



INTERNATIONAL & INDUSTRY LIAISON UNIT

TRADE BEAT



e-Commerce encompasses all online commercial activities that connect buyers and sellers. When these activities occur across borders, then international trade has taken place, linking buyers to sellers that are not located in the same country, operate under different legal frameworks, use different currencies and often do not speak the same language. Cross-border e-commerce falls under the remit of Customs administrations worldwide, and the efficient management of these activities involves striking the right balance between trade facilitation and customs control measures, while encouraging compliance amongst the different traders. Growth in cross-border e-commerce has presented both opportunities and challenges for the stakeholders involved in on-line trade, and typically affects transactions between business-to-consumer (B2C), business-2-business (B2B) and consumer-to-consumer (C2C). e-Commerce activities cover a wide variety of stakeholder groups, ranging from governmental bodies such as customs administrations and international organizations, to private sector entities such as the postal and express service industries, e-vendors, e-commerce platforms and online payment providers. e-Commerce has also evolved from online commercial activities conducted between traditional or well established importers and exporters, to a large number of informal e-enabled importers and exporters that are not well known, and that engage in irregular trade transactions. This reality is particularly challenging for Customs administrations to manage, as risks becomes greatly diffused, and technology becomes far more enabling for e-traders. This is evidenced in the evolution of tech hardware and the explosion of internet use, which significantly contributes to the growth and development of e-commerce, giving rise to online marketplaces, mobile enabled shopping, as well as online and digital advertising and marketing. As such, significant benefits accrue to the private sector, while challenges to the Customs administrations increases. However, in the interest of trade facilitation, much work has gone into mitigating the challenges presented by cross-border e-commerce, through the best practices of individual customs administrations, as well as the work conducted by the World Customs Organization (WCO) and other relevant international organizations and associations.

Inside this issue:

Cross-Bodere e-Commerce	1
Cross-Border e-Commerce Benefits to the Private Sector	2-3
Work of the WCO in Mitigating Challenges	4-5
WCO Recommendations for Members	6
WCO Tools that support e-Commerce	6

Cross-Border e-Commerce Challenges and Solutions



Benefits of Cross-Border e-Commerce to the Private Sector

International Expansion

Online trade is geographically diversified, giving buyers and sellers access to international markets. Benefits accrue to sellers, both brands and retailers, as their businesses typically expand into demographics with burgeoning economies. Market penetration also aids in business expansion for domestic e-commerce retailers that get to sell their products internationally without geographical hindrances.

Increased Revenue

Increased access to international markets allows the seller to generally increase revenues. International visibility strengthens brand recognition, which increases demand for products or services, generating increased revenue.

Brand Awareness

Improved brand awareness and recognition in the international market creates a global brand for the seller. Products can be tailored to the specific needs of consumers in varied markets which aids in diversification.



Maximizes selling of low demand domestic e-commerce products

Products with low value or recognition in the domestic market may be leveraged with success in the global marketplace. Cross-border e-commerce provides a platform for best products to sell internationally, thus enabling the seller to increase international product sales.

Increased access to end customers

The use of e-commerce introduces products to the international market that was traditionally dominated by distributors. With cross-border e-commerce sellers can directly engage buyers which may drive increased sales and gain a greater profit margin share.



Builds a good customer relationship

Direct engagement between buyer and seller facilitates good customer relations. Good quality and reliability of products and service builds trust, which aids in brand development and customer retention in the international market place.

Increased business sustainability

With lower operating costs, cross-border e-commerce operators will have a greater opportunity to achieve sustainability in the international market place. With a growing and emergent online platform, sellers are able to increase their global recognition, create brand awareness and increase customer retention.

Cross-Border e-Commerce Challenges and Solutions

Challenges to Customs Administrations as identified by the WCO

Trade Facilitation and Security

- Ensuring speed and efficiency in the clearance process for an increasing volume of transactions
- Managing change from a few large/bulk shipments into a large number of low-value and small shipments
- Managing risks posed by limited knowledge on importers and the e-commerce supply chain (new class of sellers and buyers/occasional shippers and buyers)
- Ensuring data quality (accuracy and adequacy of the data received)
- Defining the role and responsibility (liability) of e-commerce operators to assist governments (e-vendors/intermediaries)



Protection of the society from criminal exploitation of e-commerce

- Setting up a specialized unit to trawl the Web for information which might be of use in preventing, detecting, investigating and prosecuting a Customs-related offence (drug trafficking/counterfeited and pirated goods/illicit financial flows/money laundering)
- Enhancing international cooperation and ensuring that agreements on mutual legal assistance are in place to allow for investigations or prosecutions when websites are hosted outside a national territory
- Making the most of existing technologies, especially those related to data analysis



Fair and efficient collection of duties and taxes

- Identifying abuse or misuse of 'de minimus' for illicit trade purposes (splitting of consignments/undervaluation)
- Ensuring compliance with classification and origin rules
- Integration of e-commerce vs traditional trade



Cross-Border e-Commerce Challenges and Solutions

Work of the WCO in Mitigating Challenges

Resolution on the guiding principles for cross-border e-commerce

The Resolution, developed in close collaboration with all stakeholders, outlines the guiding principles for cross-border e-commerce, addressing eight critical aspects, notably Advance Electronic Data and Risk Management; Facilitation and Simplification; Safety and Security; Revenue Collection; Measurement and Analysis; Partnerships; Public Awareness, Outreach and Capacity Building; and Legislative Frameworks. The Resolution is aimed at helping Customs and other government agencies, businesses, and other stakeholders in the cross-border E-Commerce supply chain to understand, coordinate and better respond to the current and emerging challenges.



Communiqué to the Eleventh WTO Ministerial Conference

The Communiqué strongly reaffirms the WCO's leadership in providing policy and operational frameworks for the effective management of cross-border e-commerce, from both a facilitation and a control perspective, and clearly demonstrates its strong commitment to supporting the WTO's Work Programme on E-Commerce, moving forward.



Study Report on E-Commerce

The WCO has carried out a short survey to collect Members' current practices and ongoing and/or future initiatives on cross-border low value e-commerce. Based on the survey findings, a Study Report has been developed. The Report is divided into the following sections: facilitation, risk management, data exchange/cooperation with e-commerce operators, control and enforcement, and revenue collection.

Detailed analysis of alternate models of revenue collection

The WCO supported the Organisation for Economic Co-operation and Development (OECD) in exploring alternate models of revenue collection (duties and taxes) on low value shipments. Results of the analysis undertaken by both Organizations were published last year as part of the OECD report titled "Addressing the Tax Challenges of the Digital Economy."

Joint WCO-UPU messaging standards for advance electronic information

The WCO and the Universal Postal Union (UPU) have collaborated to jointly develop electronic messages, to permit the pre-advice and possible pre-clearance of postal items (the messages are part of the WCO Data Model Declaration Derived Information Package). Moreover, the UPU's Postal Technology Centre has developed an electronic Customs Declaration System (CDS) on the basis of the Joint WCO/UPU Customs-Post EDI message.

Cross-Border e-Commerce Challenges and Solutions

Pre-loading advance cargo information (PLACI) for air and postal shipments

The standards on PLACI for air and postal shipments which aims at strengthening air cargo security were developed and included in the WCO SAFE Framework of Standards 2015 edition. The use of PLACI in the civil aviation environment is being addressed within the WCO-ICAO [International Civil Aviation Organization] Joint Working Group on Advance Cargo Information (JWGACI) which was set up in 2014 to discuss and recommend modalities for sharing and using advance cargo information (ACI) in carrying out security risk analysis by Customs and civil aviation authorities in order to mutually support each other and strengthen air cargo security. The JWGACI is following a two-phased approach. Phase I, which consisted of the elaboration of a report on the PLACI concept, its benefits and the cost of its implementation, has been completed. The JWGACI has now moved to Phase II of its work, i.e. dealing with issues concerning practical and technical implementation. An interim report has already been finalized.

CUSTOMS DECLARATION Déclaration en Douane		CN 22
Great Britain/Grande-Bretagne		Important! See instructions on the back
Quantity and detailed description of contents (1) Quantité et description détaillée du contenu	Weight (in Kg)(2) Poids	Value (3) Valeur
For commercial items only If known, HS tariff number (4) and country of origin of goods (5) Mentionner du SV et pays d'origine des marchandises (si connu)		Total Weight Poids total (in Kg) (6)
Total Value (7) Valeur totale		

Revised CN22/23 with additional data elements

The CN22/CN23 is a customs declaration used to facilitate goods transported outside of the European Union, having a value of over 270 euros. The CN 22 form is used when declaring letter-post

items with small objects and bags, while the CN 23 form is to be completed when sending postal parcels. Amendments to the CN22/CN23 were made in 2016, and are expected to assist Customs in carrying out better risk profiling and more efficient collection of duties and taxes where applicable, as well as supporting postal administrations in enhancing service delivery.

Risk indicators for express and postal shipments

The Postal/Express Consignments Risk Indicators and Manual have been incorporated into Volume 2 of the WCO Customs Risk Management Compendium (access to this document is restricted). The indicators listed in the document could be used to select possible high risk movements/consignments involving all types of Customs fraud (revenue protection, narcotics, security, IPR, etc.)



Setting up a working group

The WCO Working Group on E-Commerce (WGEC):

- was established in July 2016;
- is co-chaired by a representative of a WCO Member administration and a representative of the private sector;
- was given the mandate of addressing cross-cutting issues in relation to growing e-commerce and come up with proposals for practical solutions to the clearance of low value shipments, including appropriate duty/tax collection mechanisms and control procedures that will facilitate and encourage the growth of e-commerce for the benefit of economic and social development; and
- comprises various stakeholders: Customs administrations, tax authorities, partner international organizations, representatives from postal operators, express service providers, e-vendors/platforms and online payment providers as well as academia.

Cross-Border e-Commerce Challenges and Solutions

WCO Recommendations for Members

- Development of recommendations/guidelines/framework on cross-border e-commerce (by June 2018)
- Enhancement/update of related WCO instruments and tools including the Immediate Release Guidelines
- Development of measures at both policy and technical levels for enhanced facilitation and effective controls in relation to cross-border e-commerce
- Publication of case studies/best practices of WCO Members and business in the area of cross-border e-commerce
- Development and deployment of electronic interfaces or exchange of information mechanisms:
 - Between Posts and Customs
 - Between e-platforms/vendors and Customs
 - New actors in the e-commerce chain/ new e-commerce business models = New data sources

WCO TOOLS THAT SUPPORT E-COMMERCE

- The Revised Kyoto Convention
- WCO SAFE Package
- Immediate Release Guidelines
- IT Guide for Executives
- ICT Guidelines
- WCO Customs Risk Management Compendium
- Single Window Guidelines
- Baku Declaration, June 2001
- The Customs Co-operation Council on the dematerialization of supporting documents, June 2012



JAMAICA CUSTOMS AGENCY INTERNATIONAL & INDUSTRY LIAISON UNIT

Myers Wharf
New Port East
P.O. Box 466
Kingston 15

Phone: 8769225140-8 ext.3028/3182
E-mail: international.liaison@jacustoms.gov.jm



Country Above Self

We're on the Web!
<http://www.jacustoms.gov.jm>



The International and Industry Liaison Unit is committed to raising the level of awareness on topics relating to the Caribbean Community, as well as issues concerning the wider topic of international trade, to both our internal and external stakeholders. Our monthly newsletter seeks to highlight global trade topics and their importance to Customs Administrations worldwide and specifically how they affect the Jamaica Customs Agency. As we realize our vision of becoming a modern Customs administration delivering excellent service, we recognize the importance of knowledge transfer in delivering our objectives and use this forum as our way of contributing to the vision of the JCA. The International Liaison Unit is located at the Myers Wharf head office and our officers are available to respond to your queries and clarify any points of concern.

Prepared by: *Marsha Wilson-Maxwell
CARICOM Officer
International & Industry Liaison Unit*

Email: *marsha.wilson@jacustoms.gov.jm*