window plays a prominent role in connecting the cross-border E-Commerce transactions and Customs control. For example, some Single Windows electronic service platforms are specially used for data collection and transmission, they collect relevant data elements in cross-border E-Commerce transactions and directly organizing them into data sets to declare to Customs. This role can improve not only the efficiency of Customs clearance, but also the efficiency of risk management.</u></p>	China's experience on developing Single Window for efficiency in Customs control has proven that Single Window can play a critical role in cross-border E-Commerce.	
6	Danish Customs Agency	<p><b>Annex VI, a. E-Commerce Platforms/Marketplaces</b> last sentence in second last paragraph says:</p> <p>“A coordination mechanism could be explored with Customs for establishing data exchange mechanisms.”</p>	The existing sentence could be a risky way forward, because of the GDPR-rules. Very precise definitions and a clear legal basis would be necessary.	
7	Danish Customs Agency	<p><b>Annex VI, b. Vendors</b></p> <p>Last paragraph says:</p> <p>“A vendor should ensure that goods meet the regulatory requirements of the respective importing country, and bear responsibility for the</p>	The existing phrasing seems unrealistic because EU has no possibility of enforcing this requirement, especially not when it concerns sellers from outside EU.	

		transmission of complete and accurate information to other stakeholders....”		
8	Danish Customs Agency	<p><b>Annex VI, e. Freight Forwarders and Logistics Service Providers</b></p> <p>Last sentence in second last paragraph says: “They must have corresponding operational qualifications and establish a logistics risk management and control mechanism.”</p>	A more specific list of requirements would be desirable because a lot of shipping agents have serious challenges concerning their knowledge of Customs.	
9	The European Union	<p>When revising the Annex E-Commerce Business Models to take the following elements into account:</p> <p>1) The most used e-commerce business models, Including the following: a) Disclosed agreement (transparent): - Affiliate / click through model - Marketplace model - Fulfilment centre b) Undisclosed agreement (not transparent) - Drop shipping model</p> <p>2) All parties involved, i.e. at least: Consignee Website/platform Seller in third country Postal operator(s) Customs</p>	<p>As the current Annex is outdated, we suggest updating it with the most prevalent e-commerce business models and actors.</p> <p>In particular, the annex should address <b>drop shipping</b> which is a cross-border e-commerce scheme widely used today, distinct from the three operational models presented in the appendix.</p>	

10	The European Union	We suggest developing definitions for the most prevalent business models, in particular drop shipping.		
11	The European Union	<p>Annex VI - Postal operators (3<sup>rd</sup> paragraph)</p> <p><b>Proposal:</b> “[...] and specifically to ensure that the <del>customs declaration postal</del> forms (CN22 and CN23), <u>which in certain cases can be accepted as Customs declarations</u>, are completed in full, in order to facilitate the rapid clearance of items. However, the completion of <del>the Customs declaration</del> <u>these forms</u> is the responsibility of the sender alone.</p>	<p>Mentioning that CN22 and CN23 are Customs declarations can be confusing, because in most cases these forms are no longer sufficient to clear shipments. Thus, since July 1, 2021 an electronic declaration is mandatory for all goods imported into the European Union. Following on from the previous remark, this sentence should be modified.</p>	
12	Guatemala: Customs Administration, Superintendency of Tax Administration	<p><b>Add literal j. in Annex VI (page 55 of the Technical Specifications)</b></p> <p><u>Cargo terminals (Land, maritime and aerial): In charge of the temporary storage of goods under the control of the Customs Service, authorized for this purpose, pending submission of the corresponding goods declaration.</u></p> <p><u>In e-commerce, stakeholders must be involved in the secure logistics chain, which is why cargo terminals occupy an important place in this chain.</u></p> <p><u>These terminals are responsible for the guard and custody of goods entering and leaving the country; therefore, they must have and offer an adequate infrastructure, technology in accordance, physical and electronic security, which would help the Customs Service to guarantee the control and safekeeping of the goods.</u></p>	<p>The Customs Administration of Guatemala is framed under a regional Customs legislation, in which it contemplates the auxiliaries of the public function, in this case the so-called Customs warehouses whose function is the temporary storage of goods under the control of the Customs Service.</p> <p>In such a way that incorporating the Customs warehouses (Cargo Terminals), is of importance for this Customs administration since they are part of the logistics chain, where the goods that enter and leave the country are stored and that within their responsibilities they have the guard and custody of them.</p>	

		<u>A comprehensive modernization should be considered so that all those involved in the logistics chain can make their contributions and thus obtain a transparent, agile, and automatized process.</u>		
13	National Customs Agency of Mexico (ANAM)	<ul style="list-style-type: none"> <li>• Homologize the transmission and collection of data by courier companies, making the completion of the following fields mandatory:</li> <li>• Full name of the consignee and sender.</li> <li>• Full address.</li> <li>• Detailed description and value of the merchandise.</li> <li>• Source.</li> </ul>	For the Customs authority, it is important to have an effective control of the imported merchandise, as well as of the transmitted data to make a risk assessment and avoid the possible omission of the payment of contributions and omission of non-tariff regulations and restrictions.	
14	National Customs Agency of Mexico (ANAM)	Modify and update the existing laws and regulations to standardize the rules that promote certainty, prevention, transparency and security in the transmission of electronic commerce data.	It is important to regulate the process of operations and information management, to have an effective control over the electronic data transmitted in advance, as well as for the facilitation and simplification of procedures.	
15	National Customs Agency of Mexico (ANAM)	Promote a Customs border cooperation approach through the exchange of advance data information, through a digital electronic system to carry out the analysis that allows identifying risks, threats, and preventing crimes in cross-border e-commerce.	Improve cooperation between Customs and other public and private organizations involved in e-commerce for risk assessment, simplification and security in data transmission.	
16	National Customs Agency of Mexico (ANAM)	Encourage, assist and monitor courier companies, in order to use and share with the Customs agencies of each country a risk analysis model, derived from the large number	Frequently, the consignees or recipients carry out constant operations (ant operation) and it is presumed that they subsequently market with it, violating the	

		of operations carried out by consignees and senders through e-commerce.	applicable legal provisions regarding e-commerce.	
17	National Customs Agency of Mexico (ANAM)	Adopt the UPU strategy through Custom code for data collection by courier and parcel companies; in addition to improving the performance of existing digital services	To control the information related to the movement of the entire supply chain and to promote the digital transformation of courier services, to streamline the procedures and flow of trade between countries.	
18	Mozambique Revenue Authority – General Directorate of Customs	<b>Annex I: E-Commerce Business Models</b> II. E-Platform/marketplace Model	<p>Mozambique agrees with the proposed model, since it allows Customs administrations in particular and the WCO in general, to be harmonized and enables to easily explore the opportunities involving marketplace e-commerce platforms, granting revenue collection.</p> <p>However, there`s always a need to take into account that this is a new paradigm, which can also be a data source, depending on the kind of established contractual relations with such marketplace e-commerce platforms.</p> <p>In this regard, we would suggest that a coordination mechanism be explored with Customs administrations to better establish a better data interchange tool. Hence, reliant on the business model, the marketplace platforms can normally collect as much data as possible along</p>	At this stage, Mozambique is still at analysis and preparation phases for the pilot implementation, which will be the basis for the final decision, in order to assume the appliance of the platform.

			<p>the sell and delivery process, as part of their commercial operations.</p> <p>Regarding the described tasks and responsibilities to be performed by the e-commerce interested parts, Mozambique Customs administration agrees, nonetheless, subjected to legal review.</p>	
19	Saudi Arabia/ZATCA	<p><b>Annex VI</b>, p. 55, Consumers/Buyers Amendment:</p> <p><u>the consumer may share the information about the transaction and the product to the stakeholder who is responsible to submit such an information to the Customs authorities.</u></p>	<p>In Saudi Arabia, the consumer shares information about the transaction and the product to the express carrier (as the express carrier is a Customs broker).</p>	
20	International Chamber of Commerce (ICC)	<p><b>Annex I: E-Commerce Business Models:</b></p> <p>We would suggest including additional business approaches that are not part of the current version, notably marketplaces who do not actually do any shipments.</p>		
21	International Chamber of Commerce (ICC)	<p><b>Annex I: E-Commerce Business Models:</b></p> <p>2<sup>nd</sup> paragraph of II. E-platform/marketplace model: “Transactions between vendors and consumers are settled by the e-platform/marketplace, <del>which provides intermediary services which often include online payment, import and export, logistics, promotion, insurance and consumer protection.</del>”</p>	<p>The part proposed for deletion assumes that all e-platforms/marketplaces offer these intermediary services.</p>	



22	International Chamber of Commerce (ICC)	<p><b>Annex VI: E-Commerce Stakeholders: Roles and Responsibilities</b></p> <p>3<sup>rd</sup> paragraph, deletion of: “<del>The platform/marketplace may provide additional services to the vendor and consumer/buyer such as, for example, advice on consumer protection, data privacy, and Tax and Customs rules.</del>”</p>	The part proposed for deletion assumes that all e-platforms/marketplaces provide such additional services.	
23	International Chamber of Commerce (ICC)	<p>4<sup>th</sup> paragraph, deletion of whole paragraph: “<del>A platform/marketplace may play a role in assuming responsibility for the regulatory requirements of importing countries, and may bear the responsibility of authenticating vendors utilizing its platform/marketplace, consumer/buyer transactions, transaction validity and consumer safety and protection interests.</del>”</p>	A platform is not responsible or “playing a role” with regards to the regulatory requirements of importing countries.	
24	Regional Private Sector Group Asia/Pacific (RPSG-AP)	<p>To delete the below sentence from the Annex I on E-Commerce Business Models (Self-run model)</p> <p><del>The self-run model is mainly used by the official websites of brands, including online shopping malls.</del></p>	The self-run model is used by a variety of e-commerce vendors. Singling out online shopping malls and official brands is irrelevant and misleading as it may give the impression that MSMEs are less likely to use self-run models.	
25	RPSG-AP	<p>To add the underlined part into the below sentence from Annex I on E-Commerce Business Models (E-Platform /marketplace model)</p> <p>Transactions between vendors and consumers are settled by the e-platform/marketplace, <u>which providesing choices of</u> intermediary services which often include online payment, import and</p>	The intermediary services provided on e-commerce platforms and marketplaces are not exclusively provided by e-commerce platform companies and offers consumers/vendors choices of intermediary services to choose from. For example, an e-commerce platform generally offer choices of e-payment services (e.g. VISA, Paypal), logistics	

		export, logistics, promotion, insurance and consumer protection.	services (e.g. UPS, post). Offering choice of intermediary services enhances consumer choice and promotes competition. Governments should not through regulation limit choice but allow the market to determine the best approach.	
26	RPSG-AP	<p>To add the underlined part into the below sentence from Annex VI on E-Commerce Stakeholders: Roles and Responsibilities (E-Platforms/marketplaces)</p> <p>A platform/marketplace may play a role in assuming responsibility for the regulatory requirements of importing countries, and may bear the responsibility of authenticating vendors utilizing its platform /marketplace, consumer /buyer transactions, transaction validity, and consumer safety and protection interests <u>and calculating, collecting and remitting duties and taxes, and providing necessary additional data directly to Customs beyond data already collected for Customs declaration purposes.</u></p>	<p>Innovative models of tax and duty collection have been implemented in Australia and New Zealand, to collect taxes and duties directly from buyers at the point of sale via e-commerce vendors and platform / marketplaces. This is aligned with OECD's recommendation in the OECD report 'The role of digital platforms in the collection of VAT/GST on online sales'<sup>1</sup>. The model has proven to be successful in collecting tax revenues surpassing Customs' targets and is trade facilitative in that it minimizes the tax/duty collection burden and does not impede cross-border e-commerce.</p> <p>Where Customs authorities require additional information or data to supplement their risk profiling and in making Customs determination over and above that which is currently being collected in a non-ecommerce shipment, such information or data (which may</p>	

<sup>1</sup> OECD (2019). *The role of digital platforms in the collection of VAT/GST on online sales*. <https://www.oecd.org/tax/consumption/the-role-of-digital-platforms-in-the-collection-of-vat-gst-on-online-sales.pdf>

			include order number, transaction ID, manufacturer, detailed product technical information, payment transaction details, etc.) should be obtained directly from where the data originates and not be collected at the border to support efficient Customs clearance and facilitate trade. This may include e-commerce platforms / marketplaces and vendors.	
27	RPSG-AP	<p>To add the underlined part into the below sentence from Annex VI on E-Commerce Stakeholders: Roles and Responsibilities (Vendors)</p> <p>A vendor should ensure that goods meet the regulatory requirements of the respective importing country, and bear responsibility for the transmission of complete and accurate information to other stakeholders such as E-Commerce platforms/marketplaces and logistics service providers, express carriers, postal operators, Customs brokers, for the authentication and description of the goods, for sale transaction, and for risk information disclosure to consumers/buyers, protecting consumer rights, establishing a product quality traceability system and a security risk prevention and control mechanism, <u>and calculating, collecting and remitting duties and taxes, and providing necessary additional data directly to Customs beyond data already collected for Customs declaration purposes.</u></p>	<p>Innovative models of tax and duty collection have been implemented in Australia and New Zealand, to collect taxes and duties directly from buyers at the point of sale via e-commerce vendors and platform / marketplaces. This is aligned with OECD's recommendation in the OECD report 'The role of digital platforms in the collection of VAT/GST on online sales'<sup>2</sup>. The model has proven to be successful in collecting tax revenues surpassing Customs' targets and is trade facilitative in that it minimizes the tax/duty collection burden and does not impede cross-border e-commerce.</p> <p>Where Customs authorities require additional information or data to supplement their risk profiling and in making Customs determination over and above that which is currently being collected in a non-ecommerce shipment,</p>	

<sup>2</sup> OECD (2019). *The role of digital platforms in the collection of VAT/GST on online sales*. <https://www.oecd.org/tax/consumption/the-role-of-digital-platforms-in-the-collection-of-vat-gst-on-online-sales.pdf>

			such information or data (which may include order number, transaction ID, manufacturer, detailed product technical information, payment transaction details, etc.) should be obtained directly from where the data originates and not be collected at the border to support efficient Customs clearance and facilitate trade. This may include e-commerce platforms / marketplaces and vendors.	
28	RPSG-AP	<p>To add the underlined part into the below sentence from Annex VI on E-Commerce Stakeholders: Roles and Responsibilities (Consumers/Buyers)</p> <p>Consumers/buyers should pay duties and/or taxes in accordance with the national regulations in the country of importation/destination <u>either directly or through the e-commerce platform/marketplace or overseas vendors.</u></p>	<p>Innovative models of tax and duty collection have been implemented in Australia and New Zealand, to collect taxes and duties directly from buyers at the point of sale via e-commerce vendors and platform / marketplaces. This is aligned with OECD's recommendation in the OECD report 'The role of digital platforms in the collection of VAT/GST on online sales'<sup>3</sup>. The model has proven to be successful in collecting tax revenues surpassing Customs' targets and is trade facilitative in that it minimizes the tax/duty collection burden and does not impede cross-border e-commerce.</p>	
29	RPSG-AP	<p>To add the underlined part into the end of the second paragraph from Annex VI on E-Commerce Stakeholders: Roles and Responsibilities (Express Carriers)</p>	<p>Shipment paperwork does not always make it clear if a shipment sold across buyers occurred via e-commerce or traditional channels. As such, where authorities intend to identify e-commerce</p>	<p>The paperwork or physical shipment will not provide an easy identifier on which shipments are e-commerce shipments and which are</p>

<sup>3</sup> OECD (2019). *The role of digital platforms in the collection of VAT/GST on online sales*. <https://www.oecd.org/tax/consumption/the-role-of-digital-platforms-in-the-collection-of-vat-gst-on-online-sales.pdf>

		<p>... This system allows Customs administrations at exit/destination to obtain information prior to the departure/arrival of a shipment at the port of exit/entry. <u>Physically identifying an E-Commerce shipment may not always be straightforward. The data shared by the E-Commerce platforms / marketplaces and vendors with express carriers do not contain sufficient identifiers for express carriers to differentiate between E-Commerce and non-E-Commerce shipments for express carriers to support Customs' efforts to identify E-Commerce shipments physically.</u></p>	<p>shipments physically, they should focus on data available further upstream where shipments originate.</p>	<p>not. Hence any regulatory focus to obtain data on e-commerce shipments should be on e-commerce vendors and platform / marketplaces who have full visibility of the nature of the transaction.</p>
30	RPSG-AP	<p>RE Annex VI Roles &amp; Responsibilities (b) Vendors.</p> <p>Give further thought to the following text: “...establishing a product quality traceability system and a security risk prevention and control mechanism”.</p>	<p>For many (mainly smaller vendors), establishing a product traceability system is unrealistic and probably unenforceable. Quite likely they don't buy direct from manufacturers but from other 3<sup>rd</sup> parties and traceability cannot be guaranteed.</p> <p>Any attempt to sanction this type of business would simply result in them creating a new online profile and continue business.</p> <p>If this is to have some do-ability perhaps something based on volume/value of total sales?</p>	
31	RPSG-AP	<p>To add the below sentence into the Annex I on E-Commerce Business Models</p> <p><u>To study and review tax and other regulation applicable to all stakeholders – marketplace, logistics, express / post, Customs brokers, fulfilment warehouses.</u></p>	<p>This is a critical first step to understanding existing gaps or inconsistencies in regulation amongst e-commerce stakeholders in order to ensure effective trade compliance and a level playing field.</p>	

32	RPSG-AP	<p>To replace the first three sentences in the second paragraph of Section G in Annex VI to</p> <p>“The vendor of the goods or origin fulfilment house contracts with the express carrier to transport the goods (sold or on consignment) to the purchaser, destination fulfilment house or marketplace abroad. Once the shipment has been processed the vendor/fulfilment house requests the express carrier to pick up the goods. The express carrier collects the shipment from the vendor/origin fulfilment house and has a data file, which typically includes the nature of the goods, their value and destination as declared by the vendor/origin fulfilment house.”</p>	<p>(1) Origin fulfilment house can be an alternative entity that initiates e-commerce shipment movements</p> <p>(2) Not all movement of e-commerce goods have been sold prior to shipping. Example are goods shipped on consignment, cleared Customs and delivered to a marketplace distribution center awaiting sale.</p>	
33	Universal Postal Union (UPU) International Bureau	Annex VI. Update to the “Postal Operators” section to add the qualifier “Designated”.	Postal Operators could be any operator providing postal services, whereas “Designated Postal Operators” are only those fulfilling the obligations of UPU member countries deriving from the Acts of the Union.	
34	Deutsche Post (submitted by the UPU as consolidated input)	<p>Annex VI. We believe the stakeholders of e-commerce are not all mentioned and they could be illustrated more structured from pick-up to delivery. See below:</p> <p>E-commerce stakeholders should be split in 2 groups:</p> <ol style="list-style-type: none"> <li>1. E-Commerce virtual process stakeholders (Vendors/ Marketplaces/ Consumers/ e-Payment Service Providers)</li> <li>2. E-Commerce physical process stakeholders</li> </ol>	Getting a better understanding of the full supply chain.	

		<p>a) Specialists from pick-up to delivery b) Integrators</p> <p>2.a) Specialists are as follows:</p> <p>Pick-up → Consolidators Storage &amp; Pick-Up → Fulfilment Houses Customs-Export → Customs Brokers Transport → Freight Forwarders Transport Companies → Sea Shipping Transport → Airlines Customs-Import → Customs Brokers Delivery Companies → Parcel Delivery Companies Delivery → Parcel Locker Operators</p> <p>2.b) Integrators are as follows</p> <p>Full-Integrators → Express Companies Semi-Integrators → Designated Postal Operators (Designated Postal Operators offering pick-up, Customs &amp; delivery)</p>		
35	Sri Lanka Customs	<p>Additions for Annex I, II. E-Platform/Market Place Model is proposed below. The text is proposed to be inserted after the sentence “Transactions between vendors and consumers are settled by the e-platform/marketplace, which provides intermediary services which often include online payment, import and export,</p>	<p>As per research carried out at Sri Lanka Customs, the described variants of ‘E-Platforms/Market Place’ model exist. Understanding these variants is of paramount importance in developing regulations and trade facilitation procedures for Customs.</p>	

		<p>logistics, promotion, insurance and consumer protection.” New text to be inserted: <b><u>Extensions of the E-Platform model</u></b> <u>A variant of E-Platforms lists products from various other platforms/marketplaces with description, price information, buying options etc. for consumers. They serve “consumers by matching their needs with the goods, guiding them through the purchase process” for goods on a third-party platform.</u> <u>These vendors can be commonly seen in countries when international third-party platforms have logistic or other restrictions to such countries, regions or states. These platforms may or may not provide links, images, descriptions directly from the third-party platform. The consumer may or may not be aware that they are purchasing a product sourced from an external foreign third-party platform.</u> <u>The vendor maintains user accounts for registered consumers in their website/platform. Usually, they have partners/agents overseas and, may use external logistics partners for courier, shipping, import/export etc. Primarily, there are two kinds of vendors.</u> A) <u>Vendors handling the whole process from purchasing to delivery.</u> B) <u>Vendors handling a part of the process.</u> <u>With Type A vendors, registered consumers can purchase the items listed on the third-party platform with a surcharge, through the vendor’s platform instead of accessing the original platform. The vendor handles the ordering,</u></p>	<p>Over 5 companies of (A) type vendors category and over 3 companies of (B) type vendors category described in the amendment can be identified in Sri Lanka. Processes used for importation, exportation, Customs clearance etc. of goods traded through this type of E-Platforms are not regulated nor facilitated through established procedures. As per research and audits carried out, the volume of trade handled by these business entities are significant and warrants attention. Due to lack of recognition of this type of Cross-Border E-Commerce trade many stakeholders are adversely affected.</p>	
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	<p><u>payment, buying and logistic process on their own with all details shown on the website. When a consumer place an order, vendor's partners overseas will make the purchase on behalf of the vendor. The goods are then forwarded to vendor by the partner overseas and delivered to the consumer via vendors' own supply chains or logistics partners. Consolidation of orders may occur to save freight costs for these E-Platforms.</u></p> <p><u>Type B vendors handle only a part of the online sale, generally the logistics. Upon registering on the vendor's platform, consumer will be given an address of a country with shipping/goods "available" as per the third-party platform. This is usually the address of a vendor's partner overseas. Consumer will directly process the order on the third-party platform as usual and use this address as the "shipping address" when making a purchase. The consumer will then provide order details to the vendor and consumer will be charged for forwarding the goods based on the goods' weight, nature, dimensions etc. When the goods arrive at the address, vendor's partner will assess and forward the goods to vendor who will deliver it to the consumer via vendors' own supply chains or logistics partners.</u></p> <p><u>Both these vendors provide access to online consumers for goods with international/regional shipping restrictions at an additional cost. These vendors work directly with consumers and may or may not have a corporate level relationship with the external vendors of listed goods. And</u></p>		
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		<p><u>the third-party vendor (actual seller) is identified to the consumer.</u></p> <p>The text then continues with the paragraph starting with “The “shopping guide” is where the e-platform/marketplace serves consumers by matching their needs with the goods, guiding them through the purchase process.”</p>		
36	Sri Lanka Customs	<p>The following addition is proposed for Annex VI, II. E-Commerce Stakeholders: Roles and Responsibilities:</p> <p><b><u>Agents/Partners of the Vendor</u></b>  <u>These are the service providers who are actual/act as, agents/partners of the vendor owning the platform/web-site. They play a major role in the logistics part of the process and usually based overseas. They may operate independently or as a branch/subsidiary of the vendor. Some may handle the whole process from the purchase to forwarding/export while some may handle certain parts of the process. Usually, these agents come in to play when there is an order required to be fulfilled through a third-party vendor. This agent is not identified to the consumers and, will act on behalf of the E-commerce platform or the vendor who takes the order from the consumer.</u>  <u>Once an order received by the vendor, they will inform the requirement to the agent. As per the requirement, agent will fulfill the buying and/or receiving, warehousing, consolidating, and forwarding the goods. Their role, tasks and charges for the service will depend on the requirement and the relationship with vendor. Generally, their responsibilities will be to;</u></p>	<p>Under section ‘1. Suggestions for Annex I’, variants of E-Platforms/Marketplace were suggested. The above type of vendors is associated for the suggestion. These type of ‘Agents/Partners of Vendors’ need to be recognized as their role and responsibilities need to be delineated and added to the WCO Framework.</p>	

		<ul style="list-style-type: none"><li>I. <u>Process the orders received.</u></li><li>II. <u>Handle the purchasing and/or receiving of the good as per the requirement.</u></li><li>III. <u>Assess the conformity/correspondence of goods to the details of the order.</u></li><li>IV. <u>Store and secure the goods.</u></li><li>V. <u>Ensure the goods are ready for shipping.</u></li><li>VI. <u>Hand-over goods to the forwarder or logistics service provider.</u></li><li>VII. <u>Make payments when necessary.</u></li></ul> <p><u>Agent will be operating in a different area, usually across the border and handle the supply chain from purchasing and/or receiving goods from a third-party vendor until handing over the goods to the forwarder or logistics service provider for export/shipping. They act as the intermediary related to the vendor, when a third-party vendor is not handling the delivery to the consumer.</u></p>		
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