



# TECHNICAL SPECIFICATIONS FRAMEWORK OF STANDARDS ON CROSS-BORDER E-COMMERCE

## I. Managing Cross-Border E-Commerce: Key Principles and Standards

### I. Advance Electronic Data and Risk Management

#### 1. Introduction

The use of advance electronic data for effective risk management is cross-cutting and underpins trade facilitation, security and safety, revenue collection and measurement and analysis.

The E-Commerce chain is both data-driven and data-rich. The confluence of a data-rich information space or value chain on the Internet and smarter, more powerful computing capabilities has made it easier to access, aggregate, analyse and use data throughout the E-Commerce environment.

Advance electronic data should be exchanged between the relevant E-Commerce stakeholders and Customs administrations in a timely manner for effective risk management, which is critical in dealing with this rapidly growing new mode of trade.

The establishment and enhancement of the exchange of information between E-Commerce stakeholders and Customs administrations through national electronic interfaces (such as Single Window) based on common messaging standards and a harmonized and standardized dataset would be highly beneficial (for example, pre-arrival for general risk assessment and Customs clearance and pre-loading for security risk assessment).

Through the exchange of advance electronic data leading to efficient risk management, the efficiency of the supply chain can be improved while ensuring compliance with regulatory requirements, including revenue collection.

## **2. Standards**

### **2.1. Standard 1: Legal Framework for Advance Electronic Data**

***A legal and regulatory framework should be established for requiring advance electronic exchange of data between relevant parties involved in the E-Commerce supply chain, and Customs administrations and other relevant government agencies to enhance facilitation and control measures, taking into account applicable laws, inter alia, those related to competition (anti-trust), and data security, privacy, protection, ownership.***

#### Technical Specifications

##### **2.1.1 Regulated Data Set**

Customs administrations, in close co-operation with relevant parties involved in the E-Commerce supply chain, should regulate a data set required to conduct an appropriate risk assessment and to ensure the collection of duties and/or taxes. Additionally, they should identify the parties in the E-Commerce supply chain, based on some examples of business models outlined in Annex I, who are in the best position to provide that data for greatest accuracy.

For the sake of transparency, Customs administrations should clearly stipulate the data required, the purpose, the method for collecting the data, the length of time the data is required to be retained, and which parties the data may be shared with.

The submission of data should be required as early in the continuum as possible, to facilitate potential pre-arrival processing, risk assessment and release, as well as revenue assessment and revenue collection on E-Commerce goods. Where pre-loading advance cargo information (PLACI) programmes exist, the same data should not be required to be submitted twice.

Customs administrations should require the minimum data necessary to achieve the purposes identified in the first and second paragraphs of this section. Examples of cross-border E-Commerce Flow Charts are set out at Annex II.

##### **2.1.2 Data Privacy and Protection**

The exchange, storage, access and use of data should take place in full compliance with the applicable data privacy and anti-trust laws, and should relate only to data within the legal mandate and authority of the respective stakeholders.

Customs administrations, other relevant government agencies and relevant parties involved in the E-Commerce supply chain should, in accordance with the applicable laws, record and save pertinent data and take all necessary measures to ensure the integrity, security, confidentiality, and availability of the electronic data, as well as to ensure that records of the transaction process are traceable and tamperproof.

## **2.2. Standard 2: Use of International Standards for Advance Electronic Data**

Relevant WCO and other international standards and guidance should be implemented in accordance with national policy, in an effective and harmonized manner, to facilitate the exchange of advance electronic data.

### Technical Specifications

#### **2.2.1. WCO Data Model**

Customs administrations should use the WCO Data Model to facilitate the submission and the exchange of advance electronic data, as appropriate.

#### **2.2.2. Data Quality<sup>1</sup>**

In order to ensure the quality of advance electronic data, Customs administrations and other relevant border agencies should work with postal operators, express and other delivery services, e-vendors/platforms/marketplaces, e-payment providers, customers, and any other stakeholder to offer necessary support, to the extent possible, in building compatible systems and establishing necessary electronic interfaces to allow for the efficient and accurate collection of data.

In order to maximize the accuracy of data, technology should enable Customs to cross-check information from several sources. New technologies based on Big Data are likely to play an important role in the future. Customs administrations and other relevant government agencies could explore the possibilities that technology offers for the purpose of improving the quality of data.

#### **2.2.3. Data Exchange Mechanism**

Customs administrations should establish a mechanism for the exchange of advance electronic data with the relevant parties in the supply chain at the national level, for the purpose of risk management (e.g., safety, security and fiscal risks) and the implementation of all these standards.

WCO conventions, instruments and tools such as the SAFE Framework of Standards provide detailed guidance on advance electronic information.

#### **2.2.4. Centralized Platform**

Customs administrations should enhance the submission, exchange and processing of advance electronic data and the release of goods through a centralized platform (e.g., Single Window Environment). The platform should allow for cross-border E-Commerce stakeholders to submit data to allow Customs administrations and relevant government agencies to access the same data submission, based on respective laws and regulations.

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<sup>1</sup> <http://www.wcoomd.org/-/media/wco/public/global/pdf/about-us/legal-instruments/recommendations/facilitation/transport/recommendation-data-quality-en.pdf?la=en>

## **2.3. Standard 3: Risk Management for Facilitation and Control**

***Customs administrations should develop and apply dynamic risk management techniques that are specific to the E-Commerce context to identify shipments that present a risk.***

### Technical Specifications

#### **2.3.1 Dynamic Risk Assessment**

Customs administrations should consider leveraging risk assessment techniques and their respective systems that dynamically adapt to emerging trends and ensure the identification of relevant parties and the traceability of shipments and transactions.

Additional data sources should be obtained and integrated into the risk assessment process to provide greater insight into supply chain risk. This may include e-vendors, platforms/marketplaces and intermediaries. Those parties situated in exporting/supplier countries could be engaged to identify opportunities for information sharing with the private sector, within the boundaries of applicable laws.

To safeguard legitimate elements of the supply chain, Customs administrations, in cooperation with other relevant government agencies, should prepare and regularly update risk profiles of trade parties that are specific to the E-Commerce economy, covering risks such as undervaluation, IPR infringement, illicit trade, etc. This will ensure that accurate information is applied during risk assessment to avoid adversely affecting low-risk parties in the supply chain.

#### **2.3.2 Data Reconciliation**

To improve risk management, Customs administrations should reuse data throughout the supply chain for consistent risk assessment, and reconcile data using reporting and accounting techniques to ensure the accuracy of information.

#### **2.3.3 Unknown Trade Parties**

Customs administrations should identify and validate trade parties and adopt different approaches for working with compliant and non-compliant parties.

To identify whether unknown trade parties are compliant, including cross-border E-Commerce parties (e.g., first-time and occasional shippers/buyers/sellers), it is necessary to develop risk profiles based on pattern analysis. To ensure that risk profiles remain accurate and do not adversely affect legitimate parties, they should be continuously validated and updated through regular audits and identification of changing circumstances.

#### **2.3.4 List of Offenders**

Customs administrations, in conjunction with other law enforcement agencies and relevant parties in the E-Commerce supply chain, should identify and store information on offenders, within the boundaries of national and international laws. Where possible, this information should also be shared with private sector stakeholders so as to enable them to take measures to prevent unlawful activity (e.g., theft, fraud and smuggling).

## **2.4. Standard 4: Use of Non-Intrusive Inspection Technologies and Data Analytics**

***Customs administrations should use data analytics and screening methodologies in conjunction with non-intrusive inspection equipment, across all modes of transportation and operators, as part of risk management, with a view to facilitating cross-border E-Commerce flows and strengthening Customs controls.***

### Technical Specifications

Customs administration should make use of the WCO Risk Management Compendium, among other international standards and tools.

#### **2.4.1 Non-Intrusive Inspection (NII) Technologies**

Customs administrations should make use of data produced by NII, such as scanned images of cargo. This data should be combined with advance electronic data and other data sources to improve efficiency through conducting only necessity-based seizures and inspections of shipments. NII images may also be exchanged between Customs and other government agencies using international standards. Customs administrations should have agreements or arrangements in place to share NII data with one another.

Customs administrations should make use of NII images and scanning results of E-Commerce stakeholders, where possible.

NII equipment may include automatic detection technologies to identify high-risk contraband (e.g., weapons, explosives, illegal drugs) using algorithms and/or machine learning.

Customs administrations should, where appropriate, integrate NII equipment in parcel handling systems (i.e., conveyor belts) for control, and to minimize the potential disruption to the flow of legitimate shipments.

NII equipment should be automated, validated and adapted to the E-Commerce environment taking into account the variety of threats, the changing priorities over time and the perpetual development of E-Commerce business models.

Customs administrations may cooperate with E-Commerce stakeholders to improve the detection architecture.

#### **2.4.2 Data Analytics Technologies**

Customs administrations should adopt a proactive and efficient response to identifying elements of risk within the supply chain. Data analytics and applicable technologies will simplify the identification of risks, while facilitating the movement of goods and strategically securing respective borders.

This rapidly evolving trade environment requires accurate decisions that keep pace with the speed of business. For these organizations to operate with ease in an on-time business environment, effective strategies must be employed that leverage technologies to access and analyse data to discover and apply insights in an efficient and timely manner.

The emergence of affordable and accessible analytics technologies to systematically conduct computational analyses of data is having a profound effect on all aspects of the E-Commerce environment. With many supporting E-Commerce platforms/marketplaces and supply chains utilizing analytics technologies, solutions to integrate analytics into existing processes are becoming increasingly accessible for any organization.

By consolidating the data from across the E-Commerce supply chain, and enriching it with other data sources, Customs administrations can obtain insights into trade chain activity and relationships. This allows for the identification of trends that can enable Customs authorities to spot suspicious activities (e.g., smuggling of goods, undervaluation and movement of counterfeit and other restricted/prohibited goods).

Advanced analytics can enable Customs administrations to monitor E-Commerce stakeholders and customers to create risk scores in real time, thus facilitating compliant trade flows while intercepting fraudulent shipments.

Data analytics can be applied to both structured and unstructured data. Advanced analytics (such as predictive analysis, text analysis and machine learning models) should be deployed, wherever possible, to address the entire range of existing and emerging threats.

## **II. Facilitation and Simplification**

### **3. Introduction**

In many countries, Customs administrations have made significant improvements to facilitate legitimate trade and simplify procedures. However, taking into account the rapid growth in cross-border E-Commerce volumes, short timeframes for intervention and the lack of timely and accurate data transmission in some business models, it is necessary to re-strategize how Customs administrations apply existing WCO instruments and tools such as the Revised Kyoto Convention, the SAFE Framework of Standards and the Immediate Release Guidelines, and to identify modern and appropriate solutions that are more effective and efficient in responding to industry and consumers' expectations in terms of the safe, secure and fast movement and delivery of E-Commerce shipments across borders.

### **4. Standards**

#### **4.1 Standard 5: Simplified Clearance Procedures**

Customs administrations, working in coordination with other relevant government agencies as appropriate, should establish and maintain simplified clearance formalities/procedures utilizing pre-arrival processing and risk assessment of cross-border E-Commerce shipments, and procedures for immediate release of low-risk shipments on arrival or departure. Simplified clearance formalities/procedures should include, as appropriate, an account-based system for collecting duties and/or taxes and handling return shipments

#### Technical Specifications

##### **4.1.1 WCO Immediate Release Guidelines**

Customs administrations should apply the WCO Immediate Release Guidelines and should release and simultaneously clear low-value goods immediately upon arrival, or subsequently by using pre-arrival risk management based on advance electronic data, while at the same time maintaining appropriate Customs controls and ensuring the collection of duties and/or taxes, if applicable.

#### **4.1.2 Revision of Existing Formalities and Procedures**

Customs administrations may revise existing formalities and/or adopt new procedures to require item-level reporting, taking into account existing and evolving E-Commerce business models and considering the needs of Micro, Small & Medium-sized Enterprises (MSMEs), individual buyers and sellers, and operators designated to fulfil Customs formalities in respect of goods traded and moved within E-Commerce.

Options could include, inter alia:

- Pre-arrival and/or pre-clearance processing of goods enabled by national legislation, to obtain advance shipment declaration data and supporting documents electronically prior to the arrival of goods. Customs administrations should start processing them as soon as the data is received, with the goal of completing assessment before the physical arrival of the goods to allow for immediate release/clearance of low-risk goods;
- Account-based consolidated entry/exit summaries or export/import Customs declarations by enterprises/individuals and intermediaries, with periodic payment of all relevant duties and taxes, subject to regulatory requirements and the provision of a financial security/guarantee;
- Simplified reporting requirements regarding origin, value and classification, where appropriate;
- Simplifying documentation by requiring only a single submission of advance electronic data and reusing where necessary;
- Making use of a unique identifier for shipments to allow for the reuse of transaction, logistics and payment data for Customs declaration purposes and other regulatory requirements (where possible); and
- Reusing of a single dataset for multiple purposes (e.g., risk assessment, clearance and taxation).

#### **4.1.3 Return/Refund Procedures**

Customs administrations should, wherever appropriate, allow for a simplified return and refund procedure (e.g., manifest declaration or simplified goods declaration) within specified timeframes, such as:

- Facilitation of returns by reconciling the inbound and outbound shipments and granting duty and, if applicable, tax exemption on re-importation into the country where the goods were originally shipped from;
- Submission of proof of re-export (such as import and/or export declaration and/or proof of the refund amount); and
- An electronic drawback/refund system based on consistent data requirements and efficient reconciliation between the imported and the returned goods, which may allow authorized intermediaries to apply for drawback/refund on behalf of the eligible party.

An example of a Return Flow Chart is outlined in Annex III.

#### **4.2 Standard 6: Expanding the Concept of Authorized Economic Operator (AEO) to Cross-Border E-Commerce**

***Customs administrations should explore the possibilities of applying AEO Programmes and Mutual Recognition Arrangements/Agreements in the context of cross-border E-Commerce, including leveraging the role of intermediaries, to enable Micro, Small and Medium-sized Enterprises (MSMEs) and individuals to fully benefit from the opportunities of cross-border E-Commerce.***

##### Technical Specifications

4.2.1 Customs administrations should strengthen partnerships with the private sector, especially with e-vendors/platforms/marketplaces and intermediaries, by exploring the possibilities to include them in their WCO SAFE AEO or other trusted trader programmes. In order to ensure the integrity of the AEO Programme, the general conditions and criteria regarding compliance and security should be met by the intermediaries.

4.2.2 The provisions governing the management of AEO authorizations should be robustly implemented. AEO status requires continuous self-monitoring and effective cooperation among E-Commerce supply chain parties - specifically taking into account their role in the international supply chain and their specific business model(s). This will enable intermediaries to have shipments qualify for AEO benefits or other facilitation through security and compliance checks.

4.2.3 When assessing the compliance with the conditions and criteria, Customs administrations should consider the effectiveness of measures put in place by the operator to deal with the specific features of E-Commerce stakeholders, such as high volumes of transactions, large number and range of business partners, importance of quick delivery, etc. The internal control procedures should prevent possible infringements and should be evaluated in light of the total number of transactions and the potential risks involved.

4.2.4 Within the scope of national laws and regulations, Customs administrations should regularly consider to identify and provide possible additional simplified procedures, provided that operators meet corresponding conditions and criteria and whilst ensuring that the integrity of the AEO Programme is not compromised.

### III. Fair and Efficient Revenue Collection

#### 5. Introduction

In order to effectively deal with existing and emerging challenges with regard to revenue collection, particularly on a large number of relatively low-value and small cross-border E-Commerce shipments, Customs administrations should engage in close cooperation with tax authorities as the responsible government body for tax regimes. In cooperation with Tax authorities, alternative collection models should be considered (e.g. vendor model, intermediary or consumer/buyer collection model), to move away, as appropriate, from the current transaction-based duty/tax collection approach where duties and taxes are assessed and collected at the border, towards an automated account-based approach that may involve collection of duties and taxes prior to shipping or arrival of the goods.

Customs administrations and revenue authorities at large must also consider related issues such as legal roles and responsibilities, jurisdiction/territory of Customs administration, cross-border cooperation, and implementation of post-clearance audits and controls in the E-Commerce context.

Such consideration for alternative models of revenue collection should examine opportunities and challenges for Governments and various business models, as well as should duly take into account the cost to be borne by trade operators in complying with this collection regime with respect to its development and implementation, depending on their national situation and their exposure to imports of low-value and small shipments.

#### 6. Standards

##### 6.1 Standard 7: Models of Revenue Collection

***Customs administrations, working with appropriate agencies or Ministries, should consider applying, as appropriate, various types of models of revenue collection (e.g., vendor, intermediary, buyer or consumer, etc.) for duties and/or taxes. In order to ensure the revenue collection, Customs administrations should offer electronic payment options, provide relevant information online, allow for flexible payment types and ensure fairness and transparency in its processes. Models that are applied should be effective, efficient, scalable, and flexible, supporting various business models and contributing to a level playing field for and among the various E-Commerce stakeholders.***

## Technical Specifications

### **6.1.1 Revenue Collection Models**

Under the “Models of Revenue Collection” Standard, a number of approaches to revenue collection which are currently in use or under exploration have been identified, including:

- Seller/Vendor based collection;
- Intermediary based collection; and,
- Buyer/Consumer based collection.

Any existing or emerging approach to revenue collection should take into account an AEO or other trusted trader programme allowing Customs administrations to reduce the risks of inadvertent or deliberate undervaluation and mis-declaration, including the risk of fraud associated with refunds. The identified collection approach(es) should be based on risk management and audit-based controls.

Collection methods should be efficient, widely applicable and flexible, and promote a fair, transparent, and level playing field for all economic operators from a domestic/foreign retailer perspective, as well as from an express/postal operator perspective.

The effectiveness of collection approaches could be verified through pilot projects that engage relevant stakeholders.

### **6.1.2 Legislative Framework for Revenue Collection Approaches**

Customs administrations may apply one, or multiple variations of these approaches to test their efficiency, while paying due consideration to the effect on tax payers.

A legislative framework may be required to implement the identified approach(es) to revenue collection.

### **6.1.3 Valuation and Duty/Tax**

The Customs value of goods shall be determined in accordance with the WTO Customs Valuation Agreement.

Ensuring data quality also involves the compliance of Customs administrations and other border agencies with the WTO Agreement on Customs Valuation and to follow the relevant WCO guidelines<sup>2</sup>.

### **6.1.4 Cooperation with Tax Authorities**

Given that Customs administrations and Tax authorities share similar concerns regarding growing volumes of low-value and small cross-border E-Commerce goods, particularly with respect to the potential revenue loss and distortionary impact on domestic retailers, the two authorities should strengthen their co-operation in this area and develop a coherent and cohesive tax policy, including consideration of a single payment solution.

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<sup>2</sup> <http://www.wcoomd.org/en/topics/valuation/instruments-and-tools.aspx>

Timely data exchange and coordination between Customs administrations and Tax authorities on the treatment of E-Commerce shipments/goods could be achieved by establishing and/or reinforcing proper interconnectivity between their IT systems, and coordinated or even joint systems and account-based audits.

## **6.2 Standard 8: *De Minimis***

***When reviewing and/or adjusting de minimis thresholds for duties and/or taxes, Governments should make fully informed decisions based on specific national circumstances.***

### Technical Specifications

#### **6.2.1 Application of the *De Minimis***

Most Customs administrations apply a *de minimis*, which is the threshold below which no duty and/or tax is imposed. There may also be a reporting threshold, the value above which a full Customs declaration is required.

Governments should notify the WCO of the *de minimis* information and any changes thereto, so that the WCO can publish the information on its website as part of a global repository for interested parties.

#### **6.2.2 Reviewing/Adjusting *De Minimis* Thresholds**

When considering a review or an adjustment of *de minimis* thresholds, Governments should carefully consider the economic and social impact of their respective *de minimis* thresholds. Independent and evidence-based economic studies are ways to help Governments make an informed decision, depending on the national priorities and specificities of their country. Specific attention should be given to the possible impact on national growth rates, employment creation, and the overall functioning of the social system.

The duty/tax rates and thresholds, as well as the scope and the trading limits of goods, have a direct impact on the Customs formalities applicable to goods upon importation. A balance is required between maintaining economic growth from cross-border E-Commerce trade, and a healthy competitive environment that allows domestic markets to continue to flourish.

The following key aspects should be carefully evaluated, as appropriate:

- National specificities, economic environment and geographical context, based on the national policy considerations;
- Simplified revenue collection approaches;
- Net economic impact on the economy;
- Cost of intervention and duty collection;
- Compliance costs;
- Revenue concerns;
- Impact on reciprocal trade for the country's E-Commerce exports;
- Demands of Customs supervision;
- Potential distortionary impact on domestic retailers and producers; and,
- Fair, transparent, consistent application.

## **IV. Safety and Security**

## 7. Introduction

Given that there are diverse perspectives among Members concerning safety and security risks (including product safety), the characteristics of risk need to be established and applied by Customs administrations by involving other relevant government agencies to identify high-risk shipments that pose safety and security threats in cross-border E-Commerce channels. With respect to general safety and security threats to society and the environment, Customs should, where appropriate, share with other Customs administrations information related to these risks in order to improve their ability to determine risk indicators and analyse risks.

Customs administrations' cooperation with other relevant agencies is particularly important for identifying and interdicting illicit and non-compliant goods moving through E-Commerce channels. Information can allow Customs administrations to focus their efforts on the highest risk shipments and facilitate the rapid release of low-risk shipments. Customs administrations also should share relevant intelligence, where possible, with trusted E-Commerce stakeholders to ensure the most effective partnership between public and private sector targeting efforts.

## 8. Standards

### 8.1 Standard 9: Prevention of Fraud and Illicit Trade

***Customs administrations should work with other relevant government agencies to establish procedures for analysis and investigations of illicit cross-border E-Commerce activities with a view to prevent and detect fraud, deter the misuse of E-Commerce channels and disrupt illicit flows.***

#### Technical Specifications

##### 8.1.1 Safety and Security Issues

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 such as the WCO SAFE Framework of Standards, Annexes 9 and 17 of ICAO's Chicago Convention, and the IMO FAL and SOLAS Conventions.

### **8.1.2 Countering Illicit Trade and Customs Fraud**

Current trends indicate that there is a growth in the importation of illicit substances and goods. This element of E-Commerce exists due to the perceived anonymous, fragmented and direct nature of selling and buying. New concepts are being utilized, including the use of social media and person-to-person encrypted chats, to facilitate illicit trade.

Traditional patterns of Customs fraud, undervaluation in particular, are also present in E-Commerce.

Customs administrations should work closely with other law enforcement agencies and other stakeholders to develop IT capabilities that help to identify illicit trade and fraud activities, to take appropriate countermeasures.

Customs administrations should work in partnership with e-vendors/platforms/marketplaces to detect online transactions of illicit goods, to detect and combat customs fraud and to strengthen efforts (e.g., legislative frameworks) to initiate appropriate actions against parties who engage in online trade in contraband.

Continuing to build partnerships among law enforcement agencies and collaborating with e-vendors/platforms/marketplaces, intermediaries and internet service providers (ISPs) will allow for Customs administrations and E-Commerce stakeholders to take measures to promote compliance with Customs' policies and other relevant regulations and to counter illicit trade and Customs fraud (e.g., taking down websites, closing accounts).

In addition, Customs administrations should continue to partner with WCO Members and other international organizations (e.g., the Organisation for Economic Co-operation and Development) to share best practices in combating illicit trade and fraud through E-Commerce.

### **8.1.3 List of Prohibited and Restricted Goods**

To safeguard the E-Commerce supply chain, Customs administrations, in cooperation with other relevant government agencies, should prepare and regularly update a list of prohibited and restricted goods in their respective countries and make it easily available to all relevant stakeholders. Key areas concerning safety and security issues include, but are not limited to:

- Product safety;
- Intellectual Property Rights (IPR) violations;
- Arms and explosives;
- Dangerous biological weapons or chemical substances;
- Weapons of mass destruction (WMD);
- Drugs and precursors;
- Cybercrime;
- Living organisms, invasive alien species, pests, pathogens and products derived from animals, plants and fungi that may carry the risk of biological invasions in importing countries;
- CITES plants and animals;
- Agricultural risks (e.g., Phytosanitary);
- Sanitary risks; and
- Hazardous substances (e-waste).

#### **8.1.4 Analysis and Investigation**

In accordance with national laws and regulations, analysis and investigation require particular focus and new areas of co-operation in the E-Commerce context. Customs administrations should start to further explore and consider the electronic nature of illicit trade and the associated trail of transactions. This may require Customs administrations to establish mechanisms and associated capabilities to carry out investigations that include, but are not limited to:

- Following digital trails;
- Unearthing financial flows;
- Identifying and tracking “dark net” activities;
- Handling of seized goods; and
- Management of evidence.

### **8.2 Standard 10: Inter-Agency Co-operation and Information Sharing**

Governments should establish co-operation frameworks between and among various national agencies through relevant electronic mechanisms including Single Window, as appropriate, in order to provide cohesive and coordinated response to safety and security risks stemming from cross-border E-Commerce, thus facilitating legitimate trade.

#### Technical Specifications

#### **8.2.1 Customs-to-Other Government Agency Co-operation**

The dynamic E-Commerce environment often requires real-time response or intervention by all relevant government agencies (including the Ministries and agencies relevant to agricultural and environmental safety) to ensure that legitimate goods are rapidly cleared and risks are effectively managed with minimal intervention and delay. Risk assessments conducted by Customs administrations should take into account the screening previously performed by the relevant agencies.

Co-operation between Customs administrations and other law enforcement agencies, with the support from relevant E-Commerce stakeholders, should be enhanced to carry out joint investigations at the national and international levels. This co-operation may further extend to the exporting country where the relevant parties are situated.

Customs administrations should work closely with other law enforcement agencies and relevant stakeholders to develop capabilities to identify illicit trade channels, especially illicit activities via the “dark net” and illegal IPR vendors to understand the impact on legitimate E-Commerce channels and take appropriate countermeasures. Customs should develop effective exchange of information with relevant stakeholders regarding such vendors.

#### **8.2.2 National Targeting Centre for Advance Data Screening**

In order to strengthen Customs controls while expediting the release of cargo and ensuring data safety, Customs administrations in co-operation with other relevant border agencies should establish a national centralized platform such as a National Single Window (NSW). Information sharing principles should be applied so that data provided to Customs administrations can serve to meet the regulatory requirements of partner agencies as well.

Additionally, the establishment of a National Targeting Centre (NTC) would further assist conducting coordinated pre-arrival data screening and targeting for an integrated and holistic risk management of cross-border E-Commerce shipments, utilizing data from participating agencies.

### **8.2.3 Digital Capacity**

To keep pace with the rapidly evolving business of E-Commerce, Customs administrations, along with other relevant government agencies, should work towards adopting new technologies, through information sharing and education. Examples include online training and international events that leverage the experiences of frontline Customs officers.

## **V. Partnerships**

### **9. Introduction**

The rapidly evolving cross-border E-Commerce environment requires strengthening existing cooperation and partnerships and forging new ones with emerging participants in the E-Commerce supply chain, in order to better address the associated challenges in a collaborative manner.

### **10. Standards**

#### **10.1 Standard 11: Public-Private Partnerships**

***Customs administrations should establish and strengthen cooperation partnerships with E-Commerce stakeholders to develop and enhance communication, coordination and collaboration, with an aim to optimize compliance and facilitation.***

#### Technical Specifications

##### **10.1.1 Co-operation Partnerships**

Customs administrations should explore opportunities for information sharing with E-Commerce stakeholders, within the boundaries of applicable legislation and regulations. Co-operation in the exchange of data may facilitate identification and enforcement action against vendors, intermediaries or other stakeholders engaged in trade in illicit goods.

Co-operative partnerships could include AEO/Trusted Trader Programmes and other arrangements, such as Memoranda of Understanding (MOUs), with well-defined roles, responsibilities and benefits.

When warranted, Customs administrations should pursue specific cooperative arrangements to access other data, including data from partners and law enforcement agencies, to help identify and mitigate threats.

Customs administrations should encourage incentives for the voluntary submission of additional data, which should be determined in consultation with relevant parties.

### **10.1.2 Co-operation Opportunities**

Reinforced partnerships with E-Commerce stakeholders would be highly beneficial in terms of the electronic exchange of data, taking into account the importance of their role in E-Commerce and the relevant data they hold. Establishing a standard method of exchanging data with E-Commerce stakeholders, through an electronic interface and common messaging standards, should be considered.

## **10.2 Standard 12: International Co-operation**

Customs administrations should expand Customs cooperation and partnerships to the cross-border E-Commerce environment in order to ensure compliance and facilitation.

### Technical Specifications

#### **10.2.1 International Agreements and Co-operation Arrangements**

Customs administrations should promote co-operation and consistency between Customs administrations and other government agencies at all levels.

Customs administrations should establish co-operation and partnerships including for cross-border E-Commerce through international agreements or arrangements (e.g., Agreements on Customs Co-operation and Mutual Administrative Assistance in Customs Matters (CCMAA)).

International co-operation is important to detect, prevent and combat Customs fraud, in particular undervaluation which appears to be one of the most regular fraud patterns in E-Commerce.

#### **10.2.2 Enhanced Collaboration**

Customs administrations traditionally focus on importers in the destination country as legal entities for compliance and payment of Customs duties and taxes. In the context of cross-border E-Commerce, there should be enhanced co-operative agreements or arrangements between Customs administrations for assistance and joint investigations.

An example of this cooperation is the use of Smart and Secure Trade Lanes (SSTL), as smart (high-quality) data are sent from Customs (country of export) to Customs (country of import). These smart data, together with the secured (sealed) shipments, result in a more trustful supply chain.

Customs administrations should also leverage WCO regional structures, especially Regional Intelligence Liaison Offices (RILOs), to share seizure information related to E-Commerce through the Customs Enforcement Network (CEN).

## **VI. Public Awareness, Outreach and Capacity Building**

### **11. Introduction**

In the era of trade diffusion driven by cross-border E-Commerce where anyone and everyone could potentially be a trader - buyer or seller - and can seamlessly swap their roles, there is growing need for establishing mechanisms to create wider awareness, in particular among these new and emerging class traders to enable them better

appreciate various regulatory requirements and comply with them. This should include, among others, robust advocacy and outreach activities together with training and capacity building.

## 12. Standards

### 12.1 Standard 13 : Communication, Public Awareness and Outreach

***Customs administrations should make consumers, the public and other stakeholders aware of the regulatory requirements, risks and responsibilities associated with cross-border E-commerce through comprehensive awareness raising, communication, education and outreach programmes.***

#### Technical Specifications

#### 12.1.1 Publication of Laws and Regulations

Customs administrations should openly and transparently publish on their websites all appropriate laws, regulations and procedural information concerning Customs and other regulatory procedures for cross-border E-Commerce (e.g. prohibitions/restrictions, *de minimis* and low-value shipment thresholds). Ideally, this information should be provided in at least one international language.

The WCO, in co-operation with other relevant international bodies, should create a published list of prohibited goods by country, to ensure that all countries are aware of current and emerging trade restrictions.

#### 12.1.2 Public Awareness and Communication

Customs administrations should raise public awareness to enhance trade facilitation and address potential revenue, safety and security threats (e.g., cargo security) and E-Commerce supply chain compliance with Customs policies and other regulations. Customs administrations, in cooperation with other relevant government agencies, should make efforts to educate all stakeholders on safety requirements and fiscal and intellectual property rights regulations by providing clear and relevant information through their websites. This information should be shared with stakeholders and disseminated via all possible channels, including websites, mass media, social media, newsletters and trade/industry groups/associations.

Customs administrations should provide e-vendors/platforms/marketplaces, logistic providers, postal operators and express carriers with relevant regulatory, compliance and security information to further disseminate through their own platforms and partner networks and communicate it to reach their respective users or clients effectively.

Customs administrations should find opportunities to exchange information on illegal E-Commerce activities directly with trusted e-vendors/platforms/marketplaces, intermediaries (e.g. express service providers and postal operators) and other stakeholders, within applicable laws. This information may include the transaction patterns of illicit trade and fraudulent websites.

As part of raising awareness, Customs administrations should also make safety-related seizures publicly known through their official Websites, to help stakeholders avoid selling, buying and carrying similar goods.

## VII. Measurement and Analysis

### 13. Introduction

An accurate measurement of cross-border E-Commerce is the key for well-considered policy and business decisions. In addition, this could be useful for better risk management by identifying trend, patterns and emerging dynamics.

### 14. Standards

#### 14.1 Standard 14: Mechanism of Measurement

***Customs administrations should work with relevant government agencies in close co-operation with E-Commerce stakeholders to accurately capture, measure, analyse and publish cross-border E-Commerce statistics in accordance with international statistical standards and national policy, for informed decision making.***

#### Technical Specifications

##### 14.1.1 Scope of Measurement

Statistics on cross-border E-Commerce goods should cover transactions between all parties engaged in international trade, including Business-to-Consumer (B2C) and Consumer-to- Consumer (C2C) transactions, to the extent possible.

Statistics on cross-border goods should cover all relevant dimensions of international trade, including geographic locations, product type, quantity (including units), and the value of the goods, to the extent possible. If possible, it should also include the transportation mode and return information, as well as any other relevant data.

##### 14.1.2 Sources of Data and Measurement

The main sources for the measurement of data include Customs', logistics providers', postal and express operators' and e-vendors/platforms/marketplaces' systems. Depending on national laws, some of these systems may not be readily available in all countries.

In collecting statistics on E-commerce goods, different methods can be used depending on national policies, and the types of transactions involved.

Customs administrations are encouraged to develop an interoperable measurement system and collect data according to the WCO Data Model to ensure high-quality, reliable and comparative statistics across all countries.

Customs administrations are also encouraged to collect data for statistical purposes and policy analysis, without creating an additional burden on E-commerce stakeholders.

The measurement of cross-border E-Commerce goods should follow the international standards for merchandise trade statistics as outlined in International Merchandise Trade Statistics: Concepts and Definitions 2010 (IMTS2010), to the extent possible. In addition, the WCO, Customs authorities and national statistical offices should follow

and engage with the development of international statistical standards for cross-border E-Commerce, to the extent possible.

## VIII. Leveraging Transformative Technologies

### 15. Introduction

The dynamic and global nature of E-Commerce requires Governments to be proactive and forward-thinking, leveraging future technologies to proffer solutions to emerging E-Commerce challenges. Ongoing innovation is needed, including cooperation with the private sector and academia.

### 16. Standards

#### 16.1 Standard 15: Explore Technological Developments and Innovation

***Customs administrations, in collaboration with other relevant government agencies, the private sector and academia, should explore innovative technological developments and consider whether these developments can contribute to more effective and efficient control and facilitation of cross-border E-Commerce.***

##### Technical Specifications

16.1.1 Customs administrations and other relevant border and revenue agencies should engage in regular consultation and cooperation with relevant E-Commerce stakeholders at the national and international levels, to identify and explore emerging technologies and innovative solutions for the facilitation, risk assessment and control of cross-border E-Commerce. It should be noted that any new technological innovations, and the purchase of new technologies, require significant legal vetting and can take time.

Customs administrations should recognize the significant role of modern information and communication technologies in the development of cross-border E-Commerce. They are encouraged to work with relevant stakeholders to identify opportunities being created by new technologies including the Internet of Things (IoT), machine learning, block chain, and cloud computing.

16.1.2 Customs inspection of consolidated post and parcels starts with risk assessment, followed by the use of detection technology and ending, if needed, with physical inspection. Some of the threats may be detected by technologies already developed, but they almost exclusively work outside the flow of commerce. The variety of threats, the varying priorities in time, the enormous development of E-Commerce and decreasing staff numbers, which all characterize the reality of Customs work, call for flexible, automated, widely applicable, validated detection technology architectures. To realize this potential, Customs administrations are encouraged to seek research and development regarding the validated application of automated detection technology architectures which are proven to be capable of automated detection of the widest array of possible threat materials and items.

16.1.3 The WCO and other relevant intergovernmental organizations are encouraged to continue to work together and engage in regular discussions with the private sector and industry on the exchange of information on emerging solutions in the E-Commerce

environment.

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