



Permanent Technical Committee

PC0702Eb

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237th/238th Sessions

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25 – 27 October 2022

Brussels, 27 September 2022.

E-COMMERCE

E-Commerce Framework of Standards update/maintenance mechanism

(Item VI.b on the Agenda)

SUMMARY

Purpose of document

The purpose of this document is to initiate an in-depth discussion with regard to the current mechanism for update/maintenance of the WCO Framework of Standards on Cross-Border E-Commerce (E-Commerce FoS), in particular the frequency of reviews specified therein.

Action required of the Permanent Technical Committee

The Permanent Technical Committee is invited to:

- discuss the various considerations with regard to the E-Commerce FoS update/maintenance mechanism as outlined in Section II of the present document; and
- provide guidance on the way forward.

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I. Background information

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 an effective and harmonized implementation of the E-Commerce FoS.
2. One element of the package of tools endorsed by the Council in June 2019 is the Implementation Strategy, Action Plan and Capacity Building Mechanism. Among other things, the document prescribes for a regular review of the standards and the technical specifications, which is needed due to the dynamic nature of e-commerce. The full text of the Implementation Strategy, Action Plan and Capacity Building Mechanism can be consulted at http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/activities-and-programmes/ecommerce/6_implementation-strategy_action-plan-and-capacity-building-mechanism_en.pdf?db=web.
3. In order to define a robust mechanism for update and maintenance of the E-Commerce FoS and associated tools, already in March 2019 the Permanent Technical Committee (PTC) invited Members to submit to the Secretariat proposals in this regard. Based on the proposals submitted by Australia, the European Union (EU), the Netherlands and the United States (US), at its October 2019 sessions the PTC discussed the potential maintenance mechanism for reviewing/updating the E-Commerce FoS and suggested leveraging the experience gained in the process of the SAFE Framework of Standards review.
4. At its 6th Meeting in February 2020, the Working Group on E-Commerce (WGEC) examined and endorsed a draft PTC decision on the E-Commerce FoS update/maintenance mechanism. The draft decision was subsequently examined and endorsed by the PTC in June 2020, as well as endorsed by the Policy Commission (PC) and Council in December 2020. The text of the decision is reproduced in Annex I to the present document for ease of reference.
5. In view of the dynamic nature of e-commerce and aiming to ensure that the WCO tools in the area of e-commerce remain up-to-date and relevant to the needs of all stakeholders, the endorsed E-Commerce FoS update/maintenance mechanism specifies a two-tier review mechanism that includes an annual review of at least two documents/annexes and a four-year periodic review of the entire Framework. As per the update/maintenance mechanism, the review should be discussed and conducted mainly during the PTC meetings together with necessary intersessional work. The date of adoption of the E-Commerce FoS, i.e. June 2018, is considered as the start of the review cycles. However, the PTC resolved to launch the first four-year periodic review after approval by the PC and Council of the full E-Commerce Package, which was done in December 2020. This resulted in a shorter first periodic review cycle, namely 18 months (January 2021 - June 2022) instead of a full 48-month review cycle (June 2018 – June 2022).
6. In line with the update/maintenance mechanism, the PTC carried out the first annual review of two documents/annexes in the first half of 2021, concluding that the two documents did not need to be revised at that stage. The annual review for financial year 2021/2022 was combined with the first four-year periodic review of the Framework, and the annual review for financial year 2022/2023 was launched in July 2022.
7. The first four-year periodic review of the entire Framework was carried out between January 2021 and June 2022, and considered 63 proposals submitted by
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Members, partner international organizations and private sector stakeholders. Some of the 63 proposals were inter-related, i.e. proposals pertaining to certain standards of the FoS were related to proposals to the technical specifications for those particular standards. Some proposals constituted comments/statements by Members and stakeholders and did not contain suggestions for actual amendments to the E-Commerce Package.

8. Proposals were submitted to four of the documents forming part of the E-Commerce Package, namely the E-Commerce FoS itself, the Technical Specifications (TS) to the Framework, the document on Reference Datasets for Cross-Border E-Commerce and the document on Revenue Collection Approaches. No proposals were submitted with regard to the other documents in the Package, namely: E-Commerce Business Models; E-Commerce Flow Charts, as examples; Return Flow Chart, as an example; E-Commerce Stakeholders: Roles and Responsibilities; Definitions; Implementation Strategy, Action Plan and Capacity Building Mechanism; two templates for collecting Members' case studies; and key performance indicators (KPIs) for possible monitoring and evaluation of the E-Commerce FoS implementation. None of the 63 proposals required a major amendment of the E-Commerce FoS and associated documents.
9. The first periodic review was subject to discussion at the October 2021 and April 2022 PTC sessions. The intersessional work included four steps. In step 1, each of the 63 proposals was discussed during an online ad hoc meeting, where an opportunity was provided for the proposal proponent to present the proposal and to provide clarifications as required. In step 2, texts were drafted for amendment of the respective parts of the FoS, TS and the document on Revenue Collection Approaches. The work between the ad hoc meetings was organised in nine small groups on the CLiKC! platform, each of those dedicated to a specific topic. In step 3, the input received through CLiKC! or through the ad hoc meetings was incorporated in the next version of the texts for amendment of the E-Commerce FoS and associated documents. In step 4, the revised texts for amendment of the FoS and associated documents were discussed in an ad hoc meeting before being presented to the April 2022 PTC for discussion and endorsement.
10. As a result of this process, and after endorsement by the June 2022 PC and Council, a new standard on data quality was included in the E-Commerce FoS, and reinforcing language was inserted in the existing standards on risk management for facilitation and control, and advanced technologies and innovation. The technical specifications for these standards were expanded as well. Certain annexes to the TS were enhanced based on practices and experiences shared by Members.
11. In the April 2022 PTC sessions the US suggested reconsidering the frequency of reviews under the current update/maintenance mechanism, providing for more time between the reviews to allow for the collection of adequate data and the completion of Members' pilot programmes. The suggestion was supported by Japan. Other delegates shared diverging views with regard to the duration of the periodic review cycle and proposed to consider the update/maintenance mechanism at the next PTC meeting based on a document to be prepared by the Secretariat and the proponents. In this context, the present document was prepared by the Secretariat jointly with the United States and Japan and outlines, in section II below, various considerations to be taken into account during the PTC deliberations.
12. As indicated above, the annual review for financial year 2022/2023 was launched in July 2022; however, the second periodic review has not been launched yet, pending guidance from the PTC.

II. Considerations for future review cycles of the E-Commerce FoS

13. Proper implementation of the E-Commerce FoS is considered to be of utmost importance for the effectiveness of the E-Commerce FoS review cycles. Having real-life implementation experiences as the basis of the review process would greatly contribute to the objective of the update/maintenance mechanism, which is to keep the FoS up-to-date and relevant to the needs of Members and stakeholders alike. Input based on real-life implementation would also provide an appropriate focus in the review process and would help avoid redundancies, thus ensuring optimal use of the Secretariat's and Members' resources.
14. In its recent meetings, the PTC heard presentations by the EU, the US and the Eurasian Economic Commission (EEC) outlining their respective experiences in implementing the E-Commerce FoS. During the first annual and periodic review cycles, the information shared by Members in the form of case studies compiled in the annual editions of the Compendium of Case Studies on E-Commerce was also highly appreciated.
15. Members' experiences in implementing the E-Commerce FoS were shared also during the WCO Second Global Conference on Cross-Border E-Commerce held in June 2021 and the series of regional workshops on e-commerce held in all WCO regions between January 2021 and January 2022. The Secretariat will continue its awareness raising and capacity building efforts, in particular through future conferences on e-commerce and national capacity building workshops, the delivery of which started in July 2022.
16. With regard to the future review cycles, the PTC might consider having presentations by Members and stakeholders as a formal part of the E-Commerce FoS update/maintenance mechanism. The Secretariat will be responsible for inviting Members and stakeholders from all WCO regions to present their real-life experiences in implementing the various documents forming part of the E-Commerce Package. The lessons drawn from these implementation experiences and the associated PTC discussions will inform potential updates of the Package. Thus, the updates of the Package would be targeted so as to support the implementation of the E-Commerce FoS.
17. It should be noted that the review cycles might not necessarily result in updates/ amendments to the E-Commerce FoS and the tools supporting its implementation. This was the case with the first annual review launched in January 2021.
18. The first periodic review demonstrated the importance of Members' involvement and commitment in the process for the efficiency and effectiveness of the review. It proved to be equally important for proposal proponents to have ownership and take responsibility with regard to their respective proposals. In this context, an appropriate mechanism needs to be in place for the preliminary analysis of proposals for updates/amendments to the E-Commerce Package.
19. It is also worth noting that, when submitting its proposals for the 2022-2023 annual review of two annexes, the International Chamber of Commerce (ICC) expressed the need to consider amending and slowing the pace of the current review process. ICC is of the opinion that the current aggressive pace of periodic and annual reviews risks straining the capacity of stakeholders to actively participate in the review process, including WCO Members and observers, and does not appear to be resulting in meaningful substantive updates, refinements, or amendments. The ICC invites for some consideration as to whether or not the annual review processes are necessary and if reviews could take place only when deemed necessary under agreed criteria in efforts to ease the fatigue and enable governments to implement, as appropriate,

aspects of the E-Commerce FoS. Furthermore, as per the ICC submission, the E-Commerce FoS has benefited from a multi-stakeholder process during its development and now during its review, but relatively short deadlines combined with comment periods over holiday periods make it difficult to participate effectively.

20. In terms of frequency of the review cycles under the update/maintenance mechanism, the PTC might consider the following options or any variation thereof:
- a. a 3-year periodic review of the entire E-Commerce Package with no annual review cycles of individual documents;
 - b. a biennial review of two documents forming part of the E-Commerce Package with no periodic review of the entire Package;
 - c. a biennial review of two documents forming part of the E-Commerce Package and a 5-year periodic review of the entire Package.
- whereas option a) is considered to be the option that would ensure to the greatest extent the efficiency, completeness and comprehensiveness of the update/maintenance mechanism.
21. The update/maintenance mechanism should also provide for certain flexibility to cater for situations that require immediate action by the WCO and its Members to address emerging issues in the e-commerce environment.
22. The Secretariat has prepared a draft of a revised E-Commerce FoS update/maintenance mechanism, which is outlined in Annex II hereto and intended merely to facilitate the PTC discussions, should the PTC decide to amend the current update/maintenance mechanism. Small adjustments to the draft revised E-Commerce FoS update/maintenance mechanism were done through the b) version of the present document.

III. Way forward

23. Based on the considerations outlined above, the PTC might confirm the relevance of the current mechanism for update/maintenance of the E-Commerce FoS (contained in Annex I) or might decide to amend it (based on an initial draft outlined in Annex II).

IV. Action required

24. The PTC is invited to :
- discuss the various considerations with regard to the E-Commerce FoS update/maintenance mechanism as outlined in Section II of the present document; and;
 - provide guidance on the way forward.

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PERMANENT TECHNICAL COMMITTEE

Update/maintenance mechanism for the Framework of Standards on Cross-Border E-Commerce

1. THE PERMANENT TECHNICAL COMMITTEE (PTC), provided that the Annexes to the Cross-border E-Commerce Framework of Standards are concluded at the June 2020 Policy Commission, has decided to establish a periodic review process to maintain and update the Framework of Standards on Cross-Border E-Commerce (hereafter “Framework”), to adapt with evolving business models and emerging issues across the global E-Commerce supply chain.
2. The periodic review process of the Framework should be carried out under a “two-tier review mechanism” that provides for:
 - *Annual review* of at least two annexes each year, as determined by the PTC, which provides regular opportunities to update annexes in response to emerging and/or time-critical E-Commerce issues; and,
 - *A four-year periodic review of the Framework*, to provide for the comprehensive review of the entire Framework, including those annexes that have not been considered as part of the annual review.
3. The PTC should establish appropriate governance arrangements and review processes for each review, to ensure that any changes to the Framework are done in a periodic, orderly and transparent manner.
4. The timing of the first review will be as follows:
 - The first periodic review of the Framework should be completed in financial year 2021/2022, four years after the adoption of the Framework in 2018, with the intention to provide appropriate lead time for WCO Members to implement the existing Framework and to gather experiences and case studies that could be used to inform this review; and,
 - The first annual review of at least two annexes should commence in financial year 2020/2021.
5. The review should be discussed and conducted mainly during the PTC meetings together with necessary intersessional work. Furthermore, in order to ensure the efficiency of discussions, the review may require in-person meetings alongside one of the PTC meetings where critical points are raised and discussed among Members with involvement also of relevant stakeholders.
6. WCO Members, the Private Sector Consultative Group (PSCG) or authorized observer organizations will notify the Secretariat of their proposed updates to the Framework. Such requests will be reviewed by the Secretariat and will be maintained until such time as the next periodic review meeting and/or annual review is scheduled.

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PERMANENT TECHNICAL COMMITTEE

Draft Revised Update/maintenance mechanism for the E-Commerce Package

THE PERMANENT TECHNICAL COMMITTEE (PTC)

RECALLING that an update/maintenance mechanism for the Framework of Standards on Cross-Border E-Commerce (hereafter E-Commerce FoS) and the tools supporting its implementation and forming part of the E-Commerce Package was endorsed by the PTC in June 2020 and by the Policy Commission and Council in December 2020, specifying a two-tier review mechanism that provides for an annual review of at least two annexes forming part of the E-Commerce Package and a four-year periodic review of the entire Package;

NOTING the experience from the first annual review of two annexes forming part of the E-Commerce Package that was conducted in financial year 2020/2021, as well as the experience from the first periodic review of the entire Package that was completed in June 2022;

DECIDES:

- (1) To amend the mechanism for update and maintenance of the E-Commerce Package, while maintaining the objective of the initially established review process, namely to adapt the E-Commerce Package to evolving business models and emerging issues across the global e-commerce supply chain.
- (2) The sharing of Members' experiences in implementing the E-Commerce FoS will be an integral part of the periodic review process, whereas the Secretariat will invite Members from all WCO regions to share relevant implementation experiences in the PTC sessions.
- (3) Based on the outcomes of those conversations, WCO Members, the Private Sector Consultative Group (PSCG) or authorized observer organizations will notify the Secretariat of their proposed updates to the E-Commerce Package, which can be considered through the amended update/maintenance mechanism, which will comprise of a 3-year periodic review process that will consider the entire E-Commerce Package.
- (4) The PTC should establish appropriate governance arrangements for the periodic review process, to ensure that any changes to the E-Commerce Package are done in a periodic, orderly and transparent manner.
- (5) The review should be discussed and conducted mainly during the PTC meetings together with necessary intersessional work. Furthermore, in order to ensure the efficiency of discussions, the review may require in-person meetings alongside one of the PTC meetings where critical points are raised and discussed among Members with involvement also of relevant stakeholders.
- (6) The proposed updates to the E-Commerce Package as submitted to the Secretariat by WCO Members, the Private Sector Consultative Group (PSCG) or authorized observer organizations will be reviewed by the Secretariat and will be submitted to the PTC for discussion as part of the periodic review process. As a first step, the PTC will conduct an analysis of the proposed updates and decide whether to initiate in-depth discussions on possible updates/amendments or not, while taking into account Members' implementation experiences.

- (7) In situations that require immediate action by the WCO and its Members to address emerging issues in the e-commerce environment, the PTC may propose to the Policy Commission and Council to endorse an amendment(s) to the E-Commerce Package before the expiry of the 3-year periodic review cycle.
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