## UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

## **Trade and Development Board**

Intergovernmental Group of Experts on E-Commerce and the Digital Economy

## Contribution to the Working Group on Measuring E-Commerce and the Digital Economy

First meeting

Geneva, 3-4 December 2019

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## The Russian experience using postal services data about mail quantity to estimate ecommerce

The relevance of the monitoring of international online trade for the Russian Federation is associated with the rapid growth of cross-border transactions for the purchase of goods by households in foreign online shops. The share of such goods in total import quantity increased by 14 times between 2010 and the 2019. One of the key factors in the market development of cross-border e-Commerce was the increase in internet access and the relatively high level of the threshold below which no customs duties are collected (1000 EUR per person per month before 2019).

Taking the statistical data into account, it must be mentioned that the vast majority of goods, which are ordered in foreign online stores, are delivered through postal and courier services in the form of international postal orders. Customs statistics data does not include these orders in the import of goods due to lack of statistical information about goods below the customs threshold.

The first attempt to estimate the cost of volumes of cross-border e-commerce was undertaken by the Bank of Russia in 2011 in order to improve the balance of payment data. The evaluating model was developed in case of lack of direct reporting information on the object of observation. The information base for this model was the data from the state postal service on the amount of incoming international mail. The data was received from the Russian Post on request. This data was formed according to three categories of post items (letter post, parcels and express items) and according to the breakdown of countries-counterparties. The average cost of one incoming postal shipment was determined by the household survey conducted by the state postal service, as well as the estimates provided by professional associations and market analysts. On the basis of the results, the decision was made to apply an expert evaluation of the average cost of one shipment, which varied depending on the category of shipment. Letter post (small packages of up to 2 kg) accounted for the largest share of postal shipments. This was due to the high demand in Russian households for cheap purchases from Chinese online shops (Alibaba, for example).

The total value of e-commerce imports under the accepted calculation model was determined by multiplying the number of incoming mail items by the average value of one shipment in the appropriate category. Imports were adjusted to reflect FOB prices, and goods purchased by households for further resale. The last evaluation was made to avoid double counting of non-registered imports.

The following challenges were identified during the process of collecting and processing data:

- the difficulty of determining the average cost of one shipment, due to the complexity of regular statistical sample surveys; and
- incomplete coverage of the number of international shipments, due to a lack of data from private courier companies such as DHL and FedEx.

This model of import valuation was applied by the Bank of Russia during the period 2011 – 2013, the approach was abandoned in 2014 in favour of calculations using credit card information.