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EVERY YEAR THE WORLD TRADE ORGANIZATION (WTO) tackles a problem in the world trading system in its World Trade Report. The 2010 Report was devoted to the trade in natural resources. This year, the Organization takes an in-depth fresh look at preferential trade.

Director-General Pascal Lamy explains in the forward of the Report that the choice of this year’s topic reflects two significant trends in international trade relations. The first is the continual increase in recent decades of the number of Preferential Trade Agreements (PTAs). The second is the evolution of the content of PTAs which continue to deepen and which also raise vital questions about the focus and reach of the WTO.

The Report describes the historical evolution of these agreements and examines the reasons why they are created, their economic benefits, their content and the relationship between these agreements and the multilateral trading system.

**Preferential trade and preference margins**

More than 300 preferential trade agreements were in force in 2010. On average every WTO Member is party to 13 PTAs. This participation goes beyond regional borders and nowadays more than half of PTAs are not strictly ‘regional’.

Given their success, researchers at the WTO have tried to understand what motivated States to create PTAs. Tariff preferences are no longer the sole motivation behind them, according to the researchers’ findings.

Indeed the Report provides what is probably the most systematic estimation of the magnitude of preferential trade and the result proves to be an eye-opener. Only 16% of global merchandise trade receives preferential treatment if trade within the European Union is excluded.

This result should not be surprising in light of the huge reduction in tariffs that has occurred over the past years – the average applied tariff across all products and countries was a mere 4% in 2009 – which has reduced the importance of preferential rights. Onerous rules of origin procedures, sometimes associated with free trade agreements, have contributed to these low figures by making the costs of compliance requirements higher than the perceived worth of the underlying preference margins.

Preference margins have also been eroded by the proliferation of PTAs over time. They are small when they are adjusted to account for preferential access enjoyed by other exporters. If the preferential access enjoyed by other exporters is taken into account, less than 13% of preferential trade benefits from a competitive advantage exceeding 2 percentage points.

Not all sectors are affected by this tariff lowering however. PTAs do not appear to be about the removal of tariff peaks either. Indeed, most sensitive sectors remain sensitive (subject to higher tariffs) in PTAs.
Deep PTAs
Many of these agreements go beyond tariff commitments and include provisions on a wide range of behind-the-border or regulatory policy areas. They are called ‘deep’ PTAs. The Report focuses particularly on international production networks as a core explanation for deep integration and gives evidence of the role of these networks by examining closely the integration experience of some PTAs in Asia and Latin America.

The Report also analyses the content of several PTAs in terms of whether they augment WTO provisions in particular policy areas and introduce entirely new issues. Both of these tendencies are identified in many PTAs, particularly those that have entered into force more recently.

PTA provisions relating to areas covered by the WTO universally include industrial and agricultural tariffs. An increasingly large number of PTAs now also include provisions on technical barriers to trade, services, intellectual property and trade-related investment measures.

Provisions referring to policy areas not covered by the WTO commonly include competition policy, investment and the movement of capital. About one-third of the PTAs in the sample also include environmental laws, labour market regulations and measures on visa and asylum.

Coherence between PTAs and the WTO
What must be done, in a multilateral context, so that PTAs and the WTO do not simply run on parallel tracks, offering plentiful opportunities for inconsistency and conflict?

The Report indentifies a number of ideas relevant to achieving a coherent trade policy in a world of deep PTAs. One such idea is that of subsidiarity, whereby some policy areas may be best addressed at the regional or bilateral level, whereas others will require multilateral attention.

Among other ideas put forward, one can cite: the acceleration of the opening of multilateral trade; greater legal clarity and detail in the WTO rules about what is permissible under PTAs; and “multilateralizing regionalism” - in other words to promote greater coherence among non-competing but divergent regulatory regimes that in practice cause geographical fragmentation or raise trade costs.

More information
www.wto.org/english/res_e/publications_e/wtr11_e.htm
THE ANIMALS COMMITTEE of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) met in Geneva on 22 July to discuss how to control the booming - and at times illegal - wildlife trade. Delegates focused on the effects of the trade in three snake species and 20 other at-risk species, and made recommendations for monitoring this trade.

The Animals Committee was established to fill gaps in biological and other specialized knowledge on species of animals that are - or might become - subject to CITES trade controls. Its role is to provide technical support for taking decisions on these animal species.

The three snake species of primary concern for Committee experts, and for which it was decided to undertake a review of significant trade, include the oriental rat snake, the reticulated python, and the Indonesian cobra, all used in luxury products like handbags and boots.

Experts also recognized that basic scientific research into snakes in general and how snake populations respond to harvesting is lacking. To bridge this gap, the Committee agreed on several actions to improve knowledge on the impact of the snake trade on wild populations. Of the 3,315 snake species globally recognized, CITES regulates trade in 130 snake species, 45 of which are found in range States in Asian countries.

The lack of awareness among enforcement and border control personnel of the conservation threats facing snake species was identified as one of the issues for the species’ conservation as well as the reluctance of personnel to engage in snake-related investigations and inspections of facilities, due to the potential hazards and the absence of personal protection equipment.

Reptiles smuggle well. They are small - at least as babies - and with cold-blooded metabolisms can go for long periods without food or water. Valuable and portable, reptiles are the diamonds of wildlife trafficking.

In addition to snakes, long-tailed macaques - the most frequently traded species in live form - and sharks also raised particular concern at the meeting. The Committee also requested a stock assessment of chameleons and frogs from Madagascar, seahorses from Southeast Asia as well as sturgeon and paddlefish populations in the Caspian Sea.

More information
http://www.cites.org/eng/com/ac/index.php
The WCO’s key annual reports on drugs, tobacco and intellectual property

IN JUNE 2011 THE WCO PUBLISHED its annual reports on drug trafficking, tobacco smuggling, and infringements of intellectual property rights (IPR).

The reports analyse seizures reported to the Organization’s Customs Enforcement Network (CEN) database in order to identify trends at the global and regional level. They principally address Customs officers responsible for combating illicit trade, by providing them with information on new routings or modi operandi used by traffickers or simply by giving them a greater overall picture of the phenomenon.

Analysis is only as valuable as the quantity and quality of data on which it is based. The WCO Secretariat considers that there is still room for even greater participation by its Members and therefore urges administrations to do their utmost to ensure that every seizure related to drug trafficking, tobacco smuggling, and IPR infringements is inputted into the CEN.

An extract of each of these reports may be accessed by the public via the WCO website.

More information www.wcoomd.org
Evaluation, the watchword in discussions about Aid for Trade

‘I THINK WE NEED TO PUT the aid effectiveness agenda more centrally in the Aid for Trade Initiative. This is about addressing concerns about effective and timely implementation and getting serious about measuring the impacts of our interventions.”

This statement, made by WTO Director-General Pascal Lamy during his closing address at the Third Global Review of Aid for Trade on 19 July 2011, is indicative of how much importance is being attached to discussions about evaluation among the players in international development aid, stakeholders, financial institutions, NGOs, corporate foundations, etc.

Aid for Trade refers to a subset of Public Development Aid (PDA) which aims to generate trade flows and translate trade into growth, and growth into poverty reduction in developing countries. Officially, Aid for Trade came into being following the Sixth Ministerial Conference held in Hong Kong, China in December 2005, although it has always existed as part of PDA.

The WTO mandate in this field is to mobilize greater resources for Aid for Trade in order to remedy the supply-side and trade-related infrastructure constraints affecting developing countries. In order to achieve this, the Organization monitors and evaluates aid, and each year it brings the various players together for a Global Review.

The Third Global Review began with the presentation of the joint WTO/OECD Report on trends and developments in aid, entitled “Aid for Trade at a Glance: Showing Results”. Whereas previous reviews highlighted the growing commitment of the partner countries and their development partners, the 2011 review aims to identify results, as well as shortcomings in current approaches and practices.

The results are encouraging...
The 2011 Monitoring Report shows that partner countries recognize the need to mainstream trade into national and regional development strategies, and are acting accordingly. Donors respond by mobilizing more resources, harmonizing their procedures and aligning their support around these strategies.

The results include increasing the volume of exports and creating jobs, as well as cutting Customs clearance times and reducing poverty.

The 275 case studies paint an encouraging picture of the wide variety of trade-related activities in 145 developing countries. The 48 case studies that concern trade facilitation describe a raft of initiatives aimed at reducing the costs associated with cross-border trade. These include the facilitation and harmonization of external trade procedures, and supporting Customs services and Customs policy reforms. Examples include Cameroon’s performance contract project, supported by the WCO, and East Africa’s integrated border posts.

…but impact evaluation is difficult
Despite these positive signs, analysts admit that they know very little about what impact Aid for Trade is having on the trade flows of the beneficiary countries.

On a more general level, trade-related interventions, whether financed by national public funds or by a stakeholder, frequently are not subject to rigorous impact evaluation. However, if they are to intervene effectively and prioritize their actions, governments and stakeholders need advice which is based on conclusive data.

Measuring the impact of interventions is also critical in terms of continuing to mobilize funding. Donors are currently finding it difficult to respond to the increase in the demand for aid emanating from developing countries, and they highlight the need to show results because of the budgetary pressures they have to contend with.

While Aid-for-Trade flows have increased by 60 per cent since 2005, a detailed study by Agence Française de Développement (the French Development Agency) published in April 2011, reveals a drop - from 49% to 37% - in the proportion of PDA which is devoted to Aid for Trade.

Where to spend the next million?
This question is the title of a recent publication by the World Bank and the Centre for Economic Policy Research which contributes to the discussions about evaluating the effects of Aid for Trade. It consists of a series of articles presenting impact evaluations of government reforms and export promotion programmes. These articles meticulously dissect every aspect of an impact evaluation - methodology, data selection, selection of participants, and challenges to be overcome.

According to the authors, the key barriers to progress are not conceptual but rather concern incentive issues: impact evaluation studies are often costly, burdensome and lengthy. They add that the exploitation of impact evaluation results should prioritize learning over monitoring. The important thing is to create mechanisms and opportunities for capitalizing on the experience, as well as making impact evaluation normal practice among governments and beneficiary administrations. The idea is to build capacities for the proper interpretation of results and, in the long run, for governments to build their own evaluation capabilities as part of public-service delivery improvements.

Where does business fit in?
Most of the experts highlight the benefits of bringing the private sector more into the Initiative and engaging them on the ground. The private sector is often best placed to identify an economy’s strengths and weaknesses and pinpoint trade-related...
problems, and in many cases is already introducing programmes aimed at developing commercial capabilities. Also, business participation is essential for maintaining the results after projects have ended.

“We must also remember that it is not development agencies that sell into global value chains, it is business,” declared Pascal Lamy at the WTO Third Global Review which is the first with genuine private sector participation.

The role of the State is critical
Nevertheless, in many countries the State, and in particular the Customs administration, continues to play a vital role in organizing the private sector and improving its practices.

On the one hand, administrations have been benefitting from PDA for many years and have modernized themselves, leading to a technical gap between them and local private firms. There are still areas where there is room for improvement in administrative procedures, but they are diminishing. On the other hand, corruption and bad practice have created equilirium that neither the administration nor the private sector can disrupt on its own. It is up to governments to tip the scales in favour of an improvement in trade procedures, for the benefit of society as a whole.

To take one example: in 2011 Cameroon Customs injected a contractual element into its relations with importers, by granting them greater facilities in exchange for improvements in their declaration procedures and payment procedures, and higher quality declarations, thus forcing these “contracted” importing businesses to review their Customs-related operations from top to bottom, as well as their relations with trade intermediaries, banks, carriers and forwarding agents.

More information
http://www.wto.org/english/res_e/publications_e/aid4trade11_e.htm
www.cepr.org/pubs/books/cepr/booklist.asp?cvno=P225

Negative economic prospects fuel protectionism

WTO members are taking more steps to shield their national industries from foreign competition as the economic climate deteriorates, said the monitoring group Global Trade Alert (GTA), which estimates that almost 200 measures that harm trading partners have been introduced from November 2010 to July 2011.

Coordinated by the Centre for Economic Policy Research, an independent academic and policy research think-tank, GTA provides information in real time on measures taken by different countries during the current global economic downturn that are likely to damage foreign trade.

Even amid repeated pledges to avoid protectionism, “G20 countries are responsible for 80% of protectionist measures taken since the Seoul Summit,” the group said in its ninth report published in July 2011. “The four BRIC countries - a group formed by Brazil, Russia, India and China (South Africa had not yet joined the group) - are responsible for implementing a third of protection worldwide,” adds the report which also specifies that during the same period there were only 88 market-opening measures implemented.

“Now that many governments are cutting their budgets..., restricting foreign competition is one of the few tools available to policy makers when responding to pleas from domestic firms and trade unions,” writes Simon Evenett, Professor at the University of St. Gallen in Switzerland and coordinator of the report.

Measures identified and analyzed by GTA are rated as non-discriminatory, possibly discriminatory, and most certainly discriminatory against foreign commercial interests. GTA shares its findings through a dedicated website where visitors can examine measures by implementing jurisdiction, affected trading partners, and/or industry.

The main aim of GTA is to contribute to greater global transparency and thus help prevent the harmful escalation of protectionism.

More information
www.globaltradealert.org
Measurement to be discussed at upcoming workshop

THE WCO, ALGERIAN CUSTOMS and the World Bank are organizing a research workshop in Algiers during March 2012 on the theme “Measurement in Customs and Tax Administrations in Developing and Emerging Countries”.

Measuring or quantifying means transforming objects into numbers: the object is not measurable as such but with the use of quantified indicators (performance indicators, ranking, etc.) it can be turned into objective data one can use as a base upon which to reflect. This implies not only identifying what the object to be measured is (a person, an entity, an organizational set up, a text, a procedure, an instrument, etc.) but also defining upstream, what value is attached to an indicator (distinguishing between the less than average, the average, and the more than average for example) and downstream, what is to be done following the measurement (type of decision to be informed).

The objective of the workshop in Algiers is twofold: to promote applied research on existing measurement tools and/or experiments in Customs and tax administrations which have been the subject of limited empirical research, particularly developing and emerging countries; and to deepen the analysis of measurement as a technique of government as it applies to tax, with the help of several disciplines (anthropology, law, economics, history, political science and sociology).

After the workshop a collective book of selected contributions made by authors who responded to the Call for Papers will be issued.

More information
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OECD report says advance rulings could increase trade flows

The Organisation for Economic Co-operation and Development (OECD) recently released a working paper evaluating the economic and trade impact of specific trade facilitation measures in the 30 “old” OECD countries and Hong Kong, China.

For the purpose of the study, 12 trade facilitation indicators (TFIs) were constructed, corresponding to the main policy areas under negotiation at the WTO, to enable the impact of addressing specific facilitation hurdles in trade procedures of a given country to be estimated. The overall performance of countries within each indicator is determined by a handful of critical variables.

These variables include information on appeal procedures, advance rulings and penalty provisions for the information availability indicator, and Single Windows, pre-arrival processing and authorized traders for the indicator covering the simplification of formalities and procedures.

Other variables, such as the acceptance of commercial documents and authenticated copies for the indicator covering simplification of documents, or cross-border agency agreements for the external cooperation indicator, are fairly homogeneous, as all countries in the sample achieved top performance in these areas - although more significant disparities would likely be seen in a sample that included emerging economies and other developing countries.

For the sample countries, the policy areas that seem to have the greatest impact on trade volumes and trade costs are advance rulings, information availability, formalities, and procedures. If all TFIs are added, their cost reduction potential would reach almost 10% of trade costs, which is an estimate consistent with existing literature.

The use of individual trade facilitation indicators should enable countries to better assess which trade facilitation dimensions deserve priority. On the other hand, data constraints have not permitted, at least not at this stage, to provide indications about the best implementation sequence of various measures.

This OECD TFI project has now been expanded to cover countries outside the OECD area.

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DIRECTORS GENERAL OF CUSTOMS gathered at WCO headquarters to confirm the work done by the Organization over the past 12 months and charted the way forward for the months ahead.

Over the three days, they discussed all the key issues impacting on the international Customs environment as well as the opportunities and challenges presented by developments in global trade.

The dossier touches on the WCO’s main areas of work - compliance, facilitation, tariff and trade affairs, and capacity building - as well as other interesting events that added to the success of Council 2011.

This edition’s dossier captures some of the highlights of this year’s annual Council Sessions which took place in Brussels from 23 to 25 June 2011.
Countering global threats through standards, capacity building and cooperation

by Kunio Mikuriya,
WCO SECRETARY GENERAL

ALL OF US REMEMBER WHERE WE WERE TEN YEARS AGO on September 11, 2001 or 9/11 as it has become known. The violence of 9/11 changed the world forever and its ramifications were equally felt by the Customs and trade world. Security, in particular global trade security, became a priority policy objective and was enhanced as a vital component in Customs’ existing border protection portfolio to prevent such an attack from re-occurring. Moreover, the international Customs community successfully showed that security could be enhanced while facilitating legitimate trade at the same time. The actions of the WCO and its membership were and are essential to national and international security and economic prosperity.

In response to 9/11, the WCO has developed many international standards and actions to counter the potential use of the international trade supply chain by violent extremists. Most prominently, the WCO adopted its SAFE Framework of Standards to Secure and Facilitate Global Trade. This instrument presents a supply chain security strategy with standards on the submission of pre-arrival electronic cargo information, the application of risk management, the use of non-intrusive inspection (NII) equipment for high-risk cargo, and the development of Authorized Economic Operator (AEO) programmes which are a Customs-Business partnership between Customs administrations and compliant traders. Because the SAFE Framework is a complex instrument, the WCO provided Members with vigorous and highly successful capacity building assistance by developing implementation guidelines, best practice and providing advice through missions and workshops.

In implementing the SAFE Framework, composed of two pillars: Customs-to-Customs networking arrangements; and Customs-to-Business partnerships, the Customs community found it essential to develop closer coordination with other government agencies, supported by political leaders. In this connection, the WCO had already developed a partnership with the United Nations Office on Drugs and Crime (UNODC) and in 2003 initiated the Container Control Programme for the purpose of enhancing port surveillance in developing countries in close cooperation with the police and other border agencies. These joint efforts were aimed at minimizing the risk of maritime containers.
Because the SAFE Framework is a complex instrument, the WCO provided Members with vigorous and highly successful capacity building assistance being exploited and used for a wide range of illicit trade, including chemical precursors, narcotics trafficking, and transnational organized crime. Today, this highly successful programme continues to expand and benefit many Customs administrations worldwide through enhancing Customs' intelligence and networking capability and strengthening cooperation with the police and other law enforcement agencies. Of course Customs' role in fighting threats to society is seen as vital with its knowledge of trade and its network of cooperation. This is why the UN Security Council requested the WCO to work together with it, particularly with respect to the implementation of UN Resolutions 1540 (prevention of illicit trafficking of weapons of mass destruction) and 1373 (counter-terrorism). WCO officials have shared their expertise at UN committee meetings and supplied Customs experts for security training organized by the UN.

Conscious of emerging risks in security and other areas at the border, the WCO has kept improvised explosive devices (IEDs) on its radar. The Organization has strongly encouraged collective action against the use of IEDs which are most commonly manufactured from readily available precursor chemicals such as ammonium nitrate. We still have vivid memories of the blast in Norway on 22 July this year. When I visited Oslo in September, I was stunned by the scene of the blast. During the course of Project Global Shield Norwegian Customs was able to detect suspicious transactions of money related to the import of explosive precursors, however the risk profile of the person concerned did not raise any warning signals. Project Global Shield, an unprecedented law enforcement operation to combat terrorist acts and transnational organized crime, was established by the WCO and aimed at bolstering global efforts to stop the exploitation and illegal diversion of precursor chemicals. Supported by INTERPOL, the UNODC, and 70 Customs administrations worldwide, the operational phase proved to be a great success, resulting in 22 seizures amounting to 33 tons of chemicals and the arrest of 13 suspects. It is worthwhile stressing that the 33 tons of seized chemicals could have been used to manufacture explosives that could have resulted in the loss of approximately 840 lives and injury to at least 3,400 others. With this in mind and boosted by the successes of the Project, Global Shield has now become a fully-fledged programme at the WCO, and Customs administrations will continue to take rolling action against those involved in any illicit trade.

Because violent extremists adjust their strategies, border security agencies must do the same. After the Yemen air cargo plot was broken up, the WCO enhanced its work with partners such as ICAO (International Civil Aviation Organization) and IATA (International Air Transport Association) to further secure air cargo from being threatened in the future. In fact, the Secretary General of ICAO addressed the Council this year because he values Customs’ contribution to air cargo security. The three organizations are collectively examining whether existing international standards require re-alignment to better respond to future threats. This review includes data requirements and consistency between the WCO’s AEO and ICAO’s Known Shipper and Registered Agency programmes. Cooperation between ICAO and the WCO is also focused on aligning the regulatory framework of both Organizations relative to air cargo and will include electronic advance data, the sharing of information at various levels (government-to-government, Customs-to-Customs and Customs-to-industry), training and education, and risk management. This high level cooperation will surely lead to a safer air cargo environment and will hopefully cascade to the national and working level.

It has been a long road since 9/11. The global Customs community proactively and aggressively took action with the adoption of standards, the delivery of capacity building, and coordination of operations. However, we have a long uphill road to manage borders appropriately as the threat of organized crime and terrorists exploiting illicit trade will never disappear. The WCO and its partners must therefore remain vigilant and responsive to evolving and emerging threats to better protect society.
Compliance and Enforcement

New publications
The Customs Enforcement Guide on Transshipment Fraud consists of an introduction to the problems generated by transshipments, the legal framework containing current definitions, and the distinction between transit and transshipment. It also refers to the specifics of transshipments via free zones, the mechanisms used, and recommendations on how to address the risks related to transshipment fraud.

The Customs Enforcement Guide on Drawback Fraud consists of an introduction on drawback fraud, the legal framework which provides definitions on drawback procedures, the different mechanisms of drawback fraud, possible risk indicators related to this matter, and general recommendations to address the risks related to drawback fraud. It is a living document and the WCO Working Group on Commercial Fraud will continue to build on it by adding risk indicators, modi operandi and case studies in order to create a comprehensive guidance document for use by WCO Members.

Operations and projects
Several operations and projects have been facilitated and supported by the WCO, including Operation COCAIR, targeting cocaine trafficking, Operation MAX 55, combating intellectual property rights infringements, and Operation GAPIN, focusing on the protection of the environment and the promotion of integrity, particularly as it concerns the trade in great apes.

Among the projects discussed was Project Global Shield, an initiative to monitor 14 chemicals used to illegally manufacture improvised explosive devices. Due to the success of the project, the WCO endorsed a proposal for the project to become a long-term programme within the Organization. (see article page 16).

New CEN system
A new CEN platform has been developed. The key differences between the old and the new one are the emailing system (similar to the emailing system in CENcomm), the forum (similar to discussion fora accessible via the internet), and the standardization of various data fields to ensure high quality data.

Independent of the new system, a new CEN website is currently under development. The aim is to divide the website into commodity sections, thereby enabling access to be granted to specific commodities related to an officer’s area of work.

nCEN deployment
Mauritius is the pilot country for nCEN where this tool is now operational. The WCO Secretariat will conduct a security audit in order to ensure the security, reliability and stability of the application. Subject to the audit’s outcome, additional Customs administrations will be provided with nCEN.

New risk indicators
Volume 2 of the WCO Risk Management Compendium lists risk indicators per mode of transport. The maritime risk indicators and manuals for incoming sea containers are the most comprehensive documents, containing 239 risk indicators. The air cargo risk indicators and manuals cover 245 risk indicators. While the land cargo risk indicators and manuals consist of 270 risk indicators focusing on the arrival and post-arrival phases. The analysis guidelines provide a set of basic standard guidelines for intelligence analysis.

New risk indicators and manuals on passengers, the pre-arrival phase of land cargo, postal/express consignments and exports will be developed and integrated into the Compendium by the next WCO Council Sessions in June 2012.

New focus for the Electronic Crimes Expert Group
The WCO Electronic Crimes Expert Group (ECEG) is a group of experts who advise the WCO on aspects of electronic crime as it affects WCO Members. The work undertaken by the Group supports Members’ activities related to revenue collection and smuggling. The Group’s Terms of Reference were reviewed and it was decided to amend them to reflect the expertise of its current membership. The ECEG will now identify future threats and prepare relevant papers for use by WCO Members.

Expansion of the UNODC-WCO Container Control Programme
Twelve countries are putting inter-agency cooperation into practice by participating in the UNODC-WCO Container Control Programme. More countries have expressed an interest in joining the Programme, which will be progressively expanded around the world.

Four upcoming mini summits
Four mini summits will be organized in the coming years: a conference dealing with canine issues, probably to be held in January 2013; a meeting focusing on the fight against drugs, to be held in January 2012; a mini summit on excise; and a mini summit on environmental issues, more specifically the issue of transnational trafficking of waste.
DOSSIER

Programme Global Shield

IN RECENT YEARS, THE WORLD has witnessed an increase in the use of improvised explosive devices (IEDs). These devices are manufactured using chemicals that are produced by various manufacturers and available commercially throughout the world. They are utilized within civilian industries and generally legal to purchase, store, and use.

In order to combat the diversion and trafficking of these chemicals, the United States proposed the setting-up of Project Global Shield in March 2010. The WCO then decided to spearhead the project in partnership with the International Criminal Police Organization (INTERPOL) and the United Nations Office on Drugs and Crime (UNODC). Under the Project, participating countries agreed to target sea freight consignments over a six-month period to identify both licit and illicit shipments of precursor chemicals that could be used to manufacture IEDs. Although the main focus was on sea cargo, the operation also included monitoring land-border crossings and dry ports.

14 chemicals

While countless chemicals can be used to manufacture explosive devices, some of them pose the greatest risk to the public because of their explosive potential and predominant use by subversive criminal elements. Of these, ammonium nitrate is used most often by terrorist groups and poses the greatest risk to international security due to its wide availability in the farming and mining sector, its low cost, and the ease with which it can be used to make bombs. Project Global Shield focused on 14 precursor chemicals identified by industry experts as posing the greatest threat for use as explosives.

Training

The project put particular emphasis on training agents from different countries to detect suspicious chemicals. In October 2010, Customs and police officials from 86 countries participated in Global Shield Phase I, a training and operational planning seminar organized by the WCO. Global Shield Phase II, the six-month operational phase of the project, began in November 2010 and concluded in April 2011. Afghanistan received special financial and technical support so that it could be represented at the seminar. The Afghan government had banned the import, production and transportation of ammonium nitrate-based fertilizer in 2010 and its national police, army and Customs officers were provided with ammonium nitrate identifier kits and were trained to use them for the detection of this chemical at border crossing points.

A risk approach

Participating WCO Members were encouraged to exchange pre-export notification and other available movement information through a WCO messaging system called the “Global Shield application”. By sharing pre-export and other information, importing countries had ample time to conduct inquiries to determine the legitimacy of chemical imports, a process that will facilitate licit transactions and target control resources towards high risk shipments. Upon encountering illicit shipments, participating Members initiated investigations (including the use of controlled delivery in accordance with domestic laws and regulations) to identify and prosecute those responsible in accordance with national legislation.

Provisional results

With the participation of Customs and police officers from more than 70 countries, as well as experts from the WCO, INTERPOL and the UNODC, Project Global Shield proved to be a success. Many investigations and backtracking activities are still ongoing but below are some provisional results of the first operational phase:

- So far seizures of more than 33 tonnes of chemicals and 13 arrests have been made. The seizures took place in Afghanistan, Kenya, Kyrgyzstan, Pakistan, Tajikistan and Uganda. The chemicals seized were ammonium nitrate, aluminium powder, acetic anhydride and hydrogen peroxide.

- 270 participants (75 WCO Members, the European Union, INTERPOL, the UNODC, CARICC and seven RILOs) are actively using the ‘Global Shield application’ to exchange messages and inform each other by placing information into the application’s library. 1,200 messages (warning, feedback and seizure messages) were exchanged between November 2010 and September 2011.

From a project to a long-term programme

Due to the success of the project, the WCO decided to extend the operational phase of Project Global Shield from the initial six months to a longer-term operation, and therefore to rename the project ‘Programme Global Shield’. The Programme includes:

- A focus on technical assistance and capacity building to identify, examine, seize, arrest and prosecute offending goods and persons.

- Developing knowledge to identify illicit precursor chemicals in international supply chains.

- Forging heightened partnerships with the private sector, particularly manufacturers, logistics providers and carriers.
The 2011 WCO IPR Trophy was awarded to the Argentine Customs Administration for its outstanding commitment to combating counterfeiting and piracy.

A specialized division in charge of combating counterfeiting and piracy has been established at Customs Headquarters, and an effective policy aimed at increasing border protection and preventing IPR infringements mounted. Argentina is currently involved in the WCO Interface Public-Members (IPM) pilot project, having recently integrated IPM into the national Customs intranet for testing. It also regularly organizes national IPR training and operational seminars, as well as international events on this important topic.

This year, in addition to the trophy itself, a special prize was awarded to the South African Revenue Service (SARS) for taking some major IPR initiatives. These include reinforcing its Border Control Unit and improving IPR training. Its active efforts to combat counterfeiting and piracy during the 2010 FIFA World Cup were acknowledged and its increased contribution to the Customs Enforcement Network (CEN) appreciated.

Increased cooperation and collaboration at the national level between law enforcement agencies and other competent authorities.

Ensuring participation by all border agencies

Under the initial project, participating administrations were encouraged to engage domestic competent authorities in the furtherance of the initiative, however, experience has shown that some countries still need to secure the participation of other border agencies. The WCO therefore not only strongly encourages more of its Members to participate in this important initiative but urges them to ensure that other border agencies become participants too as this is critical to the long-term success of Programme Global Shield.

A debriefing session and follow-up seminar will be organized at WCO headquarters when the intelligence assessment and report of the first phase becomes available later in the year.

Argentina receives IPR Trophy and South Africa a special prize

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Role of Customs in natural disaster relief
Noting the increase in the number of natural disasters affecting populations and requiring urgent international humanitarian assistance, the Council adopted a Resolution on the Role of Customs in Natural Disaster Relief which identifies specific tasks for WCO Members and the Secretariat given Customs’ key role in this respect, especially with regard to the clearance of relief consignments. A Customs administration that is fully prepared and works effectively and efficiently by taking the lead and cooperating with other agencies through coordinated border management can make a huge difference.

Revised Kyoto Convention (RKC)
Considered as the foundation for effective and modern Customs procedures in the 21st Century, the RKC provides a complete set of harmonized rules, predictable Customs procedures that are simple and efficient, and effective Customs controls. It currently has 77 Contracting Parties and the Council urged WCO Members that had not yet acceded to take the necessary measures to conclude their examination of the RKC with a view to acceding as soon as possible. It also invited Members to provide precise information on progress made in their accession process and encouraged the Contracting Parties to accept more of the Specific Annexes and/or Chapters therein.

WTO trade facilitation negotiations
As Customs administrations will play a key role in implementing future WTO commitments on trade facilitation, the Director-General of the WTO, Pascal Lamy, was invited to address the Council and present the state of play of the negotiations.

He provided an update on the current status of the Doha Round, emphasizing that negotiations on 80% of the content had reached a level of maturity which would allow for conclusion within a relatively short period of time, whereas progress had stalled in the area relating to market access for industrial products. The Director-General also touched on current consultations among WTO Members on the possible adoption of a smaller package by the end of 2011. One of the potential elements to be included in the package was trade facilitation, and WCO support was considered crucial for the successful and timely implementation of a new WTO TF Agreement.

Pascal Lamy also encouraged Brussels-based Customs Attachés to consider how they could better support their respective countries in WTO TF work, as their technical knowledge could provide assistance during the negotiations as well as during the implementation of a future TF Agreement.

Editorial note: since Pascal Lamy’s visit to the WCO, WTO Members have decided not to pursue a deadline of December for the smaller package that would have included trade facilitation; however, high level negotiations on these matters are scheduled to continue at the WTO.

Time Release Study (TRS)
In 2002 the WCO published a Guide on the Time Release Study and promoted the use of the TRS as a tool to assist with the improvement of procedures. The TRS enabled Customs to identify functions such as risk management or post clearance audit that needed to be strengthened, and provided a clear picture of where bottlenecks occurred.
Use of the TRS also led to closer cooperation between government stakeholders and an enhanced Customs-to-Business partnership.

The Council noted that the Guide is being updated in response to the procedures and practices currently in place in many countries, including lessons learned through the many TRS projects and authorized its publication once it had been finalized by the WCO Permanent Technical Committee later this year.

**Risk Management**

The WCO Risk Management Compendium was released to WCO Members during the Council. The Compendium enables the Customs community to speak with one voice on risk management (RM) issues, but is still flexible enough to allow it to be adapted to the unique challenges and risks that are faced at the national level.

It consists of two volumes. Volume 1, whose methodology is closely aligned to international best practice such as the ISO risk management standards, concentrates on organizational and institutional aspects of RM and is aimed at senior managers and RM specialists within organizations. Volume 2 focuses on operational RM and its target audience includes risk and intelligence analysts, targeters and frontline officers. Both Volumes of the Compendium will be regularly reviewed and developed as needed.

In addition, the Secretariat presented the results of a study on the concept of a Risk Assessment/Targeting Centre. The key results included information on the functions and organizational arrangements pertaining to such Centres including Members’ experiences and examples of national practices in the form of case studies.

The WCO Secretariat’s future RM activities will concentrate on technical assistance and capacity building, thereby enabling Members to develop their RM practices in line with the Compendium. Six regional RM workshops have already been organized during 2010/2011 and as part of these workshops the Secretariat has identified several RM experts to assist in the delivery of future capacity building and technical assistance. An accreditation workshop for the identified experts is tentatively scheduled to take place during the second half of 2011.

**SAFE Framework**

The first formal review of the SAFE Framework of Standards since its creation in 2005 has been undertaken. Ambitious in its scope, the review process covers key areas such as time limits, coordinated border management, trade recovery, integrated supply chain management, and high risk cargo. As the review is still under way, the revised version released in June contains the most pressing changes, an important one of which is a separate Annex for data elements needed for security risk assessment purposes which now incorporates all the remaining ‘10+2’ data elements.

The AEO Compendium that forms part of the SAFE Package has also been updated and the Guidelines for the Development of Mutual Recognition Arrangements/Agreements that was accepted in June have been incorporated into the Package.

**Air cargo security**

Air cargo security was discussed at length during the Council Sessions.

US Secretary of Homeland Security, Janet Napolitano, recommended having global guidelines on the collection of air cargo information, the provision of which is critical to protect both passengers and aircraft. She added that government needed to obtain this information before the departure of any aircraft to ensure time is available to review the information and make informed decisions. EU Commissioner for Taxation, Customs, Anti-Fraud and Audit, Algirdas Šemeta, said that recent air cargo incidents had made clear the need for coordination between all relevant law enforcement agencies at both national and international levels. He noted that a new chapter in transatlantic cooperation had been opened up which will improve the collection of risk information and strengthen air cargo security.

Secretary General of ICAO, Raymond Benjamin, highlighted the importance of genuine cooperation between civil aviation authorities and Customs es-
especially the need to reach agreement on a set of common standards. He explained that “whilst it was at the national level that changes could and should be made, the overall effectiveness of measures required global harmonization.” UPS representative, Dan Brutto, said that global standards for Customs security had to be consistent, as countries developing separate systems served only to slow down supply chains.

It was agreed that in order to achieve the best possible level of security at the least possible cost to economic operators, it was important that an agreement be reached between the relevant international organizations on common standards relating to the data required and who would be responsible for providing it.

The recently created WCO Technical Experts Group on Air Cargo Security, which includes ICAO and other stakeholders, is already doing commendable work. During their first meeting in February, the Expert Group agreed to initially concentrate on two main work streams: to study advance electronic information about air cargo (what kind of information is needed, when, how and from whom it could be obtained, and how it could be used); and to compare WCO AEO standards and ICAO Regulated Agent/Known Consignor standards.

WCO Compendium: “How to Build a Single Window Environment”

The Council recognized the importance of measures for simplifying and dematerializing documents, and the introduction of a Single Window (SW) among other issues, as vital for Customs modernization and reform. The WTO Director-General drew the Council’s attention to the fact that the SW was part of the negotiations on trade facilitation and that many countries insisted that it should be an obligation while others asserted that it should be a best effort.

The WCO is finalizing a Compendium on the Single Window and intends to publish it during the autumn. It is seen as a major step towards helping Members to implement SW solutions. The Compendium will be presented in two volumes in order to separate high level issues which are of interest to executive managers from issues which are of interest to technical and operational managers. Volume 1 is called the “Executive Guide” and Volume 2 is called the “Professional Practice Guide” and will be a collection of tools, techniques and guidelines developed and maintained on an ongoing basis by the WCO and other international organizations.

Globally Networked Customs

In June 2009 the Council agreed to create an Ad Hoc Working Group to investigate and report upon the feasibility of the Globally Networked Customs (GNC) concept. The Working Group first met in November 2009 and decided there were five principal work areas implicit in the analysis of GNC: business process model; IT; governance; legal; and capacity building. “Subject expert groups” were consequently established to work on each of these areas. The Council decided that the private sector and recognized international organizations should be invited to participate in these groups, especially those dealing with the business process model and IT.

The main structural basis of the feasibility study was the concept of utility blocks, being discrete components of data to be exchanged within predefined areas of Customs business – for example AEO, advance air cargo security data and humanitarian relief consignments. This study must include agreed priority utility blocks (no more than 3 or 4), governance arrangements, a legally enabling framework, and a capacity building strategy.

The challenge is to obtain the necessary technical expertise through the various WCO technical committees in order to properly describe the many technical details of the agreed utility blocks. For example, exactly which data is to be exchanged, what data and messaging standards should be used, and what mechanism should be put in place to allow for identity and entity management along the whole transaction. Work also needs to commence on setting up, or utilizing existing, proof-of-concept projects, developing IT scenarios, better describing costs and benefits to both government and industry, and some idea for a roll-out strategy beyond initial pilot projects. A final GNC Feasibility Study will be presented to the Council in 2013.

The Council acknowledged the complexities of the GNC initiative, took note of the interim report on the Feasibility Study, and appreciated the volume of work that had been undertaken by the Ad Hoc Working Group.
“GIVEN THE IMPORTANT CONTRIBUTION of this Organization to the work of the World Trade Organization, my visit here is long overdue,” declared Pascal Lamy as an introduction to his address to the WCO Council.

The WTO Director-General reminded delegates of the role the WCO has played in the activities of the WTO, both in its regular work as well as in the ongoing Doha Development Agenda negotiations. He particularly recognized the WCO’s indispensable contribution to the WTO Trade Facilitation Needs Assessment Programme. Under this Programme technical assistance support was provided to nearly 100 developing and least-developed countries to enable them to participate more effectively in the negotiations. Close cooperation will be critical once the WTO Trade Facilitation Agreement is completed. Currently, the WTO is developing more focused technical assistance to help implementation, and support from the WCO will be crucial to the successful and timely implementation of this Programme. Pascal Lamy also mentioned other areas where WTO/WCO cooperation is extremely fruitful, both substantively and in the provision of technical assistance, namely the Harmonized System, Customs Valuation and Rules of Origin.

At the end of his speech, he highlighted the need to shift the way trade is most commonly perceived in policy debates, a shift which requires changing the way trade statistics are currently conceived so that they reflect the reality of trade interactions between nations. He then introduced “Made in the world”, a WTO initiative that provides a common online space to promote the exchange of projects, experiences and practical approaches in measuring and analysing trade in value added.

Today, companies divide their operations across the world, from the design of the product and manufacturing of components to assembly and marketing, creating international production chains. More and more products are “Made in the World” rather than “Made in the US” or “Made in France”. However trade flows are still recorded by attributing full commercial value to the last country of origin, whatever its contribution in the added value chain. This creates a statistical bias that can pervert the political debate on the origin of trade imbalances and lead to misguided, and hence counter-productive, decisions.

A new measurement system would allow one to follow value added at each step of the production chain in order to get a real picture of trade flows by weighting them according to what each trade partner really brings in terms of value. The challenge is to find the right statistical bridges between the different statistical frameworks and national accounting systems. The objective being to ensure that international interactions resulting from globalization are properly reflected, that one fully understands the actual contribution of trade to national economies, and finally to facilitate cross-border dialogue between national decision-makers.
Capacity Building: the road ahead

Since the launch of the Columbus Programme in 2006, the WCO has developed a sharp sense of the key issues and challenges that require attention. Three common themes emerged from experiences shared at the Capacity Building Committee; capacity building works best when due attention is paid to securing political will, investing in people, and building effective partnerships with relevant stakeholders. These three themes form the basis of a Strategic Roadmap for the future of WCO Capacity Building efforts.

Some of the key capacity building initiatives being undertaken by the WCO as part of the Strategic Roadmap and discussed at Council are highlighted below.

Securing political will
The WCO has learnt that the most successful capacity building projects are those that have secured political commitment and financial resources from both the participating government and the private sector. With the help of Members and their experiences, the WCO Customs Orientation Package for Policy Makers is being updated. The package explains the role of modern Customs administrations and their importance to society, business and government. This updated package will aid Heads of Customs in securing and sustaining political will, as well as garner support from top managers in other government agencies.

People: developing leadership and management skills
Experience has shown that a key ingredient for successful reform and modernization and continuous progress is leadership and management. This year, in partnership with the World Bank, the WCO is developing and implementing a leadership and senior management development programme for sub-Saharan Africa with the aim of rolling out this programme globally. Closely connected to this is the work underway on Principles and Practices for Customs Career Paths and Training. Here the WCO is working closely with interested Members, the academic community and the private sector to develop a product for use by all Members.

Creating new partnerships
In recent years the WCO has managed to create new partnerships and strengthen existing ones. These partnerships involve working with private sector groups, the World Bank, the Inter-American Development Bank (IADB) and other donors, for example. An illustration of effective engagement was the WCO hosting a regional capacity building donors event for the WCO Americas region. The expectation of Members and donors is to further develop such events. The East and Southern Africa region has identified the need for a similar regional donor conference, for example. The WCO also continues to work regionally and bilaterally with Members on the development of business cases for support either from their own governments, donors or other Customs administrations. This was recently done with a number of countries in West and Central Africa.

Enhancing coordination
A number of issues underpin better coordination; these include identifying needs, securing support and maximizing use of scarce resources. The WCO has developed a methodology to help all “capacity builders” to have an overview of who is doing what. The Project Map Database (see article on page 24) will shortly be piloted in the Americas region thanks to financial support from the IADB. The Project Map Database is not only about better coordination. It also creates a platform for Customs administrations to publish their needs and to match them with donors or other administrations. It is also about knowledge management, because it will enable Members to learn from each other. The WCO will create a virtual group to work closely with the Capacity Building Directorate on issues related to donor engagement and coordination for capacity building.

Performance measurement
Results-based management is overwhelmingly endorsed by Members as the way forward in the development and management of the Columbus Programme and other initiatives. The WCO Secretariat
is supporting a “virtual” working group to draft a new chapter on organizational performance measurement for the Capacity Building Development Compendium. Together with guidance for developing a performance management environment, the group is tasked with producing a list of possible indicators relevant to Customs performance measurement.

**Implementing Phase 3 of the Columbus Programme**

The Columbus Programme consists of three phases. Phase 1 involves diagnosing all aspects of a Customs administration. Phase 2 is about using the diagnostic to create strategic and action plans, and to mobilize change. Phase 3 is a review of progress made and at the same time, sets the stage for the next round of strategic and action planning. The three phases operate as a continuum. The first Phase 3 mission was undertaken during April 2011 in Mongolia (see page 25 for further information).

**Refreshing the WCO Diagnostic Framework**

The Diagnostic Framework is a comprehensive instrument used to assist in the needs assessment of Customs administrations. Aware that there have been many advances in the way Customs does business and many factors impacting on global supply chains, a process has commenced that will enhance and refresh the Diagnostic Framework with the latest standards and best practices.

**Providing good quality experts**

The Secretariat currently has 318 WCO accredited experts in various fields of knowledge. Based on analysis of recent requests, the WCO is focusing accreditation efforts on experts to support Phase 2 missions. These are primarily technical and operational advisors. Analysis has shown that the most sought after capacity building support is for strategic and action planning, risk management, post-clearance audits, implementing an AEO programme and developing Single Window solutions. The online accredited experts’ database is now available on the Members website.

**Building respected organizations**

Integrity is a cross-cutting issue that is at the core of capacity building activities. Customs business processes are often re-engineered in the light of what can be done to promote integrity, while still improving efficiency, lowering transaction costs and allowing trade to move faster.

The revised WCO Model Code of Ethics and Conduct was recently published and contains valuable input from Members. Ten Members have already expressed their commitment to contribute to the revision of the Integrity Development Guide. Integrity pilot projects have been launched in the WCO’s six regions and lessons learned have been shared among Members, generating interest within other administrations to initiate such a project.

Besides updating integrity tools, a project combining integrity and enforcement was set up. Called “Project GAPIN”, this initiative was aimed at raising Customs’ awareness of wildlife trafficking which is often linked to breaches in integrity. This project is a fine example of cooperation between the Secretariat’s Capacity Building Directorate, its Compliance and Facilitation Directorate and Members. The WCO intends to further extend projects linking crime and corruption.
THE WCO WORKS with many donors around the world to provide its members with the capacity building that they request, since the WCO is not a donor organization. Historically, capacity building has been challenged by duplication, such as when another donor has already given similar support, resulting in a duplication of efforts. The WCO Project Map aims to reduce this problem.

In 2010 the WCO and the Inter-American Development Bank hosted a regional donor meeting in Washington DC for the Americas and Caribbean. This meeting served to introduce both the WCO Regional Office for Capacity Building and the Regional Donor Liaison officer, who suggested the centralization of information on donor support in the region. From this meeting, and with the agreement of the donors present, the Regional Donor Liaison promptly created what would be the first step of the WCO Project Map, a database that will serve as a repository of past, present and future projects.

PAST: An archive of past projects that can be used for research, identify best practices, and act as a historical repository.

In the present, donors, administrations and international organizations can track their projects, as well as view current projects by other donors or international organizations. It will allow Member administrations to own their projects and to develop a consistent level of information and project management. Donors will benefit by avoiding duplication and overlap.

FUTURE: The Project Map has a unique section that makes use of a virtual auction concept. Administrations that have developed projects and are looking for donors or partner administrations can place their project in this “marketplace” and allow donors to “shop” the available projects. Equally, donors or donor administrations may place projects that are looking for administrations interested in participating and indicate requirements, durations, etc. Donors agree that coordination is essential for achieving sustainable results in development. The Project Map provides a positive way forward by collecting information that allows better decision making and avoids duplication. All Project Map participants can browse the information to review the various projects that are under development, in operation, and completed. In particular, it assists those seeking donors for their projects. The Project Map will thus provide donors with the necessary information so that resources are used effectively to the benefit of the recipient administration.

The recipient administration will be able to use the Project Map to post projects they are developing and for which financial support is needed, and will be able to record progress on projects and attach all documents pertinent to the project. One of the specific benefits that the Project Map brings to Members is serving as a tool for basic project management, which thanks to the use of Google translate...
Mongolia: a pilot country for Phase 3 of the Columbus Programme

AS INITIALLY OUTLINED in the Columbus Programme, a need to monitor and evaluate the results of the cumulative outcome of modernization efforts within participating Customs administrations was identified. Phase 3 offers an opportunity for the WCO to assess progress and recommend adjustments to ongoing modernization activities by way of a step-by-step monitoring and evaluation process. It is in no way the end of the modernization process, but rather an opportunity to pause and reflect on the progress achieved so far and to better define the future.

2010 saw the start of testing the WCO Secretariat’s approach to conducting Phase 3 of the Columbus Programme. A number of Members expressed an interest in being involved. Among them was Mongolia, whose Phase 1 Diagnostic had been conducted in April 2006. In 2008 Mongolia signed a Technical Cooperation Agreement with the Dutch Tax and Customs Administration and the WCO - a tripartite agreement - on improving organizational capacity in specific areas. As the tripartite agreement was reaching its review stage it was decided to combine both the WCO review of the tripartite agreement with Phase 3 evaluation work. The pilot mission undertaken in April 2011 revealed great improvements. For example, of the 39 recommendations resulting from the Phase 1 Diagnostic Mission, experts were able to confirm that 36 were implemented. The Phase 3 report outlines more than 20 new recommendations that have since received the full endorsement of the Mongolian General Customs Administration which will continue to benefit from support under the Columbus Programme through assistance included in Phase 2. Phase 3 is not the end of the organizational development cycle but rather a new beginning to pursue the Customs reform and modernization process.

Based on the experience in Mongolia, the proposed Phase 3 methodology was endorsed by the Capacity Building Committee with instructions to conduct two to three further pilot missions. Guidelines for both Members and WCO Experts conducting Phase 3 evaluations have been developed and the WCO will soon undertake new Phase 3 missions.

is available in fifty-three languages. Careful attention was given to ensure the database is user friendly and easy to keep up to date. The Project Map itself is not a panacea nor will it avoid all duplications. Nevertheless, it can serve as a valuable tool to help donors make informed decisions. Recipient administrations will find a way to manage their projects, centralize their information and print professional reports and statistics. For the WCO it allows its officials to monitor a variety of projects, and better coordinate its resources, access to statistics and information that will allow trends and patterns to be analyzed, and to provide substantial and useful assistance to Members. Overall, it is a valuable and practical tool that can help the WCO, donors and Members to tackle the challenges of the 21st Century.

The Project Map is currently being piloted in the Americas and Caribbean Region.

Stay tuned as we continue introducing it to other regions!
Valuation

Valuation instruments
Three instruments adopted by the Technical Committee on Customs Valuation (TCCV) have been endorsed:

• Commentary 23.1 (Examination of the expression “circumstances surrounding the sale” under Article 1.2 (a) in relation to the use of transfer pricing studies).
• Commentary 24.1 (Determination of the Value of an Assist under Article 8.1 (b) of the Agreement).
• Commentary 25.1 (Third Party Royalties and Licence Fees - General Commentary).

Technical questions
The Technical Committee continues to work on the relationship between transfer pricing and Customs valuation, and is also examining technical questions that have been received from the Customs Administration of Belarus regarding the Customs value of industrial waste products, and from Singapore Customs on the Interpretation of “condition of sale” in Article 8.1 (c) and the Application of Article 8.1 (d) with respect to payments based on projected net profits.

Revenue Package
The Revenue Package was driven by Members’ concerns in relation to declining revenues. The work undertaken to date includes development of a schedule of tools, instruments and other material relevant to revenue collection, and a series of six regional workshops which promoted the use of existing tools and instruments and sought information on WCO Members’ additional needs in relation to revenue collection.

In respect of Members’ additional needs, the problem faced with conducting effective valuation controls was raised as the single most important issue. To address the issue, the WCO has undertaken a series of study visits to identify good examples of valuation control programmes which can be promoted more widely.

Rules of Origin

Harmonization of the Non- Preferential Rules of Origin
The technical work related to the negotiations for the harmonization of Non- Preferential Rules of Origin within the WTO is continuing, however without any major breakthrough on the open issues. Two formal sessions, in October 2010 and April 2011, were held and the outcome of the current discussions in Geneva is reflected in the revised Draft Consolidated Text (WTO document G/RO/W/111/Rev. 6). This document compiled both the texts already agreed by the WTO Committee on Rules of Origin (CRO) and the elements which have not yet been endorsed by the CRO or which represented a compromise proposal by the Chairperson of the Committee (text in square brackets).

The possibility of embarking on the transposition of the rules of origin contained in the revised Draft Consolidated Text to the newer versions of the HS nomenclature, i.e. either HS 2007 or HS 2012, is still being discussed at the CRO. The WCO made a presentation during a CRO seminar on this issue in April 2011 but delegates are yet to reach a decision on whether or not the WCO should start working on this transposition before agreement is reached.

WCO Action Plan on Preferential Origin
The progress of the work undertaken in relation to the Action Plan on Preferential Origin, adopted by the Council in June 2007 includes:
• The publication of the Database of Preferential Trade Agreements in March 2010.
• The publication of a Comparative Study on Preferential Trade Agreements in December 2010 (publication of the French and Spanish versions is planned for the second half of 2011).

Verification of preferential origin
One of the proposed areas for future work within the Revenue Package concerns assistance to WCO Members that will enhance their capacity to verify preferential origin. For this purpose, the Secretariat has conducted a study on the typology of origin control methods which has been integrated into the Comparative Study. This study analyzes new trends within verification and control. The next step will be the drafting of guidelines on best practices in this area.

Technical Guidelines on Binding Origin Information
Advance rulings are an effective trade facilitation tool as they provide transparency, certainty and predictability. For three years the WCO Technical Committee on Rules of Origin has been working on Technical Guidelines on Binding Origin Information – popularly referred to as advance rulings – based on the WTO Agreement on Rules of Origin and preferential trade agreements. These guidelines, endorsed by the Council this June, constitute a useful tool for Members which do not have a system of Binding Origin Information in place, are in the process of establishing such a system or are consolidating their administration and legislation of rules of origin.

Nomenclature and Classification

HS corrigendum amendments
The Council adopted certain corrigendum amendments to the HS. Under the procedure of Article 16 of the HS Convention, these amendments will not be legally binding on the Contracting Parties until 1 January 2017. Nevertheless, under the corrigendum procedure (Article 8), the Contracting Parties are free to apply the suggested amendments as from 1 January 2012.

HS Recommendations
The Council adopted six Recommendations amended consequential to the Council Recommendation of 26 June 2009 concerning the amendment of the HS Nomenclature. These Recommendations will be applicable as from 1 January 2012. Five Recommendations concerned the revision of the subheadings to be inserted in national statistical nomenclatures, while the Recommendation on Standard Units of Quantity has been completely revised and, consequently, the Recommendation of 1 July 2006 is revoked.

Implementation of HS 2012
Concerning the preparations for the implementation of HS 2012, the 2012 Edition of the HS Explanatory Notes is now available in paper format and the Alphabetical Index is under final review before its publication. The new version of the Compendium of Classification Opinions, on the basis of decision to be taken by the HS Committee, will be published by January 2012. The HS Commodity Database which will contain all these publications will be updated and further improved, following the proposals to be made by the HS Committee, in 2012 and will be made available online and on CD-ROM.

In line with the WCO Strategic Plan, the Secretariat completed six regional seminars and workshops to assist WCO Members with the implementation of the 2012 amendments to the HS.
Chairperson of the Council
Josephine Feehily, Chairman of the Office of the Revenue Commissioners in Ireland, was elected Chairperson of the WCO Council (see her article on the following page).

WCO Director of Trade and Tariff Affairs
Giuseppe Favale was nominated Director of Trade and Tariff Affairs and will join the WCO Secretariat at the beginning of January 2012.

Throughout his career, Giuseppe Favale has held various posts in Italy’s Ministry of Finance and in particular, the Italian Customs Agency. He is currently the Director of International Relations at Customs, a post he has occupied since 2007.

As the head of the Tariff and Trade Affairs Directorate, he will oversee matters relating to the Nomenclature, Customs valuation and rules of origin. Favale will take up office on the same day that HS 2012 enters into force.

The Secretary General and staff of the WCO look forward to welcoming Giuseppe Favale to the Secretariat.
I would like to take this opportunity to say what a privilege and honour it is for me to have been elected Chairperson of the WCO at the Council Sessions in June.

The WCO, with a membership of 177 countries worldwide, has become so indispensable to Customs, in setting global standards, improving expertise and fostering cooperation internationally, that it is difficult to believe it originally comprised only 17 members of which, I am proud to say, Ireland was one. Considering the political and cultural diversity across the 177 Members, the WCO represents an extraordinary achievement and it has been hugely significant to the work of Customs globally.

Over the past 10 years, the environment in which Customs operates has changed at an ever-increasing pace with the demands on Customs increasing commensurately. The modern Customs administration must set itself high standards. It must be professional, forward looking, balanced and never lose sight of its role in facilitating trade while protecting society. It must ensure that its people are of the highest calibre, trained and deployed to best effect in order to meet the challenges of the ever-evolving international trade environment. It must hold fast to the core values of honesty, integrity, professionalism and courtesy. At the same time, it must maintain a capability, willingness and an unambiguous commitment to swiftly and effectively deal with non-compliance and criminality in all its forms.

In the context of such rapid change to the environment in which it operates, it is essential for the WCO to constantly evaluate and question the validity of its own structure, its programmes and its work practices to ensure that they meet current demands. Customs in the 21st century demands and deserves a 21st century WCO. With this in mind, I look forward to being closely and effectively involved in shaping international Customs policy and ensuring that trade facilitation, supply chain security, IPR protection and capacity building all remain central to the goals of the WCO.

In my recent role as Chair of the WCO Audit Committee, I particularly welcomed the Secretary General’s commitment to the review of the WCO’s Strategic Plan. New challenges, however, dictate that it is no longer enough to have a Strategic Plan. We must think strategically and continually scan the environment, ideally to anticipate but certainly to respond to emerging risks and challenges. This in turn requires a modern agile organization, constantly seeking new opportunities to improve. I look forward to playing an effective and committed role in that process and I welcome and value the active participation of all Members in the achievement of the WCO’s goals.

We must think strategically and continually scan the environment, ideally to anticipate but certainly to respond to emerging risks and challenges.

Josephine Feehily, Chairman of the Office of the Revenue Commissioners, has been the head of the Irish Tax and Customs Administration since 2008. She is the first woman to hold this position in Ireland, and leads an organization which is responsible for the administration of virtually all taxes and duties in the country.

Josephine was Vice-Chair of the World Customs Organization for the Europe Region from 2007 to 2009 and, prior to her election as Chair of the WCO Council, she was Chair of the WCO Audit Committee. She also represents Ireland on the Bureau of the OECD Forum for Tax Administration.

As a career public servant, before joining Revenue in 1993, she worked in a range of positions in Ireland’s Department of Social Welfare and the Pensions Board. Josephine is a graduate of the National College of Ireland and Trinity College in Dublin.
Sixteen new Directors General of Customs and their representatives attended a special orientation session in June just prior to the start of the annual WCO Council Sessions, in order to gain an overview of the Organization’s activities and programmes and to meet the Secretary General, the Deputy Secretary General and other senior managers at the Secretariat.
2011 WCO Photo Competition

“In the desert, the next shift arrives” is the caption of this year’s winning entry from the Algerian Customs administration. The picture paid tribute to Customs officers based in the south of Algeria who fight against smuggling.

WCO signs MoUs with two international partners

THROUGHOUT 2011 THE WCO has continued to enhance and strengthen ties with other international organizations and during this year’s Council Sessions, Memoranda of Understanding (MoU) were signed with the International Civil Aviation Organization (ICAO) and the World Anti-Doping Agency (WADA).

Following a keynote address to the Council, ICAO Secretary General, Raymond Benjamin, signed a MoU to formalize the basis for enhanced cooperation with the WCO, particularly in the area of air cargo security.

WADA Director General, David Howman, also attended the Council Sessions where he signed an MoU with the WCO that will give a significant boost to the fight against doping in sport and to efforts to combat illicit trade.
Council 2011 in pictures
TWO DECADES AGO, the Customs Service of the Republic of Moldova turned an important page in its historical calendar and fully engaged itself in the process of state building and economic development of the country.

Throughout the years, Moldovan Customs has strengthened, becoming the guarantor of economic security and a pillar of the Moldovan state, its important institutional reforms having contributed to the establishment of a modern Customs authority with European aspirations.

Looking retrospectively at the activities of the Customs Service as Moldova celebrates two decades of independence, we realize that its development was marked by an intense and positive dynamic, having as its strategic objective the efficient implementation of Customs’ mission and functions.

Moldovan Customs’ vision has always been to facilitate foreign trade, strengthen efforts to improve the country’s economic security and to combat illegal cross-border traffic which threatens the vital interests of the state. To achieve these goals, the most advanced practices and standards promoted by the World Customs Organization have been followed.

Moldova was one of the first countries to sign the SAFE Framework of Standards and is successfully implementing the recommendations made by the WCO following a Diagnostic Mission in 2006. The country was also the first to introduce ASYCUDA World in 2006 – UNCTAD’s Customs IT platform.

In 2008, the “Single Window” concept was implemented at all border crossing points. Thus, following the UN Centre for Trade Facilitation and Electronic Business Recommendation No. 33 of July 2005 regarding the establishment of a Single Window, Moldovan Customs is now a leading authority as it ensures online exchange of relevant international trade data with other agencies, centralizes payment of duties and taxes, and coordinates controls in line with the “One-Stop Shop” principle.

Simplified clearance procedures for reliable traders are being implemented and a national Authorized Economic Operators Programme is planned to be launched soon. This is aimed at facilitating legal trade and reducing the time and costs associated with border-crossing procedures.

Highlighting the importance and the demand for educated Customs officers to implement modern Customs tools in line with agreed international standards, a new Customs Training Centre was opened in 2008 which plays an important role in fostering professionalism among Customs officers in Moldova.

The Moldovan Customs Service devised an Institutional Development Plan for 2009-2011, based on Customs blueprints and using tools provided in the WCO Capacity building Development Compendium. Over the next three years Moldovan Customs aims to implement modern organizational performance management to enhance its effectiveness, and improve public sector service delivery, accountability and transparency.

In the area of international Customs collaboration, starting from 2010, at the initiative of Moldovan Customs, new cooperation mechanisms at the EU external border between Moldova and Romania have been implemented. This mechanism is highly appreciated in the context of security measures taken at the border with the EU.

As from 2008, the Moldovan Customs Service and the State Customs Service of Ukraine, with the support of the EU Border Assistance Mission to Moldova and Ukraine (EUBAM), set up a pre-arrival exchange of information system.

In the area of regional cooperation, in 2011, a declaration on tripartite Customs cooperation between Moldova, Romania and Ukraine was signed. The new Customs tripartite partnership concerns different fields of cooperation, particularly the raising of efficiency in fighting Customs fraud, the simplification of Customs clearance procedures and the exchange of experience, including within the framework of European programmes.

Moldova is fully engaged in the European integration process and in this regard the Customs Service is strongly committed to implement its strategic objectives, harmonize its legislation and approximate its procedures with European standards.

Efforts are being made to develop Customs cooperation with the EU focused in particular on the approximation of legislation related to simplified Customs procedures and electronic declarations, the interconnection between IT systems, the implementation of modern Customs control techniques based on risk analysis, post-clearance control, the fight against smuggling and Customs fraud, and the modernization of Customs infrastructure.

With the support of the WCO and the EU, Moldova Customs managed to achieve important progress in implementing comprehensive modern Customs procedures, ensuring at the same time an appropriate balance between the need for border security and trade facilitation.

The Moldovan Customs Service firmly believes that the main value of the institution is people who, by their dedication, devotion, professionalism and responsibility, contribute to the permanent modernization of the institution. And from this perspective, after 20 years of existence, Moldovan Customs looks back with pride and with optimism towards the future.

More information
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Jordan Customs awarded for its performance

IN 2011 JORDAN CUSTOMS was awarded 2nd Place in the King Abdullah II Award for Excellence in Government Performance and Transparency.

Among the 45 competing public institutions, Jordan Customs won the award in the category ‘public institutions participating more than once’. A Jordanian Customs officer, Wasfe Al-Awakla, was also honoured in the category ‘distinguished supportive employee’. The Award, which is managed by the King Abdullah II Center for Excellence (KACE), is considered the highest award for excellence in the public sector at the national level. It aims to motivate the public sector to improve its performance and the quality of its services.

Participation is compulsory for all government institutions and ministries. Four integrated components are used to allocate scores in determining who wins awards: (1) 60% from the assessment process which includes selection criteria, answers and a site visit; (2) 15% from the “Mystery Shopper” study – the Center hires an independent specialized company to conduct a study and assess the services provided by the institution by acting as a citizen, investor or organization seeking a service; (3) 15% from a customer satisfaction study; and (4) 10% from an employee satisfaction study.

After announcing the results, an evaluation report is sent to all participants that took part in the competition, highlighting their strengths and weaknesses. The reports are believed to help them draw up future annual work plans. The King Abdullah II Center’s management team also carries out field visits to train them on how to use the evaluation report. Jordan Customs is now working on a gap analysis to prepare for the next cycle.

More information
http://www.kace.jo

Korea’s counterfeit exhibition attracts more than 10,000 visitors!

THE KOREA CUSTOMS SERVICE (KCS) held its ‘2011 Counterfeit Comparison Exhibition’ for three days from 6 to 8 July to improve the ability of consumers to distinguish genuine products from infringing products, and to raise public awareness of the importance of protecting intellectual property rights and the harmful effects of counterfeit goods. Genuine and fake products distributed in the market at home and abroad were exhibited, attracting more than 10,000 visitors.

This exhibition, which has been running for seven years, was the largest in terms of size and level of participation, inviting 68 enterprises and institutions in total: 13 enterprises from the EU region including LVMH; 15 from the US including Nike; 15 from Japan including Nintendo; and 17 from Korea including Hyundai Mobis, Samsung Electronics and LG Electronics. Five domestic and foreign institutions working in the intellectual property rights field also took part, and more than 20,000 products were exhibited.

Distinguished guests such as Kim Jong-hoon, Korea’s Minister for Trade, Sergio Mercuri, Italy’s Ambassador to Korea, and Pat Gaines, Chairman of the American Chamber of Commerce in Korea, attended the opening ceremony as well as right holders and heads of consumer advocacies. The opening was followed by an awards ceremony where the KCS received the 2011 Global Anti-Counterfeiting Award from the Global Anti-Counterfeiting Group (GAGG) for outstanding achievement in preventing counterfeiting as a government agency.

Korea Customs Service plans to further intensify its crackdown on counterfeit goods and beef up publicity activities to protect consumers and intellectual property rights.

More information
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DURING THE JUNE 2011 WCO Council Sessions, a Resolution on the role of Customs in natural disaster relief was adopted. The Resolution was developed to ensure Customs administrations globally have the responsibility to provide natural disaster relief within their mandate.

New Zealand has had its own experiences of natural disaster in the last year, the most serious of which was the earthquake in the city of Christchurch on 22 February 2011 that measured 6.3 on the Richter scale.

It struck during a weekday lunchtime, toppling buildings, causing multiple fatalities, trapping people beneath rubble and sparking fires in the city centre. Liquefaction of the ground caused tonnes of grey mud to flood the city; and power, water and sewerage facilities were severely affected for weeks afterwards.

Immediately after the earthquake, a number of Customs staff was deployed to Christchurch on a rotational basis to assist in control, recovery and faster release time on aid consignments. Within 48 hours, disaster search and rescue teams began to arrive from overseas with their equipment.

Four key areas were identified by New Zealand Customs as a result of the Christchurch earthquake:

**Coordinated response**
An Emergency Operations Centre was set up in the Christchurch Customhouse shortly after the quake. The main coordination and communication for the Customs response was controlled by the Integrated Targeting and Operations Centre (ITOC) in Auckland. Through ITOC Customs was able to manage resources, information and personnel. It was also a central location for a number of government agencies providing a cohesive response.

**Role outside of Customs**
Customs was called upon to respond to the earthquake beyond its traditional role at the border. Customs officers supported the Police in their management of the inner city cordon and provided support to the Police in compiling their missing persons lists. A programme Customs has in order to reconcile passengers should an aircraft crash was provided to the Police who were able to use it to quickly reduce the number of missing persons, and determine the actual number of persons missing. Since then the Police are looking to adopt Customs’ programme to use in future disasters.

**Business and trade recovery**
Immediately after the earthquake Customs contacted all its business clients to ascertain their ability to continue trading, and whether any assistance was required. New Zealand Customs supported businesses by allowing late excise returns, and in some cases payment relief for excise clients.

**Supporting staff**
Above all else, Customs found that ensuring the safety and wellbeing of its staff was paramount. They moved quickly to contact all affected staff and provided support for those in need. Customs deployed extra staff to the region to provide added support and relief for local staff. In addition, Customs provided counselling to local staff and assisted them by moving their possessions and storing items at Customs’ premises.

These key aspects along with inter-agency collaboration were imperative in providing reassurance to the people of Christchurch.

There is no doubt that we all face an increased risk of natural disasters, no matter where we are in the world. New Zealand Customs knows this first hand. Customs has a critical role to play both at the border but also within the wider community.

The WCO’s Resolution on natural disaster relief is an important step forward for ensuring Customs administrations are prepared for its role in natural disaster relief. New Zealand Customs is pleased that the Resolution highlights the importance of being prepared – across legislation, regulations and departmental planning – and that it also highlights the important role that Customs can play outside of its traditional functions at the border.

**More information**
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A NEW MASTERS OF BUSINESS Administration (MBA) with a specialization in Customs Management has been launched in Arusha, Tanzania by the East & Southern Africa Management Institute (ESAMI), in collaboration with the University of Canberra’s Centre for Customs & Excise Studies (CCES). ESAMI is chartered to grant degrees by 10 countries in the East and Southern Africa region: Kenya, Malawi, Mozambique, Namibia, Seychelles, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe. The new degree marks a milestone for Customs in Africa, as students from these countries have the opportunity for specialized postgraduate studies similar to what CCES has been offering in Canberra (face-to-face) and in all continents (online).

The pioneer group of 16 students from Kenya, Tanzania, Uganda and Zimbabwe started their residency session at the ESAMI Campus in Arusha in July 2011. During the one-month residency, the students covered the required specialization subjects under the guidance of CCES lecturers George Grace (Australia) and Creck Buyonge (Kenya), with the assistance of tutors Jackie Murekatete and Rosine Uwamaliya (Rwanda Revenue Authority). Jackie and Rosine are both graduates of the University of Canberra Masters in International Customs Law & Administration.

Graduates of this new MBA are expected to develop a good understanding of the complex role of Customs at the international, regional and national level, and the various institutions and factors in the operating environment that have an impact on Customs’ work. International Customs Law introduces students to the conventions and agreements developed and maintained by the WCO, with the Revised Kyoto Convention (RKC) taking pride of place as the blueprint for a modern Customs administration. It also covers instruments of other international organizations, such as those of the United Nations (Convention on the Law of the Sea, for example), the International Civil Aviation Organization and the World Trade Organization.

In addition, students learn about other sources of international law including customary law and non-treaty documents such as resolutions, recommendations and declarations. These documents, including the WCO Revised Arusha Declaration on integrity, are studied in a regional and national context, thus demystifying them and showing their relevance to the students’ immediate experience. “I thought the Revised Arusha Declaration was a very long document,” one student said, “Only to discover it is a short document that captures the essence of developing integrity in Customs in very few words.” This student has started a journey of self-discovery and expanded knowledge through this encounter.

Since tuition fees for the programme have been pegged at rates comparable to what is paid for Masters Programmes in the region, it has the potential to improve access for those students that are not able to travel outside Africa for specialized studies in Customs. Secondly, the flexible and intensive delivery model that is used by both CCES and ESAMI means that the students are able to integrate work and study. Thirdly, it presents significant value for money for those...
donors that have a focus on developing Customs leadership and management capacity in the region or in specific countries in the region.

The Director General of ESAMI, Prof. Bernard Mwape, sees the programme as “our contribution in solving the challenges in Customs management and administration in Africa,” and adds that “without a critical mass of trained staff in Customs management, Africa’s Customs performance will remain poor.” He challenged the students to influence positive change in their countries by putting into practice what they learn throughout the period of their study.

Admission to the MBA (Customs Management) is open to interested applicants in possession of a first degree from a recognized university and three years of work experience. Alternatively, one needs to hold internationally recognized professional qualifications from institutions such as the Association of Chartered Certified Accountants (ACCA), the Certified Public Accountant (CPA), the Chartered Institute of Logistics & Transport (CILT), the Chartered Institute of Purchasing & Supplies (CIPS) and the Chartered Institute of Transport Administration (CITA), and five years of work experience. Prospective students must demonstrate proficiency in both oral and written English. At the moment, ESAMI does not offer the MBA programme in Mozambique and Seychelles. However, if any of these countries is able to raise 20 students, CCES and ESAMI would be willing to deliver the MBA (Customs Management) in-country.

After the one-month residency, the students will receive further online learning on the Customs subjects using the University of Canberra’s Learning Management System (Moodle) until February 2012. They will then take classes in various required subjects including Research Methods, General Management & Organizational Behaviour, Financial Management, Human Resource Management, International Procurement and Global Supply Chain & Logistics Management at ESAMI centres in their countries. These courses are delivered in intensive mode with minimal interruption to the students’ daily work schedules. The Master’s Thesis, to be done after finalization of coursework, will be on a topic relevant to Customs.

The MBA (Customs Management) will emphasize the importance of disseminating research findings for the benefit of Customs administrations and the wider society. For this reason, supervisors and researchers will endeavour to work together to use the thesis research as a basis for developing papers of publishable quality. Indeed, some of the students have already started planning ahead on possible thesis topics, and have raised questions on available avenues for publication of their findings.

Some of these papers may be submitted for possible publication in the World Customs Journal, and with the increasing need for knowledge-based decision-making in Customs work, there may be space for a regional peer-reviewed Customs journal as well. This will create a virtuous cycle of knowledge in the academic world; influencing Customs practice, and the experience of Customs becoming a basis for expanding knowledge on Customs issues. Since this is only the beginning, there will be much to learn as we go along.

One of the students in the pioneer group, Mazengo Kasilati from Tanzania, is a practicing Certified Public Accountant with no previous training in Customs. “The consulting firms are in dire need of knowledge on Customs issues,” he says. “After I finish the course, I will be in a better position to advise my clients.” Although he doesn’t say it, it will also put him in a better position to work with the Tanzania Revenue Authority on any Customs issues. This is a welcome development, as a more informed private sector is a better partner in supporting the reform and modernization programmes that are underway in the region such as the implementation of the Authorized Economic Operator (AEO) concept.

More information
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The Swaziland Revenue Authority (SRA) is a semi-autonomous revenue administration agency which, on coming into existence on 1 January 2011, replaced the Government Departments of Income Tax and Customs & Excise.

Its Mission is to provide an efficient and effective revenue and Customs administration, driven by professional and motivated staff, that promotes compliance through fair, transparent and equitable application of the law.

In pursuit of its vision to be a modernized, credible and customer centric Revenue Authority, the SRA has an ambitious objective of creating a modern Customs and tax administration in the next 18 months.

One of the key focus areas of the SRA is capacity building by injecting new blood into the Swazi Customs and tax administration system. Accordingly, almost the entire top management of the SRA consists of managers who were not part of the old Customs or income tax departments. Over 30% of the 240 Customs staff is completely new to Customs.

Thus the young Revenue Authority is facing a formidable challenge. However, buried in that challenge is a huge golden opportunity because of the following reasons:

- Starting from scratch means the organization is still malleable.
- Management is not constrained by fossilized bad cultures.
- All officers, including senior managers, are on probation.

To exploit this opportunity the SRA has set an ambitious agenda of re-moulding the Customs administration in line with standards developed by the World Customs Organization. This re-moulding project will focus on the following priorities:

- Drafting policies and procedures in line with the Kyoto Convention.
- Creating and nurturing a culture of integrity and professionalism.
- Developing a new career system that will identify potential and develop skill.
- Developing key operational capacities in areas such as intelligence gathering, anti-smuggling, risk assessment, profiling, and targeting, and post-clearance auditing.

Building capacity in Post Clearance Audit is perhaps the most pressing and interesting of them all because Customs administrations can no longer afford to operate in gatekeeper mode where every consignment is checked before being admitted into the country. The vexing issues that the SRA is grappling with include questions such as: What is the quickest way of developing this capability? How does one turn a university graduate with no Customs experience whatsoever into a Customs auditor?

The questions become even more complicated as additional questions arise when the Customs function is placed in the context of the Revenue Authority, where creative career development strategies are required in order to fully integrate audits of the various tax types.

Besides organizational building, the SRA has to execute its mandate which includes revenue collection, protection of society and contributing to the worldwide drive towards achievement of a safer world.

The SRA management is confident of success not only because of the strong will to give their best but also because they are sure that the international Customs fraternity will assist them as they grapple with these questions, on this long road towards excellence in Customs management.

To facilitate this process, strategic alliances have been formed with other established revenue authorities under the auspices of the WCO. Swaziland is also a member of the Southern African Customs Union (the world’s oldest Customs Union, established in 1910), the Commonwealth Association of Tax Administrators, the African Tax Administration Forum and the World Trade Organization (WTO). The country became a Member of the WCO on 15 May 1981.

General information

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Engaging the trading community in Customs modernization: the Brazilian experience

by John Edwin Mein, PROCOMEX ALLIANCE

Procomex is an alliance of Brazilian companies and private sector organizations which aims to support the Customs modernization process. In this article, John Edwin Mein shares lessons learned from the Procomex experience and some thoughts on what makes a Customs-Business partnership successful.

In 1998/1999 the American Chamber of Commerce of Brazil and the Getúlio Vargas Foundation carried out a study on the impact of "lead-time" on Brazil’s competitiveness. They surveyed 177 of the largest exporting firms, to determine the importance of time on the competitiveness of companies exporting from Brazil. At that time Brazil was exporting goods to the value of 51 billion US dollars per year.

The study pointed out that Brazil-based production companies were losing export opportunities and market share, and substantially increasing their operational and inventory costs because of the extended times, mostly caused by bottlenecks in the control processes conducted by the authorities handling the import and export procedures. These impediments to savings and growth have not changed significantly since the time of the study. The first four bottlenecks on the list were, and continue to be, related to import and export procedures. This is not surprising considering that there have been few changes to the normative and institutional framework over the last decade even though Brazil’s yearly exports have reached 200 billion US dollars.

There are two issues that affect company costs: the first is the absolute time it takes to move goods across borders – here, the saying “time is money” could not be truer. The other is the unpredictability of the process: the movement of goods can take anything from a few days to several weeks. Companies build up inventories to minimize the risk of having to stop their production lines, taking into account the risk inherent in the unpredictability of the process.

It has been estimated that the inventory of imported raw materials and components is, on average, nine times greater than that of locally-sourced supplies. This insurance against variability in processes is costly.
It was because of this opportunity to improve Brazil’s competitiveness that the idea of an alliance of companies and private sector organizations working together with government on the modernization of Customs processes was launched at a Seminar organized by UNCTAD – UNCTAD Regional Conference on ICT Strategies for Competitiveness and Development: Promoting E-business, Trade Facilitation and Logistics in Latin America and the Caribbean – in Rio, in November 2003.

On 11 May 2004, the Procomex Alliance was formally launched at a major event attended by over 400 participants, with the presence and active participation of the then Head of Brazilian Customs, Dra. Clecy Lionço, and visiting speakers from the Customs Administrations of the Czech Republic and Sweden. At that time more than 50 business associations supported the vision that it is possible to increase Brazil’s international competitiveness through a Customs system that protects national interests, while improving the efficiency of the global supply chain of companies that compete in international markets. They signed up to support the efforts of an alliance whose mission is to improve Brazil’s global competitiveness through the implementation of a Customs clearance system that:

- protects revenue generation;
- preserves the environment;
- preserves cultural heritage;
- protects national security interests;
- guarantees the adequate collection of information on trade;
- guarantees a more predictable and faster movement of goods;
- and, guarantees that the treatment of traders is based upon objective criteria.

From the beginning, Procomex’s strategy has been to approach associations only to request their political support for the vision, mission and objectives, translating these into specific recommendations on Customs modernization opportunities. Today there are over 70 associations in the Alliance.

The private sector has long been aware of the need for, and has often cried out for, Customs reform. However, historically these demands were made by organizations that did not have a specific focus on Customs reform, were not perceived as having legitimacy, and/or defended specific sector interests. In Brazil, the tradition of working under the umbrella of community spirit is rather limited. Foreign traders interested in change are highly dispersed and are not organized to press for change. In addition, the multiplicity of needs in the logistics area encourages a lack of focus. In Brazil there are also very few precedents for government and the private sector to work jointly on solving problems.

When this initiative was launched, many in business and in government thought it was a noble effort, but one which had little prospect of success. However, the Alliance has been able to achieve success by maintaining focus on the Customs reform issue, developing recognition and credibility for the Procomex brand, becoming a qualified interlocutor with governmental agencies, providing an impartial platform for public/private sector dialogue on the issues concerned, and avoiding ego-based disputes with association leaders.

By 2005 it was clear that this was not going to be a short-term effort and that the Alliance, which had begun as an informal movement, needed resources and a structure to provide it with continuity and representation. In August 2005 the Procomex Alliance Institute was established, with a governance model which ensures that associations and companies enjoy equal representation on its board. The companies are the main source of revenue, and of process-specific experience and information.

There are some challenges for the continuity of this work. The sustainability of the effort depends on being able to maintain three major areas of support:

- government agencies must demonstrate a willingness to work together with the private sector to seek solutions that are good for the country;
- associations must provide political support and private sector legitimacy; and
- companies must provide financial resources and specific knowledge of processes.

In a democracy the tendency is for governments to change, frequently bringing a different ideology or orientation. The risk of discontinuity because of the “...it was not invented by me” syndrome becomes a reality. The Customs control process is
also spread out over many agencies, and although Customs, as an organization, has primary responsibility for the Customs process, other government agencies also intervene, and in many cases are the major cause of delays. Unfortunately the 14 government agencies in Brazil which intervene in Customs processes do not have seamless communication among themselves, frequently operating with totally different agendas. Fortunately, Brazil now has a Customs administration which, under the leadership of Dr. Ernani Checcucci, is proactively demonstrating its willingness to bring about change, to work with the private sector, and to lead the Government’s efforts to modernize Customs control processes.

Associations need to perceive that organizations like Procomex provide them with a specialized service to deal with a very specific part of their broad agenda (i.e. Customs process modernization), without competing with that agenda or threatening their leadership. Companies will only provide support as long as the value proposition is clear and the benefits are forthcoming. It is harder to obtain support for efforts which are not perceived as being part of their core business, and the benefits of which are diffuse in nature and involve long-term returns, especially during times of economic downturn or when government agencies decide not to work with the private sector.

The Procomex experience shows that the greatest progress is made with issues that are identified through consultation with associations and companies. The proposals for changes in procedures that result from these cooperative governmental and private sector efforts are substantially improving the “lead time” for Brazilian companies. This will make them more competitive on the international market, leading them to invest more in Brazil, generate more and better jobs for Brazilians and thereby improve the social and economic welfare of Brazil’s population.

The Procomex experience shows that the greatest progress is made with issues that are identified through consultation with associations and companies.

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ICS via conex supplements the CONEX platform which already manages 60 million messages per year to the customs administrations of several countries. Working with a single solution like ICS via conex means avoiding multiple system development and removes the need to apply personally for country-specific certification.

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EVERY DAY, ALL YEAR LONG, Customs authorities are fighting a wide range of cross-border crime in order to protect our communities. This is no easy job, but one at which we are quite good. But how should we prepare our next move? Or, as stressed by the WCO: how do we remain relevant, visionary and indispensable?

The WCO Framework of Standards to Secure and Facilitate Global Trade and its Customs in the 21st Century strategy point the way forward based on known challenges. But what are the long-term scenarios envisioned for Customs as concerns public protection?

I fear that in the years to come we will face increased volumes of IPR-infringing goods, expanded flows of illegal trade, and a proliferation in cross-border money laundering activities by organized crime. Similarly, I am afraid that we can also foresee even more illegal immigration, and environmental threats. Last, but not least, we should expect the rise of new forms of cross-border crime.

With these scenarios in mind, it has become increasingly important for Customs to monitor international trends closely and strive to understand the causes and drivers behind these global developments.

Three instruments for public protection
To effectively protect the public, three strategic elements are, in my view, essential for Customs in fighting cross-border crime today: Coordinated Border Management; environmental protection; and an increased focus on integrity.

Customs as the ‘border coordinator’
The United Nations Global Facilitation Partnership for Transportation and Trade – a trade facilitation network – has stated that Customs is the government agency best suited to take on the function of ‘border coordinator’. I totally agree with the UN, and I believe that in future Customs will carry out tasks at the border on behalf of government agencies and private enterprises to a larger extent than is the case today.

I believe this will include new tasks in many countries, for example operating registers of electronic currency flows, as well as handling harbour and airport security. Customs also has the potential to assist immigration authorities.

Further, I believe that Customs’ potential to protect citizens from the dangers posed by counterfeit goods has not yet been fully exploited. My administration currently carries out tasks at the border on behalf of almost 30 different government agencies. Not all of them concern public protection, but most of them do, and the potential is by no means fully exploited.

Integrity in a broader perspective
Profit is the main driver behind all crime. Cross-border crime faced by Customs is no exception. What is equally important is that the ‘black economy’ involved in money laundering, smuggling, corruption and white collar criminality across borders finances criminal networks worldwide.

A vital task for Customs is therefore the fight against corruption, economic fraud and money laundering. Customs declaration controls, post clearance audits and bookkeeping audits both prevent and uncover fraud. The aim is to create equal market conditions or a level playing field for legal trade and to reduce the loss of national revenue.

Corruption is the most visual face of failed integrity. Transparency International describes corruption as the world’s most pressing economic problem. The cost of corruption for nations and institutions is enormous.

The World Bank estimates the payment of bribes at USD 1 trillion (1000 billion) per year, and the Asian Development Bank shows cases of USD 30 billion in development aid ending up in foreign accounts. The list goes on with examples from developing and developed countries alike.

According to surveys (Christian aid 2008; Fjeldstad og Tungodden 2003; Mookherjee 1997), more than half of potential tax and revenue income for developing countries never reaches the national treasury due to corruption and tax evasion. Multinational companies play a central role in this through the manipulation of prices, use of tax havens, etc.

Norway recognizes Customs’ critical role in public protection

by Bjørn Røse,
DIRECTOR GENERAL OF NORWEGIAN CUSTOMS AND WCO VICE CHAIR FOR EUROPE
Facilitating the future


Within 90 days, key agencies around the Philippines were connected to trips™ and more than 70 import and export applications were processed.

Customs, I believe, has a huge potential for contributing positively to the fight against corruption, in favour of integrity. Being present at the border, and with the right tools, Customs is well-positioned to combat and hinder irregular and unconventional cross-border economic activity.

Substantial work has been done by the WCO to build integrity and fight corruption based on the revised Arusha Declaration. However, there is unexplored potential and the WCO must keep up the pressure and continue to promote anti-corruption and pro-integrity strategies, while strengthening cooperation with other good forces like the UN, the World Bank, the IMF, Transparency International, and other ‘corruption tracking’ networks.

Protecting the environment
Waste, including dangerous and poisonous waste, has over time become a major commodity. Big money is involved in illegal transport and transactions. The WCO focused on environmental protection in 2009 when it launched the theme on 26 January – celebrated annually as International Customs Day by WCO Members and their partners.

We all remember the dumping of dangerous waste exported from industrialized countries to Côte d’Ivoire in 2006. In Norway we had a serious incident in 2007 when a large storage tank containing dangerous waste exploded, causing severe problems in a small community on our west coast.

A fundamental instrument in the fight against cross-border environmental crime is the Basel Convention. This Convention has been signed by 176 countries and constitutes the basis for safe and legal handling of dangerous waste.

Customs authorities already do an excellent job on environmental protection, but there is more to be done in the area of intelligence gathering and risk management. Customs’ traditional tools have to be fine-tuned and we should intensify our work to stop profits that stem from illegal cross-border environmental crime, to prevent threats posed by dangerous waste.

Facing tomorrow
The three strategic elements I outlined earlier, namely, Coordinated Border Management, environmental protection, and an increased focus on integrity, are in my view essential for Customs, not only in its fight against cross-border crime today, but also in its efforts to remain relevant, visionary and indispensable in the years to come.

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UNCTAD and the WCO: working to foster international trade

by José María Rubiato and Bruno Favaro

The United Nations Conference on Trade and Development (UNCTAD) has received a mandate from its 193 Members to work on behalf of developing countries towards the simplification of international trade procedures and documentation. In this context UNCTAD collaborates with those partners who are the most active in the field of trade facilitation. This article looks at areas where the activities of UNCTAD and the WCO converge to help make international trade more secure and more effective.
and Jordan and between the three CEMAC countries, as well as the interfaces between the IRU’s SAFETIR systems and the ASYCUDA systems in place in user countries.

In this connection, UNCTAD has been invited to contribute towards a collective effort to design, and at a later stage develop, an operating framework for a Customs network for the automated and systematic exchange of information. We now await the WCO decision, to be taken in 2011, on the approach to be adopted for this purpose. Meanwhile the relevant UNCTAD and WCO units are continuing their joint reflection on the concept of GNC and the possible options and arrangements for meeting the requirements for its implementation.

ASYCUDA and nCEN

At the beginning of the year, the WCO informed UNCTAD that it might be helpful if the two Organizations could reflect together on the development of a protocol or channel for the exchange of data between national administrations operating in the framework of the Customs Enforcement Network (CEN). During an initial working session held in Brussels, one essential point soon emerged: the architecture and functionalities of the ASYCUDA system mean that it could be used as a basis for the development of automated information exchange, and could therefore be incorporated in the roadmap established by the WCO Secretariat for the 90 countries that use ASYCUDA.

The WCO’s nCEN team and the ASYCUDA system leaders have therefore agreed on a future meeting in Geneva to look at the details of what could become a partnership. Although still very much at the embryonic stage, this UNCTAD-WCO collaboration already looks like it is going to present a fascinating challenge to the technicians, given the great complexity of the interfaces, the significant security considerations and the strict confidentiality requirements, all of which will have to be addressed in order to ensure truly effective results for the Members of the WCO.

The future of collaboration between UNCTAD and the WCO

Working on behalf of their Members, 173 of which are common to both Organizations, UNCTAD and the WCO share common objectives, including a key one of striving, in the public interest and not for profit, to attain better Customs services able to offer to the societies they serve greater security, competitiveness and transparency in trade. The ASYCUDA Programme with its technicians, its expertise and its experience, is available to serve this objective and collaborate with the WCO and its Members.

The areas of interest referred to, including in particular cooperation with the WCO, the application of the WCO Data Model and GNC and nCEN developments, will remain the focus for the immediate future. In the longer term there will be new challenges to take up, such as the most important issue, that of training, on which UNCTAD and the WCO could once again work together towards a better world, a more effective Customs service and the development of international trade, which remains the best guarantee of a lasting peace between peoples.

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CONTROLLED DELIVERY ALLOWS illicit or suspect consignments to pass out of, through, or into, the territory of one or more countries, with the knowledge of, and under the supervision of competent authorities. The technique has rarely been used to combat wildlife crime, although it is widely used and with good results to combat other areas of crime such as the illegal or illicit trade in drugs, precursor chemicals, and tobacco. Two recent cases where controlled delivery has been used to successfully combat wildlife trafficking are highlighted in this article.

In the first case, while targeting consignments for risk on 30 August, Belgian Customs’ anti-drugs team at Zaventem Airport noted several discrepancies on a Guinean Export Permit for an air shipment of 100 pieces of African pangolin (Manis tricuspis) skins from Conakry en route to Bangkok via Vienna. Their suspicions were well founded since the CITES Secretariat has repeatedly warned about forged or fraudulent CITES permits issued in Guinea and have recommended that all countries scrutinize documents strictly to verify their authenticity.

They immediately alerted their colleagues in Austria and Thailand, and with the assistance of the WCO Secretariat, Customs officers in the three countries agreed to conduct a controlled delivery. After legal procedures had been completed, the shipment was released for travel to Vienna Airport on 31 August and subsequently released by Austrian Customs the next day for its final destination, namely Bangkok. Thai Customs investigators detained the shipment upon its arrival at Bangkok International Airport on 2 September. The investigation is ongoing with the cooperation of the CITES Secretariat, Thailand’s CITES Management Authority and Royal Thai Customs.

In the second case, while checking the luggage of a passenger from Kinshasa on his way to Beijing on 8 September, Belgian Customs’ anti-drugs team found around 10 pieces of worked ivory concealed inside the luggage. In coordination with the WCO
Secretariat, detailed information was immediately provided to China Customs’ Anti-Smuggling Bureau which agreed to conduct a controlled delivery operation in collaboration with Belgian Customs. The luggage containing the concealed ivory was put onto the flight to Beijing and upon arrival at Beijing International Airport on 9 September Chinese Customs officials seized the 900 grams of ivory and detained the passenger who was later fined before being released.

The success of the two operations lies, of course, not in the results in terms of seizures, but rather in the benefits and experience that Customs officers gain through mutual support and information exchange via practical interaction with a common goal. Solid cooperation between Customs and its partners is the very basis of a controlled delivery, and using this technique more often would bring a new era to joint efforts to combat cross-border wildlife crime.

Transnational wildlife trafficking is on the rise even though enforcement efforts are being intensified. For example, ivory smuggling via cargo shipments between Africa and Asia has reached unprecedented levels. In 2010, Customs netted some 15 tons of ivory tusks in nine significant incidents, but a staggering 17 tons was recorded in the first three quarters of 2011. The modus operandi and concealment methods in these incidents are so strikingly similar that no one would be convinced that there is no involvement by transnational organized crime.

This global challenge calls for greater international collaboration and response. To play its part, the WCO Secretariat is currently leading the implementation of a project to establish a network of controlled delivery units for forest and wildlife law enforcement under the auspices of the International Consortium on Combating Wildlife Crime (ICCWC), a partnership between the WCO, the CITES Secretariat, INTERPOL, the UN-ODC, and the World Bank. The project will include a workshop, experimental controlled delivery operations, and the creation of national controlled delivery units within participating countries. The ICCWC Controlled Delivery Workshop will take place from 7 to 9 December 2011 for Customs and police officers as well as prosecutors from over 20 countries that are considerably affected by large scale wildlife trafficking.

The WCO’s commitment to protecting the environment remains unwavering. Cooperation both at the international and national level will continue to be actively promoted between the Customs community and its partners. WCO News will keep readers informed about developments in this new area of combating wildlife crime.

More information
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Two WCO events focus strongly on knowledge and dialogue

AS 2011 IS BEING CELEBRATED by the WCO and its Members as the “Year of Knowledge”, the Organization has been organizing activities all year round to promote this theme. Two recent events reflect the WCO’s commitment to share knowledge with its Members and the private sector through dialogue and engagement: the Open Day for Trade and the Knowledge Academy for Customs & Trade, held from 27 to 28 June and from 28 June to 8 July respectively at WCO headquarters in Brussels.

The Open Day for Trade provided an opportunity for the WCO Secretariat, Customs leaders and business experts to share their mutually beneficial knowledge and experiences. Delegates were briefed on the WCO’s programmes and tools as well as topical regional issues. Interaction from the floor was positive and lively, and the event was well received by all who attended.

The Knowledge Academy for Customs & Trade which took place on the heels of the Open Day for Trade offered an intense learning programme covering issues related to Customs and trade operations. The Academy offered three learning tracks: the first two targeted the private sector and focused on key areas of WCO work, namely tariff and trade affairs (HS 2012, Rules of Origin, Valuation, Transfer Pricing) and facilitation and enforcement (WCO Data Model, AEO/SAFE, Risk Management); and the third was designed for Customs administrations.

Besides the classroom training and plenary sessions, participants travelled to the Port of Rotterdam to see Customs procedures on the ground that had been discussed and analyzed during the Academy sessions. Courses were provided by experts from the WCO Secretariat, World Trade Organization (WTO), International Monetary Fund (IMF), Organization for Economic Cooperation and Development (OECD), and WCO Member administrations.

Speakers from the private sector included representatives from the German Marshall Fund (GMF), a think-tank on transatlantic and international relations, the Global Express Association (GEA), the International Chamber of Commerce/World Chambers Federation (ICC-WCF), the US Chamber of Commerce and the British Chamber of Commerce.

The next Knowledge Academy is expected to take place in July 2012.

More information
info@wcoomdtraining.org
www.wcoomd.org/event.htm

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THE 6TH ANNUAL WCO PICARD (Partnership In Customs Academic Research and Development) Conference took place from 14 to 16 September 2011 at the premises of the United Nations in Geneva, Switzerland. The outcome of the Conference provided input into the three main streams of the Conference’s objectives: (1) that research should focus on practical Customs issues, (2) that education and training should match emerging needs, and (3) that PICARD should be a continuous forum for collaboration in order to meet the needs of Customs, academia and the private sector.

The Conference opened with commentaries by Dr. Juha Hintsa, Chairman of the Cross-border Research Association (CBRA), Prof. David Widdowson, Chairman of the International Network of Customs Universities (INCU), Mr. Jan Kubiš, Deputy Executive Secretary of UNECE, and Mr. Kunio Mikuriya, Secretary General of the WCO, introducing delegates to the main themes of the Conference: Coordinated Border Management, Customs Performance Measurement, and Economic Security and Integrity. The conference facilitator, Mr. Sandy Dunlop, set the tone of the Conference to maximize interaction among participants and ensure they benefitted fully from the networking opportunities of the three-day programme.

Keynote speeches were delivered by Ms. Eva Molnar, Director of the UNECE Transport Division, Ambassador Christian Etter, Federal Council Delegate for Trade Agreements at SECO, Mr. Robert Lüssi, Vice-Director and Head of Main Division, Swiss Federal Customs Administration, and Mr. John Broadhurst, Vice President of Cotecnia Inspection. Their speeches covered Legal Instruments for Border-crossing Facilitation, Collaborative Border Management, Customs Servicing Trade and Security, and Risk Management and Trade Facilitation.

Six years on – PICARD 2011 and prospects for the future
Officials from the WCO Secretariat’s Capacity Building Directorate gave an overview of the PICARD Programme’s recent developments and state of play. They presented the WCO Virtual Working Group and CLiCK (an e-learning and training platform), both new tools to help WCO Members work towards coherent Customs career development worldwide. Members of the PICARD Advisory Group provided regional updates on education and research projects.

Looking into the future, discussions touched upon the growing concerns that Customs are not attractive enough as employers to hire the best available talent. In order to enhance the professional quality of the future Customs work-force globally, participants discussed how the sector could benefit from support from and interaction with the academic world in solving this dilemma. It was debated whether and how PICARD could provide a relevant forum to enable such interaction and support, facilitate exchange of ideas, and provide a platform where professionals from Customs and academia could meet.

Main themes of PICARD 2011
Coordinated Border Management
Presentations by Mr. Sandeep Raj Jain, UN ESCAP, Mr. Anders Hellberg, Swed-
ish Customs, and the WCO Secretariat provided food for thought and practical examples for ongoing reflection on how Coordinated Border Management is increasingly harnessed to reduce costs, enhance the effectiveness of clearance and controls, as well as increase political cooperation between countries. Practical examples were presented from the borders between Sweden and Norway, as well as Switzerland, France and Germany.

Measuring Performance – or Managing Measurement?
Prof. Alexey Gubin from the Russian Customs Academy and Mr. Xavier Pas-cual from French Customs presented models and methods being developed and implemented in the Russian Federation and France respectively, to measure the performance of Customs. Professor Gubin recommended an outcome-focused approach and discussed the limitations of reality in measuring performance. Mr Pas-cual presented lessons learned from the French experience, emphasizing that eventually administrations will take decisions based on their interpretation of the indicators. A joint presentation by Prof. Dr. Franz Vallée and Mr. Michael Dircksen from Germany focused on the private sector perspectives, while covering extended logistical factors for success in international trade.

Economic Security and Integrity
Dr. Andrew Grainger from the UK and Mr. Holm Kappler from the US pointed out that low-cost, low-risk methods for trade facilitation do exist, that also ensure correctly paid duties. Mr. Ashok Sadhwani from the US described how cultural differences can have a major impact on the perception of corruption and bribes. It was underlined that overall public resistance to corruption is decisive in overcoming the problem, together with transparency of procedures. And finally, Mr. Samuel C. Bautista from the Philippines shared his views on the academia-industry partnership for strengthening teaching and research for Philippine Customs’ higher educational institutions, covering important aspects of economic security and integrity.

What next for PICARD – conference participants call for recognition, repositioning and relevance
During the deliberations, pre-selected conference facilitators mingled with participants and collected their ideas and wishes for the future. Their findings included the following:

- The PICARD concept should be widely known and accepted, and recognized as a valuable networking tool for Customs and academia.
- The needs of trade should be better recognized by Customs, and business participation increased in PICARD.
- Many more universities should be actively encouraged to become involved with PICARD.
- The importance of cultural differences and different geo-political and economic perspectives should be acknowledged and taken into account.
- Lecturers and Customs officials should strive towards internationally agreed professional standards, enabling them to interact effectively beyond their own borders.

The final session or the “Big Panel” concluded that PICARD should focus more on research, particularly to support work with practical relevance for trade and businesses. Participants called for regional adaptation in both research and education. Other themes covered included possible development of a Strategic Roadmap for PICARD, “The PICARD 2020 Vision”, and future encouragement of private sector participation in the PICARD network. The Conference closed with some light-spirited brainstorming, including visions for the future of mobile PICARD caravans campaigning the PICARD message of better and brighter Customs administrations around the world!

Special thanks to UNECE, SECO, Swiss Federal Customs and Cotecna Inspection, whose contributions enabled the Conference to be organized. Thanks also to the PICARD 2011 Band, Luis and the Gang, who entertained guests during the evenings, with hit songs including Border-Joe. The CBRA research team is happy to provide Conference material and answer any questions on PICARD 2011 and follow-up research activities, including Customs Risk Management related Framework Programme 7 Projects CASSANDRA and FOCUS.

More information
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WCO Global Forum on Combating Illicit Drug Trafficking and Related Threats

The WCO is hosting a Global Forum on Combating Illicit Drug Trafficking and Related Threats at its headquarters in Brussels from 25 to 27 January 2012.

This event will provide an opportunity to discuss current enforcement trends and challenges, such as how best to redesign the legislative framework, how to manage material and human resources, especially training, and how to enhance dialogue and coordination of activities. Related threats such as the trafficking in chemical precursors and money laundering will also be addressed.

Additionally, participants will be able to share experiences, expertise and best practices, and learn from the many ongoing international programmes and projects such as the Paris Pact, Transatlantic Cocaine Trafficking (G8), the European Pact, and Project AIRCOP.

Special focus will be placed on the international and regional dimension, given that the organizers are aware of the need to take greater account of local conditions and States’ requirements when tackling issues surrounding drug trafficking.

Mark the date in your diary!

More information pierre.bertrand@wcoomd.org

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Online registration and more information: http://www.wcoomd.org/event.htm
Calendar of upcoming events

November

3 - 4  Finance Committee, 91st Session
7 - 10  Globally Networked Customs, 9th Meeting
14 - 15  Private Sector Consultative Group
15  SAFE Members Only Meeting
16 - 18  SAFE Working Group, 9th Meeting
21 - 24  Harmonized System Review Sub-Committee, 42nd Session
24 - 25  World Customs and Trade Forum, Guangzhou (China)
28 - 30  Revised Kyoto Convention Management Committee, 10th Meeting

December

5 - 7  Policy Commission, 66th Session, Abuja (Nigeria)
12 - 14  Working Group on Commercial Fraud, 7th Meeting

January

9 - 12  Scientific Sub-Committee, 27th Session
16 - 17  Global RILO Meeting, 13th Meeting
17 - 18  CEN Management Team (CENMaT), 11th Meeting
17  Technical Committee on Rules of Origin, 30th Session
18  Origin Workshop
19 - 20  Global Information and Intelligence Strategy Project Group, 9th Meeting
25 - 27  Global Forum on Combating Illicit Drug Trafficking and Related Threats
26  International Customs Day
30 Jan. – 1 Feb.  Data Model Project Team

February

2 - 3  Information Management Sub-Committee, 62nd Meeting
8 - 9  Audit Committee, 6th Meeting
13 - 16  Globally Networked Customs, 10th Meeting
23 - 24  Regional Offices for Capacity Building/Regional Training Centres
27 - 29  Capacity Building Committee, 3rd Session

March

1 - 2  Integrity Sub-Committee, 11th Session
5 - 6  WCO/UPU Contact Committee, 32nd Meeting
7 - 9  Technology and Innovation Forum, Kuala Lumpur (Malaysia)
8 - 9  Harmonized System Committee, Working Party
12 - 23  Harmonized System Committee, 49th Session
19 - 23  Data Model Project Team
22 - 23  ATA/Istanbul Administrative Committee
26 - 30  Permanent Technical Committee, 195th/196th Sessions
26 - 30  Enforcement Committee, 31st Session

It should be noted that WCO meetings are mentioned for information purposes and are not all open to the public. Unless otherwise indicated, all meetings are held in Brussels. Please note that these dates are indicative only and may be subject to change. The WCO meetings schedule is regularly updated on the WCO Members’ website, under the “Information for delegates” section, and on the WCO public website – www.wcoomd.org – under the “Events” section.
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