

# The Innovative Practice of Promoting the Development of Cross-border E-commerce by China Customs under the Background of COVID-19 Pandemic

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# Overview

Since the outbreak of the COVID-19 pandemic, countries have adopted restrictive measures on cross-border trade, and the global economy has been severely impacted. However, cross-border e-commerce has grown against the trend during this period and has become a new format that supports economic operations. Cross-border e-commerce has a wide range of cross-border nature and a complete supply chain. Its development is not only subject to the good global digital trade business environment, but also needs to be supervised and governed by scientific and reasonable means at home and abroad. Customs plays an important role in promoting the development of cross-border e-commerce.

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**04** Innovative practice and experience of China Customs

An aerial view of a city from an airplane window, showing a grid of streets and buildings. The image is partially obscured by a dark blue diagonal band and a light blue horizontal band. The number '01' is overlaid on the light blue band.

01

**Current situation of the development  
of global cross-border e-commerce**



**The development of e-commerce is being concerned and valued by more and more countries and economies**



Table 1 Sorting of topics in proposals from some countries and economies in WTO e-commerce negotiation<sup>4</sup>

Issue category		China	USA	The European Union	Japan
Data flow	Cross-border data flow		√	√	√
	Personal privacy protection	√		√	√
Intellectual property rights protection			√	√	√
Market openness	Market access		√	√	√
	The Internet is open up		√	√	√
	Anti-monopoly			√	
	Solve the digital divide	√			√
Electronic transmission tariff		√	√	√	√
Digital Security	Consumer rights	√		√	√
	Network security	√	√		
Trade facilitation	Electronic signature certification	√		√	√
	Trade facilitation measures	√	√		√

Source: WTO members' e-commerce negotiation proposal

Table 2 Some high-standard and mega – regional free trade agreements  
e-commerce (digital trade) chapter review

Agreement	CPTPP	Japan – EU EPA	USMCA	RECP
Signing time	March 8, 2018	July 17, 2018	November 30, 2018	November 15, 2020
E-commerce Section	CHAPTER 14 ELECTRONIC COMMERCE	CHAPTER 8 TRADE IN SERVICES, INVESTMENT LIBERALISATION AND ELECTRONIC COMMERCE	CHAPTER 19 DIGITAL TRADE	Chapter 14: E-commerce

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CHAPTER 14  
ELECTRONIC COMMERCE

Article 14.1: Definitions

For the purposes of this Chapter:

**computing facilities** means computer servers and storage devices for processing or storing information for commercial use;

**covered person**<sup>1</sup> means:

- (a) a covered investment as defined in Article 9.1 (Definitions);
- (b) an investor of a Party as defined in Article 9.1 (Definitions), but does not include an investor in a financial institution; or
- (c) a service supplier of a Party as defined in Article 10.1 (Definitions),

but does not include a “financial institution” or a “cross-border financial service supplier of a Party” as defined in Article 11.1 (Definitions);

**digital product** means a computer programme, text, video, image, sound recording or other product that is digitally encoded, produced for commercial sale or distribution, and that can be transmitted electronically;<sup>2, 3</sup>

**electronic authentication** means the process or act of verifying the identity of a party to an electronic communication or transaction and ensuring the integrity of an electronic communication;

**electronic transmission** or **transmitted electronically** means a transmission made using any electromagnetic means, including by photonic means;

**personal information** means any information, including data, about an identified

E-COMMERCE, TRADE AND THE COVID-19 PANDEMIC

INFORMATION NOTE<sup>1</sup>

KEY POINTS

- The enforcement of social distancing, lockdowns and other measures in response to the COVID-19 pandemic has led consumers to ramp up online shopping, social media use, internet telephony and teleconferencing, and streaming of videos and films.
- This has resulted in spikes in business-to-consumers (B2C) sales and an increase in

CHAPTER 8

TRADE IN SERVICES, INVESTMENT LIBERALISATION  
AND ELECTRONIC COMMERCE

SECTION A

General provisions

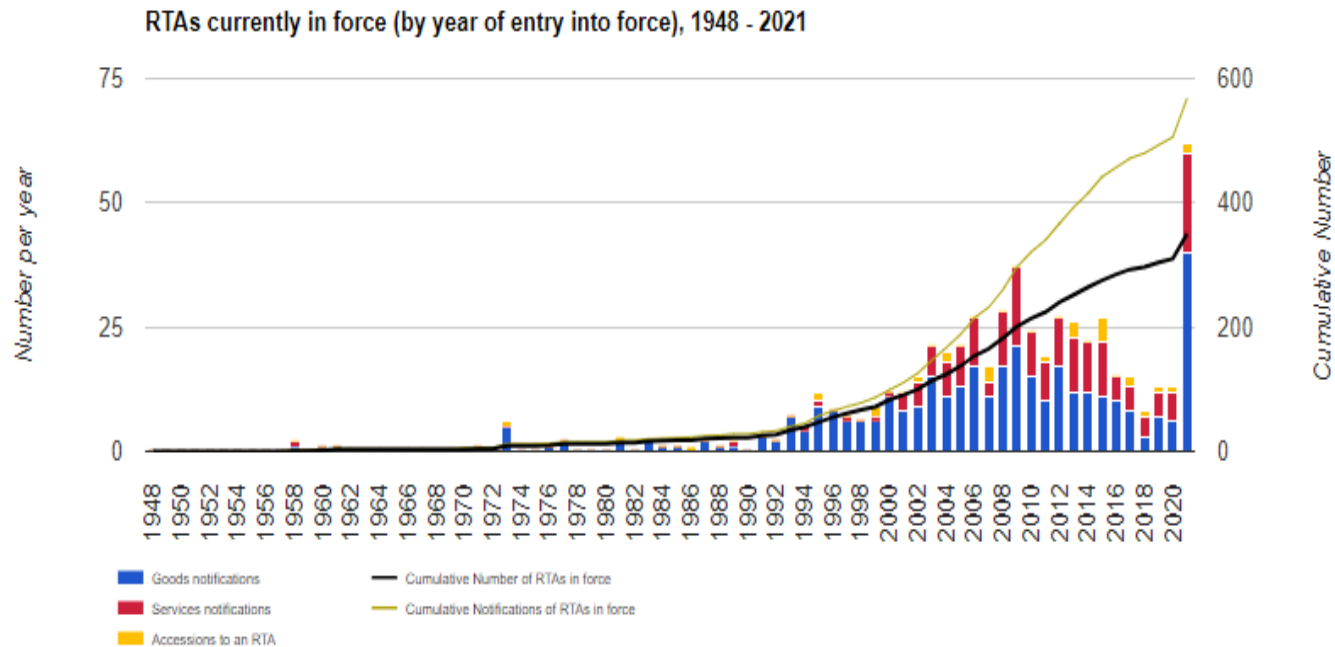
ARTICLE 8.1

Scope

1. The Parties, affirming their respective commitments under the WTO Agreement and their commitment to create a better climate for the development of trade and investment between the Parties, hereby lay down the necessary arrangements for the progressive and reciprocal liberalisation of trade in services and investment and for cooperation on electronic commerce.

2. For the purposes of this Chapter, the Parties affirm their right to adopt within their territories regulatory measures necessary to achieve legitimate policy objectives, such as the protection of public health, safety, the environment or public morals, social or consumer protection or the promotion and protection of cultural diversity

Many high-standard and mega—regional free trade agreements have emerged, and many rules under the WTO multilateral framework have been further extended and the standards have been improved.



In many high-standard and mega—regional free trade agreements, we have reached certain consensus on **customs tariffs, domestic regulatory framework, paperless trade, electronic signature, electronic certification** and so on, which has become an indispensable rule for e-commerce.

“To promote the healthy development of global cross-border e-commerce, **on the one hand**, we need to eliminate the digital gap between countries, remove the traditional barriers to cross-border trade and create a good business environment; **on the other hand**, improve administrative efficiency, especially play the role of customs as an import and export management authority, implement effective supervision of cross-border e-commerce and carry out more trade facilitation measures to help the development of cross-border e-commerce.”





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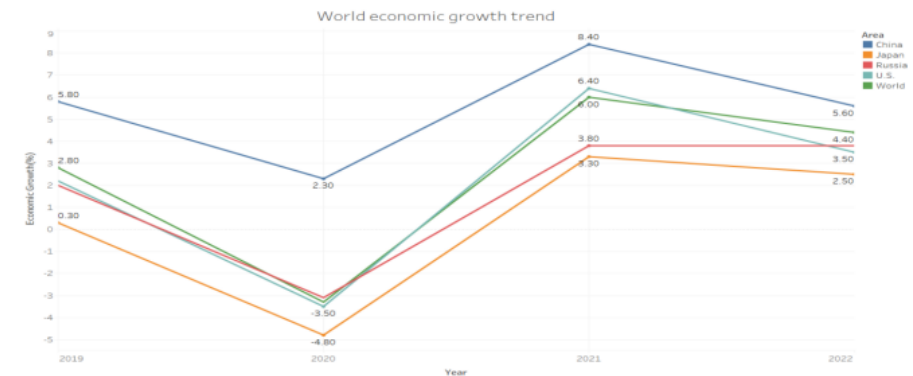
02

**The impact of COVID-19 pandemic  
on the development of cross-border  
e-commerce**

## China's cross-border e-commerce development bucked the trend

Under the impact of COVID-19, the economy was negatively affected. However, China started its recovery in the second quarter. On July 16, 2020, the National Bureau of Statistics released data that GDP increased **3.2%** in the second quarter. Given the sharp contraction of 6.8% in the first quarter, the Chinese economy remained negative in the first half of 2020, down 1.6% year on year; GDP growth in the third quarter accelerated to the rate of **4.9%**, and several indicators turned positive for the first time in the year.

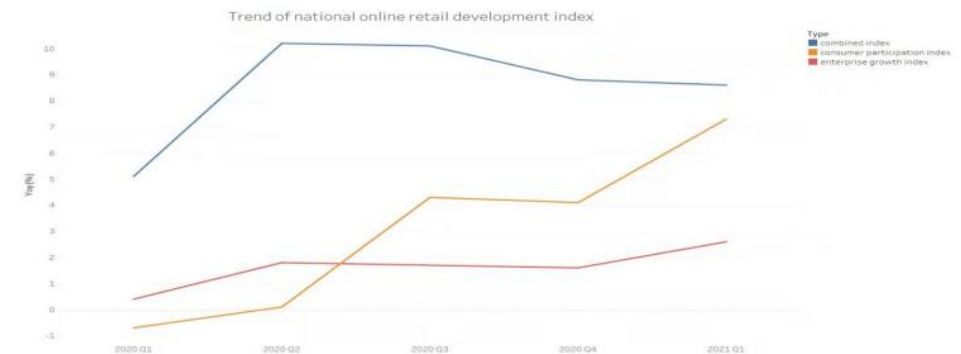
Figure 2 World Economic Growth Trend in 2019-2022



Note: The 2021 and 2022 values are the predicted values

Source: IMF, World Economic Outlook, April 2021.

Figure 3 China Network Retail Development Index from first quarter of 2020 to first quarter of 2021

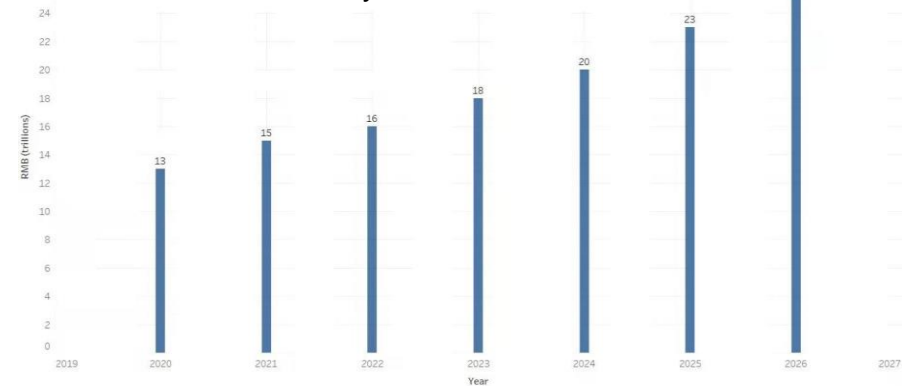


Source: Statistics from China's Ministry of Commerce

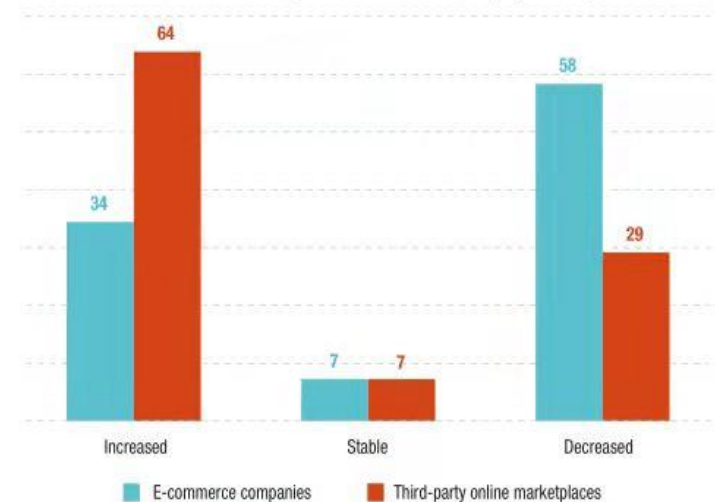
Due to the pandemic, a substantial reduction in international population flow, which has accidentally promoted the development of demand for "house economy".

- According to the report released by the UN Conference on Trade and Development (UNCTAD) on the May 3, 2021, mobility restrictions from COVID-19 led to the sharp growth of e-commerce, and the share of online retail sales in 2020 increased from **16%** to **19%** in 2020.
- According to a report released by the World Trade Organization (WTO), the total global trade in goods fell **5.3%** in 2020, but the global B2C cross-border e-commerce developed rapidly. The total volume of global B2C cross-border e-commerce trade increased instead of decreasing, which is expected to rise from **\$780 billion** in 2019 to **\$4.8 trillion** in 2026, a compound growth rate of as high as **27%**.
- Due to the setback of traditional trade, China's e-commerce flourished during the pandemic period. E-commerce has become the main force supporting China's economic recovery.

Market Scale Forecast of China's cross-border e-commerce industry from 2020-2026



Impact of COVID-19 crisis on monthly e-commerce sales (in per cent)



**Under the context of COVID-19, opportunities and challenges for cross-border e-commerce development coexist.**

**Logistics**



**Finance vs  
Electronic delivery**

**E-commerce platform**

Table 4 Opportunities and challenges faced by cross-border e-commerce and all links under the COVID-19 pandemic<sup>12</sup>

		Advantages	Disadvantages
Cross-border e-commerce The overall picture	An Overview	The traditional international trade mode has been seriously impacted. Cross-border e-commerce has become a new way of trade for many countries, especially emerging countries.	The excessive growth of cross-border e-commerce makes it difficult for the hardware facilities and regulatory models in many countries to meet the demand, and the pandemic has made the security and stability of cross-border e-commerce threatened.
	For example	On April 7, 2020, the State Council decided to set up 46 comprehensive pilot zones for cross-border e-commerce in China to build a new development pattern.	The person in charge of sports outdoor brand Philales said that due to the pandemic, about 100,000 orders were exported to the Middle East and the backlog of inventory occurred.
Logistics	An Overview	The lack of international supply chain control capacity forces the growth of new cross-border logistics models such as overseas warehouses and bonded warehouses to solve the pain points of traditional logistics.	During the pandemic period, cross-border flights and trains in most countries decreased sharply, overseas logistics costs soared, and entry and exit controls were strictly controlled.
	For example	Overseas warehouses and bonded warehouses have solved the problem of stocking and return and exchange, improved the logistics time, and become a new round of investment hotspot.	With the further spread of the pandemic and international air transport continues to reduce, China Post has decided to stop receiving all usual packages of mail on e-commerce platforms from zero on March 26, 2020, eBay said.
E-commerce platform	An Overview	The economic instability caused by the pandemic has made cross-border	Under the pandemic situation, the demand of cross-border e-commerce platforms for

		e-commerce platforms with multilateral market attributes for international trade, and the open global e-commerce platforms have grown rapidly during the pandemic period.	e-commerce platforms is increasing day by day. Many e-commerce platforms already function and are difficult to meet customer needs, and the platform experience is not high.
	For example	Data show that in the first quarter of 2020 alone, the purchasing power of 40.3% increased, and the frequency of cross-border e-commerce platforms accounted for 65.3%. The overall trend of user purchasing power and purchasing frequency increased rather than falling.	The low degree of co-synchronization of cross-border export logistics and information flow leads to a vicious circle of evaluation of logistics enterprises. Timely and negative evaluation feedback to the payment platform, which affects the capital return of cross-border export enterprises through established payment rules and payment mechanism.
Finance vs Electronic delivery	An Overview	During the pandemic period, many countries have adopted convenient payment measures to reduce or cancel the transaction cost of digital payment and mobile remittance, and digital tools have been widely used.	During the pandemic period, the fluctuations in the foreign exchange market have made cross-border e-commerce face cross-border settlement and the risk of canceling orders. The downward pressure on the economy has also made it difficult for cross-border e-commerce financing.
	For example	Kenya raised its daily trading limit and suspended the cost of capital transfers between mobile services and banks. Egypt has raised contactless payments limits and reduced the cost of mobile cash transfers.	In March 2020, the global stock market plunged and circuit breakers occurred frequently. The pandemic led to a weak demand for oil and plunged crude oil futures, which further intensified the systemic risks of the financial system and eventually affected the real economy.

# WCO's contribution to cross-border e-commerce

WORLD CUSTOMS ORGANIZATION  
ORGANISATION MONDIALE DES DOUANES



- **formulate cross-border e-commerce standards and promoted its implementation**



- **actively promoted regional training**

The World Customs Organization ( WCO ) has made great contributions to promoting the development of cross-border e-commerce and economic recovery.

In December 2020, the WCO adopted key documents of the e-commerce package and provided a set of tools on its official website to support the implementation of the WCO Framework of Standards on Cross-Border E-commerce.

WCO has also actively carried out online training in the Middle East and North Africa, Asia Pacific, Americas and the Caribbean to provide reference for customs of various countries to promote the development of e-commerce.



An aerial view of a city from an airplane window, showing a grid of streets and buildings. The image is partially obscured by a dark blue diagonal band and a light blue horizontal band. The number '03' is overlaid on the light blue band.

03

## **Current situation and characteristics of cross-border e-commerce development in China**

**First, from the perspective of channels, cross-border e-commerce has gradually developed a variety of new channels such as independent websites, social networking websites and search engine marketing by relying mainly on third-party platforms.**





Second, from the perspective of the main body, it has changed from the early individual and trade-oriented enterprises to the integrated development of trade-oriented enterprises and production-oriented enterprises. Many production-oriented enterprises have changed from offline to online, and the digital level has been significantly improved.

Table 7 Top B2C E-commerce Companies in GMV 2020

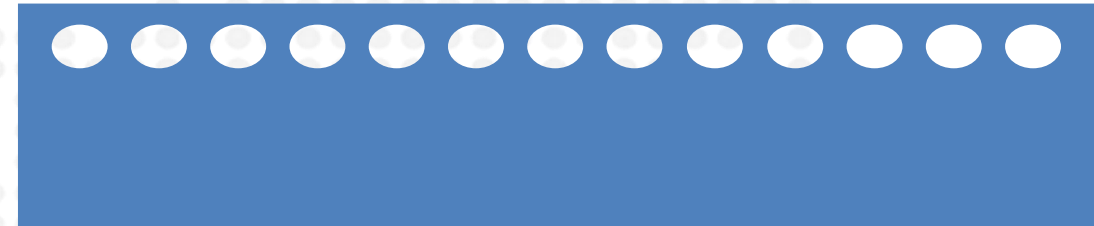
Sort by GMV		Unit No	The Head quarters	Industry	GMV (One billion dollars)		2020	GMV change (%)	
2020	2019				2018	2019		2018-19	2019-20
1	1	Alibaba	China	E-commerce	\$866	\$954	1,145	10.2	20.1
2	2	Amazon	USA	E-commerce	\$344	\$417	\$575	21.0	38.0
3	3	Jingdong	China	E-commerce	\$253	\$302	\$379	19.1	25.4
4	4	Many products	China	E-commerce	\$71	\$146	\$242	104.4	65.9
5	9	Shopping for	Canada	Internet Media and Services	\$41	\$61	\$120	48.7	95.6
6	7	eBay Net	USA	E-commerce	\$90	\$86	\$100	-4.8	17.0
7	10	Meituan	China	E-commerce	\$43	\$57	\$71	33.0	24.6
8	12	Walmart	USA	Consumer goods retail	\$25	\$37	\$64	47.0	72.4
9	8	Uber	USA	Internet Media and Services	\$50	\$65	\$58	30.5	-10.9
10	13	Lotte	Japan	E-commerce	\$30	\$34	\$42	13.6	24.2
11	5	Expedia	USA	Internet Media and Services	\$100	\$108	\$37	8.2	-65.9
12	6	Book Up Holdings	USA	Internet Media and Services	\$93	\$96	\$35	4.0	-63.3
13	11	Airbnb	USA	Internet Media and Services	\$29	\$38	\$24	29.3	-37.1
		<b>The above companies</b>			<b>\$2,035</b>	<b>\$2,399</b>	<b>\$2,890</b>	<b>17.9</b>	<b>20.5</b>

Note: Total GMV= merchandise value (and booking value).

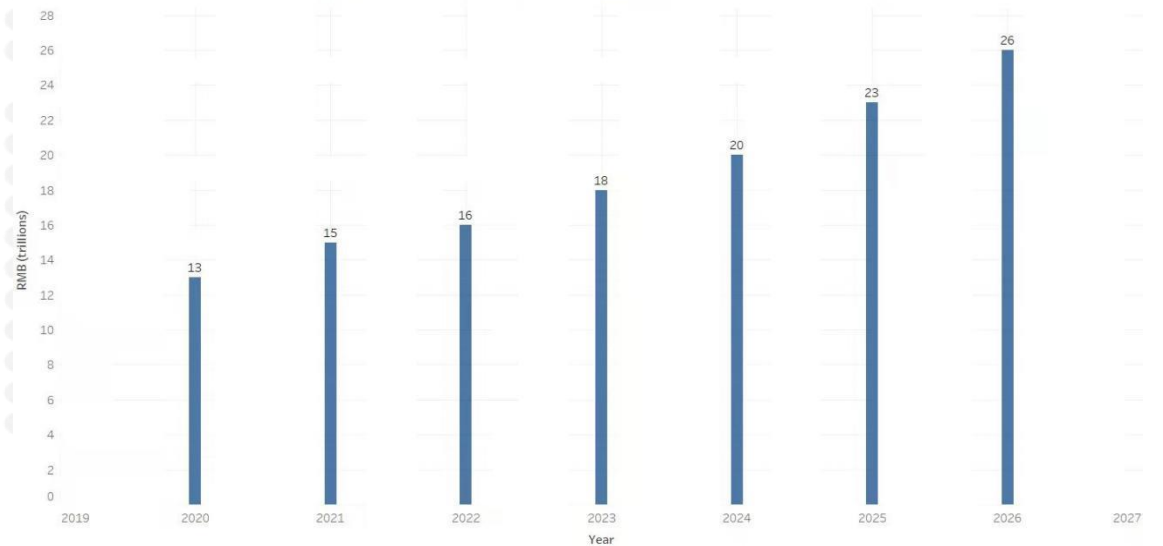
Source: UNCTAD report according to the company.

Third, from the perspective of products, we have gradually changed from simply focusing on cost performance to focusing on brand, quality, standards and services, and customized and personalized commodities have increased rapidly.

Cross-border e-commerce has released great development potential. Through the regional expansion effect and enterprise number increase effect of cross-border e-commerce, it has made up for the adverse impact of the Pandemic on the traditional trade model, become a new driving force to promote the growth of China's foreign trade, and is conducive to the stable development of China's foreign trade.



Market scale forecast of China's cross-border e-commerce industry



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04

## **Innovative practice and experience of China Customs**

China customs actively take measures to continuously enhance the level of cross-border trade facilitation and expand the smooth passage of cross-border e-commerce logistics,

which include:



① promoting the integration of cross-border e-commerce and traditional trade to prepare for overall management;



② do a good job in the top-level design to solve the pain points of all links of cross-border e-commerce under the pandemic situation;



③ improve the overall level of cross-border trade facilitation and create a good business environment for the development of cross-border e-commerce;



④ promote the construction of free trade pilot zone and innovate the development mode of cross-border e-commerce.

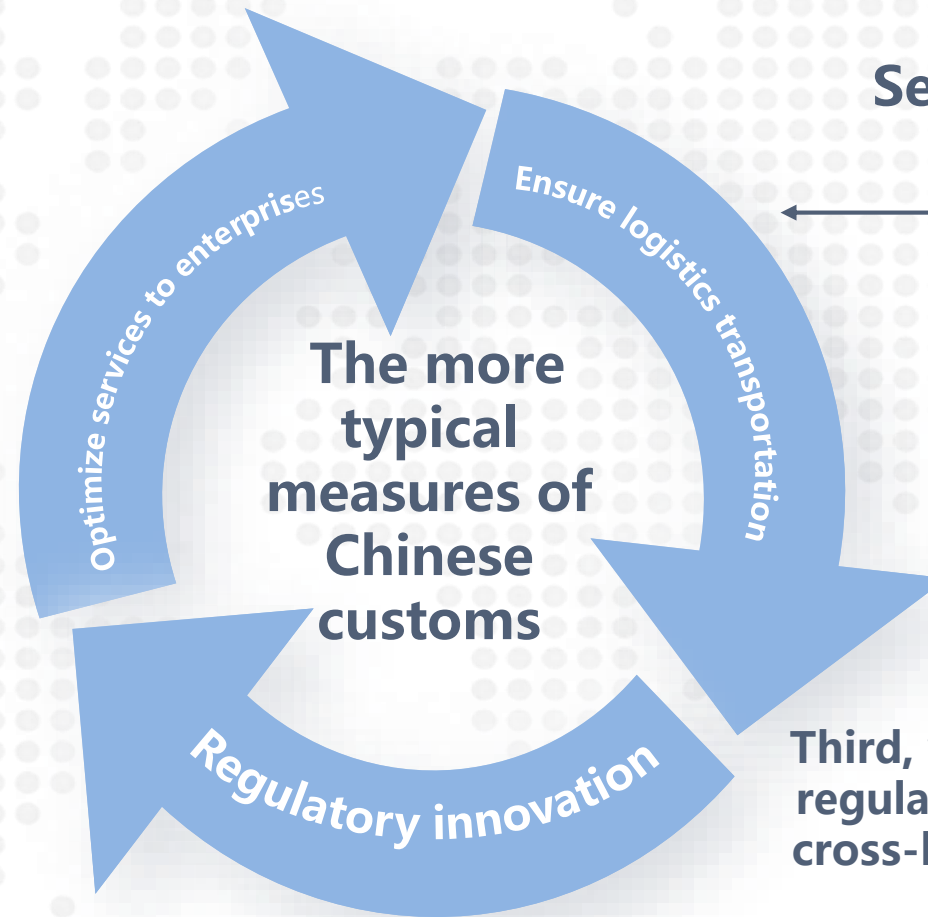
## Promotes the integration of cross-border e-commerce with traditional trade to prepare for overall management.

In the face of many problems and challenges in the field of cross-border e-commerce, it is necessary to have customs as the core role of cross-border e-commerce management, and communicate, coordinate and cooperate with governments, departments, cross-border e-commerce enterprises and stakeholders.

The COVID-19 pandemic has caused the unexpected growth of cross-border e-commerce. How to adjust the regulatory strategy in a timely manner and coordinate cross-border e-commerce and traditional trade supervision is a crucial issue. Chinese customs maintained advanced awareness and prepared for many of the expected issues early.

# Do a good job in top-level design to solve the bottlenecks of all links of cross-border e-commerce under the pandemic.

First, we will introduce supervision measures for export returns to solve the problem of goods replacement.



Second, we will ensure smooth logistics.

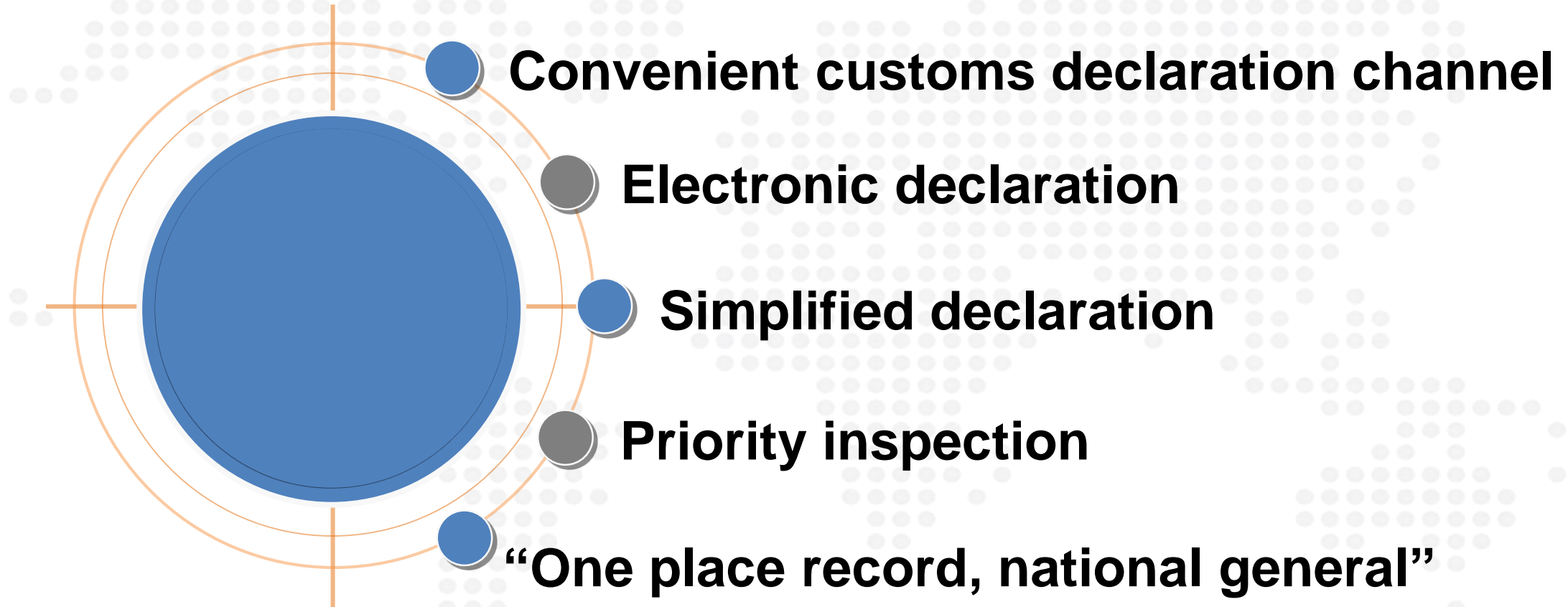
Third, we will promote cross-border regulatory innovation measures for cross-border e-commerce from B2C to the B2B field.



*This marks the official replication and promotion of the cross-border e-commerce B2B export supervision pilot to the national customs since the 10 pilot Customs announced in Announcement No. 75 of the General Administration of Customs in 2020 and the 12 pilot customs added in Announcement No. 92 of the General Administration of Customs in 2020.*

**General Administration of Customs Announcement No. 47 of 2021  
(announcement on replicating and promoting the pilot of cross-border e-commerce B2B export supervision in the national customs)  
Announcement [2021] No. 47**

# Customs provides clearance facilitation





# Announcement No. 70 of 2021 of the General Administration of Customs (announcement on comprehensively promoting the central warehouse mode of cross-border e-commerce retail import returns)

Announcement [2021] No. 70



The screenshot displays the official website of the General Administration of Customs of the P.R. China. The header features the organization's logo and name in both Chinese and English. A search bar is located on the right side of the header. Below the header, a navigation menu includes links for Home, General Overview, News Release, Government Openness, Internet+Customs, Interactive Exchange, and Special Columns. The main content area shows the breadcrumb path: Home > Government Openness > Customs Regulations. A metadata box provides details about the announcement, including its type, number, date, and effectiveness. The title of the announcement is prominently displayed, followed by its subtitle and reference number. The introductory text of the announcement is partially visible at the bottom of the page.

中华人民共和国海关总署  
GENERAL ADMINISTRATION OF CUSTOMS, P. R. CHINA

请输入搜索关键字

热词: 减免税 海关管理 货运监管 行政监管

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您的位置: 首页 > 政务公开 > 海关法规

【法规类型】 海关规范性文件  
【文号】 公告〔2021〕70号  
【发布日期】 2021-09-10  
【效力】 有效  
【效力说明】

【内容类别】 其他  
【发文机关】 海关总署  
【生效日期】 2021-09-10

## 海关总署公告2021年第70号（关于全面推广跨境电子商务零售进口退货中心仓模 式的公告）

公告〔2021〕70号

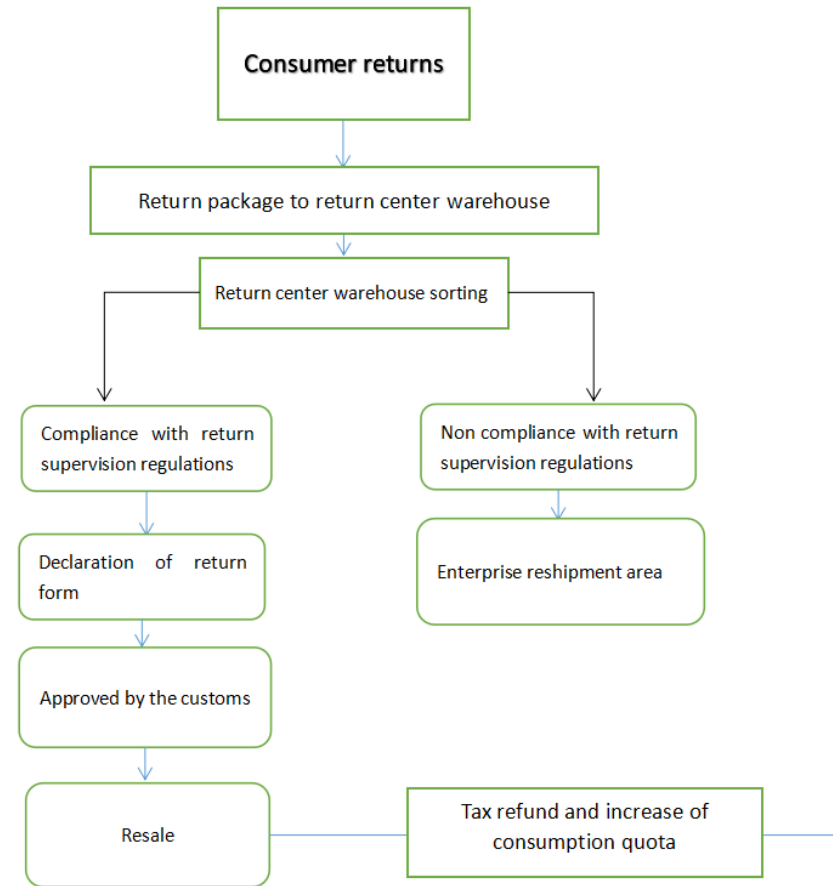
为落实《国务院关于做好自由贸易试验区第六批改革试点经验复制推广工作的通知》（国函〔2020〕96号）要求，便捷跨境电子商务零售进

## What is the cross-border e-commerce retail import return center warehouse model?



- The return center warehouse mode means that under the cross-border e-commerce retail import mode, the domestic agent of the cross-border e-commerce enterprise or the warehousing enterprise within the customs special supervision area entrusted by it (hereinafter referred to as the return Center Warehouse Enterprise) can set up a special storage place for the return of cross-border e-commerce retail imported goods in the customs special supervision area to receive, store and store the returned goods The customs supervision system in which sorting and other processes are carried out in the original customs special supervision area.

By summarizing the pilot situation of cross-border e-commerce retail import return central warehouse mode, the pilot enterprises said that the return central warehouse mode has realized the intensification of operating costs, reduced the burden of capital and human costs, and is conducive to standardizing the supervision of cross-border e-commerce retail import returns.



# Improve the overall level of cross-border trade facilitation and create a sound business environment for the development of cross-border e-commerce.

We have made every effort to ensure orderly customs clearance of cross-border e-commerce peaks such as "Double 11".

We will improve cross-border e-commerce statistics.



We will further streamline regulatory documents for import and export links. In 2020, the GACC, together with relevant departments, further combed and analyzed the import and export supervision documents.


We will further improve the informatization and intelligence of port customs clearance.





## Promotes the construction of pilot free trade zones and innovates the development model of cross-border e-commerce.

The development of cross-border e-commerce in China has experienced a process from exploration to improvement, especially with functional areas as the carrier to promote its rapid development. Carry out comprehensive system and preferential policies with cities as regional units; identify **87** pilot scope of cross-border e-commerce retail import, carry out retail import system innovation; explore the implementation of "cross-border e-commerce + bonded business" relying on special customs supervision areas. At present, cross-border e-commerce has formed a variety of types, modes and business characteristics.





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**Thanks!**

