Session 3: TRADE FACILITATION AGREEMENTS AND e-COMMERCE

- Managing Data from e-Commerce Industry for goods clearance at the border

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Challenges

○ Trade facilitation and security
  » Increasing volumes – Speed and efficiency
  » Few Large/bulk shipments ≠ large number of low-value small shipments
  » B2C & C2C – Security risks: Limited knowledge on importers and supply chain
  » Data Quality: Accuracy and adequacy
  » Trader statistics - gaps

○ Fair and efficient collection of duties and taxes
  » Splitting, under-invoicing and mis-declaration
  » De minimis
    • Revenue, loss (Customs duty, VAT/GST)
    • Impact on domestic retailers
  » Classification and origin

○ Society Protection - Criminal exploitation of e-commerce
  » Illicit trade and smuggling
  » Drug trafficking
  » Counterfeited and pirated goods
  » Illicit financial flows & Money laundering

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WCO Working Group On E-Commerce

Remit and Scope

- Multi-stakeholders
- Cross-cutting issues
  - Facilitation
  - Control
  - Revenue
- Collaborative solutions
# Themes identified by the WGEC

## I. Trade Facilitation & Simplification
- Definitions
- Legislation
- Automated systems - Single Window (OGAs)
- Exchange of advance electronic data (*interoperability, minimum data sets, data quality, data privacy*)
- Trusted Trader/AEO programme for e-vendors marketplaces and intermediaries - enhanced facilitation
- Framework/guidelines/standards - harmonization and support to MSMEs
- Return/refund (drawback) processes
- Implementation and review/update of the WCO Immediate Release Guidelines and other related tools

## II. Safety & Security
- Product safety
- Illicit trade
- Quarantine/bio-security
- Dark web/net
- Cyber security
- Illicit Financial Flows - tracking financial trails
- Cooperation and information exchange between Customs administrations
- Smuggling of high-value items and environmentally sensitive goods
- Non-intrusive inspection (NII) technologies
- Review/update of relevant tools
- Case studies

## III. Revenue Collection
- *De minimis*
- Simplified entry threshold
- Classification, valuation, origin issues
- HS Navigator, integrated tariff database
- Transactional approach vs account-based approach
- Alternate models of revenue collection (including impact analysis on the industry and government)
- Fees and charges
- Cooperation amongst authorities (Customs and Tax)

## IV. Measurement & Analysis
- Big Data
- Stocktake and analysis of work currently being undertaken by international bodies
- Research and analysis of various e-commerce business models - case studies
- Measuring e-commerce flows and economic benefits
- Capacity building, awareness, and education - implementation support

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Big Data

- Data Analysis for Effective Border Management
  - Enhanced facilitation
  - Effective Risk Management
  - Efficient allocation of resources
  - Improved revenue collection
  - The WCO theme of 2017: “Data Analysis for Effective Border Management.”

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BIG DATA for Customs

<table>
<thead>
<tr>
<th>Regular submissions</th>
<th>Partnership with private sector</th>
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<tbody>
<tr>
<td>• Goods declarations</td>
<td>• Commercial transaction data</td>
</tr>
<tr>
<td>• API/PNR</td>
<td>• Logistics (Internet of Things)</td>
</tr>
<tr>
<td>• Advance Electronic Information</td>
<td>• Human communications (social media)</td>
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</tbody>
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- **Analysis of BIG DATA (regular submissions, formatted data)**
  - Historical shipment trends
  - Outliers
    - Specific trends and patterns in trade environment
    - Risk of consignment and targeting area
- **BIG Data (gain from partnership) helps us**
  - to reduce in manual handling
  - to ensure the accuracy of data
  - to obtain the relevant data at earlier stages
  - to enable risk based targeting from a wider perspective

Networked with Business operators
Data from e-Commerce Industry for goods clearance at the border
- Solution- Risk based approach based on advance electronic information

- New approach to Risk Management and trade facilitation
  - New actors in the e-commerce chain
  - New data sources

- Advance Data Exchange between Post and Customs

- Advance Data Exchange between Express industry and Customs

- Direct Data Exchange between e-platforms and Customs
  - Order data
  - Payment data
  - Shipping data

- Data with e-platforms/stakeholders
  - Supplier’s name and address
  - Buyer’s name and address
  - Place of delivery
  - Description of goods
  - Value of goods
  - Weight of goods
  - Number of pieces
  - Origin
  - Delivery mode and tracking data (including consignment identifier/tracking number and carrier/postal operator)
Paperless E-Commerce
Data Pipeline-Interconnectivity & Interoperability

- Globally Networked Customs
  - Mutual Recognition of Control
  - AEO Mutual Recognition
  - Re-usable or Prepopulated Regulatory data (My Export as your Import)
  - Transit

- Interoperability of IT Systems – Single Windows
  - Legal Interoperability
  - Organizational and Process Interoperability
  - Semantic Interoperability
  - Technical Interoperability

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Paperless E-Commerce

Data Pipeline-Integrated Supply Chain Management

Integrated Supply Chain Management - seamless electronic integrated data pipeline:

- the receipt of data about an impending transaction at the earliest possible time
- the data relating to the shipment of a consignment to grow as the goods move along the supply chain and as carriers, circumstances and locations change
- agencies that have the legal right to receive and/or view the data to carry out necessary processing including risk assessment
- data inconsistencies and human re-keying errors to be reduced
- whole-of-government and comprehensive risk assessments
- the progress of the transaction to be fully monitored with a single point of response for the trader, resulting in faster release and clearance
- a transaction history to be maintained for reuse and statistical purposes
- the effort in dealing with government agencies to be reduced and in some cases
- for the data from the consignor in the exporting country to be transmitted to the consignee in the importing country resulting in benefits to the trader, transport industry stakeholders and government agencies
- the movement (export) data to be used to pre-populate the (import) data and/or verify the import data.
Members’ Initiatives

- **China: Cross-border E-Commerce Platform:**
  - All enterprises engaged in cross border e-commerce shall complete recordation with Customs
  - Provide “transaction”, “logistics” and “payment/payment collection” info with Customs before import/export declaration
  - Checklist verification and release of goods
Platform for E-Commerce Export Declaration: Automatically convert details of orders and sales on online shopping malls into export declarations.
Thank you

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