

## Advance Data Capture

### **A development in the mail and parcel industry that is heavily impacting cross border e-Commerce.**

This article starts with a highly significant and already ancient quote from the president of the US, stating *“My Administration’s Initiative to Stop Opioids Abuse and Reduce Drug Supply and Demand, launched in March of this year, requires accurate advance electronic customs data for 90 percent of all international mail shipments that contain goods and consignment shipments within 3 years, so that the Department of Homeland Security can better detect and flag high-risk shipments”*.

The initiative mentioned by the US president which is in the industry falling under the heading of Advance Data Capture is becoming the pre-requisite for the exchange of mail shipments that are containing goods:

- The US are as of July 2019 refusing items without electronic data
- China already is giving priority to items for which electronic customs data is available
- Advance Data Capture will be a key customs requirement for import into the EU as a result of the 2021 VAT changes and the implementation of the so called Mini One Stop Shop system
- The introduction of Advance Data Capture for import from and export to the EU is part of HMRC’s Brexit strategy
- The October 2019 change in the Goods and Tax regulation of New Zealand are requiring Advance Data Capture in a way that is comparable with the EU approach
- Many other countries are working on the development and implementation of measures that are resembling the EU VAT and Mini One Stop Shop (MOSS) initiative

The obligation for Advance Data Capture for all cross border items containing goods is also fitting the trend in which the postal customs regulatory framework for parcels and small packets will be aligned to the cargo & freight framework.

Major consequences of this trend and alignment are:

1. The absolute need to improve the quality and completeness of the (product) information that is part of data that is electronically made available for custom clearance purposes. The mentioning and documentation of a standard product description and correct HS code is an absolute need
2. The offering of Delivered Duty Paid concepts. The retailer/online marketplace is in the MOSS concept responsible for the collection of taxes (and duties) and the transfer of those amounts to the country of destination. This makes a DDP solutions indispensable
3. The creation of fast track and efficient custom clearance lanes in major countries. Not making use of valid electronic data to optimize those custom processes will lead to high administrative costs which will result in a strong reduction of cross border e-commerce volumes. Non-compliant shipments will also incur significant transit delays in customs clearance, possible penalties and seizure. The shipping of low value items will, in the B2C market, as a result of high administrative costs become completely un-attractive
4. The creation of flexible Freight to Post and Post to Freight concepts that create opportunities for new cross border services and service models that are based on an optimal exchange of consignment and product information via new Blok chain technologies

The Advance Data Capture trend has been recognised by SKS & Partners as one of the major changes that will affect the Postal industry.

SKS is based on the experience of our consultants and interim managers with operational, regulatory and IT matters that are related to the mentioned developments very well suited to support posts and other companies in defining and implementing the changes that will be required to stay succesfull in the cross border e-Commerce market.

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