



Abandoned, Unclaimed and Rejected Low-Value Shipments in Cross Border B2C E-commerce

GEA Discussion paper on current challenges and proposal for effective and efficient clearance process

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Background

The rapid growth of cross-border B2C e-commerce as well as newly introduced Customs duties on low value shipments in major economies has led to a significant increase in abandoned shipments worldwide.

Current Customs procedures governing refund, re-export (return) and abandonment, incl. disposal and destruction, were developed for traditional cargo environments and are in the majority of cases paper-based and not automated. Consequently, they are increasingly unable to handle the high-volume and low-value shipment environment.

As a result, Customs administrations and logistics operators are facing growing warehouse congestion, increased administrative burdens, higher operating costs, and elevated safety, security, and environmental risks.

Key Issues

1. Lack of Harmonized International Guidance

While abandonment is recognized within international Customs frameworks, there is currently no detailed global guidance specifically defining and addressing the management of abandoned low-value shipments. In the e-commerce environment, Customs administrations increasingly face a continuum of related scenarios involving unclaimed, rejected, returned, and ultimately abandoned shipments. While these situations may involve different legal treatments under national legislation, they often result in similar operational challenges, including prolonged storage, warehouse congestion, increased administrative burden, and disposal requirements. For the purposes of this paper, the primary focus is the management of abandoned and unclaimed low-value shipments, while recognizing that return-to-origin and return processes can serve as important mechanisms to prevent abandonment.

Consequently:

- Definitions vary by country.
- Abandonment periods differ.
- Disposal procedures differ.
- Responsibilities differ.
- Legal authorities and liability protections vary.

This creates complexity for both Customs administrations and trade operators.

2. Legacy Processes Are Not Scalable

Many existing procedures continue to rely on:

- Manual inventory creation.
- Physical examination of shipments.
- Repetitive documentation requirements.
- Multiple approval processes.
- Individual shipment processing rather than batch treatment.

These approaches are increasingly difficult to manage in a high-volume e-commerce environment.

3. Increasing Risks

Growing inventories of abandoned shipments create:

Safety risks

- Lithium batteries.
- Chemicals.
- Flammable products.
- Other potentially hazardous goods.
- Workplace safety issues (e.g. packages stacked on each other potentially falling on workers, storage limitations leading to abandoned goods blocking means of ingress or egress, blocked access to fire extinguishers, AED's, first aid or other emergency aid devices or products)

Security risks

- Theft and diversion.
- Inventory control challenges.
- Potential concealment of prohibited goods.

Operational risks

- Warehouse congestion.
- Reduced processing efficiency.
- Delays to legitimate trade.

Trade Facilitation Risks

- Delayed release of legitimate goods.
- Reduced warehouse availability for compliant trade.
- Increased storage and handling costs.
- Reduced efficiency of e-commerce clearance operations

Environmental risks

- Product deterioration.
- Hazardous waste management challenges.
- Increased disposal costs.

Practical Operational Observations

1. Abandonment and Transfer to Government-Controlled Storage

Typically, shipments become candidates for abandonment when:

- Clearance deadlines have passed.
- Multiple attempts to contact the consignee have been unsuccessful.
- The consignee refuses to meet import requirements.
- The shipper's/consignor's fulfilment process is lacking a return policy
- Clearance cannot proceed because mandatory regulatory requirements are not fulfilled.
- Shipments spoil or are compromised/contaminated in some way
- The consignee expressly requests abandonment.

Management of these shipments often requires coordination among Customs authorities, logistics operators, customer service teams, bonded warehouse operators, and other government agencies.

2. Destruction Processes

Destruction is generally required when:

- The consignee refuses to complete import formalities or pay duties and taxes.
- Regulatory requirements prohibit the return of goods to origin.
- The shipper instructs destruction through formal authorization.
- Although destruction programmes may be conducted periodically, operators often need greater flexibility to remove eligible goods more frequently in order to maintain warehouse capacity and reduce risk.

3. Return-to-Origin (RTO)

Return-to-origin is not always a viable option because:

- Regulatory approval may be required.
- Other government agencies may need to authorize export.
- Customs-controlled goods may not be eligible for return unless specifically approved.
- Refund process for low-value shipments is not available or too lengthy
- Formal authorization from the shipper is often required.
- Import complexities and liability when returned to origin
- It may be cost-prohibitive

These factors can significantly delay resolution of abandoned shipments.

Efficient and digitally enabled return-to-origin and re-import procedures can help prevent otherwise compliant shipments from becoming abandoned goods, thereby reducing storage pressures, administrative costs, and warehouse congestion.

4. Operational Challenge

A common challenge is that operational and reporting systems do not always accurately reflect the true status of shipments.

For example:

- Shipments may remain visible on inventory or bonded warehouse reports after operational closure.
- System limitations may prevent status updates until physical movement occurs.
- Reported inventory levels may therefore overstate actual pending volumes.

This highlights the need for modern digital inventory management and improved status visibility.

5. Emerging Good Practices

A number of Customs administrations have begun modernising procedures for the management of uncleared, unclaimed, returned, and abandoned low-value shipments.

Recent initiatives have included:

- Simplified return-to-origin procedures for eligible shipments;
- Greater use of electronic processing and inventory management;
- Dedicated returns processing modules;
- Risk-based approaches to re-export and re-import controls; and
- Measures specifically aimed at reducing warehouse congestion while maintaining regulatory oversight.

Additional examples demonstrate how advanced electronic data, shipment-level identifiers, and import/export data matching can support highly automated management of returned goods. In some cases, Customs declarations and return shipments can be electronically linked, enabling pre-arrival processing, risk-based controls, and rapid release of compliant goods while directing only a limited number of shipments for inspection. Such approaches reduce administrative burden, improve visibility, and help prevent returned shipments from ultimately becoming abandoned goods.

These developments demonstrate that practical and scalable solutions already exist and may provide useful input to future WCO guidance and best-practice recommendations.

Possible consideration on way forward

1. Development of WCO Guidelines on Abandoned Low-Value Shipments, either stand-alone or as technical specifications in the WCO Framework of Standards on Cross-Border E-commerce.
2. Risk-based treatment of abandoned shipments, particularly low-risk and low-value consignments.
3. Greater use of advance electronic data, electronic inventories, and digital linkage between import, export, return, and re-import transactions to support simplified, risk-based processing
4. Simplified and accelerated procedures for eligible abandoned shipments.
5. Account-based procedure to enable batch processing where appropriate.
6. Clear legal authority and liability protections for Customs officials and operators.

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7. Stronger public-private collaboration mechanisms.
 8. A global compendium of best practices covering destruction, donation, recycling, return-to-origin, refund and inventory management.
 9. A “Goods Returned” entry type process where goods that are being returned to origin, there is a simplified import process
 10. Consider conducting a WCO survey or study to identify national abandonment procedures; abandonment and storage timeframes; return-to-origin practices; destruction and disposal procedures; use of digital inventory management; and legal and operational challenges faced by Members.
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