The Environmental Scan aims to provide Customs administrations and external stakeholders with an overview of the main global trends affecting trade during the given year and their potential impact on Customs’ roles, policies and practices. This year having been marked predominantly by the COVID-19 pandemic, the Customs Environmental Scan will particularly focus on the impacts of this pandemic and on Customs responses, using an approach covering broad areas of interest for the WCO.

The consequences of the crisis are numerous, as are the observations that can be made to prepare for the future. Throughout the pandemic, Customs administrations have shown resilience and continuously proven their relevance and essential character. The WCO Customs Environmental Scan 2020 draws some preliminary conclusions on the lessons learnt and provides ideas for potential next steps that could allow for better responses in the future, in the event of a crisis but also from a more general perspective.
This year, the Environmental Scan will be special for a number of reasons, including its focus on the impacts of the pandemic. This is an editorial choice based on the specific requests made by Members, but it certainly does not imply that there are no other relevant developments for Customs, including those already mentioned in the 2019 edition such as the rise of protectionism, questions around global governance and the (de)globalization of the world. They will be addressed again in a future Environmental Scan. On another level, the 2020 Scan is based on a concrete methodology as was requested during the Policy Commission in December 2019: the PESTLE methodology. The Environmental Scan 2020 therefore addresses the impacts of the crisis through different angles provided by the PESTLE (Political, Economic, Social, Technological, Legal and Environmental) analysis. The Environmental Scan therefore starts with a global overview of the state of the world at the beginning of June 2020, and then the PESTLE analysis follows through the next 6 parts.

It also has to be noted that this annual Environmental Scan 2020 is the last of its kind and will be replaced, next year, by a triennial Environmental Scan that will form the basis for the development of the Strategic Plan 2022-2025. The triennial Environmental Scan will be the result of a fully inclusive approach involving the Secretariat, Members and external stakeholders, and will be based on strategic foresight. This way, the entire strategy of the WCO will be linked to a collective effort to plan and prepare for the future. Consultations will start in September 2020 and culminate in a final proposal for the next three-year period to be presented at the June 2021 Policy Commission and Council sessions, in accordance with the conclusions of the December 2019 Policy Commission and the action plan endorsed during the Permanent Technical Committee meeting of June 2020.
According to the World Health Organization (WHO), on 22 June 2020 the COVID-19 outbreak had resulted in 8,844,171 confirmed cases, including 465,460 deaths around the world\(^1\), representing one of the major global crises the world has faced in modern history. The viral spread and the necessity to protect human lives required governments to take drastic measures, with huge consequences for the global economy.

The forecast and estimates for the near future are quite alarming. The OECD, for instance, states that “the global economy is now experiencing the deepest recession since the Great Depression in the 1930s, with GDP declines of more than 20% in many countries during shutdowns and a surge in unemployment”\(^2\), while the World Bank considers that the global economy will plunge into its worst recession since World War II\(^3\), shrinking by 5.2% this year. However, the exact consequences of COVID-19 are still unknown as the spread is not over yet, as shown by June figures from the WHO, the varying patterns in levels of infections being observed all around the world, and the fear of a second dramatic wave of illness in regions where the virus is currently contained.

The World Bank rightfully states that “the COVID-19 recession is unique in many respects: It is the first recession to have been triggered solely by a pandemic during the past 150 years, and current forecasts suggest that it will be the most severe since the end of World War II. The recession this year is likely to be the deepest one in advanced economies since the end of World War II, and the first output contraction in EMDEs (Emerging Markets and Developing Economies) in at least the past six decades. Importantly, it is also expected to trigger per capita GDP contractions in the largest share of economies since 1870\(^4\). The rapid spread of the virus has created a state of massive confusion, pushing governments to react quickly and to adopt strict measures to contain the propagation. The outbreak has had dramatic consequences on all aspects of human life since the beginning of 2020 and it will continue to impact on all aspects of societies and economies in the months to come. The questions to be asked are whether it is possible to be better prepared in the future, and whether this kind of global catastrophe is unpredictable by nature.

In September 2019, the Global Preparedness Monitoring Board (GPMB), co-convened by the WHO and the World Bank, published its first annual report on global preparedness for health emergencies, in which it is stated that “For too long, we have allowed a cycle of panic and neglect when it comes to pandemics: we ramp up efforts when there is a serious threat, then quickly forget about them when the threat subsides. It is well past time to act.”\(^5\) This statement should be seen in the light of the fact that 1,483 epidemic events in 172 countries were tracked by the WHO between 2011 and 2018, and that specific recommendations were made to enhance preparedness throughout this period. While the current crisis has shown the extraordinary capacity of human beings to react and adapt, it has also highlighted the vulnerability of the diverse mechanisms required to mitigate the impacts of such a crisis. In particular, it showed that it can be hard to sustain funding for preparation measures through a prolonged period without a crisis, but when a crisis does occur the judgement on past failures to sustain such measures can be severe, as can the effects of such failures. It could be relevant to reflect on what could be done in the future to sustain efforts on preparation measures in order to be better prepared and to have some tools already available to respond swiftly to various type of crises.

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1. [https://covid19.who.int/](https://covid19.who.int/)
MULTILATERALISM: A POLITICAL ANSWER TO GLOBAL CRISES

The WCO Customs Environmental Scan 2019 questioned, in light of international developments, whether multilateralism was in crisis. The spread of COVID-19 and the much-needed internationally coordinated responses to it clearly suggest that global crises require global answers. International organizations have proven to be useful in providing the appropriate platforms to shape and circulate relevant information and guidance, as well as to provide certainty and reassure stakeholders.

In the face of such a challenge, which goes beyond national sovereignty and borders, countries and governments naturally turned to international organizations to ensure a critical level of coherence in the approach adopted. International organizations therefore have a crucial role to play and need to prepare themselves effectively for different kinds of global crises in order to be fully efficient. The “World at Risk” report insists on the importance of preparedness for governments, national authorities and international organizations, among others.

It is noteworthy that throughout the crisis, international organizations took the lead and played a key role in supporting and guiding governments and stakeholders. International organizations multiplied contacts and joint statements to ensure a critical level of coherence and to voice the concerns of their Members, something that is not possible to achieve at the level of individual states. It is therefore essential to build on these findings to prepare for the future. International organizations need to provide their Members with adequate tools to remain relevant and to be able to enhance cooperation with their partners. Being able to react quickly is one thing, but being proactive is fundamental to reducing vulnerability and consolidating the ability of Members to assume leadership. This is valid for the entire WCO and also for all the multilateral organizations in the world.

Preparedness is defined by the UN and WHO as the ability (knowledge, capacities, and organizational systems) of governments, professional response organizations, communities and individuals to anticipate, detect and respond effectively to, and recover from, the impact of likely, imminent or current health emergencies, hazards, events or conditions. It means putting in place mechanisms that will allow national authorities, multilateral organizations and relief organizations to be aware of risks and deploy staff and resources quickly once a crisis strikes.
TRADE VOLUMES SEVERELY HIT BY THE PANDEMIC

The restrictions imposed by governments place the global economy in a challenging situation and have a serious impact on the business community and citizens. Trade is one of the most impacted sectors, facing income challenges due to the fall in commodity prices and disruption in global supply chains. When looking at the forecast from the World Trade Organization (WTO), the various scenarios envisaged are not particularly optimistic as the world merchandise trade is set to plummet by between 13% and 32% in 2020 due to the COVID-19 pandemic and almost all world regions will suffer double-digit declines in trade volumes in 2020, with exports from North America and Asia hit hardest7. Even if expectations tend towards a recovery for 2021, economists cannot be affirmative on the exact figures as the current situation is still uncertain. The possible scenarios foreseen by WTO economists are set out in the tables below.

In an interconnected world, these trends have numerous interlinked explanations and causes. According to International Labor Organization (ILO) estimates, the multiple workplace closures required as a consequence of COVID-19 have resulted in a drop by around 10.5 per cent of the total amount of hours worked by workers around the world in the second quarter of 2020. This is equivalent to 305 million full-time workers with a 48-hour workweek8. The loss of working hours is currently affecting developing and least developed countries, where the population is more financially fragile and relies heavily on the informal economy.

The loss of income negatively impacts the demand for commodities and will continue to do so, reducing their value and putting producers and manufacturers under pressure. UNCTAD’s Free Market Commodity Price Index (FMCPI) has noted a significant fall in commodity prices since December 2019, fuels being the main driver behind this development9.

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1. Figures for 2020 and 2021 are projections.  
2. Average of exports and imports.  
3. Other regions comprise Africa, Middle East and Commonwealth of Independent States (CIS) including associate and former member States.  

Source: WTO Secretariat for trade and consensus estimates for historical GDP. Projections for GDP based on scenarios simulated with WTO Global Trade Model.

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In the meantime, the restrictions imposed a significant pressure on freight, at the level of demand and capacity, impacting the prices to be paid for the transportation of goods. As the World Bank points out in a Special Focus report: "Some mitigation measures drive a wedge between consumer and producer prices of commodities, or between commodity exporters and importers. For example, disruptions to food supply chains may result in food security concerns, which in turn can trigger hoarding by consumers. That could push prices higher at the consumer level, while at the same time ample harvests, such as for grains, could lead to lower producer prices. Similarly, for metals, shutdowns of refineries could create a wedge between the prices of refined metals and ores".\(^\text{10}\)

The decrease in commodity demand and the difficulties faced for the delivery of some key materials because of national policy measures have a natural impact on supply, as companies are lacking cash flow which in turn puts them under pressure when it comes to the payment of fees. Because of this schema, global value chains are currently struggling, facing a high risk of bankruptcy in one or more of their participating companies which could not be replaced by other companies in a timely manner. The more complex the value chain is, the more difficult is the current situation. This is particularly true in electronics and car manufacturing. The pressure on global value chains, and on the entire global economy, could be worsened by protectionist measures if governments decided to favour domestic supplies of essential products. The spread of the pandemic could also have dramatic impacts on globalization, the benefits of which could be questioned further in the areas of national security and safety.

Manufacturing is definitely a sector highly impacted by the crisis. The ILO also cites wholesale and retail trade as being highly impacted, and transport, storage and communication as medium-highly impacted\(^\text{11}\). Regarding transportation, ICAO reveals that “air cargo traffic dropped 19% in March, offset by the increasing demand of cargo freighters in transporting medical supplies. Only in March, airlines are estimated to lose USD 28 billion in revenues, and airports and air navigation service providers have lost around USD 8 billion and USD 824 million, respectively”\(^\text{12}\). From a more general perspective, the International Transport Forum predicts a reduction of up to 36% in global freight transport by the end of 2020\(^\text{13}\). The Universal Postal Union (UPU) reports that even if domestically the demand for deliveries and online sales has surged, international postal supply chains have been put under heavy pressure since cross-border exchanges decreased by 21% between 23 January 2020 and 14 May 2020, compared to the same period the previous year\(^\text{14}\). The UPU also indicates an increase in delays for clearing items through Customs owing to additional inspections, both on outbound and inbound items. It has provided statistics on the increase in delays observed:

<table>
<thead>
<tr>
<th>Supply chain element</th>
<th>Customs clearance time spread</th>
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<tbody>
<tr>
<td>Parcels outbound</td>
<td>From 1 to 71 hours</td>
</tr>
<tr>
<td>EMS outbound</td>
<td>From 1 to 29 hours</td>
</tr>
<tr>
<td>Parcels inbound</td>
<td>From 2 to 64 hours</td>
</tr>
<tr>
<td>EMS inbound</td>
<td>From 2 to 34 hours</td>
</tr>
</tbody>
</table>

Source: Integrated Quality Reporting System (IQRS).
Notes: Based on average values of the time-stamps for events EMD and EME (EMSEVT).

Another visible impact of the crisis for cross-border postal exchanges is the increase in delays for clearing items through customs, owing to additional inspections, both on outbound and inbound items. According to the UPU’s Integrated Quality Reporting System (IQRS), the average time for customs clearance has increased considerably, as reported in Table 3. Such a spike generates additional waiting costs for businesses and consumers importing and exporting postal items. The lengthened delivery times increase the relative cost of waiting for international purchases with respect to domestic ones. The phenomenon is particularly worrisome in that it may contribute to a decrease in the demand for imported goods.

**Table 3 – Disruption in customs clearance procedures**

<table>
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Impact on international flows

The international light logistics growth rate calculated by the UPU\(^\text{18}\) shows that cross-border exchanges worldwide have dropped by 21% since the outbreak of the crisis for all mail classes (letters, parcels and express). As shown in Figure 7, year-on-year growth rates have permanently entered the negative arena since the first months of 2020, in a way that cannot be explained by seasonal variations (such as the usual drop and spike regularly observed around the Chinese New Year).

Figure 7 – International light logistics growth rate

Two major factors are currently driving changes in international volumes: on the one hand, the supply of mail is being hindered, as there are challenges in channelling items to several destinations because of...
Companies are struggling, global supply chains are disrupted and it is assumed that delays will occur at the borders because of additional controls, lack of human resources and general confusion. The UPU observed delays in clearing shipments, and is certainly not the only international organization announcing that it will be tougher for goods to cross borders.

Uncertainty is also a word that is often used in this particular situation. This situation calls for particular approaches as it is obvious that, for many reasons, Customs cannot practise business as usual. In any case, Customs needs a healthy private sector in order to perform and reach its annual objectives.

The crisis clearly showed the need for exceptional facilitation measures for legitimate trade in order to keep seamless flows of goods and allow companies to run their businesses to the greatest possible extent. In this regard, the paper submitted by the Private Sector Consultative Group (PSCG) is full of relevant and concrete suggestions, including accelerated clearance for legitimate transactions, waiving certain charges applied under normal circumstances, and measures to allow businesses to keep a critical amount of cash flow.

A healthy and satisfied private sector is the basis for good Customs performance. Applying fair conditions under these circumstances guarantees a better partnership for the future and mitigates the risk of fraudulent activities. In the longer term, governments also benefit from the efficiency of Customs administrations.

The application of exceptional facilitation measures should be introduced at the moment when a crisis is announced, in order to mitigate impacts on business and the risks related to supply chain disruption. Customs should position themselves vis-à-vis their respective governments and start working on the establishment of a series of measures to be applied in times of crisis. In the months to come, Customs administrations will also have a role to play in exchanging with their governments to prevent the development of protectionism which could be extremely damaging for companies involved in GVCs. Customs administrations will have the opportunity to take the lead on business continuity and on securing trade flows.

The ability of the economic community to predict and deal with the consequences of the pandemic is uncertain. It is possible to think about various kinds of scenarios that will not be applicable everywhere. So for practical purposes on a national level, there is a need to have plans for a deep recession and a period of high inflation or stagflation, as well as a plan for a period of deep recession followed by high inflation or, worse, stagflation, to cover all of the worst case scenarios. On the global level, not only are all these scenarios possible, it may be that they will exist concurrently, with the impacts being different in different economic regions. Customs administrations should be fully involved in national and regional discussions aimed at preparing for the near future.

Customs administrations are known for their role in enforcement and revenue collection. The environment created by this exceptional crisis has positioned Customs as one of the key actors in the provision of trade facilitation and the protection of businesses. This definitely is an area where additional work will be needed in the future. The AEO Compendium, the AEO Validator Guide and the MRA Guidelines should be further promoted by the WCO and support should be granted for their implementation. It could also be relevant to initiate work to provide guidance on the treatment of AEOs in times of crisis, including extraordinary facilitation measures and modern validation procedures, undertaken virtually.

The WCO has initiated some efforts in this respect, addressing key questions such as the classification of medical supplies to accelerate their clearance, and the treatment of essential goods. These are good examples of simple measures that can be taken by Customs administrations and that can make a tremendous difference in business operations. More initiatives should follow to secure business and Customs continuity in times of crisis.
KEEPING PEOPLE SAFE

The measures adopted by governments to contain the spread of the virus impacted trade volumes, as mentioned earlier, and also consumption patterns which led to other challenges. According to the ILO, 94 per cent of the world’s workers were living in countries with some sort of workplace closure measures in place, accompanied in most cases by general lockdown requirements. People seeing themselves locked in their household naturally turned to online shopping, resulting in spikes in business-to-consumers (B2C) sales and an increase in business-to-business (B2B) e-commerce. Certain products were favored by consumers, especially medical supplies to protect themselves, household supplies and food products. The World Economic Forum published an article in May 2020 highlighting the shift in consumption patterns, with consumers giving preference to some specific products while putting aside entire categories of goods.

Source: Common Thread Collective

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16 https://www.weforum.org/agenda/2020/05/coronavirus-covid19-consumers-shopping-goods-economics-industry
Looking at the world in its entirety, the trends identified on online markets must be regarded as a part of the overall situation. The statistics of the International Telecommunication Union demonstrate that in the area of internet access, realities are different when it comes to developed countries, developing countries and least developed countries. B2C exchanges were more significantly impacted in informal economies, where quarantine and shut-down measures made trade more difficult as it is reliant on person-to-person interactions.

This means that the situation faced is quite different according to the level of development of countries, thus the challenges and opportunities are not the same everywhere. In developing and least-developed countries, in spite of the quarantine citizens still had access to a large range of products through informal trade.

One of the well-known risks related to online markets and informal trade is their easy access for counterfeit products. This is of particular importance when it comes to medical supplies that can potentially be highly harmful to human health. A crisis like COVID-19 gave rise to an exceptional demand for very specific products such as hand sanitizers and medical masks, which need to be compliant with health regulations in order to be useful. The overall confusion and the urgent need for these products naturally maximized the risks related to counterfeiting.
Another important aspect of the crisis, rightfully noted by the United Nations Office on Drugs and Crime (UNODC), is the challenge it poses in terms of the fight against criminal activities such as drug trafficking. The UNODC states that drug trafficking “relies heavily on legal trade to camouflage its activities and on individuals being able to distribute drugs to consumers. The measures implemented by Governments to counter the COVID19 pandemic have thus inevitably affected all aspects of the illegal drug markets, from the production and trafficking of drugs to their consumption”.

This point is absolutely relevant, and while drug trafficking obviously did not stop during the crisis, using alternative means and routes, it is predictable that drugs are somehow being stockpiled and that particular attention to drug trafficking will be vital when border movements fully recover and traffickers seek to reduce their stocks. The risk of criminal operations will likely be multiplied by the worrying number of people pushed into extreme poverty because of COVID-19, increasing their vulnerability to the attractiveness of organized crime for easy money. The World Bank has provided estimates regarding poverty, stating that “under the baseline scenario we estimate that COVID-19 will push 71 million into extreme poverty, measured at the international poverty line of $1.90 per day. With the downside scenario, this increases to 100 million”.

CUSTOMS RESPONSE

Criminal organizations are highly flexible. This means that the confusion engendered by an international crisis such as COVID-19 is an opportunity to enter new markets and create benefits, disregarding the threats to human health and societies.

Customs administrations must prevent any illegal products from entering the markets. This work cannot be undertaken in isolation and the expertise of all border agencies is needed. The COVID-19 crisis demonstrated that coordinated border management is possible, efficient, and can be further institutionalized at international and national levels. The updating and sound implementation of the SAFE Framework of Standards also appears as a relevant focus in this context.

The movements observed in e-commerce revealed that efforts should be undertaken to implement the WCO Framework of Standards as quickly as possible. E-commerce transactions are growing, independently of the crisis, and Customs needs to introduce the right procedures to allow legitimate goods to cross the borders in a timely manner while having the expertise to detect and seize illicit shipments. Many Micro, Small and Medium Enterprises (MSMEs) were relying on the supply of necessary professional materials through online channels during the crisis, and Customs should position themselves as facilitators in this regard.

Regarding the informal economy, government efforts are needed and Customs needs to be fully involved in such initiatives. At WCO level, informal trade has partially been addressed through research papers and a dedicated Conference in 2013. In 2015, the WCO published a Good Practices Guide, including case studies with respect to informal trade. Noting the economic importance of the informal economy for developing Members as well as the challenges it brings, especially those highlighted by the crisis in terms of public health and fraudulent activities, more efforts could be deployed in this area. Customs administrations could work on the development of tools that could facilitate more harmonization in the way informal trade is managed at the national level. That would lead to the possibility of defining common responses in the event of a crisis, with applicable solutions that would also mitigate to the best possible extent the damage to the informal economy.

When it comes to matters related to illegal and harmful products such as drugs, it can be expected that criminal activities will fully resume when goods recover their normal flows. Customs administrations will have to pay particular attention to the consequences of the crisis in terms of the routes and means of transport traditionally used. COVID-19 may have partly diverted some of the well-known flows to new ways of transportation. The unsold products may appear at some point, putting societies at risk and Customs administrations under high pressure. The multiplication of activities undertaken under successful programmes such as the Container Control Programme and joint operations together with other international agencies could be envisaged to address the challenges related to the consequences of COVID-19.

The COVID-19 crisis highlighted some vulnerabilities related to the lack of IT usage at multiple operational levels. In countries where the requirement to stay at home was more stringent, professionals relied entirely on IT to communicate and progress with their daily tasks. It appeared that the level of preparation for such a scenario was uneven around the world, for various reasons.

It quickly became obvious that telecommunication networks were crucial to overcoming the challenges related to the virus. Considering potential identical scenarios in the future, it should now be a prerequisite to have in place the necessary infrastructure to provide staff with the IT means to perform their duties remotely.

UNODC gave a specific example related to money laundering, stating that “due to COVID-19 social distancing, some law enforcers around the world report disrupted access to secure Anti-Money Laundering intelligence systems. This has decreased capacities to pursue Money Laundering and Terrorist Finance cases.”19 The inability to perform some key tasks can have disastrous consequences, going far beyond the usual non-ideal situations posed by lockdown measures. Activities related to national security and safety cannot be disrupted, and this is just one example among others.

Establishing the capacity to keep national activities moving, especially the most crucial ones, is something that should be addressed when preparing for the future. The technological capacity and the reliability of networks are obviously not the same all around the world. However, addressing this area now would result in better mitigation of global risks in the future. Taking this fact into consideration, another area of essential focus should be cybersecurity. The measures applied to counter the spread of COVID-19 led to a significant increase in internet users, thereby also increasing the pool of potential victims for cybercriminals. Reports from UNODC20 and EUROPOL21 sensibly address this issue and its potential impacts. Cybercrime did not officially appear as one of the priorities of governments during the spread of the virus. The priority was logically focused on keeping people healthy. However, at certain times the internet bubble likely counted more citizens than the empty streets of our major cities. The relatively uncontrolled web space was therefore an ideal arena for criminals and smugglers.

Professionals were potentially exchanging confidential data from their homes during the days of teleworking, having access and being exposed to non-secure or dangerous websites that would normally be blocked in their workplaces. The security of data, including confidential data, was therefore under serious threat for months. In the information age, data surely is “gold” and represents a significant monetary value, sometimes used to threaten and extort citizens, but also governments and other organizations. As the world is progressively moving towards dematerialization, the protection of data and the fight against cybercrime should be high priority. The WCO Customs Environmental Scan 2019 already mentioned this threat, and with COVID-19 it has become even clearer.

CUSTOMS RESPONSE

The digitalization of Customs administrations’ activities has been a hot topic in recent years. In practice, the level of progress could have been better. The crisis revealed some vulnerabilities regarding the IT preparedness of Customs administrations and this represents a major challenge to be urgently addressed in a near future.

The WCO partially closed its premises and strongly suggested to its staff to work from home, providing them with the necessary IT tools to telework. New ways of conducting meetings, in written format or through web-based communication platforms, were explored. This allowed for decision-making processes to run, and for the entire organization to keep moving. It also allowed for the participation of Members which sometimes face budget restrictions and are unable to travel to WCO premises. In addition, an initiative was launched to assess the readiness of Members to receive remote capacity building as well as the assistance they might need from the WCO in this area.

These particular examples reflect an evolution in mindset that is needed at the level of the WCO, but also at the level of each Customs administration. The use of technology is needed to overcome some known challenges, but also unexpected situations like the social distancing resulting from COVID-19. Modern Customs administrations should all move towards electronic clearance of goods, single window environment, non-intrusive inspections, and risk management based on data analysis, among others.

It is acknowledged that national realities vary between Customs administrations. However, the WCO Secretariat should set common targets in the area of IT to support Customs in achieving their modernization objectives. The will to conduct remote capacity building will lead to the establishment of appropriate IT infrastructure within Members administrations, with the full support of the WCO Secretariat. In addition, the capacity building framework on data analysis should be of primary importance to promote the work of BACUDA (Band of CUstoms Data Analysts) – a collaborative project involving Customs officials in charge of risk management, statistics and IT systems, as well as professional economists and data scientists in the development of state-of-the-art and ready to implement algorithms to be used for analyzing data on imports, in order to detect fraud and fight undervaluation. The purpose of this initiative is to enhance the use of data for risk management purposes. BACUDA will be pursued in order to move towards the digital future of Customs administrations.

Counterfeiting issues related to the specific demands for medical supplies also led to the creation of the IPR CENcomm Group for data exchange on counterfeit medical supplies and fake medicines, a concrete example of an initiative that could be extended in CEN applications to more types of goods in order to raise preparedness in the future. The extended use of the WCO Data Model should also be the norm for more and more Customs administrations, as a centralized source for the common definition and treatment of data.

Lastly, cybercrime is mostly known by Customs through the illicit activities undertaken on the Dark Web. Some Customs administrations have already established dedicated teams, in coordination with police departments, to fight against criminal behaviour rendered easy by the anonymity provided by the Dark Web. This is clearly an area where criminal activities will continuously increase and where Customs administrations, because of their position, can make a difference in the future. The UNODC relies on specialized cybercrime staff, an example that could be followed by the WCO as part of the activities aimed at raising awareness on the fight against cybercrime.
This part of the Environmental Scan complements the examination of the points already addressed in the previous sections, by bringing a legal perspective. The crisis demonstrated that a coordinated and harmonized approach is the best way to deliver tangible results. However, there are a number of rules, some of which are legally binding, which could be adopted and which could secure coherence and legitimacy in the global approach if they were properly implemented.

In addition, the crisis revealed the need to have some commonly agreed and ready-to-use basic legal frameworks to allow for a smooth transition from a society ruled by business-as-usual activities to a society having to face a climate of crisis. The major global risks threatening humanity are known and defined to a certain extent. International organizations could all work together to set up specific packages that could be used to address certain particular situations. At the national level, government agencies could also cooperate on the establishment of common frameworks to address these crises, taking due account of local specificities.

As part of the follow-up of the crisis, and to mitigate the risks for citizens, governments have been obliged to produce new sets of temporary rules. To apply these rules properly, government agencies will need to train their staff. These developments are relevant in the context of the need to prevent the virus from spreading. However, in a spirit of proactivity, these measures could have been the subject of prior discussions and preparations before the resurgence of a global threat.

**CUSTOMS RESPONSE**

The establishment of legal frameworks is essential to provide legitimacy and certainty and make it possible to adapt quickly to specific challenges that can be foreseen. This would require governmental and global approaches where Customs would have an important role to play.

This WCO Customs Environmental Scan has considered the current crisis under various angles, suggesting areas where Customs performance could be enhanced for a more predictable and manageable future. The crisis highlighted again the importance of Customs in the treatment of goods and protection of societies, among other areas. Customs administrations have continued to perform their duties, in spite of the danger related to the proliferation of the virus.

Customs activities remained constant, not simply because of the courage of officers at the borders but also because they are part of their countries’ essential services. Acknowledging this fact, Customs administrations are well placed to address their governments, together with other border agencies, on the need for establishing basic tools to mitigate the impacts of such crises and keep economies alive.

The activities of the WCO in producing common material and statements with partner organizations showed that cooperation is always possible and should not be limited to the urgent need for responses in times of crisis. The current situation should lead to increased cooperation between international organizations, agencies and other stakeholders, especially on the establishment of common rules to be applied automatically in crises.

However, the current crisis should not automatically lead to the development of new materials. Significant work was done in the past to develop common legal frameworks, standards and conventions on a variety of topics, to ensure coordinated approaches. The proper implementation of WCO tools and instruments would set Customs up as a role model in terms of harmonization and the follow-up of such implementation should be a high priority for the WCO Secretariat. This would in particular ensure similar approaches in the treatment of goods, risk management procedures and the interoperability of IT systems. The WCO and its Members could therefore have a leading role at the international and national levels, and make the position of Customs administrations clearly heard when discussing future common crisis mechanisms with other international organizations and governments.

One of the objectives of the newly created Performance Measurement Working Group is to achieve a mechanism to assess the status of implementation of WCO tools and instruments. This work is of crucial importance for the future of Customs. Facilitation measures could easily be applied thanks to a proper implementation of the WTO TFA and the WCO RKC. Security at the borders could be further ensured with correct application of the SAFE Framework of Standards. The implementation of the HS2022 version is another issue of primary importance to provide Customs with updated tools to address the flows of goods in a proper manner. The WCO and Customs administrations have to be proactive and raise governmental interest around these tools, showing what kinds of benefits they could bring for regular business, and also for business during crises. This would facilitate cooperation at international level and guarantee that International tools take the Customs perspective into account. The development of cross-sectorial tools will certainly be led by administrations which have already achieved a significant amount of standardization. It is time for Customs administrations to attain excellence in this area, to be an example for the world.

The crisis showed that inter-agency cooperation is a prerequisite for an efficient response to national challenges. Members are therefore strongly encouraged to use the tools aimed at reinforcing the links between Customs and other agencies such as Financial Intelligence Units (FIUs), Police and Tax administrations. The WCO Secretariat will also provide all the necessary support to provide Members with adequate training to adhere to the new requirements emanating from national post-COVID scenarios. It is therefore important that Members duly share with the Secretariat their absolute needs in terms of capacity building.
The crisis had an impact on all sectors of our human societies, putting at risk citizens and businesses. The disruption of human activities had disastrous effects on economies. Coming back to the origin of the crisis, it is suggested that the new coronavirus may have initially been transmitted from an animal to a human being.

The animal in question is unfortunately well known to border agencies. UNODC states that “COVID-19 is most likely linked to a zoonotic pathogen in wild bats that was passed to humans, possibly via an intermediary, which may have been the pangolin, the world’s most trafficked mammal”22. If this link turns out to be scientifically proven, this would highlight the threats of wildlife trafficking and environmental crime to humanity as a whole.

The strong possibility of new outbreaks of zoonotic diseases should make us rethink our lifestyles. The damages that human beings are causing to nature do not have localized impacts only. The entire world is functioning on the basis of cycles in which flora and fauna have a role to play. Some local flora and fauna have specific functions that cannot be replicated elsewhere.

Throughout time, the world has become smaller for human beings, firstly thanks to the progress made in transportation, and secondly due to the rapid growth of human populations. As is the case for other terrestrial animals, human beings have functions and responsibilities to keep their environment safe and sound. Hopefully, the linkages between wildlife trafficking and COVID-19 will have positive impacts on environmental regulation and the fight against environmental crime.

When it comes to trade from a more general perspective, COVID-19 highlighted the need to better secure the flows of goods and to protect people involved at the borders in order to reinforce the resilience and sustainability of supply chains. The procedures at the borders cannot be performed in a way that mitigates the impacts of a crisis without proper adaptation of the controls, which would guarantee both the safety of people and the application of appropriate risk management. The sustainability of our economies also relies on our capacity to minimize the impact of a crisis on workers at the borders, restraining to the largest possible extent their exposure to the illness, and offer them the right environment to safely perform their duties in terms of facilitation, revenue collection and the protection of society.

On a more positive note, the reduction in human activity has had peculiar outcomes all around the world. One of the most heartwarming stories is that of the inhabitants of the village of Jalandhar, located in Punjab State, India, who were able to appreciate the beauty of the Himalayan Mountains from 200 kilometers away for the first time in thirty years, thanks to an improvement in the quality of the air between 16 and 27 March. We should keep this kind of story in mind and strive for a more sustainable way of life in the future.

CUSTOMS RESPONSE

For many years, the WCO and its Members have been committed to combating environmental crimes. The Environment Programme23 is one of the success stories of the Organization, which has led to joint operations resulting in significant outcomes in terms of arrests and seizures. In June 2019, Operation Thunderball24 on wildlife trafficking was conducted across 109 countries, together with Interpol, and concluded with 1,828 seizures and 502 suspects arrested. In September 2019, Operation Demeter V25, involving 83 WCO Members, resulted in massive seizures of environmentally sensitive goods such as Waste Electrical and Electronic Equipment, plastic and paper waste, and used batteries. These operations are particularly efficient, producing significant results. At the same time, they reinforce inter-agency cooperation and the expertise of Customs officers in these areas. The COVID-19 crisis could result in even more attention on these operations and potentially multiply their number in the future.

The WCO Theme of the Year for 2020, “Customs fostering Sustainability for People, Prosperity and the Planet”, is very relevant to the previously mentioned Environment Programme, in addition to reinforcing the resilience and sustainability of supply chains in response to COVID-19. The WCO is also raising awareness among its Members on the small actions they can easily take to reduce their environmental impact and improve the sustainability of their daily business. For example, this year the WCO Secretariat distributed to its staff reusable and 100 percent recyclable water bottles, and installed water filters in the headquarters building in Belgium, thereby getting rid of the water fountains. This initiative also benefits visitors, who are invited to use the water filters. This kind of small action can make a big difference if broadly applied.

COVID-19 also prompted the WCO Secretariat to improve its own IT infrastructure in order to conduct virtual meetings and online capacity building activities. These developments have just started but could lead, if successful, to increased coverage and effectiveness of capacity building activities by supplementing the traditional in-country missions with remote assistance, to respond to a significant number of demands that hitherto could not be covered and to improve the preparatory stage of missions.

The efforts to protect the environment and ensure sustainable development have to be shared at global level. Customs administrations must do their part and reflect on what they could bring in this context. The crisis showed that seizures of counterfeit products, protected species, wildlife, etc., can play a role in protecting people and the planet. Customs could raise awareness through extended communication at this level and launch discussions at governmental level to be more efficient at the borders. The penalties for offenders could be made more severe in order to significantly change behaviours in the future. Again, more controls on the internet and stricter frameworks for informal trade could impact the flows of endangered species and dissuade smugglers.

Customs administrations could also build on their experience related to waste, which is an area of great concern for the future with regard to sustainable development, and launch national debates on the next steps towards circular economy. The principles of circular economy could transform waste into opportunities, the “second life” of products becoming an entire business. Taking the lead on these aspects would definitely position Customs as a modern national agency, living in accordance with the challenges of its time and being forward-looking in its approach.

Last but not least, the safety of Customs officers and private sector stakeholders interacting at the borders should be fully guaranteed in times of crisis in order to properly protect them from the potential threats and secure the sustainability of supply chains and reinforce their resilience. The importance of this point was rightly highlighted in the paper26 submitted by the PSCG, which listed a series of measures including social distancing and the use of IT that could be globally implemented for adequate responses in the future. The WCO should use these recommendations as the starting point for specific procedures to be applied when it comes to controls and interactions with private sector operators during a crisis. As the exposure of Customs officers to global crises will remain constant because of the nature of their duties, the need to pay particular attention to these aspects is essential for people, prosperity and the planet.