



E-commerce in the view of the WCO

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KOREA CUSTOMS SERVICE



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Through E-Commerce

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01

Definition of E-Commerce



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Brands A-Z > Similac

Categories > Children's Health > Baby Formula & Powdered Milk > Organic Formula

Categories > Children's Health > Baby Formula & Powdered Milk > Routine Feeding



Similac, Organic Infant Formula with Iron, Powder, Birth to 12 Months, 1.45 lb (658 g)

By Similac

★★★★☆ 32 Reviews

In Stock

- Expiration Date: Feb 2018
- Shipping Weight: 0.94 kg
- Product Code: SML-50822
- UPC Code: 070074508221
- Package Quantity: 1.45 lb (658 g)
- Dimensions: 14.7 x 13.7 x 10.9 cm, 0.79 kg
- **Note:** Korean Customs will quarantine and inspect this item before final shipment to the customer. Please be advised that ordering this item could cause delivery delays



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MSRP: \$49.99

Our Price: **\$42.08**

Shipping Saver

You Save: \$7.91 (16%)

Quantity:

Add to Cart

Add to Wish List

(1) What's Going on?

DEVELOPMENT OF CROSS-BORDER E-COMMERCE SHARE

2015 – 2020E

Global e-commerce market
Percent



Source: Alipay, McKinsey

(1) What's Going on?

Engine for Growth



(2) What is E-commerce?

E-commerce?

(2) What is E-commerce?

WCO definition

“Cross-border Business to Consumer (B2C) and Consumer to Consumer (C2C) physical consignments of value/duty below which no duties/taxes are collected or under which no full Customs declaration/formalities are required”.

(2) What is E-commerce?

More Essential Elements

- **Online initiation**
- **Cross-border transaction/shipment**
- **Physical goods**



02

E-commerce with WCO

(1) Backgrounds

Backgrounds

- **Rapid Expansion of Internet trade**
- **Wider Options to Consumers and MSMEs**
- **A New Key driver of Economic Growth**

 **Requires a Comprehensive Response**

(2) WCO's Work

WCO's work

- **Creating a modern e-Customs environment**
- **Developing a number of Instruments, Standards, and Tools**
- **Discussions within various Working Bodies**

(3) Discussions within WCO

Discussions within WCO

- [PTC] Revenue Leakage(**de minimis**) & Efficient Collection of Customs Duties and VAT/GST
- [EC] Dark Side of E-commerce
- [PC] Loss of revenue collection and security

(4) Collaborative Work with Partners

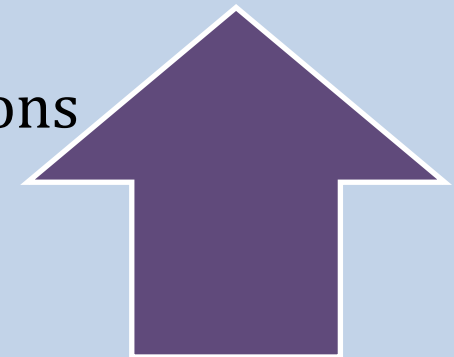
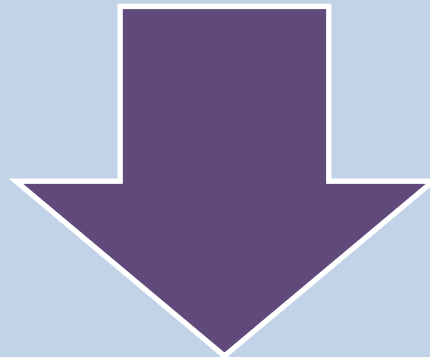
Collaborative Work with Partners

**WCO
WGEC**

Pragmatic/practical Operational
Multi-dimensional perspective
True collaborative spirit

**Intergovernmental
Organizations**

Early stages of discussions



(4) Collaborative Work with Partners

- **[WTO] Digital Customs & Facilitation**
- **[UPU] Advance Electronic Exchange of Information**
- **[OECD] Revenue Collection**
- **[UNCTAD] Measuring Cross-Border E-commerce**



03

WCO Working Group on E-Commerce

(1) What is WGEC?

Working Group on E-commerce

- **WCO members, Private Sectors,**
International Organizations, Academia
- **2016-2018(1st Meeting on Sep 2016)**
- **Practical Solutions for both Facilitation & Safety perspective(4 Subgroups)**
 - ① Trade Facilitation & Simplification
 - ② Safety & Security
 - ③ Revenue Collection
 - ④ Measurement & Analysis

(1) What is WGEC?



I. Trade Facilitation & Simplification

- Definitions of terminologies
- Enabling legislation for e-commerce
- Automated systems - Single Window (other government agencies)
- Exchange of advance electronic data (*interoperability, minimum data sets, data quality, data privacy*)
- Trusted Trader/AEO programme for e-vendors marketplaces and intermediaries - enhanced facilitation
- Framework/guidelines/standards - harmonization and support to micro, small and medium enterprises
- Return/refund (drawback) processes
- Implementation and review/update of the WCO Immediate Release Guidelines and other related tools

III. Revenue Collection

- *De minimis*
- Simplified entry threshold
- Classification, valuation, origin issues
- Harmonized System Navigator, integrated tariff database
- Transactional approach vs account-based approach
- Alternate models of revenue collection (including impact analysis on the industry and government)
- Fees and charges
- Cooperation amongst authorities (Customs and Tax)

II. Safety & Security

- Product safety
- Illicit trade
- Quarantine/bio-security
- Dark web/net
- Cyber security
- Illicit Financial Flows - tracking financial trails
- Cooperation and information exchange between Customs administrations
- Smuggling of high-value items and environmentally sensitive goods
- Non-intrusive inspection (NII) technologies
- Review/update of relevant tools
- Case studies

IV. Measurement & Analysis

- Big Data
- Stocktake and analysis of work currently being undertaken by international bodies
- Research and analysis of various e-commerce business models - case studies
- Measuring e-commerce flows and economic benefits
- Capacity building, awareness, and education - implementation support

(2) Facilitation & Simplification

How to Facilitate E-commerce?

Challenges

Solutions

Enablers

Top 10 barriers for E-commerce shopping : Consumers



Q36. Which, if any, of the following reasons prevent you purchasing from websites in a
nother country (more often)? Base: Online shoppers = 16,302 **by Paypal**

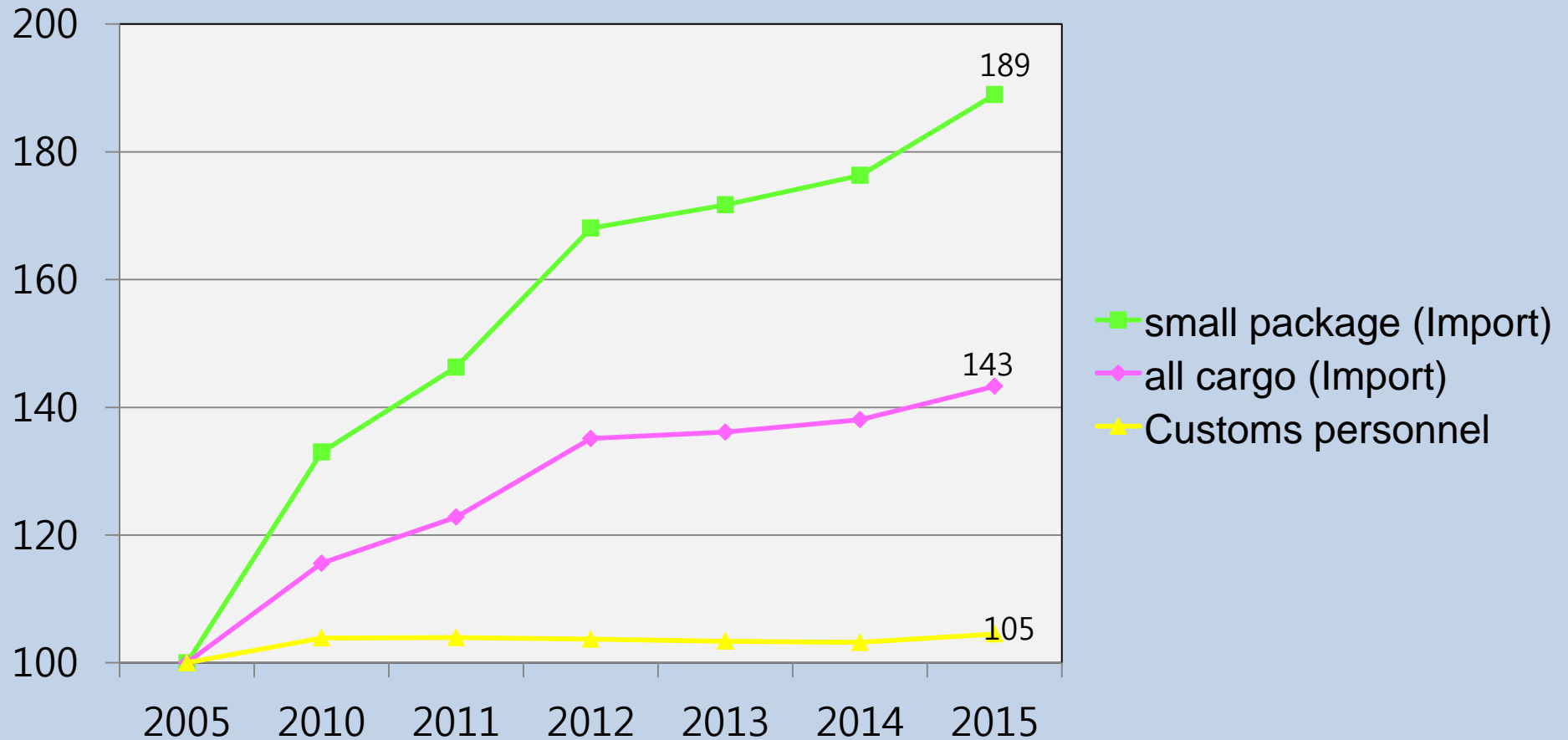
Top Barriers for E-commerce selling : Merchants



Q9. What are the main problems and barriers preventing you selling to foreign online shoppers, whether in general or in relation to specific markets?
Base: ALL online cross-border sellers (n=598) by **Paypal**

(2) Facilitation & Simplification : Challenges

■ High volumes of packages VS Limited Customs resources



(2) Facilitation & Simplification : Challenges

- **Time sensitive clearance**
- **Return / refund processes**
- **Unknown players(both senders and recipients)**
- **De minimis threshold**
- **Compliance**
- **Data quality, Liability of e-vendors/intermediaries**
- **Predictability of landed cost**
- **Integration of e-commerce and traditional trade**



(2) Facilitation & Simplification : Solution

- **Obtaining advance electronic data**
- **Simplification** of procedures
- **Systems to support small parcels / low value (eCommerce goods)**
- **Update of legal frameworks**
- **Consumer education on good trade practices**
- **Bilateral agreements / arrangements for data sharing based on trust**

(3) Safety & Security

- **Including Safety and Security aspects to a definition for e-commerce**
- **B2C & C2C : Lack of Transparency**
- **Advance Cargo Information, Non-Intrusive Inspection**
- **Cooperation between Customs administrations**

(4) Revenue Collection

- **De Minimis threshold :**  **or** 
- **Alternate Revenue Collection Models**

Models	Pros	Cons
Intermediaries based models	Bridge btw MSMEs & Customs	Handling payments, Undervaluation
Seller/vendor based models	Fill the missing data, Low establishment costs	Enforcement(foreign jurisdictions), Auditing issues
Buyer based models	Low cost, Full audit trail	One time set up cost of hardware & software
Traditional models	Prevents leakage in tax revenue	Slow, Collection cost

(5) Measurement & Analysis

- **Measuring e-commerce flows and benefits**
- **Stocktaking**
- **Business models**
- **Big data analytics and its use**



04

E-Commerce with Korea Customs Service

(1) Facilitation : Legal Framework

Customs Act article 254

Special customs clearance for electronic commerce goods, etc.(30.Dec.2010)

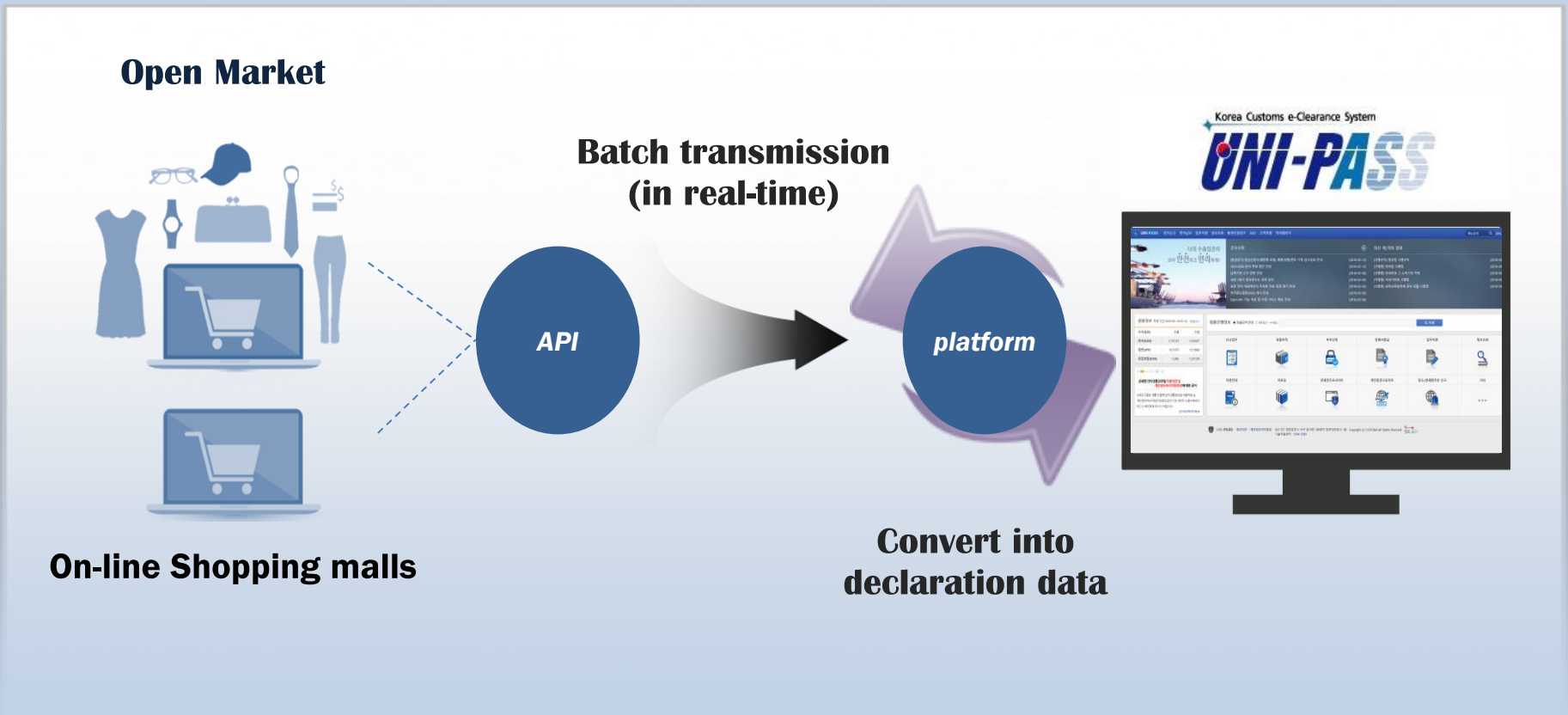
The Commissioner of the Korea Customs Service may **separately prescribe matters** necessary for **customs clearance** for exported or imported goods **traded through digital documents**, including export or import declarations and the inspection of goods and other relevant matters, as prescribed by Presidential Decree

(1) Facilitation : Export Clearance system

List Clearance	E-commerce Simplified Declaration	General Declaration
<p>Exempt from declaration (Goods can be cleared by submitting the list of goods)</p>	<p>Simplified declaration form (57→33)</p>	<p>General Export declaration</p>
<p>All goods exported by Express cargo & International post</p>	<p>All goods (Less than USD 2,000)</p>	<p>All goods (goods excluded from list clearance & simplified declaration)</p>
<p>No Duty Drawback, Some Export performance</p>	<p>Duty Drawback, Export Performance</p>	<p>Duty Drawback, Export Performance</p>

(1) Facilitation : Platform for E-commerce Declaration

Platform for E-Commerce Export Declaration : Automatic conversion of details of orders and sales on online shopping malls into export declarations





Thank you!

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