E-Commerce Risk Management August 2019

Submitted by: United States
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E-Commerce Risk Management
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E-Commerce Overview

- U.S. Customs and Border Protection defines e-commerce as high-volume, low-value shipments entering the port limits of the United States.
- E-Commerce has transformed the commercial landscape over the last two decades:
  - New merchants have been able to reach new customers, and consumer choice has exploded
  - Convenience has greatly increased, especially with the rise of same-day and next-day delivery
- However, the diffusion of the supply chain from the traditional model, as well as the rise in volume of small packages, have placed stress on CBP's targeting and enforcement efforts
E-Commerce by the Numbers

Over 600 Million Mail and Express Bills were processed by CBP in 2018

$2.29 trillion in sales throughout the global e-commerce market

79% of the U.S. population shop online using some type of e-commerce platform

1.8 million mail shipments enter the United States each day

90% of all IPR seizures occur in the mail and express environments
E-Commerce Challenges

- Rapidly increasing volume of shipments in express and mail environments.
- CBP operations are not designed for small packages.
- Small packages are being used to ship illicit and highly dangerous goods.
- New, inexperienced importers are empowered by new markets.

The rise of e-commerce has led to numerous challenges for CBP:
CBP's E-Commerce Strategy

- CBP released its E-Commerce Strategy in March 2018 – comprised of four main goals, the Strategy lays out a holistic approach involving partnership, education, and enforcement

- CBP's E-Commerce Strategy lays out four strategic goals:
  - **Goal 1**: Enhance legal and regulatory authorities to better posture CBP and interagency partners to address emerging threats
  - **Goal 2**: Enhance and adapt all affected CBP operations to respond to emerging supply chain dynamics created by the rapid growth of e-commerce
  - **Goal 3**: Drive private sector compliance through enforcement resources and incentives
  - **Goal 4**: Facilitate international trade standards for e-commerce to support economic prosperity
E-Commerce Strategy Implementation

Since publication, CBP has implemented a number of high-impact projects and initiatives against the four goals outlined in the E-Commerce Strategy, including:

- Issuing new policy mandating all trucks carrying Section 321 shipments submit advance electronic manifest data.
- Developed an e-commerce supply chain map.
- Initiated a statistically valid e-commerce compliance measurement.
- Worked with the WCO on the E-commerce Framework of Standards.
- Issued a federal register notice to solicit volunteers to participate in a Section 321 pilot on accepting advance data from supply chain partners.
Section 321 Data Pilot

- Federal register notice published on July 23, 2019
- Soliciting up to nine volunteers
- Will launch on August 22, 2019
- Participants will submit advance data on various data elements
- Objective to determine feasibility of requiring advance information
Questions?
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