

# ENABLING ECOMMERCE TRADE IN A DIGITAL WORLD

ADAPTING TO THE NEW REALITIES OF CROSS-BORDER  
ECOMMERCE BASED ON TRUST AND COLLABORATION

Dubai, June 2021

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# Growing cross-border e-commerce magnifies challenges in international trade

## 1 Ensuring tax and customs compliance

Growing popularity of online purchases makes enforcement of tax and customs compliance a daunting task with current processes

## 2 Maintaining administrative efficiency

For customs and tax authorities, yet also for merchants and logistics providers, rapidly growing volumes make it hard to manage 'paper trail' with personnel resources

## 3 Managing cross-border returns

Returns remain a major financial burden for e-commerce companies, partly due to complicated and paper-intensive duty/VAT refund procedures.

## 4 Keeping the competitive playing field level

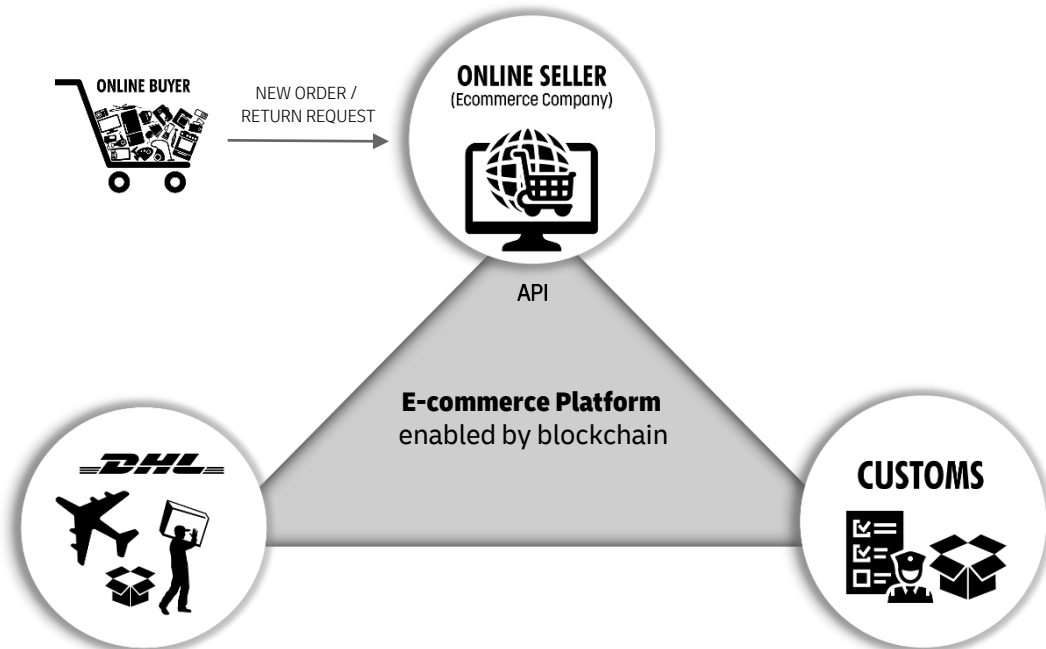
Just as systematic under-declaration and tax avoidance by rogue players hurts domestic merchants, excessive enforcement overheads put a toll on competitiveness

## 5 Enabling end-to-end transparency for all

Only an integrated clearance process can holistically ensure transparency for all parties involved – merchants, consumers, carriers, and authorities



# A trust based ecosystem connecting key players of cross-border e-commerce



Solution was developed in collaboration between Dubai Customs and DHL in fall 2019 and is since in operation for seamless cross-border ecommerce exports and returns with merchants, which have been individually screened and approved for participation in the scheme

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## Why it matters

### E-commerce drives economic development

- Simplification of trade and ability to “adapt” enabled by digitalization is key to support economic growth, especially in current pandemic situation

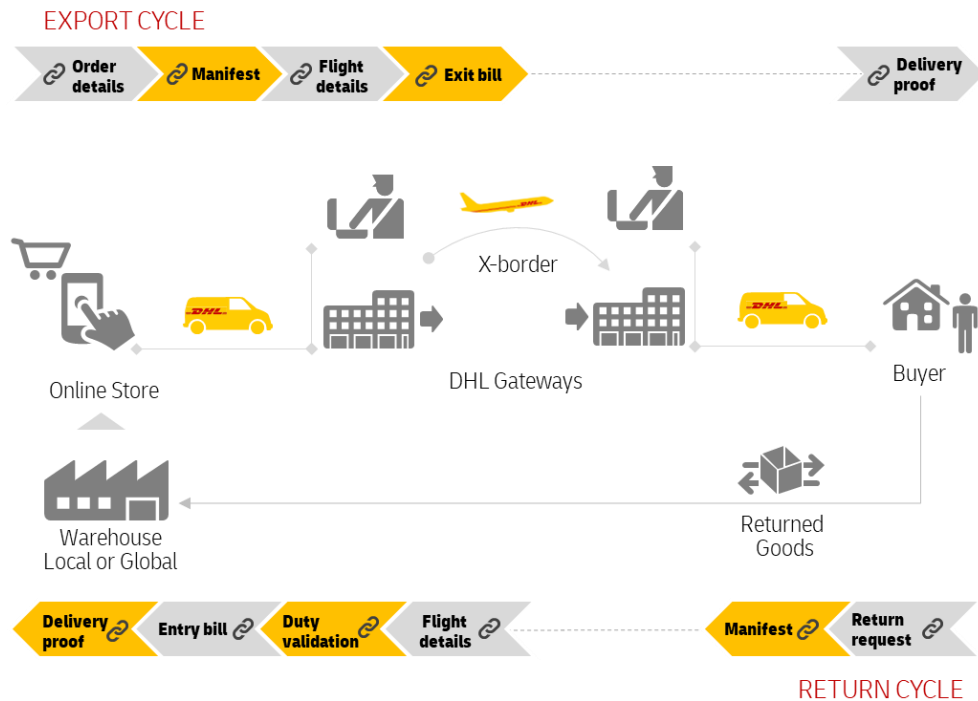
### Collaboration and transparency accelerates efficiency

- Enables Customs and its private sector clients to increase process speed and efficiency while providing 100% visibility and traceability to all stakeholders

### An immutable single source of truth

- Consistent data set is fundamental to a trusted ecosystem, enabling transparency, data privacy and compliance for all parties.

# An innovative approach to adapting to the new realities of e-commerce



## What it is

### A “living” digital twin of every transaction

- As goods travel from source to destination, their digital records are updated accordingly with airwaybills, tax and duty information etc. “direct from source”.

### Autonomous customs clearance & returns validation

- Business logic, rules and validations are enforced using smart contract, and form the basis for autonomous customs clearance submissions and approvals for exports and returns.

### Risk management and effective controls

- Digital twins “mirroring” movement of physical merchandise help combat potential fraud while facilitating legal trade

# Adapting AEO to cross-border e-commerce enabled by digitalization promotes frictionless trade with benefits for all stakeholders

	E-Commerce Merchants	Tax/Customs authorities	Logistics providers	Shopping Consumers	General public
<b>Transparency</b>	Full transparency at order/item level is the basis for <b>compliant, efficient and fair treatment of all</b> e-commerce consignments crossing international borders – <b>Systematically under-declaring item values becomes prohibitively complex</b> for merchants, thus making it unattractive enough already – <b>without need to access consumers' payment records</b> as the ultimate measure				
<b>Compliance</b>	Legitimate merchants have a strong interest to be compliant	Tax and customs authorities get their job done well	Logistics providers no longer caught in the middle of disputes	Most consumers prefer not being complicit in fraud	Accurate tax and duty collection supports public sector finances
<b>Efficiency</b>	An integrated process increases merchants' operational efficiency	Authorities manage growing volumes w/ existing resources	Less/ no need for manual corrections or dispute resolution	Efficient tax/duty declarations may help to reduce prices	Administrative efficiency is in the public's best interest
<b>Fairness</b>	Legitimate merchants benefit from strict enforcement	Authorities able to restore fairness in online retail	A level playing field for all players helps the industry overall	Fair treatment of all merchants preserves consumers' choices	Fair treatment of e-commerce supports domestic jobs

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THANK YOU

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