



WORLD CUSTOMS ORGANIZATION  
ORGANISATION MONDIALE DES DOUANES

Established in 1952 as the Customs Co-operation Council  
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Permanent Technical Committee

PC0741Ea

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243<sup>rd</sup>/244<sup>th</sup> Sessions

-  
23 – 26 April 2024

Brussels, 5 March 2024.

**E-COMMERCE**

**Update on intersessional progress and Members' experiences of implementing the Framework of Standards on Cross-Border E-Commerce**

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

**SUMMARY**

**Purpose of document**

The purpose of this document is to set the stage for discussions under the second four-year periodic review of the WCO E-Commerce Package, based on Members' experiences in implementing the Framework of Standards on Cross-Border E-Commerce (E-Commerce FoS) and to report on the progress of work in the area of cross-border e-commerce since the 241<sup>st</sup>/242<sup>nd</sup> PTC sessions.

**Action required of the Permanent Technical Committee**

The Permanent Technical Committee is invited to:

- take note of the presentations by Brazil, Japan and the United Arab Emirates on various aspects of implementation of the E-Commerce FoS;
- based on the presentations by Members, identify potential areas of the E-Commerce Package that might need to be amended during the second periodic review of the E-Commerce Package;
- take note of the progress made in the area of cross-border e-commerce; 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 <https://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/frameworks-of-standards/ecommerce.aspx>.
2. 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 the possible monitoring and evaluation of the E-Commerce FoS implementation, as well as for capacity building purposes.
3. The 2020 version of the E-Commerce FoS update/maintenance mechanism specified a two-tier approach, which 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. In June 2023, the Council endorsed the outcome of the last annual review under the initial update/maintenance mechanism, thus introducing amendments to two annexes to the TS, i.e. Annex I, *E-Commerce Business Models*, and Annex VI, *E-Commerce Stakeholders: Roles and Responsibilities*.
4. Moreover, in October 2022, the PTC revised the mechanism for updating and maintaining the E-Commerce Package. It now involves a single tier, namely a four-year periodic review of the entire Package, with the sharing of Members’ experiences in implementing the E-Commerce FoS being 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 that they endorse (an) amendment(s) to the E-Commerce Package before the expiry of the four-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. The revised update/maintenance mechanism was approved by the Council in June 2023.
5. Furthermore, since 2021 the Secretariat has intensified its efforts to support the effective and harmonized implementation by Members of the E-Commerce FoS through capacity-building and awareness-raising activities. Regular progress reports are being submitted in that regard to the PTC, PC and Council.
6. The present document aims to set the stage for discussions under the second four-year periodic review of the WCO E-Commerce Package. The document also provides a progress update on intersessional progress in the area of cross-border e-commerce, including on capacity-building activities.

## II. Setting the stage for discussions under the second four-year periodic review of the E-Commerce Package

7. In October 2023, the PTC started discussing possible revisions to the E-Commerce Package under the second periodic review, which covers the period from 1 July 2022 to 30 June 2026. These discussions were based on presentations by Members structured around four of the eight key principles of the E-Commerce FoS, namely Advance electronic data and risk management; Facilitation and simplification; Fair and efficient revenue collection; and Partnerships. At its 243rd/244th Sessions, the PTC will continue discussing Members' experiences of implementing the E-Commerce FoS, focusing on the remaining four principles, i.e. Safety and security; Public awareness, outreach and capacity building; Measurement and analysis; and Leveraging transformative technologies. In line with the [revised update/maintenance mechanism for the E-Commerce Package](#) the Secretariat has invited Brazil, Japan and the United Arab Emirates to present challenges and experiences in implementing the E-Commerce FoS. Based on the presentations by Members, the PTC will be invited to identify potential areas of the E-Commerce Package that might need to be amended during the current periodic review, and provide guidance on the way forward.
8. To set the stage for these discussions, in the following paragraphs the Secretariat has outlined the main elements of the above-mentioned four key principles of the E-Commerce FoS, as well as the tools that provide guidance on the implementation of these principles by Members and stakeholders.
  - **Safety and Security**
9. Under the key principle of Safety and Security, the E-Commerce FoS contains two standards: Standard 10 *Prevention of Fraud and Illicit Trade* and Standard 11 *Inter-Agency Cooperation and Information Sharing*. The texts of the standards can be consulted on page 13 of the [E-Commerce FoS](#).
10. The TS to the E-Commerce FoS provide guidance for the implementation of the above standards. Thus, for Standard 10, the TS recommend that Customs administrations should enhance co-operation between Customs administrations, other relevant government and E-Commerce stakeholders to manage safety and security risks, based on international agreements and standards. The TS also advocate for building of partnerships with other law enforcement agencies and collaborating with e-vendors/platforms/marketplaces, intermediaries and internet service providers to identify illicit trade and fraud activities and take appropriate countermeasures. Furthermore, the TS recommend that Customs administrations, in cooperation with other relevant government agencies, should prepare, regularly update and make easily available a list of prohibited and restricted goods in their respective countries. In this regard, the TS list some key areas concerning safety and security issues. Also recommended is a particular focus on analysis and investigation that take into account the electronic nature of illicit trade in the e-commerce context.
11. With regard to Standard 11, the TS covers the following elements: cooperation between Customs and other government agencies to conduct joint investigations and identify illicit trade channels, especially illicit activities via the "dark net" and illegal intellectual property rights (IPR) vendors; the establishment of a national centralized platform (Single Window) and a National Targeting Centre to assist conducting coordinated pre-arrival data screening and targeting for an integrated and holistic risk management; and the development of appropriate capacity on new technologies.

For further details on the specifications for Standards 10 and 11 delegates can refer to pages 12 to 14 of the [Technical Specifications](#).

12. The annexes to the TS that can support the implementation of the above standards are Annex I *E-Commerce Business Models* that provides a description of the main e-commerce business models and of the e-commerce fulfilment process; Annex II *Reference Datasets for Cross-Border E-Commerce* that provides links to the distinct datasets of China, the EU and the US, as well as to the WCO reference data elements for cross-border e-commerce; Annex III *E-Commerce Flowcharts* that provides examples of process flows in the cross-border e-commerce environment; and Annex VI *E-Commerce Stakeholders: Roles and Responsibilities* that lists the key stakeholders in the cross-border e-commerce supply chain, their main roles and responsibilities, and potential opportunities for data exchange. These four annexes are available on pages 21 to 50 and 56 to 62 of the [Technical Specifications](#).

13. The [Risk Management Compendium](#), as well as the tool titled “Case studies and risk indicators to identify IPR, health and safety infringing goods related to e-commerce” (available in Doc. [TR0080EAE1a](#)) can support the implementation of Standards 10 and 11. The [KPI](#) endorsed by the PTC in June 2020 can also assist Members in their efforts to implement these standards of the E-Commerce FoS.

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

14. Under the key principle of Public awareness, outreach and capacity building, the E-Commerce FoS contains one standard, namely Standard 14 *Communication, Public Awareness and Outreach*. The text of the standards can be consulted on page 14 of the [E-Commerce FoS](#).

15. The first set of recommendations contained in the technical specifications for Standard 14 refer to the publication of appropriate laws, regulations and procedural information, such as, but not limited to, prohibitions/restrictions, *de minimis* and low-value shipment thresholds. The TS also provide guidance on public awareness raising aimed at enhancing trade facilitation and addressing potential revenue, safety and security threats, and on communication and wide dissemination of information on safety requirements and fiscal and IPR regulations, as well as the sharing of information on illegal e-commerce activities with a view to helping stakeholders avoid selling, buying and carrying illicit goods. For further details delegates can refer to page 17 of the [Technical Specifications](#). The [KPI](#) can also support Members’ efforts to implement the respective standard of the E-Commerce FoS.

- **Measurement and Analysis**

16. Under the key principle of Measurement and analysis, the E-Commerce FoS contains one standard, i.e. Standard 15 *Mechanism of Measurement*. The text of the standard can be consulted on page 14 of the [E-Commerce FoS](#).

17. With regard to Standard 15, the TS define the scope of measurement (parties in the transaction, geographic locations, product type, quantity, value of the goods, transportation mode, etc.) and possible sources of data and measurement, including guidance on collecting data according to the WCO Data Model and following the international standards for merchandise trade statistics. Details are available on page 18 of the [Technical](#)

[Specifications](#). The [KPI](#) can also support Members' efforts to implement the respective standard of the E-Commerce FoS.

- **Leveraging Transformative Technologies**

18. Under the key principle of Leveraging transformative technologies, the E-Commerce FoS features one standard: Standard 16 *Explore and Leverage Technological Developments and Innovation*, which is outlined on page 14 of the [E-Commerce FoS](#).
19. The technical specifications for Standard 16 recommend that, through consultations and cooperation, Customs administrations should identify and explore emerging technologies and innovative solutions for the facilitation, risk assessment, revenue collection and control of cross-border e-commerce, and identify opportunities being created by new technologies. Furthermore, the TS provide guidance on interoperability of various systems and applications, as well as on the requirement to establish flexible, automated, widely applicable and validated detection technology architectures. The WCO is encouraged to continue working with other international organizations and engage in regular discussions with the industry to exchange information on emerging solutions in the e-commerce environment. Details are available on pages 19 and 20 of the [Technical Specifications](#). The [Compendium of Case Studies on E-Commerce](#) and the [KPI](#) can support the implementation of this standard as well.
20. The information to be shared during the 243<sup>rd</sup>/244<sup>th</sup> PTC Sessions by Brazil, Japan and the United Arab Emirates might not necessarily fall strictly under one of the above four key principles. In this regard, delegates are invited to consider the information provided by the presenters in a holistic manner, and, based on the presentations, identify potential areas of the E-Commerce Package that might need to be amended during the current periodic review. In addition to the presentations by Members that will be an integral part of the 2022-2026 periodic review of the E-Commerce Package, 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.

### III. Intersessional progress

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

21. Through document PC0733, the 241<sup>st</sup>/242<sup>nd</sup> PTC Sessions were informed of the progress of delivery of capacity-building activities in the area of cross-border e-commerce as of 1 September 2023. Since that date, with the support of WCO accredited experts, the Secretariat has been working on the following national and regional capacity-building workshops.

Workshop	Dates	Donor	Deployment of accredited experts
National workshop for Thai Customs	7-10 May 2024 (ongoing preparations)	The Customs Cooperation Fund (CCF) of Japan	2 experts from the Asia-Pacific (AP) region
Regional workshop for the East and Southern Africa (ESA) region	28-30 May 2024 (ongoing preparations)	CCF China	1 expert from the West and Central Africa (WCA) region

**b. Development of a new WCO tool on the implications for Customs of the e-commerce fulfilment process**

22. In October 2023 the PTC discussed and provided guidance on a draft outline for a new WCO tool on the implications for Customs of the e-commerce fulfilment process. Following those discussions, the Secretariat started working on the first draft of the new tool. Once the draft is mature enough, the Secretariat will engage with the Members and stakeholders that have volunteered to contribute to the development of the tool (the United Kingdom, the United States, the Eurasian Economic Commission and the Global Express Association). The outcome of this work is expected to be presented to the PTC in October 2024.

23. It is also worth noting, that as a follow-up to the deliberations of the October 2023 PTC, under sub-item b) of agenda item VII, the PTC will start discussions on specific focus areas in the e-commerce domain, the first one being the e-commerce fulfilment process and its implications for Customs. Furthermore, sub-item e) will feature an update on the progress of the e-commerce negotiations at the World Trade Organization (WTO).

**c. Illicit trade in cross-border e-commerce**

**• Drugs and Precursors**

24. Drug traffickers exploiting the postal channel are disrupting legitimate parcel deliveries, impeding e-commerce growth, and incurring delays and additional costs. This issue extends beyond mere retail crime, profoundly affecting the overall security and well-being of entire nations. Recognizing this alarming trend and the severe threats posed by synthetic drugs, with the financial support of the Bureau of International Narcotics and Law Enforcement Affairs (INL) of the U.S. Department of State, the WCO initiated the Synthetic Drugs Detection Project (SDDP).

25. One of the key components of the SDDP is the Mail Channel Initiative in which the WCO has united efforts with the Universal Postal Union (UPU), and the International Narcotics Control Board (INCB) with the objective of deterring synthetic drug trafficking through the postal channel. By leveraging the expertise and professionalism of these entities, the aim is not only to enhance the capabilities of frontline officers in detecting and deterring synthetic drugs in the postal channel but also to foster increased cooperation between customs and postal operators. The SDDP-Mail Channel Initiative encompasses three main activities: i) increasing awareness of the threat; ii) providing capacity-building for law enforcement officials; and iii) coordinating regional and inter-regional enforcement operations to target the illegal trafficking of synthetic drugs. It will be implemented in phases, with the initial focus on the Asia-Pacific region. The implementation phase commenced on 1 October 2023, and will continue until 30 September 2024.

**• Intellectual Property Rights (IPR), Health and Safety**

26. Given the current threat posed by the "tsunami" of small packages sent by mail and containing counterfeit items, the Secretariat has focused its efforts on communicating the challenges posed by e-commerce. One activity undertaken in this regard is an awareness-raising campaign aimed at "removing counterfeits from e-commerce". The campaign seeks to raise Customs officers' awareness of counterfeit products sold via e-commerce and to promote the new WCO tool titled "Case studies and risk indicators to identify IPR, health and safety infringing goods related to e-commerce". The WCO delivered four regional

online workshops that included presentations by the private sector and rightholders on the e-commerce-related challenges they face. This series of training and awareness-raising activities are supported by a global WCO operation codenamed Operation STOP III. The operation focuses on intercepting and seizing fake or substandard medicines sold via e-commerce, as well as all other products for everyday consumption that might infringe IPR.

• **Post-Clearance Audit (PCA)**

27. The Secretariat updated the Data Analysis Dashboard for PCA using Power BI. By simplifying and visualising the complex data analysis process, this tool supports auditors who conduct PCA by helping them to identify risks of irregularities and use the analysis results to target auditees or conduct PCA. In particular, the Dashboard helps auditors to analyse the risk of under-valuation, which is one of the challenges faced by Members in the e-commerce environment.

**IV. Action required**

28. The PTC is invited to :
- take note of the presentations by Brazil, Japan and the United Arab Emirates on various aspects of implementation of the E-Commerce FoS;
  - based on the presentations by Members, identify potential areas of the E-Commerce Package that might need to be amended during the second periodic review of the E-Commerce Package;
  - take note of the progress made in the area of cross-border e-commerce; and
  - provide guidance on the way forward.
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