PILOT STUDY ON CROSS BORDER E-COMMERCE TRADE STATISTICS OF CHINA

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REGIONAL WORKSHOP “INTERNATIONAL TRADE STATISTICS: EDGE OF TOMORROW”
2019-11-15, NUR-SULTAN, REPUBLIC OF KAZAKHSTAN
Inclusive and Prudent Supervision

Business
- More choices and logistical convenience for consumers
- More market potentials
- Perhaps lower costs and cheaper prices
- More jobs created

Customs
- More small parcels to handle
- Low or unclear value leading to evasion of duties/VAT
- Inadequate info declared for risk analysis
- There’s even more for Customs trade statistics
1.34. *Goods in electronic commerce.* The term “goods in electronic commerce” refers to goods that physically move across country borders as the result of transactions executed entirely, or to a significant extent, by electronic means (e.g., goods ordered and paid for via the Internet). Such goods are in the scope of IMTS 2010 for both exports and imports. It is recognized that data collection under this item may be challenging (for example, when goods are shipped through parcel or letter post or courier service; see para. 1.25 above for details and recommendations); however, **countries are encouraged** to develop over time the necessary data-collection and/or estimation procedures.

It’s really challenging: criteria for inclusion/exclusion, sources, necessary data items…….
For the purpose of this Framework of Standards, cross-border E-Commerce is characterized as follows:

- Online ordering, sale, communication and, if applicable, payment,
- Cross-border transactions/shipments,
- Physical (tangible) goods, and
- Destined to consumer/buyer (commercial and non-commercial).

This Framework sets standards mainly for B2C and C2C transactions. However, Members are encouraged to apply the same principles and standards to Business-to-Business (B2B) transactions.
VII. Measurement and Analysis

13. Introduction

An accurate measurement of cross-border E-Commerce is the key for well-considered policy and business decisions. In addition, this could be useful for better risk management by identifying trend, patterns and emerging dynamics.

14. Standards


*Customs administrations should work with relevant government agencies in close cooperation with E-Commerce stakeholders to accurately capture, measure, analyse and publish cross-border E-Commerce statistics in accordance with international statistical standards and national policy, for informed decision making.*
Outline

1  Identification of CBEC from Customs Records

2  Going beyond the Customs Records: Survey

3  Preliminary Findings

4  Challenges and Potentials
CBEC Clearance System launched
Specific Customs Regime Code since 2014

- B2C import 9610
- B2C export 9610
- B2B2C import 1210/1239
- B2B2C export 1210

Customs Regime Code “9610”
By Customs Announcement (no.2014-12)

Customs Regime Code “1210”
By Customs Announcement (no.2014-57)

Customs Regime Code “1239”
By Customs Announcement (no.2016-75)
Customs Border

9610 B2C

1210 B2C

1210 B2B

1239 B2B

1210 B2C

1239 B2C

Legend:
- Border
- Bonded Warehouses/zones
- Trade Statistics (General Trade System)
- Separate Statistics
### Comparison of the Percentage change between CBEC and Total Trade

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CBEC%</th>
<th>Total Trade%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>-</td>
<td>2.3</td>
</tr>
<tr>
<td>2015</td>
<td>+818.0</td>
<td>-7.0</td>
</tr>
<tr>
<td>2016</td>
<td>+38.7</td>
<td>-0.9</td>
</tr>
<tr>
<td>2017</td>
<td>+80.6</td>
<td>+14.3</td>
</tr>
<tr>
<td>2018</td>
<td>+49.3</td>
<td>+9.7</td>
</tr>
</tbody>
</table>
Trend of the Share of CBEC in Total Trade(%)
Has every flow of CBEC goods been identified?
Vendor in E-commerce platform selling the goods shipped from abroad
### North America

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$32,169</td>
<td>$30,163</td>
<td>$62,894</td>
<td>$74,465</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>30,234</td>
<td>27,004</td>
<td>50,510</td>
<td>70,614</td>
</tr>
<tr>
<td>Operating income</td>
<td>$ 1,935</td>
<td>$ 3,164</td>
<td>$ 2,384</td>
<td>$ 3,851</td>
</tr>
</tbody>
</table>

### International

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$14,612</td>
<td>$16,370</td>
<td>$20,087</td>
<td>$32,583</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>15,186</td>
<td>16,973</td>
<td>30,663</td>
<td>32,293</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(439)</td>
<td>(692)</td>
<td>(11,561)</td>
<td>(11,060)</td>
</tr>
</tbody>
</table>

### AWS

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$8,185</td>
<td>$8,380</td>
<td>$11,547</td>
<td>$16,976</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>4,463</td>
<td>6,260</td>
<td>8,504</td>
<td>11,733</td>
</tr>
<tr>
<td>Operating income</td>
<td>$ 3,722</td>
<td>$ 2,121</td>
<td>$ 3,043</td>
<td>$ 4,343</td>
</tr>
</tbody>
</table>

### Consolidated

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>$52,886</td>
<td>$63,404</td>
<td>$183,926</td>
<td>$213,164</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>49,863</td>
<td>60,320</td>
<td>109,017</td>
<td>115,080</td>
</tr>
<tr>
<td>Operating income</td>
<td>2,933</td>
<td>3,084</td>
<td>3,911</td>
<td>7,084</td>
</tr>
<tr>
<td>Total non-operating income (expense)</td>
<td>(579)</td>
<td>(193)</td>
<td>(391)</td>
<td>(213)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>(74)</td>
<td>(257)</td>
<td>(361)</td>
<td>(1,094)</td>
</tr>
<tr>
<td>Equity-method investment activity, net of tax</td>
<td>3</td>
<td>7</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Net income</td>
<td>$ 2,534</td>
<td>$ 2,625</td>
<td>$ 4,163</td>
<td>$ 6,386</td>
</tr>
</tbody>
</table>

Net sales by groups of similar products and services, which also have similar economic characteristics, is as follows (in millions):

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended June 30</th>
<th>Six Months Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online stores (1)</td>
<td>$ 27,165</td>
<td>$ 31,935</td>
</tr>
<tr>
<td>Physical stores (2)</td>
<td>4,312</td>
<td>4,330</td>
</tr>
<tr>
<td>Third-party seller services (3)</td>
<td>9,792</td>
<td>11,962</td>
</tr>
<tr>
<td>Subscription services (4)</td>
<td>3,409</td>
<td>4,476</td>
</tr>
<tr>
<td>AWS</td>
<td>6,135</td>
<td>8,381</td>
</tr>
<tr>
<td>Other (5)</td>
<td>2,194</td>
<td>3,902</td>
</tr>
<tr>
<td>Consolidated</td>
<td>$ 52,886</td>
<td>$ 63,404</td>
</tr>
</tbody>
</table>

(1) Includes product sales and digital media content where we record revenue gross. We leverage our retail infrastructure to offer a wide selection of consumable and durable goods that includes media products available in both a physical and digital format, such as books, music, videos, games, and software. These product sales include digital products sold on a transactional basis. Digital product subscriptions that provide unlimited viewing or usage rights are included in Subscription services.

(2) Includes product sales where our customers physically select items in a store. Sales from customers who order goods online for delivery or pickup at our physical stores are included in “Online stores.”

(3) Includes commissions and any related fulfillment and shipping fees, and other third-party seller services.

(4) Includes annual and monthly fees associated with Amazon Prime memberships, as well as audiobook, digital video, e-book, digital music, and other non-AWS subscription services.

(5) Primarily includes sales of advertising services, as well as sales related to our other service offerings.
On-line order + Cross-border movement + Physical products = Criteria of CBEC
2017
• Pilot survey introduced annually
• 42 e-platforms responded

2018
• Pilot survey continued annually
• 48 e-platforms responded
• Incorporate information of interviews and other open sources

2019
• Pilot survey continued biannually
• Stakeholders like logistics providers and vendors involved in addition to platforms
Data collected For Estimation

- Platforms self-operated
- Platforms Third-party

Data collected For Cross-Check

- E commerce Service providers
- Vendors
Survey results

- Financial reports of overseas platforms
- Supportive information from business interviews
- Postal and express delivery information
- Customs records from CBEC clearance systems
Customs Clearance systems

- For postal parcels
- For express deliveries
- For CBEC goods
- For ordinary goods
CBEC parcels from postal/express channels as personnel effects in terms of customs control
Imports

Exports
Questions & Challenges

1. No unified definition
2. Integrated data
3. The absence of postal data
4. Data quality
5. Asymmetry of logistics information
6. The survey plan needs to be tested
Thank you for your attention!

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