The Environmental Scan aims at providing Customs administrations and external stakeholders with an overview of the main global trends affecting trade and their potential impact on Customs roles, policies and practices. In a fast-changing world, this exercise enables the WCO to take stock of the environment in which Customs operate and to reflect on ways to address the future in the best possible manner.

Customs administrations have an essential role to play at the borders. In recent years, a shift away from the traditional Customs responsibilities, mainly focused on revenue collection, to a larger portfolio of responsibilities, including facilitating legitimate trade and protecting society, has been observed. The evolving nature of Customs functions has resulted in significant additional pressure with high expectations regarding their performance. The environment in which Customs operate is closely related to several factors encompassing trade patterns, political decisions and consumption habits. The evolutions taking place in these areas have had and, and will continue to have, diverse impacts on Customs.

**A changing trade environment: Rise of trade in service and intangibles, changes in trade patterns, debate surrounding multilateralism in trade and re-birth of national borders**

Trade flows are closely related to trade patterns that are shaping the overall environment in which border agencies and businesses are operating. The most recent WTO World Trade Outlook Indicator points to a slower trade growth in the first quarter of 2019. This figure is in line with the trends observed over the past decade, showing a slowdown of the traditional trade indicators focusing on actual imports and exports of goods and services. The questions thus arises about the reasons and forces driving these trends. Trade patterns are facing significant changes that impact the statistics have been calculated until now. Imports and exports of goods are losing momentum, mainly because of technological developments that allow every country to produce and manufacture a large range of goods reducing their dependence to commercial exchanges. Another observation is that merchandise trade in global GDP terms has tended to decline over the past few years, from 50.2% in 2011 to 44.4% in 2017, trade in services had experienced a regular growth pattern, from 11.7% to 12.9% for the same period. This example shows that trade in merchandise is losing its prominence in trade exchanges, to the benefit of other types of trade such as services but also intangible goods brought to the fore by the advent of the digital era. Each form of trade has a different mode of functioning and consequently impacts on the traditional activities associated with merchandise trade, such as transport or revenue collection.

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1. A summary of the main points addressed in the 2019 Environmental Scan is available in Annex I
According to the WTO, the current political environment also helps to account for the current trade figures, underlining that “*simultaneous declines in multiple trade-related indicators should put policy makers on guard for a sharper slowdown should current trade tensions remain unresolved*”⁶.

Another possible explanation for this trend, and a question often asked, is whether multilateralism is in crisis. The authority and efficiency of multilateral organizations are under increased scrutiny. In addition, the weakened globalization trend observed over the past decade has been accompanied by growing recognition that the economic gains and opportunities brought about by globalization have not been inclusive and have not always translated into sustainable economic, social and environmental well-being⁷. This fatalism regarding the current status of multilateralism is best exemplified by a document produced by the Research Service of the European Parliament; “*the current crisis of multilateralism has many faces: fewer multilateral treaties are being signed and ratified; some of the existing treaties are poorly implemented, and states increasingly reject the oversight of treaty obligations and monitoring of compliance by multilateral organizations*”⁸. The consequence of this trend is a potential return of bilateralism in trade, as this is perceived to be more flexible and easier to achieve than a multilateral agreement.

“Import-facilitating measures (USD 216 billion) have also risen significantly during this period but still account for just half that of trade-restrictive measures”

Global trends show that national sovereignty and protectionism are high on political agendas. A WTO report published in November 2018 highlights the fact that trade-restrictive measures recently increased in G20 countries⁹, accounting for 40 new trade-restrictive measures applied by G20 economies between May and October 2018, including tariff increases, import bans and export duties. The amount of these measures is six times larger than that recorded in the previous reporting period and the largest since this indicator was first calculated in 2012. Another noteworthy fact is that import-facilitating measures (USD 216 billion) have also grown significantly during this period, but still account for just half that of trade-restrictive measures (USD 481 billion).

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⁷ UNCTAD - New ways in which the United Nations could address the crisis of multilateralism and trade and its development machinery, as well as what the contribution of UNCTAD would be (page 5)
⁸ European Parliament Research Service - The future of multilateralism Crisis or opportunity? - May 2017
Prominence of security in public policies

The 2018 Annual Report of the Stockholm International Peace Research Institute states that “after 13 consecutive years of increases from 1999 to 2011 and relatively unchanged spending from 2012 to 2016, total global military expenditure rose again in 2017”, reaching USD 1.7 trillion worldwide\textsuperscript{10}. It should be noted that these figures represent a global average and do not reflect differences between countries. For various reasons, some countries decided to increase their military public spending, while others reduced it. This global figure however demonstrated that national security is still an issue that remains high on political agendas. Since 2008, national security has been mentioned as an objective justifying the use of Technical Barriers to Trade (TBT), together with human health and safety as well as the protection of the environment.

\textsuperscript{10} \url{https://www.sipri.org/media/press-release/2018/global-military-spending-remains-high-17-trillion}
The relative importance of national security has an impact on trade, implying an increase of non-tariff barriers and new functions for Customs personnel related to security matters. One example is the involvement of Customs in surveillance matters, often related to organized crime or terrorism. This entails increased training for Customs personnel, on the one hand, and increased collaboration with other border agencies.

Migration is also an important issue affecting border agencies. The UN Refugee Agency (UNHCR) reported that the world is currently witnessing the highest levels of displacement on record. In 2017, the total number of people around the world that were displaced reached 68.5 million. Among them are nearly 25.4 million refugees (+10% compared to 2016), 52% of whom are under the age of 18, and 3.1 million asylum-seekers. 85% of the refugees are being hosted in developing countries.

In 2017 alone, 2.7 million people fled their home and migrated to another country.

These figures represent an increase for the sixth consecutive year and place significant pressure on authorities at the borders. These flows of people have been expanding year-on-year and border authorities, including Customs, must consider the possibility that this trend will continue unabated from many years to come. The flows are shedding light on issues related to identity control, and the fight against terrorism more broadly speaking, necessitating border agencies to act in an efficient and adequate manner.

“25.4 million refugees in 2017, representing +10% compared to 2016 and an increase for the 6th consecutive year”

11 https://www.unhcr.org/globaltrends2017/
Development of e-commerce

The issues related to the global expansion of e-commerce, such as the lack of international statistics and the massive flows of small parcels at the borders, are well known. Work has been undertaken by various organizations, including the WCO, to try to find solutions to these issues and move forward. The most recent development was the official launch in January 2019 of WTO work on the development of global rules on electronic commerce.\footnote{WTO JOINT STATEMENT ON ELECTRONIC COMMERCE}

Customs response

The prominence of security in public policies has increased throughout the last two decades mainly as a response to the multiplication of terrorist attacks and the development of organized terrorist groups. The scope of responsibility of Customs administrations has naturally expanded with the focus granted to security and now covers new kind of operations going beyond commodities. This requires new skills but also a new consideration of the role of Customs, more and more embarked into military and enforcement operations.

In addition, forced migration, based on national conflicts, environmental disaster, and economic crisis, will continue to increase in the future. Customs must be prepared, in terms of skills and instruments, to cope with massive waves of migration and refugee influx at the borders. This matter includes one aspect related to the efficient control of identity, often related to the fight against terrorism, which can be made complicated by the absence or the forged of identity documents. Again, the use of data analytics and the cooperation with enforcement authorities will be essential in this context.

In response to the evolution of their roles, Customs will have to design their own trainings and approaches for security in order to embed security constraints into the Customs professional culture without forgetting its core role. The expansion of the role of Customs will not only require the use of IT to track the suspicious movement of goods and people at the borders, but also inland. Cooperation with military and enforcement bodies will have to be strengthen. Suspicious financial flows will also require a particular attention, as they can be used to support activities posing a threat to national security. Better cooperation with tax authorities is therefore another aspect to be observed.

The WCO considers this new role through the reinforcement of its collaboration with enforcement organizations such as Interpol. The WCO also promotes joint operations with enforcement agencies, trying to multiply their frequency and the range of issues they cover. The ability of Customs in dealing with data analytics will be an important aspect in this matter. For the future efficiency of Customs administrations, it is important to be aware of the relevance of data analytics and to familiarize with their use in order to detect abnormal activities and changes in borderland. The WCO launched initiatives to develop its capacity in providing support to Customs administrations on data analytics. Regarding the need for more cooperation with tax authorities, the WCO produced dedicated Guidelines and continue to provide the necessary support to its Members for achieving a more efficient partnership. In a similar vein, the WCO and the Egmont Group are finalizing Guidelines for strengthening cooperation with Financial Intelligence Units.
The potential benefits related to e-commerce have also been studied extensively. The existence of
global market places offers significant opportunities for SMEs and MSMEs in terms of market
penetration and should attract businesses all around the world. The OECD Digital Economy
Outlook 2017\(^{13}\) provides almost contradicting figures however, indicating that gaps between countries
could be deepened by the existing differences in the usage of the internet.

Strictly focusing on online sales and purchases, the OECD Digital
Economy Outlook 2017 stipulates that while more than 90% of
businesses are connected to the internet, only 20% use digital
technologies as online marketing tools. It is noteworthy that
differences between internet users in the OECD countries are stark:
almost 40% of internet users in the Netherlands delved in online
sales in 2016, as compared to less than 5% of internet users
in Greece; and around 90% of internet users in the UK made
purchases online, as opposed to just 10% in Colombia. These figures
ecompass both national and international sales and purchases; the
fact that internet users are more comfortable operating within their national market also has to be
taken into account.

According to McKinsey & Company, China accounted for more than 40% of the value of worldwide
e-commerce transactions in 2016, as compared with 0.6% in 2005. In 2016, China and the US alone
accounted for 66.5% of the value of worldwide e-commerce transactions\(^{14}\). These figures call into
question the levels of openness of e-commerce, and more globally of the digital economy, and their
ability to provide equal opportunities for all, particularly in developing and less-developed countries.

\[\text{“While more than 90\% of OECD businesses are connected to the internet, only 20\% use digital technologies to sell products online”}\]

Notwithstanding these facts, the exponential growth of
e-commerce cannot be denied, and with it new issues pertaining
to revenue collection and product safety, for which relevant
solutions have to be defined. The revenue losses related to e-
commerce will likely require small businesses and individuals to
declare their online sales and purchases in the future, despite of
having no experience in this area. Customs should prepare
themselves for the increase in declarants. Some initiatives in this area have already been put in place
at operational level. For instance, the Dutch VENUE, which is a simplified e-commerce declaration,
requires shippers to declare their import or export of items purchased via e-commerce platforms.
Belgium has developed the same type of system with its BE-GATE.

Obtaining data on individuals and microbusinesses exclusively operating online is not an easy task.
The multitude of newcomers that will potentially be required to declare their transactions cannot be
managed by Customs alone. The new trends and patterns call for more cooperation between border
agencies, on one hand, but also between border agencies and the private sector. Internet service
providers born from the explosion of e-commerce can play a significant role in partnership with border
agencies. These multinationals are compiling a huge amount of data on their users and products.

https://doi.org/10.1787/9789264276284-en

\(^{14}\) McKinsey - Digital China: Powering the economy to global competitiveness - December 2017
competitiveness
A new kind of partnership between these businesses and border agencies, including Customs, would have implications for transparency with regard to companies using the e-commerce platforms and the products they sell.

E-commerce contributes to the facilitation of the market penetration of counterfeited products mainly on account of the lack of controls operated on the online vendors and buyers and the way these products are delivered, i.e. in small parcels. These activities are posing problems in terms of Intellectual Property Rights but also in terms of product safety, and can represent a threat to society. The internet is increasingly used by smugglers as a way to easily sell contraband products, such as cigarettes, tobacco and even medication. The need for adapted responses has to be fully embraced by Customs and other enforcement agencies that have a role in protecting society from dangerous goods. Counterfeiting has implications for a wide variety of products, from perfumes and clothes, to toys and food products. Renewed cooperation between border agencies and the private sector would have a positive impact on product safety.

**Customs response**

The opportunities and issues related to e-commerce are well-known by Customs administrations. The WCO has been working since 2016 on the development of a Framework of Standards on cross-border e-commerce, in order to address the numerous questions caused by the explosion of the flow of small parcels. Common standards and common responses are necessary in this area, the WCO will make sure that the policy developed by Customs administrations on e-commerce are comparable. Collaboration with other international organizations, such as the WTO who recently launched its own work on e-commerce or with the Universal Postal Union, for managing the flows in a cooperative and efficient way, is also important.

One important aspect that should be duly considered is the inclusiveness of e-commerce. The potential is acknowledged but trends are showing that differences in the usage and skills in online sales and purchases already exist and are continuously growing.

E-commerce is nonetheless globally growing and developing the adequate tools for measuring the flows it creates appears of primary importance, particularly when it comes to revenue collection and protection of society. Adequate cooperation with the competent border agencies and with Internet service providers should be high on Customs’ agenda, in order to be able to target suspicious movements of goods and address efficiently the issues related to e-commerce while fully benefiting from its potentials.

The world is progressively moving towards digital economy, and e-commerce is a simple part of it. The role of the WCO is to ensure its Members preparedness in this area, as well as their full understanding on the opportunities and challenges it brings. In this context, other issues of primary importance will have to be taken into account by Customs for their modernization and future-proofing.
Moving towards the Digital Economy

There is currently no universally agreed definition for digital economy, but the term is often used particularly when paired with discussions about the future of our societies. Schematically, digital economy could be defined as the economy based on digital technologies. This would encompass e-commerce but also the totality of devices, software and concepts allowing for the computerization of the economy.

The data provided in the OECD Digital Economy Outlook 2017 provide ample food for thought. According to the Outlook Report, the full digitalization of the economy is underway and will become a reality for societies in the coming years. In 2016, 83% of adults in the OECD area accessed the Internet and 73% did so daily, up from 56% and 30% in 2005. Whilst the access and usage of digital technologies presents strong differences between countries, global trends indicate their overall expansion. Every society should join the technological revolution, to ensure opportunities and development to all.

“For Customs, the increasing usage of digital technology should be fully embraced and considered for the future. The trends indicate that the role of Customs will naturally evolve together with trade methods. One specific example is the development of 3D printing and the consequences it will have on the trade of physical goods. According to the International Data Corporation (IDC), global spending on 3D printing (including hardware, materials, software, and services) will exceed USD 13.8 billion in 2019, an increase of 21.2% over 2018. With technologies such as 3D printing, Customs will have to face an increase in the movement of physical goods circulating in electronic format. This situation is an unprecedented situation for Customs, the WCO Harmonized System makes no reference to it, and the Customs community should be prepared for it. The 1998 WTO Moratorium on Customs duties for intangible products has been under scrutiny at the WTO and the taxation of intangible products could become an urgent matter with regard to the rise in their trade volumes, facilitated by the expansion of new technologies such as 3D printing. Indonesia already took measures to assess the magnitude of the trade of intangible products, through the classification of electronic transmissions in the nomenclature.

The proliferation of these new trends in trade, operated in a fully digital way, will have a huge impacts on Customs. The appearance of new products in trading patterns will require international responses regarding their classification and ways to inform small businesses and individuals on this. Cooperation with the private sector appears again highly relevant for communicating and raising awareness on the way to declare those products. There will also be an impact on security concerns and on the potential breaches of Intellectual Property Rights - a technology like 3D printing offering the possibility to any

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16 Discrete manufacturing will be the dominant industry for 3D printing, delivering more than half of all worldwide spending throughout the 2018-2022 forecast. Healthcare providers will be the second largest industry with a spending total of nearly $1.8 billion in 2019, followed by education ($1.2 billion) and professional services ($898 million). Consumer spending will account for less than 5% of the worldwide total at $647 million. By 2022, IDC expects process manufacturing to move into the number 5 position ahead of the consumer segment. The industries that will see the fastest growth in 3D printing spending over the five-year forecast are healthcare (29.8% CAGR) and transportation (28.3% CAGR). Source International Data Corporation https://www.idc.com/getdoc.jsp?containerId=prUS44619519
individual to replicate a specific product. The potential impact of these new trends have been publicized, but have not been properly assessed. There is a need for Customs, and also for partner organizations and the private sector, to concretely evaluate the potential impact in order to define the most suitable solutions and a commensurate with actual requirements. Being able to determine the impact of these technologies, their scope and nature, would provide Customs with relevant data to analyze and publish. Public opinion is now more than ever focused on transparency and is expecting more data to be shared by governments and international organizations. For Customs, used to maintaining big databases for more than 20 years and to releasing aggregated data, this represents a new challenge, as they will have to consider publically releasing more detailed data, while addressing confidentiality and sensitivity concerns. In the meantime open source data such as UNCTADstat\textsuperscript{17}, World Bank Open Data\textsuperscript{18}, the UN Comtrade Database\textsuperscript{19}, and ACLED\textsuperscript{20} offer huge potential. These fora offer a great opportunity for data analysis; comparison and forecasting that could also be used for improving Customs operations but also their partnerships with other border agencies.

Technology allows for a massive collection and storage of data, which brings another challenge for agencies such as Customs dealing with sensitive information. The accessibility of data, even protected data, has been made easier than ever on account of their digital format. Cybersecurity is an area of great importance where developments are needed to ensure data protection and avoid breaches. According to a joint study from the Center for Strategic and International Studies (CSIS) in cooperation with the cyber security company McAfee, the global costs of cybercrime rose from almost USD 500 billion in 2014 to USD 600 billion, or 0.8% of global GDP, in 2018\textsuperscript{21}. It is likely that these costs will continue to grow in the future, if no concrete actions are taken. According to a report published by the International Data Corporation, worldwide spending on security-related hardware, software, and services was about USD 91.4 billion in 2018, an increase of 10.2% over the amount spent in 2017, and forecasted that the market would represent USD 120.7 billion in 2021. The US accounted for more than 40% of worldwide spending in cybersecurity\textsuperscript{22}. These figures will naturally grow over time, as the methods used by cybercriminals become more sophisticated and the data stored in the digital area always more numerous and sensitive. The agencies and stakeholders active on the borders should pay particular attention to the confidentiality of certain commercial data but also to the security of infrastructures such as ports, airports, warehouses, Customs offices and other logistics hubs.

\textit{“The global costs of cybercrime rose from almost USD 500 billion in 2014 to USD 600 billion, or 0.8% of global GDP, in 2018”}

\textsuperscript{17} https://unctadstat.unctad.org/EN/  
\textsuperscript{18} https://data.worldbank.org/  
\textsuperscript{19} https://comtrade.un.org/  
\textsuperscript{20} https://www.acleddata.com/  
\textsuperscript{21} CSIS/McAfee \textit{“Economic Impact of Cybercrime—No Slowing Down”} February 2018  
\textsuperscript{22} https://www.idc.com/getdoc.jsp?containerId=prUS43691018
Customs response

The digital economy is a vast concept that encompasses a lot of areas of interest for Customs administrations. As a starting point, one must say that the digital transformation of the economy underway and that Customs should follow the trend to keep its specificity as a public administration looking for an equilibrium between its coercive power and its role in economic development. Emerging technologies are disruptive in terms of knowledge, which should encourage Customs administrations to invest more in science and research, in order to fully seize the opportunities offered by the use of these technologies. In the past, Customs administrations tended to externalize the tasks requiring the use of technology by specialized staff. These activities should be performed in-house now, by Customs staff specially trained for it. This will require investment in material but also to build the capacity needed.

Digital products will progressively appear on the global market, which needs to be fully observed with a forward-thinking approach. In tomorrow’s world, what could be the role of Customs and border agencies if physical goods are progressively replaced by digital goods? Reflection of the future of Customs role, the future of revenue collection and what the term “commodity” actually covers, is needed now. This is why Customs administrations, other international organizations and the private sector should cooperate on a proper assessment of the concrete and potential impacts of new technologies. Defining the right and adequate solutions comes with a specific knowledge of the issues faced. The lack of detailed information on new technologies and their impacts is preventing Customs and the other actors of global trade from adopting the appropriate tools and posture with regard to new technologies.

The digital economy also offers great opportunity for Customs with regard to coordinated border management. The development of technologies such as blockchain allows for the development of digital supply chains where data have to be submitted and validated once. There is a great potential for the reinforcement of the cooperation between enforcement agencies but also with the private sector. Special care should be observed on the full interoperability of the different IT systems, to ensure proper data exchange.

The exchange and collection of data in a fully digital way raise the question of the vulnerability against cyberattack and data protection. In digital era, investments into cybersecurity solutions will significantly increase and this is applicable to Customs administrations. Some data handled by Customs are either confidential and/or sensitive, and must be safely stored. Customs will have to give important consideration to the protection of their digital data and infrastructures. In the meantime, Customs will have to be ready to positively reply to civil society expectations in terms of transparency and to provide more detailed data in an open-source way, as some other international organizations already implemented.

The WCO chose “SMART borders for seamless Trade, Travel and Transport” as 2019 Theme of the Year, which has an important IT-related aspect. The WCO is fully aware of the importance of digitalization and will support its Members in building their capacity to efficiently embrace the era of digital economy. The WCO will promote the systematic use of IT technology in the tools and instruments it develops and will explore further the potential work to be done in the area of data analytics.
Public awareness on climate change and sustainable society

Climate change is currently a matter of interest in political debates. Recent extreme weather-related events, the melting of polar ice-caps causing sea levels to rise, diseases related to high levels of pollution, tended to raise public awareness on climate change and is likely to durably impact trade and consumption patterns.

According to the Conference Board® Global Consumer Confidence Survey 2017, 81% of global respondents felt strongly that companies should help improve the environment and 73% of consumers say they would definitely change their consumption habits to reduce their environment impact\(^\text{23}\). These commitments are verified by the significant increase of sustainable products sales. In 2018, the sales of sustainable products in the US were expected to reach USD 128.5 billion compared with USD 107.3 billion in 2014\(^\text{24}\). This trend is amplified by the increased awareness of the millennial generation regarding environmental matters.

According to a report released by the Green Customs Initiative in 2017, the revenue loss related to five major environmental crimes - namely illegal, unreported, unregulated fishing (USD 23 billion); trade and dumping of hazardous waste (USD 12 billion); illegal extraction and trade in minerals (USD 48 billion); wildlife poaching and trafficking (USD 23 billion); and illegal logging and trade (USD 152 billion) - reached a total of USD 258 billion\(^\text{25}\). This alarming figure does even reflect the dramatic impact these crimes have on the environment. The crimes outlined above are often linked with cross-border trade and are therefore subject to Customs controls. Customs awareness and specific skills are therefore needed to be able to detect this kind of merchandise and to stem their flows.

In October 2018, the WTO and UN Environment jointly released the report “Making trade work for the environment, prosperity and resilience”\(^\text{26}\) which states that the protection of the environment goes hand to hand with economic prosperity and supports the achievement of the UN 2030 Sustainable Development Goals. The report particularly insists on the need to further develop partnerships between the various stakeholders involved in trade supply chains. Consumers’ expectations with respect to sustainable products are increasing and some governments have already included a sustainable development criterion in their trade agreements, as the EU did recently\(^\text{27}\). These criteria increase the number of controls to be performed at the borders by the various agencies and require additional expertise. In addition, the proliferation of sustainable labels increases risks of counterfeiting and border agencies have to take this into account in their risk management procedures.


\(^{24}\) Nielsen - Was 2018 the Year of the Influential Sustainable Consumer? - November 2018

\(^{25}\) Green Customs Initiative - [Our Planet: Environmental Crime](https://www.greencustomsinitiative.org/our-planet-environmental-crime) - March 2017

\(^{26}\) [https://www.wto.org/english/res_e/publications_e/unereport2018_e.pdf](https://www.wto.org/english/res_e/publications_e/unereport2018_e.pdf)

Customs response

Trade patterns are impacted by consumer demands and the trends are showing growing public interest on the fight against climate change and, more broadly, the need to adopt more sustainable ways of living. Public society is more and more willing to be ensured that the products they are consuming originated from sustainable trade. Customs administrations are in the front line to control these products and decide to whether release them or to seize them.

Customs can, in many ways, contribute to a more sustainable society. As an administration, the commitment to reduce for instance Greenhouse gas emissions, water consumption and the use of paper can easily be taken internally. At operational level, Customs can contribute to the fight against climate change through the correct application of dedicated border adjustment taxes, such as carbon taxes, and through the control of illicit trade in Ozone depleting substance under the Montreal Protocol. The role of Customs at the borders is even going beyond climate change and makes them a fundamental actor in the fight against the environmental crimes.

The WCO is aware of this role and took various initiatives to affirm the commitment of Customs community in the protection of the environment. Being a driving force implementing a number of Multilateral Environmental Agreements and initiatives, such as the Green Customs Initiative, the WCO decided to launch in 2012 its Environment Programme to contribute to the combating of environmental crime, in particular, illegal wildlife trade, illegal trade in hazardous and other waste, ozone depleting substances (ODSs) and illegal trade in timber. The Environment Programme was later complemented with WCO Declaration on the Illegal Wildlife Trade and the signature of the United for Wildlife Transport Taskforce Buckingham Palace Declaration.

These commitments have to be concretely applied by the WCO and its Members. Through the organization and conduct of a number of specific joint operations, such as INAMA, WCASP, THUNDERBALL or DEMETER, the Customs community builds its operational capacity in the fight against environmental crime. In addition, the WCO operated a linkage between its main tools and instruments and the UN Sustainable Development Goals (http://www.wcoomd.org/en/about-us/what-is-the-wco/customs-in-support-of-sdgs.aspx) in order to subscribe its efforts in an overall sustainable approach.

The latter is of particular importance and should be kept in mind in the approach of organizations and administrations. The better way to move towards a sustainable society, growing in full respect with its environment, being to perform to the largest possible extent its activities with a strong sustainable mindset. As the global organization for Customs administrations, the WCO pays particular attention in setting the good example for its Members in this area.
Conclusion

The world is changing and Customs need to be aware of the main trends in order to be prepared for the future. The future of Customs is closely related to their capacity to adapt to changes. The Environmental Scan aims to give rise to reflection and discussion.

The various aspects mentioned in this document points towards the fact that a more extensive use of technologies could help to address most of the issues that Customs are facing, and even provide opportunities for improving their efficiency and overall performance. To remain a relevant and lead agency at the border, Customs needs to fully embrace the digital transformation of society and to clearly identify how to adapt its role in this new era.

This would be made possible by investment in material elements but also in research. Staff will have to be properly trained to cope with expectations placed on Customs services. The strategic use of the numerous data collected by Customs will be another crucial point to allow them to identify the global trends and to define a vision that could be used in exchanges with other border agencies and policy-makers.

By (i) existing at the policy-making level through its analytical production, (ii) contributing efficiently at the operational level to the border management through efficient intelligence and (iii) being proactive in the field of scientific development, Customs would keep its specificity, as a public administration looking for an equilibrium between its coercive power and its role in economic development. Otherwise, Customs policy will be driven by other big actors (security forces, multinational companies) and Customs will play a subsidiary role, which will deprive governments of the special Customs perspective on border management.
## ANNEX I - Environmental Scan Outline

### 1. Current trends potentially impacting Customs

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<th>Evidences - references</th>
<th>Impact on Customs</th>
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<td>Public expenditures in security increasing</td>
<td>Customs are required to get more involved in national/regional security policies and development of new functions/culture</td>
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<td></td>
<td>Increase of public aid invested in security and fragile countries</td>
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<td>Transformation/militarization of border management</td>
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<td>Development of e-commerce</td>
<td>E-commerce statistics</td>
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<td>Weakness of multilateralism in trade and re-birth of national borders (structural or punctual?)</td>
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<td>European crisis of 2015, Mexico-US, Honduras-US in 2018</td>
<td>Inclusion of Customs development/reform into the rationale of migration control (location of bureaus on the border, integration of new functions, new kinds of cooperation in intelligence, etc.)</td>
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<td>Integration of Customs into supply chains, making use of peer governance</td>
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<td>Global deployment of data-driven governance</td>
<td>Quantitative approach deployed in many fields (assessment of administrations’ efficiency, monitoring of conventions’ implementation, anti-corruption policies, choice for public expenditures, advocacy, etc.)</td>
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<tr>
<td>Trade in immaterial goods</td>
<td>Statistics on this emerging trend</td>
<td>A renewal of the definition of what is a taxable commodity?</td>
</tr>
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</table>
2. **Customs responses**

From a general perspective, 4 factors have an influence on Customs responses to the current trends:

(i) Customs are asked to get more involved in surveillance policies (policies aiming to monitor the movement of people, such as migration and security policies), which is a dramatic change for administrations whose actions were only focused on commodities.

(ii) Customs are more involved in highly political agendas, such as the re-birth or the hardening of national borders and trade disputes, which is another dramatic change for administrations who were the major actors of a progressive globalization opening the borders since the 1950s’.

(iii) On the one hand, States are losing the monopoly on data production related to citizens and public services for the benefit of a small number of multinational private actors. On the other hand, societies are more demanding on public accountability as a counterpart of an increasing State demand on citizens to provide individual data.

(iv) Technologies are made available publicly and freely. They change the border between non-sovereign and sovereign functions, such as emitting currencies, exerting contracts’ control and, more generally, providing collective good. They may also change the border between what is considered a “commodity” and what is not.

From a technical perspective, the challenges for Customs will be:

(i) To design its own trainings and approaches for security, as a non-offensive actor in security policies, in order to embed security constraints into the Customs professional culture while preserving it.

(ii) To invest more in science: emerging technologies are disruptive also in terms of knowledge, which should encourage Customs administrations to invest more in science and research, in order to be able to seize the opportunities of new technologies such as AI, machine learning for controls and block chains to facilitate trade.

(iii) To develop agile analytical capabilities, in order to feed the policy making processes, such as monitoring the economic dimension of insecurity, the economic and fiscal impact of e-commerce, new environmental norms, or the complexity due to the new borders or militarized borders against migration.

(iv) To enlarge the scope of the intelligence function to add value to the intelligence community and be able to fusion data (internal information, open source, commercial sources, other public services).
By (i) existing at the policy-making level through its analytical production, (ii) contributing efficiently at the operational level to the border management through efficient intelligence and (iii) being proactive in the field of scientific development, Customs would keep its specificity, as a public administration looking for an equilibrium between its coercive power and its role in economic development. Otherwise, Customs policy will be driven by other big actors (security forces, multinational companies, among others) and Customs will play a subsidiary role, which will deprive governments of the special Customs perspective on border management.