SPECIAL REPORT
Trade security where are we now?

› FACILITATION
New Contracting Parties to the Revised Kyoto Convention

› INTERNATIONAL CUSTOMS DAY
Combating drugs

› POINT OF VIEW
Free zones
because trucks and containers can be guided weapons

Containers and trucks can carry weapons, explosives, drugs and people. Yet less than 1% of them are inspected as they travel between countries.

Heimann CargoVision X-ray inspection systems by Smiths Detection are built to help Customs, Security Organizations and Border Authorities fight against terrorism and contraband.

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• European Parliament Hearings, Brussels (Belgium)
• Policy Commission, 58th Session, Almaty (Kazakhstan)
• World Customs Forum 2007, SAFE Framework of Standards, Brussels (Belgium)
• International Customs Day, Brussels (Belgium)
• The Fourth Global Congress on Combating Counterfeiting and Piracy, Dubai (UAE)
• Visit by H. E. Mr. Pisan Manawapat, the Kingdom of Thailand’s Ambassador to Belgium
• 20th anniversary of the Harmonized System
## Calendar of Events

It should be noted that these meetings are mentioned for information purposes and are not all open to the public. Training Workshops are devoted to the Private sector. Unless otherwise indicated, all meetings are held in Brussels. **Please note that these dates are indicative only and may be subject to change.** This document is regularly updated on the WCO Members’ web site, under the “Information for delegates” section, and on the WCO public web site: www.wcoomd.org

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<td>1st</td>
<td>40th anniversary of the European Customs Union</td>
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Dear Reader,

2008 is already upon us! Perhaps more than in any previous year, this New Year will be unrelenting in the challenges that face the international Customs community and in terms of the concern and scepticism that prevail.

• Concern surrounding the adoption of security measures that undermine all the principles of international commerce and of the SAFE Framework of Standards to Secure and Facilitate Global Trade, and which are calling into question the efforts made by the international community for more than five years now. More specifically, I am thinking of the United States’ decision to impose 100% scanning of US-bound cargo containers in foreign ports by 2012.

• Scepticism over the actual benefits of 100% scanning for trade security, a measure that I consider to be a regrettable step backwards.

There is a general atmosphere of uncertainty. How can we win back traders’ trust when this measure will harm the free movement of goods internationally? How can investors take major decisions if they do not know which rules will govern global trade in the years to come?

How can we ensure sustainable capacity building for our Customs administrations in an unstable regulatory environment?

Over the next twelve months, the WCO must offer a forum where serious discussions can be held between Members which, with private sector support, will produce counter proposals capable of persuading the United States Congress to amend this Act. A mighty challenge lies ahead for our Organization, yet it is also an exciting one given the interests at stake for international trade, our progress and our growth.

To make things clearer, the Special Report provides an update on the WCO SAFE Framework of Standards, and especially on the discussions held during the Forum on 11 and 12 December 2007 bringing together representatives of Customs administrations and the private sector, lawyers, academics and economists, during which the 100% scanning issue was tackled.

Before leaving you to catch up on the latest Customs news in the various sections of the magazine, I would like to add one final point. 2008 has also been designated the year for combating the illicit trafficking in drugs, and a wide range of events and initiatives has been scheduled. A great deal still remains to be done in this domain, and it is vital that we all join forces to that end. We must reaffirm the role of Customs administrations and develop a concerted and integrated global strategy focusing on national co-ordination and international co-operation, bringing together all players involved in combating the illicit trafficking in drugs.

Last but by no means least, I wish you every health and happiness for the year ahead, and I trust that 2008 will be a constructive year of change for the international Customs community as a whole.

Thank you for your continued support.

Michel Danet
Secretary General
Facilitation gains more followers

On 8 January 2008 Egypt and Vietnam acceded to the International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention) which is regarded as a blueprint for modern and effective Customs procedures in the 21st Century.

A key element in trade facilitation, the Revised Kyoto Convention (RKC) aims to provide international trade with the predictability, transparency and efficiency that modern trade requires. In adopting the Convention, Customs administrations undertake to implement simplified procedures and apply risk management techniques in order to target high risk consignments whilst guaranteeing the free flow of legitimate trade. Furthermore the Convention urges Customs to make maximum use of IT and to provide an appropriate system for consultation with the private sector.

With efficient Customs procedures, States can influence and significantly advance economic competition and social well-being by promoting trade and investment in a safer trading environment. The harmonisation and simplification of Customs procedures benefits the trading community by ensuring that goods move more rapidly and at lower cost.

The RKC which entered into force on 3 February 2006 now has 56 Contracting Parties.

More information
www.wcoomd.org

At the heart of Customs operations

ETAI publications have just published a book on French Customs illustrating the variety of tasks carried out by French Customs officers with photos and text by Christophe Dubois, a freelance reporter/photographer who spent 15 years with the Paris Fire Brigade. He continues his voyage of discovery of republican institutions and has already published works on firefighters, gendarmes, sailors and the municipal police in the same series at ETAI. His articles are also published in numerous magazines.

The author starts with the training of officers, which will determine their field of expertise at the beginning of their career. He then goes on to illustrate the activities of Customs in different spheres: an example of which is 224 French Customs officers clearing goods, controlling passengers and means of transport and carrying out enforcement activities to combat trafficking and smuggling in Guyana, 7000 km away from Paris.

The book ends with a section devoted to the National Customs Museum which relates the history of the administration, successor to the “Ferme générale”, through a collection of carefully preserved objects and books on display in a listed building: the ”Hotel des Fermes du Roy”.

Discover some little-known facts about the 19000 men and women in French Customs via this publication that is available in bookshops and through the internet.

More information
David Falques, E-T-A-I, (Contact: Communication & Presse Beaux Livres)
Tel: +33 1 41 31 61 84, Email: presse@etai.fr

**Man's best friend**

In autumn 2008, from 14-20 September, the Republic of Latvia State Revenue Service National Customs Board will organize the Xth European Championship of Customs Drug Detection Dogs.

Anita.Ezis@vid.gov.lv

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**For your diary**

Open Day at the European Commission. Have you always wanted to know what goes on behind the scenes at the European Commission? Here is your chance! On 7 June 2008, the European Commission – together with other EU institutions – opens its doors! The Directorate General for Taxation and Customs Union (DG TAXUD), in co-operation with Belgian Customs, will be organizing various indoor and outdoor activities at the Berlaymont Building on Rue de la Loi.

http://ec.europa.eu/taxation_customs/index_en.htm

**Buy online**

The WCO has recently set up an online bookshop, so all our publications are just a click away. Your orders will be delivered to your address.

http://publications.wcoomd.org/index.php

**Happy anniversary**

On 1 January 2008, the multilateral trading system celebrated its 60th Anniversary. This year’s World Trade Report celebrates this landmark anniversary with an in-depth look at the GATT and its successor, the WTO. The report looks back at six decades of multilateralism in trade.

http://www.wto.org/english/news_e/pr0502_e.htm

**Accessions**

On 18 December 2007, the WTO General Council approved the accession package of Cape Verde. The country becomes the 152nd member of the WTO, 30 days after completing its national ratification procedures. These must be completed by 30 June 2008. Cape Verde began its accession negotiations in 1999.

www.wto.org/english/news_e/pr0502_e.htm

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**Post-it**

Since 8 January 2008, the Revised Kyoto Convention (RKC) on the Simplification and Harmonization of Customs Procedures, which entered into force on 3 February 2006, has 56 Contracting Parties following the accession of Egypt and Vietnam. The Convention will enter into force for these two countries after a three-month period.

www.wcoomd.org

**What’s new**

The Guinean Customs Administration has recently given its website a makeover and published the first edition of a newsletter, as part of a drive to communicate more effectively with its partners and within the service, and to improve the image of Customs with its users.

www.douanesguinee.gov.gn

**Appointments**

Recent appointments of Directors General of Customs:

- Mr. Anthony A. Adderley (Bahamas);
- Mr. Mohamad Ali Talib (Bahrain);
- Mr. Muhammad Abdul Mazid (Bangladesh);
- Mr. Choyzang Tashi (Bhutan);
- Mr. Abdhulliah Zulkifli (Brunei Darussalam);
- Mrs. Minette Libom (Cameroon);
- Mr. Jitoko Tikolevu (Fiji Islands);
- Mr. Yehuda Nasradishi (Israel);
- Mr. Paul Scerri (Malta);
- Mrs. Vilma De Luca Diez (Panama);
- Mr. Mehmood Alam (Pakistan);
- Mr. Jacek Kapica (Poland);
- Mr. Joao de Sousa (Portugal);
- Mr. Fong Yong Kian (Singapore);
- Mr. Rajko Skubic (Slovenia);
- Mr. Wisudhi Srisuphan (Thailand);
- Mr. Emin Zararsiz (Turkey);
- Mr. Valeriy Khoroshkovskiy (Ukraine);
- Mr. José David Cabello Rondon (Venezuela).

www.wcoomd.org

**Take note**

Don’t forget International Day against Drug Abuse and Illicit Trafficking on 26 June 2008. The WCO will celebrate this Day during its 111th/112th Council Sessions. This event falls within the scope of the WCO’s action programme for 2008, and is aimed at raising the awareness of as wide an audience as possible about the threat posed by drugs to society as a whole, and from which no one is spared.

www.wcoomd.org
Training in Moldova

On 6 December 2007, the WCO participated in the launch of the Moldovan Customs Training Centre in Chisinau (Moldova), which took place in the presence of the Prime Minister, the Director General of Customs and the Ambassador of France.

After the opening ceremony, the WCO delegation had an opportunity to talk to those in charge of implementing the strategic plan that was drawn up following the March 2006 diagnostic mission. All 40 recommendations were looked at, but particular attention was paid to the parts on risk management, automation, the single window, Customs procedures, the Customs laboratory, Customs mobile teams and internal audit.

It was realized that the action plan, accompanied by precise guidelines, needed updating and in this regard, a decision was taken to organize a WCO-Moldovan Customs workshop on the strategic plan during the first quarter of 2008.

Where training policy is concerned, the WCO will draw up guidelines for the rapid implementation of initial training and further training activities, taking the Customs administration’s priorities into account. For this purpose, a Training Steering Committee chaired by the Director General and which will include the heads of the various departments within the General Directorate will be set up soon.

More information
elearning@wcoomd.org

Training: a key aspect of Customs modernization

The WCO E-Learning Programme was recently rolled out in a further two countries, bringing the number of Member administrations having opted for autonomous and integrated management of this training tool to eight.

A WCO mission travelled to the Serbian Customs Administration in December 2007 to install the tool, train teams in its use and decide on the e-learning roll-out schedule in accordance with the Serbian administration’s training policy.

The first lessons to be given using this Programme will focus on the Harmonized System, and the training modules are in the process of being translated.

A roll-out mission also took place in the Philippine Customs administration in January 2008. Trainees will have access to courses at the Philippine Customs E-Learning Centre, to be inaugurated in early February 2008. The first training sessions, scheduled to take place as soon as the training facility has been officially opened, will cover Customs valuation.

In both cases, these missions were a follow-up to training recommendations contained in diagnostic reports prepared for both countries as part of Phase II (implementation) of the Columbus Programme.

More information
elearning@wcoomd.org
Participants at CENMaT (CEN Management Team) meetings suggested that the WCO Secretariat set up a structure to co-ordinate information exchange for joint enforcement operations carried out by Members. It was stipulated that the Secretariat would not play an operational role.

This structure, the Operational Co-ordination Unit (OCU) which became a reality on 1st January 2008, is housed at the WCO Secretariat in Brussels (Belgium). Upon request, 12 computers (with Internet access), 6 telephone lines and 6 faxes are at Members’ disposal in one of the Organization’s meeting rooms.

Two countries have already asked to use the WCO Secretariat’s facilities to conduct joint operations relating to money laundering and illicit drug trafficking.

In addition to this Operational Co-ordination Unit, the WCO has a highly effective secure communication tool, the CEN COMM. It allows users to organize any type of enforcement operation by effortlessly adjusting to the requirements of each of these activities. It has grown in success since first being implemented in 2004, and some 30 or so operations, of which 14 were in 2007 alone, have been conducted using CEN COMM.

More information
pierre.bertrand@wcoomd.org
Graduate and Vocational Programs

Graduate and Postgraduate Courses

- Master of International Customs Law and Administration
- Graduate Diploma in International Customs Law and Administration
- Graduate Certificate in International Customs Law and Administration
- Graduate Diploma in Excise Studies
- Graduate Certificate in Excise Studies

Full Time and Part Time enrolments now being accepted.
Study online or on campus.

Vocational Courses for 2008 from the CCES Maldives Campus, Male’

- Maritime Enforcement - 15 to 20 March
- HS Tariff - 10 to 15 May
- Risk Assessment, Profiling and Targeting - 09 to 14 August
- Search Techniques - 06 to 10 December

For the full range of courses see www.customscentre.canberra.edu.au
The WCO SAFE Framework of Standards is now more than 2 years old. The Customs-private sector partnership is effective and productive and implementation of AEO status and Mutual Recognition is gaining ground even if some stumbling blocks still remain.

Through interviews and articles from the WCO’s institutional and private sector partners, this report takes stock of the situation vis-à-vis the Framework of Standards and measures and programmes put in place at the international level. It provides information on the progress, difficulties and prospects of the Framework in light of current events such as the US “100% scanning” legislation.
One of the key standards contained in the SAFE Framework is the establishment of a risk management system to identify potentially high risk shipments. The use of non-intrusive inspection equipment is also strongly advocated, but in tandem with the application of these risk assessment techniques. At a time when the WCO is actively encouraging all its members to employ risk management, the potential implementation of 100% scanning requirements by one of the world’s major trading powers threatens to undermine the provisions of the SAFE Framework. Michael Schmitz, WCO Director of Compliance and Facilitation, responds to questions on this subject.

WCO News: The SAFE Framework sets minimum requirements and some countries argue that as a result thereof they can go beyond the framework, be creative and still comply with it. What’s your view?

Michael Schmitz: The essence of Standards is that they actually be standard. There was a short period when a clause existed in the SAFE Framework authorizing the insertion of “supplemental national criteria” at the discretion of individual Members. The appropriateness of such authority was the subject of extended debate, it ultimately being decided that retaining such a possibility in the SAFE Framework would work counter to the goals of standardizing requirements, infusing the program with necessary elements of uniformity and predictability, and achieving mutual recognition. The clause was, therefore, removed from the SAFE Framework.

Members are, of course, expected to individually implement the SAFE Framework, which now includes the AEO requirements as well. This is the point where Member discretion comes into play as administrations proceed at their own sustainable pace, and exercise common sense in applying the Standards in their individual AEO Authorization programmes. An example of this latter point can be seen in the clear direction from the High Level Strategic Group, endorsed by the Policy Commission and Council, stating that while the Standards themselves must not be altered in order to accommodate Small and Medium Size Enterprises (SME), the size or character of an applicant should be taken into account by Members in determining whether AEO requirements have been satisfied.

W.N.: The US law “Implementing Recommendations of the United States 9/11 Commission Act of 2007” mandates 100% scanning by 2012 of sea cargo destined for the United States. According to US legislators, it is the only fully reliable means to ensure that weapons of mass destruction do not enter the country via containerised sea cargo. What are your views on this issue?

M. S.: I am not alone in the recognition that cargo scanning is a technique which, when properly employed, can add value in programs designed to assess security sufficiency. The WCO has long recognized the value of Non-Intrusive Inspection (NII) in the form of x-ray technology when it is used as a tool in a risk management program. Such recognition can be seen in the provisions of the Revised Kyoto Convention, as well as in the SAFE Framework of Standards itself.

The difference between the WCO recommended role and use of NII and the new programme authorized by law in the United States is stark. While the WCO recognizes NII as an important element of proper risk management and assessment, the United States law represents use of NII as the primary means by which to assess cargo risk.

W. N.: Is the US in a position to offer reciprocity to those of its trading partners who request similar action?

M. S.: This, of course, is a question which the United States would have to address were it to be squarely presented with such a possibility. In the absence of this eventuality, an educated guess would need to suffice, and my estimate is that if large trading partners were to require such reciprocity, the United States...
States would be overwhelmed and unable to comply. An almost unimaginable volume of trade merchandise leaves the United States for destinations in the European Union, China, Japan and Australia, just to name a few of the key players. It is difficult to fathom how the United States could cope with calls to scan all ocean cargo bound for these trading partners’ territory.

W. N.: What is the future for the SAFE Framework given this new development in the US?

M. S.: The success of the SAFE Framework is heavily reliant upon the private sector owners of the “trade supply chain.” Thus far, these partners have begun heavily investing both their time and treasuries in the WCO Standards and the promise which they hold. The new United States scanning law has created a great deal of uncertainty in terms of the future path to be taken. Why, they might be expected to ask, should they continue to pursue fulfillment of the steps necessary for AEO authorization? The SAFE and AEO approach is predicated upon applied risk management, and costly steps toward compliance with our Standards are required. Why should those costly steps be undertaken if risk management is to be supplanted by requirements for universal scanning? It is difficult to conceive of our “global” standards being inapplicable in the world’s leading economy. Full implementation of the American scanning requirements could well spell disaster for the SAFE Framework.

SAFE, WCO Framework of Standards to Secure and Facilitate Global Trade

FOUR CORE PRINCIPLES

- Advance electronic information
- Risk management
- Outbound inspection
- Business partnerships

Harmonise the advance electronic information requirement on inbound, outbound and transit shipments.
Commit to employing a consistent risk management approach to address security threats.
Outbound inspection of high-risk consignments being exported, preferably using non-intrusive inspection methods.
Customs will provide benefits to businesses that meet minimal supply chain security standards and best practices.

TWO PILLARS

Customs-to-Customs Pillar
Consisting of 11 Standards:
1. Integrated Supply Chain Management
2. Cargo Inspection Authority
3. Modern Technology in Inspection Equipment
4. Risk-Management Systems
5. High-risk Cargo or Container
6. Advance Electronic Information
7. Targeting and Communication
8. Performance Measures
9. Security Assessments
10. Employee Integrity
11. Outbound Security Inspections

Customs-to-Business Pillar
Consisting of 6 Standards:
1. Partnership
2. Security
3. Authorization
4. Technology
5. Communication
6. Facilitation
New United States Legal Requirements for 100% Cargo Scanning, the WCO Position

The law:

In General - A container that was loaded on a vessel in a foreign port shall not enter the United States (either directly or via a foreign port) unless the container was scanned by nonintrusive imaging equipment and radiation detection equipment at a foreign port before it was loaded on a vessel.

Takes effect: 1 July 2012 (but with provisions for earlier or for delayed implementation);

Some issues:

- Uncertainty is created, both for Customs and for the trade community. Our members and the trading public may properly question the future of the SAFE Framework of Standards and Authorized Economic Operator initiatives which are solidly grounded in Risk Management principles, in light of the future introduction of an approach which ignores these tenets;

- An element of extraterritoriality is created, in that the costs of security measures benefiting the United States are shifted onto others, in exchange for assurance of continued trade with the United States;

- The scanning law specifically requires that actions under the law must be consistent with the WCO SAFE Framework, as well as with other international obligations of the United States. Rather than ensuring consistency with the SAFE Framework and with the Risk Management principles of the Revised Kyoto Convention, to which the U.S. has acceded, the scanning law may be viewed as being an anathema to the principles embodied in both instruments;

- The law can be seen as dispensing with the use of Risk Management principles prominent in the Revised Kyoto Convention. This being the case, the international trade community might see no justification in expending the resources and time necessary to attain Authorized Economic Operator status under the SAFE Framework of Standards.

Observations and responses:

- The WCO is best positioned to respond on behalf of the international Customs community.

- Contacts have been and are being initiated with appropriate officials in the Congress of the United
States as well as in the Department of Homeland Security in attempts to encourage beneficial legislative or administrative action.

- The Policy Commission of the WCO approved a Resolution to be provided to the Congress of the United States in order to express opposition to the scanning law by the Organization and its Members.

- Cargo scanning is one technique among others which, when properly employed, can add value in programs designed to assess security sufficiency. The WCO has long recognized the value of Non-Intrusive Inspection (NII) in the form of x-ray technology when it is used as one of the tools in a risk management program. Such recognition may be seen by perusing of the Revised Kyoto Convention, as well as the SAFE Framework of Standards.

- The differences between the widely recognized role of scanning and the programme authorized by law in the United States are stark. While the WCO recognizes scanning as an important element of proper risk management and assessment, the United States law represents its use as the primary means by which to assess cargo risk.

- A great deal of latitude is allowed in the new law that could result in its implementation being delayed.

- The WCO, of which the United States is an important Member of long standing, does recognize a legitimate role for the use of x-ray scanning in assessing the potential risks posed by containerized maritime cargo, and raises no objection to another requirement present in the new U.S. law, namely that all containerized maritime cargo be subjected to radiation detection processes prior to shipment.

“10+2”

The new law regarding cargo scanning is not the only change in cargo security measures being planned by the United States. U.S. Customs and Border Protection also published plans to require importers and carriers to supply additional advance electronic data regarding cargo and transport details. As the SAFE Framework provides for the transmission of 10 sets of data, the WCO has filed publicly available comments regarding the proposed regulatory change. These comments urge the United States to follow all agreed procedures for amending the SAFE Framework of Standards, rather than proceed unilaterally.


- Present activities and the near future:

  - At present the Customs administration of the United States is testing the efficacy of 100% scanning in selected foreign ports.

  - In April 2008, the Congress will receive a report from Customs officials in the United States concerning the test programme outcomes.

Responses from the WCO:

- A Senior level representative from the WCO has met with appropriate parties in the United States.

- The WCO is hoping to be able to testify before the Congress of the United States in the coming months in order to present the views of Members in opposition to the requirement for 100% cargo scanning.

- The WCO has made several detailed written submissions to Administration officials and Members of the Congress in the United States, all in opposition to the new law.
Mr. László Kovács, the European Commission’s Taxation and Customs Union Commissioner, candidly shares his views with WCO News readers on the “Implementing Recommendations of the United States 9/11 Commission Act of 2007 which mandates 100% scanning by 2012 of sea cargo destined for the United States.

WCO News: Is the European Union (EU) in a position to offer a 100% scanning service at all its external ports or are there differences in capacity among EU Members?

László Kovács: The key issue is not whether our ports are able to implement 100% scanning of US bound containers. We should first ask the question whether this is the right solution to enhance container security. The position of the European Community is unambiguous: We are strongly opposed to 100% scanning and we are continuing to work on an alternative solution, because 100% scanning is unilateral, ineffective, expensive and trade-disruptive. While 100% scanning would not improve security it can create an illusion of security and could divert attention and resources from more effective measures.

We strongly believe that mutual recognition and a multi-layered risk-based approach, based on the WCO SAFE Framework of Standards, is the most effective response to cargo security and would provide considerably greater security benefits than 100% scanning. Our aim is to make the US choose this risk-based analysis solution instead of 100% scanning. We have already begun to work jointly with our US counterparts on “secure trade” towards mutual recognition of the US Customs-Trade Partnership Against Terrorism (C-TPAT) programme and the EU Authorised Economic Operator (AEO) programme. At the meeting of the EU-US Transatlantic Economic Council on 9 November 2007, we agreed on a roadmap in this regard, which includes short and medium term political, administrative and legal measures to achieve an agreement on the modalities of mutual recognition by 2009.

W.N.: Has the EU evaluated the impact of this law, and if so, what are the outcomes?

L.K.: If implemented, this measure would cause serious disruption and an additional administrative burden in more than 600 ports worldwide from which cargo leaves for the US. These ports are already straining to cope with rising trade volumes. It will also require a major re-structuring of ports, including a redistribution of maritime transport worldwide, and place a very heavy financial burden on EU business and ultimately its taxpayers. The bill does not include a spending authorisation for equipping foreign ports, therefore we conclude that the costs for the installation of the necessary equipment are expected to be borne by the ports and shipping companies in the EU.

Let me also stress that the practical effectiveness of 100% scanning has never been proven or seriously tested. The technology to analyse scanned images of millions of containers is not yet available and no country has the staff and the expertise to do this. A pilot programme in the context of the US Secure Freight Initiative to evaluate the feasibility of 100% scanning is still under way; the pilot project in Southampton (United Kingdom) started in October 2007 and its results will only be known next year. The European Commission intends to launch a short-term preliminary assessment of the impact of 100% scanning compared to other security measures and use its findings as a contribution to the report

“While 100% scanning would not improve security it can create an illusion of security and could divert attention and resources from more effective measures”
which the US administration is due to submit to its Congress in the Spring of 2008. Information will be sought via Member States from EU ports and shipping companies and also from selected third countries.

W.N.: How is the EU going to manage the reciprocity issue as a matter of principle?

L.K.: The European Union is a key promoter of international trade. At this stage, the question does not arise. We are not interested in, and we would like to avoid, imposing additional barriers to trade. The EU and the US account for 40% of world trade and our close cooperation is indispensable for securing the global supply chain. We will do our utmost, in coordination and cooperation with the European and international business community, to find a politically and practically viable alternative to 100% scanning.

W.N.: What role do you see the SAFE Framework of Standards playing in the future vis-à-vis this law?

L.K.: The WCO should remain the principal multilateral forum for seeking viable solutions to securing the supply chain. The SAFE Framework of Standards, supported by both the US and the EU, should continue to be the main reference in this important work. The European Community continues to play an active role in the WCO. We will use this forum to re-iterate our concerns related to 100% scanning and to promote the SAFE principles of mutual recognition and the multi-layered risk-based approach.

More information
http://ec.europa.eu/taxation_customs/taxation

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**US Security Initiatives**

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| Container Security Initiative (CSI)                           |
|Secure Border Initiative (SBInet)                              |
|Strategic Plan for Resumption of Trade                         |
|US-VISIT (applicable to all travellers)                        |
|Western Hemisphere Travel Initiative (WHTI) (applicable to categories of travellers) |
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There has been an unprecedented call for members of the international trade community to better secure their global supply chains. The result of this effort has allowed global commerce and thus the global economy to flourish. The result has also been the illumination of certain aspects of global trade that have historically been written off as simply the ‘cost of doing business’. In many places, the position of a Customs official can be the entry in to a very lucrative business. No Customs administration is immune from the effects of corruption.

In general we are fortunate that the vast majority of Customs administrations aspire to be highly professional organisations dedicated to developing a culture of integrity. The same can not be said of all those who are tasked with performing the duties and requirements of a Customs official, however.

Historically, the post of a Customs official is exposed to an array of opportunities to supplement one’s income through various forms of gratuities. Some gratuities are paid to help expedite processing of documents while others are much more nefarious in nature. Both are a matter of concern based on the principles we ascribe to a modern and professional Customs administration. This practice has no doubt added to the complexity of conducting business on a global basis. It has proven to be a practice the trade community has been able to rationalise as a component of ‘cultural differences’. Customs administrations have asked that the private sector become more vigilant in validating the security practices of their supply chain partners. One of the most important players in these supply chains are our Customs partners throughout the world.

A small bribe could be all that stands between a terrorist (or a drug smuggler) and the ability to place an ‘unmanifested’ item on a legitimate shipment. A one hundred dollar bill placed in the hands of the right Customs official could result in the kind of damage to our supply chain security regime that the trade community has been developing strategies to prevent. Customs administrations around the world need to get busy building (or strengthening) a culture of integrity. It no longer simply represents a more expensive and less efficient supply chain, but instead represents a more dangerous and volatile world for all of us.

The trade community has an important role to play here. We must ensure they understand the full implications of bribery. Customs administrations must also build the capacity and desire to address this issue. It is very difficult to argue the point of compliance and security to the trade community when the specter of corruption may very well be the factor that has the most potential to circumvent both. We all know that corruption will never completely be eradicated, but it can be greatly mitigated. The challenge of a corrupt system is yet another impossible challenge for a partnership between the trade community and Custom administrations to address. If we don’t however, then who will?

More information
www.tradeinnovations.com
In actively implementing an AEO programme in the United Kingdom, Her Majesty’s Revenue and Customs (HMRC) has adopted a robust approach where they expect company procedures to withstand their audit – which will be detailed and wide-ranging. If issues arise HMRC will simply stop the “audit clock”; resuming, to an agreed timescale, only when corrections are made. Traders should accept this simple approach which may be considered as a best practise.

However, there are already wider potential issues, across the EU: customs and international trade is poorly understood by business in general which raises the question whether a self-audit can be relied upon in that case and many traders see it as just another bureaucratic exercise, quality mark/accreditation or “tick in the box”; Customs have not succeeded in getting the issues to top management in the business world yet this is critical to success; AEO benefits are still not clear or exist already and wider business does not see any incentive; and there is much legal emphasis and interpretation by the trade which could merely be a ruse to look for loopholes in order to save money.

Security is everyone’s responsibility and this must not be lost in the noise!

There is too much “hitting the panic button”. Traders get a skewed understanding of the AEO concept, resulting in a “wait and see” approach by the majority. AEO programmes critically impact trader operations and this fact is clearly being missed.

There may be an unsafe assumption lying behind the AEO concept – that AEO traders will not present the future risk. This article may indicate why this is not yet a safe assumption.

To meet the challenges of AEO and supply chain security (SCS), Customs and business must understand each other and work together far better. Doing so, Customs strain resources less and the Trade benefits through streamlined, clear supply chains.

Consider these points, currently placing demands on both parties:

- Customs assume only they can be trusted with security. Frankly, this insults the many good traders, consultants and associations working in this area, many of whom are ex-Customs officials.
- Customs need to accept that certain businesses have to be – and can be – self-policing. This frees up Customs resources to target the true risks. Until Mutual Recognition becomes a reality, traders should already be policing customers, agents and suppliers anyway.
- Customs must appreciate the sheer complexity of international trade from a commercial perspective. Currently they see a narrow slice of commerce. SCS demands they see much more. Bear in mind that sound commerce drives a certain level of security already. Equally, Customs must be aware of the key trade drivers that may conflict with SCS.
- Resources will defeat Customs unless they accept that some form of industry accreditation – for training, auditing and approval – is required. A similar system already works very well under UK air cargo security arrangements, generally recognised to be the best such regime in the world. So, there is precedent.
- Business must accept – at main board level – this responsibility. This drives the need for Customs to engage business at the very top. Many have corporate social responsibility programmes which originate from the top and fit with SCS initiatives.
Brand reputation is critical to most companies. The impact of SCS – especially failures – on brand is a risk that companies must understand.

Main board acceptance is essential to ensure that businesses take SCS seriously and make required commitments to procedure and resources.

The engagement of SMEs remains challenging. There can be no single solution for the wide differences in trading styles Customs will encounter. Above all, a flexible, proportionate approach is called for as “one size does not fit all”.

Whilst the intent is for Customs and the Trade to work together, we have all seen companies being “hung” on a technicality in other Customs areas. This approach would seriously damage the credibility of initiatives intended originally to prevent another September 11. Understanding and an exchange of views are essential.

EU traders should note the current disparity especially between US and EU penalties as these penalties could be driven higher everywhere. The Trade does not yet appreciate that Customs worldwide will have a complete view of their activities and in this regard they must consider whether their Customs and trade response is adequate.

The business community has many concerns arising from the plethora of new initiatives in Worldwide Security. Some of the more significant include:

- A major concern that Customs will introduce new systems without truly understanding the commercial workings of international supply chains.
- The introduction of incompatible systems worldwide, though they have common aims. Trade needs a single worldwide standard adopted and put into practise. The WCO SAFE Framework of Standards attempts that but the current disparities between, for example, the US “10+2” and the EU “Pre-arrival, Pre-departure (PAPD)” declarations, ostensibly requiring the same data, illustrate the practical differences. Business hopes that recent discussions on joint EU and US Regulatory Impact Assessments, and the US Global Trade Exchange (GTX) initiative will assist in resolving these disparities.
The Customs-Trade Partnership Against Terrorism (C-TPAT) recently celebrated its 5th birthday. The occasion warrants a review of the voluntary programme from the perspective of US small and medium traders (SMEs). For while the programme is voluntary, if non-participation puts an SME at a competitive disadvantage versus larger and multinational corporations, does it leave the SME with any choices beyond join or lose? Apparently so, as evidenced by the typically independent behavior of SMEs.

We took SMEs’ “C-TPAT temperature.” Why are they not participating? Are the Customs brokers having any influence? What about future plans to participate? Do benefits outweigh costs? Is there a competitive advantage to participation? If so, why aren’t participation rates higher amongst SMEs?

A majority of non-participants, 56%, cite lack of encouragement by their broker or lack of an invitation to participate as reasons they haven’t jumped on the bandwagon. While 54.5% can’t determine the benefit to their company in participating. Add this to the 36.4% that don’t have either the time or money and it is hard to imagine the ranks of SME C-TPAT participants swelling in the next 5 years. Especially since those currently participating are divided and uncertain about the benefits. In fact, predictably, a majority, 57.6% of SMEs polled, do not plan to participate or are undecided about future participation.

Two key conclusions arise: firstly, Customs and the Trade must work together with a different approach to anything that has gone before; and secondly, the business community must give Customs and international trade a far higher priority than it currently does. Both of these issues need addressing now.

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C-TPAT five years on:

...by Leslie Levy August, Secretary General, Trade Bridge International, Inc.

The absurdity of 100% cargo screening - with no application of intelligence or risk management - has been well documented elsewhere. It makes a mockery of any accreditation scheme. Legitimate traders will usually assist in security controls, where they are able.

Existing benefits and simplifications become linked to the AEO programme. Business expects that they will sooner or later, perhaps they should be. This is an area requiring ongoing dialogue and consultation.

Two key conclusions arise: firstly, Customs and the Trade must work together with a different approach to anything that has gone before; and secondly, the business community must give Customs and international trade a far higher priority than it currently does. Both of these issues need addressing now.

1. TBI conducted an informal online survey of 100 SME members in November 2007
Another 21.4% just didn’t know. These results practically cry out, "Inconclusive!" The majority of SMEs polled can’t yet determine the benefit to their company to participate while current programme participants are equally divided about whether benefits out measure cost. Needless to say, C-TPAT non-participants waiting to hear the result of this cost-benefit question, to help them make a decision, don’t get any help from our poll.

However, the perception amongst SMEs is that those C-TPAT participants experiencing reduced US Customs and Border Protection (CBP) inspections or decreased supply chain disruptions have a competitive advantage. 47.9% and 49.3% respectively said "possibly" and 24.7% and 31.5% respectively said "yes" when asked about these two C-TPAT benefits and competitiveness. Apparently that “possible” or definite competitive advantage isn’t enough to sway many SMEs to voluntarily participate.

But while SMEs may be vacillating about participation in C-TPAT and whether the perceived competitive advantage is worth it, many are not lukewarm about supply chain security. Over 40% said they have made supply chain security improvements since 9/11 other than those required for compliance or C-TPAT participation.

So SMEs are actively improving their supply chain security in addition to maintaining or improving compliance levels but they are not convinced that the benefit of C-TPAT participation outweighs the costs. It seems like sound business decisions and decisions that protect our national interests are being made by SMEs in spite of their cautious approach to C-TPAT.

Given the vast scope of CBP’s C-TPAT undertaking and the accompanying challenges in communication, outreach and implementation plus the inconclusive cost-benefit results, it’s not surprising to find that SMEs are feeling cautious about volunteering for C-TPAT. At the same time, they are not complacent about supply chain security which is really the point.

More information
www.TradeBridgeInternational.com
Info@TradeBridgeInternational.com

2. At the time of the survey, 82.2% of those surveyed had not read the 2007 C-TPAT Cost-Benefit Survey
3. In addition to the TBI informal survey, CBP’s professional cost-benefit survey conducted in 2007 also is inconclusive about the success or failure of the programme to date - see http://www.cbp.gov/linkhandler/cgov/import/commercial_enforcement/ctp/ctpat_cost_survey/ctpat_cost_survey.pdf

Trade Bridge International, Inc. is a for profit, internet based, Non Governmental Organization that recognizes that all national economies need a vibrant, growing entrepreneurial business community, free from domination by government and multinational corporations.

Trade Bridge International is dedicated to advocating for the rights of small and medium enterprises (SME) engaged in international trade. Trade Bridge International works to create lasting solutions to the challenges SMEs have in gaining recognition from: Washington D.C. and governments in all national capitals, the World Customs Organization and the World Trade Organization, the European Union, APEC and other trading blocks, the International Chamber of Commerce, World Bank, United Nations, and similar organisations; and provides SMEs cost effective, new and innovative import and export products and services, to enable small and medium traders to successfully compete, on a more equal footing, with multinational corporations.
The Wright brothers invented the airplane in 1903, facilitating trade and movement of goods.

A new invention in Customs IT simplifies the life of traders, enables Customs Authorities to implement the newest security measures, and provides previously unseen ways for information sharing.

As trade volumes have increased over the last decades, the issue of maintaining adequate security measures has become one of the main considerations of Customs Authorities.

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Security and Facilitation, the two scenarios

...by John Raven

The WCO and its Member administrations share with trade bodies a genuine concern to set and maintain a fair and fruitful balance between facilitation and security but they are not helped by sharp differences in the ownership of each side of the equation.

Facilitation has sustained and consistent support from commerce while security is a violently unpredictable element in the hands of such undependable people as politicians and terrorists. Security is given strong regulatory force and focus by a single, supremely powerful, state. Facilitation on the other hand is a widely dispersed set of completely uncoordinated and often ill-defined aims and concepts.

The current situation, six years on from the September 11 tinder spark, is complicated even further because no-one can, with any confidence, predict how long or on what terms the “war on terror” will wax or wane, much less what will happen to facilitation in consequence.

One can only speculate on some of the main likely outcomes for facilitation if, in the 5 or so years ahead, security continues to flourish or else already begins to droop and fade.

The most obvious security scenario is “more of the same” - continued public anxiety and political enthusiasm in the US with sustained extension of resulting national policy elsewhere through such organisations as the International Maritime Organization (IMO) and the International Civil Aviation Organization (ICAO) and a constantly widening set of bilateral trade agreements.

In such circumstances business will have to face all the costs and complications of widening US-led trends towards rigid, complex and inconsistent AEO categorisation, 100% container scanning - with its brutal disregard and denial of basic risk-assessment principles, the routine demand for 12 data items in respect of each international consignment at stages in the transaction often extremely inconvenient to commercial parties, and an obligation on traders to give intermediaries such as carriers and ports detailed consignment information that they should never have in conditions of normal operational security.

On the other hand commerce would draw invaluable facilitation advantages from an unremitting and urgent security drive for global improvements in Customs integrity, efficiency and co-operation. Skilled negotiations ought to be able to secure arrangements to assemble and move all necessary control data in an orderly fashion ahead of the physical passage of the goods with associated elimination of supporting documents. Further facilitation “fruit” from the “security tree” could include the Customs application of a truly unique and standard Unique Consignment Reference (UCR), and the gradual replacement of separate export and import formalities by a single submission to all relevant Customs services of a limited set of standardised control data. The whole set of security facilitation synergies could be driven home and sustained by a rapidly growing array of Mutual Recognition Agreements.

Ironically enough, a sharp drop in the security “temperature” is likely to bring almost unmitigated disadvantages.

If the driving political will inherent in current US security policies, and echoed to some extent in EU regulations, dies away shortly, many of the “facilitation irons” that might be plucked out of the security fire will cool before they have any useful shape.

If the driving political will plucked out of the security fire will cool before they have any useful shape

“...by John Raven

If the driving political will inherent in current US security policies, and echoed to some extent in EU regulations, dies away shortly, many of the “facilitation irons” that might be plucked out of the security fire will cool before they have any useful shape. Enthusiasm for such good causes will lapse and an inertial backlash could move facilitation down or off many institutional agendas where it now enjoys a prime place if only as a public relations antidote to new security restrictions.

Many controls, already unwanted and unwelcome for the trade, could stay on the US and other statute books and in IMO and ICAO instruments long after their irrelevance to effective anti-terrorist strategies has been tacitly, if not explicitly, recognised by those now urged to intensify and enforce them.
Few politicians like to retrace their steps in public corrective legislation. Few Customs or other official agencies welcome reductions in budgets or staffing.

There are many pointers to this unpromising scenario.

Sooner or later serious policy-makers are going to realise that there was no logical link between the catastrophic events of September 11 and threats from international trading operations. Six years of tightening controls without a single reported seizure of any consignment that could be linked to a terrorist threat ought to bring some elements of readjustment. Massive associated costs in the US and elsewhere, initially met by budget funds will surface as taxation and charges. The patent priority that should be attached to patently dangerous people, rather than potentially dangerous goods, ought to call for a major shift in attention and expenditure.

The perceptible shift of terrorist preference away from weapons of mass destruction to improvised explosive devices with a linked habitual use of hands-on suicidal use of simple, easily obtained materials clearly reduces the likelihood of or need for “imported nastiness”. If, in fact terrorist arms still pass over national borders they are far more likely to do so in smuggling mode than by deliberate committal to all the documentary and control requirements of conventional trade supply chains already in place and enforced for illicit drug and fiscal fraud repression long before the events of 11 September 2001.

Even politicians may begin to question the logicality of sustaining intensified 10+2 data collection for maritime container movements once complete security has been obtained by 100% scanning. Even the US Congress might shed the illusion that dirty bombs can be kept at a safe distance in foreign ports when the same potentially deadly devices can be made in Canada or Mexico, moved to the US border and then set off before any control is feasible. Furthermore – and probably much more importantly – public interest is fickle and political calculation highly opportunistic.

Security fatigue, deepened by mounting concern at the outcome of conventional guerrilla warfare in Afghanistan and Iraq could bring about strong changes in US domestic sentiments, especially in a year when Presidential candidates and their lobbies could find much advantage in nailing their declaratory flags to other masts than anti-terrorist alarmism.

It ought not to be too difficult for a continuing and intensifying Customs-trade partnership, within the WCO, to look ahead and help guide sensible developments in either of these contrasting scenarios. The newly formed Joint SAFE Working Group provides an easily accessible, informal forum in which the changing security-facilitation scene can be kept under constant common review with early energetic efforts by trade representatives to make and garner “facilitation hay” while the “security sun” still shines.

Once agreement can be reached on the best way forward in any given set of circumstances, the WCO’s Permanent Technical Committee, with its new extension into capacity building, and the increasingly influential and active WCO Information Management Sub Committee will be conveniently to hand for detailed specialist discussions and the formulation of central WCO policy for submission to and support in the many other inter-governmental organisations to which it now enjoys privileged access.

Trade representatives will need to play the same “facilitation tunes” on their own “institutional pianos”.

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John Raven has been involved in international trade issues for 60 plus years having held many senior and leading executive positions during this time. His relationship with the WCO stretches over 35 years and in his current capacity as a representative of TIACA (The International Air Cargo Association); John is often seen at various WCO meetings where he makes no bones about airing his views on a range of issues that impact on the international Customs, trade and business communities. This article is a purely personal assessment.
The World Customs Organization’s Regional Office for Capacity Building (ROCB) for the Americas and the Caribbean was inaugurated in Buenos Aires (Argentina) on 9 November 2007.

A number of senior figures travelled to this event, which was presided over by Argentina’s Director General of Customs, Ricardo Echegaray and the Deputy Director in charge of the Regional Office, María Silvina Tirabassi, alongside Michel Danet, WCO Secretary General, Alain Jolicoeur, WCO Vice-Chairperson for the Americas and Caribbean region, Margarita Díaz de Vivar and Clecy Busato Lionço, Directors General of Customs for Paraguay and Brazil respectively. On this occasion Canada, Brazil and Paraguay pledged to actively support the ROCB.

The objective of the ROCBs is to assist Members with the development of their administrations, make use of the synergies which exist at regional level, work in close collaboration with regional and local stakeholders and donors who are supporting capacity building, assist Customs administrations with Phase 2 of the WCO Columbus Programme, and deal directly and appropriately with problems specific to the region. The WCO has 5 ROCBs in different parts of the world - Argentina, Côte d’Ivoire, Kenya, Thailand and the United Arab Emirates.

This inauguration was preceded by the 1st Meeting of the WCO ROCB and Regional Training Centres (RTCs) for the Americas and Caribbean region from 1-2 October 2007. The meeting was aimed at developing a Regional Capacity Building and Training Plan for the Americas and Caribbean region, drawing up a strategy for the implementation of that Plan, and defining and clarifying the roles and responsibilities of the WCO ROCB and the RTCs in the region respectively.

The meeting provided a good opportunity to establish effective co-operation between the various players in the region and the WCO Secretariat, and pave the way for better regional and international co-ordination and complementarity of capacity building activities.

More information
capacity.building@wcoomd.org
To facilitate and expedite the Customs clearance of goods, the Government of Angola has begun acquiring scanners manufactured in China, within the framework of existing agreements between the two countries, to inspect goods using x-rays or what can be termed non-intrusive procedures.

An expert group comprising specialists from the National Customs Directorate, the Ministry of Finance, the Fiscal and Economics Police, the Ministry of the Interior, the Ministry of Transport as well as representatives from the Institute of Ports and Airports has been set up to determine the type of equipment best suited to the country’s requirements, to identify where the equipment should be located, and to define the procedures for using this equipment based on best practices laid down in the International Ship and Port Facility Security Code (ISPS) and the WCO revised Kyoto Convention.

The scanners will initially be installed in the country’s main ports (Luanda and Lobito), in the major national and international airports (Luanda, Cabinda and Lubango), as well as at the main inland border posts in the south of the country (Katwitui and Santa Clara). The number of installations will increase incrementally and the first scanner is set to arrive in early 2008. The acquisition of this equipment together with the implementation of best practices will strengthen Angola’s infrastructure that supports international trade and will enable the country to rise to the challenges of globalisation.

Angola’s decision to introduce high-tech scanning equipment will in part contribute to the implementation of the WCO’s Framework of Standards to secure and facilitate global trade at the national level and to wider supply chain security efforts at the international level.

More information
www.alfandegas.com
The path to the future began in 1996, when the New Zealand Customs Service (NZCS) first introduced CusMod - a computer system that provides automated and streamlined communication between Customs, government agencies, exporters and importers. Ten years later and the NZCS' IT department is supporting the emerging government direction around integration at the border and developing a programme of work for the 'scoping and design' of a new CusMod system that will possess far greater capability for Customs and those agencies that rely in part upon the system.

In 2007/08, NZCS expects to check more than 47 million import transactions for compliance and process more than 26.5 million export transactions. All of these electronic transactions will be processed through CusMod, the current electronic clearance system. However, global threats to national security, a rapid rise in trade and transport volumes, an expanding economy and an increase in passenger numbers represent a significant challenge for Customs. The New Zealand Government has recognised the complex environment that Customs is working in and has taken the first step toward replacing its massive computer system.

The proposed CusMod replacement system will support a wide range of government interests including the protection of New Zealand’s sovereignty and national identity, the fulfilment of international obligations, and the achievement of desired outcomes such as those relating to the government’s economic transformation agenda. Plans for the computer upgrade, which includes the Nexus replacement system, will not be delivered using a ‘big bang’ approach but instead will be delivered as an evolving programme with the project scheduled for completion by 2011.

New Zealand’s Minister of Customs, Nanaia Mahuta, said that "The system will offer greater integration with other agencies, such as the Ministry of Justice and the Department of Inland Revenue, and will help to catch fine and loan repayment dodgers. The new technology will provide greater capability, flexibility and connectivity to address government needs and the business requirements of industry, the public and New Zealand’s international trading partners".

The system will be built by Customs and will possess the capability to accelerate the facilitation of revenue collection and offer greater trade and travel support, community protection and foreign investment promotion, including benefits for other border agencies and clients.

Comptroller of the New Zealand Customs Service, Martyn Dunne, said that “Customs is laying the groundwork with other border agencies and border clients as well as consulting with the State Services Commission in terms of deliverables from this project”.

Introduced in 1996 at a cost of 22 million NZ Dollars, CusMod underpins Customs activities on a day-to-day basis and supports the work of nine other agencies including the Police, Statistics, Immigration, the Ministry of Social Development, the Ministry of Justice and the Ministry of Agriculture and Fisheries. The current CusMod manages all inbound and outbound trade and passenger flows for NZCS, processing over 1 million consignments annually. It handles 67 billion NZ Dollars worth of trade and collects 9 billion in government revenue each year.

>> New Zealand boosts its Customs capability

The Customs Information Services Team, from Left to Right: Kirsten Cameron, Peter Rosewarne, Debbie Whiteside, John Draper
In recent years, NZCS has experienced a 60% increase in import volumes and a 45 per cent increase in international passenger movements. The proposed new CusMod will enable NZCS to handle the increases in volumes and the changed business environment over the next 10 years.

Industry groups in New Zealand have responded well to the news of a new CusMod and are keen to see work on the system progress as soon as possible to give New Zealand traders the efficiencies needed to operate successfully in global markets. In effect, the system would provide improved leadership across government to ensure duplication and gaps in information requirements are avoided and allow Customs and other border agencies to adequately respond to a changing global trade and travel environment as well as enhance the security and prosperity of the local economy.

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Technology is key to the fight against illicit trafficking

While globalization continues apace, counterfeiting, which has close links with organized crime networks, represents a significant part of the underground economy and affects every State in the world. Fake pharmaceuticals are an issue, of course, but there are also many other products capable of endangering human life, such as cigarettes, vehicle and machinery parts, and foodstuffs. The Council of Europe, whose responsibilities include ensuring the safety and security of citizens throughout Europe, is convinced that public authorities, and in particular Customs services, have an essential role to play in consumer protection, notably through the use of technical tools to assist with controls. Draft Convention 11227, unanimously adopted by the Council of Europe Parliamentary Assembly on 20 April 2007, strongly supports the principle of an innovatory policy of using technology to assist with the task of preventing and deterring illicit trafficking.

Controlling the authenticity and origin of a product, with a view to detecting and intercepting illicit traffic and particularly fakes which are dangerous to the consumer, requires criminal law procedures which are better suited to the purpose, more harmonized, plus a stronger arsenal of technical aids. These tools should be examined, as a matter of priority, by the control authorities and especially Customs, with a special focus on the criminal and dangerous aspects of false safety standard and/or origin markings which can, directly or indirectly, endanger consumer health and safety.

The policy of protecting the economy of States, and their citizens, represents a real challenge for society and warrants an important place in democratic debate. All those involved must work together to define national and international priorities. Combating counterfeiting by making better use of high security technology is one of them.

Against that background several high security firms, supported by the top international experts in the field, are now providing a pragmatic response to Malaysia, Turkey and California, for example. Billions of cigarettes and hundreds of millions of bottles of spirits are now being marked, authenticated, registered unit-by-unit and certified in their zones of distribution and sale. The countries concerned are seeing tangible results, in terms of tax revenues and the dismantling of organized crime networks.

These moves open up new prospects for Customs and contribute to better consumer protection. The Council of Europe Parliamentary Assembly is aware of the remarkable work being done in this field by various specialized Organizations, with the WCO at the forefront. However, it greatly regrets the absence of a strategy with regard to effective controls on the circulation of goods.

Thanks to technological and legal developments which facilitate the collection of evidence, the WCO can play a major role. The opportunities are there, but the one real catalyst is political will.

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“Determined to get things moving!”

At the end of the WCO annual Council Sessions on 30 June 2007, the Directors General of Customs elected Mr. Antoine Manga, Director General of Cameroon Customs, to the post of Director, Tariff and Trade Affairs.

WCO News asked the newly elected Director for his leadership vision.

WCO News: What motivated you to apply for the position of Director, Tariff and Trade Affairs?

Antoine Manga: My primary aim is to serve Customs administrations, given the broad knowledge and experience I have gained throughout my professional career, and I wish to assist developing Member administrations in particular. Several challenges currently face us: the future of Customs vis-à-vis growing economic globalisation; bilateral partnership agreements and multilateral trade discussions; the environment; the protection of society; combating transnational crime; and the harmonisation and standardisation of Customs procedures. I am convinced that the WCO can tackle these issues with the necessary authority.

I also felt it important to ensure fair representation of WCO Members within the Secretariat, in order to reflect the international nature of our Organization in which the key problems resulting from globalisation are discussed and resolved.

W. N.: What, in your opinion, is expected of a Director, Tariff and Trade Affairs, and what are your priorities for 2008?

A. M.: The Director, Tariff and Trade Affairs, should help the WCO Secretary General to effectively manage issues falling under his competence. Specifically, the Harmonized System (HS), Customs valuation and origin of goods.

Our priority will be to thoroughly prepare our meetings so as to ensure the uniform interpretation and application of the agreed rules set out in the established conventions. Special focus will be placed on consolidating the position of the HS as the undisputed “language of international trade” and as the most widely-accepted and successful WCO Convention.

In the course of 2008, we will also apply ourselves to holding regional seminars on the HS, Customs valuation, and origin. We will not stray from our role as an adviser to Customs administrations. This role could also be strengthened through the potential implementation of the Advance Tariff Ruling programme for goods classification.

In keeping with the pledges made in my application for this post, I am determined to get things moving.

More information
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Mission
To provide the best service for industry, trade, and community

Strategy
Professionalism, efficiency, and service

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• Excellent Service
• Transparency, fairness, and consistency
• Ensure traders compliance
• Stop illegal trading
• Integrity

Main Duties
Carrying out the main duties of The Ministry of Finance in customs and excise matters based on policy stipulated by the ministry and securing government policy regarding the incoming and outgoing traffic of goods into or from the Customs Territory and to collect Import Duties and Excise and others government revenue in accordance with the applied laws.

Customs in Brief
The rapid growth of international trade requires an effective and efficient Customs system and procedure to speed up the flow of goods and documents. A high cost economy leads to low competitiveness of domestic goods in the international market. It also has an impact on business, where efficiency depends on the speed and quality of a Customs service.

The growing numbers of bilateral, regional and multilateral agreements in trade matters, along with the liberalisation and globalisation of trade and investment, intensifies the complexity of international trade problems. On the other hand, the rapid changes in international trade patterns will provide more opportunities to gain world market competition. Consequently, a complicated national Customs bureaucracy is becoming unpopular.

Based on the above reasons, the mission and function of Indonesian Customs is changing gradually from tax collector to trade facilitator. Thus, as a global institution, Indonesian Customs now and in the future should have the ability to provide a service that has the characteristics of saving time, and that is safe and simple. Indonesia intends to ensure that these characteristics form an integral part of their Customs system and procedure.

In addition, with the rising need of some trade services, such as IPR protection, anti-dumping procedures, anti-subsidy procedures and self assessment, Indonesian Customs is more time sensitive, predictable, always available, and adjustable, in serving its clients. This totality in service excellence is mandatory to fulfill the speed and flexibility standard.

In single word, Indonesian Customs has now totally reformed its organisation and management, its systems and procedures, and the quality of its human resources. The New Customs Law No. 17/2006 was designed to be a simple but anticipative regulatory instrument that accommodates advanced procedures and paperless Customs declarations.

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International Conventions signed by Indonesia relating to Customs matters
Member of WCO: 30 April 1957
Customs Convention on Containers: 11 October 1989
Harmonized system Convention: 5 July 1993
Nairobi Convention on mutual administrative assistance: 19 August 1993

General information
Official name
Republic of Indonesia
Capital
Jakarta
Official language
Indonesian
Area
1 919 440 km²
Population
234,7 millions
Currency
Rupiah (IDR)
National Day
17 August
ISO code
ID

More information
www.beacukai.go.id
In recent times, we have witnessed a clear shift of the role of Customs from the collection of VAT and Customs duties towards the application of non-tariff measures, including those related to security and safety, the fight against counterfeit goods, money laundering, drugs trafficking, economic crimes, the illicit trade in wild fauna and flora, as well as the application of sanitary, health, environmental and consumer protection measures. This increase in the role and responsibility of Customs has generally led to a rise in the physical inspection of goods in many countries with inevitable constraints on fast clearance times.

In a recent survey, Federspedi - www.federspedi.org - estimated that for each day a container is detained by Customs, the value of the goods in the container decreases by 0.8% besides additional costs relating to the detention which can be settled at an average of €27.50 per container. Therefore, if for example 300 containers with €40,000 worth of goods are detained for 10 days, a loss of €1,042,500 is possible (€960,000 for the daily decrease in value plus €82,500 for additional costs).

This is particularly detrimental to the economy of ports and above all of free zones, which are generally characterised by a relief from Customs duties, formalities and procedures. With thousands of free trade zones, industrial and commercial free zones, free ports, export processing zones and science & technology parks, generating more than 60 million jobs worldwide, it cannot be denied that free zones have become a global phenomenon and one that has an increasing affect on international trade flows.

Studies have shown that free zones promote economic well-being not only for the beneficiaries of the zones but for the whole economy of the host country. They, for example, create jobs, attract foreign direct investment (FDI), boost exports, facilitate the transfer of technology and management know-how, promote regional development, encourage industrialisation, etc.

Free zone regimes vary significantly from country to country as there is a lack of international uniformity of regulation of free zones worldwide, although member states of the EU, the WTO, the Free Trade Area of the Americas (FTAA), MERCOSUR, and so on must comply with provisions regarding tariff and non-tariff barriers, unfair trade practices, export subsidies, state aids, agricultural and industrial activities, rules of origin, and other such provisions.

As for Customs treatment, most of the world’s free zones are enclosed and situated outside the Customs territory of a country, even though there are also cases of non-bordered free zones (for example, industrial parks or EU Type II free zones where control is based on formalities carried out in accordance with the requirements of the Customs warehousing procedure rather than on the existence of a fence). Overall, the relief from Customs duties, controls and formalities is the most common incentive in all free zones.

From a legal perspective, the political territory of a State does not always coincide with its Customs territory as there may be territories situated outside the political boundaries of the State but considered to be part of the Customs territory of that State. For example, the Principality of Monaco situated outside the territory of the French Republic but considered to be part of its Customs territory by virtue of the Customs Convention signed in Paris on 18 May 1963. On the other hand there are territories actually located within a State but considered to be outside its Customs borders. This is the case, for example, of the municipalities of Livigno and Campione d’Italia in Italy, the Faroe Islands and Greenland in Denmark, Ceuta and Melilla in Spain, and of the free zones, generally regarded as having a legal “fictio” (presumption) of extraterritoriality.

It is however important to ascertain if this legal “fictio” refers to the territory of the free zone or simply to the goods located in the free zone:

• In the first case, for example in Egypt, Malaysia, Turkey, the United Arab Emirates, and the Free Port of Trieste in Italy, the frontiers of these free zones coincide with the Customs barrier and the Customs authority has no jurisdiction over the free zone due to the fact that documentary and physical inspections can only take place at the entry and exit points of these zones.

• In the second case, on the contrary, free zones are considered foreign territories insofar as import and taxes are concerned. This is the case with the 53 Contracting Parties to the WCO Revised Kyoto Convention on the Simplification and Harmonization of Customs Procedures which includes all the EU member states: EU free zones are parts of the Customs territory of the European Community which benefit from a simplification but not from the exclusion of the application of the Community Customs laws. For example, Customs inspections are allowed not only at the frontiers but also within the zone and stock records must be kept in a form approved by Customs for any activity involving the storage, processing, sale or purchase in the zone. Furthermore, authorisation by the Customs authority is required not only for the establishment of the free zone but also for any industrial, commercial or service activity as well as for the construction of buildings within the zone. In addition,
the Customs authority may impose specific time limits for the storage of certain goods covered by the Common Agricultural Policy and certain prohibitions or restrictions on the activities of free zones.

Despite the asymmetries in the Customs treatment of free zones worldwide, the current challenge for all Customs at free zones is to carry out their functions without jeopardising the free movement of goods and the maximum efficiency of the activities of free zones. The quest for excellence and modernisation is currently one of the main priorities for Customs all over the world in order to secure and facilitate global trade and to reduce the number of disputes with Customs administrations. Such disputes arise frequently also in free zones with Customs officers being often held accountable for cases where detention of goods has been ordered on insufficient and weak grounds (for example, the 2004 CITES/Indonesian Ramin timber case). In striving to achieve a balance between the need for greater security and the legitimate concerns of the rights of users, Customs should monitor activities inside the free zones through audits of the zone operators’ books, records and systems making full use of IT possibilities, while physical inspection of cargo should only occur when Customs receives intelligence, information or has other suspicions regarding the transit consignment.

A forward looking strategy is that of strong co-ordination and co-operation between free zone authorities and Customs services, as well as with other entities such as the border police, the coast guard, and the sanitary authorities. In free zones, the roles and responsibilities of the free zone authority and the Customs service are not diametrically opposed but strictly connected by the common goal of providing users of free zones with the most favorable conditions for trade in full compliance of the law, especially in the field of security and in the fight against crime.

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The Malaysian Ramin timber case

Ramin timber has since August 2001 been listed under Appendix III of the Convention on International Trade in Endangered Species of Wild Fauna & Flora (CITES). It is allowed to be traded providing the required Export Permits/Certificates of Origin are obtained.

In February 2004, the Johor port authorities in Malaysia took action to seize a cargo of Indonesian Ramin sawn timber being transhipped through the Free Trade Zone of Pasir Gudang. This action was undertaken to ensure compliance with the provisions of the CITES Convention as the Malaysian Timber Industry Board (MTIB) - the CITES Management Authority for timber species - determined that the timber did not have the required Indonesian Export Permits.

It then transpired that the Malaysian authorities had no locus standi to confiscate the consignment and dispose of it due to the fact that the Johor Port Berhad (JPB), the company that had been appointed to run the privatised port, is governed by the FTZ Act and the restrictions imposed by Schedule I of the Customs Order; this schedule currently outlines prohibited items that cannot be traded or stored in a FTZ and includes firearms, pornographic material etc. but does not include Ramin on the list of prohibited items.

Malaysia’s current national legislation covering FTZ areas does not allow the confiscation and disposal of cargo that is not on the FTZ prohibitive list. As such, Malaysian port authorities are legally bound to provide undisturbed transit and passage through FTZ’s of any cargo that does not appear on the list as these FTZ’s are legally considered to be areas outside of Malaysia. Therefore Ramin and other timbers that transit through the FTZ area are technically not in Malaysian territory – they have not crossed the Malaysian border, but are in transshipment for other destinations.
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On 19 December 2007, WCO Secretary General Michel Danet participated in a “mini-hearing” of the European Parliament’s Committee on International Trade. “Implementing trade policy through efficient import and export rules and procedures” was the topic under examination.

The purpose of this event, organized on the initiative of French MEP Jean-Pierre Audy (EPP Group), was to seek the views of a number of key experts with a view to preparing a European Parliament “own-initiative” report on the subject.

Jean-Philippe Lacroix, Chairman of the BusinessEurope Customs Working Group, began by presenting the views of European business on the EU’s import and export rules and procedures. He placed particular emphasis on the fact that inefficient rules and procedures could create significant barriers to trade, and recalled that his organization was actively supporting the trade facilitation negotiations taking place within the framework of the WTO. At European level, significant improvements had taken place or were currently under development (paperless Customs, Authorized Economic Operator status, etc.), but there was more to be done, especially in the area of harmonization and in terms of opposing worrying excesses in the security area.

Richard Eglin, a Director in the WTO Secretariat whose responsibilities include the trade facilitation negotiations, recalled the history of the negotiations, their considerable economic significance – bearing in mind the very high costs linked to the accomplishment of import and export formalities in certain countries - and the progress made since they were officially launched in 2004. He said that as long as sufficient technical assistance or capacity building was made available for developing countries, there was a genuine chance of success. However, the outcome of these negotiations was dependent on the outcome of the other Doha Round topics under the “single undertaking” umbrella.

After explaining how Customs systems around the world could be broadly categorized with reference to the degree of priority they assigned to each of the three main Customs missions - fiscal, economic and security - Michel Danet pointed out that most of the major international initiatives of recent years, including in particular those embarked upon under WCO auspices, had sought to achieve a fair balance between the essential interests that national administrations were responsible for protecting, and the interests of economic operators. At the same time, he found it regrettable that the genuine progress achieved in this respect was now being placed in jeopardy by a new wave of security measures in certain WCO Member countries.

The European Commission’s Director General for Taxation and Customs Union, Robert Verrue, said that Customs in Europe was going “full steam ahead”, and listed the most significant reforms recently completed or currently underway in the fields of trade security, competitiveness (modernization, simplification and computerization) and preferential rules of origin. He also highlighted the active involvement of the EU in a certain number of international negotiations, as well as the importance that the Commission attached to good co-operation between Member States’ administrations in the implementation of Customs regulations, and to the interests of economic operators.

Rapporteur for the Committee on International Trade, Jean-Pierre Audy, thanked the speakers for their contributions, which were of the highest quality. He emphasized that these contributions had confirmed the vital importance of import and export rules and procedures for international trade, and would be useful to him in the preparation of his report.

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Conclusions of the Policy Commission

The 58th Session of the Policy Commission was held in Almaty (Kazakhstan) from 6-7 December 2007.

The main items under discussion related to:

- A Code of Conduct to govern the election of the next Secretary General
- Security and trade facilitation and the impact of the United States’ SAFE Port Act (100% scanning) on work of the WCO
- Combating of counterfeit and pirated goods
- Customs in the 21st Century
- Request for accession of Palestine
- Customs capacity building
- WTO negotiations
- Regional trade agreements

The Policy Commission prepared and approved a Code of Conduct to govern the forthcoming election for the post of Secretary General (the Code is available on the WCO Member website). The Chairperson of the Audit Committee will monitor the application of the Code and report back to the Policy Commission and Council in this respect in June 2008.

Members of the Policy Commission examined the work of the SAFE Working Group and the impact of the US “Safe Port Act” (100% scanning) on the work of the WCO. A Joint Policy Commission/Private Sector Consultative Group Resolution concerning the WCO SAFE Framework of Standards and the United States’ legal requirements for 100% scanning of containers at exportation was adopted. This Resolution (available on the WCO website) was sent to the United States Congress’ Committee on Homeland Security. The SAFE Working Group, which will meet in April 2008, will deal with amendments to the Framework (a draft document will be circulated to members of the group before the meeting), the appeals procedure and mutual recognition.

The Policy Commission also took note of the Report of the SECURE Working Group. The Group will continue drafting the SECURE document in order to put forward a complete and final version. Some delegates mentioned that in many countries, combating counterfeit and pirated goods involved many different agencies apart from Customs; cooperation between these agencies is therefore essential.

As regards the item on Customs in the 21st Century, the Policy Commission agreed on the need to develop a high-level policy paper in which the strategic priorities and the concept of the Customs mission were clearly defined. The practicalities of how best to build on the document prepared by the Drafting Group for this purpose were also discussed. It was agreed that a small high-level group of interested Members would be convened by
the South African delegation for this purpose. The group would meet towards the end of March 2008 to prepare a contribution which would build on the various documents prepared on this topic by Member administrations and by the Secretariat.

The Policy Commission examined the request for accession of Palestine to the WCO. Whilst recognizing that Palestine was not at present a State and could therefore not become a Member of the Organization in that quality, delegates considered that the Secretariat should look at a form of possible technical assistance for the Palestinian Customs authority and it should follow and monitor the Post-Annapolis developments regarding the Palestine issue in general.

Members of the Policy Commission took note of the report by the Director of Capacity Building and observed that the capacity building programme (the Columbus programme) had been gaining ground even more positively than had been anticipated, with the establishment of a specific regional structure to support it. As a result it was clear that additional expertise and resources were needed. It is vital to maintain the momentum of this programme which has become one of the major strategic orientations of the WCO and deserves as much support as possible.

The Policy Commission took note of the position regarding the Doha Round of negotiations at the WTO, particularly with regard to the trade facilitation aspect. The importance of WCO participation in the relevant meetings in Geneva was emphasized, as was the need to ensure that Directors General of Customs are familiar with the arguments being put forward by the WCO in respect of trade facilitation, so that these arguments can be drawn to the attention of national negotiating teams involved in the Geneva negotiations.

Members of the Policy Commission took note of the work relating to regional trade agreements. This is an important and complex topic. Preferential Rules of Origin are very difficult for Customs administrations to implement and at the same time the way in which they are applied can have a tremendous economic significance for the trade. It is therefore important that the WCO continues to support administrations and informs business on this matter.

Finally, the delegation of Argentina proposed to host the 60th session of the Policy Commission in December 2008 in Buenos Aires.
The objective of the 2007 World Customs Forum held on 11 and 12 December 2007 in Brussels was to conduct a critical implementation review of the SAFE Framework of Standards by promoting discussions between private and public sector representatives.

The security initiatives by the United States (Customs-Trade Partnership against Terrorism - C-TPAT) and Europe (Authorized Economic Operator - AEO programme) were reviewed, with the spotlight being turned on the characteristics of and differences between each of these accreditation programmes and on discussions about mutual recognition between the two continents. The United States decision to impose 100% scanning of US-bound containers certainly raised issues, with speakers questioning whether such a process was compatible with risk management, the cornerstone of the Framework of Standards.

The case of Mexico, where the authorities have delayed developing their own programme although Mexican businesses can receive C-TPAT accreditation (thus enjoying benefits in the United States but not in their own country), has revealed the impact of the United States’ national programme on its trading partners. Mexican businesses have consequently been encouraging their government to implement a national programme.

Other Customs administrations also had an opportunity to describe their national experience of supply chain security.

“To be or not to be an AEO?”, that was the question private sector speakers attempted to answer. What approach should be adopted vis-à-vis a voluntary programme? Which members of society have to be convinced and why? What are the implications for trade operations? What are the benefits sought? The private sector still has great expectations: most representatives expressed their hopes for mutual recognition, the need to develop a specific programme for small and medium-sized enterprises and to safeguard the benefits of AEO status when faced with 100% scanning.

Finally, the issue of third party validation brought the discussions to life following the presentation of the C-TPAT Third Party Validation Pilot Program launched by the United States in China. As China does not allow United States Customs officers to conduct audits on its territory, United States importers obtaining all or almost all their products from China have been authorized to use third party validators on a voluntary basis. The latter are selected to perform an onsite validation of security practices relating to their international supply chains. The certifiers have met with some resistance in China, with businesses not trusting them. Some delegates nevertheless pointed out that the use of private firms to certify operators could be particularly beneficial to developing country Customs administrations with limited resources.

This Forum, organized in partnership with the Trusted Trade Alliance, brought together supply chain security partners who, in their drive towards security, might create new opportunities to develop a transparent and harmonized trade environment.

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**Co-operation and co-ordination**

...keywords in the fight against drugs

As this year’s International Customs Day fell on a Saturday, the WCO Secretariat opted to celebrate it on Friday 25 January. This scheduling set the mood and tone sought by the Secretariat for the event, given the importance of the theme: “Combating the illicit trafficking in drugs and psychotropic substances”.

For their part, Member Customs administrations conveyed this message on 26 January by organizing official national events, some photos of which will be included in the June 2008 issue of WCO News.

Upon the invitation of the WCO Secretary General, Directors General of European Customs administrations from countries bordering Belgium, Ambassadors and Customs Attachés stationed in Brussels, as well as institutional partners involved in combating the illicit trafficking in drugs and psychotropic substances (UNODC, Interpol, European Commission, Europol, EMCDDA, INCB, etc.) met at the WCO for a programme of events at which operational services took centre stage.

On this occasion, the Joint Customs/Police Team from the UN Container Control Programme in Guayaquil (Ecuador) was rewarded for its outstanding achievements in this domain, with the Director General of Ecuador Customs, Santiago Leon Abad, and the Director of Ecuador’s Anti-Narcotics Service, Colonel Marco Antonio Rivadeneira Machada in attendance.

During the ceremony, the Secretary General stressed the importance of international co-operation and co-ordination and the need to implement a concerted and integrated international strategy involving all relevant players. This message was taken up by the UNODC representative, as well as by other speakers.

His Excellency the Ambassador of the Republic of Kazakhstan in Brussels, Konstantin Zhigalov, took the opportunity to award Michel Danet the “Order of Friendship” on behalf of the President of the Republic of Kazakhstan. This medal of distinction was presented in honour of Michel Danet’s unflagging service to Customs.
In order to raise participants’ awareness of drug issues, the Secretariat and Belgian Customs organized a demonstration by dog handler teams specialized in finding drugs. Three drug detection dogs, black Labradors called Shadow, Sirius and Step, stole the show and were met with thunderous applause from the audience when they discovered drugs concealed in postal items during a simulated exercise.

Alongside these events, participants were treated to an exhibition of narcotics and places of concealment on loan from the German and Belgian Customs authorities. They were also able to view various stands showing the new e-learning module on narcotic drugs, the latest CEN applications as well as shown a video on drug seizures and anti-drug trafficking operations.

The theme of International Customs Day will be echoed throughout 2008 with a range of activities and events organized by the Secretariat.

More information
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Thai Ambassador briefed on WCO trade facilitation initiatives

HE Mr. Pisan Manawapat, the Kingdom of Thailand’s Ambassador to Belgium, took time out from his busy schedule to visit WCO headquarters on 9 October 2007. Accompanied by a delegation from the Royal Thai Embassy, the Ambassador was briefed on the status of the WTO trade facilitation negotiations and in particular the role played by the WCO in ensuring that Customs issues including capacity building in Customs remained important focus areas by trade negotiators in Geneva. The briefing also touched on the WCO’s trade facilitation instruments, tools and initiatives as well as the security and facilitation programmes being promoted by the Organization.

More information
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The Customs Co-operation Council (CCC) came into being at the same time as the Brussels Nomenclature and the Brussels Definition of Value (BDV), and these two Conventions formed the pillars of the Organization at its beginnings in 1952. As time went on, international trade developments gathered pace and Customs’ missions evolved. At the same time, demand for use of the Nomenclature grew not only for Customs revenue collection purposes, but also for manifold socio-economic reasons. As a result, the Brussels Nomenclature developed into the Harmonized Commodity Description and Coding System (HS). This System, which entered into force in 1988, is the common language for global trade.

Over the years, the international Customs community has acknowledged the importance of Customs procedures as the driving force behind trade. As a result, the GATT negotiators in Geneva developed the Agreement on Customs Valuation to replace the BDV. The HS consequently became the principal WCO instrument and was subsequently joined by the Revised Kyoto Convention and the SAFE Framework of Standards.

The HS succeeded in adapting to all these changes which drastically altered the Customs environment, and as a result now serves as a platform for international trade.

The spotlight is currently turned on the international trade supply chain, however proper use of the HS forms part of the efforts made to enhance the security and facilitation of global trade. In related areas, the UN recommends that the HS be used for statistical purposes. Likewise, the WTO insists that its Members apply the latest version of the HS. The call for uniform application of the HS is not limited to global trade negotiations, but also affects bilateral and regional trade arrangements.

The HS has been in operation for over 20 years and its success is undeniable. The international Customs community nevertheless has to be proactive and pursue its efforts, especially in terms of the application and uniform interpretation of the HS, so as to safeguard the benefits of this success and generate others.

On 25 September 2007, tribute was paid to those who thought up the Harmonized System over 20 years ago, and who then lent their support to its development and practical application.

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