APEC E-Commerce Survey, August 2019

Submitted by: Chile
SUB-COMMITTEE ON CUSTOMS PROCEDURES MEETING

APEC E-COMMERCE SURVEY

August 2019
GENERAL CONTEXT

The accelerated pace of global cross-border e-commerce offers great opportunities as well as challenges to international trade. The international community is called upon to work together with all concerned participants in the supply chain, in particular the World Customs Organization (WCO) and other international organizations.

The WCO Cross-Border E-Commerce Framework of Standards sets out that the key to an effective and efficient management of cross-border e-commerce is the provision of timely and accurate information to allow the early risk assessment and clearance of legitimate transactions in an automated environment with minimum need for physical interventions.

The growing volumes and expectations by consumers for rapid clearance and delivery of shipments means that new models of revenue collection and border interventions be required to customs.
CROSS-BORDER E-COMMERCE IN CHILE

In Chile, the scenario does not differ from the world trend; during 2018, approximately 17 million postal items and about 1.6 million express shipments were registered (without considering letters or magazines). The increase in postal parcels is directly related to the growing trade in global cross-border e-commerce.
CROSS-BORDER E-COMMERCE FRAMEWORK PRINCIPLES

To take on the challenges posed by cross-border e-commerce, the WCO has set out the Cross-Border E-Commerce Framework of Standards based on **8 principles** outlined in the Luxor Resolution:

- Advance Electronic Data and Risk Management.
- Facilitation and Simplification of Procedures.
- Safety and Security.
- Revenue Collection.
- Measurement and Analysis.
- Partnerships.
- Public Awareness, Outreach and Capacity Building.
- Legislative Frameworks.
CROSS-BORDER E-COMMERCE FRAMEWORK PRINCIPLES

With regard to the fact that Chile shares the principles of the Cross-Border E-Commerce Framework mentioned in the WCO Resolution, it was proposed during the SCCP 1 meeting in APEC 2019, to circulate a survey among the APEC economies.

This Cross-border E-commerce Survey was prepared by Chilean Customs as a first approach to detect best practices in relation to the challenges generated by cross-border e-commerce.

It was sent by email to each economy on April 17th 2019, and the first deadline to respond was April 30th 2019.

In order to reach a greater number of participants, the survey had to be re-circulated on April 29th and again on May 13th 2019.
SURVEY’S OBJECTIVES

To enquire about the current situation of cross-border e-commerce in APEC economies.

To assess the gaps in the region regarding customs regulations in e-commerce.
PARTICIPATION IN THE SURVEY

Respondent economies:
- Australia
- Chile
- United States
- Hong Kong, China
- Japan

Non-respondent economies:
- Peru
- Singapore
- Thailand
- Viet Nam
SURVEY RESULTS

In the following slides we share the survey results according to the responses of the respondent economies.

The results are grouped by subject topics, which may include more than one question from the survey.

As of the economies that answered, not all of them answered all the questions when applicable; the corresponding percentage of participation is accompanied.
GROWTH IN E-COMMERCE WITHIN THE REGION

The purpose of the questions on this topic is to detect the increase in the volume of operations, taking into account the growth in cross-border e-commerce and the clearance procedures implemented by the economies.

Volume of Operations

In general, the trend in economies is the increase in Courier and postal items. In addition to an increase in access and purchase through e-commerce platforms. Volumes of Courier and postal items processed by US customs (636 millions) and Japan (118 millions), and the growth reported regarding postal items from Hong Kong China, which was 63%, and in the case of Chile 3.311% between 2013 and 2017 are highlighted.
GOOD PRACTICES IN CROSS-BORDER E-COMMERCE

Advance Information

The purpose of the questions on this topic is to detect the availability of existing advance information for the processing of postal / Courier operations and the security of obtaining it. The trend in the economies is to have advance information, 100% for the case of Courier items and 44% for advance information of postal items.

Timeliness of information
There is no standard for receiving advance information. The availability of the information can be up to 2-3 hours prior to the arrival of the goods, or have the information before shipping the goods at origin. The answers mainly point to Courier items.

Participation in this Topic

- 94% Respondent Economies
- 6% Non-respondent Economies
GOOD PRACTICES IN CROSS-BORDER E-COMMERCE

Source of this information
- Courier Company
- Single Window (declaration)
- Postal Operator of Origin

Formalities for information exchange
In general, economies indicate that they have no information exchange agreements. Those cases where there is agreement corresponds to partnerships with members of the private sector and in others to cooperation partnerships with public entities, considering the provision of advance information.

Implementation of Advance Information and Risk Management
- In general, the measures implemented by the economies point to Data Analysis and Risk Profiling.
- Management of non-intrusive technology for the review of items.
REVENUE COLLECTION AND USE OF RESOURCES

The objective of this topic is to explore the parameters incorporated by the economies for tax collection. The wide range of *de minimis* thresholds existing worldwide reflects the different ways in which governments analyze to set the threshold, in order to promote e-commerce and alleviate the task of Customs Services\(^1\).

Selected countries: *de minimis* thresholds for postal items, 2018* (in dollars)

![Bar chart showing de minimis thresholds for postal items across selected countries, 2018.](chart)

**SOURCE:** GLOBAL EXPRESS ASSOCIATION (2018).

* IN MARCH 2019, ARGENTINA’S *DE MINIMIS* ROSE FROM 25 TO 50 DOLLARS

REVENUE COLLECTION AND USE OF RESOURCES

De minimis restrictions
Most of the economies have defined restrictions on the application of de minimis depending on factors such as:
• Type of goods.
• Commercial nature.
• Occasion.
In general, there is no difference for de minimis application for courier and postal item.

Collection management
The efforts of the economies reflect the interest in optimizing tax collection processes in E-commerce, taking as input the advance information regarding the items.

Participation in this Topic

- Respondent Economies: 77%
- Non-respondent economies: 23%
FACILITATION AND SIMPLIFICATION

Most of the economies have single Windows, or an electronic system for cross-border e-commerce operations control.

The aforementioned is consistent with the recommendations oriented to the facilitation and simplification of foreign trade procedures and formalities, generating a single channel for all procedures which operates as an intermediary.
REGULATORY FRAMEWORK

There are some gaps because of the different levels of development in relation to regulatory and legislative changes aimed at e-commerce, some in initial stages and at exploratory level, and others in examination, update and improvement stages regarding previously implemented measures.

Particularities

<table>
<thead>
<tr>
<th></th>
<th>Courier</th>
<th>Postal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advance Information</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Risk Management</td>
<td>yes, Automated</td>
<td>No, Manual (Officer)</td>
</tr>
<tr>
<td>Payments</td>
<td>Courier Company</td>
<td>Consignee</td>
</tr>
<tr>
<td>Inspection</td>
<td>Selectivity</td>
<td>100% inspected</td>
</tr>
<tr>
<td>Responsible for Clearance</td>
<td>Courier - Customs</td>
<td>Postal Operator - Customs</td>
</tr>
<tr>
<td>Physical Restrictions</td>
<td>No volumetric weight restriction</td>
<td>UPU Convention</td>
</tr>
</tbody>
</table>
CAPACITY BUILDING

“Capacity building” is one of the main elements for developing effective measures to face e-commerce.

- Less than half of the economies participate in cooperation groups.
- The majority is open to initiatives and cooperation.

<table>
<thead>
<tr>
<th>Economy</th>
<th>International cooperation to address e-commerce growth</th>
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<tbody>
<tr>
<td>Japan</td>
<td>Workshops: India 12/2016, Burkina Faso 08/2017, India 07/2018</td>
</tr>
<tr>
<td>United States</td>
<td>Active participation within WCO, B5 and other international organizations</td>
</tr>
<tr>
<td>Peru</td>
<td>Multilateral Agreements: Pacific Alliance, USAN, CPTPP and FTA</td>
</tr>
<tr>
<td>Chile</td>
<td>Pacific Alliance, FTA</td>
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</tbody>
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E-COMMERCE IN FREE TRADE AGREEMENTS

In general, free trade agreements refer to issues that may affect e-commerce. Some of them have regulated specific agreements between the parties for e-commerce items.

The following main types of provisions (*) are distinguished within preferential trade agreements:

- Market access.
- Telecommunications regulation.
- National E-commerce regulation framework.
- Intellectual property in the digital environment.
- E-government.
- Co-operation and technical assistance.

**CHILE: E-COMMERCE IN FREE TRADE AGREEMENTS**

Currently, Chile has signed 28 Free Trade Agreements. Eight of those agreements include chapters concerning e-commerce¹.

- Australia
- Argentina
- Bolivia
- Central America
- China
- Colombia
- Republic of Korea
- Cuba
- Ecuador
- EFTA
- United States
- Hong Kong, China
- India
- Japan
- Malaysia
- Mercosur
- Mexico
- P4
- Panama
- Peru
- Thailand
- Turkey
- European Union
- Venezuela
- Viet Nam
- Pacific Alliance
- Uruguay

Thank you