

Addressing CAREC Customs' Challenges in Handling Cross-Border E-Commerce (CBEC) Consignments

Jonathan Koh

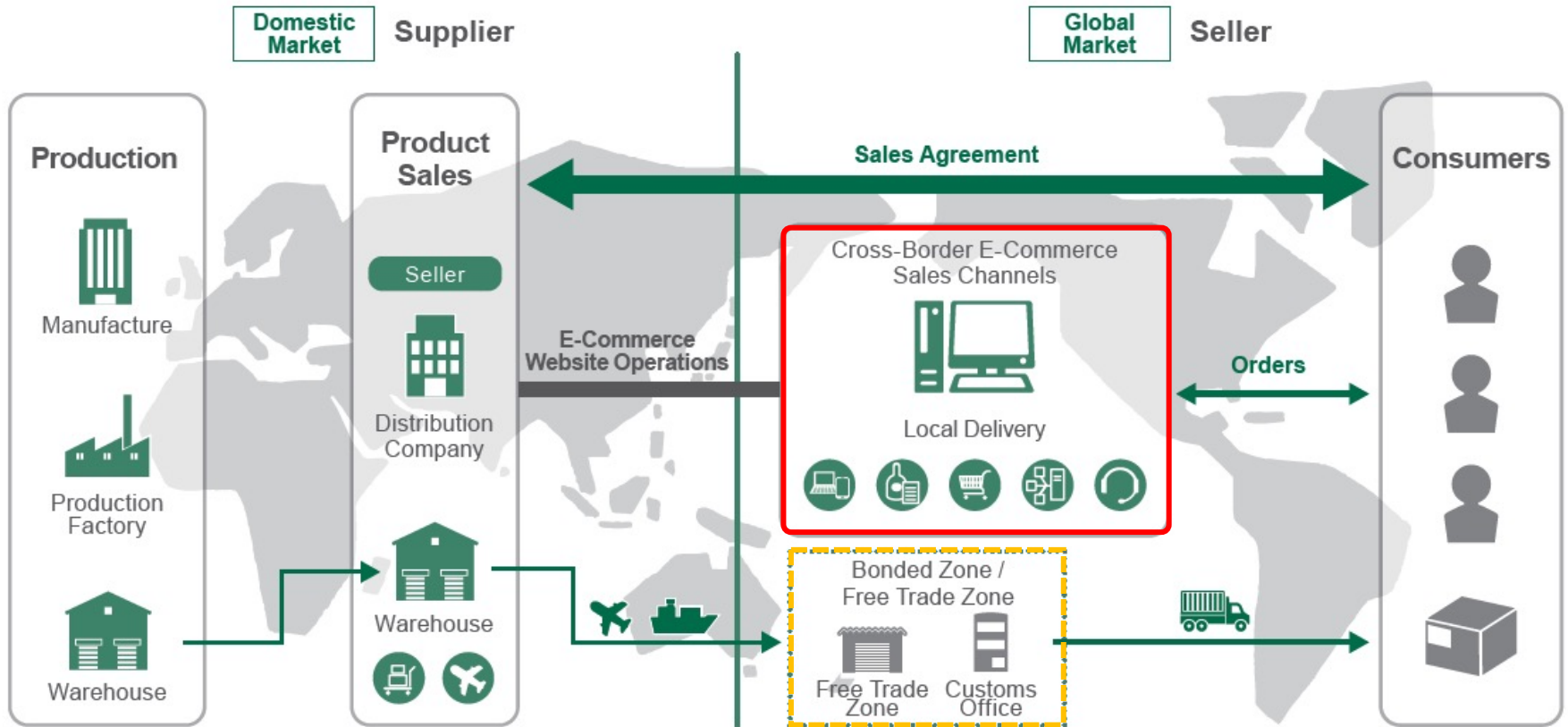
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Features of Cross-Border E-Commerce (CBEC)



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Challenges faced by Customs in handling CBEC

1. Steep increase in the volume of e-commerce articles / small consignments
2. Large volumes (of small consignments) creates complex customs processing problems
3. Lack of risk management - Potential risk of smuggling/counterfeit goods, intellectual property rights violations and undervalued items.
4. De Minimis regulations - import goods below de minimis thresholds (DMT)/ personal goods creates potential significant revenue leakage.
5. Rising administrative costs and other clearance procedures; registration of CBEC players (e-commerce operators, logistics and payment providers), access to consumers' personal information.
6. Inadequate cross-border logistics & distribution – lack of bonded facilities for CBEC

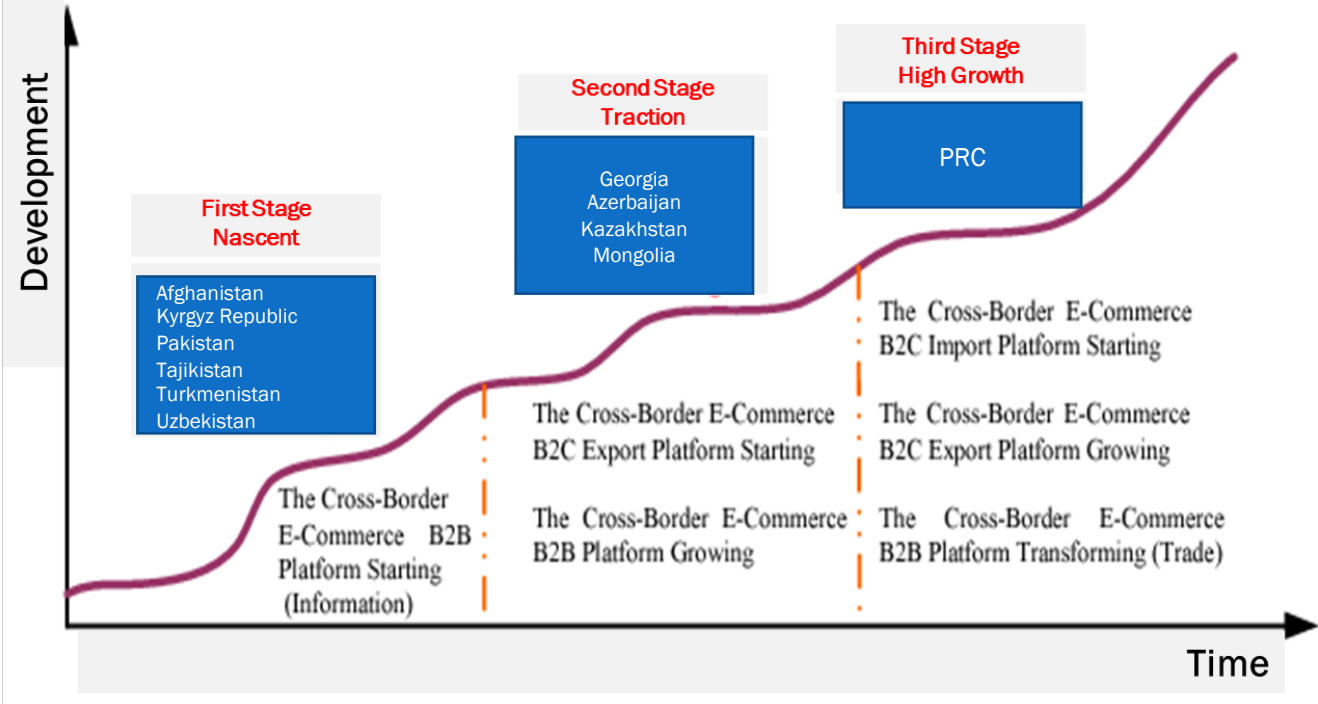
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CBEC Development Maturity Stage



UNCTAD B2C E-Commerce Index 2020

2020 Rank	Economy
47	Georgia
60	Kazakhstan
61	Mongolia
65	Azerbaijan
97	Kyrgyz Republic
107	Uzbekistan
116	Pakistan
121	Tajikistan
143	Afghanistan
Unranked	Turkmenistan

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Country Capacity for CBEC Consignments

Stage	Country	Legislative Frameworks to facilitate CBEC	Customs Procedures to facilitate CBEC	Existing Customs System to facilitate CBEC
Third Stage	PRC	●	●	●
Second Stage	Azerbaijan	◐	◐	◐
	Georgia	○	◐	○
	Kazakhstan	◐	○	○
	Pakistan	◐	◐	◐
	Mongolia	○	◐	○
First Stage	Kyrgyz Republic	◐	○	○
	Tajikistan	○	○	○
	Turkmenistan	◐	○	○
	Uzbekistan	◐	◐	○
	Tajikistan	○	○	○
	Afghanistan	○	○	○

Analysis for CAREC members based on 3 key institutional elements for effective handling of CBEC consignments:

- i. **Legislative Frameworks**
- ii. **Customs Procedures Facilitating CBEC**
- iii. **Customs Information Technology System to facilitate CBEC**

- No measures
- ◐ Some small steps initiated
- ◑ Several measures initiated
- ◒ Some measures implemented
- Significant measures implemented

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Recommendations

- 1.Reforming de minimis threshold (DMT) regime** – 3 members have not yet instituted DMT
- 2.Pre-Arrival Processing** – enabling submission of declarations before arrival of goods allows for an early determination of goods valuation and consignment risk. The 2021 UN Global Survey of Digital and Sustainable Trade Facilitation that covered 10 CAREC members shows 6 have fully implemented & 3 are partially implementing it. It is recommended that all institute it fully.
- 3.Immediate Release/Clearance** - categorizing different goods for expeditious clearance namely i) letters/documents ii) low value consignments below DMT iii) low value dutiable consignments, and iv) higher value consignments. Differentiated treatments can then be applied to each category.
- 4.Simplified Declaration** - use a “simplified declaration form”, for low-value consignments in one bulk. e.g. Republic of Korea has a reduced data set of 26 data elements in its simplified declaration, compared with the 69 data elements in standard form.
- 5.Digitalising postal labels** - switch to digital CN 22 / 23 format, and leverage UPU system to enable postal operators to send digitized CN 22 / 23 labels between postal agencies and customs authorities.
- 6.Leverage use of non-Intrusive inspection (NII) equipment** - Use of NII equipment facilitates rapid inspection and release while enabling the customs to intercept illegal or illicit goods coming through the CBEC channel.

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