GOVERNMENT SECURITY SOLUTIONS

Can technology help enable trust in global trade and bridge the gap between States by connecting at borders?

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Figure 2.1. World: 2013 GDP Growth Forecasts
(Percent)

Source: IMF staff estimates.

World Economic Outlook April 2013 ©
REACCELERATION PARTICULARLY IN EMERGING ECONOMIES
ECONOMIES BY SIZE OF MERCHANDISE TRADE 2011

- **51%**: The top ten merchandise traders accounted for just over half of the world’s total merchandise trade in 2011.
- **45%**: APEC countries had a 45% share in world merchandise trade in 2011.
Merchandise trade flows within regions outperform flows between regions

Merchandise exports by region and destination 2011 (US$ billion)

- **North America**
  - 1103
  - 37
  - 476
  - 15
  - 201
  - 63
  - 382

- **Europe**
  - 234
  - 119
  - 199
  - 639
  - 480
  - 194

- **Central & South America & the Caribbean**
  - 140
  - 21
  - 259
  - 38
  - 130

- **Africa**
  - 21
  - 21
  - 77
  - 148

- **Middle East**
  - 156
  - 21
  - 102

- **Asia**
  - 906
  - 152
  - 2926
  - 189
  - 110

**Key Statistics**

- **24%** of Central and South America exports sent to North America in 2011
- **50%** of total world exports are from North America and Europe
- **53%** of Middle East products were exported to Asia in 2011

*World Trade Organization International Trade Statistics 2012*
• Diversity hinders smooth data exchanges
• Implementation disparity could delay local efficiency
KEY MODELS / SYSTEMS RELEVANT FOR EXCISE CONTROLS

Under WCO Leadership
• Harmonized System (HS)
• Data Model (V3) / Revised Kyoto Convention
• SAFE Framework to secure and facilitate global trade
• IPM / Interface Public Members
• Risk Management Guide

Under WHO leadership
• Codex Alimentarius (with FAO)
• Framework Convention on Tobacco Control (FCTC)

Under EU leadership
• New Computerized Transit System (NCTS)
• Excise Movement and Control System (EMCS)
• EU Food Traceability
• Economic Operators System (EOS)
• Export Control System (ECS)
• Import Control System (ICS)

Under WTO leadership
• Agreement on Customs Valuation (AVC)

National CMS / Customs
• Imports / exports / suspensive regimes
• Valuation / classification, duties and taxes
• Risk management to orient inspections
• Traders compliance analysis

Benefits
• Trade Facilitation through Data exchange
• Law enforcement
• Revenue and statistics
• Standardization
• E-Government
• Improved day-to-day Customs work
• All are relevant to address the excise goods negativities: under-declaration, smuggling, counterfeit

Single Window / Country wide
• On its way thanks to: Data Model v3, other enabling features (ebXML, EDIFACT, GOVCBR…)
• Sum of benefits > Burden of status-quo
• Strong trade push to simplify / accelerate formalities
• Technology ready to make it happen
• CMS fundamental pillar of SW
BETTER CONTROLS OF EXCISE TRADE

• With increasingly sophisticated, modern & interconnected systems, dematerialization of trade documents accelerates trade processes with the risk of increasing fraud due to insufficient physical controls

• By nature, excise goods trade attracts lucrative smuggling, counterfeits, under declarations, under duties & taxes

• Customs sustain the essential role of controlling excise goods’ exports, imports, transits

• Up to date and reliable excise data are fundamental for appropriate collection of duties & taxes, and targeted controls by authorities:
  ➢ Reliability of traded excise goods data in the systems?
  ➢ Do Authorities orient their risk managed inspections / investigations based on production, tracking or tracing data evidence?

• Sicpa marks, tracks and traces excise goods, and stores valuable data: Sicpa role can significantly assist Customs for their targeted inspections
COMPLEMENTARITY BETWEEN EU EMCS AND SICPATRACE®

Supply Chain

Raw mat supplier → Manufacturer → Distributor → Exporter → Transporter → Importer → Wholesaler → Retailer → Consumer

EMCS operated by MS*

Trust-based model: Industry auto-controls itself, not under Customs controls

Product’s Volume and Movement Follow-Up


Random or planned checks based on e-AAD Information

Trust-based model: Goods received? Right quantities? Right products?

SICPA-TRACE® Coding, Marking, Auditing, DMS

Production Control

Secure Marking

Genuine Product Genuine Product Genuine Product Genuine Product

Product’s Aggregation and Distribution Control

Authentication and Verification of Products

Business Intelligence and Risk Analysis

Consolidation / analysis of electronic data with field data, to trigger actions and controls.

* = EU member states

Presented to DG-Taxud: Complementarity recognized
Field-collected SICPA data can assist Customs for targeted inspections.

Customs analyze SICPA data on excise goods produced and traded.

Customs inspect excise goods’ genuineness (over and covert features) to complete exports’ clearance.

Genuine vs fake inspection data captured into CMS and DMS, used as evidence for tax collection, inspections and investigations.

SICPA DMS towards data model alignment for efficient excise data upload (similar alignment envisaged for EMCS).
SICPATRACE® IN COUNTRY OF ORIGIN - BENEFITS TO DESTINATION

- Origin country Customs may communicate Sicpa data to destination country Customs (G2G) for **selective imports control of excise goods**
- **Destination country Customs** target inspections before import clearance against risk-based excise goods frauds
- Import **excise taxes acquitted**
- Evidence collected by both Customs can **strengthen excise WCO Risk Management models**
SUMMARY

• SICPA data collected at excise goods production and supply chain provide **evidence for controls** > Tangible **value added** to Authorities/Customs **to deploy EMCS, FCTC**

• With the increased automation of inter-connected systems (thanks to WCO, EU, WHO…): **Sicpa field data evidence complements electronic data exchanged; borders’ risk-targeted inspections are optimized; fight against fraud and collection of duties & taxes increase**

• Validation of legitimate / compliant excise traders (additional evidence for AEO)

• SICPA data contribute to **Advanced Cargo Information** on excise goods traded between countries

• **Robust data** for the WCO Interface Public Members on marked genuine excise goods

• SICPA provides data, **business intelligence** and smart reporting to assist Customs’ selectivity **risk management**