



Digitally Enabled Trade – Goods Movement in a Digitalized World

Without doubt, global trade is becoming increasingly *digitalized*. Buyers, sellers, and intermediaries now rely on technologies that enable commerce at a speed, scale, and efficiency unimaginable just a few decades ago. The TTC presents an excellent opportunity to align and enhance digitally- enabled customs processes and rules in order to streamline and facilitate transatlantic trade.

Cross-border digital enablement will result in matching the physical goods world with the 21st-century digital advancements in logistics processes. MSMEs will be the biggest beneficiaries as this will provide significantly increased simplification and ease as made possible by e-commerce.

Put differently, specifically applying the digital technologies already used widely by traders and their intermediaries to customs procedures will supercharge e-commerce while ensuring transparency and enabling governments to collect corresponding duties and taxes.



Cross Border Data Flows

Express carriers are not the originators of information about shipments – they **merely act as a data conduit to enable package movement** – and limitations exist on the quality and quantity of information that can be obtained from the originating customers. Enabling seamless cross-border data flows is critical to the operation of private carriers who move shipments across borders – express delivery companies transmit electronic data elements in advance of a shipment’s arrival to enable Customs to perform risk assessment. Cross-border track and trace systems employed by express delivery carriers allow transparency into package flow to enable consignees and customs authorities alike to pinpoint a shipment’s progress.

Express carriers are subject to national data protection and commercial information confidentiality rules, in full **compliance with the GDPR or Safe Harbor** regulations of the communities in which they operate. Express delivery companies provide Customs administrations with available, relevant information on shippers and consignees that may be legally disclosed from shipments identified as containing offending goods, as well as close accounts of customers publicly identified by Customs as repeat offenders.

- The TTC digital pillar provides an opportunity for cross-border and **transatlantic data collaboration projects**. Leveraging free flow of data principles, the parties should examine what incongruencies exist regarding data submissions for goods trade and include provisions that allow business to be able to move data securely across borders without **instituting expensive processes or physical infrastructure as a condition of doing business**.

- The EU and the U.S. are engaged in the process of evolving regulatory regimes for providing advanced air cargo supply chain information for risk assessment. Given the current harmonization of ACAS in the U.S. and ICS1 in the EU, a 7+1 WCO Framework of Standards data set should be maintained. **This data set should not diverge further** as this will lead to more bureaucracy and risks of disruption. Codification of messages and response protocols should be aligned to ensure security and efficiency of global goods movement.



Paperless Trade

For every shipment, express delivery carriers collect what are known as the “7+1” data elements: the shipper’s name and address; the consignee’s name and address; the description, weight, and piece count of the shipment; and the shipment’s tracking number. These represent the most essential information required to clear a good through customs, **and no new data elements should be demanded of express carriers.**

This data collection and analysis, however, is only significant if the cross-border movement of goods is **completely digitalized and paperless**, which also ensures the rapid processing of these shipments. Countries must embrace the digital transition in order to help ensure consumer safety, security and to maximize government duty and tax revenue collection on imports.

Practices for Paperless:

- Electronic documents: Countries should ensure regulations exist to accept documents submitted electronically as the **legal equivalent** of the paper version of the document.
- Countries should accept **electronic copies of certificates**. If feasible, in a single window environment.
- **Digital signatures** on trade import/export documents should be **treated equally as a wet ink signature**.
- Develop a **mutually recognized template for commercial invoices** which will help set the standard globally
- Separate **physical release of goods from duty and tax collection** in all EU member countries (systems-based controls).



Digital Commerce Taxation

In order to provide customers with time-definite delivery, express carriers rely on data-driven mechanisms to speed the customs clearance process.

To further facilitate the SME trade, express delivery carriers advocate for simplification processes below certain value thresholds. The global express delivery industry has a full proposal on maximizing digital processes to **simplify the calculation, collection and government remittance of duties and taxes on low-value shipments**. Untimely reducing un-necessary documentation and processes that otherwise add time and cost to a shipment’s journey. The simplified collection and submission of requisite duties and Value-Added-Tax (VAT) is easily feasible in the new global digital environment.

With the ease of ordering goods online comes the expectation of ease of return. Governments should implement **electronic drawback and refund systems** based on consistent data requirements and efficient reconciliation between the imported and the returned shipment (if duties and taxes have already been paid). This ultimately contributes to trust among the consumer base to pursue more online purchases because of the safety net of possible returns.