AEO Program and E-commerce

Korea Customs Service

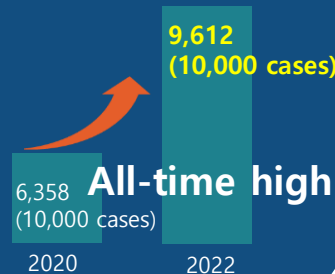# Overview

1. E-commerce Statistics

Global Surge in cross-border e-commerce

1 Rapid growth in global e-commerce market

Continued growth expected over the next 5 years
Estimated **75% ↑** increase by 2025 compared to 2020

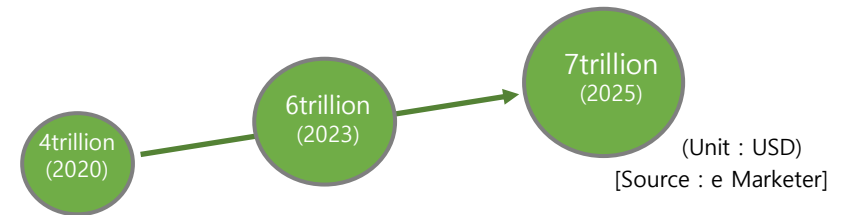### 2 Sharp increase in e-commerce imports

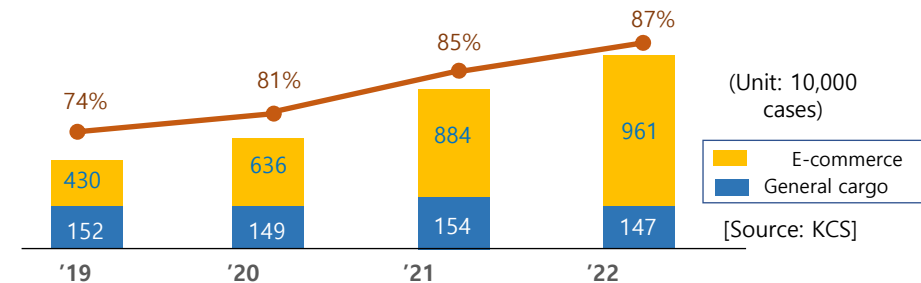Approximately **51% ↑** increase in 2022 compared to 2020

9,612
(10,000 cases)

6,358
(10,000 cases)   **All-time high**

2020   2022

3 Continued increase in e-commerce users

In 2022, 22,683 thousand users,
a **34% ↑** increase from 16,985 thousand users in 2020

Global **e-commerce** market

4trillion
(2020)

6trillion
(2023)

7trillion
(2025)

(Unit : USD)
[Source : e Marketer]

The proportion of e-commerce imports

74%   81%   85%   87%

430   636   884   961

152   149   154   147

(Unit: 10,000 cases)

E-commerce
General cargo

[Source: KCS]

'19   '20   '21   '22

Number **of personal clearance codes** issued

(Growth YoY)   24%   20%   11%

13,713   16,985   20,347   22,683

Unit: 1,000 cases)

'19   '20   '21   '22

[Source : KCS]
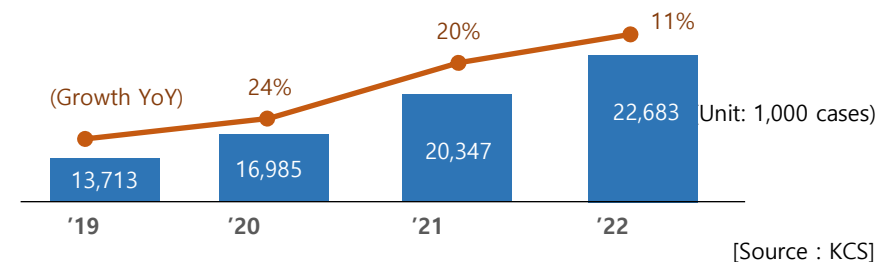
1. E-commerce Statistics

Import ▶ **Modes of Transport**

▶ E-commerce goods ① **Express cargo** ② **International post** ③ **General cargo**

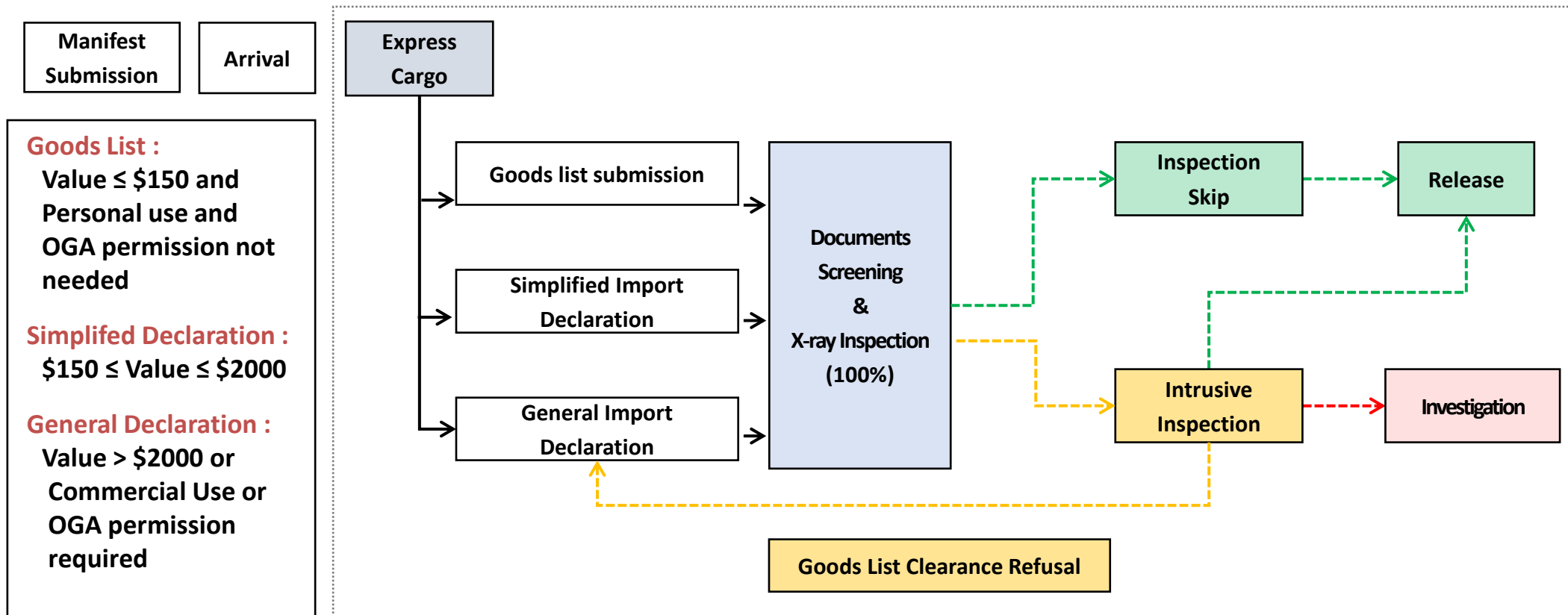| Type	Express cargo	International post	General cargo	Total
2022 (1,000)	96,120	4	1	96,125
Percentage (%)	99.9	-	-	100

- (International post) It is difficult to estimate the exact number as we cannot identify whether the shipment is e-commerce or not on the CN 22, 23 (Customs declaration on international post)

    * UPU is currently revising the 'customs declaration form'.

- (General cargo) Due to the high costs of express cargo, heavy cargo(e.g. televisions) is imported as general cargo

✓ "E-commerce items": Imported into Korea via express cargo or international mail
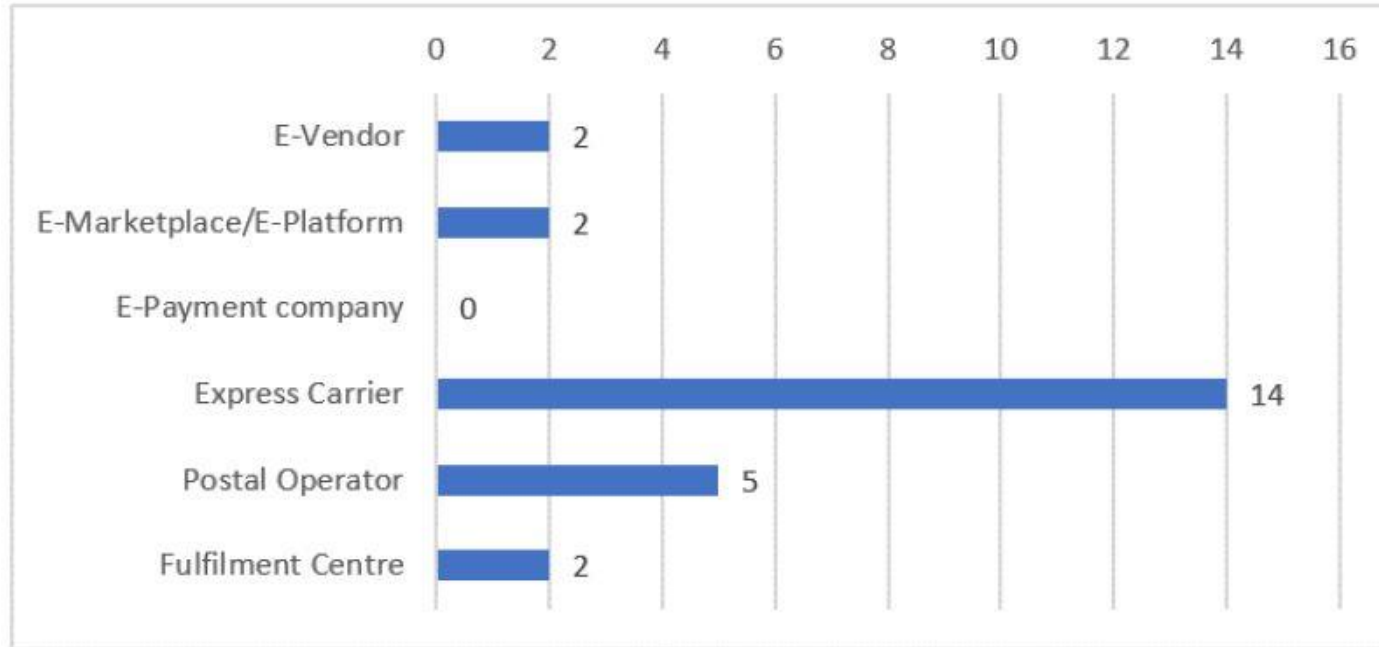
Clearance procedures

Process : E-commerce goods delivered by Express Couriers

Manifest Submission	Arrival

Goods List :
Value ≤ $150 and Personal use and OGA permission not needed

Simplifed Declaration :
$150 ≤ Value ≤ $2000

General Declaration :
Value > $2000 or Commercial Use or OGA permission required

Express Cargo

- Goods list submission
- Simplified Import Declaration
- General Import Declaration

Documents Screening & X-ray Inspection (100%)

Inspection Skip → Release

Intrusive Inspection → Investigation

Goods List Clearance Refusal

Current Status of e-commerce AEO

Chart data:

Category	Value
E-Vendor	2
E-Marketplace/E-Platform	2
E-Payment company	0
Express Carrier	14
Postal Operator	5
Fulfilment Centre	2

▶ **Only a few Customs administrations are currently in AEO partnership**

    - with venders, e-commerce platforms/marketplaces,

       fulfillment centers or postal service operators

3. How to link E-commerce to AEO

Challenges in expanding AEO program to e-commerce

▶ Due to the trade structure, e-commerce operators mostly rely on manufactures, importers and exporters for information and have no direct control

▶ Limitations for Customs facing e-commerce operators located outside the country

The way forward for linking e-commerce to AEO

▶ AEO Authorization by Operator Type

- E-commerce platforms/marketplaces with fulfillment centers

▶ AEO Authorization by type of transaction

- ex. Granting AEO benefit to shipments by e-commerce operators from traders that meet the AEO criteria

▶ Providing tangible benefits

- Customs administrations must continue to explore innovative practical benefits

Thank You

DUCK-GI KIM
Head of AEO CENTER, KCS

aeomra@korea.kr