



Cross Border eCommerce

Case Study for
Blockchain Technology

Agenda

01

Dubai Customs Overview

A brief about Dubai Customs Vision and Mission

02

Blockchain Strategy

UAE strategy for Blockchain, Dubai Blockchain Strategy and the objectives behind these strategies.

03

Cross Border eCommerce

Detailed view about the project and how Blockchain technology helped easing eCommerce clearance process.

04

Benefits

High level benefits that blockchain technology brought for eCommerce project.

05

Challenges

Challenges faced by eCommerce Business

Protecting society and sustaining economic development through
Compliance, **Facilitation** and **Innovation**.



97.76%

Auto
Clearance



98%

Happiness Index



2.24%

Manual
Intervention



<4%

WCO Intervention
Recommendation

Blockchain Strategy

استراتيجية الإمارات
للتعامات الرقمية
2021 THE UAE BLOCKCHAIN STRATEGY

The Strategy Is Based On Four Main Pillars

Digital transaction technology (Internet transactions and procedures) is one of the easiest and safest ways to exchange information between multiple parties. Blockchain is the second internet revolution, and the UAE aims to be ready for future changes by having the most advanced infrastructure in the world by 2021.

Secure Method For Data Handling

- Global Leadership
- Advanced legislation
- Government efficiency
- Welfare of the citizen

Economic Returns

- The state economy will gain **77 Million Working Hours** of productivity annually
- The state will save **389 Million Government Documents** annually
- Total annual savings of **11 Billion Dirhams (3 billion US dollars)** Of Document Expenses

50% OF UAE SERVICES ON DIGITAL TECHNOLOGY BY 2021

- AED 11 billion in transactions and documents processed routinely
- 398 million printed documents annually
- 77 million work hours annually.



دبي الرقمية
DIGITAL DUBAI

DUBAI BLOCKCHAIN STRATEGY 2020

ACHIEVEMENTS

- 24** Blockchain Projects in 8 Industry Sectors
- 100+** Blockchain Companies now in Dubai
- 1000** Participants in the Global Blockchain Challenge over 3 years
- 10,000** Attendees at the Future Blockchain Summit 2019

'World Capital of Blockchain'
As titled by CNBC

'First Smart City on Blockchain'
Awarded by the Smart City Expo World Congress, Barcelona in 2017

- Government Efficiency: Increase government efficiency by transferring 50%
- Industry Creation: Position the country as a hub for blockchain innovation and entrepreneurship.
- International Leadership: Establish UAE as global leader



eCommerce Strategy

*Transform Dubai into a world class
eCommerce hub*



Logistic Hub



Service &
Talent Hub

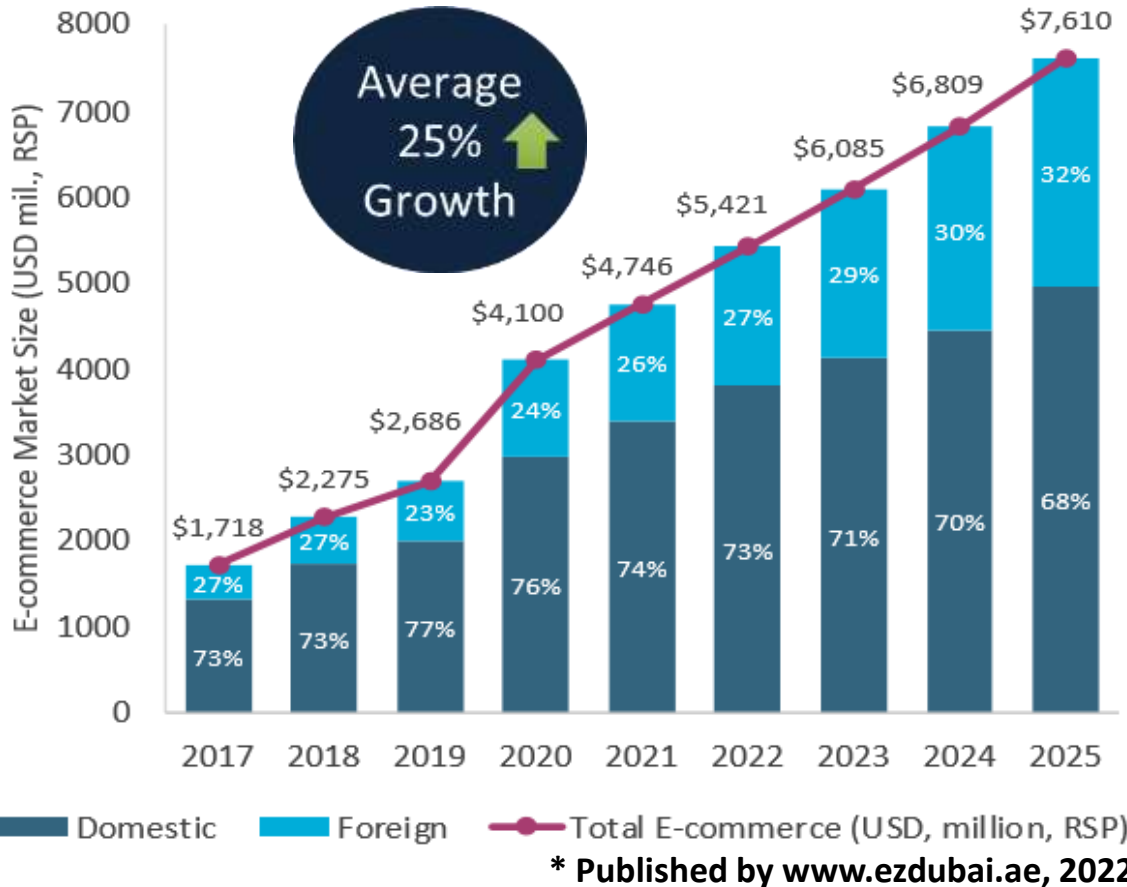


eCommerce
market



- **Dubai as the global logistics hub** for the region where ecommerce is set to contribute AED12 billion to the local GDP by 2023
- Attract more **foreign direct investments** in the ecommerce sector
- Increase the **market share of Dubai-based firms** in terms of local and regional distribution to reach AED24 billion by 2022
- Reduce **paperwork required for customs clearance** and reduce fees imposed on goods passing through the free zones.

Why eCommerce?



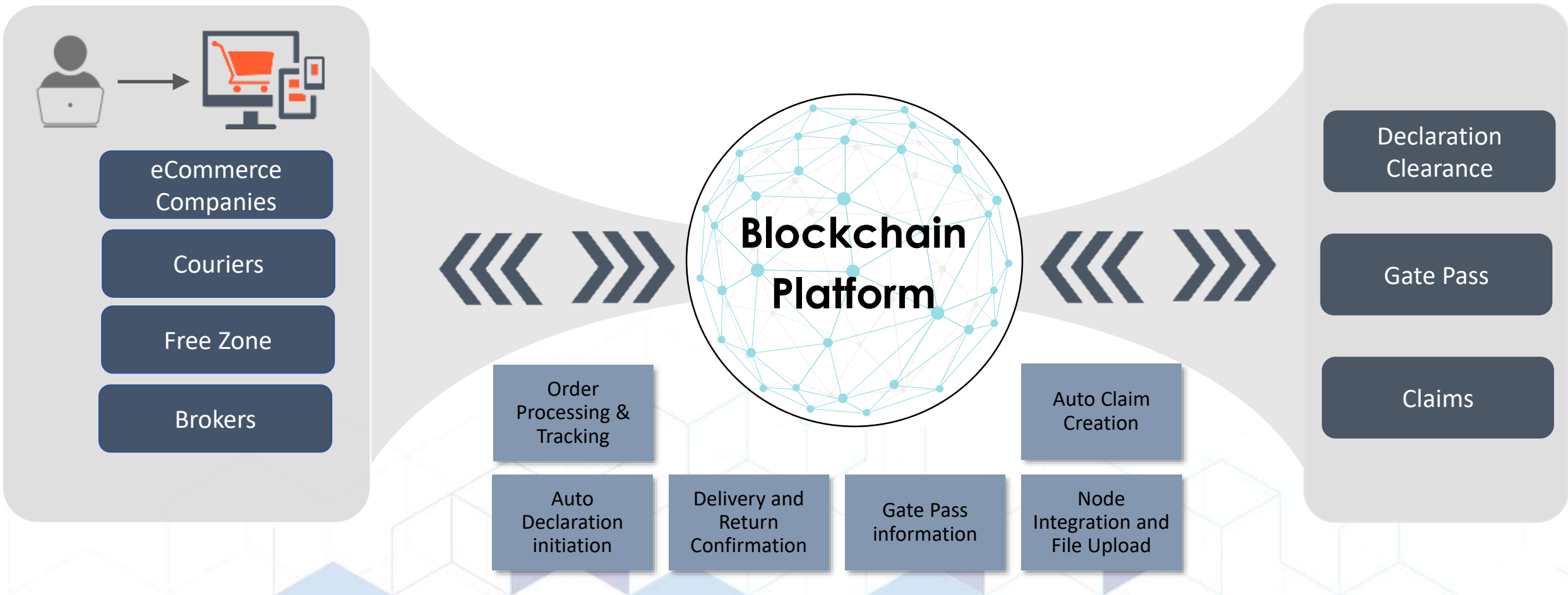
DFZC مجلس المناطق الحرة بدبي DUBAI FREE ZONES COUNCIL

واقع التجارة الإلكترونية في دبي

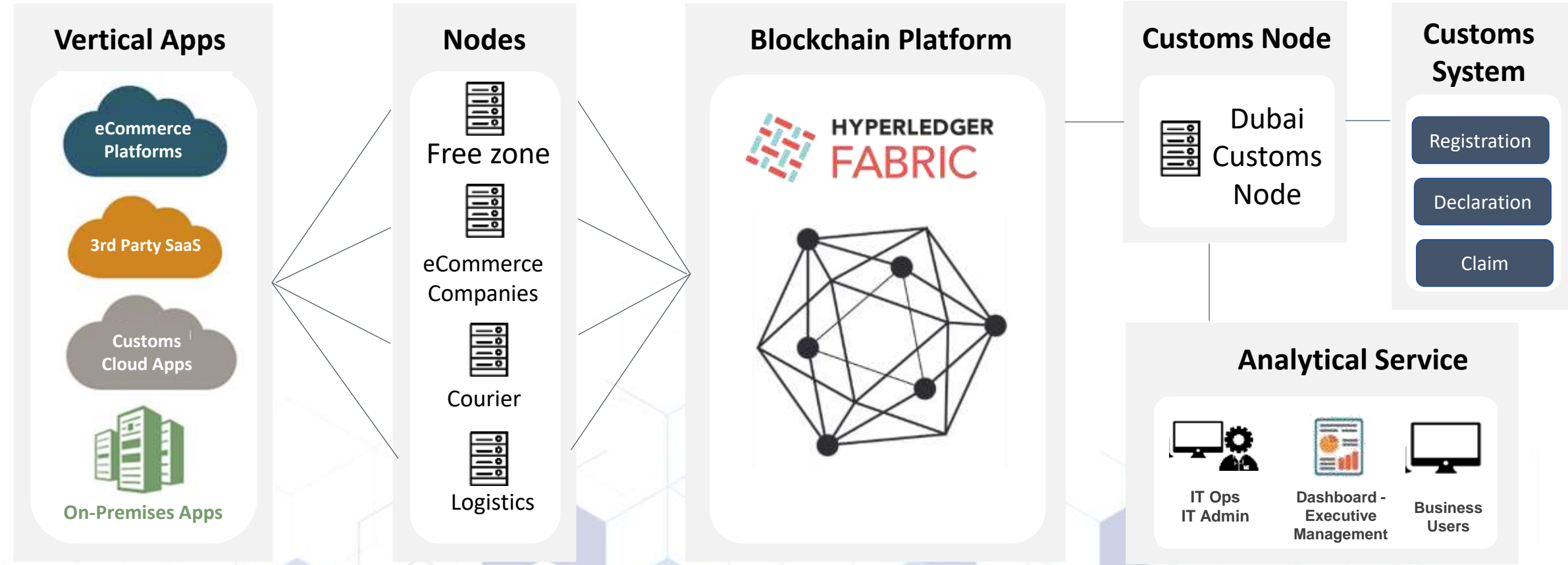
UAE e-commerce market forecast to reach \$9.2 billion by 2026

Date Posted: 4 October 2023

eCommerce Platform



Blockchain Architecture



Benefits

No registration charges till
30K CIF value

Allow personal import from
Free Zone's.

No Customs duty till AED 300

Allow Overseas eCommerce
Company to operate in Dubai

Entry/Exit certificate not
required

100% paperless

Benefits



350M

Worth of eCommerce declarations processed with policy benefits



350+

eCommerce companies registered



11+

Companies working to onboard the eCommerce Blockchain Platform



3

Shared node setup for free zones to promote eCommerce SME Companies with min. investment



Challenges

Return of goods

High volume (approx. 30%) of goods returned after delivery compared to other traditional business channels. Process is more complicated when it involves cross-border movements.

Revenue Leakages

Misclassification of items, under valuation and IPR issues lead to leakages in revenue to Customs

Tedious and costly data reconciliation processes

Due to inconsistencies in data provided by multiple stakeholders, errors can result in imposition of fines and penalties

Excessive charges

Complex process involved in the movement involving multiple stakeholders result in high cost of operation



High volume of parcel movements

Due to high volume of goods movements, processing and reconciling them is cumbersome and error prone

End to end tracking of goods movement

Due to the involvement of multiple stakeholders in the whole process, tracking the movement is not easy

Manual Data entry for Goods clearance

Customs clearance of such shipments require information not explicitly captured from the customers and therefore manual data entry is required

Data submission by secondary stakeholders

Data is usually submitted by other parties in the transaction, on behalf of the primary owner of the information. This can lead to inconsistencies, frauds and higher cost of operation

Thank You



BADER ALKHAROOSI
Senior Manager Solution Delivery
Dubai Customs, Government of Dubai, United Arab Emirates