Eleventh WTO Ministerial Conference, Buenos Aires, 10-13 December 2017

Communication from the International Customs Community

on Cross-Border E-Commerce

(Luxor, December 2017)

The growing trade in electronic commerce (E-Commerce) has generated enormous opportunities for the global economy, providing new growth engines, developing new trade modes, driving new consumption trends and creating new jobs. The unprecedented growth in E-Commerce has revolutionized the way businesses and consumers market, sell, and purchase goods, providing wider choices, advanced shipping, payment, and delivery options. It has also opened up global economic opportunities to micro, small and medium enterprises (MSMEs) in terms of wider access to overseas markets by lowering entry barriers, thus leading to an inclusive and robust globalized trade. At the same time, E-Commerce, in particular Business-to-Consumer (B2C) and Consumer-to-Consumer (C2C) transactions, is posing several challenges to governments and businesses alike.

This fast evolving trading environment requires a comprehensive and well-considered response from all stakeholders, including Customs authorities, to address increasing concerns regarding the unprecedented growth in volumes, lack of global standards and guidelines, and increasing border risks. To this end, the World Customs Organization (WCO)[1] established a Working Group on E-Commerce (WGEC) comprising representatives from governments, the private sector, international organizations, E-Commerce operators/intermediaries, and academia to discuss opportunities and challenges presented by E-Commerce and develop collaborative solutions for addressing current and emerging challenges more effectively and efficiently. It is important to be innovative, inclusive, prudential and collaborative in order to leverage opportunities brought by E-Commerce.

Working closely with the private sector and stakeholders over the last 15 months, the WCO has explored in detail the key drivers of E-Commerce, examined existing business models and considered current and likely future trends based on extensive research and consultation. It has been developing Standards, guidelines and recommendations to facilitate cross-border E-Commerce in a way that meets the needs of industry, consumers and regulatory agencies alike.

On the occasion of the Eleventh WTO Ministerial Conference in Buenos Aires, the international Customs community :

Reaffirms that it is committed to facilitating the legitimate cross-border E-Commerce, acknowledging that the digital transformation of the economy is one of the key drivers in the global trade environment.

Notes that E-Commerce is providing unparalleled opportunities to businesses, in particular Micro, Small and Medium Enterprises (MSMEs), to connect with global value chains.

Understands that E-Commerce dynamically supports the economic growth and competitiveness of nations.

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[1] The World Customs Organization is the only inter-governmental organization with competence in Customs matters and is the voice of the international Customs community. Its Members cover more than 98 % of world trade.

Acknowledges that exponential growth in E-Commerce, in particular phenomenal growth in low-value and small B2C and C2C transactions and an increased role of consumers in individual transactions, is presenting several challenges to governments and businesses alike, in terms of trade facilitation, safety and security, society protection, and accurate and efficient collection of duties and taxes.

Recognizes that current mechanisms do not adequately capture data on cross-border E-Commerce flows.

Takes into consideration the WCO Revised Kyoto Convention (RKC), the WTO Agreement on Trade Facilitation (TFA), the WCO SAFE Framework of Standards (SAFE FoS), Annexes 9 and 17 of the ICAO Chicago Convention, the UPU Convention (specifically Article 8) and Security Standards (S58 and S59) and other relevant international standards.

Aims to adapt, embrace and leverage opportunities presented by E-Commerce, and find solutions collaboratively between government and business stakeholders to challenges using modern technologies to facilitate legitimate trade, in particular for MSMEs.

Appreciates the ongoing cooperation and coordination between the WCO, the WTO and all relevant stakeholders at international, regional and national levels in developing and implementing simplified solutions relating to facilitation and control (where needed) of growing E-Commerce.

Emphasizes the importance of a harmonized approach to E-Commerce in close coordination with other international organizations and the private sector, at international, regional and national levels, that provides flexibility and customization for future developments and emerging business models to deliver common standards and guidelines to address challenges relating to certain high-risk consignments, whilst facilitating legitimate E-Commerce flows.

Encourages WTO Members to continue working constructively in addressing some of the E-Commerce/Digital Trade issues.

Commits to adopt an E-Commerce framework of standards based on the following key principles :

Principle I - Advance Electronic Data and Risk Management

Frameworks are established that support the timely and accurate exchange of advance electronic data between Customs and E-Commerce operators for effective risk management and Customs control.

Principle II - Facilitation and Simplification

Simplified clearance procedures, as appropriate, are adopted for dealing with the increasing volumes of low-value and small shipments/parcels.

Principle III - Safety and Security

Government and industry should work collaboratively to use technology, intelligence, non-intrusive intervention methodology, and risk profiling based on advance electronic data (pre-loading/pre-arrival), to identify and intercept high-risk shipments.

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Principle IV - Revenue Collection

Advance relevant and reliable electronic data from E-Commerce operators and alternative models of revenue collection should be adopted to facilitate accurate and efficient revenue collection with minimum intervention (streamlined and automated), while at the same time applying appropriate Customs controls to identify and prevent fraud.

Principle V - Measurement and Analysis

Reliable mechanisms should be established to accurately measure and analyse cross-border E-Commerce in close cooperation with international organizations and private sector stakeholders to facilitate trade statistical analysis that informs policy, supports risk management and contributes to the rapid clearance of legitimate trade.

Principle VI - Partnerships

All stakeholders should work in partnership to develop business solutions that meet individual and collective needs of all actors in the supply chain.

Principle VII - Public Awareness, Outreach and Capacity Building

Awareness and outreach programmes, together with appropriate capacity building mechanisms, should be in place to ensure that all stakeholders understand their obligations regarding compliance with Customs and other regulatory requirements.

Principle VIII - Legislative Frameworks

National legislation should be adjusted/adapted, as appropriate, that complements related international instruments, conventions, agreements, and WCO tools and guidelines, in order to facilitate cross-border E-Commerce, collect revenue payable and protect society, while ensuring a more level playing field for all economic operators, to the extent possible.

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