



Permanent Technical Committee

PC0719Ea

-  
239<sup>th</sup>/240<sup>th</sup> Sessions

-  
25 – 27 April 2023

Brussels, 6 March 2023.

## **E-COMMERCE**

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

**(Item X.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 237<sup>th</sup>/238<sup>th</sup> PTC sessions. The first area covered by the document is the delivery of capacity-building and awareness-raising activities. The second area is the annual update of the Compendium of Case Studies on E-Commerce with new and updated case studies resulting in a draft 4<sup>th</sup> edition of the Compendium. The last part of the document provides information on the intersessional progress with regard to the 2022/2023 annual review of two annexes to the Technical Specifications (TS) to the WCO Framework of Standards on Cross-Border E-Commerce (E-Commerce FoS), namely Annex I *E-Commerce Business Models* and Annex VI *E-Commerce Stakeholders: Roles and Responsibilities*. In that context, the document also provides considerations for PTC's guidance on the way forward.

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

The Permanent Technical Committee is invited to:

- take note of the progress made;
- examine the draft 4<sup>th</sup> edition of the Compendium of Case Studies on E-Commerce and, if appropriate, endorse it for submission to the next Policy Commission (PC) and Council for their endorsement and approval as a living document, in view of its subsequent inclusion in the WCO E-Commerce Package;
- encourage Members to update their case studies and to share further case studies, best practices and initiatives for inclusion in the future editions of the Compendium of Case Studies on E-Commerce;

- discuss and endorse, as living documents, the revised versions of Annexes I and VI to the TS to the E-Commerce FoS resulting from the 2022-2023 annual review process, for submission to the next PC and Council for their endorsement and approval; and,
- provide guidance on the way forward.

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## I. Introduction

1. At its June 2018 Sessions the Council endorsed 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 endorsed a number of tools that support the implementation of the E-Commerce FoS and form part of the E-Commerce Package. The current version of the E-Commerce Package can be consulted at <http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/frameworks-of-standards/ecommerce.aspx>.
  2. Based on two case study templates endorsed by the Council in June 2019, since the autumn of 2019 the Secretariat has been collecting Members’ case studies on e-commerce and compiling them in annual editions of a Compendium of Case Studies on E-Commerce. Thus, the 1<sup>st</sup> edition of the Compendium containing seventeen case studies was endorsed by the Council in December 2020, the 2<sup>nd</sup> edition of the tool outlining twenty-six case studies was endorsed by the Council in June 2021, and the 3<sup>rd</sup> edition compiling thirty-four case studies was endorsed by the Council in June 2022. The Compendium of Case Studies on E-Commerce is one of the tools forming part of the E-Commerce Package.
  3. In addition to endorsing the relevant e-commerce tools, in December 2020 the Council endorsed 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.
  4. The 2020 version of the E-Commerce FoS update/maintenance mechanism specified a two-tier review mechanism that provided 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. The first periodic review of the E-Commerce FoS and the tools supporting its implementation was completed in June 2022 with the endorsement by the Council of the 2022 edition of the E-Commerce FoS and the Technical Specifications (TS) to the Framework. The 2022/2023 annual review was launched in July 2022 based on the April 2022 PTC decision identifying the two annexes to the TS that would be subject to review, namely Annex I *E-Commerce Business Models* and Annex VI *E-Commerce Stakeholders: Roles and Responsibilities*. The proposals received in the context of the current annual review were presented to the PTC in October 2022.
  5. Moreover, in October 2022, the PTC revised the mechanism for update and maintenance of the E-Commerce Package and now it entails one tier, namely a 4-year periodic review, whereas the sharing of Members’ experiences in implementing the E-Commerce FoS would be an integral part of the periodic review process. The revised mechanism also provides the flexibility for the PTC to propose to the Policy Commission (PC) and Council to endorse an amendment(s) to the E-Commerce
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Package before the expiry of the 4-year periodic review cycle in situations that require immediate action by the WCO and its Members to address emerging issues in the e-commerce environment.

6. After 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, April 2022 and October 2022, as well as to the June 2021 and June 2022 sessions of the PC and Council.
7. The present document provides a progress update on capacity-building and awareness-raising activities, the annual update of the Compendium of Case Studies on E-Commerce and the intersessional work 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

8. Through document PC0701, the 237<sup>th</sup>/238<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 27 September 2022. Since that date, with the support of WCO accredited experts, the Secretariat has been working on the following sub-regional and national capacity building workshops.

<b>Workshop</b>	<b>Dates</b>	<b>Donor</b>	<b>Deployment of accredited experts</b>
National workshop for the Moldova Customs Service	5-8 December 2022 (delivered)	The Global Trade Facilitation Programme of the WCO and the Swiss State Secretariat for Economic Affairs (SECO)	1 expert from the Europe (EUR) region 1 expert from the Americas and the Caribbean (AMS) region
Sub-regional workshop for Fiji, Papua New Guinea, Samoa, Timor-Leste, Tonga and Vanuatu	16-19 January 2023 (delivered)	The Customs Cooperation Fund (CCF) of China	1 expert from the Asia-Pacific (AP) region
National workshop for the Integrated Tax Authority of Bosnia and Herzegovina	13-16 February 2023 (delivered)	CCF Korea	2 experts from the EUR region
Sub-regional workshop for the ASEAN Members	8-11 May 2023 (ongoing preparations)	CCF Japan	1 expert from the AP region

9. In terms of awareness raising activities, the WCO work in the area of cross-border e-commerce was promoted at events organized by the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation (APEC) and by private sector stakeholders.

10. On 15 February 2023 the WCO organized a symposium on E-Commerce and Customs Valuation. During the hybrid event, international organizations, Customs administration, and the private sector discussed the challenges in calculating the Customs value of cross-border e-commerce shipments. The participants agreed on the importance of working together and sharing knowledge and best practices to find innovative solutions to the many challenges brought about by e-commerce.

11. In partnership with the Universal Postal Union (UPU), the WCO is organizing a WCO-UPU Global Conference that will be held from 6 to 8 June 2023 in Tokyo, Japan under the theme “Challenges and opportunities for Cross border e-commerce through Customs and Postal cooperation”.

**b. Draft 4<sup>th</sup> edition of the Compendium of Case Studies on E-Commerce**

12. On 30 September 2022, the Secretariat sent a letter inviting WCO Members to update their respective case studies or submit new case studies on the implementation of the E-Commerce FoS and on revenue collection approaches. As of 24 February 2023, five Members updated their case studies that had been included in the 3<sup>rd</sup> edition of the Compendium of Case Studies on E-Commerce. Three new case studies were submitted by Belarus, Mexico and Sri Lanka.

13. The Secretariat prepared the draft 4<sup>th</sup> edition of the Compendium by updating the 3<sup>rd</sup> edition with the information submitted by Members and by adding to it the three new case studies. Thus, the draft 4<sup>th</sup> edition of the Compendium contains thirty-seven case studies – twenty-three on the E-Commerce FoS implementation and fourteen on revenue collection approaches, and is appended hereto as Annex I.

14. The Compendium of Case Studies on E-Commerce can support the WCO Membership with practical examples of how individual Members address priority issues such as exchange of advance electronic data, facilitation, safety, security and revenue collection (including *de minimis* levels). The information included in the Compendium can supplement certain annexes to the E-Commerce Package, such as the “Reference Datasets for Cross-Border E-Commerce” and the “Revenue Collection Approaches” documents.

15. Following the endorsement by the PTC, and subsequently by the endorsement by the PC and approval by the Council, the 4<sup>th</sup> edition of the Compendium of Case Studies on E-Commerce will be included in the WCO E-Commerce Package. Following that, the Secretariat will invite Members to provide information for inclusion in the 5<sup>th</sup> edition of the Compendium to be finalised in 2024.

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

16. As reported to the PTC in October 2022, as of 8 October 2022 the Secretariat had received thirty-seven proposals for review of Annex I and Annex VI to the TS to the E-Commerce FoS. Out of the thirty-seven proposals, eleven (close to 30 % of proposals) were aimed at introducing amendments in Annex I *E-Commerce Business Models*, twenty-one proposals (close to 57 %) concerned Annex VI *E-Commerce Stakeholders: Roles and Responsibilities*, while the remaining five proposals (13 % of proposals) were of a more general nature and not necessarily addressed to one of the two annexes subject to review. In terms of type of proponent, twenty-two proposals (59.5 % of proposals) were submitted by Members, thirteen proposals (35 %) were submitted by the private sector, and two proposals (5.5 %) were received as consolidated input by the UPU.

17. In October 2022, the PTC discussed the proposals compiled by the Secretariat as of 20 September 2022 and agreed that they can proceed to discussion in intersessional meetings, while encouraging Members to take part in the respective intersessional meetings.
18. On 11 November 2022, the WCO Secretary General wrote to the WCO Membership, the PSCG members and other observers, including e-commerce stakeholders, to invite them to nominate participants that would take part in informal ad hoc meetings aimed at discussing the thirty-seven proposals compiled in the context of the 2022/2023 annual review of two annexes forming part of the E-Commerce Package.
19. As a result, as of mid-December 2022, the Secretariat had received eighty-three nominations for participation coming from thirty-nine entities, among which thirty-three Member Customs administrations, private sector entities (such as Alibaba Group, the Global Express Association (GEA) and Procomex) and other observers (such as the Eurasian Economic Commission (EEC)). In addition to that, the Secretariat engaged in the intersessional work the nineteen experts that had been nominated as contact points with regard to proposals submitted in the context of the 2022-2023 annual review.
20. The intersessional work was organized in a manner similar to the approach applied in the first periodic review, whereas the informal ad hoc meetings held in December 2022 and February 2023 provided more than 11 hours of discussion time.
21. A dedicated group was set up in the WCO CLiKC! platform (<https://cli.kc.wcoomd.org/course/view.php?id=2605#section-0>). Throughout the intersessional period, the CLiKC! group served as a repository of documents and reports related to the intersessional work and provided a platform for discussion among the nominated participants and proponents. At this point the Secretariat will not be enrolling additional participants in the dedicated CLiKC! group. However, PTC delegates that are not part of that group, but would like to review the reports of the intersessional ad hoc meetings, available in both English and French, are invited to write to [e-commerce@wcoomd.org](mailto:e-commerce@wcoomd.org).
22. The first series of informal ad hoc meetings was held from 12 to 14 December 2022 and was moderated by the Secretariat. During the meetings, Procomex submitted a new proposal (proposal No. 38) to include a section in Annex VI defining the roles and responsibilities of logistics and technology integrators. As a result of the December 2022 discussions twenty-two proposals were retained for further consideration. Based on those twenty-two proposals and the discussions held in the informal ad hoc meetings and in CLiKC!, the Secretariat drafted proposed amendments to the two annexes as follows: twenty-two proposed amendments to Annex I *E-Commerce Business Models* and twenty-seven proposed amendments to Annex VI *E-Commerce Stakeholders: Roles and Responsibilities* outlined in two options for the structure of the Annex.
23. The second series of informal ad hoc meetings was held on 7 and 14 February 2023 and was moderated by a representative of Japan Customs. The participants discussed the proposed amendments to the two annexes, as well as a few newly submitted proposals. After modifying some of the proposed amendments and rejecting others, as well as after additional modifications and consultations in the CLiKC! group, the experts engaged in the intersessional work agreed on eleven proposed amendments to the annex on e-commerce business models as shown in track changes in Annex II to the present document and sixteen proposed amendments to the annex on e-commerce stakeholders as shown in track changes in Annex III hereto. The proposed amendments are aimed at grasping the evolving roles and

responsibilities of the various e-commerce stakeholders and at describing the implications for Customs stemming from the different e-commerce business models, whereas it is proposed to add in Annex I a section describing the e-commerce fulfilment process.

24. Subject to the respective decisions and endorsement by the PTC, the revised annexes on E-Commerce Business Models and E-Commerce Stakeholders: Roles and Responsibilities will be submitted to the June 2023 PC and Council for endorsement and approval thus marking the completion of the last annual review cycle under the initial mechanism for update and maintenance of the E-Commerce Package.
25. For its meetings until Spring 2026, one of the main tasks for the PTC in the area of cross-border e-commerce would be to focus its efforts and attention on the second 4-year periodic review of the E-Commerce Package. In this context, the following paragraphs outline some considerations stemming from the 2022/2023 annual review.
26. A number of proposals discussed during the 2022/2023 annual review referred to the submission of data to Customs by various e-commerce stakeholders, such as express carriers, freight forwarders and logistics service providers. Some proposals concerned a mandatory submission of certain data elements that can support Customs valuation and risk management, as well as standardizing the rules and promoting transparency and predictability in the data submission process. Moreover, it is important to specify which stakeholders submits which data elements, whereas this should be data that the stakeholder is in possession of. One proposal referred to the sharing of data by e-commerce platforms and vendors that could support other relevant stakeholders in differentiating e-commerce shipments from non-e-commerce shipments. If pursued further these proposals and discussions would entail review of Standards 1, 2, 3 and 15 of the FoS, the technical specifications for these standards and Annex II to the *TS Reference Datasets for Cross-Border E-Commerce*.
27. As per one of the proposals, Single Window facilities can play a critical role in cross-border e-commerce. In that context, the PTC can consider expanding the technical specifications for Standard 2 and Standard 11 or adding references to Single Window facilities elsewhere in the E-Commerce Package.
28. The discussions during the 2022/2023 annual review also referred to the need to amend or expand the flowcharts available in Annex III to the TS, by illustrating the various business models with graphs showing the flow of the goods, the data flow and the invoice flow.
29. In the final round of intersessional consultations, the proposal to add a section in Annex VI describing the roles and responsibilities of the figure of technological and logistic integrator was not retained for further consideration. Despite that, the periodic review process can continue exploring any emerging actors in the e-commerce environment and enhancing the content of Annex VI.

### **III. Proposed planning for the 2022-2026 periodic review of the E-Commerce Package**

30. Based on the revised mechanism for update and maintenance of the E-Commerce Package endorsed by the PTC in October 2022, the Secretariat will endeavour to invite Members from all WCO regions to deliver presentations in the PTC meetings until Spring 2026 focusing on real-life experiences in implementing the E-Commerce FoS. Members are invited to flag their readiness to deliver such presentations.

31. In May 2024 the Secretariat will send a letter inviting Members and stakeholders to submit specific proposals for the periodic review of the E-Commerce Package. The proposals will be submitted to the PTC in Autumn 2024 and will be discussed in intersessional informal virtual meetings between November 2024 and February 2026 with regular progress reports submitted to the PTC. The Spring 2026 PTC will be invited to consider the outcomes of the 2022-2026 periodic review of the E-Commerce Package for submission to the June 2026 PC and Council for their endorsement and approval.

#### **IV. Action required**

32. The PTC is invited to :
- take note of the progress made in the area of cross-border e-commerce;
  - examine the draft 4<sup>th</sup> edition of the Compendium of Case Studies on E-Commerce as outlined in Annex I hereto and, if appropriate, endorse it for submission to the next PC and Council for their endorsement and approval as a living document, in view of its subsequent inclusion in the WCO E-Commerce Package;
  - encourage Members to update their case studies and to share further case studies, best practices and initiatives for inclusion in the future editions of the Compendium of Case Studies on E-Commerce;
  - discuss and endorse, as living documents, the revised versions of Annexes I and VI to the TS to the E-Commerce FoS as outlined in Annexes II and III hereto, resulting from the 2022-2023 annual review process for submission to the next PC and Council for their endorsement and approval; and,
  - provide guidance on the way forward, including on the proposed planning and considerations for the 2022-2026 periodic review of the E-Commerce Package.

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