



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

June 2023

A. 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.

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

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 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.

2.2.3. 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.

2.3. Standard 3: Data Quality

Customs administrations should work with E-Commerce stakeholders and other relevant government agencies, as appropriate, to improve the timeliness, completeness and accuracy of advance electronic data with a view to supporting robust and effective risk management techniques and facilitate legitimate trade in E-Commerce goods.

Technical specifications

2.3.1 Data Quality¹

In order to ensure the quality of advance electronic data, Customs administrations and other relevant border agencies should work with relevant E-Commerce stakeholders, as appropriate, 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.

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.

In order to leverage data, Customs administrations may where available and appropriate, explore a wide range of sources, to supplement advance electronic data from E-Commerce stakeholders. This could include the use of public and/or voluntary sources of data.

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

2.4. Standard 4: Risk Management for Facilitation and Control

Customs administrations should develop and apply dynamic risk management with advanced technologies that are specific to the E-Commerce context to identify goods and shipments that present a risk.

Technical Specifications

2.4.1 Assessment of risks in a dynamic manner

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 co-operation 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.

2.4.2 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.

2.4.3 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.

2.4.4 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).

2.5. Standard 5: 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.

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

2.5.1 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.

2.5.2 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 6: 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 pragmatic simplified return and refund procedure (e.g., manifest declaration or simplified goods declaration) within adequate and realistic 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.

Such procedures and corresponding timeframes should take into account exportation, re-importation and regulatory clearances, and should meet the norms of regulatory costs as well as government policy as to refunds of duties and taxes.

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

4.2 Standard 7: 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 8: 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.

More information about these approaches to revenue collection or potential hybrid approaches is detailed in Annex V.

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 guidelines².

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.

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.

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

6.2 Standard 9: *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 10: 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 11: 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 12: 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 (as described in Annex VI), 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 13: 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 14: 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, trade/industry groups/associations and consumer campaigns.

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 15: 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.

Attention should be taken to ensure that companies of all sizes are covered in the statistics, including MSMEs.

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 16: Explore and Leverage 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, revenue collection 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, for example the Internet of Things (IoT), artificial intelligence, machine learning, blockchain, cloud computing, and the Physical Internet³. Customs administrations are encouraged to have regular discussions on procedural and technological issues with relevant stakeholders with a view to create a level-playing field and support the interoperability of various systems and applications.

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

³ Physical Internet is an open global logistics system founded on physical, digital, and operational interconnectivity, through encapsulation, interfaces, and protocols first proposed in 2011. It is a system of concepts and principles rather than of readily available Information Technology solutions. Physical Internet has developed significantly since then in numerous projects and economic operator implementations all over the world. Through the adoption of the Physical Internet concepts and principles, networks (both the physical and the electronic) may become much more open to work more effectively and efficiently and goods and information will flow much more smoothly through global supply chains. The Physical Internet aims at bridging the gap between the virtual world and the real world by connecting the “things” with the information about them (identification, location, status...).

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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E-Commerce Business Models

There are different approaches and perspectives to E-Commerce and business models widely vary depending on that. This annex focuses on main business models and fulfilment process/logistic model particularly relevant to the four main characteristics of cross-border E-Commerce under the Framework of Standards. Given the fast-evolving nature of E-Commerce, the list is not exhaustive and the situation might differ from country to country.

A. Description of the main E-Commerce Business Models

I. Self-run model

The self-run model is where E-Commerce vendors independently operate online sales. Vendors often have a website of their own where they provide relevant information and a friendly interface to display and sell goods. Vendors deliver goods to the final consumers through logistics operators who complete the transaction.

Characteristics of the self-run model: vendors operate their own website which may be self-built, self-owned and self-run. They provide consumers with information sharing, transaction, order confirmation, communication, online bank payment or third-party payment and other services via the Internet. Vendors may produce or purchase goods, sometimes also selling goods on a commission basis. The goods are delivered to the final consumers through the vendors' own supply chains or logistics partners, often as chosen by the consumers. Logistics operations such as import and export, warehousing and after-sales, the accuracy of website information, product quality and problems arising during the transaction process are managed and controlled by the vendors themselves.

An example of a self-run business model is the Direct-to-Consumer (DTC) retail strategy/model, under which a brand or manufacturer sells its own products to its end customers, without the help of third-party retailers or wholesalers.

With regard to cross-border E-Commerce, the stakeholders involved in the self-run model are the vendors, consumers/buyers, financial intermediaries and e-payment service providers, fulfilment houses/centres, Customs brokers, freight forwarders and logistics service providers, and express carriers or designated postal operators.

II. E-platform/marketplace model

The e-platform/marketplace model is where an e-platform/marketplace provides facilities and services to vendors who sell goods on the e-platform/marketplace's website. The e-platform/marketplace model is where an e-platform/marketplace acts as an intermediary for vendors and buyers, by facilitating them through a proprietary platform. The e-platform/marketplace integrates information flow, goods flow and capital flow for vendors. The e-platform/marketplace takes commission and service fees after vendors and consumers have completed their transactions, but it does not own any inventories. The e-platform/marketplace sets the ground rules which need to be followed while fulfilling the orders, such as the modes of payment, the delivery times, the refund policies, etc.

There are two main types of e-platform/marketplace model: the "market" and the "shopping guide". The "market" is where the e-platform/marketplace acts as an online market to attract vendors and consumers: vendors are assigned a clickable access, and they receive orders from consumers by displaying their goods and interacting with them on the platform/marketplace. Transactions between vendors and consumers are settled by the e-

platform/marketplace, providing choices of intermediary services, which often include online payment, import and export, logistics, promotion, insurance and consumer protection.

The “shopping guide” is where the e-platform/marketplace serves consumers by matching their needs with the goods, guiding them through the purchase process. The core element of this model is the provision of information: a detailed goods description and price information from various platforms/marketplaces are fully integrated to help consumers easily view and compare options before making a decision.

Thanks to the intermediary services provided by e-platforms/marketplaces, both platforms/marketplaces and vendors can focus more on their own roles. This makes it easy for micro-, small and medium-sized enterprises and individuals to become vendors. As a rule, e-platforms/marketplaces focus mainly on platform/marketplace services, and are concerned more about optimization of the user interface and user experience so as to provide consumers with easier access to the desired goods. Meanwhile, vendors are able to concentrate more on goods quality and market promotion.

With regard to cross-border E-Commerce, the stakeholders involved in the e-platform/marketplace model are the E-Commerce platforms/marketplaces, vendors, consumers/buyers, financial intermediaries and e-payment service providers, fulfilment houses/centres, Customs brokers, freight forwarders and logistics service providers, and express carriers or designated postal operators.

III. Hybrid model

The hybrid model is a combination of both the self-run and the e-platform/marketplace models.

An operator of a hybrid model may have its own business which is similar to "self-run", i.e., self-purchase and self-sales. At the same time, vendors are also incorporated in its platform/marketplace in order to sell their own goods. Therefore, the operator of the integrated model needs to manage both its own transactions and the platform/marketplace used by the vendors.

Some integrated operators provide their own services for payment, import and export, logistics, promotion, insurance and consumer protection. They may require their vendors to use these services for their transactions.

B. Description of the E-Commerce fulfilment process

The E-Commerce business models can also be approached from a logistics point of view. In this case the most crucial aspect is the delivery of the goods, by/to whom, how and when, and last but not least: what are the specific consequences for Customs. A frequently used mode is the so-called E-Commerce fulfilment mode. In Annex VI “E-Commerce Stakeholders: Roles and Responsibilities”, several types of fulfilment houses/centres are indicated.

E-Commerce fulfilment is the process of receiving orders, packaging, and distributing products to the consumers who purchase them. Even invoicing, advertising, and collecting taxes can be part of the fulfilment process.

In general, the most common E-Commerce fulfilment modes are: (i) in-house fulfilment, (ii) third-party (3P) fulfilment and (iii) drop shipping.

Under the in-house house fulfilment mode, the vendor packages the goods and contracts logistics service providers that would deliver the goods to the consumer/buyer. In this mode, the vendor is responsible for all aspects of fulfilment.

Under the third-party (3P) fulfilment mode the vendor outsources the management of its distribution processes to a specialized logistics company that handles the vendor's entire E-Commerce fulfilment flow within its own fulfilment house/centre. The fulfilment provider takes care of order processing, inventory management and distribution. Goods might be packed and shipped out of the fulfilment house/centre to a business for retail distribution (B2B fulfilment) or directly shipped to consumers/buyers (B2C fulfilment). When choosing the fulfilment house/centre location, vendors/e-commerce platforms/marketplaces are guided by the consumers' requirement for speedy delivery (delivery within one or two days of order placement).

The use of in-house / 3P-fulfilment houses/centres has an impact with regard to the stage in the logistics flow at which goods undergo Customs clearance and there are sometimes cases in which no transaction value is available at the moment of importation (movement of stock).

Drop shipping is a fulfilment mode characterized by a different flow of the goods from the vendor to the consumer/buyer. Under the drop shipping mode, the vendor does not stock or own inventory and the goods are kept by the manufacturer or a distributor/wholesaler until orders are placed. In essence, the shipment of the goods to the consumer/buyer is handled by the manufacturer of the goods or by a distributor/wholesaler (the drop shipper). Goods may enter a fulfilment house/centre but be processed immediately and get shipped quickly. The fulfilment house/centre does not need to maintain a physical inventory/stock of the goods on behalf of the vendor or on behalf of the drop shipper.

In essence, drop shipping involves two transactions: (i) between the vendor and the consumer/ buyer, and (ii) between the vendor and the drop shipper (manufacturer or distributor/wholesaler). This could have implications with regard to the Customs clearance process, including the Customs value.

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Reference Datasets for cross-border E-Commerce¹

1. Different countries and private sector entities have developed unique data sets to effectively track, target and identify small shipments and cross-border e-commerce parcels.
2. In these distinct data sets, there are various common elements, thus, this Annex provides links to such distinct data sets as well as to the WCO reference data elements for cross-border E-Commerce, which can serve as a guide to WCO Members and relevant stakeholders for possible pilots and implementation of the Framework of Standards on Cross-Border E-Commerce.
3. Governance and regular review of this Annex could be conducted by the Permanent Technical Committee and/or the Enforcement Committee, during the one-day session on E-Commerce or via another mechanism deemed appropriate by Members, to allow for relevant and timely updates and revisions for further harmonization, in particular, by sharing and discussing the results of ongoing pilot programmes and Members' implementation.
4. Current WCO Members datasets and information on ongoing pilots and implementation related to cross-border E-Commerce can be found at:
 - [China](#)
 - [European Union](#)
 - [United States](#)
5. WCO-developed data elements that could be applied for cross-border E-Commerce can be found at:
 - [WCO Reference Data elements for cross-border E-commerce](#)

¹ Any data elements indicated should be considered representational only and neither an endorsement or exclusion of any other elements.

**Cross-border E-Commerce
Datasets Required in China
(As of February 2020)**

I. Order Data Elements

No.	Data Elements	Data Format	Mandatory or Not	Description
TABLE HEAD				
1.	Order Type	C1	Yes	E-order type: I (import)
2.	Order No.	C..60	Yes	It refers to the order No. on the e-Commerce platform. The number on the same platform shall be unique. The maximum length is 60 digits.
3.	e-Platform No.	C..18	Yes	It refers to the customs registration No. of the e-Commerce platform. For the platform not registered and the order sent by e-Vendors, the number shall be identical to the one published by China E-Port.
4.	e-Platform Name	C..100	Yes	It refers to the name registered in China Customs. For the platform not registered and the order sent by e-Vendors, the name shall be identical to the one published by China E-Port.
5.	e-Vendor Code	C..18	Yes	It refers to the code of the e-Vendor registered in customs
6.	e-Vendor Name	C..100	Yes	It refers the name of the e-Vendor registered in customs
7.	Goods Price	N19,5	Yes	It refers to the final price, including non-cash deduction.
8.	Freight	N19,5	Yes	It refers to the freight not included in the goods price. If there is no, fill in Zero.
9.	Non-cash Payment	N19,5	Yes	It refers to the non-cash payment like points, virtual currency, coupon and so on. If there is no, fill in Zero.
10.	Collected Tariff	N19,5	Yes	It refers to the tariff collected by e-Vendors. If there is no, fill in Zero.
11.	Paid Amount	N19,5	Yes	It refers to the goods price plus freight plus collected tariff minus non-cash payment, which shall be equals to the amount on the pay order.
12.	Currency	C3	Yes	It refers to RMB only. Fill in 142.
13.	Buyer's Registration No.	C..60	Yes	It refers to the registration No. of the buyer.
14.	Buyer's Name	C..60	Yes	It refers to the real name of the buyer.
15.	Buyer's Telephone No.	C..30	Yes	It refers to the telephone number of the buyer.
16.	Buyer's ID Type	C1	Yes	1 refers ID, 2 refers to other documents. It refers to 1 only for now.
17.	Buyer's ID No.	C..60	Yes	It refers to the ID number.
18.	Code of e-Payment Provider	C..18	No	It refers to the e-Payment Provider's code registered in customs.
19.	Name of e-Payment Provider	C..100	No	It refers to the e-Payment Provider's name registered in customs.
20.	Payment Transaction No.	C..60	No	It refers to the unique serial number of payment.
21.	Batch No.	C..100	No	It refers to the batch number of goods.

No.	Data Elements	Data Format	Mandatory or Not	Description
22.	Consignee's Name	C..100	Yes	It refers to the consignee's name, which shall be identical to the one on the electronic waybill.
23.	Consignee's Telephone No.	C..50	Yes	It refers to the consignee's telephone number, which shall be identical to the one on the electronic waybill.
24.	Consignee's Address	C..200	Yes	It refers to the consignee's address, which shall be identical to the one on the electronic waybill.
25.	Division Code of Consignee's Address	C6	No	It refers to the National Administration Division Code published by the National Bureau of Statistics.
26.	Remarks	C..100	No	
TABLE BODY				
1.	Serial No.	N4	Yes	It refers to the serial No. starting from 1.
2.	Item No.	C..30	No	It refers to the item No. of the goods made by e-Vendors.
3.	Item Name	C..250	Yes	It refers to the Chinese name of the goods sold on the e-platform.
4.	Goods Model	C..510	Yes	It shall be in accordance with the classification, valuation and inspection of customs. It may include: goods name, brand, specification, model, composition, content, grade and so on.
5.	Goods Description	C..1000	No	It refers to the description of the goods sold on the platform.
6.	Bar Code	C..50	No	It refers to international bar code, normally constituted by prefix, manufacturer code, commodity code and verification code.
7.	Unit	C3	Yes	It refers to customs standard parameter code, specifically JGS-20 Customs Code Sets – Measurement Unit Codes.
8.	Quantity	N19,5	Yes	It refers to the actual quantity of the goods.
9.	Price	N19,5	Yes	It refers to the unit price. If it is the gift, fill in Zero.
10.	Total Price	N19,5	Yes	It equals to the unit price multiplied by the quantity.
11.	Currency	C3	Yes	It refers to RMB only. Fill in 142.
12.	Country of Origin	C3	Yes	It refers to customs standard parameter code, specifically JGS-20 Customs Code Sets – Country (Region) Codes.
13.	Remarks	C..1000	No	If there is any cases like promotion, unit price deviated from market price, it could be remarked here.

II. Payment Data Elements

No.	Data Elements	Data Format	Mandatory or Not	Description
1.	Payment Enterprise Code	C..18	Yes	Number of the payment enterprise registered in the Customs.
2.	Payment Enterprise Name	C..100	Yes	Name of the payment enterprise registered in the Customs.
3.	Payment Transaction No.	C..60	Yes	Unique payment serial number of Payment enterprise.
4.	Order No.	C..60	Yes	Order number of the trading platform. It shall be unique for one trading platform. The order number must not exceed 60 digits.
5.	e-Platform Code	C..18	Yes	Number of the e-commerce platform registered in the customs; if the e-commerce platform is not registered in the customs and the order is sent by the e-commerce enterprise, the identification number of the e-commerce platform issued by China Electronic Port shall prevail.
6.	e-Platform Name	C..100	Yes	Name of the e-commerce platform registered in the customs; if the e-commerce platform is not registered in the customs and the order is sent by the e-commerce enterprise, the name of the e-commerce platform issued by China Electronic Port shall prevail.
7.	Payer ID Type	C1	Yes	1- ID card, 2- other. Limited to ID card, fill in "1".
8.	Payer ID Number	C..60	Yes	ID. number of the Payer.
9.	Payer Name	C..60	Yes	Real name of the Payer
10.	Telephone	C..60	No	Telephone number of the Payer.
11.	Payment Amount	N19,5	Yes	Payment amount.
12.	Currency	C3	Yes	Limited to RMB, fill in "142".
13.	Time of Payment	C14	Yes	Time of Payment. Format: YYYYMMDDhhmmss.
14.	Remarks	C..1000	No	

III. Logistics Data Elements

No.	Data Elements	Data Format	Mandatory or Not	Description
1.	Logistics Provider Code	C..18	Yes	Logistics Provider's code registered with the Customs.
2.	Logistics Provider Name	C..100	Yes	Logistics provider's name registered with the Customs.
3.	Conveyance Reference No.	C..60	Yes	Logistics provider's conveyance reference number, which shall not be repeatedly used within 6 months, with the maximum length of 60 digits.
4.	B/L No.	C...37	No	Sea bill of lading, air waybill or car loading list as for direct purchase imports.
5.	Order No.	C..60	Yes	Order number of trading platform, which shall not be repeatedly used for the same platform, with the maximum length of 60 digits.
6.	Freight	N19,5	Yes	If no, fill in "0".
7.	Insurance Fee	N19,5	Yes	If no, fill in "0".
8.	Currency	C3	Yes	RMB only and fill in "142".
9.	Gross Weight	N19,5	Yes	The unit is kilogram.
10.	Number of Packages	N9	Yes	The number of package under a single B/L is limited to "1".
11.	Goods Information	C..200	No	Information of the goods being delivered including name and quantity, etc.
12.	Consignee's Name	C..100	Yes	Consignee's Name
13.	Consignee's Address	C..200	Yes	Consignee's Address
14.	Consignee's Telephone No.	C..50	Yes	Consignee's Telephone Number
15.	Remarks	C..1000	No	

Note: According to China Customs' regulations, e-Commerce platforms/vendors should transmit "order data elements", "payment data elements" and "logistics data elements" to China Customs, and the Customs brokers as the representatives of e-commerce platforms/vendors will submit formal declarations to China Customs based on these data elements. As a result, a declaration form will be created with the following data elements which are mainly from the above-mentioned order, payment and logistics data elements.

IV. Declaration Data Elements

No.	Data Elements	*Data Format	Mandatory or Not	Description
TABLE HEAD				
1.	Order No.	C..60	Yes	Unique purchase order number of the trading platform. (no longer than 60 digits)
2.	e-Platform Code	C..18	Yes	Customs registration number of e-platform ; If the e-platform has not been registered in Customs, and the order was placed by e-vendors, the identification number of e-platform issued by China E-commerce shall prevail.
3.	e-Platform Name	C..100	Yes	Name of e-platform registered in Customs ; If the e-platform has not been registered in Customs, and the order was placed by e-vendors, the identification name of e-platform issued by China E-commerce shall prevail.
5.	e-Vendor Code	C..18	Yes	It refers to the code of the e-Vendor registered in Customs
6.	e-Vendor Name	C..100	Yes	It refers the name of the e-Vendor registered in Customs
7.	Logistics No.	C..60	Yes	The waybill number assigned by logistics provider. The number shall be unique within 6 months, which consists of no more than 60 digits.
8.	Logistics Provider Code	C..18	Yes	Customs registration number of the logistics provider.
9.	Logistics Provider Name	C..100	Yes	Customs registration name of the logistics provider.
10.	e-Vendor's identifier	C..20	Yes	E-Vendor's identifier, for e-Vendor's inner use only
11.	e-Port's identifier	C18	No	Identifier of e-Port, an interface connecting Business and Customs
12.	Code of Tax Guarantee Company	C..30	Yes	Code of Company responsible for collecting and paying taxes to Customs, limited to e-Platform, e-Vendor and logistics provider
13.	Bonded Accounts No.	C..30	No	Must be input under trade mode 1210; the number of accounts recording goods in and out of bonded area.
14.	Declaration No.	C18	No	A number automatically generated when declaration accepted by Customs.
15.	Declaration Date	C8	Yes	Declaration date, subject to the date when electronic Customs Declaration System accepts inventory declaration. (YYYYMMDD)
16.	Declaration Customs District Code	C4	Yes	Code of the Customs in the area of Customs declaration. (ref.: JGS/T 18 Customs District Code)
17.	Port Customs District Code	C4	Yes	Code of the Customs at the port where the goods enter the border. (ref.: JGS/T 18 Customs District Code)
18.	Date of Importation	C8	No	The declared date of entry of the means of transport carrying the declared goods. Where the actual date of entry of the corresponding means of transport is not ascertainable at the time of

No.	Data Elements	*Data Format	Mandatory or Not	Description
				declaration of import, the declaration of importing date shall be exempted. (YYYYMMDD)
19.	Buyer's ID Type	C1	Yes	1-ID card 2-others Default=1
20.	Buyer's ID No.	C..60	Yes	ID number of a party to which merchandise is sold.
21.	Buyer's Name	C..60	Yes	Name of a party to which merchandise is sold.
22.	Buyer's Telephone No.	C..30	Yes	Telephone number of a party to which merchandise is sold.
23.	Consignee Address	C..200	Yes	Details relating to the address of the consignee
24.	Customs Broker Code	C..18	Yes	Customs registration code of the Customs broker.
25.	Customs Broker Name	C..100	Yes	Customs registration name of the Customs broker.
26.	Trade Mode	C4	Yes	9610 or 1210. 9610- direct purchasing import, where goods being sold, imported and delivered directly from abroad to the consignee; 1210- bonded import, where goods being resold from the e-Vender in the bonded area to the consignee.
27.	Transport means	C1	Yes	Parameter code of customs standard (ref.: jgs-20 customs service code set - code of transport means) Direct purchasing import: transport means of cross-border logistics; Bonded import: transport means of second-line logistics for carrying the goods out of free trade zone.
28.	Conveyance Reference No.	C..100	No	Mandatory for direct purchasing imports. The name or number of the conveyance by which the goods enter or exit. It shall be consistent with the cargo list declared by the transport department to the Customs; the same filling criteria as Customs declaration. Bonded imports are not required.
29.	Voyage No.	C..32	No	Mandatory for direct purchasing imports. The Voyage number of the conveyance by which the goods enter or exit. Bonded imports are exempted from declaring this number.
30.	Bill of Lading No.	C..37	No	Mandatory for direct purchasing imports. The number of the bill of lading of the goods. Bonded imports are exempted from declaring this number.
31.	Supervision Site Code	C..10	No	For the supervision sites with multiple cross-border e-commerce under the customs of the same declaration place, a distinction should be made by filling the code of the supervision site.
32.	License No.	C..19	No	Number of import and export goods license issued by competent commercial authorities and their authorized license-issuing authorities
33.	Country(region) of Departure	C3	Yes	The initial issuing country (region) code for direct purchasing imports (ref.: jgs-20 customs service code set - code of countries(regions)) Fill "142" for bonded imports
34.	Freight	N19,5	Yes	The actual transportation cost charged by logistics provider.
35.	Insurance Fee	N19,5	Yes	The cost of commodity insurance actually charged by logistics provider.

No.	Data Elements	*Data Format	Mandatory or Not	Description
36.	Currency	C3	Yes	Default=142 (for RMB)
37.	Code of Package Type	C1	No	The identification code of the external packaging method actually adopted by the Customs for import and export goods shall be expressed by one digit, such as: wooden case, carton, drum, bulk, pallet, bag, oil tanker, etc.
38.	Number of Packages	N9	Yes	Number of Packages. Default=1
39.	Gross Weight	N19,5	Yes	The sum of the weights of the goods and their packing materials in kilograms.
40.	Net Weight	N19,5	Yes	The gross weight of the goods minus the outer packing materials, that is, the actual weight of the goods itself, measured in kilograms.
41.	Remarks	C..1000	No	
TABLE BODY				
1.	Goods No. Under Bounded Accounts	C..30	No	Must be input under trade mode 1210; the number of accounts recording goods in and out of bonded area.
2.	Enterprise's Item No.	C..20	No	E-commerce customized item No.
3.	Item Name	C..250	No	Chinese item name sold on transaction platform
4.	HS Code	C10	Yes	Import and export article tariff code is determined by coding rules of commodity classification, including article tariff code and appendix code. Article tariff code column should be filled by eight-digit article tariff code according to "Import and Export Tariff of the People's Republic of China". And appendix code should be filled by the 9th and 10th digits.
5.	Article Description	C..250	Yes	Article description should be declared faithfully consistent with electronic orders.
6.	Article Specification	C..510	Yes	Satisfied by requires of Customs classification, valuation and supervision, including: article description, brand name, specification, model, component, content and grade.
7.	Bar Code	C..50	No	Barcode is composed by prefix, manufacturer code, commodity code and check code.
8.	Country (Region) of Origin	C3	Yes	Customs standard parametric code "JGS-20 Customs Business Code Set"
9.	Country of Trade	C3	No	Filled corresponding trade country (region) code according to "Country (Region) Code" set by Customs
10.	Currency	C3	Yes	RMB only. Fill in "142"
11.	Quantity	N19,5	Yes	Fill in actual quantity in unit of measurement
12.	Quantitative Quantity	N19,5	Yes	Fill in actual quantity in quantitative quantity according to article tariff code regulation
13.	Second Quantity	N19,5	No	
14.	Unit of Measurement	C3	Yes	Customs standard parametric code "JGS-20 Customs Business Code Set" -unit of measurement code
15.	Legal Unit of Measurement	C3	Yes	Customs standard parametric code "JGS-20 Customs Business Code Set" -unit of measurement code
16.	Second Unit of Measurement	C3	No	Customs standard parametric code "JGS-20 Customs Business Code Set" -unit of measurement code
17.	Unit Price	N19,5	Yes	Transaction unit price
18.	Total Price	N19,5	Yes	Transaction total price
19.	Remarks	C..1000	No	

***NOTE:**

“C” under "Data Format" column stands for Character; and “N” stands for Number. For example, “C3” stands 3-byte text; “C..60” stands for the text not more than 60 bytes; “N9” stands for a 9-digit number; and, “C19,5” stands for a 19-digit number with 5 decimal places.

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Cross-border E-Commerce
Datasets Required in the European Union
(last update of the sub-annex – March 2022)

Disclaimer: The datasets of the import declaration can be found in the published legal acts of the European Union (EU), so for the most authentic source it is always advised to check the Official Journal of the EU, as only that can be considered as the legal source. The EU Customs Data Model (EUCDM) electronic publication is intended to be a tool only and does not substitute (in legal effect) the Official Journal of the EU.

The legal references are displayed at the opening page of the EUCDM publication (<https://eucdm.softdev.eu.com/>).

It is also important to mention that all the Annexes on the data requirements for applications and decisions, for declarations and notifications, and for the registration of economic operators, including Annex B on the data requirements for declarations and notifications, can be considered as “derivatives” of the legal provisions in the “body text” of the Union Customs Code (UCC), the UCC Delegated Acts and the UCC Implementing Acts. In other words, the legal provisions in the Customs legislation are “translated” or “transposed” as data requirements in the various Annexes on data requirements.

The datasets mostly related to the importation of e-commerce consignments in the EU are the H6 dataset (reduced dataset for postal consignments of a value up to € 1.000) and the H7 dataset (reduced dataset for consignments of a value up to € 150).

They can be consulted via the following links:

- H6 data-set: <https://eucdm.softdev.eu.com/EUCDM/Annex-B/DSView/H6/u11.htm>
- H7 data-set: <https://eucdm.softdev.eu.com/EUCDM/Annex-B/DSView/H7/u11.htm>

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WCO Reference Data elements for cross-border E-Commerce

No.	Data Elements	Description	Purpose	Source
1	Seller name and address	Name [and address] of a party selling merchandise to a buyer	Safety& Security	SAFE ¹
2	Seller Identifier	Identifier of the party selling merchandise to a buyer	Safety& Security	SAFE
3	Shipment Initiator (Name/ Address & Phone number)		Safety& Security	US Pilot Data
4	Buyer, name and address	Name [and address] of a party to which merchandise is sold	Safety& Security	SAFE
5	Buyer, phone number & Email address		Safety& Security	US Pilot Data
6	Buyer Identifier	Identifier of a party to which merchandise is sold	Safety& Security	SAFE
7	Consignor, name	Name of the party consigning goods as stipulated in the transport contract by the party ordering transport	Safety& Security	IRG ²
8	Consignor, address	Details relating to the address of the consignor	Safety& Security	IRG
9	Consignor, phone number & Email address		Safety& Security	US Pilot Data
10	Place whence consigned	Name of the place in country from which the goods were initially dispatched to the importing country	Safety& Security	IRG
11	Place or country whence consigned, coded	Identification of the place in country or country from which the goods were initially dispatched to the importing country	Safety& Security	IRG
12	Consignee, name	Name of the party to which goods are consigned	Safety& Security	IRG
13	Consignee, address	Details relating to the address of the consignee	Safety& Security	IRG
14	Consignee, phone number & Email address		Safety& Security	US Pilot Data
15	Final Deliver to Party (Name/Address)		Safety& Security	US Pilot Data
16	Number of packages	Number of individual items packaged in such a way that they cannot be divided without first undoing the packing	Safety& Security	IRG

¹SAFE: WCO SAFE Framework of Standards to Secure and Facilitate Global Trade²IRG: WCO Immediate Release Guidelines

No.	Data Elements	Description	Purpose	Source
17	Merchandise / Product Quantity		Safety& Security	US Pilot Data
18	Total gross weight (incl. Measure unit qualifier)	Weight (mass) of goods including packaging, but excluding the carrier's equipment for a document	Safety& Security	IRG
19	Merchandise /Product weight		Safety& Security	US Pilot Data
20	Transport charges method of payment, coded	Code specifying the payment method for transport charges (DM ID 098)	Safety& Security	JP
21	Enhanced Product Description		Safety& Security	US Pilot Data
22	Product Picture		Safety& Security	US Pilot Data
23	Link to Product Listing		Safety& Security	US Pilot Data
24	Shipment Security Scan		Safety& Security	US Pilot Data
25	Trading Platform/ Marketplace Name	Name of the trading platform/marketplace	Safety& Security	
26	Trading Platform/ Marketplace website		Safety& Security	US Pilot Data
27	Known Marketplace Seller Flag		Safety& Security	US Pilot Data
28	Carrier Name		Safety& Security	US Pilot Data
29	Known Carrier Customer Flag		Safety& Security	US Pilot Data
30	Name of domestic collector in export country	Name of domestic collector in export country: this is applied in case where goods are not collected by express carrier company who makes export declaration	Safety& Security	JP
31	Order Number	Unique purchase order number of the trading platform/marketplace	Safety& Security	US Pilot Data
32	Parcel Number	Unique number assigned to parcel/shipment	Safety& Security	US Pilot Data

No.	Data Elements	Description	Purpose	Source
33	Credit card number (last 4 digits)	Credit card number (last 4 digits) for transactions via E-commerce platformers	Safety& Security	JP
34	First Port of arrival, coded	To identify the first arrival location. This would be a port for sea, airport for air and border post for land crossing	Safety& Security	IRG
35	House Bill Number & Master Bill Number		Safety& Security	US Pilot Data
36	Mode of Transportation			US Pilot Data
37	Originator Code			US Pilot Data
38	Participant Filer Type			US Pilot Data

No.	Data Elements	Description	Purpose	Source
39	Nature of transaction, coded	Code specifying the nature of a transaction associated with a shipment	Revenue	IRG
40	Customs value	Amount declared for Customs purposes of those goods in a consignment which are subject to the same Customs procedure, and have the same tariff/statistical heading, country information and duty regime	Revenue	IRG
41	Retail Price in Export Country & Listed Price on Market Place/ Intrinsic value		Revenue Safety& Security	US Pilot Data NL
42	Charges	Aggregate cost of freight, insurance and all other costs and expenses from the foreign exit location to the entry location	Revenue	IRG
43	Commodity Classification	The non-commercial categorization of a commodity by a standard-setting organization	Revenue Safety& Security	IRG (applicable to goods outside <i>De minimis</i>)
44	Additional document reference number	Identifier of a document providing additional information	Revenue	IRG (applicable to goods outside <i>De minimis</i>)
45	Additional document type, coded	Code specifying the name of an additional document	Revenue	IRG (applicable to goods outside <i>De minimis</i>)
46	Invoice number	Reference number to identify an invoice	Revenue	IRG (applicable to goods outside <i>De minimis</i>)

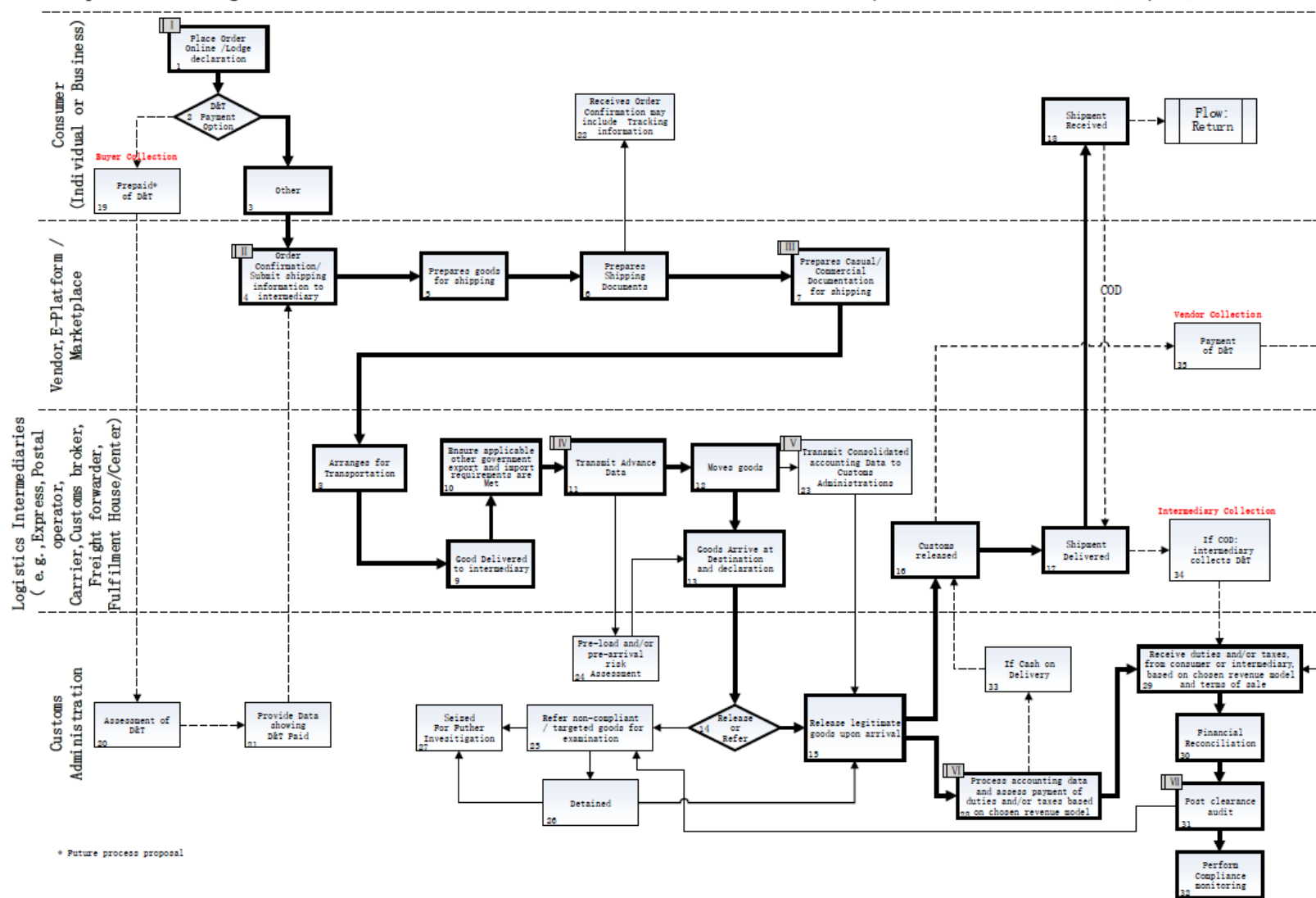
No.	Data Elements	Description	Purpose	Source
47	Additional fiscal references identification No	Special registration number of the taxable person	Revenue	In the case of vendor-based approach to revenue collection
48	Customs declaration number	Reference number identifying a Customs declaration/document	Revenue	
49	Customs declaration date		Revenue	United Kingdom

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E-Commerce Flow Charts, as examples

Example of an Integrated Cross-Border E-Commerce Flow Chart: Business-to-Consumer, Consumer-to-Consumer (B2C, C2C)



Example of Cross Border E-Commerce (B2C, C2C) Supply Chain Key Points Data Elements

(February 2019)

Examples of data elements available at Place Order Online, Order Confirmation, Prepare Documentation for shipping, etc. Neither all boxes nor data elements are listed. These are just examples for further discussion.

I

**Place Order
Online/Lodge
declaration**

Order	Vendor	Consignee	Goods	Price
Number	Trading platform/marketplace Name	Name	Description of Goods	Currency
Date of Order		Address	Seller Article (Item) Number/ Name	Unit Price
		Phone Number	Country of Origin	Total Price
			Weight in Kg	Freight Charges
			Quantity	

II

**Order
Confirmation
/ Submit
shipping
information
to
intermediary**

Payment Provider	Vendor	Payer	Payment
Name	Trading platform/marketpla ce Name	Name	Total Payment
Date of Payment		Means/Method of Payment	Currency
Time of Payment		Phone Number	Price

III

Prepare Commercial Documentation for shipping	Number	Date	Name	Consignee	Goods	Fee
	Parcel Number	Date of Arrival at Place of Discharge	Name of Logistics Provider	Name	Brief cargo description	Currency
	Conveyance Reference Number	Date of shipping	Fulfillment Provider Name	Address	Number of packages	Freight Charges
			Carrier Identification	Phone Number	Total gross weight	Other fees (insurance, etc.)
					Net Weight in Kg	
					Country of Origin	
					Country of departure	
					Type of Package	
					Quantity	

IV

**Transmit
Advance Data**

Number	Date	Consignee	Transport	Goods
Parcel Number	Date of Arrival at Place of Discharge	Name	Means of transport	Brief cargo description
Conveyance Reference Number	Date of shipping	Address	Port of entry	Number of packages
B/L Number		Phone Number	Conveyance Reference Number	Total gross weight
				Net Weight in Kg
				Country of Origin
				Country of departure
				Type of Package
				Quantity
				Seller Article (Item) Number(HS Code)

V

**Transmit
Consolidated
accounting
Data to
Customs
administrations**

Number	Date	Order/Consignor/Consignee	Transport	Goods	Price
Parcel Number	Date of Arrival at Place of Discharge	Name	Means of transport	Seller Article (Item) Number(HS Code)	Currency
Conveyance Reference Number	Date of shipping	Address	Port of entry	Number of packages	Unit Price
B/L Number	Date of Declaration	Phone Number	Conveyance Reference Number	Total gross weight	Total Price
Order Number			Ships/Flight Number	Net Weight in Kg	Freight Charges
			Voyage	Country of Origin	Other fees (insurance, etc.)
				Quantity	

				Licence	
				Certificate	
				Invoice (with reference number)	

VI

**Process
accounting
data and
assess
payment of
duties and/or
taxes based
on chosen
revenue
model**

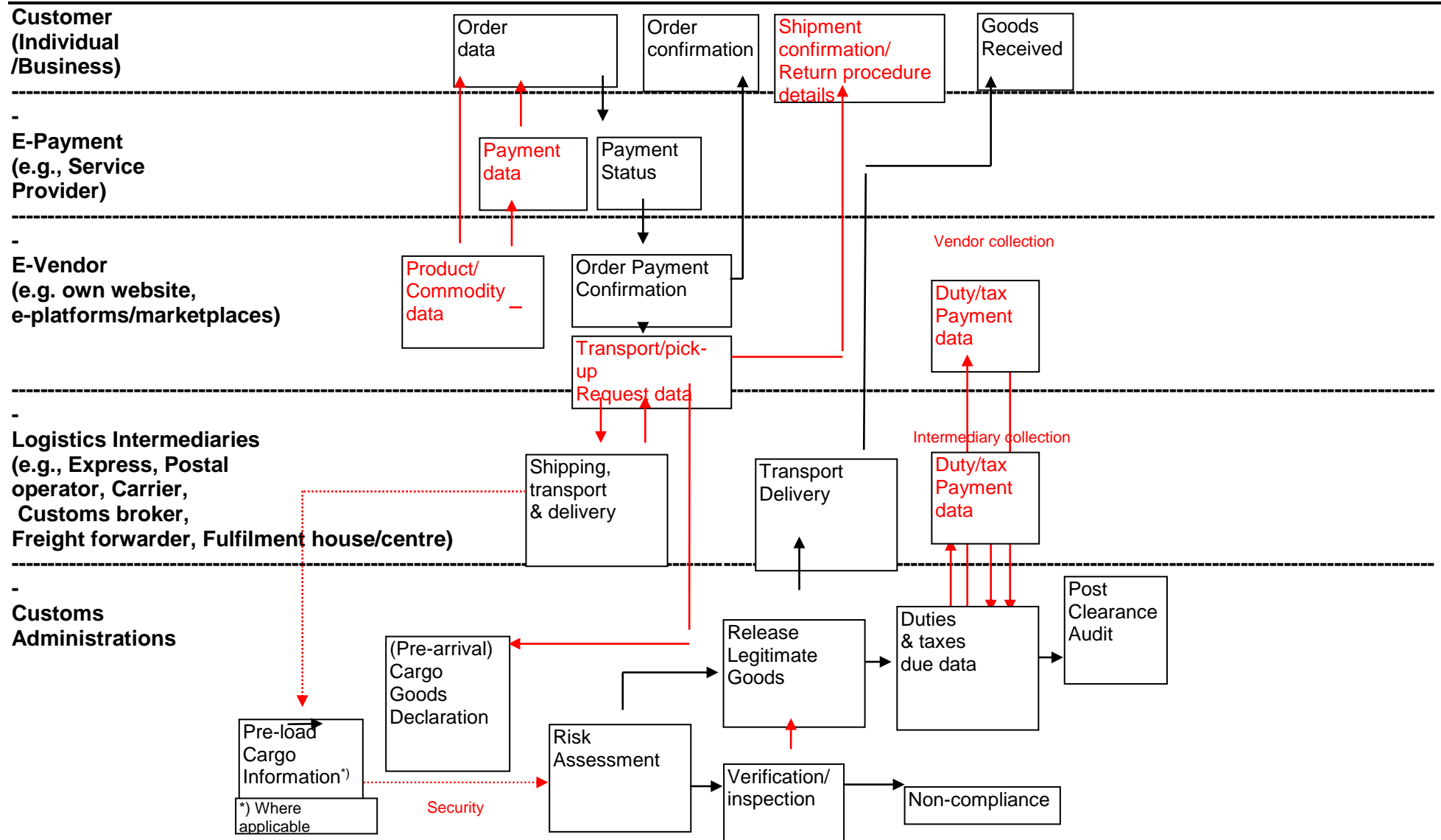
Rate	Goods	Price
Duty/Tax Rate	Seller Article (Item) Number(HS Code)	Currency
	Number of packages	Unit Price
	Total gross weight	Total Price
	Net Weight in Kg	Freight Charges
	Country of Origin	Other fees (insurance, etc.)
	Quantity	
	Invoice (with reference number)	

VII

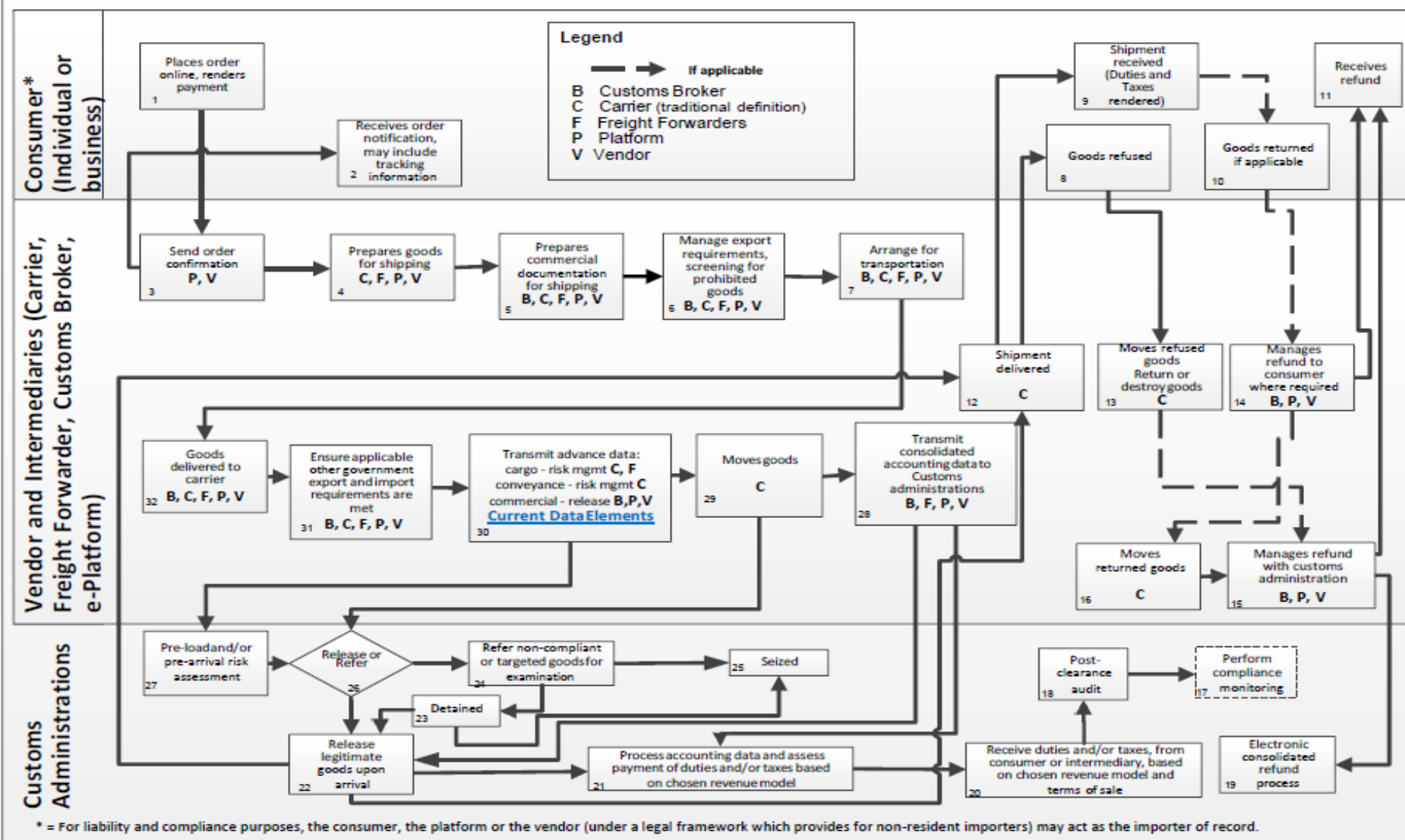
**Post
clearance
audit**

Name	Goods	Identifier	Other
Seller's or supplier's name and address/ID	Seller Article (Item) Number(HS Code)	Declaration Identifier e.g. Full or simplified	Collector of cargos (if collector is different from express carrier);
Buyer's name and address/ID	Number of packages	Logistics Company Systems Authentication Identifier	Price on invoice
	Total gross weight	Buyer Identifier/Trader identifier	
	Net Weight in Kg	Identifier for shipping address that is different from consignee's address;	
	Country of Origin	Identifier for shipment treated by internet order business;	
	Quantity	Identifier for the existing of information on invoice;	
	Invoice (with reference number)	Fulfilment Company Systems Authentication Identifier	

Example of an E-Commerce Data Flow – Import



Cross Border E-Commerce: Business-to-Consumer, Consumer-to-Consumer (B2C, C2C) : Canadian example

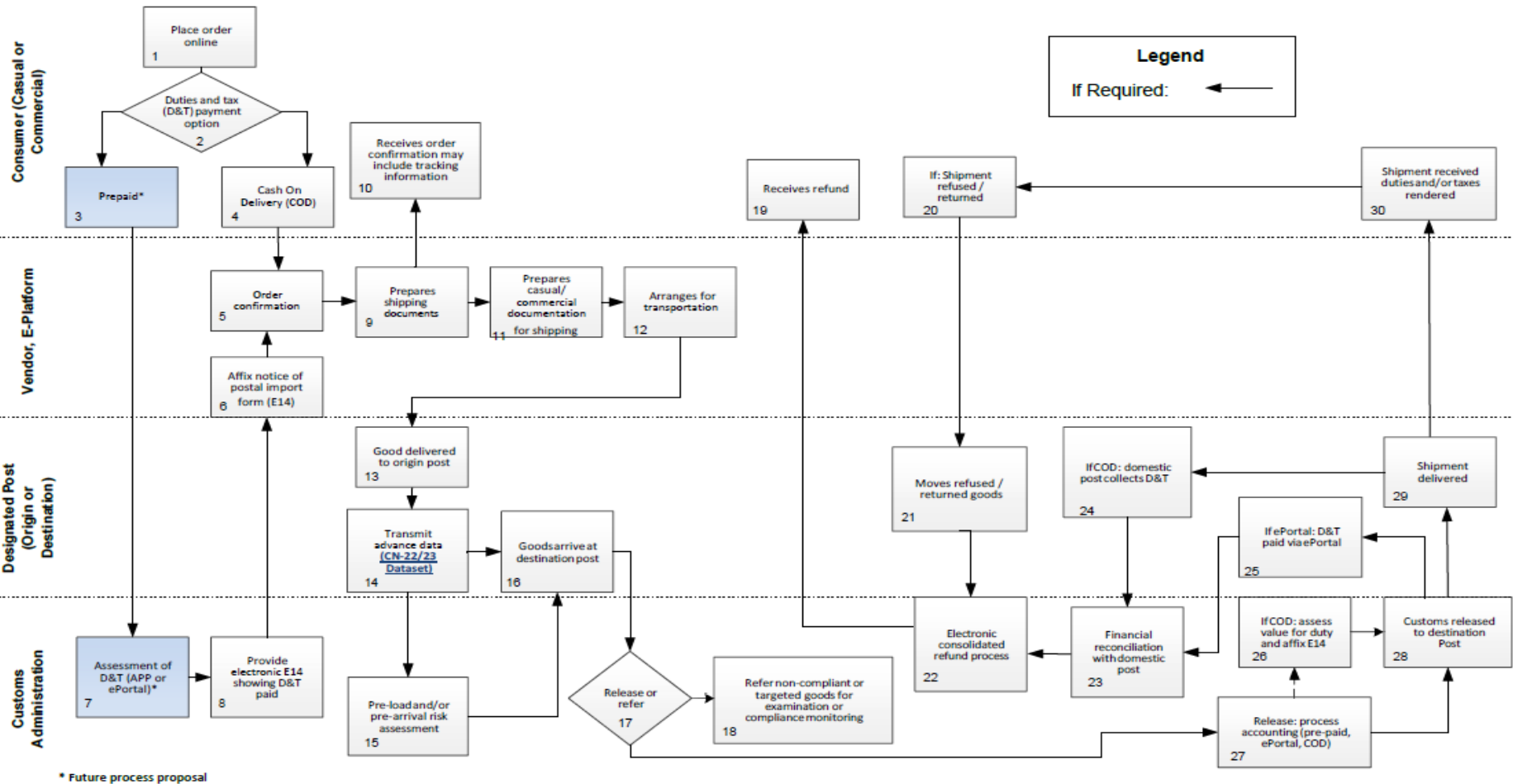


CLVS Data Elements

- 1.) A unique identifier number generated by the courier;
- 2.) The consignee's name and address;
- 3.) The importer's name and address, if different from the consignee's;
- 4.) The name and address of the shipper, exporter, or vendor;
- 5.) The quantity;
- 6.) The weight of the shipment;
- 7.) The value for duty in Canadian dollars;
- 8.) A description of the goods; and
- 9.) The country of origin.

The total number of shipments must also be indicated on the cargo release list.

Cross Border E-Commerce - Postal: Business-to-Consumer, Consumer-to-Consumer (B2C, C2C) : Canadian example



CN 22

- 1.) Designated operator
- 2.) Gift, Documents, Sale of Goods, Commercial Sample, Returned Goods, Other
- 3.) Quantity and detailed description of contents
- 4.) Net weight
- 5.) Value and currency
- 6.) HS tariff number
- 7.) Country of origin
- 8.) Total weight (in kg)
- 9.) Total value
- 10.) Sender's signature and date

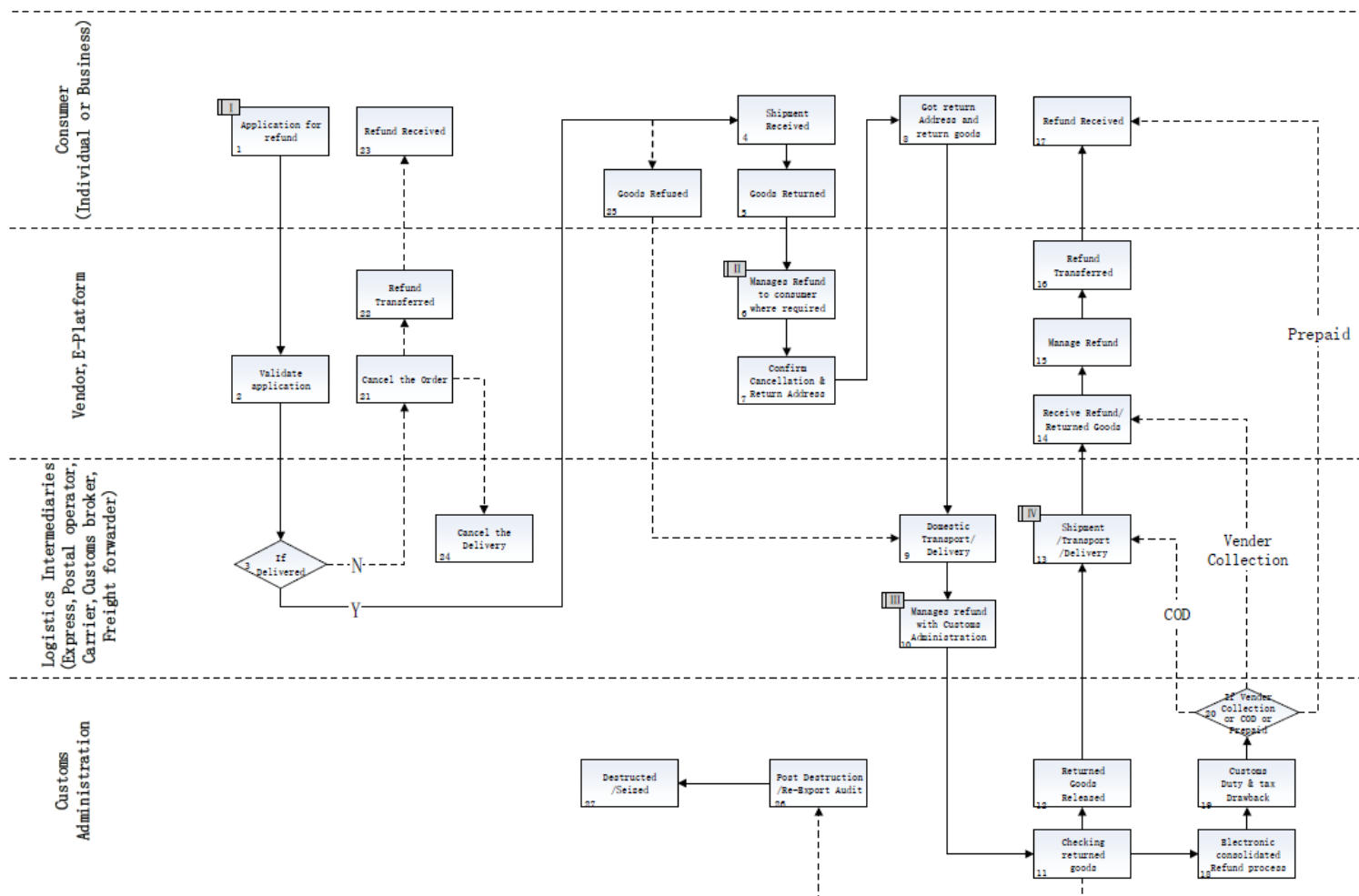
CN 23

- 1.) From: Name, Business, Street, Post code, City, Country
- 2.) To: Name, Business, Street, Post code, City, Country
- 3.) Importer's reference {if any} {tax code/ VAT No. / Importer code} (optional)
- 4.) Importer's telephone / fax / e-mail {if known}
- 5.) Detailed description of contents
- 6.) Quantity
- 7.) Net weight
- 8.) Total gross weight
- 9.) Total value
- 10.) Category of item: Gift, Documents, Commercial sample, Returned goods, Sale of goods, Other, explanation:
- 11.) Comments:
- 12.) Licence No(s).of licence(s)
- 13.) Certificate
- 14.) Invoice No. of invoice
- 15.) For Commercial items only:
- 16.) HS tariff number
- 17.) Country of origin
- 18.) Date of deposit and office of origin
- 19.) Postal charges/ Fees
- 20.) Date and sender's signature

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Example of a Return Flow Chart



Revenue Collection Approaches

1. Introduction

- 1.1 Both businesses and Governments are responding to the rapid evolution of E-Commerce. Consumers and vendors can now buy and sell to and from global markets literally overnight. New private sector actors, e.g., E-payment service providers, E-Commerce platforms/marketplaces, have been created and joined this 21st Century method of doing business. Traditional actors (e.g., postal operators, express carriers and logistics service providers) have adapted and dramatically altered their business models. Governments have recognized that traditional revenue collection methods must also evolve and change to meet new and emerging challenges.
- 1.2 Several Governments have focused initially on collection of value-added tax (VAT), also known as goods and services tax (GST). Now the collection of Customs duties and taxes has been added to those discussions. Given the exponential growth of low-value cross-border shipments, many administrations are studying how or whether to maintain special procedures on collection of VAT/GST and Customs duties and taxes (hereafter “duties and taxes”) for low-value shipments, while also ensuring that control processes are adequate. In such considerations, Governments should take into account the impact on small businesses. No single solution or one approach has emerged for Governments in order to handle the millions of small packages moving around the world for proper and efficient revenue collection implications.

Note 1: While other fees and charges are not expressly covered by this Annex, it does not preclude authorities from collecting fees and charges. Governments should carefully consider how fees and charges (if any) are collected on cross-border E-Commerce shipments, including issues such as legal liability and the roles and responsibilities of each E-Commerce stakeholder, to complement the collection of duties and taxes within the scope of this Annex.

- 1.3 The E-Commerce boom and consumer expectations have applied pressure on traditional models of revenue collection in some countries. This has led to Customs and Tax administrations considering alternative approaches to the collection of duties and taxes. Various approaches which have the effect of moving the point of revenue assessment/collection away from the physical border are attractive, because they do not unnecessarily impede the flow of E-Commerce shipments through borders.
- 1.4 Based on established financial, Customs, tax and economic policy principles, a good revenue collection approach should:
- induce strong rates of compliance and revenue collection;
 - limit business compliance errors;
 - minimize burdens and disruption for consumers; and,
 - avoid adverse trade policy effects.
- 1.5 In considering alternatives for revenue collection, to replace or supplement current models, there are both opportunities and challenges for Governments and stakeholders which would need to be taken into account. Alternative approaches to revenue collection may impact consumers, vendors/sellers, E-Commerce platforms/marketplaces, logistic service providers, postal operators, express carriers,

Governments and foreign suppliers in countries differently. Governments should seek advanced input from relevant stakeholders in a transparent and open process.

- 1.6 Further, Customs and/or Tax administrations should ensure that in any approach it adopts, that approach preserves the rights of all parties to the transaction. Such rights may include the right to appeal a decision of the Customs administration in regard to the transaction, the right to seek a refund, the right to protest the liability of the party at issue, the amount, and the rate of duties and taxes. These rights should be timely, cost-effective, and not create a barrier to trade for the users.
- 1.7 The following approaches of revenue collection are provided as examples only, to assist Customs administrations and other relevant government agencies. Variations within each of these approaches, and hybrid approaches using parts or elements of different approaches, are also possible depending on country-specific circumstances and needs. These approaches are generally distinguished by where, when (at what stage) and on whom in the supply chain the legal obligation to assess, collect and remit duties and taxes is placed. This has implications on the efficiency of administration, compliance costs and other factors, like consumer experience.
- 1.8 The traditional Customs treatment involves the importer paying duties and taxes with each transaction. This document summarizes current types of revenue collection for Customs administrations to consider and evaluate as they move forward in processing cross-border E-Commerce shipments and providing Customs clearance, inter alia assessing, remitting and collecting associated duties and taxes, in a more effective manner that facilitates cross-border E-Commerce and compliance with Customs formalities. In all types of approaches, the rights of Customs administrations to verify the truthfulness and accuracy of self-assessed duties and taxes are preserved.

2. Revenue collection approaches

a. *Seller/Vendor based collection:*

- 2.1 In this type of approach, the non-resident seller/vendor would be required to assess, collect and remit duty and taxes on imports to the destination Customs or Tax administrations. This approach typically involves a registration process with either Customs or Tax administrations (or both), preferably electronic, for non-resident sellers/vendors, and alignment with Customs processes to treat consignments that have and have not complied with the collection approach. Engaging with stakeholders is particularly important in this approach, given its potentially cross-jurisdictional nature.
 - A clear legal framework to identify and obligate sellers and vendors to comply. Failing compliance, proportionate punitive actions should be available and implementable against non-compliant sellers/vendors.
 - When considering the implementation of this approach, Customs administrations are encouraged to institute facilitation measures that encourage close cooperation between sellers/vendors and Customs and Tax administrations in order to reduce the compliance costs of sellers/vendors and the administrative costs for government authorities, and increase the accuracy of the transmitted data.
- 2.2 As with traditional border approaches, Governments must balance proper revenue collection with facilitating cross-border E-commerce shipments. A regulatory framework

such as domestic law and regulations could ensure adequate and necessary compliance from the seller/vendor or its representative.

- 2.3 In keeping with current best practices, the collection of all duties and taxes could be made through a single payment portal or other convenient payment mechanisms, preferably electronically.
- 2.4 The seller/vendor based collection approach particularly lends itself to operating as a hybrid approach in conjunction with the other two approaches outlined below.

b. Intermediary based collection:

- 2.5 In this type of approach, duties and taxes due in the destination country would be collected and remitted on behalf of the buyer/consumer or consignee by different types of intermediaries, including E-Commerce platforms/marketplaces, transporters (e.g., express carriers and postal operators), Customs brokers and freight forwarders. These intermediaries would be required to collect duties and taxes, either self-assessed or assessed on import by destination Customs or Tax administration, and remit them to the destination Customs or Tax administration, preferably periodically on an account basis.
- 2.6 An efficient intermediary based collection approach can be based on the following principles:
 - Intermediary is a party to a transaction which results in a shipment into the taxing jurisdiction.
 - Intermediary is designated to cooperate with Customs in the area of Customs declaration, control, clearance and payments on behalf of consumers/buyers.
 - The approach allows for identification of the consumer/buyer for Customs-related matters and risk management.
- 2.7 Under this approach, Customs may also consider the emerging role that financial intermediaries (e.g., banks, credit card companies and other payment providers) might play in revenue collection processes under their unique function which they perform in the E-Commerce environment, while noting that financial intermediaries may not have information that is linked to particular goods, import transactions, and importers.

c. Buyer/Consumer based collection:

- 2.8 In this type of approach, the resident buyer/consumer/buyer would be required to remit duties and taxes relating to imports of goods to Customs or Tax administrations. The duties and taxes due should be calculated and assessed either through:
 - buyer self-assessment of amount owed;
 - Customs broker on behalf of the buyer/consumer assessment of amount owed; or
 - Customs assessment of amount owed.

d. Variant and hybrid Approaches to collection:

- 2.9 Different variants of the above approaches and hybrid approaches could also be considered.
- 2.10 For example, a variation of the seller/vendor approach would include E-Commerce platforms/marketplaces as the seller/vendor. For businesses selling through marketplaces, the marketplace would be deemed the seller/vendor for revenue collection purposes, and would be required to assess, collect and remit duties and taxes. This approach reduces the number of entities required to collect revenue. This hybrid approach places the revenue collection at the point of sale, distinct from the traditional approach of applying duties and taxes at the border.
- 2.11 Another hybrid approach may combine the seller/vendor based collection and intermediary based collection approaches. The seller/vendor collects the amount of duties and taxes due from the buyer/consumer at the point of sale, along with the other costs (like shipping or transportation). The intermediary (e.g., express carriers and postal operators) remits the amount to the destination Customs or Tax administration, charging the seller/vendor through its account with the express carrier/postal operator. This approach reduces Customs clearance time, and the buyer/consumer knows exactly the amount of duties and taxes that have been charged at the point of sale.
- 2.12 When Customs and/or Tax administrations use variants of an approach, or a hybrid approach, businesses may have multiple responsibilities if they operate across the supply chain. Administrations should aim to streamline requirements to reduce the impact on such businesses, where possible.
- 2.13 When using variant or hybrid approaches for collection, a Government should coordinate its Customs and Tax processes to avoid double charging or double liability.

3. Use cases of revenue collection approaches

- 3.1 Use cases are provided to this Annex to outline experiences in implementing a revenue collection approach, with the intent that they may assist Customs administrations in their own deliberations and provide a basis for further bilateral engagement between Customs administrations, as required.
- 3.2 WCO Member Customs administrations' cases on revenue collection approaches can be found at:

http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/activities-and-programmes/ecommerce/e-commerce-compendium_en.pdf?db=web

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E-Commerce Stakeholders: Roles and Responsibilities

This section lists the key stakeholders in the cross-border E-Commerce supply chain, their main roles and responsibilities, and potential opportunities for data exchange. These stakeholder categories refer to their actual role in the supply chain rather than to their status or legal form.

a. E-Commerce Platforms/Marketplaces

An E-Commerce platform/marketplace runs an information network system which provides web pages as a virtual trading venue where both parties (consumers/buyers and vendors) can buy/sell goods.

E-Commerce platforms/marketplaces have developed over time from merely enabling transactions via the Internet into comprehensive, online solutions that allow vendors to target, capture, engage and retain customers, through the traditional web store as well as via mobile and social media channels. Their service offering and involvement in online sales processes are continuously evolving alongside newer business models.

E-Commerce platforms/marketplaces typically operate a web store where products are displayed and where consumers/buyers can place their orders. They provide software tools for vendors to upload their product catalogue to the Website and to design shop pages. They operate a check-out module which finalizes the order, proposes a selection of payment and delivery methods to the consumer/buyer, and completes the necessary security checks to prevent fraud. Once the order is approved by the vendor, the consumer/buyer is charged for the sale and the E-Commerce platform/marketplace remits the sales proceeds to the merchant, while reporting the transaction to the vendor's account pages. Some platforms/marketplaces may provide additional services to the vendor and consumer/buyer such as, for example, advice on consumer protection, data privacy, and tax and Customs rules. E-Commerce platforms/marketplaces can also issue invoices on behalf of the vendor according to its specifications and handle consumers'/buyers' inquiries. Depending on the contract, the E-Commerce platform/marketplace might also intervene in the return and refund process for rejected goods.

A platform/marketplace may play a role in adhering to the regulatory requirements of importing countries, and may bear the responsibility of authenticating vendors utilizing its platform/marketplace, consumer/buyer transactions, transaction validity and consumer safety and protection interests.

In the E-Commerce supply chain, Customs should explore opportunities for engaging E-Commerce platforms/marketplaces as they are new participants and might be a source of data, depending on the type of contractual relationships the E-Commerce platform/marketplace has established. A coordination mechanism could be explored with Customs for establishing data exchange mechanisms.

Depending on the business model, platforms/marketplaces typically collect various data during the sale and delivery process, as part of their commercial operations.

b. Vendors

The role of the vendor is to sell and to provide the product to the consumer/buyer. Identifying the vendor in an online sales transaction may not always be straightforward. From a commercial perspective, the online sale can be concluded:

- (1) through the vendor's own website;
- (2) through a "transparent" third-party E-Commerce platform/marketplace, where the product is presented to the consumer/buyer but the contract is still concluded between the vendor and the consumer/buyer; or
- (3) using a third party E-Commerce platform/marketplace, where the consumer/buyer concludes a transaction with the platform/marketplace itself and the vendor (seller) of the goods is not identified to the consumer/buyer.

Vendors typically generate and possess sets of key data during the sale and delivery process, which may notably be required to complete Customs and tax obligations in the country of importation/destination.

A vendor should be responsible for ensuring that goods meet the regulatory requirements of the respective importing country, and bear responsibility for the transmission of complete and accurate information to other stakeholders such as E-Commerce platforms/marketplaces and logistics service providers, express carriers, postal operators, Customs brokers, for the authentication and description of the goods, for sale transaction, and for risk information disclosure to consumers/buyers. This contributes to establishing a product quality traceability system and a security risk prevention and control mechanism, as well as to protecting consumer rights.

To avoid unexpected fees and associated complaints, the vendor should also be responsible for ensuring that the consumer/buyer is properly informed regarding fees and charges that may apply upon importation, including duties and/or taxes as well as clearance fees.

c. Consumers/Buyers

Consumers/buyers mean residents/visitors in the importing countries who purchase products from the E-Commerce platforms/marketplaces and vendors.

The consumer/buyer initiates the purchase, authorizes the transfer of payment to the vendor or to a designated intermediary, and in most cases receives the goods from the logistics service provider/express carrier/postal operator. The buyer is always involved in the transaction chain, regardless of the business model (e.g., direct sale, sale via an E-Commerce platform/marketplace, shipment via express or postal channel). The consumer/buyer has important information about the transaction and the product, as provided by the vendor or the E-Commerce platform/marketplace, including the sales price and the terms of delivery.

Consumers/buyers are usually responsible for the payment of any duties and/or taxes payable in respect of online purchases, but this responsibility can vary depending on the contractual terms¹. Consumers/buyers may not always be aware of their position with respect to import duties/taxes and the responsible use/discard of the commodities once received. This may result in situations where they face an unexpected charge at the time of purchase, or a claim for the payment of import duties/taxes upon delivery, or the discard of the

¹ For example, the use of various Incoterms has a bearing on the respective responsibilities of the seller, carrier, buyer, etc.

purchased goods if they do not meet the import requirements of the country where the consumer/buyer resides.

Consumers/buyers should pay duties and/or taxes in accordance with the national regulations in the country of importation/destination.

Consumers/buyers are also usually responsible for the payment of fees and charges imposed by private sector entities for their services that include brokerage fees and transportation costs, among others. Without proper communication among vendors, E-Commerce platforms/marketplaces and consumers/buyers with regard to the payment of those fees and charges, consumers/buyers may face an unexpected claim for the payment of fees and charges upon delivery.

The consumer/buyer has the information about the transaction and the product as provided by the vendor and/or E-Commerce platform/marketplace, its sales price and terms of delivery. The consumer/buyer could share all the relevant information with the stakeholder who is responsible for submitting such information to Customs and other border agencies.

d. Financial Intermediaries and E-Payment Service Providers

Financial intermediaries and E-Payment Service Providers provide payment services when they are commissioned by E-Commerce platforms/marketplaces/vendors.

The traditional role of financial intermediaries consists of the transfer of the payment from the consumer/buyer to the vendor. In the E-Commerce environment, where the consumer/buyer may have limited knowledge of the vendor and may fear identity theft and fraud, the security of the customer/purchaser's bank data is of major concern. As a response, financial intermediaries have developed payment solutions that are only indirectly associated with the customer/purchaser's bank account. These include secure debit cards, which mitigate the risk involved with the vendor storing credit card information, and online payment systems provided by specialized online payment service providers.

Typically, the vendor enters into an agreement with the payment service provider to facilitate transactions with consumers/buyers. Payment by consumers/buyers may be made directly to an "e-money" account with the payment service provider, or directly to the vendor's bank account. The system is secured, and generally the vendor does not receive the bank, credit or debit card data of the consumer/buyer. The consumer/buyer may not always be required to have an account with the payment service provider.

During the payment process, the financial intermediary collects and stores data such as vendor and consumer/buyer account information (name, address and bank details) and the financial data of the transaction. In most cases, the financial intermediary does not collect information concerning the nature of the goods being sold or the place to which they are to be delivered. Depending on the information available with financial intermediaries and data privacy laws, possibilities for sharing such information with Customs and other government agencies within the framework of the relevant regulations could be explored.

e. Freight Forwarders and Logistics Service Providers

"Freight Forwarding and Logistics Services" means services of any kind relating to the carriage (performed by single mode or multimodal transport means), consolidation, storage, handling, packing or distribution of the goods, as well as ancillary and advisory services in connection therewith, including but not limited to Customs and fiscal matters, declaring the goods for official purposes, procuring insurance of the goods and collecting or procuring payment or documents relating to the goods. Freight forwarding services also include

logistical services with modern information and communication technology in connection with the carriage, handling or storage of the goods, and de facto total supply chain management. These services can be tailored to meet the flexible application of the services provided.

In an E-Commerce environment, the freight forwarder can not only report the cargo, but also take care of border clearance (Customs declaration, quarantine, security requirements, etc.) and even arrange the delivery of the goods. The role of the freight forwarder is therefore diversified and depends on the type of contract signed with its customer (vendor or shipper). In addition to its responsibility in terms of reporting the cargo and ensuring that goods cross the border, the freight forwarder can act as a declarant, taking responsibility for the Customs declaration and guaranteeing the payment of taxes and duties.

The vendor of the goods contracts with the freight forwarder to transport the sold goods to their purchaser abroad. The vendor fulfils the order and requests the freight forwarder to pick up the goods. The freight forwarder can collect the shipment from the vendor himself, or sub-contract this task to a carrier. The freight forwarder systematically collects the related data, which typically include the nature of the goods, their value and destination as declared by the vendor. Data and scanned documents, if required, are transmitted to the Customs authorities in the country of export and in the country of importation/destination, for Customs clearance. The freight forwarder can lodge the Customs declaration on behalf their customer or sub-contract this to a Customs broker. Finally, the freight forwarder can take responsibility for the delivery of the goods or sub-contract this to a carrier.

As service providers responsible for cargo forwarding, and in some cases transportation, Customs clearance and delivery, freight forwarders may also transmit logistics information to Customs and other government agencies, and undertake Customs declaration procedures.

Logistics service providers may be responsible for the movement, packing, consolidation and storage of E-Commerce goods; this may include coordinating air, land, maritime and rail transportation, warehousing (including fulfilment houses) and distribution, as well as establishing and managing key logistics nodes, while also conveying timely and accurate logistics information to pertinent users and regulatory agencies, as required. These providers can also operate as Customs brokers. They should have corresponding operational qualifications and may be encouraged to establish a logistics risk management and control mechanism.

International consignments are loaded and unloaded at cargo terminals and placed under Customs control before they are assigned to a Customs procedure. Cargo terminal operators, as one type of logistics service provider, play an important role in ensuring the security of the goods through providing adequate infrastructure and technology in the E-Commerce context.

Customs administrations could establish a mechanism for enabling the sharing of logistics data within the framework of the law.

f. Customs Brokers

Customs brokers are engaged by parties who are responsible for meeting the import and export requirements of Customs administrations and other government agencies. In jurisdictions where Customs brokers are regulated, they are usually subject to legislative or regulatory requirements relating to knowledge, financial stability and compliance standards. In meeting the requirements, Customs brokers may act as authorized agents for the purpose of performing various services, including the filing of required documents and the payment of duties and taxes for their clients within the compliance framework set for them.

Although Customs brokers are most frequently engaged for managing the data required for the clearance and entry of imports/exports, the WCO Customs Broker Guidelines outline other activities that may be part of a Customs broker's scope of practice, as follows:

"The function of a Customs broker also varies greatly among Members. It encompasses a wide spectrum of activities, notable among them are: the preparation of documents related to release and clearance on behalf of traders; submission of declarations and other information to Customs and other government agencies; payment of duties and taxes on behalf of traders; samples before the lodging of a Customs declaration; dealing with refunds and adjustments on behalf of traders; accounting of goods and the entry of goods; liaising with other government agencies for licences, permits and other requirements; assistance in post-clearance audits; representation of clients in dispute resolutions; consultancy/advice to traders in meeting various regulatory requirements."

In an E-Commerce environment, a vendor fulfils a purchase order and typically contracts with a carrier for transportation. The vendor provides data, which typically includes a description of the goods, their value and their destination. Customs administrations require this data to perform their risk assessments. Additional data is required at a later stage in the Customs process. A Customs broker may be engaged by the vendor, the carrier or the importer to facilitate this initial and/or subsequent submission of required data, to provide financial security and/or to pay the assessed duties and taxes. Where a vendor is acting as the importer of record, thereby assuming responsibility for compliance including payment of duties and taxes, the ultimate consignee/consumer is able to purchase the goods on a landed cost basis. However, there are other possibilities. The importer of record could be a domestic or non-resident commercial importer, a consumer/buyer, or even a Customs broker choosing to act as the importer of record.

Customs brokers often have invested in processes that facilitate the submission or transmission of data and the payment of duties and taxes to Customs administrations and other government agencies. The precise services to be provided by a Customs broker will depend on the contractual arrangement with the client, and a Member's domestic law.

g. Express Carriers

Express carriers are integrated service providers that ensure door-to-door transport from the vendor to the purchaser, encompassing the information management process and, depending on the contract, the management of tax and Customs requirements. They maintain control of the goods throughout the exportation, transit and importation processes.

The vendor of the goods contracts with the express carrier to transport the sold goods to their purchaser abroad. The vendor fulfils the order and requests the express carrier to pick up the goods. The express carrier collects the shipment from the vendor and inputs relevant data into its system, which typically includes the nature of the goods, their value and destination as provided by the vendor. In case the vendor uses fulfilment services, the fulfilment house/centre fully or partially takes care of the contract and transport arrangements with the express carrier. The goods are taken to the express carrier's service station and processed to support their delivery. Data and scanned documents, where required, are transmitted in electronic format to the Customs authorities in the country of export and the country of importation/destination, for Customs clearance. This system allows Customs administrations at exit/destination to obtain information prior to the departure/arrival of a shipment at the port of exit/entry.

The shipment is consolidated with others and delivered to the outbound gateway at the seaport or airport. The express carrier performs the export Customs clearance and the shipment is dispatched to the carrier's local hub. At this hub, shipments are separated and

loaded together with other shipments for the destination gateway, and the goods are transported to the importation/destination country. At the destination gateway, the shipment is cleared. Import duties and taxes are usually paid as appropriate, based on the information contained in the advance data provided. The goods are dispatched to the local facility for delivery to the consumer/buyer and, if required, duties and taxes are collected.

Express carriers as an integrated logistics service provider routinely complete the Customs clearance procedures and, under certain revenue collection models, pay the duties and taxes on behalf of buyers/vendors. They have arrangements in place with Customs administrations in many countries around the world, allowing/obliging them to provide advance electronic information and complete Customs procedures electronically. They could be responsible for the payment of duties and taxes. Depending on the contract with the vendor, these duties and taxes may then be either forwarded to the vendor or charged to the consumer/buyer at the time of delivery.

As a service provider responsible for cargo forwarding, transportation, Customs clearance and delivery, express carriers may also transmit logistics information to Customs and other government agencies, and undertake Customs declaration procedures.

h. Fulfilment houses/centres

A fulfilment house/centre is a warehouse which may be run on behalf of a third party business. Some vendors or E-Commerce platforms/marketplaces and larger companies operate their own fulfilment houses/centres. Primary services include order management, break bulk services, warehouse management, inventory controls, unpacking and repacking of goods, printing of relevant commercial/shipment documentation, processing returns, and repair services. Fulfilment houses/centres can handle bulk goods, however in the E-Commerce environment these are typically smaller shipments. Fulfilment houses/centres may store international or domestic goods. Delivery services may be performed by the fulfilment house/centre or contracted out.

There are several types of fulfilment houses/centres related to the international supply chain and E-Commerce that include:

- **Offshore Fulfilment House/Centre:** This type of fulfilment house/centre is designed to service both domestic and international sales. Depending on the type of online sale, the shipment can be either delivered locally or prepared for export to another country.
- **Foreign Trade Zone (FTZ)/Bonded Warehouse Fulfilment House/Centre:** International shipments move in-bond to an FTZ/bonded warehouse, where goods are stored until they are sold. When the goods are sold, Customs formalities take place to remove the goods from the FTZ/bonded warehouse for export or delivery to the customer.
- **Domestic Fulfilment House/Centre:** International shipments are cleared prior to going into the Fulfilment House/Centre. When the online sale takes place, it is a domestic sale. Key point: the company that operates the fulfilment house/centre may/may not be the purchaser of the goods or the importer from a Customs perspective.

i. Designated Postal Operators

Postal operators play an important role to facilitate the exchange of E-Commerce through the international postal network. Designated postal operators comprise any governmental or non-governmental entity officially designated by one of the Universal Postal Union (UPU) member countries to operate international postal services and to fulfil the related obligations arising out of the Acts of the Union on its territory.

According to the Acts of the UPU, designated postal operators shall comply with the requirements for providing electronic advance data on all E-Commerce items. Each item for which electronic advance data is provided shall be accompanied by the appropriate UPU special declaration form for postal items² and bear a unique item identifier in both human-readable and barcode format, conforming to UPU Technical Standard S10. All exchanges of electronic advance data provided for Customs and security reasons shall be compliant with UPU Messaging Standard M33 (ITMATT) and shall correspond to the content of the UPU special declaration form for postal items.

Designated postal operators are encouraged to take all reasonable steps to inform their E-Commerce customers on how to comply with Customs formalities and specifically to ensure that the CN22 and CN23 forms, which in certain cases can be accepted as the Customs declaration, are completed in full, in order to facilitate the rapid clearance of items. However, the completion of these forms is the responsibility of the sender alone.

The information provided by the sender on the CN22 and CN23 forms relates to the name, address and contact details of the addressee and the sender, the description of the contents of the package, their weight and their value, as well as any other relevant element for Customs clearance such as an import license number. The designated postal operator relies on the sender for the correctness and reliability of this information. The information on the special declaration form for postal items is then transmitted electronically from the origin post to the destination post. It is the destination post's responsibility to transmit the message to the destination Customs.

In order to facilitate pre-advice and possible pre-clearance of postal items, the WCO and the UPU have developed joint electronic messaging standards, which are compliant with the WCO Data Model. Moreover, the UPU has developed an electronic Customs Declaration System based on these joint messaging standards. It enables customers to enter data about an item online, and enables designated postal operators to provide Customs with advance data about a postal item. It also enables Customs to inform designated postal operators about the action to be taken with respect to any given shipment and improve Customs control with regard to international postal items that could facilitate their movement across the border.

After having declared the goods for importation to the Customs administration and after the goods have been released, the designated postal operator in the destination country delivers the items to the addressee (consumer/buyer). In some cases, in accordance with the national legislation, the designated postal operator could take the responsibility of ensuring payment of duties and taxes.

² "special declaration forms for postal items" is the term used in the definition for "CN22/23" in Chapter 2 of Specific Annex J to the Revised Kyoto Convention.