

March 12, 2018

Canada Border Services Agency
BCCC Working Group eCommerce
Attention: Mike Leahy
By email: mike.leahy@cbsa-asfc.gc.ca

Subject: Comment on the Draft WCO Cross-Border E-Commerce Framework of Standards
(05022018)

Dear Mike,

The primary objective of CIFFA's comments is to ensure that the Canada Border Services Agency and the World Customs Organization recognize the important role played by logistics operators such as the international freight forwarder in E-Commerce and to incorporate reference to the international freight forwarder where appropriate. E-Commerce is not limited to postal organization or express carriers and the Framework cannot be designed to limit the importance of third party service providers and other economic operators that participate in the movement of goods as outlined in item *IV.E-Commerce Business Models*. As the Framework notes, *"economic operators have already developed logistics and border clearance processes and tools that support these E-Commerce business models."*

It is also incumbent upon the WCO to develop standards which do not disadvantage one type of operator over another. For example, obligations placed on international freight forwarder, or on air, marine and highway carriers by Customs organizations to provide Advanced Commercial Information or other security related obligations (such as Transport Canada's Air Cargo Security regulations) may not be applicable to postal services, creating an unlevel playing ground to the advantage of the postal services over other types of operators.

Page 8 Part 1 section 1.1 The second definition most clearly specifies four characteristics of E-Commerce. The definition would be more accurate, however, with the elimination of the phrase *'typically small and relatively low-value'*. The essential part of that sentence is the fact that the goods do not require a formal commercial Customs declaration. Eliminating the size and value descriptors from the definition would enhance clarity and would provide individual Customs authorities discretion in determining which goods do or do not require a formal commercial Customs declaration.

For the purpose of this Framework of Standards, cross-border E-Commerce is characterized by the on-line ordering, sale or purchase of goods, which do not require a formal commercial Customs declaration.

Page 14 – 19 Part V section 5.5 etc. The description of the **Logistics Operator** should include a descriptive phrase such as ‘international freight forwarder ’and should also specifically identify the *international movement of goods across borders*. The more fulsome description of Express Carriers in para 5.9 includes phrases such as “*The shipment is consolidated with others and delivered to the outbound gateway at the seaport or airport*” which describes the activities of the international freight forwarder. Much of the description of the Express Operator is a description of the role of the international freight forwarder. It is our recommendation that the Logistics Operator description be enhanced as follows.

Logistics operators, ***such as international freight forwarders*** are responsible for the movement and storage of E-Commerce goods that may include: ***consolidation of shipments and delivery to an outbound carrier at a seaport, airport or highway place of exit;*** coordination of air, land, maritime and rail transportation ***across international borders;*** warehousing and distribution ***at origin or destination;*** establishing and managing key logistics ***nodes;*** [what is a node? Might ***facilities*** be a better word?] ***conveyance of timely*** and accurate ***logistics, security and commercial information*** to pertinent users and regulatory agencies, as required. ***As a service provider responsible for cargo forwarding, transportation and delivery, logistics operators may also perform export or import Customs clearance and thus should transmit required data to Customs and other government agencies.***

Page 25 Part VI section 6.2.2.1.1 iii) From the perspective of a Canadian application, CIFFA is interested in the options / benefits that might accrue to a Trusted Trader as outlined in the Framework.

Page 26 Part VI section 6.2.2.1.1 If E-Commerce operators’ commercial data were ***required*** by Customs authorities on international transactions, it would eliminate known abuses, such as misdeclaration of goods or value. If the buyer / seller/ description / price paid data was shared electronically from the e-Commerce operator platform to Customs authorities’ systems there would be no opportunity for shippers who sold “lithium batteries” to declare “telephone parts” or for a shipment sold for \$100 to be declared at \$10.

In support of risk management, Customs should incentivize electronic access by Customs to relevant data or documents held on E-Commerce operators’ systems or a centralized national electronic platform connected to E-Commerce operators’ platforms.

Page 34 Part VI section 6.4.2.2.1 CIFFA is interested in the CBSA's work on 'de minimis' values in Canada as changes will have a significant impact on the business of member firms.

Page 40 Part VI section 6.7.2.1.1 Others in the e-Commerce chain should be involved in raising public awareness and we suggest adding

Relevant information should be shared with stakeholders and disseminated via all possible channels such as websites, mass media, social media and trade/industry groups/ associations. Customs should encourage other partners (such as other supervision agencies, e-vendors/platforms, postal operators, express services **and other logistics operators**) to further disseminate this information through their own platforms and partner network.

On behalf of the Canadian international freight forwarding community we thank you for the leadership the CBSA has undertaken in the development of this WCO Cross-Border E-Commerce Framework of Standards, and for the opportunity to provide comments. We also look forward to providing comment as Canada addresses challenges such as:

- Security: OGD / PGA. Eligibility of 'casual shipments' without labels etc. (ie cosmetics, food, sunglasses, etc.)
- Financial risk to Canadian business: De-Minimis value and treatment
- Finance: PST / HST / collection (leakage) of provincial and federal taxes
- Trusted traders
- Role of technology ie) platforms as suppliers of data to CBSA

Sincerely;
CIFFA

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