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Electronic Tracking Systems AS, Skreppestad Naeringspark. NO-3261 Larvik, Norway
EU database facilitates authentication of documents

A MULTITUDE OF DOCUMENT types from all over the world may be presented to you at any time, in any office. Is this a genuine document? What are the most important security features and technical specifications? Obtaining accurate information on security features and their validity, as well as easy access to updated information wherever you are, is key to verifying the authenticity of such documents.

In order to respond to an increasing need for well-informed checks to be carried out to determine the authenticity of documents in the European Union (EU), the Council of the European Union decided to build a computerized system that enables information exchange between EU Member States, as well as with Iceland, Norway and Switzerland.

The FADO system – False and Authentic Documents Online – is an image-archiving system and a collaboration platform for the purpose of exchanging information on genuine and false documents. It contains descriptions of documents such as passports, identity cards, residence permits, visas, driving licences and official border stamps. It also displays false and intercepted documents that provide an insight into forgery techniques. Non-EU documents have recently also been added to the site.

This system is divided into three levels of complexity and security:

• FADO (False and Authentic Documents Online) – access is restricted to document experts in the 27 EU Member States plus Iceland, Norway and Switzerland.

• FADO (Intranet False and Authentic Documents Online) – accessible to law enforcement and control authorities.

• PRADO (Public Register of Authentic Documents Online) – accessible to the public and contains some of the information shared by experts using FADO.

More information
www.ifado.consilium.europa.eu
www.consilium.europa.eu/prado

A new WCO Regional Training Centre in Riyadh

The Saudi Customs Training Institute was established in 2008 as a central specialized institution providing Customs training programmes. Its facilities include five classrooms furnished with the latest audio and video technologies, a computer laboratory, a laboratory for English language training and a dedicated Customs library. Trainees also have access to a prayer room.

Since 1989 Saudi Customs has been actively promoting the exchange of experience and knowledge at the regional level by organizing Customs training programmes for interested countries in the region at its headquarters in Riyadh. The signing of the MoU marks a significant step forward in the provision of training for the WCO North of Africa, Near and Middle East (MENA) region, opening up new horizons for cooperation between Saudi Customs and the WCO and between Saudi Customs and other countries in the region.

The WCO and Saudi Customs are confident that Members of the MENA region will take full advantage of this new RTC and use the facility to strengthen the implementation of WCO standards in the region, thereby enhancing the capacity of Customs administrations to better meet the demands of today’s global trading environment.

More information
lisimousa@hotmail.com
Participants sought for case study on risk management

THE CROSS-BORDER RESEARCH ASSOCIATION (CBRA) would like to take this opportunity to thank, once again, the WCO and 24 of its Member administrations who participated in the Customs Risk Management Survey. A copy of the final survey report can be consulted on the WCO website under the Procedures and Facilitation section: www.wcoomd.org.

As a next step, CBRA intends to continue research – through good practice anecdotes (case stories) and actual case studies (observations over a 6-12 month period) – on how WCO Members are enhancing their risk management organization (organizational structure, officer selection, training, incentives, etc.) and working practices (processes, tools, data, collaboration schemes, etc.). In addition, benefits and costs related to risk management investments will fall into the scope of CBRA’s future research.

The CBRA welcomes all WCO Members that wish to participate in this second phase of their Customs risk management research. Sharing risk management knowledge and good practice information between Customs administrations is the main benefit that will emerge from this new research.

Participation does not require huge numbers of hours to be spent on data collection but instead consists of email and phone communication. Any confidential data – such as country identification and security sensitive material – will be removed from reports, which will also be reviewed by participating administrations prior to publication.

Any WCO Member interested in learning from others or interested in sharing its information with others should contact CBRA by 30 June 2011. Alternatively, Customs administrations attending the annual Council Sessions in June 2011 may make contact with the CBRA representatives manning the PICARD 2011 booth who will be happy to answer any questions.

More information
Cross-border Research Association
crim@cross-border.org
Tel. +41 22 548 1956
WWF champions “canine” Customs officers

In 2009, the WCO organized a global enforcement operation focused on species protected under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

Through increased checks, Customs administrations seized over 4,500 specimens of endangered live species and their derivatives in one day, demonstrating the scope and the extent of the illegal wildlife trade.

However, although resources available to enforcement authorities are often limited, experiences from detector dog programmes demonstrate the benefits and opportunities that can be gained by using canines to detect wildlife contraband.

In different parts of the world, including the European Union (EU), detector dog programmes have clearly shown that dogs can be successfully trained to simultaneously detect several scents, such as elephant ivory, rhinoceros horn, live reptiles and birds, marine turtle shells, coral and sturgeon caviar to name a few.

The capacity of these dogs was recognized at the last CITES Conference in 2010, during which the Resolution on compliance and enforcement was amended to encourage the use of wildlife detector dogs.

Detector dogs can, in principle, be used in all control areas which are suitable for dogs, such as airports, sea ports, land borders and postal services.

The first wildlife detector dog programmes in the EU were established in 2002. Programmes are currently being run in Austria, the Czech Republic, Germany, Italy, Slovakia and the United Kingdom. To date, in the EU, wildlife detector dogs have been used mainly to check passengers and their luggage at airports.

With the EU being one of the biggest global markets for wildlife and its products, the high number of detected cases of illegal wildlife trade calls for even more efficient enforcement, for instance through more extensive use of wildlife detector dogs.

With this fact in mind, WWF Germany, as lead partner of a consortium of enforcement agencies of EU Member States – Austria, the Czech Republic, Germany, Italy, Lithuania, Slovakia and the United Kingdom – including WWF in Austria, Hungary and Italy as well as TRAFFIC (the wildlife trade monitoring network), initiated a project to improve the enforcement of CITES in the EU through the increased use of wildlife detector dogs.

This project is funded by the European Commission’s Directorate General for Home Affairs and aims to analyse existing wildlife detector dog programmes within the EU, to explore the full range of uses for detector dogs and to facilitate the exchange of knowledge between these programmes and interested EU Member States.

The project also includes a feasibility study to show the opportunities and limitations of using dogs to detect illegal timber entering the EU. In addition to fostering the extensive use of wildlife detector dogs throughout the EU, the project also aims to develop strategies to use wildlife detector dogs to raise public awareness of wildlife trade laws and regulations.

During the course of the project, a conference on wildlife detector dogs will be organized in 2012 in Hungary to provide information on the opportunities to use canines to detect wildlife contraband and on possible training methods.

More information
Birgit Braun
WWF Germany
Birgit.braun@wwf.de

WWF is the world’s leading independent environmental organization and a truly global network, working in more than 90 countries. It is a challenging, constructive, science-based organization that addresses issues from the survival of species and habitats to climate change, sustainable business and environmental education. Being a charity dependent upon its five million supporters worldwide, 90% of the WWF’s income derives from voluntary sources such as individuals and the business community.
WCO Origin Database now online

While harmonization of origin rules remains a work in progress at the WTO, the WCO is continuing to assist its Members to enhance their understanding of the rules of origin, contained in various free trade agreements.

In this regard, the WCO recently launched a Database of Preferential Trade Agreements that enables users to access and study these agreements and related rules of origin. It also provides a function to compare core texts of origin rules of two to four different agreements and reproduces origin certificates used in these agreements.

Agreements are generally written in English and French and sometimes in other national languages in which they are negotiated. The Database currently contains 218 agreements from 191 countries. Access to the informative Database is free for Members of the WCO and, from March 2011 onwards, will be available to the private sector for a small annual fee.

More information http://origindb.wcoomdpublications.org

Share your integrity best practices

Do you want to promote some of the measures employed by your administration to combat corruption, to initiate discussions on integrity issues or generate feedback? The WCO offers you the possibility to express yourself through its Integrity Newsletter.

This new online Newsletter aims to provide timely and regular updates on WCO Members’ national activities related to integrity in Customs as well as to connect experts from different countries, providing them with the opportunity to share their views on techniques and best practices with a wider audience.

The initiative to create a periodical was endorsed at the 9th Session of the WCO Integrity Sub-Committee (ISC). It will initially be published 3 to 4 times per year depending on the volume of Members’ contributions. Three issues have been published thus far, and the fourth is currently being prepared.

WCO Members are encouraged to use the Newsletter by producing short articles for publication and describing their respective “success stories” as well as projects aimed at increasing the efficiency of their integrity strategies. Innovative initiatives highlighted in past issues include the “integrity testing” conducted by the Kenya Revenue Authority and performance contracts introduced by Cameroon Customs.

These examples illustrate different approaches to the implementation of the WCO Revised Arusha Declaration on Integrity in different social and political environments. To facilitate the exchange of information, each article contains the contact details of the author, which enables readers to take up direct contact on the integrity enhancement measures presented in the article.

The WCO Integrity Newsletter also features updates on integrity pilot projects and information which may be useful for countries that are developing practical and adapted solutions or drafting national integrity action plans.

To access copies of all Newsletters, visit the WCO public website and follow these links: Capacity Building/Tools and Instruments/Integrity/Newsletters.

More information integrity@wcoomd.org

Martyn Dunne joins the diplomatic world

Former Chairperson of the WCO Martyn Dunne became New Zealand’s High Commissioner to Australia as of May 2011.

He was Comptroller of the New Zealand Customs Service from September 2004 until his appointment as High Commissioner to Australia and served as Chairperson of the WCO Council between June 2008 and March 2011.

More information www.customs.govt.nz
In recent years the term, trade facilitation, has become extremely popular and, therefore, applied to an ever-growing number of activities. Given the very general origins of the word facilitate (Latin/facilis: make easy, promote, help forward), it is not difficult to understand how the term, trade facilitation, has come to apply to a broad range of undertakings.

Some argue that trade facilitation represents a deepening of the high trade policy agenda: from legislation and regulation to the actual practice and implementation at the operation level, including the administration of multilateral obligations. It is technical and detailed by nature. The renowned researcher Sylvia Ostry has referred to it as "the plumbing". Plumbing that, when properly and comprehensively addressed, may yield significant benefits to national governments and international traders.

This dossier is made up of articles presenting instruments, tools and resources showing trade facilitation in practice, as well as regional and national programmes and initiatives promoting a transparent, consistent and predictable environment for cross-border trade.
Customs and business, equally reaping rewards from trade facilitation

Kunio Mikuriya, Secretary General of the WCO, shares his thoughts on trade facilitation, a subject with which he is intimately familiar after many years of advocating a balanced approach to facilitation and control.

Trade facilitation is sometimes mistakenly viewed as speeding up the clearance of goods regardless of revenue and other implications, thereby solely delivering benefits to the private sector. Indeed, when the WTO Doha Development Round started, some observers wondered if trade facilitation might not be better described as trade efficacy. This implies that the goal of the negotiations should include the achievement of the broad objectives of Customs controls, such as revenue collection, security and community protection in an efficient manner, thereby facilitating legitimate trade.

Some regrettably still believe the myth that rejecting trade facilitation, such as inspecting all consignments even when compliance is substantial, is effective. One example of such thinking is physical inspection of all imports for fear that without this there will be substantial revenue leakage. A second example is the US 100% scanning legislation ostensibly for purposes of supply chain security. In both instances these overwrought demands add unnecessary transaction costs and are not helpful in achieving their specified objectives. This is where a key role is played by the use of risk management supported by the use of technology – a core principle of the WCO Revised Kyoto Convention (RKC) – supplemented by recent work on the WCO Customs Risk Management Compendium.

Risk management presupposes that Customs services have a good knowledge of traders through daily interaction, investigation and dialogue, preferably supported by a risk management database. When Customs is confident about the compliance of traders, it more readily considers them as partners in discharging Customs responsibilities. This is the background behind the «Authorized Person» concept contained in the RKC which stipulates simplified procedures for compliant traders. The SAFE Framework of Standards develops this concept into an Authorized Economic Operator (AEO), to secure and facilitate global trade.
Some regrettably still believe the myth that rejecting trade facilitation is effective.

The Customs-Trade Partnership – one of the building blocks of the WCO’s “Customs in the 21st Century” strategic vision – includes AEOs of course, but it is not necessarily limited to this programme which requires fairly advanced steps to implement, as shown in the AEO Implementation Guide. I often advise that while AEOs will enhance national competitiveness in the mid-to long-term, it would be sensible to take a carefully planned step-by-step approach, supported by incremental Customs modernization. They would also require consistency with other national programmes such as Mutual Recognition (MR) which is essential in providing true benefits to private sector participants by connecting markets.

Another question often asked by political leaders is the way to improve the global ranking of the efficiency of border procedures; because they know that trade facilitation will enhance the investment climate. I usually recommend that that they carry out a Time Release Study as a fact-based performance indicator that will clearly show bottlenecks and possible solutions, not only limited to Customs but also to business and other agencies. Moreover, since existing global ranking exercises are perception indexes provided by business, involving business will have a positive effect on their perception of government’s willingness to promote trade and investment. The recent work on updating the WCO Time Release Study Guide will provide a more client-friendly tool, and enable the question of trade corridors, that provide a trade link to land-locked countries, to be addressed.

Likewise, since the role of other agencies at borders is widely recognized, it is essential to strengthen Coordinated Border Management (CBM) to achieve optimal trade facilitation. CBM is best supported by a Single Window (SW) environment, but unfortunately other border agencies often wrongly perceive the SW as a Customs attempt to gain more power. So I often use opportunities to explain to political leaders that Customs is providing a support service to other border agencies, and therefore it is crucial to provide support to Customs for the benefit of a country as a whole. In this connection, I am pleased to note that the WCO Data Model is increasingly being viewed as indispensable in implementing a SW environment.

I remain hopeful that the Doha Development Round, of which trade facilitation is a key component, will be completed in due course. In my recent talks with the WTO Director-General, Pascal Lamy, we discussed the fact that the WCO now has the requisite trade facilitation tools and that the WTO will look to the WCO to deliver trade facilitation capacity building assistance. While the timing and details of the Doha Round outcome remain clouded, it is self-evident that the future of effective and efficient trade flows will be based on the principles of the RKC and other trade facilitation tools, and thus, a balance between control and facilitation.
ALMOST 80% OF GLOBAL TRADE is now being facilitated under the provisions of this Convention. Once implemented around the world, this important Customs instrument will provide international commerce with the predictability and efficiency required by our globalized trading system.

Even trade facilitation negotiators, working at a global trade facilitation agreement under the auspices of the World Trade Organization, have recognized the critical role of the provisions of the Revised Kyoto Convention and accept that they are a valuable source of reference for negotiators.

The efficiency and effectiveness of Customs procedures can significantly influence and advance economic competitiveness and social development by promoting international trade and investment in a safe trading environment.

During 2010 six countries acceded to the Convention and this year has already been marked by five additional accessions – Belarus, Romania, Russia, Saudi Arabia and Ukraine. The WCO Secretariat is hopeful that even more accessions will be notified in the months ahead and urges all Members of the WCO who have not yet acceded to join this select club of Contracting Parties as soon as possible.

Increased accessions will not only raise the profile of the WCO as a key player in international trade but also convey a clear message to the world that Customs is committed to modernization, trade facilitation and trade security; all vital elements for enhanced economic growth and prosperity.

More information

procedures@wcoomd.org
Putting trade facilitation into practice, a key WCO activity

While WTO rules are intended to set out the high principles for trade facilitation such as simplification, harmonization, transparency, partnership, cooperation and risk management, the WCO provides the norms to ensure their implementation.

ECONOMIC WELL-BEING AND WEALTH CREATION are driven by trade, and Customs administrations play a vital role when it comes to the efficiency of international trade because they process every single cross-border consignment to ensure compliance with national regulatory requirements and international multilateral trading rules. While Customs authorities have to ensure that they collect all due state revenue, protect society and safeguard the security of the trade supply chain, they also have to strive for increased trade facilitation which promotes investment and reduces poverty.

Facilitation in practice

In order to achieve the simplification and harmonization of Customs procedures, the WCO has already developed a range of instruments including the Kyoto Convention (International Convention on the Simplification and Harmonization of Customs Procedures) which was signed in 1973 and extensively revised thereafter to meet the changing trade landscape. The Revised Kyoto Convention (RKC) entered into force on 3 February 2006 and currently has 76 Contracting Parties. This Convention offers practical solutions to address the objectives of revenue collection and border control, while delivering practical trade facilitation dividends.

The RKC sets out a sound blueprint for modern Customs procedures and is totally compatible with, and complementary to, WTO agreements. While WTO rules set out high principles such as predictability, transparency, partnership and the use of modern techniques including risk management, WCO instruments provide an administrative basis and practical guidance to ensure their effective implementation.

Indeed, while Customs is an essential part of the international trade supply chain, other border agencies should also be involved in the trade facilitation agenda to promote genuine cooperation and a more coordinated approach, through mechanisms such as the Single Window concept and joint intervention. The WCO is already playing a leading role in this area, notably through its Time Release Study that identifies both problem areas and potential corrective actions to increase efficiency in Customs clearance procedures.

The WCO also recognizes the different levels of capability and resources of its 177 Members and takes this into account in determining capacity building support. In fact, its Customs Capacity Building Strategy enables the Organization to respond to these different levels of capacity building needs. The Strategy also advocates a comprehensive and sustainable approach – necessary for implementing any trade facilitation reform – and stresses the importance of tailoring capacity building projects to country-specific needs, while avoiding “one size fits all” solutions.

An arsenal of tools and resources

The WCO has embarked upon an ambitious programme of promoting innovation and gathering together best practice through the various building
blocks that comprise its Customs in the 21st Century (C21) strategic outlook. These building blocks include important trade facilitation initiatives such as multi-layered risk management, a partnership with trade particularly through the Authorized Economic Operator concept, Coordinated Border Management and the Single Window, as well as the Globally Networked Customs vision.

These measures – and activities – which have been developed by the WCO and are being implemented by WCO Members are very pragmatic tools and standards which assist Customs and other government agencies to respond to current and future trade facilitation needs while maintaining the highest levels of protection of society’s health, safety and security.

The WCO has promoted the use of the Time Release Study (TRS) as a tool to assist in the improvement of Customs procedures, with the strong belief that use of the TRS should be considered in conjunction with any review of procedures. By using the TRS, countries are able to identify problems and bottlenecks in the cross-border movement of goods, and subsequently develop solutions to address identified issues. The TRS can therefore be used to stimulate efforts to improve the efficiency and effectiveness of Customs clearance procedures.

The SAFE Framework of Standards to secure and facilitate global trade, the RKC and C21 all promote a multi-layered risk-based approach. To give effect to this, the WCO subsequently developed a Risk Management Compendium that provides a common reference document for the concepts associated with risk management in Customs. In addition, it enables the international Customs community to speak as one in relation to the methodology Customs uses when managing risk. It contains the terminology, approach, methodology, implementation techniques and tools needed to manage risk in practice.

Staff awareness about risk management and changes in organizational culture were considered vital with a direct and indirect impact on trade being observed, including reduced processing times, lower overall transaction costs and increased transparency of processes and controls.

The establishment of the Single Window environment for border procedures is considered by Customs administrations as the solution for the complex problems of border automation and information management involving multiple cross-border regulatory agencies. This led to the WCO developing a comprehensive Compendium on How to build a Single Window that brings together the governance, legal, technical and administrative aspects of this complex concept into a single document.

The WCO has also developed Version 3 of the WCO Data Model that reflects the business and data needs of other government agencies thus making it a purpose-built Single Window tool. Key lessons learned from existing experiences include the absolute need for data harmonization and standardization in line with Data Model developments when implementing a Single Window. This in turn facilitates trade and leads to overall simplification for traders as well as increased predictability and transparency of processes. Also, in bringing together all border regulatory agencies as well as Customs, a common approach to border management has been generated.

Better Coordinated Border Management (CBM) entails coordination and cooperation among all relevant authorities and agencies involved in border security and regulatory requirements that apply to passengers,
goods and conveyances moving across borders. In this context, the WCO has undertaken a CBM Study consisting of an overview and case studies. The overview describes the current state of CBM development within the WCO, summarizes domestic CBM arrangements in Customs administrations, and provides an analysis of the correlation between organizational structures and the key functions and activities of Customs.

In addition the Study provides an overview of international CBM arrangements, especially the inter-relationships between Customs administrations in neighbouring countries – different models of these arrangements, such as the one-stop border post (OSBP), are also described. The CBM Study aims to assist WCO Members to develop CBM arrangements while facilitating the management of the many administrative, policy, legal and procedural challenges.

As part of the SAFE Framework of Standards, the Authorized Economic Operator (AEO) concept was developed, and subsequently complemented with additional templates and guidelines in order to assist WCO Members to introduce robust AEO programmes. The concept is based on the RKC’s promotion of Customs-business partnerships and the need to provide for simplified procedures for authorized traders. The establishment of partnerships with trade and the granting of benefits including access to simplified procedures to reliable traders is undeniably a major trade facilitation measure.

The promotion of Mutual Recognition Agreements or Arrangements (MRA) adds another layer of trade facilitation by ensuring that reliable traders get benefits when involved in or undertaking any import, export or transit procedure with countries other than the one that granted authorization to the AEO. The implementation of MRAs by countries also provides indirect benefits as AEOs preferably conclude contracts – or trade – with other AEOs, leading thus to an increase in income for AEOs if countries have concluded MRAs.

GNC, a unifying concept

It is obvious that these major trade facilitation activities need to be based on effective communication, coordination and collaboration between Customs administrations globally. In this respect, the first building block of C21, namely Globally Networked Customs (GNC), is important as it is a concept which provides a unifying means to bring the whole strategic concept of C21 to life since every other building block depends upon effective communication, coordination and collaboration between Customs administrations and partly with other government agencies and the trade.

GNC is seen as an inclusive, inter-connected Customs-to-Customs information sharing system to support and improve the functioning of the international trading system, to enhance national economic performance, to facilitate the protection of society, and to ensure better fiscal management.

Way forward

The tools which have been developed by the WCO support the implementation of trade facilitation commitments. Maintenance and implementation of these WCO instruments, notably the RKC together with the others, brings about positive outcomes for countries and the international community as much as it assists national Customs administrations to effectively implement trade facilitation programmes.

As an independent and competent intergovernmental organization, the WCO will continue to pursue its trade facilitation agenda alongside other priorities for Customs regardless of developments in Geneva as it believes strongly that the benefits of trade facilitation will have positive outcomes for global trade in general and for countries in particular.

More information
procedures@wcoomd.org
Korea’s Client-oriented Logistics Information System

Yoon Young-Sun
COMMISSIONER
OF THE KOREA CUSTOMS SERVICE

IN 2010, KOREA’S TRADE VOLUME reached USD 891.6 billion – accounting for 89% of the nation’s GDP of approximately USD 1 trillion – making Korea the 9th largest trading country in the world. Given the huge contribution of foreign trade to the country’s GDP which shows its high level of dependency on external trade, the Korea Customs Service (KCS) has stepped up its effort to make innovations to the trade logistics system for speedier and more facilitated international trade.

The KCS started to give shape to its efforts by establishing a Time Release Study (TRS) system to manage the time required for clearance according to the WCO Time Release Study Guidelines for two years from 2003. The system automatically measures the time taken for processing imported cargo at each stage of clearance from arrival at port to release (arrival at port -> bonded warehouse -> import declaration -> permission -> release), to diagnose and eliminate bottlenecks in logistics. Korea’s TRS carries out automatic measurement of the processing time of all imported cargo on an electronic basis with a monthly handling of 800,000 cases.

Furthermore, the KCS made improvements in the system in 2006 by providing information on standard deviation at the logistics stage in addition to the average processing time to better forecast the time required for clearance. It also changed the name of the system from TRS to Client-oriented Logistics Information System (CLIS).

Thanks to the improved system, logistics partners can now search data on the total and average time consumed and standard deviation at each logistics stage, cargo processing status, and other statistical information by accessing CLIS through the Customs’ portal system (UNI-PASS) accessible via the internet. The number of cases searched through CLIS in 2010 reached 8 million. The system helps logistics partners reduce logistics costs such as transportation costs, storage fees and financial expenses by promoting faster Customs clearance and enhancing visibility of logistics.

By utilizing the system, Korea has shortened the average processing time of imported cargo from 9.6 days in 2003 to 2.3 days in 2010, generating an economic effect of about USD 2.7 billion every year. The KCS has every confidence that, if promoted and utilized globally, this system will greatly contribute to the elimination of non-tariff barriers, improvement of clearance systems and facilitation of global trade. Korea’s CLIS system is a new leverage for trade logistics innovation.

More information
kcstcd@customs.go.kr
A global snapshot of Single Window implementation

IMPLEMENTING A SINGLE WINDOW (SW) environment is considered a major facilitation measure. To know more about how widely this concept is being implemented globally, the WCO undertook a survey of its Members late last year.

The Single Window concept grew out of efforts to streamline international trade regulatory requirements. The WCO and other international organizations such as the United Nations have promoted its benefits and many Customs administrations have endeavoured to establish a Single Window system. The major objective of a SW system is to simplify border formalities for traders and other economic operators by enabling a single submission of information to fulfil all cross-border regulatory requirements.

To provide a snapshot of SW implementation worldwide, the WCO used the same methodology as APEC (Asia-Pacific Economic Cooperation) in undertaking its survey and invited all Members of the WCO to complete the survey questions. A total of 58 Members from all six WCO regions took part in the survey which examined a range of Single Window related matters including Customs cargo clearance systems, inter-operability, security governance and information exchange between government agencies.

Key survey findings

- Currently, most Members have a non-Single Window type cargo clearance system. As for SW systems, the Hybrid Model is most frequently adopted.

- The majority of Single Window systems became operational after 2000. The number of SW systems has been steadily rising and is expected to increase as all surveyed Members with non-SW systems have a plan to develop SW systems.

- Customs administrations appear to be the dominant Single Window service provider either alone or in collaboration with other government agencies. Moreover, government finance is the major source of funding for the maintenance and operation of SW systems. User fees and public-private partnerships are also used as sources of funding.

- The survey confirmed that Customs authorities generally operate an automated cargo clearance system. In the same context, most Customs goods declarations appear to be reported electronically.

- Many Members harmonize Single Window data according to internationally recognized standards such as the WCO Data Model, UNTDED and UN/EDIFACT. However, significant efforts are needed to promote the WCO Unique Consignment Reference (UCR) as only a few Members have adopted it in their SW systems.

- It appears that Members have incorporated or are planning to incorporate XML, Webservices or EDI into their Single Window as interfacing and messaging standards. In addition, XML was the most popular method in the exchange of data/information through SW systems. The widespread use of XML seems in part attributable to the internet boom.

- Both PIN (Personal Identification Number) and PKI (Public Key Infrastructure) are the most frequently selected tools for accessing Single Window systems. Other authentication tools include smart-cards, biometrics and authentication tokens.

The survey results are available on the WCO Members’ website and will constitute part of the WCO Compendium on How to build a Single Window Environment.

More information
research@wcoomd.org
From regulation to partnership: Singapore transforms trade facilitation with TradeFIRST

LAUNCHED ON 26 JANUARY 2011, TradeFIRST is Singapore Customs’ latest initiative to improve trade facilitation through better partnerships with business. TradeFIRST is a single trade facilitation window that integrates the concepts of facilitation, compliance and risk management, and promises to make trade easier, fairer and more secure.

For Singapore Customs, finding a flexible and responsive approach that serves business needs has been key to balancing its twin roles of facilitating trade and ensuring the integrity of the trading system.

Recognising the increasing challenges faced by businesses and traders, such as the growing complexities and inter-dependencies of supply chains, Singapore Customs sought to strengthen and enhance the relationship between Customs and the trading community even further.

After reviewing existing transactions and relationships with the trade, Singapore Customs found that despite the many facilitation schemes available in the existing system, companies were not always aware of them.

«We had in mind the goal of making Singapore Customs more responsive, more flexible, and better able to offer customised solutions to businesses, but not at the expense of higher level of risk or non-compliance,» explained Mr. Fong Yong Kian, Director General of Singapore Customs.

A new approach was proposed – one that would transform the way Customs facilitates and regulates trade. After a year of careful study and testing, TradeFIRST was officially launched by the Permanent Secretary for Finance, Mr. Peter Ong, on International Customs Day 2011.

About TradeFIRST

The Trade Facilitation and Integrated Risk-based System, or TradeFIRST in short, is a comprehensive assessment framework that integrates elements of facilitation, compliance and risk management. It enables Singapore Customs not only to assess companies who are participating or want to participate in one or more of its facilitation schemes, but also to more proactively engage with traders and facilitate business operations in a way that is systematic, risk-based and consistent.

Supporting Singapore Customs’ motto of making trade easy, fair and secure, the features of TradeFIRST are based on three key principles.

Firstly, the new system embodies a single, holistic assessment that applies to all Customs facilitation schemes. Different eligibility requirements are now subsumed in one integrated approach.

Companies that use more than one scheme in their business operations no longer need to go through the tedious process of submitting different applications and undergoing multiple assessments. In addition, they will only have one common renewal period for all the Customs schemes that they hold. This streamlines processes which in turn reduces business cost and increases overall efficiency.

Besides time and cost savings, each company also has the convenience of its own dedicated account manager - a single contact point for all its needs. Not unlike relationship managers in a bank, account managers are there to help businesses find a unique set of facilitations that best suit their needs. The account managers can also guide businesses through their assessment process.

Secondly, it provides a fairer, risk-based approach to facilitating trade by rationalising the requirements of different schemes into a common set of assessment criteria and methodology. Companies assessed will be placed in one of five bands – Basic, Standard, Intermediate, Enhanced or Premium – according to how well they perform. The higher the band, the greater the number of facilitation measures companies will be eligible for.

Such an approach encourages a virtuous cycle of compliance as companies with more robust systems, internal practices and security measures are rewarded with a higher level of facilitation. Closer, two-way interaction with account managers also helps companies better understand Customs requirements and improve on their areas of weakness.

Lastly, the system enables Singapore Customs to proactively meet business needs. Through the holistic assessment of com-
panies and specialised knowledge of the respective industries, Customs’ account managers will be better placed to effectively reach out to companies to offer them suitable schemes and facilitation measures. Companies in turn will be better able to take advantage of business opportunities as they arise.

Reaping the benefits

The TradeFIRST framework has been well-received by the trading community. The top three aspects which businesses found most useful were having a dedicated account manager, single assessment and transparency of the assessment criteria.

The common and transparent set of assessment criteria and guidelines under TradeFIRST encourages businesses to aim for higher levels of facilitation by enabling them to gauge where they stand and how to improve their systems and processes before undergoing formal assessment.

Of the 160 companies that have been assessed under TradeFIRST as at 28 February 2011, 30 have been certified under the highest «Premium» band. Although all businesses are expected to benefit, TradeFIRST could be most helpful to small and medium enterprises (SMEs). One such SME has saved as much as 25,000 Singapore dollars (approximately USD 20,000) from halving its time and management costs on implementation.

Commending the holistic approach for removing uncertainty and ambiguity at the launch of the framework, Singapore Business Federation Chief Executive Officer Teng Theng Dar said, «Singapore Customs has taken the lead in the region to respond to the business community’s requirement in terms of supply chain connectivity. It is not just about enforcing rules, but facilitating trade while making companies aware of what is required on the security side of things.»

More information

www.customs.gov.sg

We had in mind the goal of making Singapore Customs more responsive, more flexible, and better able to offer customised solutions to businesses, but not at the expense of higher level of risk or non-compliance.

explained Mr. Fong Yong Kian, Director General of Singapore Customs.
Trade facilitation takes centre stage in Asia/Pacific

Yoshihiro Kosaka
HEAD OF THE WCO ROCB FOR THE ASIA/PACIFIC REGION

The Asia/Pacific region is experiencing rapid economic growth along with increased integration of global markets for goods, services and investment. In this environment, Customs is playing an important role by facilitating the international movement of goods and people while safeguarding national and regional interests. To contribute more effectively to this economic growth, many Customs authorities in the Asia/Pacific region have been pushing themselves to reform and modernize their administrations. They are working both individually and collaboratively to make steady progress towards that goal and the WCO and the Asia/Pacific Regional Office for Capacity Building (ROCB A/P) have been assisting their efforts in a number of ways. Some good examples of regional efforts appear below.

Establishment of a Regional Strategy

The Directors General and Commissioners of the 33 Customs administrations in the Asia/Pacific region met in Seoul, Republic of Korea during April 2010 and unanimously adopted the ”Regional Strategic Plan (RSP) 2010-2012” which is a practical action-oriented guide, based on an examination of internal and external factors, that directs goal-setting and resource allocation for Member administrations to
achieve meaningful results over the next two years. Guided by this new policy direction, the heads of Customs identified four Focus Areas of activities, namely (1) Trade Security and Facilitation, (2) Compliance and Enforcement, (3) Capacity Building, and (4) Research and Analysis, as their priorities to effectively realize the WCO’s “Customs in the 21st Century” vision. ROCB A/P, as the responsible body for capacity building in the region, is heavily involved in the implementation of the RSP.

With Focus Area 1, and particularly trade facilitation in mind, the Heads of Customs decided to promote a number of WCO instruments or concepts, such as the Revised Kyoto Convention (RKC), the 2012 version of the Harmonized System (HS), the Time Release Study (TRS), Authorized Economic Operator (AEO) programmes including Mutual Recognition Arrangements (MRA). The WCO and ROCB A/P, in cooperation with regional Members, are providing support to interested Members to assist them in making concrete progress to achieve their goal.

### Accession to the WCO Revised Kyoto Convention

It is widely recognized that the simplification and harmonization of Customs procedures through the application of the RKC will form a sound basis for facilitating regional and global trade and strengthening regional integration efforts. Currently, 13 countries in the Asia/Pacific region have acceded to the RKC but many more countries have recognized its importance for their national economies and are moving towards becoming Contracting Parties at the earliest opportunity. Bangladesh, Brunei Darussalam, Indonesia, Iran and Nepal are just some of the countries that have expressed strong interest in acceding to the RKC and are taking concrete steps towards early accession.

The WCO and ROCB A/P, in cooperation with regional Members, are providing assistance to support these positive moves. For instance, ROCB A/P and an expert from India went to Nepal in March 2011 to conduct a national workshop on the RKC where they helped Nepal Customs to finalize the gap analysis between their national legislation and the RKC provisions. Following the mission both Nepal Customs and ROCB A/P are confident that, with strong ownership and leadership of Nepal Customs on this initiative, Nepal will be able to accede to the RKC in the near future. The WCO and ROCB A/P also received a request from Iran Customs to provide similar support and are discussing the best way forward. It should be stressed that the WCO and ROCB A/P are ready to extend their support to other interested parties if requested.

### Development of AEO programmes

Five countries in the Asia/Pacific region, namely China, Japan, Korea, New Zealand and Singapore, have already informed the WCO of the existence of operational AEO programmes in their countries and more countries are moving forward in establishing such programmes. For instance, in September 2010, Thailand issued certi-
icates to the two first AEOs through its AEO pilot project and is now working to review/expand the scope of its AEO programme. In addition, several countries such as India, Indonesia and Mongolia are working very hard to learn more about AEO programmes, including through consultations with their business communities, with a view to establishing AEO programmes that best suit their countries’ interests and that of their respective private sectors.

There is also a move to increase the number of MRAs of AEO programmes. The very first MRA in the Asia/Pacific region was concluded between Japan and New Zealand in June 2008. Following this success, many more AEO MRAs have already been concluded between countries both within Asia/Pacific and with countries in other regions, such as those between Japan-United States, Korea-United States, Japan-Canada, Korea-Canada, Korea-Singapore, Singapore-Canada, and Japan-European Union. Heads of Customs in the Asia/Pacific region, through the RSP 2010-2012, have requested Members to work together to increase the number of MRAs by June 2012. ROCB A/P is aware that discussions on MRAs are ongoing in the region and hopes that these Members’ efforts will further facilitate the movement of goods and people.

Improvement of the ‘human factor’

Customs administrations in Asia/Pacific have also been working together from different angles to achieve further trade facilitation, particularly the improvement of the “human factor”. The importance of the “human factor” for the successful modernization of Customs has been widely recognized and there is an increasing need for a well-established Human Resource Management (HRM) system in Member administrations, in particular a structured/targeted staff training programme.

In light of this high demand, the WCO, ROCB A/P and Royal Thai Customs (current Vice Chair of the WCO Asia/Pacific region) decided to cooperate and organize a regional workshop on training and HRM in Bangkok during March 2011. Participants shared knowledge and experience on training and HRM during the workshop and learnt about their respective good practices in relation to this important topic. Six WCO Regional Training Centres (RTCs), namely RTC China, RTC Hong Kong China, RTC India, RTC Japan, RTC Korea and RTC Malaysia, also contributed to this workshop by introducing their good practices on Customs training and, with their steadfast cooperation, reference material on effective Customs training has been developed and distributed to regional Members. It is expected that, with more educated, trained, motivated and better managed Customs officials, regional and international trade will be further facilitated.

ROCB A/P has been promoting “member-supports-member” style capacity building activities in the Asia/Pacific region. While the region’s Customs administrations have been fully supportive and have been providing huge assistance in a number of ways, there is no doubt that the ownership and leadership of a country is always key to any successful capacity building initiative. ROCB A/P believes that such cooperation among Customs administrations can further facilitate trade and contribute more to economic development of the region. In this regard, ROCB A/P is willing to continue to be the facilitator for these regional efforts and for further expanding cooperation.

More information

kosaka@rocbap.org

It is expected that, with more educated, trained, motivated and better managed Customs officials, regional and international trade will be further facilitated.
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Latin America leads the way in AEO implementation

LATIN AMERICA TODAY is one of the most engaged and forward thinking of regions. Since 2008, when the WCO first began to disseminate information on the SAFE Framework of Standard’s Authorized Economic Operator (AEO) concept through workshops and presentations, the region has rapidly moved toward implementation of such programmes.

The private sector in the region has truly embraced, and in many instances been the catalyst that has pushed Customs administrations to implement, AEO programmes. As Customs has come to better understand globalization and the dynamics of international commerce, it has realized that it must work jointly with the private sector if it wishes to be effective and an asset instead of a hindrance to the economy it serves. Today, Latin America has three fully functioning AEO programmes – five in total in the larger WCO Americas region that includes the United States and Canada – and approximately four others that are in an advanced stage of the implementation process.

The United States and Canada both have had programmes in place since 2001 – the US Customs Trade Partnership Against Terrorism (C-TPAT) and Canada’s Partners in Protection (PIP) with membership over 10,000 and 1,600 respectively, represent the largest programmes in the Americas region and perhaps worldwide. Argentina’s “Operadores Confiables” although small in numbers, have focused on their exports and in securing their international supply chains to major markets. Guatemala, which launched its programme in April 2010, has focused on both imports and exports, and since launching the programme has worked tenaciously to make improvements. The latest member of this group, Costa Rica, launched its programme at the Americas’ Competitiveness Forum in Atlanta, Georgia in the United States in November 2010 with a focus on exports and a phased approach towards implementation to ensure its success.

Fast on the heels of these programmes, Colombia, the Dominican Republic, Mexico and Peru have all made serious advances in developing their programmes. These four are moving to implement their programmes either this year or by the first half of 2012. All four programmes will join the existing ones in further developing the Latin American economies of the region.

The remaining administrations in the region have started the process, are reviewing how they can benefit or waiting to see what will happen with the others that have been implemented. It is important to understand that these programmes should always be developed to assist a country’s private sector to improve its compliance, which means revenue should increase, leading to enhanced competitiveness.
It is important to understand that these programmes should always be developed to assist a country’s private sector to improve its compliance, which means revenue should increase, leading to enhanced competitiveness.

In a majority of the countries implementing AEO programmes, small to medium size businesses represent over 50% of its private sector. These same administrations also face a high number of “informal” businesses that are hard to track since they are not registered businesses. AEO programmes represent an opportunity for Customs authorities to better understand business and international trade, enabling them to assist these “informals” and SMEs to become compliant and thus more competitive. As Customs officers understand that there are many enterprises that want to comply with Customs and duty requirements they will facilitate training, education, and provide access to other necessary knowledge.

Security has been a focal point for many programmes since they point to the terrorism ties mentioned in the SAFE Framework of Standards. Yet, Customs and the private sector in those countries implementing AEO programmes understand the importance of securing the supply chain not just in the event of terrorism – as unlikely as this may be – but more importantly because a shipment arriving without theft or damage is something a client appreciates. More significantly, once again apart from terrorism, shipments without any contraband merchandise – be it alcohol, tobacco, weapons, etc. – and which do not raise suspicions of possible fraudulent activity, will not be subject to delays and will arrive intact and on time, thereby resulting in satisfied clients.

Those against AEO programmes always point to them being merely beneficial for multinationals and large companies, however many of these companies already receive benefits since they have the financial resources to hire the correct staff to lessen errors. One of the best benefits of AEO programmes has been that it has allowed Customs officers to learn from trusted traders’ business best practices, thereby expanding their understanding of globalization and competitiveness. Few yet know how this will impact Customs in a few years, but as these officers rise through the ranks within their administrations more effective Customs-to-business relationships will develop.

The private sector has worked jointly with many of these administrations to help them gain better knowledge and understanding of the concerns of international commerce. In doing so, there has been a realization on both sides that the work that is being accomplished is important to the success of the programme. In many instances, the private sector has provided training on topics such as security. Customs working together with private sector advisory working groups has given an insight into how to work together productively as well as to find solutions. This does not mean that disagreements do not exist, but certainly they have realized more effective means of finding solutions or agreeing to disagree than not working together at all.

This month the WCO’s Regional Directors General meeting took place in Punta Cana, Dominican Republic. At the same time, a regional workshop on AEO took place to allow acquired experiences to be shared among participants. It serves as the start for those that have just implemented their programmes to define the next phase in their evolution. Finally, for any Customs administration to move into the 21st Century confidently, it must engage in a positive Customs-to-business partnership if it wishes to succeed and Latin America is leading the way.

More information
capacity.building@wcoomd.org
Cameroon combines facilitation with enforcement

Libom Li Likeng Minette
DIRECTOR GENERAL OF CAMEROON CUSTOMS

IN FEBRUARY 2010 Cameroon Customs introduced a system of performance contracts signed between the Director General and a number of frontline services in the Port of Douala. The overall objective of these performance contracts was to encourage Customs officers to adopt good professional practices and to guarantee the effective application of the measures and mechanisms adopted. This experiment continues the reform launched in 2007, the background to which demonstrates the importance of the involvement of a Director General and the Minister of Finance, and is supported by the WCO and the World Bank.

Countering rumours with figures

In 2007, Cameroon Customs adopted and launched ASYCUDA – Automated System for Customs Data. The launch was immediately marked by media attacks on the Customs hierarchy and cynicism as to the odds of it succeeding. In the face of this crisis, to enlighten public opinion there was an urgent need to provide figures to show how the system worked and to monitor it for any obstructions which might be created by corrupt Customs officials and operators. Figures were therefore extracted from the system, data collected, the problems identified and appropriate action taken. The practice of using figures as a means of quality control took root: inspectors knew that their superiors were monitoring them via the computer system.

Performance indicators

During January 2008, the Director General of Customs and the Minister of Finance decided to make performance indicators a pillar of the Cameroon Customs reform policy, and set up a mixed team of computer experts and Customs officials to this end. The aim was to redress the imbalance in information available to the central services and the operational services by channelling information to the Directorate General. Performance indicators thus ensured that Customs officials in the central services shared the same reality as those on the ground, allowing an evaluation of how the reforms initiated by the former are applied by the latter.

In February 2008 the team established 25 indicators for the 11 Customs offices in Douala to monitor Customs activity (times taken by Customs officials and partner professions to process files, the effectiveness of controls and sensitive procedures as well as compliance with Customs requirements), measure everyone’s performance, monitor sensitive Customs procedures and assist enforcement. Monthly indicators were produced and were the subject of a report addressed to the Director General and operational staff, so that everybody shared the same objective reality in monthly meetings organized to this end.

While this first type of quantification did bear fruit, its impact steadily weakened.
It was therefore decided to move from purely descriptive performance measurements to prescriptive ones, with objectives laid down at Customs offices.

**Performance contracts**

On 1 February 2010 the Director General of Customs signed individual performance contracts with collaborators in two key offices in the Port of Douala who generate around 76% of the port’s Customs revenue. These contracts are mutual undertakings between inspectors and the Director General, within the framework of eight indicators geared towards facilitation and enforcement, and pinpointing poor practices. Objectives for each indicator are fixed on the basis of the median calculated by the head office from data covering the past four years.

Each month, a meeting is organized to evaluate the level of performances of each actor. Any inspectors not meeting acceptable performance targets are brought before their hierarchical superiors to explain the reasons for their poor performance. Another meeting is organized later to evaluate the impact of the contracts on the quarterly performance of the inspectors concerned. The best inspectors are rewarded on this occasion, and those who are performing poorly may be transferred to less prestigious posts. After the half-yearly evaluation of the contracts in 2010, for instance, three inspectors out of 16 lost their post while the six best were promoted.

This system, dubbed “se regarder dans le miroir” (take a good look at yourself), leads to a form of self-control and thus cuts down on some poor practices and corruption. The results are encouraging and justify the extension of the contracts as of 2011 to two other Customs offices in Douala.

The impact of the contracts: 1st quarter of 2010 - 1st quarter of 2011

- The time between registering the file and its processing by the inspector has fallen considerably, dropping in Douala Port I from 11 hours to 3 hours for instance.

- Customs revenue has improved by 22% while the level of activity has increased by only 17%. Moreover, the average profitability per declaration (volume of duties and taxes recorded divided by the number of declarations recorded) has risen considerably, bringing the public treasury almost 11 million euros. Enforcement activity is, moreover, proving more effective as the amount of compromised duties recovered by the service has increased by 25%.

- Poor practices which are potential sources of corruption have declined:
  - ‘Cross-entries’ have fallen by 87% on average for all four offices together. This is a manoeuvre whereby the inspector pulled in as many files as possible, probably to increase potential contacts with users or opportunities to easily find disputed claims (in Cameroon, agents who uncover infringements receive a share of the fine).
  - The proportion of adjusted declarations out of those declarations “rerouted” from the yellow channel (light document checks) to the red channel
The overall increase in time spent at work is 14%.

Outlooks: operator contracts

Customs has extended the experiment with contracts to companies. A facilitation channel, dubbed the blue channel, has been opened to importers in the form of contracts. Eleven companies chosen on the basis of their volume of activities, the regularity of their operations and their financial standing, are taking part in an experimental phase launched on 2 January 2011 for 6 months and have signed contracts with the Director General.

These contracts, with an objective to reduce the times taken and costs of clearance through ports as well as improve collection of Customs revenue, are similar to the AEO (Authorized Economic Operator) concept. However, they allow greater flexibility by regularly adapting facilitation granted to the “performance” of importers. This performance can be measured objectively and regularly.

The general mid-term review of the operator contracts (January-March 2011) revealed the following:

- Two operators out of 11 have implemented their contracts.
- Eight operators have stable implementation levels.
- One operator has difficulty moving forward.
- The time elapsing between the date of arrival of a vessel and the removal of the goods for the best two operators is 8.5 days compared to 10.5 days prior to the contracts – it is 12 days compared with 13.4 previously for all operators under contract and 22 days compared with 19 previously for operators without a contract.
- The average period for release of goods in the blue channel is 11.5 days while the quarterly average for goods in other channels is 22 days.
- Facilitation has not given rise to any notable discrepancies as the level of disputes has been brought under control (0.06% more), despite a blue channel rate of 40%.
- Duty payment deadlines have been shortened hence the payment of duties on the day of assessment in the blue channel has improved by 5.3% compared with duties levied on declarations in the control channel and by 31.1% against operations which are not carried out under contract. The rate of duties remaining unpaid five days after assessment is zero for operations in the blue channel, 18.4% for operations which are not carried out under contract and 9.8% for operations in the control channel.

This experiment shows that facilitation and revenue are not incompatible, provided an anti-corruption policy is in place. Another key point as regards the measurement of performance: it is important to start at the end. A performance policy is not the last step in modernization, but the first.

More information meaminet@yahoo.fr
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Great Apes and Integrity Project
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Facilitating trade at East Africa’s land borders

Creck Buyonge

THE SPEED OF PROCESSING GOODS, people and conveyances at East Africa’s land borders is a test of the extent to which the principles underlying the Treaty Establishing the East African Community (EAC) are being applied. These principles include a commitment to the elimination of non-tariff barriers in inter-regional trade, the simplification and harmonization of trade documentation and procedures, 24-hour operations at border posts, and joint operations by Customs and other law enforcement agencies to promote border security.

Given the robust provisions of the Treaty in regard to trade facilitation, it was possible to commence one-stop border post (OSBP) procedures at some borders on the basis of bilateral Memoranda of Understanding as enabling legislation had not been enacted. This situation is about to change with the expected enactment, by mid 2011, of the One Stop Border Posts Bill (2010) by the East African Legislative Assembly. This article will highlight the situation at two border posts in East Africa as a pointer to the direction in which Customs in East Africa is moving with regards to the processing of goods, people and conveyances at land borders.

Malaba on the Kenya-Uganda border is one of the busiest land borders in East and Central Africa, and the most important for the movement of imports into Kenya from Uganda, Burundi and the Democratic Republic of the Congo, and exports from these countries to Kenya and overseas through the Port of Mombasa. Although the infrastructure at this border has not been upgraded or modified to reflect a one-stop border post configuration, officers from the Uganda Revenue Authority’s Customs Department sit in the same facility with their counterparts from Kenya to clear exports and goods in transit from Uganda, and Kenya Revenue Authority officers sit on the Uganda side of the border to clear exports and goods in transit from Kenya. This has increased the level of trust between and amongst Customs border staff, making it easy to exchange operational intelligence to prevent smuggling and other crimes. Close cooperation is also observed between and amongst other government agencies from Kenya and Uganda that are present at the border, such as security agencies, agriculture and plant health inspectorates, and standards bureaus.

Although inadequate parking is a challenge on both sides of the Malaba border, implementation of an accredited client scheme by Uganda has helped to reduce congestion since goods imported by traders in this scheme are cleared with minimum controls. It may therefore be anticipated that there will be benefits in terms of more expedited goods flows when the Authorized Economic Operator scheme is implemented simultaneously across EAC Partner States. The road linking the two borders is narrow, as is the bridge over the river that forms the natural boundary between the two countries. It appears that while there are clear facilitation benefits for joint or aligned procedures between various agencies, this approach has not as yet been adopted by the other government agencies operating at Malaba, whether Kenyan or Ugandan. On a positive note, there are discussions at the policy level
However, “soft” trade facilitation reforms need to be accompanied by the provision of required infrastructure to make a significant positive difference to easing the doing of business in the sub-region.

for mutual recognition of certificates issued by the standards bureau in one Partner State in the other Partner States.

The Katuna/Gatuna border is located at Rwanda's northern border with Uganda. It is bounded by hills on both sides and encompasses a joint bridge across a marshy area that would present technical challenges in terms of expanding the facilities. This is the busiest land entry point for imported goods into Rwanda from Uganda, Kenya and from outside the region through Mombasa port. The Customs administrations of Uganda and Rwanda have agreed to one-stop border post procedures at Katuna/Gatuna using similar arrangements to those in Malaba. On a positive note, the Rwanda Revenue Authority has been given the mandate to collect all fees and fines levied by other agencies, and the office set-up at this border post reflects the close cooperation between government agencies in Rwanda. Customs, Immigration and Police in Rwanda are accommodated in one office complex, and decent living quarters are provided for all border agencies.

In an effort to prevent smuggling and other forms of illegal cross-border trade, the Rwanda Revenue Authority has encouraged small traders to join the Gatuna Cross-Border Traders Cooperative. This creates a forum for the traders to negotiate with Customs on issues affecting them. It also provides Customs with a single point of contact for small traders, for purposes of client education. Many of the traders are former smugglers who have realized that it may even be cheaper to pay duties and taxes at the border instead of crossing through unauthorized routes where they may be in danger of being caught by border patrols and fined heavily. They now have better knowledge about Customs laws and regulations including the use of the Certificate of Origin for goods originating from within EAC Partner States or the COMESA region, enabling them to actually reduce the duties and taxes payable. Furthermore, they are able to reduce transport costs through bulk purchasing of goods.

In spite of many challenges, EAC Partner States are moving towards closer integration. The EAC Treaty provides a good foundation for trade facilitation in the region, and it is gratifying to see efforts towards harmonizing management of the border through the enactment of relevant legislation. We will see in due course what difference this makes in terms of simplifying and streamlining trade documentation and goods through the common borders. However, “soft” trade facilitation reforms need to be accompanied by the provision of required infrastructure to make a significant positive difference to easing the doing of business in the sub-region.

More information
Creck.Buyonge@canberra.edu.au
Japan and Korea mutually recognize their Authorized Economic Operators

On 20 May 2011, on the occasion of the Japan-Korea Customs Cooperation Meeting held in Tokyo, Atsuo Shibota, Director General of the Customs and Tariff Bureau in Japan, and Yoon Young-Sun, Commissioner of the Korea Customs Service (KCS), signed a Mutual Recognition Arrangement (MRA) relating to their Authorized Economic Operator (AEO) programmes. Upon signing the MRA, Director General Shibota and Commissioner Yoon reaffirmed their view that the Arrangement should be implemented as soon as possible for the sake of further facilitating bilateral trade.

Japan and Korea have a long history of trade. Nowadays, both countries are major trading partners for each other in various sectors, and the trade volume is growing although it has experienced a decline due to the recent economic crisis. The MRA acknowledges that Japan Customs and the KCS will reflect the AEO status of each other’s exporters and importers when assessing risk for import and export processing; thus the MRA is expected to contribute to expediting flows of legitimate and compliant trade between the two countries. It also states that both Customs administrations will, within the limits of their competencies and to the extent possible, take the AEO status into account in applying their security-related measures.

AEO programmes were launched in Japan and Korea in 2007 and 2009 respectively in order to ensure both the security and facilitation of international trade. With a view to further securing and facilitating legitimate goods moving along the international trade supply chain, a range of consultations aimed at mutual recognition of AEO programmes have been initiated among Customs administrations around the world. This Arrangement is the fifth for Japan and the fourth for Korea.

More information
www.customs.go.kr
www.customs.go.jp
France’s dedicated Customs museum

THE NATIONAL CUSTOMS MUSEUM (NCM) in France was established in 1984 and is located within a wing of the Customs House in Bordeaux. It retraces the history of Customs in France as far back as ancient times and also the history of its Customs officers through archives, engravings, uniforms, armoury, working tools and works of art.

Originally made up of objects gathered from different Customs offices, the collection is regularly enriched by gifts from individuals, most of whom are former Customs officers, by purchases made by the Museum and by goods seized by Customs. Among the pieces in the collection is a painting by Claude Monet, “The Cabin of the Customs Watch”.

In addition to the permanent collection on display, temporary exhibitions are frequently held as well as a range of events, making the Museum’s programme of activities diverse and varied.

The Museum also houses an historical documentation centre, allowing researchers access to a library, a multimedia library with more than 25,000 photographs and an archives depot.

Every year Bordeaux’s NCM welcomes more than 17,000 visitors. Since its establishment, the Museum’s cultural activities have been entrusted, by management, to an association. Its legal structure has also recently changed. The Museum is now in the hands of the competent national administration, having been fully incorporated into France’s Customs Administration.

More information
contact@musee-douanes.fr
www.musee-douanes.fr

“The Cabin of the Customs Watch” by Claude Monet depicts a Customs officer’s post built by Napoleon at the start of the 19th Century, to watch over the coastline of the English Channel after Blockus, a politician, imposed a policy designed to bring about the United Kingdom’s economic collapse by preventing it from trading with the rest of Europe.

- Free entry for all Customs officers from all countries upon valid proof of occupation.
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- Tel. +33 05 56 48 82 82
East Africa pools its regional resources

Under the title ‘Capacity Building of Master Trainers’, the programme covers three key topics: valuation, HS classification and intelligence analysis. Between 16 and 20 students are participating in training sessions focused on the three topics. On average, four students from each of the five countries that make up the EAC – Burundi, Kenya, Rwanda, Tanzania and Uganda – are taking part. Training in each topic is being delivered in six phases with the third phase of each having taken place recently.

Valuation and intelligence analysis training sessions took place at the Rwanda Revenue Authority Training Centre in Butare, and the Harmonized System classification session in Dar-Es-Salaam, Tanzania. With the assistance of facilitators from Japan Customs and the WCO, students have received comprehensive training on their specific subject and have been given opportunities to take a pro-active role in leading training sessions and in developing training materials, including curricula and lesson plans. The valuation group, for example, is developing a Customs Valuation Handbook which will be a useful tool for the Community.

This programme is linked to JICA’s high level project to develop the capacity of EAC Customs administrations to operate a one-stop border post (OSBP) at Namanga, between Kenya and Tanzania, which will facilitate smooth and efficient Customs procedures at the border. Students are tasked with developing a training plan to enhance capacity building within their own administrations. As future Master Trainers, they will be utilised as mobile resource persons to provide effective training for Customs officers and Customs clearing agents in the region, enabling effective and efficient Customs procedures to be carried out, not only at the OSBP, but also at other airports and seaports.

The valuation and HS parts of the programme highlighted both the trade facilitation and revenue collection dimensions of these topics – general principles and international standards for Customs valuation and commodity classification, infrastructure issues and specific technical issues were discussed, while the intelligence analysis session included presentations on intelligence-driven risk management and relevant WCO tools and instruments, combined with practical exercises.

This programme is a good example of collaborative working arrangements and will help to enhance organizational capacity and strengthen management capabilities in order to share and develop institutional knowledge within the EAC.

More information
www.jica.go.jp
Thousands of smuggled monitor lizards seized in Thailand

IN APRIL 2011 Customs officials in Thailand seized 1,800 monitor lizards near the Malaysian border. Global trade in these reptiles is banned as they are listed as endangered under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

With an estimated street value of USD 60,000, Royal Thai Customs officials believe the lizards were transported from Malaysia and destined for China, where their meat is considered a delicacy as well as an aphrodisiac. The lizards were released back into the wild; a triumph for all those concerned with protecting the environment.

Several Asian monitor lizards including the world’s largest lizard, the ten-foot long Komodo dragon (Varanus komodoensis), are listed in CITES Appendix I (most endangered because they face extinction). All other monitor lizards which occur in Asia are listed in CITES Appendix II (not necessarily currently threatened, but may become so unless their trade is closely controlled).

More information freelandinfo@gmail.com
Drug smuggling by swallowers on the increase in New Zealand

A woman carrying pellets of crystal methamphetamine inside her body, in an attempt to smuggle it through Auckland Airport, is now in custody after New Zealand Customs stopped and searched her.

Also known as “meth”, “ice”, “crystal”, “speed” and “P” among others, this drug is a member of the amphetamines group of synthetic or designer drugs that have a powerful stimulant effect on a person’s central nervous system, producing wakefulness, hyperactivity, lots of energy and a euphoric effect.

The woman, a South African national, arrived in Auckland and was targeted as a potential drug smuggler by Customs officers. She was detained and subsequent scans showed her to be carrying 40 latex pellets internally containing 570 grams of “meth” in total. Her detention led to a joint operation between Customs and New Zealand Police.

Two men were later arrested and charged with conspiracy to import “meth” after Police identified their connection to the woman. The two men, a Nigerian and a South African, believed to be travelling on false passports, were identified when they visited the woman. Both men appeared in court and have been remanded on bail.

Since September last year, New Zealand Customs has caught seven ‘swallowers’ carrying drugs internally, including cocaine, methamphetamine and opium. The dramatic increase in this method of transportation appears to be driven by the activities of several transnational criminal networks. In New Zealand methamphetamine sells for between 540 and 1,500 NZ dollars per gram, with the latest seizure estimated to be worth between 300,000 and 850,000 (USD 235,000 to 620,000).

New Zealand Minister of Customs, the Hon. Maurice Williamson, said he was shocked at the alarming trend but was proud of the work of Customs officers in stopping these people getting into the country, stating that “Our people will continue to be vigilant and alert at New Zealand’s border and our Customs officers will persist in stopping these scoundrels bring this menace into our society.”

The risk of ‘swallowing’ is highlighted by the recent death in Thailand of a New Zealand national who was attempting to smuggle “meth” internally out of Thailand. Customs Comptroller, Martyn Dunne – who has since left New Zealand Customs – said at the time this is a concerning and potentially life threatening trend due to the risks involved in carrying drugs internally, adding “Our officers are very well equipped to deal with these people and this method is a senseless attempt that will be foiled.”

More information
publications@customs.govt.nz
UK fuel fraud swoop results in two arrests

During April 2011, two men in Northern Ireland were arrested, and thousands of pounds in cash seized, as part of an ongoing investigation by HM Revenue & Customs (HMRC) into a suspected multi-million pound fuel fraud.

The men were arrested following raids by HMRC on private addresses and filling stations in County Armagh and Belfast. HMRC, using cash detection dogs, uncovered over £40,000 in cash in a kitchen cupboard at one of these private addresses, with further cash seizures at the commercial premises. Fuel, business records and computers were also seized. Both men were questioned and have been released on bail while investigations continue.

John Whiting, HMRC Assistant Director of Criminal Investigation said that “this operation is linked to ongoing investigations into the laundering and distribution of illicit fuel across Northern Ireland. Those involved in the illegal fuel trade are not providing a public service; it is organised criminality, which impacts on local communities and makes it more difficult for legitimate businesses to compete.”

Red diesel (known as Green diesel in the Republic of Ireland) is marked gas oil or rebated fuel for use in agricultural machinery and not for use in road vehicles. Laundered fuel is being sold at a reduced price, and motorists may think they are getting a bargain because it is cheaper, but this type of fuel can cause damage to a vehicle. Fuel fraud is also one of a number of ways that criminals/individuals evade excise duties and VAT.

As most crime is motivated by money, depriving criminals of their illicit wealth by preventing money laundering and seizing cash and assets is essential. The United Kingdom’s Proceeds of Crime Act 2002 was specifically designed to this end.

More information
avril.clydesdale@hmrc.gsi.gov.uk

Are you sure the containers you release are safe?

Could you spare 15 seconds to be sure?

AS THE STATE CUSTOMS SERVICE OF UKRAINE (SCSU) celebrates its 20th anniversary in June 2011, it can look back with pride at what has been achieved over the years. Today Ukraine Customs manages 28 Customs offices and 244 border control points, processes 349 million tonnes of freight and 23 million vehicles entering the country, and collects 86 billion hryvnas (almost 7.56 billion euro) or 35% of the total state budget.

The country is committed to a comprehensive Customs reform and modernization programme which is planned up until 2015, although the base for these reforms was laid down in 2010. Key Customs reforms include the optimization of Customs legislation, the simplification of procedures, the use of modern technologies, the introduction of risk management, a systematic and comprehensive approach to combating contraband and corruption, and the facilitation of trade as well as transit traffic. Other priorities include the implementation of e-Customs and the establishment of joint Customs controls with neighbouring European Union (EU) countries.

In carrying out its reforms, the SCSU has recognized the value of reducing release times for goods by lessening the number of Customs procedures applicable and making it possible for fewer documents to be submitted for clearance purposes. Here it is worth mentioning that the Verkhovna Rada – the Ukraine Parliament – is already considering changes to the Ukraine Customs Code to bring it into line with international Customs best practices and standards embodied in instruments such as the WCO Revised Kyoto Convention, the WCO SAFE Framework of Standards and the EU Modernized Customs Code, among others. These changes will result in the efficient implementation of Customs reform in the Ukraine.

Cooperation has also been highlighted by the SCSU as a priority area. Last year the SCSU significantly extended its international cooperation both at bilateral and multilateral levels by signing 13 agreements and organizing more than 237 events. This cooperation was extended with the grand opening in September 2010 of the WCO Regional Training Centre at the Ukrainian Academy of Customs which also welcomes foreign students. Following the opening, the Chairman of the SCSU and the Secretary General of the WCO affirmed their commitment to cooperate further in matters relating to capacity building, strategic planning, training and retraining, intellectual property rights and the nomenclature.

As a State institution it is imperative that Customs has the confidence of business and citizens alike as this will facilitate the implementation of any system conversion. In undertaking reforms, Ukraine Customs acknowledges the importance of transparent Customs actions and recognizes that businesses must have a clear understanding of Customs efficiency initiatives as this will bolster the partnership between Ukraine Customs and business owners.

To take the partnership forward, the SCSU has begun introducing a new format in its relations with the trade, by providing maximum assistance to legitimate trade through a variety of measures including simplified Customs procedures. An example being the implementation of a system of «White» and «Black» lists: all those involved in foreign economic activity (approximately 96,000) were automatically included in the «White list» as a show of good faith on the part of Ukraine Customs, meaning that they will have access to simplified Customs clearance of goods and vehicles. Other key facilitation measures will continue to be introduced in the months ahead.

Ukraine Customs is confident that 2011 – the year of the 20th anniversary of the State Customs Service – will be crucial in deepening reforms. So while Customs acknowledges its achievements to date, it remains of the firm belief that its actions speak louder than words.

More information
dmsu@customs.gov.ua
The Bahamas
Customs Department

History

Customs has had a presence in The Bahamas as early as 1729 when the first Collector of Customs was appointed. In 1854 an Act of Parliament established the Customs Department and the Treasury Department as one department under a Receiver General. On 21 March 1914 the Customs Department was established as a stand-alone department and the position of Comptroller of Customs was officially created. After independence from the United Kingdom on 10 July 1973, Customs became known officially as The Bahamas Customs Department.

Role and mission

Bahamas Customs falls under the portfolio of the Finance Ministry and plays a vital role in the well-being and future development of the country. With a mission to collect and protect Customs and other mandated revenue and taxes, and to facilitate legitimate trade, the importance of Customs’ role cannot be understated – of the BSD 1.2 billion government revenue projected for the fiscal year 2010-2011, Customs collected 700 million in import and export duties alone (one Bahamian dollar = one US dollar). Along with its responsibility for collecting these duties, Customs is also responsible for collecting additional revenue in the form of Agency Duties on behalf of other government departments including Passenger Arrival and Departure Taxes, Landing Fees, Container Movement Fees, Fisheries Royalties and Stamp Taxes.

Customs modernization

In September of 2009 The Bahamas Customs Modernization Project was initiated. The implementation plan for the project has been designed to address the commitments made by the Government of The Bahamas with respect to the Economic Partnership Agreement with the European Union and other international commitments. Full implementation of the project will result in well trained staff committed to client service, a Customs Code of Conduct, Customs procedures that reflect global standards such as the WCO’s Revised Kyoto Convention and SAFE Framework of Standards, an anti-corruption environment that incorporates the elements of the WCO Revised Arusha Declaration on Integrity, informed and compliant traders and the general public, and an engaged and vitalized partnership with the trade.

According to the 2010 census, The Bahamas population totalled 353,658 with 90% living on New Providence, Grand Bahama and Abaco. The country has 36 ports of entry with at least one on most of the major islands and cays.

International relations

The Bahamas is a fully self-governing Member of the Commonwealth, in addition to being a Member of the United Nations, the World Customs Organization, the Caribbean Community and the Organization of American States.

General information

Comptroller of Customs
M. Glenn L. Gomez

Contact details
Tel. +242 325 6550 / 326 4401-6
Fax +242 322 6223
glenngomez@bahamas.gov.bs

Postal address
The Bahamas Customs Department
P.O. Box N-155, Nassau, The Bahamas

Website
www.bahamas.gov.bs/customs

Total staff 769 (646 uniformed)

Country code BS
Multi-layered security

Further financial and procedural burdens on economic operators with no apparent return would serve a key terrorist objective in choking trade expansion, so the best answer to the latest attack on international trade would be a critical review of the most complicated existing constraints on major trade flows and a shift towards devising and exploiting practical routes to a much higher level of truly global vigilance.

Further expenditure and procedural burdens with no apparent return would serve a key terrorist objective in choking trade expansion and pose a clear danger that those closest to the problem, and most vital to its management by Customs and trade, will lose faith and confidence not just in any additional precautions but also in the all-important basic relationship of shared belief and intention.

On the other hand a reasoned post-Shanghai review of cumulative and constantly growing data collection, plus sharpening demands on quasi-official responsibilities by commercial operators, plus a blanket recourse to not wholly reliable but invariably expensive x-ray routines might well justify not just frugal abstention from further complications but even a prudent pause to see how much of what many honest traders are now burdened with might be reconsidered, weighed for proven usefulness and whenever possible pruned and prioritised.

US security agencies, including Customs, have had to accept and work within a number of debateable political assumptions, reflected in detailed legislation prescribing specific risk assessments. It has been assumed, for example, that terrorists would take all the risks of relinquishing...
their deadly goods to fully documented trade channels rather than keeping direct “hands-on” control though smuggling.

The US Congress has also given unmerited priority to the “bomb in a box” scenario and stuck to its primary concern – WMDs (weapons of mass destruction), long after it became apparent that the most pervasive threat is from IEDs (improvised explosive devices).

Such prejudgements, frozen in statutory requirements, have had the crippling consequence of restricting the extent to which US Customs have been able to adjust their demands on traders to a widening and lengthening experience of actual risks and irregularities.

As a result they are still facing the situation in 2011 with remits focused in many major respects on political views of what might have been feared or expected several years ago. One sad outcome is what control agency spokespersons often describe with some pride, as a “multi-layered” approach. For many of those obliged to conform with it, this might easily be labelled as “over-complicated”, “duplicative” or “undiscriminating”.

9/11 and many other destructive episodes have forced the US to become a vigorous security trend-setter. The effect on border management has been a series of radical new controls on imports into that country and a formidable diplomatic and economic effort to bring the rest of global trade within largely equivalent international and national controls.

As a result the key factor in the world security scene for many major Customs administrations and their trading partners has been the need to respond to US concerns in two main ways – by strict adherence to whatever precautions have been required for and applied to its exports to that country and by increasing conformity to similar measures for their exchanges with other economies.

It is important to keep these two related developments intellectually separate as one is an undisputable sovereign right and the other a subject of extended consideration and debate in other states with different and varied concerns, priorities and resources, though the massive role of US business in global trade representation has tended to soften public commercial opposition.

Such a prudent pause to see how much of what many honest traders are now burdened with might be reconsidered, weighed for proven usefulness and whenever possible pruned and prioritised.

Given the overall potency of US security policy and practice any initiative towards second procedural thoughts coming from the same quarter would have highly and widely influential effects. A post-Yemen rethink, designed to rebut stated terrorist intentions to trigger costly new precautions could furnish many positive opportunities.

US Customs might surely consider the introduction of some selective safe procedural simplicities. For example, a top-drawer chemical company bringing frequent repetitive shipments of harmless drugs from its own laboratories in Switzerland to its own factories in the US might be freed from consignment-by-consignment clutter by a carefully regulated shift to post-entry audit.

Many similarly “routine” transactions from a wider range of compliant operators could be moved to the US on conveniently timed receipt of a much reduced set of control data or, preferably, an agreed Unique Consignment Reference (UCR).

The swell of resources, skills and personnel that have been devoted to surveying innocuous flows of maritime containers could be re-deployed to help air transport operators find the easiest way of scrupulous implementation of vital air cargo precautions and make a new, very necessary, contribution to technical assistance in security roles for small and medium size international traders and carriers.

Delivery services and emerging US concerns with IED precursors will, of course, deserve careful attention.

Following the Yemen attempts, discussions are already taking place in the WCO, ICAO and elsewhere to identify useful additional security measures by the operators concerned, and the UPU is active in analysing the implications for postal delivery systems. Special sensitivity to all such deliveries by those po-
In the last ten years events in Afghanistan and Iraq have fed the motivation and recruitment of a host of inventive, self-sacrificing terrorists and it is inevitable that here and there they will come up with booby-trapped shoes, explosive face lotions or incendiary underwear.

Law and order forces should beware of seeking major new replies to every small criminal innovation, and any additional measures that may be suggested to identify and interdict IED precursors ought to be carefully scrutinised by the global Customs community.

Sugar and agricultural fertiliser, along with alarm clock mechanisms and modified cell phones, seem to be common ingredients of many IEDs, and are freely available in many retail sale points long after any initial bulk importation.

There may well be need for special controls and procedures at entry points into Afghanistan and Iraq and at export to these two destinations but it is very difficult to see how any useful results could be derived from Customs operations in most other countries.

On the wider security stage the costly opulence of existing US import controls with their heavy procedural burdens on government and trade alike, have already risen well above the technical or staff resources of many WCO Member administrations.

Here again, a US initiative could give unique encouragement to an early WCO move to sort out multi-layered controls to identify and prioritise individually reliable elements in the most complex current national security practices. The SAFE Framework could then be adjusted to offer a set of much more saleable and acceptable precedents and patterns for long-term anti-terrorist promotion, standard-setting and capacity building strategies.

Much can be done towards uniform procedures through new efforts in securing general implementation of relevant WCO technical standards especially the Data Model, a Unique Trader Identifier (UTI) and, at long last, a universally agreed Unique Consignment Reference.

These are mundane elements in contrast to media hype and grand political gestures but would do much more to keep world trade development well in tune with a new, more sensible security strategy.

A new and innovative US thrust to identify and promote a widening range of feasible and realistic controls would be a major challenge and opportunity for the WCO which can deploy such mechanisms as the SAFE Working Group to ensure a reasoned and well-managed process of Customs-trade debate and agreement.

Then it could proceed carefully towards generally agreed common practice through new standards in an additionally revised Kyoto Convention, successive meetings of the WCO Permanent Technical Committee and prudent extensions to the remit of the WCO Capacity Building Directorate.

There could be a major new security dividend in a modest application of the Globally Networked Customs (GNC) concept to help all Customs services exchange key control data and special items of information and intelligence. Here again the WCO Data Model with a UCR and UTI will be indispensable assets. All such advances, though sparked by security concerns, could have invaluable facilitation effects. General ability among all WCO Members to apply and profit from advance data supply systems to speed control and release at borders would be a prime example.

In summary the best answer to the terrorist campaign to use the Yemen attempts to hold international trade to soaring costs of security ransom would be a critical review of the most complicated existing constraints on major trade flows and a shift of consultative attention towards the relatively modest cost of devising and exploiting practical routes to a much higher level of truly global vigilance.

Much can be done towards uniform procedures through new efforts in securing general implementation of relevant WCO technical standards…

More information
john.raven@scarlet.be
Focus on the review of the Harmonized System

Getting involved enables your proposals to be considered

The WCO Secretariat is currently rounding off its work related to the implementation of the 2012 version of the Harmonized System (HS) Nomenclature, which mainly comprises updating HS publications and tools, such as the Explanatory Notes, the Alphabetical Index and the Compendium of Classification Opinions.

Having almost finalized this large body of work in readiness for the implementation of HS 2012 on 1 January, it is now time to expressly think about the next revision of the HS Nomenclature – the 5th HS Review Cycle that will lead to HS 2017. In this respect, the WCO would like to encourage users of the HS from both the public and private sector to become involved in the Review Cycle by sending concrete proposals to their national Customs administration or its equivalent.

Keeping the HS dynamic

When a nomenclature remains unchanged – not taking into account the evolution of technology and changes of consumer habits – there is a serious risk of difficulties and disputes arising when classifying products.

An example – from the 4th HS Review Cycle that resulted in HS 2012 – is the creation in the HS Nomenclature of a new heading for hygiene absorbent products, such as infant diapers (napkins), adult incontinence products, feminine sanitary products and the like. These products are classifiable in HS 2007 according to their constituent materials; they may fall in HS heading 48.18, 56.01, 61.11 or 62.09, as the case may be.

However, over the past 40 years, the technology behind these products has evolved from simple knit or woven cloth to cellulose-wood-pulp-based products and super absorbent polymers (SAP) combined with plastics film and textile nonwovens. Absorbent technology continues to evolve rapidly, with various materials from differing HS chapters and headings being combined into composite products, which will likely lead to difficulties in tariff classification in the future. However, as of 1 January 2012, these hygiene absorbent products, of any material, will fall in heading 96.19 in HS 2012.

The 5th Review Cycle

The work on the 5th HS Review Cycle already commenced in November 2009 with a view to making sure that the HS Nomenclature reflects trade needs as we enter the next decade. This revision is expected to be completed by June 2014 and the revised version will enter into force on 1 January 2017, one year before the 30th anniversary of the HS. The WCO manages this process through the Harmonized System Committee (HSC) – representing the Contracting Parties to the HS Convention – and more specifically through its HS Review Sub-Committee (RSC). Each Review Cycle typically lasts five years.

As in previous review cycles, the starting point of the 5th Review Cycle is formed by the left-over items from the last cycle. The possible amendment of legal texts with a view to clarifying the scope of heading 95.06 in respect of sports clothing of textiles, of Chapter 61 or 62, incorporating protective components such as pads or padding in the elbow, knee or groin areas, is one such issue. New issues are also being examined, such as defining the scope of the term “infant” for the purposes of subheading 1901.10, and considering a possible modification of HS provisions for monitors.

Interested parties involved in international trade should send their suggestions for amendments to their national Customs administration or to any other appropriate intergovernmental organization. These bodies can then ask the WCO Secretariat to place the issue on the agenda of the HSC. Normally the private sector makes requests to Customs or the Trade Ministry for amendments to the HS, but in some countries requests are published for public comment. These requests are then considered by all agencies that may have an interest in the matter, for example, Customs, Finance, Commerce, Trade, Agriculture, Environment, Health, and so on.

The limits of simplification

As in previous Review Cycles, the WCO Secretariat will undertake a review of the HS on the basis of trade statistics with a view to simplifying the HS by deleting low trade volume headings and subheadings. However, as a consequence of the global financial crisis, international trade volumes (imports and exports) did decline. Since these lower volumes will be reflected in international trade statistics, the Secretariat has invited the HSC to consider whether the same basic ground rules concerning the deletion of subheadings and headings or the establishment of new subheadings and headings – USD 50 million and 100 million respectively – should continue to apply. Therefore, before coming to any conclusions in this connection, the HSC...
will monitor what is happening in the global economy in general
and in international trade in particular.

It has been advocated that the HS should be simplified signifi-
cantly due to the downward trend in duty rates, but one must also
take into account that the HS is increasingly of interest to many
other organizations, particularly those involved in areas relating
to the environment, food safety, public health and security. In the
past, as agreed by the HS Committee and the Review Sub-Com-
mittee, exceptions were almost always provided for thresholds
for the following:

• products of social or environmental importance,
• products of importance for developing countries and their eco-
  nomies,
• residual headings or subheadings whose deletion would adversely
  affect the structure of the HS or lead to classification problems,
• any subheading whose retention was requested by a Contracting
  Party and endorsed by the RSC.

Possible amendments

Updating the high technology area will be necessary as a result of
rapid developments. While some classification problems encoun-
tered in the high-tech area were solved in the 3rd Review Cycle (HS
2007), classification of products manufactured by the IT, consu-
mer electronics and telecommunications industries continue to
create difficult and complex situations due to the convergence of
these industries and the development of new products capable of
performing several functions, for example:

• a media player in the form of a handheld, portable video, sound,
picture, text, voice and audio recorder, viewer, and player
• so called “Smart phones” having functions such as video recor-
ding or reproducing, reception of TV broadcasting, playing
video games, wireless internet connection, sending and recei-
ving email messages, etc.

There are also certain sectors of the HS such as pharmaceuticals,
chemicals and textiles that might lend themselves to clarification
and thus contribute to further simplification of national Customs
tariffs and thereby international trade. Simplification also means
making the Harmonized System more user-friendly and easier
to apply.

Customs administrations should be aware of the areas where they
frequently encounter problems and are urged to submit proposals
to simplify and clarify the provisions governing classification in
such areas. In addition, the WCO Secretariat can also submit to
the RSC such problem areas where it frequently receives requests
for advice on classification of the goods falling in those areas.

Another consideration for modification of the Nomenclature lies
in the fact that very often newly developed products cannot be
identified in the structured nomenclature. As an example, the
classification of a motor vehicle with a hybrid power system is
classified in the category of motor vehicles with spark-ignition
internal combustion reciprocating piston engine or with com-
pression-ignition internal combustion reciprocating piston engine
(diesel or semi-diesel), as the case may be. The HS does not iden-
tify these “green cars”.

Suggestions for amendments welcome

The HS maintenance effort is a priority for the WCO and it encou-
rages WCO Members to follow the on-going revision cycle closely
and to send their suggestions, as well as those conveyed to them
by the private sector, to the Review Sub-Committee.

After all, the Contracting Parties to the HS Convention will be
required, pursuant to Article 16 of the HS Convention, to intro-
duce future HS amendments into their national tariffs within
fixed time-limits.

An information sheet explaining the HS review process is posted
in the Nomenclature section of the WCO public website.

More information
hs@wcoomd.org
First Global Canine Forum held at WCO Headquarters

AFTER HAVING DEDICATED 2010 to Customs-Business Partnerships and having addressed the themes of Coordinated Border Management, risk management and the use of high-performance technologies and tools through a number of different activities, the time was ripe to focus on the cornerstone of Customs modernization: human resources and training, that is to say a “professional, knowledge-based service culture”. This is one of the building blocks of the WCO Customs in the 21st Century vision, and the theme for 2011.

Against this backdrop, there was a need to underscore the importance of training to acquire professional knowledge within the organizational apparatus of a modern, effective and efficient Customs administration. The Global Forum on dogs and handler teams as part of the enforcement apparatus is in keeping with this approach.

It was organized by the WCO from 25 to 27 January 2011, around the same time as the Organization’s 2011 International Customs Day celebrations were taking place. The primary objective of this Forum was to share current best practices and experiences among the various countries having set up dog and handler training centres, as well as to identify shared challenges in terms of rolling out new canine centres with the requisite training programmes and operational models to accompany them.

Dog and handler programmes were originally aimed at enhancing Customs’ anti-drug trafficking activities. This traditional role has grown to encompass other areas such as fighting terrorism, especially through the detection of weapons and explosives, and more recently to combating trafficking in currency, counterfeit CD-ROMs, cigarettes or even pharmaceuticals and CITES goods. Dog and handler teams now form a key component of global risk management programmes established by Customs services.

In his keynote address, the WCO Secretary General, Kunio Mikuriya, began by recalling, among other things, the primary objectives of the Forum which included building partnerships. He then established a link between the organizing of this Forum, deemed a genuine vehicle for participants to share their experiences, and International Customs Day focusing this year on “Knowledge, a catalyst for Customs excellence”.

The Forum was attended by over 120 participants representing close to 60 Member countries and international organizations. Over the course of three days, activities took the form of workshops, canine demonstrations and discussions around the ten exhibition stands run by WCO Members. It also led to the establishment of a global network of canine experts who uses the WCO CENcomm “Global Canine Forum”, specially adapted to the purpose and operational since 27 January 2011.

The workshops were structured around four main themes – dog selection and breeding, training for dogs and dog handlers, management of dog and handler teams, and the operational sphere.
The following issues were discussed in each of the workshops:

**Dog selection and breeding**
- How are dogs selected?
- Which breed of dog for which discipline?
- Which techniques are available for dog breeding?

**Training for dogs and handlers, and training centres**
- Where and how are dogs trained?
- What does the training cover?
- How are dog handlers recruited and trained?
- How do national and regional training centres for dog and handler teams operate?
- Involvement by dog and handler teams in detecting weapons and explosives

**Management of dog and handler teams, and the operational sphere**
- Logistics and infrastructure (kennels, vehicles, training tools used)
- Importance of management/ongoing monitoring in terms of evaluation and measuring effectiveness
- Inclusion of dog and handler teams in the worldwide enforcement mechanism
- The issue of using dogs in various realms of intervention
- Cooperation with other enforcement agencies

Exhibition stands provided an opportunity for some participants to publicize their dog training centres and to promote their expertise using videos. Some dog and handler teams had come to demonstrate the detection of narcotics, both active drugs and passive drugs (Belgium, Denmark and Hungary), weapons and explosives (France), banknotes (Argentina, Denmark and Italy), CITES goods (Germany), etc. Secretary General Mikuriya awarded these teams, representing seven countries (Argentina, Belgium, Denmark, France, Hungary, Germany and Italy), with certificates and commemorative medals.

The next Global Canine Forum will be organized by the WCO in 2012.

More information enforcement@wcoomd.org
Customs in the cloud, a personal reflection on the 2011 WCO IT Conference

Customs Administrations and the IT industry gathered in Seattle from 11 to 13 May 2011 for the 10th WCO IT Conference & Exhibition to discuss developments around Cloud Computing and how this new technology could help Customs and border security agencies to accomplish their mission of facilitating and securing legitimate international trade with higher efficiency. The opening statements covered the full spectrum of issues explored during the event.

Kunio Mikuriya, the Secretary General of the WCO, mentioned that borders divide but Customs connects. He regarded Cloud Computing as a means to facilitate Customs connectivity. The Deputy Commissioner of US Customs and Border Protection, David Aguilar, in turn emphasized the role of IT as a critical backbone of a country and, as such, ICT and Cloud Computing had to respond to the need to protect the sovereignty, privacy and confidentiality of information.

The term Cloud Computing describes the usage of ICT as a service from the internet (public cloud) or from a closed IP-based network (private cloud). Services delivered through the cloud can range from basic IT infrastructure over IT platforms to entire software applications. Cloud Computing allows services and IT capacity to be requested on an on-demand basis and, in the case of the public cloud, regardless of the location. This provides the potential to help any organization, public or private, to grow and scale up IT capacity as needed without having to make the investments, which in the case of developing countries and emerging economies would often prohibit the leveraging of latest technologies. The pay-per-use principle of Cloud Computing, however, would enable these countries to benefit from leap-frog developments as they often have no legacy systems and IT organizations that could present a barrier to IT development.

Against this broad description of Cloud Computing it became very clear that in the context of the critical mission of Customs in terms of security, revenue collection, community protection, trade facilitation and social and economic development, many questions needed to be properly answered before Customs and other law enforcement agencies could leverage Cloud Computing - in particular the public cloud - and reap the benefits promised by the IT industry: to reduce cost and to gain flexibility. The Conference provided an ideal platform to at least raise some of these questions, such as:

- which jurisdiction would apply in a cloud without borders?
- will law enforcement be affected in terms of access and seizure of data, authenticity of evidence, etc?
- how is data returned and eliminated from the cloud when the service contract is terminated?

The Chief Information Officer from the US Department of Homeland Security (DHS), Richard Spires, gave a detailed account of how DHS would be making use of Cloud Computing. IT services which were already using public information, such as websites, would be transferred to service providers of public clouds, while mission-critical applications, such as email, risk assessment and targeting, would never leave the "walls" of DHS and would be managed as private clouds by the government in the future.

Numerous delegates were hoping that Cloud Computing would improve data sharing between government agencies and among Customs administrations; however, many speakers emphasized the point that Cloud Computing as much as any technology would not solve the policy issues involved in data sharing across legal and geographical boundaries. Nevertheless, the availability and relative inexpensiveness of technologies such as Cloud Computing could raise the chances for data sharing as governments would have fewer and fewer opportunities to hide behind the issue of "complexity" and "high cost".

More information

dietmar.jost@jost-consulting.com
International Customs Day 2011 in pictures

A pictorial celebration of WCO Members’ activities around the world, commemorating this special day on the Customs calendar.
1. A Customs officer in Argentina proudly displays his Certificate of Merit. 2. Croatian Customs officers with their Certificates of Merit. 3. New Zealand Customs’ public information stand at the Auckland Seafood Festival. 4. Two Customs officers accept a Certificate of Merit on behalf of their team from the Chairman of HM Revenue & Customs. 5. Winners of Israel’s tax and Customs contest. 6. Fiji raises awareness about International Customs Day on the radio. 7. Kenyan Customs officers sing under the direction of their Senior Assistant Commissioner. 8. Norway’s collage of media coverage on Customs. 9. Customs officers in Poland line up to honour the country’s official Customs Day.
10. Mauritius celebrates with a wide programme of events 11. The President of the National Tax and Customs Administration ties a ceremonial ribbon on Hungarian Customs’ flag 12. Saint Lucia’s International Customs Day banner 13. Singapore launches TradeFIRST, its single trade facilitation window 14. Customs recipients of Long Service Awards in Bermuda pose with the Minister of National Security 15. Saudi Arabia holds a conference to honour key players in the field of education and training 16. Ireland’s Revenue Chairman and Director General of Customs standing with recipients of Certificates of Merit 17. The Chinese Vice-Minister of Customs celebrates with Customs officials awarded Certificates of Merit 18. The Former Yugoslav Republic of Macedonia gives a Customs capacity building presentation to staff
ICS via conex is a transmission platform especially dedicated to the Import Control System which manages the exchange of ENS messages between operators worldwide and the numerous European customs administrations prior to the entry of goods into Europe. Our solution is **multimodal** (Air, Sea, Land), **technically flexible** (Full EDI, Web application, EDI/WEB mix), **multi-country** (a single and direct connection to the 27 + 2 EU IT systems).

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.
19. Mexican Customs officers stand to attention to commemorate International Customs Day.

20. The President of the German Customs Criminal Investigation Department (ZKA) standing with Customs officers awarded Certificates of Merit.

21. Swiss Customs provides an overview of its mission.

22. The Commissioner of the Korea Customs Service with Ambassadors to Korea.

23. Two members of Indonesia’s K-9 Team in action.


25. A Jordanian Customs poster promotes the 2011 knowledge theme.
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Calendar of Events

June - July

27 - 28 Open Day for Trade
28 June - 8 July WCO Knowledge Academy for Customs & Trade

September

5 - 8 Globally Networked Customs (GNC), 8th Meeting
14 - 16 PICARD Conference, Geneva (Switzerland)
15 - 16 Harmonized System Committee, Working Party
19 - 23 Data Model Project Team
19 - 30 Harmonized System Committee, 48th Session

October

3 - 5 EastWest Institute Worldwide Security Conference, 8th Meeting
6 - 7 WCO/IATA/ICAO API Contact Committee, 5th Meeting
10 - 14 Permanent Technical Committee, 193rd/194th Sessions
17 - 21 Technical Committee on Customs Valuation, 33rd Session
25 - 26 WCO Counterfeiting and Piracy (CAP) Group
TBC Global Shield Seminar

November

3 - 4 Finance Committee, 91st Session
7 - 10 Globally Networked Customs (GNC), 9th Meeting
15 SAFE Members Only Meetings
16 - 18 SAFE Working Group, 9th Meeting
21 Nov – 2 Dec Harmonized System Review Sub-Committee, 42nd Session
28 - 30 Revised Kyoto Convention Management Committee, 10th Meeting
TBC World Customs Forum

December

1 - 2 Administrative Committee for the Customs Convention on Containers, 1972, 13th Meeting
5 - 7 Policy Commission, 66th Session
8 - 9 Excise Tax Mini Summit
12 - 14 Working Group on Commercial Fraud, 7th Meeting
TBC Technical Experts’ Group on Air Cargo Security, 3rd Meeting

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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CONTACT THE IPM TEAM:
PHONE: +32 2209 95 02
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