Customs-Business Partnerships: combining our talents!

WCO Data Model: facilitation receives a boost

CENcomm: operational data exchange optimized
Achieving high performance through customs transformation.

Customs agencies face a host of challenges on their journey toward high performance. Accenture understands the demands customs agencies face today. From managing the impact of shifting commerce, immigration and travel trends, to battling the continued threat of terrorism, to handling increased workloads in the face of personnel and budget shortages, Accenture is your guide to customs transformation. To learn more visit, accenture.com/customs

• Consulting • Technology • Outsourcing
Content

4 Calendar
5 Editorial
6 Buzz
9 Flash Info
15 Special Dossier

- Information, consultation and cooperation; the main ingredients of the WCO-Trade partnership
- TAXUD talks business
- Customs and business: partners in fighting illegal movements of hazardous waste
- Focusing Customs on client service
- The role of the private sector in trade facilitation
- UNEP’s Public-Private Partnership strengthens Customs’ environment protection role
- Mozambique maximizes revenue collection and enhances trade facilitation through an innovative public-private cooperation initiative
- Trade facilitation and Customs modernization through a partnership with the trade
- Transforming Customs-Business relations: Peru’s experience
- A public-private partnership on integrity: Morocco opens its observatory
- WCO IT Conference & Exhibition: a testament to effective partnerships

36 In conversation

- Mr. Jean Rozwadowski, Secretary General of the International Chamber of Commerce
- Mr. Thomas Schoeneck, Chairperson of the WCO Finance Committee

41 Our Members world

47 Zoom

- Tunisia’s General Directorate of Customs

48 Point of View

- The success story of the Montreal Protocol on Substances that Deplete the Ozone Layer

51 Events

- Fifth Global Congress on Combating Counterfeiting and Piracy, Cancun (Mexico)
- WCO International Customs Day celebration, Brussels (Belgium)
- “Green Customs” Forum, Jeju (Republic of Korea)
- WCO Revenue Management Conference, Brussels (Belgium)
- 1st WCO Forum on Technology and Innovation, Brussels (Belgium)
- 4th PICARD Conference, San Jose (Costa Rica)
## 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 aimed at 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 , under the “Events” section.

### February

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 - 16</td>
<td>Audit Committee (4th Meeting)</td>
</tr>
<tr>
<td>17 - 18</td>
<td>EastWest Institute Worldwide Security Conference (7th Meeting)</td>
</tr>
<tr>
<td>22 - 23</td>
<td>Publications Focus Group (3rd Meeting)</td>
</tr>
<tr>
<td>25 - 26</td>
<td>Revised Kyoto Convention Management Committee (8th Meeting)</td>
</tr>
<tr>
<td>26</td>
<td>Administrative Committee for Istanbul and ATA Conventions</td>
</tr>
</tbody>
</table>

### March

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Permanent Technical Committee (187th/188th Sessions)</td>
</tr>
<tr>
<td>2 - 5</td>
<td>Permanent Technical Committee/Enforcement Committee (Joint Meeting)</td>
</tr>
<tr>
<td>8</td>
<td>Rights Holders Consultative Group</td>
</tr>
<tr>
<td>9</td>
<td>WCO/UPU Contact Committee (30th Meeting)</td>
</tr>
<tr>
<td>10 - 11</td>
<td>Training Workshop on SAFE and AEO concept</td>
</tr>
<tr>
<td>11 - 12</td>
<td>WCO West and Central Africa Region: Bamako (Mali)</td>
</tr>
<tr>
<td>11 - 12</td>
<td>Harmonized System Committee Working Party</td>
</tr>
<tr>
<td>15 - 16</td>
<td>WCO Europe Region: Ohrid (The Former Yugoslav Republic of Macedonia)</td>
</tr>
<tr>
<td>15 - 26</td>
<td>Harmonized System Committee (45th Session)</td>
</tr>
<tr>
<td>29 – 01/03</td>
<td>Finance Committee (89th Session)</td>
</tr>
</tbody>
</table>

### April

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 - 8</td>
<td>Training Workshop on WCO Data Model Version 3.0</td>
</tr>
<tr>
<td>8 - 9</td>
<td>Training Workshop on Harmonized System: 2012 Amendments</td>
</tr>
<tr>
<td>12 - 16</td>
<td>Technical Committee on Customs Valuation (30th Session)</td>
</tr>
<tr>
<td>19 - 21</td>
<td>Capacity Building Committee (1st Session)</td>
</tr>
<tr>
<td>21 - 22</td>
<td>Integrity Sub-Committee (9th Session)</td>
</tr>
<tr>
<td>23</td>
<td>Regional offices for Capacity Building/Regional Training Centres</td>
</tr>
<tr>
<td>26 - 27</td>
<td>Private Sector Consultative Group (14th Meeting)</td>
</tr>
<tr>
<td>26 - 27</td>
<td>SAFE Members-Only Meeting</td>
</tr>
<tr>
<td>28 - 29</td>
<td>SAFE Working Group (6th Meeting)</td>
</tr>
<tr>
<td>27 - 30</td>
<td>WCO Asia/Pacific Region: Seoul (Korea)</td>
</tr>
<tr>
<td>28 - 30</td>
<td>WCO IT Conference: Dublin (Ireland)</td>
</tr>
</tbody>
</table>

### May

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 - 12</td>
<td>Harmonized System Review Sub-Committee (40th Session)</td>
</tr>
<tr>
<td>10 - 14</td>
<td>WCO East and Southern Africa Region: Kampala (Uganda)</td>
</tr>
<tr>
<td>20 - 21</td>
<td>WCO Counterfeiting and Piracy (CAP) Group (2nd Meeting)</td>
</tr>
<tr>
<td>24 - 25</td>
<td>WCO Americas Region: Antigua (Guatemala)</td>
</tr>
<tr>
<td>27 - 28</td>
<td>COMALEP Meeting: Antigua (Guatemala)</td>
</tr>
</tbody>
</table>

### June

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 2</td>
<td>Training Workshop on HS General Interpretative Rules</td>
</tr>
<tr>
<td>3 - 4</td>
<td>Data Model Project Team</td>
</tr>
<tr>
<td>15 - 16</td>
<td>Training Workshop on Customs Valuation and Transfer pricing</td>
</tr>
<tr>
<td>15 - 16</td>
<td>Training Workshop on WCO Data Model Version 3.0</td>
</tr>
<tr>
<td>21 - 23</td>
<td>Policy Commission (63rd Session)</td>
</tr>
<tr>
<td>24 - 26</td>
<td>Council Sessions 115th/116th</td>
</tr>
</tbody>
</table>

### Upcoming events:

- 28 - 30 September 2010: 5th PICARD Conference Abu Dhabi (UAE)
- 10 – 13 November 2010: 14th International Anti-Corruption Conference (IACC), Bangkok (Thailand)
Dear colleagues and partners,

One need only reflect on the past twelve months to understand the need to step back, put events into perspective and lay down markers in order to make greater sense of an extremely volatile international environment.

New ideas, questioning, forward planning, dialogue, exchanging experiences and sharing knowledge form the basis of our capacity to take initiatives and action, and boost our ability to change and modernize. We must build this new dimension into our daily lives and look beyond the short-term if we are to more fully grasp the complexity of today’s world, understand interactions and take on board the interdependence between players in international trade against the backdrop of a globalized economy. This should be our goal for 2010.

With this in mind, the WCO’s theme for the next twelve months will be “Customs-Business Partnerships”, and who better than our international trade partners with whom we can share the concerns of the global Customs community. It is through partnership built on efficiency, modernity, transparency, dialogue and trust that we will be able to make the most of our resources and enhance our performance in the interest of moving forward and building our future.

This edition’s Special Dossier focuses on these partnerships and contains a number of accounts from both Customs and the private sector which I hope will contribute to a forum of ideas and the exchange of cultures, as well as to sensitising ourselves about the key challenges facing us in the 21st Century.

Enjoy reading this edition.

Kunio Mikuriya
SECRETARY GENERAL


**Alert**
UNESCO has launched a campaign to protect Haiti’s cultural heritage from being pillaged, notably the art collections in the country’s damaged museums, galleries and churches. WCO Members have been requested to step up their vigilance. http://portal.unesco.org/culture/en

**Info**
Biodiversity
The United Nations has declared 2010 to be the International Year of Biodiversity with the slogan: “Biodiversity is life. Biodiversity is our life". www.cbd.int/2010/welcome

TARA OCEANS
The TARA OCEANS scientific exploration mission (see WCO News No. 60, October 2009), aimed at educating the public about the crucial role played by oceans and the impact of global warming, is continuing on its three-year odyssey. You can monitor the progress of this expedition and keep abreast of events taking place in the “ports of call” via the website. http://oceans.taraexpeditions.org

**Get reading**
Globalization and informal employment in developing countries
A joint study by the ILO and the WTO has found that the high incidence of informal employment in the developing world suppresses the ability of countries to benefit from opening trade by creating poverty traps for workers in job transition. Levels of informality vary substantially across countries, ranging from as low as 30% in some Latin American countries to more than 80% in certain sub-Saharan African and South Asian countries. This study can be downloaded free of charge from the WTO Web site: www.wto.org/english/news_e/pres09_e/pr574_e.htm

WTO International Trade Statistics 2009
This new edition provides details of merchandise trade by product and trade in commercial services by category. Each chapter is introduced by a highlights section that identifies the most salient trends in the data, including the first quarter of 2009, and illustrates them with numerous charts and maps. This publication is available for download free of charge from the WTO Web site: www.wto.org/english/news_e/news_e/news09_e/stat_28oct09_e.htm

Global Enabling Trade Report 2009
The Report sets out, for 121 economies worldwide, the benefits of and obstacles to engaging in international trade. This second edition of the Report, published by the World Economic Forum, is extremely significant as it was produced at the height of the crisis which signalled a return to protectionist tendencies and a decline in global trade. Market access, the Customs administration, the transport and communications infrastructure and the trade environment are factors used to analyse countries’ degree of openness to trade.

www.weforum.org/getr

**On the front page**
Counterfeiting: the genuine exhibition about fakes
The City of Science and Industry in Paris (France) is hosting an interactive exhibition using experiments to test our ability to distinguish between a genuine product and a fake; quizzing visitors about their shopping habits and unveiling all the latest methods for combating this practice. The exhibition will run from 20 April 2010 to 13 February 2011.

www.cite-sciences.fr/english/index.php

**Current events**
In February 2010, the Heads of State of the European Union appointed the new European Commission, made up of 27 Commissioners, for a five-year term. Mr. László Kovács, European Commissioner for Taxation and Customs Union, is replaced by Mr. Algirdas Gediminas Šemeta.

http://ec.europa.eu

**Accessions**
The WCO now has 176 Members:
On 17 November 2009, the Republic of Vanuatu deposited its instrument of accession to the Convention establishing a Customs Co-operation Council with the Belgian Government.

Recent accessions to the Revised Kyoto Convention:
- 16 August 2009, Sudan
- 26 January 2010, Fiji Islands

**Appointments**
Recently appointed Directors General of Customs:
Mr. Raphael Lawy (Central African Republic);
Mr. Jesper Skovhus Poulsen (Denmark);
Mr. El Hadj Alpha Yaya Diallo (Guinea);
Mr. Antanas Šipavičius (Lithuania);
Mr. Javier Contreras Saguler (Paraguay);
Mr. Mouhamadou Matar Cisse (Senegal);
Mr. Somchaisuji Jungsupse (Thailand);
Mr. Maksut Mete (Turkey);
Mr. Mohammed Mansour Zemam (Yemen).

**For your diary!**
13 - 25 March: 15th Meeting of the Conference of the Parties to CITES, Doha (Qatar)
26 April: World Intellectual Property Day
28 - 30 April: WCO IT Conference & Exhibition, Dublin (Ireland)
5 June: World Environmental Day
26 June: International Day Against Drug Abuse and Illicit trafficking
26 - 27 June: G20 Summit, Toronto (Canada)
10 - 13 November: 14th International Anti-Corruption Conference (IACC), Bangkok (Thailand)

**In memorium**
With regret, the WCO Secretariat informs you of the following deaths:
- Mr. Godfrey Kabozu, Director General of Namibian Customs, on 29 July 2009.
- Mr. Michel Danet, former Secretary General of the WCO, on 10 December 2009.
Single Window Implementation

Tariff System Requirements

Product: Arctic TARIFF

1. Robust and up-to-date online tariff database: Yes
2. Can be easily integrated with other systems: Yes
3. Fully compliant with EU and ASEAN policy requirements: Yes
4. Adaptable to the National procedures: Yes
5. Reduces scope for error: Yes
6. Lowers transactional costs: Yes
7. Facilitates quick and efficient transactions: Yes
8. Multiple output formats: Yes
9. Automatic import from third parties: Yes
10. Comprehensive and user-friendly functionality: Yes
11. Online duty calculator: Yes
12. Facilities to manage duty rates, prohibitions and restrictions from multiple agencies: Yes

Endorsed by: [Signature]
(Head of Customs)

Arctic TARIFF
Your Gateway to Single Window.

Europe Office: www.arcticgroup.se
Asia Pacific Office: www.arcticquator.com.my
For Complete Security Management – Turn to Rapiscan Screening Solution with S2Global

If you need to protect critical infrastructure, ports, airports, or government and private sector facilities, turn to Rapiscan Systems. Our turn-key, scalable screening solution merges class-leading detection technology, maintenance, staffing and training with actual day-to-day operations. This means that security requirements are met in a very short amount of time – with minimal capital expenditure investment.

And with decades of experience in large-scale security management, you know that you’re getting the best security solution available anywhere in the world.

To learn more about the Rapiscan Screening Solution with S2Global call us at +32 2 539 4856 (EMEA) or +1 703-812-0322 (Americas) or email us at info@screeningsolution.com.
Project AIRCOP: building drug enforcement capacities

AIRCOP’s objective is to build drug enforcement capacities in some ten or so international airports in West Africa, as well as in Morocco and Brazil. The Project is aimed at improving inter-service coordination through the establishment of Airport Anti-Trafficking Units (AATUs), the provision of training on targeting, research and inspection methods and, finally, the development of international cooperation through the use of real-time secure communication systems and access to international databases.

The Project, which is being funded by the European Commission, is being coordinated by the UNODC and implemented by the WCO and INTERPOL in close cooperation with WCO Members and the relevant RILOs.

As the Project is entering its operational phase, the WCO will provide participating Customs officers and other enforcement agencies with access to the CENcomm secure communication system, which will be tailored to AIRCOP’s specific requirements. INTERPOL will make its own secure system, I-24/7, available to Police services.

During the first quarter of 2010, a team of experts comprising a representative of each of the three partner organizations will carry out a one-week evaluation mission in each of the chosen countries. The first mission will take place in Dakar (Senegal) and will serve as an opportunity to meet Ministerial authorities that are stakeholders in this Project, in order to look into the feasibility of setting up an AATU and to estimate infrastructure, equipment and training requirements.

The AIRCOP AATU mechanism will be evaluated and tested on a regular basis through joint regional operations.

Operation “COCAIR2” that will be rolled out in the course of 2010 lies fully within the scope of this Project and will take up the key aspects of the operational mechanism for “COCAIR1”, whose outstanding results exceeded all initial expectations.

More information
enforcement@wcoomd.org

Shaping the future: the new WCO Capacity Building Committee

All 176 Members of the WCO will benefit from the new Capacity Building Committee. The involvement of academia, donors and private sector bodies also signals enormous opportunities for developing and developed WCO Members. It is hoped that as many Members as possible will take the opportunity to participate in shaping the future for what is still a priority responsibility for the WCO.

Establishing the Capacity Building Committee is the final and most important building block of the WCO’s capacity building infrastructure. In 2002/2003 Members committed to the current sustainable capacity building strategy. This Committee will ensure that leadership and momentum for coordinated and resourced capacity building continues.

The proposed innovative format for meetings is designed to encourage participation through a combination of plenary discussions, working groups, Members and invitational presentations as well as exhibits in the margins of the meeting. The meeting will concentrate on both strategic perspectives and practical results.

To ensure the effective management of time and resources, the first meeting which will take place this year from 19-21 April will be held back-to-back with the Integrity Sub-Committee meeting from 21-22 April. These meetings will be followed by the meeting of the Regional Offices for Capacity Building and Regional Training Centres on 23 April.

More information
capacity.building@wcoomd.org
Counterfeiting, the genuine exhibition about fakes

The city of Science and Industry will hold and exhibition organized by Uniscience at La Villette (Paris) from 20 April 2010 to 13 February 2011 on “Counterfeiting, the genuine exhibition about fakes”, in partnership with the National Industrial Property Institute (INPI), and with the support of the National Anti-Counterfeiting Committee (CNAC), French Customs and the Union of Manufacturers (UNIFAB).

Fake, replica, copy, imitation, falsification, piracy... The nuances between these words speak volumes about the many forms of counterfeiting. Contrary to popular belief, it is not only luxury goods which fall prey to counterfeiting, but also pharmaceuticals, foodstuffs, household appliances, toys and much more. In fact, counterfeiting affects all branches of industry and every consumer!

For that reason, this exhibition provides an opportunity to take part in some experiments designed to alert us to counterfeits: visitors can test their ability to distinguish between a genuine product and a fake; guess “who copied who” in the art world; and complete a quiz about their shopping habits. The exhibition also unveils all the latest methods for combating this practice which has extremely serious economic and human consequences.

After showing in Paris, part of the exhibition covering some 250 m² is scheduled to tour France and Europe.

More information www.cite-sciences.fr
Tacking stock of the illegal ivory trade

Although the trade in ivory from Asian and African elephants has been banned since 1975 and 1989 respectively in all 170 countries signatory to the Convention on International Trade in Endangered Species (CITES), illegal and unregulated trade continues to occur in many parts of the world, primarily Africa and Asia.

In 2009, there were significant seizures of large quantities of ivory by Customs authorities. Such interceptions have led to adjustments in plans of those who organize this smuggling. This can particularly be seen by the new routes being used, especially with regard to transit countries.

Viet Nam recently emerged as an important transit point but smugglers had not counted on the swift response of the Vietnamese Customs administration to their change of tactics. Customs officials at Hai Phong Port seized nine tonnes of ivory in 2009! On 28 February 2009, they busted an attempt to smuggle 6,232kg (200 pairs) of ivory tusks; making it the largest ever ivory smuggling case in history. The ivory was apparently smuggled from Dar Es Salaam (Tanzania) via Malaysia, and was found hidden in boxes of plastic waste declared for recycling. Customs officers had received information about the consignment when it was loaded aboard a ship in Tanzania in January.

Investigations back in Tanzania triggered by the seizure in Vietnam led to arrests of a number of officials and prosecutions of at least 11 businessmen involving in the conspiracy. On 21 August 2009, Vietnamese Customs inspectors at the same port discovered over two tonnes of tusks hidden in a container full of snail shells from the Port of Zanjiba in Tanzania. Whilst in July 2009, in another two incidents, they also netted 811kg of ivory tusks. The dedication on the part of Vietnam’s Customs administration to uphold the CITES Convention was recognized by the CITES Secretary-General when he awarded a Certificate of Commendation to the Customs officers at Hai Phong Port.

Other Asian countries have also reported seizures. On 21 May 2009, Customs officers in Manila seaport opened two containers from Dar Es Salaam two months after they had arrived as no one had turned up to claim them. A total of 4,837kg of ivory tusks were found concealed in sacks of plastic scrap sheeting. A seizure by the Royal Thai Customs took place during the third week of August at the Suvarnabhumi International Airport, when 316 pieces (812kg) of raw ivory illegally imported from Qatar were confiscated. On 18 October 2009, the Anti-smuggling Bureau of China Customs arrested 14 people and seized around 3,000kg of ivory that had entered the country through Dongxing Port, a mere 200 kilometers northeast of Hai Phong in Vietnam. The ivory had apparently arrived from Indonesia and Malaysia via Hai Phong concealed in refrigerated containers and destined for further processing in the Chinese interior.

Relatively few significant detections of smuggling occur before raw ivory leaves continental Africa – the major exception being Kenya, where important interceptions of attempted smuggling regularly occur at Jomo Kenyatta International Airport.

In 2009, Kenya Customs seized 61 whole tusks of raw ivory weighing 532kg in a Kenya Airways warehouse in Nairobi on 29 September as a result of a joint operation in collaboration with other agencies. The four boxes of unaccompanied luggage, declared as a “Polishing bench”, was due to fly to Addis Ababa (Ethiopia) en route to Bangkok (Thailand). This seizure was a follow-up of a seizure of another 637kg of ivory tusks at Addis Ababa by Ethiopian Customs just two days earlier. All 1,169kg of these tusks were suspected to come from Kenyan elephants and sent by the same consignor with Thailand as the destination.

These seizures show that it is not unusual to see shipments of between two and six tonnes intercepted. Moreover, air transport is being used for large quantities of raw ivory, which might previously have been shipped by sea.

The WCO issues CITES Alerts containing information and intelligence to its Members via the Organization’s Central Enforcement Network (CEN) section of its website.

WCO Members are urged to continue to take urgent and effective action against this malicious transnational trade in collaboration with other law enforcement agencies as the international community is relying on Customs and its partners to protect our natural heritage which once lost is lost forever.

More information
www.wcoomd.org
Version 3 of the WCO Data Model launched

On 9 December 2009, the WCO launched the latest version of its Data Model; a global solution for optimizing electronic data exchange. This version of the Model represents a significant development as it will act as an enabler for improved management of cross-border transactions.

Version 3 of the Data Model optimizes the electronic treatment of data by providing a whole-of-government set of data and data structures including requirements for cross-border regulatory agencies (Customs, agriculture, environment protection, etc.) controlling export, import and transit. This results in stability and predictability for business-to-government and government-to-government data exchange, and saves costs and time for all stakeholders.

The WCO has worked closely with the United Nations to align the Model on the core component library of the UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT).

More information dm@wcoomd.org

HS 2012, ready for take off...

The WCO has published the agreed amendments to the Harmonized System (HS) nomenclature that will enter into force on 1 January 2012.

About the amendments

Environmental and social issues of global concern are the major feature of the HS 2012 amendments, particularly the use of the HS as the standard for classifying and coding goods of specific importance to food security and the early warning data system of the United Nations’ Food and Agriculture Organization (FAO).

The volume of amendments within, for instance, Chapter 3, for the separate identification of certain species of fish and crustaceans, molluscs and other aquatic invertebrates, is eye-catching. However, the modifications aim at improving the quality and precision of trade data in these commodities. The amendments include, inter alia, improved specifications for species from the Southern hemisphere. These amendments will enable economic trends in products other than those familiar to North Atlantic consumers to be monitored.

In the same vein, new subheadings have been created for the separate identification of certain edible vegetables, roots and tubers, fruit and nuts, as well as cereals. HS 2012 also features new subheadings for specific chemicals controlled under the Rotterdam Convention and ozone-depleting substances controlled under the Montreal Protocol.

Other amendments resulted from changes in international trade patterns. These include deleting more than 40 subheadings due to the low volume of trade in specific products, separately identifying certain commodities in either existing or new headings, and reflecting advances in technology where possible. Finally, a number of amendments aim to clarify texts to ensure uniform application of the HS Nomenclature.

The recommendation to delete the subheading for coir yarn in the nomenclature will not take effect on 1 January 2012 due to an objection having been lodged by one of the Contracting Parties to the HS Convention.

The implementation period

While January 2012 may seem far off, the WCO Secretariat is working on the development of requisite correlation tables between the old and new versions of the HS, and on updating HS publications, such as the Explanatory Notes, the Classification Opinions, the HS Commodity Database and the Alphabetical Index.

Customs administrations also have a huge task to ensure timely implementation of HS 2012, as required by the HS Convention. They are therefore encouraged to begin the process of implementing HS 2012 in their national Customs tariff or statistical nomenclatures.

More information hs@wcoomd.org
CENcomm, a tool that grows in popularity

Seven enforcement operations were organised during the last quarter of 2009 using CENcomm; the WCO secure communication tool. Three of these operations particularly caught our attention due to the nature of the products concerned. The success of these operations demonstrate the efficiency of the CENcomm messaging system to exchange information and intelligence during cross border operations and the benefits that accrue from coordinated and focused inter-agency cooperation at the national and international level.

Operation Atlas targets illegal cash transfers

More than 80 countries participated in Operation ATLAS (an acronym for Assess, Target, Link, Analyse and Share), the largest multilateral operation in history targeting cash smugglers. It led to more than USD 3.5 million in cash being seized and the identification of USD 24 million in undeclared currency that may have otherwise gone undetected at ports of entry around the world during the five-day period of the operation.

U.S. Immigration and Customs Enforcement (ICE) led the operation in close collaboration with U.S. Customs and Border Protection (CBP) with the assistance of the WCO. The operation was supported by INTERPOL and Europol.

Participating countries used real-time information sharing and coordination of cash declaration data to disrupt and dismantle criminal organizations that smuggle illicit cash around the world—employing several different methods to detect cash carried in baggage, on travelers and in shipments aboard commercial flights at designated airports.

Operation Pangea II targets the online supply of counterfeit and illegal medicines

Twenty-four countries participated in Operation Pangea II, targeting the ever-increasing number of websites selling dangerous and illegal medicines.

National medicines regulators, Police and Customs collaborated extensively in this global campaign. The operation focused on the three principle components of an illegal website: the Internet Service Provider (ISP); payment systems; and the mail delivery service.

Almost 17 000 packages were inspected, resulting in the seizure of 995 packages and some 166 540 pills. Action was carried out at 34 postal hubs, and 22 individuals are under investigation. A total of 751 websites were identified as suspicious, of which 72 were closed down, and adverts for fake medicines removed from 11 websites.

More information
cis@wcoomd.org
Alexan UHF Passive Electronic Seal
Solve smuggling issue & Accelerate Custom’s clearance

Product Profile
• Low cost ; High reliability
• Design for superior performance sealed on container
• No change to current container sealing process and mechanical requirement of high security bolt seal
• Disposable one time use device, and can’t be reused
• RFID acts when sealed ; RFID no function when bolt be cut off
• Container travel speed: 0 to 80 km/h

*Eseal’s bolt through closed hasp on container
**Reader dependent (14m is based on 4W EIRP)

RF Specifications

<table>
<thead>
<tr>
<th>Frequency range</th>
<th>860 MHz to 960 MHz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tag type</td>
<td>EPC Global Gen2 &amp; ISO 18000-6C</td>
</tr>
<tr>
<td>Memory</td>
<td>192 bits with TID code</td>
</tr>
<tr>
<td>Read Range**</td>
<td>Long</td>
</tr>
<tr>
<td></td>
<td>14m**</td>
</tr>
</tbody>
</table>

Physical Specifications

<table>
<thead>
<tr>
<th>Length</th>
<th>Long</th>
<th>Medium</th>
<th>Short</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lock (cm)</td>
<td>14.2</td>
<td>7.4</td>
<td>3.1</td>
</tr>
<tr>
<td>Bolt (cm)</td>
<td>8.1</td>
<td>8.1</td>
<td>8.1</td>
</tr>
<tr>
<td>Bolt sealed with Lock (cm)</td>
<td>20.8</td>
<td>13.8</td>
<td>9.8</td>
</tr>
<tr>
<td>Weight / set (g)</td>
<td>105</td>
<td>80</td>
<td>72</td>
</tr>
<tr>
<td>Operating temperature</td>
<td>-20°C to 70°C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model No.</td>
<td>AL-P-UES-601-L / M / S</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meets with ISO/PAS 17712 high security seal requirement</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certification No.</td>
<td>DTB04C09-0506</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Even though Customs interacts constantly with business, the shape of relations between these two international trade protagonists varies from country to country, depending on the economic situation, national culture, political imperatives, and operational resources and requirements, etc. The Revised Kyoto Convention states in its general principles that “Customs shall institute and maintain formal consultative relationships with the trade to increase co-operation and facilitate participation in establishing the most effective methods of working commensurate with national provisions and international agreements.”

To qualify this Customs-Business relationship, we now talk of a “partnership” within which each party works in co-operation in pursuing shared objectives. Many administrations have adopted this partnership-based approach, developing co-operative relationships with the private sector by signing instruments of co-operation and setting up platforms for collaboration, with the aim of expediting and simplifying trade and making it more secure. The benefits of partnership are manifold, and all are linked to the advantages of an environment where goodwill reigns.

This Special Dossier contains a series of articles reflecting the variety of partnership-related initiatives and their implementation. It is introduced by the column ‘From the pen of the Chairperson of the WCO Council’, which points out the stakes involved in the Customs-Business dialogue, and the different shapes which co-operation and collaboration can take.

This is followed by a contribution from the private sector on how partnership works within the WCO, and how it may be improved. The European Commission’s Directorate-General for Taxation and Customs Union then describes the process of consultation which it has established with businesses within the European Union.

Turning to enforcement, two examples of Customs-Business partnership are also reported on, one relating to the fight against illegal movements of dangerous waste and the other to ozone-depleting substances.

In the following article, on the need to place users at the heart of Customs’ concerns, the author proposes drawing up a bona fide international agreement laying down the fundamental principles with which all Customs services should comply in their dealings with economic operators.

A number of countries share their national experiences. Ghana explains how a successful public/private partnership has enabled an integrated Customs system to be implemented. Mozambique’s Customs administration shares its efforts to stimulate co-operation with the informal sector in order to optimize revenue collection. The role of the private sector in Customs modernization programmes is highlighted in an article on the strengthening of capacities in the countries of the East African Community. Peru, for its part, recognizes that the success of the modernization process can partly be explained by the transformation of a previously antagonistic relationship with the private sector into a solid partnership based on dialogue to the benefit of all sides.

The Moroccan initiative in setting up an Integrity Observatory for users and Customs officials to identify problems and solutions, is also presented in this edition. The final article in this Special Dossier looks at the partnership between the WCO and business in the context of the WCO IT Conference and Exhibition, pointing to the importance of the quality of human interactions in the success of any project.

Finally, in the “In conversation” column which follows the Special Dossier, the Secretary General of the International Chamber of Commerce (ICC) gives us his vision of partnership, which he expects to be both constructive and durable.
Customs and Business Partnerships: combining our talents for better performance

It is undeniable that our countries rely on international trade for economic growth and prosperity. As agencies at the border, Customs must constantly bear in mind how our work impacts upon those businesses that trade across borders, and how we can become more effective and efficient to minimise our regulatory impact and encourage international trade.

As the representative of Customs administrations around the world, the WCO has long recognised the importance of a partnership with business. Through the important work of groups such as the Private Sector Consultative Group, the WCO is able to hear the views of business and ensure that its instruments are shaped with business needs in mind.

Our Customs in the 21st Century strategic policy, adopted at the Council sessions in June 2008, positions the Customs-Trade partnership as a building block for modern Customs administrations. We recognise that communication and collaboration between Customs and business is fundamental to achieving mutually beneficial outcomes. Many administrations have found that close collaboration with the private sector has numerous strategic benefits – not only for Customs, but for nations as a whole. Cooperation and collaboration with business takes a number of different forms:

• A number of administrations hold joint border agency/industry forums with representatives from key border-related businesses and interests. These forums provide participants with an important mechanism for dialogue, ensuring industry and border agency interests and strategic directions are mutually understood and aligned where appropriate and possible.

• We also work closely on relevant projects, for example, in the development of IT Systems to manage border transactions. To ensure that business does actually benefit from Customs’ IT systems, they are involved in the development of the systems from an early stage. Our IT systems are also beginning to incorporate Trade Single Window projects, which will reduce business costs by providing a single point of entry for all border transactions.

• Customs-business collaboration at the frontline also produces direct benefits, in particular for trade security and compliance. Customs administrations establish individual partnerships with business, designed to minimise risk and maximise the benefits of international trade. Through these partnerships Customs provides accurate advice, information and support to new businesses, with the businesses reciprocating by using their knowledge in identifying unusual or suspicious activity, and by maintaining adequate security measures.

• Further examples of Customs-business partnerships are the trusted trader or Authorised Economic Operator programmes. Through these programmes Customs has begun a new chapter in its partnership with trade. By working together we are able to improve supply chain security with benefits that go beyond those that accrue to the trusted trader and which actually result in benefits for individual nations and the world through safer, more secure trade.

Closer cooperation and collaboration with industry therefore has many mutual benefits. There can be no doubt as to the benefits of cooperation and collaboration with business for improved trade security, trade efficiency and effective enforcement.

Let us take the opportunity of this year’s WCO theme to exchange experiences and information on our initiatives so that we can all work towards aiding global prosperity and security.

Martyn Dunne
CHAIRPERSON OF THE WCO COUNCIL
Information, consultation and cooperation … the main ingredients of the WCO-Trade partnership

Every country obliges those moving goods across its national frontiers to communicate and interact with Customs. The quality and spirit of this imposed relationship varies greatly between individual countries. In some there is a broad background of common confidence, in others a general, sometimes justified, mutual mistrust.

The situation at the global consultative centre, between representative trade bodies and the WCO, is notably different from any of the national models. While many subjects for discussion relate to direct effects of existing or contemplated regulation likely to have major commercial implications – for example recently enhanced security controls - there are also highly important opportunities for trade and Customs experts to consider how national preferences and practices can be massaged into fully international standards, how major Customs procedures can be brought into reasonable adjustment with changing business imperatives, and how traders, carriers and other concerned intermediaries can best adjust traditional and innovative operational systems to a constantly shifting regulatory framework.

It is a basic Customs prerogative to demand information from the trader. Revenue may be the objective but information has to come first. For centuries there was no similar obligation for Customs to inform the trader. As late as 30 years ago, asking how public notices of new rules were issued, in an admittedly developing country, I was told they were posted on the “Long Room” door.

Now the revised Kyoto Convention and many national regulations enjoin regular diffusion of accurate Customs information and ubiquitous Customs websites have happily digitalised that “Long Room” door. There are many interesting and mutually enlightening verbal exchanges at WCO committee meetings but all the supporting and reporting paperwork is exclusively “official”.

One helpful innovation to round out the Customs-trade partnership could be to open up relevant items on WCO agendas to written input from interested observer organisations. Such papers could often enhance debate and oblige trade to marshal relevant facts and arguments. A useful precedent may have been set by the WCO Private Sector Consultative Group (PSCG) which is currently seeking the views of the WCO Policy Commission on its proposals for an AEO template. It would be optimistic to assume any massive input from already
sufficiently busy trade bodies but any potential excesses could be stemmed if inclusion in any given agenda was at the discretion of the Secretariat.

When information broadens into consultation the WCO merits genuine and general business appreciation. Its technical committee meetings are models of an official organisation opening its doors and corporate mind to the fullest and freest expression of outside interest, opinion and concern.

While the value of interchanges could be enhanced, as already mentioned, by the inclusion of trade position papers in WCO committee agendas, existing WCO documentation is highly informative and does much to illuminate and focus discussion. One other important but easily overlooked asset is the high quality of interpretation and translation which ensures that what is heard, said and read in relevant WCO languages is accurately reproduced across the potential barriers of often extremely technical vocabularies.

There is an important if incidental educational dimension. WCO and trade delegates working together for more than four years or so during the Kyoto revision process had a practical "postgraduate" course in Customs procedures.

Meeting coffee breaks offer an additional consultative resource though some of the older participants - trade and Customs – may miss the now long-defunct but convivial custom of spirited supplementary sessions at the lunchtime and evening bar. Behind and between meetings most active observer organisations maintain working contacts with WCO Secretariat staff and the wide range of Customs expertise offered in the various delegations based in Brussels.

In the last three years the WCO itself has extended all these formal and informal arrangements when it established its PSCG with the unique advantage of direct access to the Policy Commission. The original declared intention was for the Secretary General to base membership on CEOs of important business concerns, but companies tended to nominate senior managerial staff with special knowledge of trade regulation and, several business organisations already active in WCO affairs were also included. Membership selection has now been delegated to the PSCG itself with some reservation of occasional intervention by the WCO. The resulting PSCG has drawn together and animated a very useful new combination of direct commercial interest in global Customs policy.

The present economic downturn, however, has tended to reduce business and trade organisation outlays on travel and may face already busy people with a choice between attendance at the usual run of WCO technical committees and participation in more concentrated PSCG policy issues. It is too early, as yet, to judge the overall effects on the broad WCO-trade consultative front.

There are two significant examples of consultation extending into cooperation – the formation of the ACTION/DEFIS group in response to a G7 request to the WCO to strengthen Customs-trade relationships to fight illicit drug trafficking and the more recent response to US appeals for a global joint effort to resist terrorism. The G7 appeal was met by an unprecedented sense of joint concern and obligation reflected in some thirty Memoranda of Understanding between the WCO and trade organisations, all following a fairly consistent if ill-balanced pattern by which various sectors agreed to

---

**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 36 years and in his current capacity as a representative of The International Air Cargo Association (TIACA); 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 reflects his personal views.**
certain measures and Customs – acting informally through the WCO – pledged to help them do so.

It is interesting that although the overall effort was seen from the outset as a true partnership all meetings were chaired and documented solely by the WCO. Once a formal report of the operation, focused naturally enough on the explicit cooperation set out in the MOUs, was made to the G7 and duly acknowledged no further meetings were held and the MOUs themselves, though some may have had practical application at national levels, are now little more than past signposts to good intentions.

The security partnership has gone deeper and borne more tangible results. Now that on-going work on the SAFE Framework of Standards has moved to the Joint Working Group the Chair is shared between the WCO and the PSCG. The unprecedented expansion of the modest Kyoto Transitional Standard on Authorised Persons has given rise to a growing number of very significant Authorised Economic Operator (AEO) regimes with an added dimension of Customs-trade concern and negotiation in the spread of bilateral mutual recognition arrangements.

In this important sense national Customs administrations may have taken the partnership initiative away from the WCO which is now faced with developments, such as the growth of individualistic AEO systems that seem to have run ahead of any central mechanism for standardization or even compatibility. This situation calls for direct and effective Customs/trade agreement on a quite new WCO approach to the partnership concept and practice. How could such a change be initiated and managed?

It might be tempting to call for a general and radical review of those 30 or so MOUs so that they could be adjusted to what is probably a permanent, if varying, political and public preoccupation with international trade security, but experience has shown the very limited effect of any such agreements reached by the WCO and trade organisations yet dependent for application on national Customs and their business communities.

A much more powerful and responsive move would be the formation of a small trade relations unit within the WCO secretariat charged with a continuous monitoring of the WCO-business interface with special responsibility for working contacts with observer organisations. Those half forgotten MOUs might then offer a logical starting point for an early mutual review of partnership commitments and benefits. Special efforts might be made to identify possibilities of joint and wholly symmetrical trade and Customs obligations. While the WCO is generous in its supply of useful information to the business community few if any trade bodies have corresponding arrangements to make sure that the WCO is fully and consistently informed of relevant sectoral developments.

The vital step from consultation to cooperation rests on confidence and confidence is a by-product of personal contacts. There are many ways in which these can be extended and improved. Trade representation at WCO Council meetings is usually substantial but there are many unused opportunities for trade bodies to encourage an appropriate WCO presence at their own annual or biennial assemblies. Chairpersons and Chief Executives of observer organisations should regard occasional personal contact in Brussels with their WCO counterparts as an essential item in their personal time-tables. Routine expert contacts at WCO meetings would be supplemented and nourished by such higher-level “diplomatic” relations and trade bodies should make every effort to include member expertise in delegations at WCO...
The vital step from consultation to cooperation rests on confidence and confidence is a by-product of personal contacts.

Meetings. In addition, WCO staff, at all levels, should find it natural to fit visits to observer body headquarters into their usually extensive travel arrangements.

All these contacts and consultations should be reported to and considered by the suggested trade relations unit as potentially useful information for central WCO direction and the annual Council Report should include a special section on relations with business observer organisations.

Unexpected benefits could accrue to the WCO. For example, global Customs policies are weakened and less credible if they lack input from the highly innovative and numerous SME constituency. Direct representation is almost non-existent but an experienced trade relations unit could garner reliable composite views of SME views and needs on most subjects through other institutional links with multinational companies that subcontract and work with SMEs, agents and forwarders that handle their goods through Customs, and express operators that move their documents and small consignments.

The suggestions made here could, no doubt, be extended or pruned by people nearer the operational cooperative interface in the growing number of countries where Customs-trade consultation has long since developed into truly effective cooperation. Such input, however, could be pointless unless the central WCO bridge between 176 Customs services and the effective core of international trading is manned and managed with the specific urgent objective of turning a conceptual partnership into purposive joint activity.

More information
john.raven@scarlet.be

WCO Private Sector Consultative Group (PSCG)

Mandate
The PSCG was established in 2006 for the purpose of advising the Policy Commission, the Secretary General, the SAFE Working Group and any other standing bodies within the WCO, as appropriate, on progress and issues relating to the implementation of the Framework of Standards to Secure and Facilitate Global Trade (the SAFE Framework). It may also raise other issues related to global trade as well as provide advice on other issues as suggested by the Secretary General.

Membership
The PSCG is composed of 30 companies and associations from different areas of the world and represents a variety of international trade interests including importers and exporters, Customs brokers, express carriers, transporters, forwarders and logistics managers. Membership is limited to private sector associations, and those companies with a financial or ownership interest in the manufacture or delivery of goods. Membership is generally for a two-year term that may be renewed every two years.

Chair
Ms. Carol West, International Federation of Customs Brokers Associations

More info
Detailed information on how the PSCG operates, as well as reports and other documentation and communications issued by the Group, is available on the PSCG website: www.wcopscg.org.
TAXUD talks business

Every year, a significant number of rules, regulations and other measures are adopted in ‘Brussels’ that have either a direct or an indirect effect on the EU’s 495 million citizens and 20 million businesses. The interests and opinions of these stakeholders, when adopting these rules, should be heard and taken into account. Indeed, various kinds of consultation and consultative bodies have long been – and are increasingly so – an integral part of the EU legislative process.

The Customs Union has been the foundation of the EU since 1968. Customs legislation and policy support the implementation of many other policy areas. While the Council and the European Parliament formally negotiate and adopt legislation, it is first and foremost the responsibility of the European Commission to design and develop proposals for policy and legislation – as well as to monitor their proper implementation. In its capacity as manager of the Customs Union, the European Commission’s Directorate-General for Taxation and Customs Union (TAXUD) must ultimately make sure that the Customs Union controls the flow of goods into and out of the EU efficiently, effectively and appropriately, and in doing so serves the interests of citizens and businesses in the best possible way.

To this end, TAXUD has institutionalised consultations with business in its procedures for developing Customs policy and legislation. Input from citizens is regularly measured through channels such as the media and public opinion.

The TAXUD approach to involving business

Thus, as a standard procedure for initiatives, TAXUD involves business as a partner in the development and implementation of customs legislation and policies. This partnership approach is seen as not only beneficial, but absolutely necessary.

For one, it allows for synergy of the different perspectives in defining, for example, legislation that both implements policy objectives and respects business realities. It is an approach unlike any other for reaching a common understanding on how implementation can realistically be achieved.

Above all, this kind of consultation and exchange of views is key to respecting commitments where both government and business have a role in the successful and efficient application of customs policies.

Business representatives are indispensable in helping to define the underlying business cases for certain measures or changes, their possible financial, technical, logistical, political, IT and other consequences, as well as their appropriate application in practice. Businesses often have valuable insights about possible improvements, knowledge about measures applied in third countries and about other specific business requirements.

In short, the approach is a way to ensure that while keeping to political objectives set by government, business expertise enhances the practical design and application of the proposals prepared by TAXUD. All new legislation, amendments to it, as well as the introduction of new policy principles are tabled for comments by business representatives and are thoroughly discussed in the Trade Contact Group.

The voice of trade at EU level: the Trade Contact Group

The Trade Contact Group (TCG), chaired and coordinated by TAXUD, is a semi-formal consultative body of TAXUD. Business positions and proposals are solicited through this forum and are carefully analysed by officials. Proposals are often either directly reflected in revisions of the legal proposal or indirectly addressed in some kind of compromise.
solution. Real and serious concerns of business are taken seriously and every effort is made within the existing legal framework to find ways to alleviate them.

Based on the Terms of Reference, the members of the TCG are the representatives of EU-level and/or international-level trade associations interested and involved in Customs-related activities at the European level. They are chosen based on an application process and currently the TCG is composed of around 30 member associations. These associations usually represent important players in a given field. Participation of international organisations is especially welcome, as their perspective is particularly relevant in today’s globalised world. Small and medium-sized enterprises (SMEs) also have an important voice, expressed through member associations, as they represent the most numerous category of Customs’ business counterparts in the EU.

While the current composition of the TCG consists mainly of representatives of Customs forwarders, brokers, agents, transporters and industry representatives, given the growing application of IT technologies in Customs matters, TAXUD is currently considering involving software producers in a consultation procedure that will cover the technological part of the Customs implementation process.

Meetings, consultations and expert advice

The ‘plenary’ TCG meetings take place regularly about four times a year in Brussels, and supplementary ad hoc and thematic meetings are organised when necessary – usually to explain or discuss specific issues in more detail.

In addition to dedicated meetings between TAXUD and trade representatives in the TCG, business representatives also take part in tripartite meetings with national Customs administrations and the Commission in the context of the Electronic Customs Group (ECG). The ECG is responsible for the overall planning, implementation and follow-up of all legal, procedural and operational aspects related to electronic Customs. As a result of participation by business representatives, EU Member States are made aware of EU-level concerns of business, and business has an excellent and extraordinary opportunity to exchange views directly with the delegates of 27 national administrations. Business representatives can also occasionally (when relevant) participate in Customs projects such as seminars and project groups.

Furthermore, business representatives are sometimes invited, in the role of experts, to comitology meetings where the Commission’s proposals for implementing legislation are voted on by Member States.

Given that the Customs Union is composed of 27 separate national environments and the Community Customs Code is implemented through 27 national administrations, EU-level consultations are naturally complemented by consultations carried out at the national level in individual EU Member States. The extent and practices of Member States’ Customs-business consultations vary, but they often comprise well-established working groups of Customs and business representatives that serve a valuable function in solving very concrete implementation issues at national and local level.

Not new – but definitely improved

The 21st Century consultation mechanism of TAXUD, in particular the TCG, is less formal than that of the 70’s and, dare it be said, more effective. The TCG as it now functions was started in 2002 in the area of electronic Customs and exportation, based on the experience gathered during business consultations for the reform of the transit system. The first major task of the TCG has centred around consultation on the implementing provisions of the 2005 safety and security amendment of the Community Customs Code. These safety and security measures recently came into full force on 1 July 2009, making electronic provision of pre-arrival and pre-departure information on the flow of goods compulsory via dedicated EU-wide IT systems. The final text of the safety and security implementing provisions amounted to 33 pages of highly technical provisions, detailing specific clauses of the underlying legislation. The document is a vivid specimen of the exemplary – although arduous and lengthy – cooperation between the legal, IT, procedural and business experts in the Customs field.

Based on the excellent experiences of TAXUD with regard to the consultation on the safety and security implementing provisions, as well as the positive feedback and a request from trade representatives, the mandate of the TCG was widened in December 2008 to cover all Customs-related issues.

Walter Deffaa studied Economics at the Universities of Tubingen and TU Berlin. With a PhD in economics (University of Stuttgart-Hohenheim), he has been working since 1983 at the European Commission in Brussels and took over as Director General for Taxation and Customs Union (DG TAXUD) in June 2009. He previously served as Director General of the Internal Audit Service (2004–2009), as Finance Director in the Regional Policy DG (2003–2004), as Director in the Secretariat General (2001–2003), as Director in DG BUDGET (1999–2001) and as Chef de Cabinet for Commissioner Wulf-Mathies (1997–1999). He was a visiting Professor at the College of Europe in Brugge, Belgium (1999–2009) and has published many articles on the EC budget and audit.
Trade Contact Group today: aims and objectives

The work of the TCG is currently mainly focused on the preparation of the implementing provisions to the Modernised Customs Code (MCC). The MCC and its implementing provisions represent the modernisation and simplification of Customs processes and procedures. It also complements and follows on the changes initiated with the safety and security amendment.

Given the wide scope and context of the MCC, the TCG currently works as several smaller working groups that each addresses the legal implementing provisions of various titles of the MCC. Another interesting and very pressing issue connected to the MCC that the TCG is involved in is the scope of the IT projects to be introduced by 2013 to implement the Customs procedures as defined by the MCC. The TCG is being consulted as to their view on the most urgent business cases for traders, and the feasibility of implementation in view of the short time frame from the perspective of business.

Future prospects of business – TAXUD partnership

The experience of the recent collaboration with the TCG has been very positive on all accounts. It is clear that every opportunity for collaboration and consultation with business will be fully utilised in the future. At the same time, we need to constantly think about how to improve these mechanisms and improve our understanding of each other more systematically. Developing the future concepts and models of compliance and business-Customs relationships is a major preoccupation of TAXUD’s forward-looking policy initiatives – which will require and imply even an even greater role for the expertise, input and perspective of business. And so the TAXUD-trade dialogue goes on...

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

Customs and business: partners in fighting illegal movements of hazardous waste

To curb illegal trans-boundary movement of hazardous and other waste, Hong Kong Customs, with the support of the Environmental Protection Department (EPD), launched a strategic control scheme on hazardous and other waste with effect from 4 July 2007; a partnership between the public and private sectors.

Under the scheme, Hong Kong Customs selects suspicious shipments of hazardous waste for examination and relays details to EPD besides liaising with shipping companies. Joint examinations by Hong Kong Customs, EPD and the representatives of the shipping companies are then conducted. If the shipments are found to contain hazardous waste without any proper documentation and not to be allowed to be imported into the territory, the shipping company has to return the shipment to the exporting country as required by the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.

According to the United Nations e-waste is one of the most hazardous waste streams worldwide.

Through this partnership, remarkable results were obtained. In 2008, among the 136 containers containing hazardous waste intercepted, 135 (99%) were returned to the exporting countries under the Strategic Control Scheme on Hazardous Waste. From January to November 2009, all of the 56 intercepted containers containing hazardous waste were returned to the exporting countries. The return of hazardous waste also raises awareness among the public and the mass media in the exporting countries.

Since the Strategic Control Scheme on Hazardous Waste was introduced, shipping companies have become more cautious in screening suspicious shipments in order to avoid importing hazardous waste into Hong Kong. The number of illegal importations into Hong Kong dropped drastically in 2009. All in all, this scheme is very successful in preventing and cracking down on illegal trans-boundary movements of hazardous waste.

Number of hazardous waste containers returned to exporting countries from 2006 to November 2009

Source: Customs & Excise Department, Hong Kong, China

<table>
<thead>
<tr>
<th>Year</th>
<th>No of container processed in HK</th>
<th>No of containers returned to exporting country</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>45</td>
<td>115 (61%)</td>
</tr>
<tr>
<td>2007</td>
<td>65</td>
<td>225 (71%)</td>
</tr>
<tr>
<td>2008</td>
<td>135</td>
<td>136 (99%)</td>
</tr>
<tr>
<td>2009</td>
<td>56 (100%)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Customs & Excise Department, Hong Kong, China
Focusing Customs on client service

Customs has long been focused primarily on controlling goods entering or leaving national territories, and collecting Customs duties. To this end, the economic or commercial constraints on businesses mattered little to Customs administrations. However, under the influence of international law and in particular the standards laid down by the World Customs Organization, in the space of 50 years the role played by Customs services has been radically changed. Besides policing goods, a function which it continues to exercise, Customs has felt the need to adopt a client service culture, placing its users at the heart of its concerns. It has progressively identified the many issues involved in improving its relationship with businesses.

States likewise recognized that business development and the fluidity and acceleration of world trade required the adoption of similar taxation standards. From this perspective they adopted the International Convention on the Harmonized Commodity Description and Coding System in 1983; a World Customs Organization (WCO) instrument. Setting out the uniform classification of products, this international Convention almost certainly constituted the first step in building a relationship of trust between Customs and businesses. Using the Harmonized System actually helps economic operators save time on commercial operations by avoiding having to assimilate and apply classification rules which are specific to the place to which they are transporting goods.

To promote international competition, the Members of the WCO next endeavoured to harmonize and simplify procedures, to make them more transparent and faster. The Kyoto Convention (a revised version entered into force during 2006) requires Customs officials to implement standard procedures relating to cross-border, trade (assessing Customs duties and checking declarations presented by businesses, for example). The right of businesses to lodge simplified declarations, to submit them to Customs online, and even to undergo all checks involved in crossing a border at the same time is also recognized.

The development of an international legal framework continued in 2005 with the implementation of the WCO SAFE Framework of Standards. These rules adopted in the wake of the terrorist attacks in the US on 11 September 2001 aim to strengthen international trade security. However, they also have another purpose. They seek to give fresh impetus to the dialogue between Customs authorities and importers and exporters. True, businesses awarded the status of Authorized Economic Operator may benefit from simplified declaration requirements, but this is not the key issue. What should be emphasized is that businesses which are judged reliable by national authorities could be granted the right to simplified, facilitated Customs controls. Hence international trade operators are no longer regarded simply as taxpayers or users; they are a partner of the Customs administration in making world trade more secure. And so these international rules have clearly changed Customs services’ operating methods. They have given rise to new governance, rationalizing and targeting controls which can now be much less cumbersome, depending on whether or not the business is deemed trustworthy by Customs.

The establishment of a Customs-business partnership evidently responds to a number of key issues. By seeking to turn Customs services into an administration that serves economic operators, these international rules also aim to accelerate and simplify import and export operations and make them more secure.

Today, however, a new era must dawn. The way we see it, the development of trade, the investment attractiveness of territories and the fight against fraud are stakes which must guide States in drawing up an international charter of fundamental rights of Customs administrations and businesses. Businesses must no longer benefit only from simplified or reduced Customs clearance procedures, as economic operators they must also be able to benefit from a partnership built on standards which define the rights and obligations of Customs services and businesses in taxation and control operations. Achieving this step will allow a new form of public spiritedness to emerge, consolidating a relationship of trust which remains fragile. Indeed, it cannot be denied, too many companies still fear Customs officials and view Customs administrations as obsessed by checks and penalties. They do not see them as a means of obtaining information or advice which will allow them to optimize their commercial operations.

At the end of the day, even if it has been a key concern for fifty years, the improvement of relations between Customs and international trade operators still remains an issue for the future.

More information
sebastien.jeannard@fondafip.org

Sébastien Jeannard is a research fellow at Panthéon-Sorbonne Paris 1 University. He monitors Customs issues within the FONDAFIP public finance research association - www.fondafip.org - where he heads a research group consisting of Customs officials, academics, lawyers, a magistrate and economic operators.
The role of the private sector in trade facilitation

Extract from the Case Study* on the Public-Private Partnership on Integrated Customs Services in Ghana.

Introduction

The Ghana Community Network (GCNet) is a public-private partnership (PPP) enterprise that reflects the desire of the Government of Ghana to modernize its Customs operations without having to support on its own the total cost of approximately US $12 million. GC Net has been widely credited as a success story and an exemplary example of the effective utilisation of the PPP scheme to achieve desired goals; in this case, enhanced trade facilitation to improve the competitiveness of Ghana’s exports and attract export-orientated investors. Important stages of this process as well as key outcomes are outlined below.

Prior efforts to improve trade facilitation

Ghana’s Government had long realised the importance of trade facilitation to enhance export competitiveness; yet, previous government led attempts at modernization had proved largely unsuccessful. Most notably in this respect was the government supported and World Bank funded Gateway Programme. The programme aimed to: i) reduce and improve the process time for Customs documentation and standards, whilst preventing fraud and improving revenue collection; and (ii) enhance the capacity of Customs and related agencies by equipping them with an electronic data interchange platform that interconnected both private and public agencies to avoid duplication, and reduce costs and time for processing Customs and trade documents.

However, this modernization effort was plagued with difficulties due mainly to government’s financial constraints and a lack of technical capacity in maintaining the system. Specific limiting factors included the inadequate provision of budgetary resources for investment and recurrent expenditure, lack of managerial core competencies, and lack of drive to overcome the inherent change management challenges.

An alternative strategy: the Public-Private Partnership

Consequently, an alternative strategy was sought that was better able to address inhibiting factors that had stalled earlier attempts at modernizing Customs operations. Outright privatization was not considered seriously by the Government, owing to the sensitive nature of Customs that deals with security and government revenue collection matters. Instead, a PPP was promoted to foster stakeholder buy-in, and to ensure its sustainability. As a result, a conscious attempt was made by Government to bring in as many credible stakeholders as possible, together with a strategic technical partner.

The Government was the primary project champion, although through earlier public-private sector policy dialogue, both sectors had identified the need to address certain constraints that affected business competitiveness within the economy, and were therefore clamoring for the project. GCNet was thus established in October 2000 as a joint venture PPP to ensure that all stakeholders with a vision for enhancing Ghanaian competitiveness participated in this electronic community network for the processing of trade and Customs related transactions.

The PPP agreement split ownership between a public share of 35% (the biggest stakes going to Ghana Customs, 20%, and minor stakes going to Ghana Shipper’s Council, 10%, and Ghana Commercial Bank, 5%) and a private share of 65% (the biggest stakes going to Société Générale de Surveillance (SGS), 60%, and Ecobank Ghana, 5%). The specific mandate is to deploy and support two linked IT Systems, namely, TradeNet and Ghana Customs Management System (GCMS). The identified partners brought into the partnership, not only their financial resources, technical knowhow, and other strengths, but also became very supportive “project champions” who drove the project.

Identifying the right partners

The Government was obliged to identify a strategic partner that had the right technical competence; was prepared to invest in the project and also drive the process. This was considered a critical success factor as previous e-governance projects implemented by Government had not met all the start-up goals, and had not been sustainable.

To address these challenges, SGS was identified as a potential partner, having already proposed TradeNet (A single electronic window system set up in Singapore) as part of its bid proposal. During the selection process, SGS was identified as a global company with substantial managerial, technical and financial resources to implement the project (SGS, a global company known for it trade inspection and verification services, was seen as having adequate experience in trade facilitation and revenue enhancement programmes and moreover, it had a strategic partnership alliance with the foremost TradeNet operator – the Singapore Network Services).

SGS was then mandated to identify suitable partners for the PPP, for consideration by Government. This proved to be a challenging task since many of the relevant stakeholders had an interest in facilitating the importation or exportation of goods through the ports and the mobilization and collection of trade-related revenue but were skeptical of the project due to the previous bad track record of e-projects. To address these challenges SGS, as a strategic technical partner and
a fulcrum around which the project evolved, became a promoter of the project - preparing the project prospectus, sensitizing all stakeholders and potential members about the project benefits for primary stakeholders and the economy as a whole. The experience of Singapore and its benefits were also well touted since this model had a good track record and had proven to be a great success. It thus provided a positive assurance to the partners about the potential of GCNet.

With the support of Government, selected stakeholders were given the opportunity to see, appraise and learn firsthand about similar experiences elsewhere (the case of Mauritius for example). Furthermore, stakeholders were regularly apprised about each development stage of the system and its deployment. In doing so, stakeholders could relate the progress of work with each goal or benchmark that had been set before the project start-up.

**Operationalisation of the project**

The operationalisation of the project entailed setting up TradeNet – an electronic data interchange platform – with functionalities for the transmission of electronic messages and replies between trade operators, Customs, other regulatory bodies involved in the clearance process for goods through the ports, and others who peruse the data generated in the process. TradeNet acts as ‘Single Window’ through which all trade and Customs electronic procedures were to be processed.

Introduction of an automated system called for the enactment of new legislation that recognized electronic processing of transactions and payments. Certain operational and administrative processes had to be rationalized as there was no point automating existing inefficient processes.

**Main achievements of the project**

- Simplified Customs procedures
- Faster clearance times (goods can be cleared at the main Port of Tema on average in 2-3 days compared to 2 weeks as was earlier the case)
- Quicker transit with a satellite tracking system
- Increased revenue collection (since 2003 when the project started, there has been an average annual growth of 33% at the Port of Tema and 32% at Kotoka Airport)

**Overall impact on export competitiveness**

The export competitiveness of Ghanaian exports increased due to the expeditious processing of export consignments as well as the electronic issuance of permits and certificates of origin and their transmission to the authorities of the export destination. In its survey of the cost and competitiveness of doing business in over 150 countries, the International Finance Corporation recognized Ghana to be one of the most improved countries for doing business. Similarly, in the World Bank’s “Trading Across Borders” index, Ghana’s obtained ranking of 61 in 2007 was an improvement of 47 places from an earlier 2005 ranking. Both assessors considered the notable factors that contributed to the improvement to be the application of risk management techniques and the introduction of electronic data interchange systems.

**Reasons for success**

The critical factors which contributed to the success of the project are:

- Government support and belief in the project at the highest level;
- choice of proven technology;
- financial and managerial credibility of the partners;
- phased project implementation that controlled costs and secured stakeholder confidence backed up by the consistent delivery of high-quality service;
- ability to invest in augmentation of the infrastructure to overcome the irregular and unpredictable electricity supply and inadequate telecommunications, especially internet services;
- overcoming the human factor through extensive sensitization, capacity building and improvement in their work environment; and
- a sustainable self-financing arrangement.

*The Case Study was prepared by Emmanuel Darko, Deputy General Manager of GCNet for the International Trade Centre (ITC) in Geneva. This extract has been contributed by Rajesh Aggarwal, Chief, Business and Trade Policy Section, ITC. The full study is available online at http://www.intracen.org/btp/issues/trade_facilitation/publications/ghana_case_study.pdf

More information
JOUE@intracen.org
UNEP's Public-Private Partnership strengthens Customs' environment protection role

Something about the paperwork raises a suspicion, so the Customs officers decide to inspect the shipment. On opening the container they are faced with hundreds of identical cylinders with a product name they are not familiar with and an almost un-readably long chemical name. They need some expert assistance and grab the phone. Passing over the contact information for the designated focal point in the environment ministry they put a call through to a local air-conditioning manufacturer...

Such a scenario may be rather unrealistic in many countries, but it does highlight the fact that in addition to the expertise which may exist within a country's environment ministry and Customs agency, there may also be great potential in the private sector which can be drawn on to assist in the identification and storage of suspicious and seized goods. Responsible industry and business realise that cooperation and efforts can make a valuable contribution to environmental security, while at the same time protecting their businesses from being undermined by unfair competition from illegal activities. Building partnerships between Customs and business can tap into this expertise and intelligence, making the work of Customs more effective.

In the area of illegal trade in ozone depleting substances (ODS) it was realised early on that the private sector often has the best expertise in identifying counterfeit and mis-labelled products and is often aware of the 'uncrulpulous operators' in the market. UNEP's (UN Environment Programme) Division of Technology Industry and Economics has much experience in fostering cooperation with industry to seek to address significant environmental challenges and embraced this approach to assist countries in combating ODS smuggling through cooperation.

The UNEP OzonAction Compliance Assistance Programme, which provides assistance to developing countries (including building the capacity of Customs officers) to comply with their commitments under the Montreal Protocol on Substances that Deplete the Ozone Layer, developed an initiative to bring together Customs, the private sector and NGOs to cooperate to prevent illegal trade in ODS – the 'Public-Private Partnership'.

This partnership has borne many fruits, with the chemical industry and traders providing much information and intelligence. Specific information, such as that on trade names and chemical names, and assistance with identifying counterfeit and mis-labelled products is routinely shared. The chemical industry has contributed to producing training materials and participated in Customs training workshops. They have provided specific information and 'alerts' which were distributed throughout Customs communication mechanisms and have assisted in providing additional information for investigations.

This example of a partnership between Customs and business has been very successful and has made a significant contribution to enable Customs to better combat the illegal trade in ODS and consequently to the success of the Montreal Protocol itself – widely considered to be the most successful multilateral environmental agreement in existence.

More information
www.unep.fr/ozonaction
Mozambique maximizes revenue collection and enhances trade facilitation through an innovative public-private cooperation initiative

According to an enquiry on the informal market carried out in 2004 by both the National Institute of Statistics of Mozambique (INE) and the Ministry of Planning and Development (MPD), there were about 497,900 traders, employing 1 to 10 workers, not registered for tax purposes. This figure has certainly gone up since then. Imports by informal traders dealing with external trade account for 2% of total Customs revenue in Mozambique.

The country now openly recognizes the participation of the informal sector in national economic activities. To this end, the Government of Mozambique has deemed it important to involve the informal sector in the process of designing necessary legal instruments for the performance of their activities as well as Customs and fiscal controls.

With the above in mind, trade operators decided to create associations (currently three) primarily aimed at serving as an intermediary channel between informal traders, the Government and other relevant institutions; ensuring performance of their activities in compliance with legally set parameters as well as promoting interaction between the Mozambican informal sector and that of other countries.

These informal sector associations have been operating for more than 10 years and mainly comprise informal sector operators and workers, micro-importers, hawkers, and big informal market operators who purchase goods (groceries, clothing, crockery, etc.) locally and from foreign countries for small scale resale in Mozambique markets countrywide.

Within the scope of the partnership with the informal sector, in March 2009 the Mozambique Revenue Authority (AT - Autoridade Tributária de Moçambique) signed two MoU’s with these trade associations: one covering the inspection of imported goods; the other related to the Implementation of the Simplified Tax for Small Taxpayers (ISPC). In essence the two MoU’s are aimed at achieving efficiency in the collection of Customs revenue and other charges, combating fiscal and Customs offences, protecting public health, ensuring adequate implementation of norms and regulations governing legitimate trade, ensuring the provision of relevant training and capacity building to the informal sector on the practical aspects and procedures imposed by law, and ensuring direct access to relevant information and documentation necessary for the appropriate performance of their activities.

In light of the MoU’s, associations are obliged to cooperate in matters of inspection and control for accurate valuation for determining Customs duties and other charges, to adequately implement the norms and regulations governing international trade at large (without prejudice to specific procedures set for or agreed with the informal sector), to cooperate in denouncing irregularities committed by dishonest operators, and to ensure accurate declaration of goods mainly in the Customs clearance process (with a focus on fresh products).

The MoU’s, on the other hand, oblige the AT to allow cooperation between the trade associations and the tax authority in adhering to all legal procedures so as to enable physical examination of goods, to ensure accurate assignment of a Taxpayer Identification Single Number (NUIT) to all operators affiliated with the associations, and to carry out fiscal education sessions as well as tax popularization to the associations’ members in coordination with the associations. At the borders, the associations’ representatives follow all the processes related to inspection of goods; however, validation of Customs clearance procedures lies exclusively with Customs.

In relation to the implementation of the ISPC, associations are obliged to circulate existing legislation that introduces ISPC and its respective regulations to their associates, as well as to potential taxpayers. The Government expects that the ISPC introduced in June 2009, will play an important role in broadening the tax base and in ensuring adherence to the fiscal system by micro and small enterprises; mainly informal sector operators.

The special income tax regime applied to the informal sector includes a 3% ad valorem tax (or alternatively, 75,000 MT [about USD 3,000] per year), a 50% reduction in the tax rate in the first year of activities, and a reduction in the costs incurred by taxpayers in fulfilling their tax obligations. As far as the AT is concerned, the simplified tax model also reduces inspection and control costs by adopting simplified declaration and accounting procedures, and it is hoped that more informal traders will become part of the formal tax environment.

Besides the maximization of revenue, the cooperation initiative with the informal sector has a particularly positive impact on trade facilitation too, both of which contribute to economic stability and growth in Mozambique.

More information
Hermínio Sueba
Mozambique Revenue Authority
hsueia@at.gov.mz
Trade facilitation and Customs modernization through a partnership with the trade

The East African Community (EAC) with its headquarters in Arusha (Tanzania) is a regional intergovernmental organization comprising five member states, namely, Burundi, Kenya, Rwanda, Tanzania, and Uganda.

During 2007, the WCO conducted phase one diagnostic missions in all EAC countries under the Columbus Programme; the first step towards customs reforms. Early in the needs assessment process it was clear that certain priority areas could benefit from being implemented on a regional rather than a national basis.

At the time the WCO was undertaking its diagnostics, SITPRO – the UK trade facilitation agency – had been busy organising the business sector in the EAC countries. It established a network of companies called the Business Action for Improving Customs Administrations in Africa (BAFICA) and had started working on how to drive trade facilitation through increased cooperation between Customs and the private sector in the sub-region. Given SITPRO’s activities and its role as an honest broker, even a catalyst some would say, it was clear that the private sector represented by SITPRO should be involved in the preparation and implementation of the reforms in the EAC countries.

With the above in mind, the main players (EAC Secretariat, EAC members, the WCO and SITPRO) jointly developed a Customs modernization programme for the sub-region and a regional AEO programme that includes mutual recognition arrangements. The project is being funded by SIDA.

The specific objective of this project is to assist EAC Customs administrations to design and implement a comprehensive regional reform programme with a focus on enhanced trade facilitation, movement towards the EAC desire to establish a fully-fledged Customs Union and thereafter a common market, and more effective border and risk management.

From the very start, SITPRO has acted as a bridge to the local private sector, bringing the experience and knowledge it gained from consulting with local businesses to the table and representing their collective views during the negotiations. It provided the business pillar of the project and its participation ensured that business views were taken into account.

At present, the project focus is on the first objective, namely, enhanced trade facilitation as this will benefit the sub-region’s economies by promoting trade – the life-line to economic prosperity and a known alleviator of poverty. The Regional Programme Manager has, together with nominated National Programme Managers from each EAC country, drafted regional policies covering the following areas: risk management (RM); authorized economic operators (AEO); and post clearance audits (PCA). These policies are now in a quality assurance phase with the support of WCO experts.

The next and final step is to have these regional policies approved by the project’s Steering Committee, comprising EAC Directors General of Customs, WCO officials, SITPRO representatives, the WCO East and Southern Africa Regional Office for Capacity Building (ROCB) and members of the EAC Secretariat. Once approved, these policies will be used as a basis to draft Standard Operating Procedures (SOP) for RM, AEO and PCA and finally to implement the first regional fully operational pilot for AEO enterprises between beneficiary countries.

SITPRO has begun national and regional consultations in order to link businesses with their customs administrations and is actively helping to identify companies to participate in the AEO pilot. The idea being that once consultation mechanisms are up and running, local businesses will take ownership of the process, enabling SITPRO to step back and act in an advisory capacity.

This regional pilot project will be used as a case example for other entities involved in regional integration.

More information
capacity.building@wcoomd.org
Shondeep.Banerji@sitpro.org.uk

SITPRO in a nut shell
At the national level, varieties of trade facilitation platforms based on Public Private Partnerships (PPP) exist. An example of which is SITPRO that was set up in 1970 as the UK’s trade facilitation agency with the overarching mission to make international trade easier. It became a company in April 2001 and currently falls under the responsibility of the Department for Business, Innovation and Skills who primarily funds its activities. About 100 executives and specialists, including a network of Policy Advisory Groups, are involved in its work. Today, SITPRO goes beyond the UK, and is considered the world’s premier trade facilitation agency. On the capacity building front, SITPRO aims to enhance the capability of developing countries to implement modern Customs regimes and maximise the creation of wealth through efficient border procedures in partnership with international organisations, aid donors and the private sector.

“From work carried out by SITPRO in recent years with the business community in East Africa, customs modernisation is seen as a key priority that will contribute to economic development and make the region’s trade more competitive. Businesses in the region place particular importance on fast track clearance procedures for trusted traders, and the decision last year to press ahead with implementation of a common AEO model is a vitally important step forward. This project offers the best opportunity for many years to implement change for the benefit of business, and there is a strong willingness by EAC revenue authorities to do so in partnership with business.”

Malcolm McKinnon, Chief Executive, Sitpro

WCO News – N° 61 – February 2010
AnCienT PeoplE AcroSS thE GlObE beLeEvE dAt thE bAlAnCE Of tWo oPposinG ForCeS ShAPeD thE FABrIC LIfe. tHiS mAXIM CoNtInuEs tO hOlD trUe tOdAy – wHeRе thE FReE FlOW Of trAdE hAS BeCOnE PArAMoUnT tO ENSuRE A nATIOn’S COnPeTiTIVEnESS, ANd uLtImATElY Its SUIVaL IIn thE IｎternATIOnAl EbOmy, wHile At thE sAmE tIme thE rIks tO SoCIetY ARIsIng frOm thE SmUGGlINg oF CoNtRaBaNd, EcOnoMIc CrImE ANd TErrIsm hAvE ReACheD unPReCeDeNtEd lEvlEs, ANd mUsT bE hElD in CHeCK tO ENSuRE thE COnTIInUEd FReE FlOW Of trAdE.

CuStoMs In thE 21st CentuRy

OvEr thE pAsT yEarS thE rOlE Of CuStoMs Around thE wOrld hAS bEnChAnGeD – fRom A pRIMarY fOcUs On rEvEnUe CoLleCtIOn tO oNe Of trAdE FlACiliTATIoN AgAInst A bAckGrOund Of thE nEeD fOr InCrEAsed sAfEtY ANd sAfEty.

As sUCh CuStoMs hAs bEcOmE thE hUB Around wHich thE wHeEl Of gLoBAlIZAtIoN tUrNS, ANd thAt hUB mUsT bE boTh sTRoNg ANd fLEXIbLe In oRdeR fOr gLoBAl trAdE tO oPerAte eFFICIenTly wHIlSt soCIetY rEmAIns sAfE. StReAMliNeD, yEt eFFICIeNT IT sYstEmS ARe A prErEqUIsItE fOr CoUntrIes wIsHInG tO fUlLY ExPlOt thE oPPorTuNItY Of uNFEtTeReD gLoBAl trAdE In An InCrEAsInGly hOStILE eNVIrOnMeNt – bY EnAbLING A sUCCesSfuL bAlAnCe BeteEn eFFICIeNT CoNTroL mEAsuRes ANd FAciliTATIoN Of trAdE.

wHAt wE oFEr

As mAJor plAyErS In thE CuStoMs aReNa, IBM ANd InTrACoM/InTrAsOft hAvE ClOseLy FollOwED thE dEveLoPMEnTS On thE EU ANd internATIOnAl CuStoMs ScEnE fOr A nUmBeR Of yEarS. It hAs bEcOmE ClEAr tO uS ThAt thE nEeDS Of CuStoMs aUthOrIties Around thE wOrld In thE fAcE Of thE AboVe ChAllEnGeS ANd thE inCrEAsInG dEmAnds mADe bY internATIOnAl bOdIeS (sUCh As thE EU ComMissIoN, thE WCo ANd thE oECoD) CAn nOt ADeQuATelY Be PrOvIded fOr bY mOsT ExISTIng CuStoMs sYstEmS – mAnY Of wHich wErE dEvDeLoPed tO mEet thE nEeDS Of A bYgOIne gEnErAtIoN.

OuR e-CuStoMs SUtIe Is oUr rEsPoNsE tO thEse ChAllEnGeS. It Is A cOmBIneD PlAyErS In thE CuStoMs aReNa, IBM ANd InTrACoM/InTrAsOft hAvE ClOseLy FollOwED thE dEveLoPMEnTS On thE EU ANd internATIOnAl CuStoMs ScEnE fOr A nUmBeR Of yEarS. It hAs bEcOmE ClEAr tO uS ThAt thE nEeDS Of CuStoMs aUthOrIties Around thE wOrld In thE fAcE Of thE AboVe ChAllEnGeS ANd thE inCrEAsInG dEmAnds mADe bY internATIOnAl bOdIeS (sUCh As thE EU ComMissIoN, thE WCo ANd thE oECoD) CAn nOt ADeQuATelY Be PrOvIded fOr bY mOsT ExISTIng CuStoMs sYstEmS – mAnY Of wHich wErE dEvDeLoPed tO mEet thE nEeDS Of A bYgOIne gEnErAtIoN.

Our e-Customs Suite is our response to these challenges. It is a complete set of e-Customs applications developed through the combined effort and experience of three leading companies in the industry together with our strategic partners. The e-Customs Suite utilizes a Service Oriented Architecture and is based on coarse-grained Component Business Services that run on open platforms. Customs agencies can access the applications (assets) of the e-Customs Suite individually or as a complete, integrated customs solution – and they can be acquired as is, or they can be modified and extended to meet an individual customer’s particular needs.
WHAT YOU GET
Irrespective of the size, complexity and state of maturity of your agency’s IT landscape – the flexibility of our e-Customs Suite ensures that it is adaptable to your needs. Whether you are talking about complete modernisation or replacement of individual applications, our e-Customs Suite is the solution.

It is:
• Comprehensive (covering all the needs of a modern customs agency)
• Developed on the basis of international best practise (e.g. EU MASP, SAFE)
• State of the art and future proof
• Modular (can be acquired in increments)
• Scalable
• Conformant with international standards (e.g. WCO data model)
• Easy to integrate with other systems
• Platform independent
• Easily adaptable and easily enhanced
• Intelligent (e.g. risk management integrated across applications)
• Readily able to incorporate partner content

YOUR SATISFACTION, OUR REPUTATION
The combined custom systems’ experience and capability of IBM and Intracom/Intrasoft is arguably unsurpassed globally. We have the track record and references to prove it. We have the systems to support it.

To learn more about our e-Customs Suite and what we can offer you please contact your local IBM affiliate, Intracom IT Services (in Denmark or Athens) or Intrasoft International (in Luxembourg, Brussels or Athens) or our local partners.

Your satisfaction is our success.
Transforming Customs-Business relations: Peru’s experience

In the early 1990s, Peru undertook structural reforms that laid the foundations for a market economy and an open trading system. The period was marked by the adoption of measures aimed at integrating Peru into the global economy and international markets, and included Customs reform.

During 1994, Peru Customs received funding from the Inter-American Development Bank (IDB) for a modernization programme. The IDB reported that within the first six years of the reform plan, despite an approximate one-third reduction in staff, Peru Customs (SUNAT) saw its revenues rise by 435 percent and the value of imports increase by 187 percent. Tariff ranges were reduced from between 18 and 84 percent to between 15 and 25 percent whilst merchandise clearance times were reduced from between 15 and 20 days to between two hours and two days.

A critical element contributing to the success of the Customs reform effort was the transformation of the adversarial relationship between Customs and industry to one of partnership and of working with the private sector to eliminate bottlenecks. This partnership was institutionalized in 2004 when SUNAT decided to establish an Advisory Group on Customs Matters (GCTA) as a consultation mechanism for economic operators to contribute to the development process and to the continuous improvement of the Customs service.

The GCTA’s purpose is to collect comments and exchange information so that regulatory proposals submitted by Customs are the most adequate and have the most desired effect. This consultation process (two-way feedback) enables synergies to be drawn between projects and operational realities and ensures easy implementation of efficient measures. Important projects are therefore subject to scrutiny by both economic operators and the customs administration.

Originally comprising nine associations of trade operators, participation in the GCTA has now grown to sixteen associations from the business sector representing customs brokers, air carriers, warehouse terminals, port operators, courier express services, maritime agents, shippers, cargo agents, distributors, chambers of commerce, importers, exporters, and the manufacturing, mining and fishing industries. The Ministries of Economy and Finance and of Foreign Trade are also represented in the GCTA.

GCTA members work in specific working groups. Participation is quite flexible as guest representatives from the private sector and from public organizations that are not members of the GCTA may also participate in the working groups. The groups adopt a proposal by consensus before submitting it to the GCTA for consideration. The GCTA’s decisions in this regard are then submitted to SUNAT who will undertake a technical evaluation of the proposal and its expected outcomes.

Establishment of the GCTA proved to be an effective mechanism for cooperation. Through the work of the technical groups, several measures on foreign trade facilitation related to Customs activity have been adopted. In February 2007, the GCTA became the Advisory Council on Customs Matters (CCTA) with the same objectives and purposes as the former GCTA.

More information
Rafael Reaño Azpilcueta
SUNAT
RREANO@sunat.gob.pe
A public-private partnership on integrity: Morocco opens its observatory

On 19 January 2010 an Integrity Observatory was inaugurated at the premises of the Moroccan Customs Administration in Rabat.

Integrity is an issue of great importance to His Majesty King Mohammed VI and to the Prime Minister, Mr. Abbas El Fassi, in view of Morocco’s endeavours to encourage greater foreign investment.

The Observatory is one of the innovative integrity pilot projects developed by WCO Members with assistance from the WCO Secretariat that will lead to the achievement of rapid and tangible results.

Genesis and objectives
Following a WCO representative’s visit to Morocco in July 2009 to meet with the Director General of Customs, his staff and the private sector, it transpired that a joint Customs/private sector structure could prove a first-rate partnership tool for safeguarding integrity and fighting corruption. The idea of setting up an Integrity Observatory very quickly translated into concrete results.

This body would consolidate complaints from both Customs users and Customs officials encountering corrupt practices within Customs or the private sector. The Observatory’s task would not actually involve dealing with these complaints, but rather analysing them in order to pinpoint problems and find solutions.

Observatory structure
The following groups will be represented within the Observatory: the Customs administration; the General Confederation of Moroccan Businesses (CGEM); the Central Body for Prevention of Corruption (ICPC); the Freight Forwarders Association; and civil society, through “Transparency Morocco”.

The Observatory will initially be housed in the premises of the Customs administration and will consist of two staff members, one from Customs and one from the CGEM, as well as a Secretariat.

Observatory functions
The Observatory will be a permanent structure and undertake the following tasks:

- Collect and compile information from operators and users or via Customs, CGEM and professional associations.
- Analyse Customs-user relations from an integrity perspective. All data obtained from various sources will be processed and analysed to pinpoint weak spots or zones and to uncover the root of a problem. Some of the information may be examined in detail to assess the merits of the complaints and gain a clear understanding of the motivation driving those embroiled in corruption as well as of the environment in which the latter flourishes.

This body would consolidate complaints from both Customs users and Customs officials encountering corrupt practices within Customs or the private sector.

- Suggest areas for improvement. In addition to compiling and analysing data on corruption, the Observatory may propose anti-corruption activities that can be entrusted to either Customs or the private sector.
- Monitor and assess the implementation of proposals and recommendations issued. A monitoring system will be put in place to assess the impact of anti-corruption measures. This will permit a periodic evaluation of the policies adopted in order to tailor actions undertaken to any new forms of corruption that may emerge. It may be helpful to canvas the opinions of users through surveys on the Observatory’s role in enhancing integrity in Customs/private sector relations. A Corruption Perception Index could be published and measures envisaged aimed at improving Morocco’s ranking and score.
- Coordinate enforcement programmes and activities carried out both within Customs and the private sector.
- Publishing periodic feedback and annual reports. Mechanisms will be set up to provide information on developments in the integrity domain and to report on the results achieved.

Future steps
The WCO Secretariat will continue providing assistance to Moroccan Customs to ensure that the project runs smoothly.

This pilot offers an opportunity to test out the concept of an Observatory. If successful, it could be adopted by other countries seeking to implement best practices.

More information
www.douane.gouv.ma
WCO IT Conference & Exhibition: a testament to effective partnerships

The WCO has run an annual IT Conference and Exhibition since 2002 and the event has enjoyed greater success with each passing year based upon numbers of attendees and expressions of satisfaction from all stakeholders.

The 2010 event will be held in Dublin (Ireland) and promises to be the best yet. In common with previous years there is an innovative theme reflecting a significant and timely IT matter facing Customs and its partners in managing international trade. There will be a mix of speakers from the private and public sectors along with an extensive exhibition marketing best practice solutions from leading software and consulting firms.

There are many partners with whom the WCO works in this important endeavour. Public sector partners include the host Customs administration, delegates and speakers from Customs and other border regulatory agencies along with representatives of intergovernmental organizations such as the World Bank. Private sector partners include the professional conference organizers, the event hotel, software providers, international consultancies, traders, international logistics providers, sponsors and exhibitors, and relevant international bodies such as IATA and GS1.

A complex partnership arrangement such as this implies a careful and coherent client management approach by the WCO. Not only is the event an exercise in showcasing best practice and innovation, but it is also an event that involves extensive financial costs and once money is involved, the stakes for an open, transparent and honest partnership environment are extremely high.

When dealing with private sector partners of any kind there are several basic principles that help determine the working relationship – transparency and honesty have already been mentioned and they are of paramount importance. There are others:

- Consistency – partners expect to receive the same professional and respectful treatment no matter what potentially sensitive matter is on the table. Similarly the “message” must not vary without good reason – this in turn means that partners expect us to be in command of all the facts and to apply them in a logical and considered way.

- Awareness of roles – the boundaries that exist between all parties must be agreed and understood by everyone. If this is not the case then decision-making will be far from optimal since the WCO might either intrude into commercial matters beyond its competence or avoid taking a clear stand on an issue that should have been within its powers to decide. Abrogation of our responsibilities in this aspect could have legal implications for the WCO.

- Fairness – this term is much used by all but is not necessarily perceived in the same way at all times. When making bilateral arrangements with any party it is often tempting to try to do a something special in order to clinch the deal. In the interests of fairness this is never a good policy being neither transparent nor honest.

Finally it is critical to appreciate that all partnerships are matters of human interaction first and foremost. In that light those qualities that characterize any positive interaction within say a family or group of friends will apply to working relationships as well. This includes clarity, flexibility and above all else, good humour.

More information
www.wcoomdit2010.com/site

WCO Databank on Advanced Technology

The WCO maintains a Databank on Advanced Technology that is available to WCO Members and its private sector partners. The Databank assembles information on available technical equipment and technology suppliers. Manufacturers/suppliers can register their products in the Databank via the online services section of the WCO website.

More information
enforcement@wcoomd.org
Resources

APEC - Customs-Business Partnership Programmes
This handbook published by APEC in 2006 contains information on 74 partnership programmes in the APEC region. A useful reference for those planning to expand their existing partnership programmes or to start new ones.

www.apec.org/apec/apec_groups/committee_on_trade/sub-committee_on_customs.

Trade Facilitation Handbook (Part 1) - National Facilitation Bodies: Lessons from Experience
Part 1 of this Handbook is intended to guide users in creating the institutional structure for processing trade facilitation measures. It focuses on one platform - the trade facilitation body - in the form of an interdisciplined committee where private sector managers, public sector administrators and policymakers can work together towards the effective implementation of trade facilitation measures. Approaches to the setting up of a trade facilitation body by different developing countries are reviewed on the basis of case studies carried out by UNCTAD and relevant work by other institutions. From the review, key lessons are drawn for developing countries intent on establishing and operating trade facilitation committees.


Guidebook on Promoting Good Governance in Public-Private Partnerships
Public-private partnerships (PPPs) in the delivery of public services have become a phenomenon which is spreading across the globe and generating great interest. PPPs combine the best of both worlds: the private sector with its resources, management skills and technology; and the public sector with its regulatory actions and protection of the public interest. But they also present a severe organizational and institutional challenge for the public sector. To address the challenge, UNECE has produced this Guidebook in the hope that all the parties to PPPs will benefit by examining closely the good governance principles contained in the Guidebook and ensuring their implementation.


The Customs business relationship confronts the world trading system: the French experience
This book is the collective work of the members of the French Observatory for Customs and fiscal regulations. It reviews the relationship between French companies confronting the globalization challenge, and an administration that is undergoing many changes and has to manage new imperatives that are sometimes hard to reconcile.


Customs partnerships: a two-way street
Dr David Widdowson, CEO of the Centre for Customs and Excise Studies at the University of Canberra in Australia examines the degree to which the partnership approach may be used to effectively manage regulatory compliance.


Soter RS
security bodyscan
Safety.... takes just a few seconds
Your partner in the fight against terrorism and drugs

Phone +31-(0)58-29 88 888, Fax: +31-(0)58-29 88 768, info@odsecurity.com, www.odsecurity.com
Establishing a meaningful dialogue between Customs and business at both the international and the national level will be a great step forward...

The ICC's (International Chamber of Commerce) basic mission is to promote international trade and investment and to assist companies in facing the challenges and seizing the opportunities presented by globalization. Through the work of corporate staff and experts from member companies, the ICC strives to present the views of the world's business community both on major trade issues and investment and on essential technical and sectoral questions (financial services, IT, telecommunications, marketing ethics, environment, transport, competition laws, and intellectual property rights among others.)

Last July the ICC, which has served as the world’s foremost trade body and the voice of business for more than 90 years appointed Jean Rozwadowski as Secretary General to succeed Guy Sebban, who had held the position for four years.

In recognition of the long and excellent working relationship between the ICC and the WCO, the new Secretary General agreed to share his views with WCO News on the ICC's cooperation with the international Customs community, which has chosen 'Customs-Business Partnerships' as its theme for this year.

WCO News: Your career path speaks for itself and your international experience is an indisputable asset in your current position. What are your priorities in these challenging and changing times?

Jean Rozwadowski: In the broadest sense our goal is to achieve sustainable economic growth by preserving and increasing the scope for open trade and investment and overall economic integration. To this end, our chief priorities are first, to encourage open trade and more specifically to urge a rapid and successful conclusion to the Doha Round of trade negotiations. This Round, which was opened as a response to the attacks on 11 September, should have been concluded long ago. After nine years of negotiations, it is time to reach agreement. World leaders must now find the political courage to finalize the accord. Although we understand that this is politically difficult at a time of global recession, the fact is that a successful conclusion to Doha would inject billions of dollars into the world economy in the form of lower trade tariffs. With world trade declining by 9% last year according to the World Trade Organization, successfully concluding Doha is more important than ever.

Our second priority is to contain the protectionist pressures resulting from the economic crisis. The ICC has been particularly active in this regard, making the views of the world business community known to G20 leaders. To their credit, the major industrialized countries have contained protectionist pressures, but we must continue to be vigilant.

Finally, we believe that a climate change agreement would contribute to market recovery, and unleash the innovation and investment of global business for climate change improvements. Any agreement, however, should include action by major emitters, support intellectual property rights, and keep all energy options open. It should also require signatory countries to develop and report progress on their national climate strategies.
W.N: You represent the world’s business community through your members and national committees in the same way the WCO represents the international Customs community. What in your opinion are the points of convergence and common interests between the two communities?

J.R: Both communities have a strong mutual interest in modernizing Customs systems and achieving compatible procedures and information requirements worldwide. A good example of this is the close convergence with the WCO in the substance of the ICC International Customs Guidelines and the WCO Revised Kyoto Convention. Business needs this type of modernization to efficiently operate global supply chains. Customs and national authorities need it to enable proper enforcement, increase revenues, and promote economic growth. With growing concern regarding fraudulent goods and the need to improve the security of the supply chain, our International Guidelines on Certificates of Origin provide an important and invaluable contribution to an independent yet responsible check in the security chain.

W.N: In the context of the current world economic crisis, trade facilitation is a priority for all economic stakeholders. What is the ICC doing in the face of the difficulties encountered in concluding the Doha Round and protectionist pressure from certain countries?

J.R: The ICC has been traditionally outspoken against trade and investment protectionism and the most prominent business voice in favour of open markets. In fact, ensuring open markets was the reason for our founding in 1919 by a group of visionary businessmen who came to be known as “ Merchants of Peace.” Then as now, we believe that trade leads to peace. The European Union is perhaps the best example of this. A continent that saw several centuries of almost non-stop war has been at peace since 1945. It is perhaps too frequently forgotten that the construction of the EU began with the creation of the European Coal and Steel Community in 1951. Over the past three decades open trade has resulted in hundreds of millions of people being pulled out of abject poverty, particularly in Asia.

W.N: The ICC has a specific stance on combating counterfeiting and piracy and has launched certain initiatives. What more do you expect from the WCO over and beyond existing cooperation?

J.R: Combating counterfeiting and piracy is certainly an important ICC objective. The challenge is to implement and enforce strong national laws. ICC is maintaining global pressure to achieve this goal. Effective customs enforcement at the border to stop the commerce in counterfeited products is one important element of this campaign. To this end, we found value in the WCO-Business working groups, such as the SECURE Working Group and its predecessor the Intellectual Property Rights Working Group. We regret that these effective public-private partnerships have been disbanded. This is particularly unfortunate given the progress we achieved together to create a model law for border enforcement based on existing commitments to protect intellectual property rights and to delineate guidelines on controlling free trade zones.

These commitments and guidelines are critical to combating the global spread of counterfeiting. They require effective cooperation between Customs authorities and rights holders, and we expressly hope that the WCO will re-active these working groups and resume the important work they were doing. We hope that the ICC and the WCO can identify ways to improve cooperation and Customs enforcement in this critical area.

**Biography**

Jean Rozwadowski became Secretary General of the ICC on 1 July 2009. As chief executive of the world business organization, he oversees an array of activities designed to help companies deal with the challenges of globalization and represent the interests of world business to governments and intergovernmental organizations. Mr Rozwadowski, a businessman with broad international experience, has lived and worked on five continents, holding senior executive positions in Bahrain, Belgium, Brazil, France, Germany, Singapore, the United Kingdom, and the United States. He speaks several languages, including English, French, Portuguese, Polish and Spanish.

He was President of the Latin American and Caribbean Division of MasterCard between 1999 and 2004. Previously he was the company’s Executive Vice President for Europe, the Middle East and Africa, based in Belgium. Before joining MasterCard Jean Rozwadowski held numerous executive positions during a 20-year career with American Express, heading up the Southeast Asia and Middle East divisions, based in Singapore and Bahrain, respectively, and leading American Express operations in Brazil for six years. He also served as President of the American Chamber of Commerce in Sao Paulo (Brazil).

Mr Rozwadowski was born in the Netherlands to a Polish father and a French mother and grew up in South Africa. A French national, he graduated with a MBA degree from the Amos Tuck School of Business Administration at Dartmouth College in Hanover, New Hampshire and earned his undergraduate degree from the Ecole Supérieure de Commerce de Paris. His wife is Brazilian and they have two children.
“Working together is the best if not the only chance to tackle the mounting challenges that both communities face in managing the border transactions of a globally integrated economy.”

W.N: How can one create a relationship of trust between public and private partners, develop mutual knowledge, and facilitate the sharing of information, experience and expertise? In other words how can one maintain existing links and ensure that desired improvements come to fruition in the framework of a sustainable, active and responsible partnership?

J.R: Trust has to be earned, in both directions. Traders earn trust by demonstrating consistent high levels of compliance. Customs authorities earn trust by avoiding arbitrary procedures and implementing transparent, predictable processes, including effective prior consultation with business regarding planned reforms. As in everything else, trust has to be established by responsible behaviour over an extended period of time. But it can be lost overnight by irresponsible behaviour or unwelcome surprises.

W.N: If you had just one message for the international Customs community, what would it be?

J.R: Although it will not solve all the significant challenges we face, I believe that a great step forward could be made if we could establish meaningful and durable dialogue between Customs and business at international and national levels. Working together is the best if not the only chance to tackle the mounting challenges that both communities face in managing the border transactions of a globally integrated economy. We would like to strengthen the cooperation between the ICC, the World Chambers Federation, and the WCO to achieve our common objective of facilitating trade for the global business community.

More information

www.iccwbo.org

www.cotecna.com

Cotecna assists Customs in their modernization by developing the services and tools to respond to Customs' needs on a worldwide basis.

Services

- Scanning Services
- Risk Management System (CRMS®)
- Bonded Warehouse Management
- Electronic Transit Monitoring
- Customs Valuation (ValueQuest®)
- Technical Assistance
- Supply Chain Security
- Port Community System (single window for trade & governments)
We cannot expect to find some sort of “magic bullet” in a highly uncertain global financial environment...

At a time of global financial and economic crisis coupled with budget restrictions, the Chairperson of the Finance Committee, Thomas Schoeneck, offers his insights into the impact of the crisis on the WCO’s budget management.

The Finance Committee is a consultative body of the WCO Council. Seats are allocated on a regional basis in accordance with the number of active Members in the region. Members are elected for a one year-period, renewable indefinitely. The two Members paying the highest contribution to the Organization’s budget are automatically granted Finance Committee membership. The Committee acts as an advisor to the WCO’s decision-making bodies and is also a special and active Secretariat partner when it comes to budget and financial matters.

WCO News: You chaired the Finance Committee for the first time on 26 October 2009. What were your initial impressions?

Thomas Schoeneck: Well, I have been a delegate to the Finance Committee since 2004 so I have had a good while to acquaint myself with the subject-matter and most of the people actively involved either from the Secretariat or delegations. Of course, there is still a big difference between being a delegate, where you represent national positions, and being the Chairperson, whose job it is to engage the delegations in dialogue to work on common positions for the Committee.

Taking over from our highly esteemed colleague, Paul Ngong-Nguema, I have benefited from the fact that the Finance Committee is functioning excellently and boasts many top experts among its delegates. Constructive and critical discussion is the hallmark of the delegations’ work, as is the will to achieve consensus. Our shared aim is to allow the WCO to do the best work possible, while imposing the lightest possible financial burden on its Members. The Secretariat deserves a special mention for its complete openness and transparency. It has supported the Finance Committee in every way possible and never failed to deliver. That certainly makes the Committee’s work a great deal easier.

W. N.: Could you please share your thoughts on the WCO’s current budgetary position and pick out the key aspects thereof?

T. S.: The WCO’s budgetary position remains tense. The twelve-year period during which Members’ contributions were frozen has had consequences that have not yet been overcome. I am not sure how widely known this fact still is, but we should recall that that one Member country made a large donation to the Organisation’s reserves at the start of the nineties. At the time, it was decided that this very noble gesture should be used to freeze Members’ contributions at that year’s level. Rises in expenditure in the following years would be financed from the Organisation’s reserves.

This decision was extended over the years, leading to a dramatic decline in reserves, which were then at risk of falling below the minimum reserve fixed by the Council. The WCO was thus in danger of becoming insolvent. Under Robert Lüssi (Switzerland) as its Chairperson at the time, the Finance Committee managed to find a way out of this situation during the last decade, restoring the WCO’s financial health in small steps. The 3% annual increases in contributions in recent years were part of the solution, as were the considerable improvements in the Organisation’s internal efficiency.
However, the WCO was also given new tasks and faced new costs, particularly in the area of personnel. Because of these, the recent increases in contributions have not yet brought the budget to a lasting equilibrium. It is here that the Finance Committee has the difficult task of striking the right balance between increasing revenues — and that in times of financial crisis — and limiting expenditure or improving efficiency. The Finance Committee’s work, which is largely technical in nature, thus carries considerable political significance.

W. N.: Against the current backdrop of a highly uncertain global financial environment, how can appropriate measures be taken to maintain a balanced WCO budget in the short term?

T. S.: I would love to be able to provide a concrete answer to that question. However, I fear that will not be possible. All of the Finance Committee’s efforts to balance the budget permanently are based on one or more of three basic approaches, namely raising revenues, cutting expenditure and abandoning certain tasks. All three are difficult to implement:

- Revenue increases by means of higher contributions have found acceptance among Members in recent years, but are now meeting with reservations because of the financial crisis. The Secretariat has already embarked on a range of other revenue-raising measures, such as renting out premises, so we cannot expect much new leeway to be found here.

- Cuts in spending, for example by outsourcing administrative services and raising efficiency in WCO administration, have already been implemented on a large scale. As a result, the number of staff at the Organisation has been reduced from 122 to 106 over the last ten years. The Organisation is now only able to complete core tasks thanks to a total of 26 Technical Attachés provided by Members. These countries do so voluntarily and at their own expense, which is a clear testimony to the great esteem in which Members hold the WCO.

- Abandoning tasks would first require the Council to express its common will, something which is out of the Finance Committee’s hands. The impression I have gained from Council meetings in past years, however, is that this solution would probably be the most difficult to achieve.

What does this mean for the Finance Committee’s work this year? The members of the Finance Committee are mindful of their responsibility towards Member’ budgets, which have suffered in the financial crisis. They will therefore present the Council with a carefully considered and moderate proposal for the WCO’s coming financial year.

We cannot expect to find some sort of ‘magic bullet’. Instead, the Finance Committee will have to work together with the Secretariat to analyse closely all individual positions in the coming 2010/2011 budget and determine where savings can be made. In the same vein, the ‘lapse factor’, which means delaying the occupation of vacant posts, will surely also come into play again this year.

However, balancing the budget also depends heavily on the Working Group on Publications. This group currently has one of the most thankless jobs at the WCO; finding a compromise between free access to WCO publications, which Members and other involved parties want, and a revised publications policy that in no way leads to higher contributions — a requirement which Members have been equally clear about. In this difficult case, it is my particular wish that the long-established culture of consensus within the WCO prevails and that a compromise can be found with the support of all Member.

W. N.: Could you tell us a little bit about your professional experience and the priorities and projects entrusted to you within your Administration?

T. S.: My field of work in Germany’s Customs administration includes various tasks in cooperation with the EU, technical cooperation with third countries, legal and administrative assistance, issues surrounding international agreements or any matters relating to bilateral cooperation in the international sphere. So the WCO’s finances are only one of many exciting topics I deal with at work.

When my duties allow me some time for my private life, I enjoy spending time with family and friends, reading a book — preferably accompanied by a glass of good wine — or going on long walks in the countryside.

More information
Thomas.Schoeneck@bmf.bund.de

**Biography**

Thomas Schoeneck, born in 1956, heads the division for International and EU Customs Cooperation at Germany’s Federal Ministry of Finance, the Ministry which incorporates the top level of the German Customs administration. He holds a degree in law and has worked in the Customs administration since 1988. Following a period in charge of excise duties at a regional office, he moved to the Federal Ministry of Finance in 1991, where for many years he was part-responsible for personnel matters and later for the organisation of German Customs. Thomas has served in his current division since 2002 and became its head in 2004. He is married and has two children.
Dakar hosts its second Customs-Business Forum

The Senegalese Customs administration organized its second Customs-Business Forum in Dakar from 4-8 November 2009.

Following an initial effort in 2007 with the theme “What kind of Customs-Business partnership can help make companies more competitive?” this year’s Forum focused on questions relating to the granting of tailor-made privileges to companies.

With a view to meeting the expectations of the private sector as fully as possible, Senegalese Customs was keen to set up a permanent framework to promote the dialogue that Customs is already engaged in with international trade operators, as part of its economic mission to provide advice to businesses and support their endeavours to be competitive.

The Forum also reflects Senegal’s determination to rise to the challenge of attracting investment and promoting competitiveness in an environment of heightened international competition, accentuated by the globalization of trade.

Ethiopia marches ahead with its Columbus Customs modernization programme

The Ethiopian Customs Authority has been going through many changes recently. First, it merged with the Ministry of Revenue and the Federal Inland Revenue Authority to form a new organization called the Ethiopian Revenue & Customs Authority (ERCA). Second, based on a strategic action plan developed after the WCO diagnostic study, a long-term modernization programme is being implemented under the WCO Columbus Programme; a global Customs capacity building initiative.

Ethiopia is also a pilot country for the WCO capacity building tri-partite model, where ERCA is teaming up with a number of other administrations for sustainable twinning support. Under this pilot project, the first Africa-Africa Columbus Programme project was initiated when a tri-partite cooperation “arrangement” between ERCA and the Uganda Revenue Authority (URA) with the WCO as a facilitator was launched – others have since followed.

France’s Director General of Customs and Indirect Taxation, Jérôme FOURNEL, gave a presentation on French Customs’ experience in the areas of facilitation and advice for businesses.

The main measures agreed on by participants included the drafting of a pact or charter setting out the privacy and security policy to which Customs and businesses must subscribe as a basis for all facilitation arrangements, and how to improve the business advice function.

The Forum also reflects Senegal’s determination to rise to the challenge of attracting investment and promoting competitiveness in an environment of heightened international competition, accentuated by the globalization of trade.

Having recruited a large number of new staff – young people with university degrees and diplomas – ERCA needed some assistance in training its staff and in creating its own training capabilities. They are being supported in this regard by the WCO through a long-term cooperation plan aimed at building the capacity of ERCA. During the second semester of 2009, several workshops took place in Addis Ababa, Ethiopia’s capital.

**Human Resource development**

The WCO e-learning platform was installed in August 2009. Adding to this, ERCA staff have also benefited from a train-the-trainer programme covering specific Customs technical areas as well as a workshop on risk management techniques relating to counterfeiting and piracy. ERCA intends to roll-out its enhanced know-how on a national basis.

An HS Expert Trainers Workshop was held from 4 to 13 November 2009 to provide expert training in HS and to consolidate train-the-trainer techniques. Participants came from ERCA Headquarters and Customs offices around the country, and included post-clearance audit officers, assessment officers, inspectors, etc. There was a good mix of skills with some having worked in various operational areas while others had significant headquarters experience.

The Forum is part of a broader effort to prepare for the introduction of Authorized Economic Operator (AEO) status in the country.

More information

www.douane.finances.gouv.fr

www.douanes.sn
In order to pave the way for regional accreditation of experts in the field of origin capable of delivering sustainable training and technical assistance activities according to WCO standards, a Train-the-Trainer Workshop on Rules of Origin was held from 25 November to 2 December 2009. The Workshop provided 20 ERCA officials with factual knowledge in the area of both non-preferential and preferential origin and developed basic teaching skills enabling participants to cascade training on rules of origin within their administration.

During these two workshops, potential trainers for ERCA were identified. From 14 to 18 December 2009 a Workshop on Risk Management Techniques took place at the international airport mixing both theoretical and operational exercises. Participants learned how to target goods by reading transport documents and using risk indicators. This knowledge translated into successful action during the operational session as several packages selected for inspection were found to contain counterfeit goods – including perfumes so perfectly reproduced that it was only after analysing the quality of the glue used on the plastic film protecting a consignment that the forgery was proved.

**Management and leadership development**

As it was necessary for ERCA senior management and staff to have a fuller understanding of modern Customs management and techniques, ERCA provided the perfect opportunity for a pilot Workshop on Management Development. The pilot was held from 26 October to 6 November 2009 and based on the core components of the WCO PICARD Professional Standards.

Delivered over two working weeks, the pilot followed an interactive workshop approach. Sessions took a variety of forms from presentations to case studies and resulted in the production of three action plans covering key management areas within ERCA.

The WCO Management Development Programme will continue with more pilots and the results of these pilots will be presented to the Capacity Building Committee in April 2010 with the aim of offering Management Development Packages to WCO Members.

**More information**

capacity.building@wcoomd.org

---

**Huge contraband cigarettes seizure in Ireland**

120 million illegal cigarettes worth an estimated €50 million were seized in Ireland on 27 October 2009 as part of a multi-agency operation, code-named Samhna, headed up by Irish Revenue’s Customs Service.

Revenue officials said the find is “potentially” the largest seizure of illegal cigarettes ever made in Ireland. They were destined for markets in the Irish Republic, Northern Ireland and the UK and represented a loss of approximately €40 million to Finance Ministry coffers.

The operation which targeted the activities of an organised crime group operating both north and south of the border involved the surveillance of a vessel named MV Anne Scan that had arrived at Greenore Port from the Philippines carrying a cargo declared as “animal feed”.

Customs officers kept the vessel under surveillance as they suspected that a consignment of contraband cigarettes was concealed within the cargo. A number of premises were searched after some of the cargo was unloaded from the ship onto waiting trucks. The vessel itself was also searched. The cigarettes were hidden in bags among the animal feed.

This multi-agency operation saw the Irish Republic’s Revenue and Customs Service, the National Police Service, the Criminal Assets Bureau, the Irish Naval Service and Air Corps, as well as Northern Ireland’s Revenue & Customs and Police Service working together. The European Anti-Fraud Office (OLAF) was also involved and will coordinate follow-up international investigations. Over 150 officers from the various Agencies participated in the field during the operation.

“The success of this operation is a credit to the close working arrangements and cooperation between the various law enforcement agencies both nationally
Trade facilitation, Mongolia’s answer to the crisis

The global financial crisis has had a huge impact on the Mongolian economy, making it highly dependent on foreign trade. Since the beginning of 2009, there has been a sharp reduction in exports which has led to a decrease in revenue collections. This has been exacerbated by goods transportation costs being much higher than in other countries of the region which does not favour the competitiveness of Mongolian exports.

In this difficult context, Mongolia has taken strong measures to ensure national economic security and Customs is playing a crucial role in ensuring this. Protectionist trade policy not being an option, Mongolia Customs has concentrated its efforts on decreasing the cost of doing business.

To reduce the costs related to Customs control and clearance, short-term measures have been taken such as not to increase import duties and to decrease the number of dutiable and taxable goods and services. Other actions included simplifying and lessening trade-related customs documents, reducing clearance times, encouraging online declarations, eliminating red tape, making Customs transparent, and promoting border management.

The Strategic Plan of Mongolian Customs aims to:

• Upgrade Customs’ IT level and make it closer to the standard of developed countries.
• Lessen the number of trade-related Customs documents and reduce the release time twofold.
• Analyse risks at every stage of Customs control and decrease physical inspections substantially.
• Create a unified Customs control system using the network between Customs administrations.
• Provide an opportunity to all clients to declare online and introduce a paperless declaration system.
• Equip border Customs officers with much needed facilities and inspection devices, and build transportation logistic centres.

All these actions are in line with the WCO’s Customs in the 21st Century strategic policy and will no doubt contribute extensively to safeguarding Mongolia’s national interests and economic security.

More information
Tsutsgee Sukhee
 echinbat@ecustoms.mn

and internationally. Criminals have no respect for national borders and international cooperation is now more essential than ever for law enforcement agencies,” Irish Revenue Commissioner Liam Irwin said. “This is a shining example of a multinational, multi-agency response to criminal activity and all the agencies involved should be commended for the part they played in this successful operation,” he added.

More information
www.revenue.ie

Customs officers at the scene in Greenore Port
Norway and Sweden: 50 years of trade facilitation

On 28 October 1959 the governments of Norway and Sweden signed a most significant and unique agreement on Customs cooperation. This agreement provided for Customs officers to cooperate in carrying out Customs procedures for the two countries on one another’s behalf at the border, and to execute enforcement tasks up to 15 kilometres into the territory of the other.

Today 12 Customs Houses (7 Norwegian and 5 Swedish) are situated along the 1,643 kilometre border, all of them handling the different legislation and systems of the two countries. In practical terms this means “one stop” for all transporters crossing the border. Added to this, Customs on both sides handle a huge variety of border related tasks for many other government authorities; the Single Window concept has therefore in practice been a reality for a long time.

The formalities of the agreement changed with Sweden’s EU-membership in 1995 and the agreement was transformed into an agreement between the EU and Norway. It is however in principle unchanged and vivid, and was duly celebrated at the border post of Eda on 28 October this year – 50 years after its inception. On this occasion both Director Generals of Customs – Bjørn Røse (Norway) and Karin Starrin (Sweden) – stated that the agreement was working to both countries’ satisfaction, leaving no doubt that the cooperation will be continued and developed.

More information
www.toll.no

The Eurasian Economic Community continues to integrate

Kunio Mikuriya, Secretary General of the World Customs Organization, and Tair Mansurov, Secretary General of the Eurasian Economic Community (EurAsEC), shake hands on 25 January 2010 during an event organized by EurAsEC to present the integration processes in the region.

The Customs Union between Belarus, Kazakhstan and the Russian Federation was concluded on 27 November 2009 and the three countries have begun to apply uniform customs tariffs since 1 January 2010. The Customs Union itself will become effective when its Customs Code comes into force on 1 July 2010. Customs checkpoints on the Russian-Belarusian border will be removed on the same day, and they will be removed from the Russian-Kazakh border a year later.

One of the crucial elements for regional integration is to base procedures on global standards that connect the Customs Union to the outside world. Conscious of this need, the Customs Union has made every effort to ensure that its Customs procedures are in conformity with the WCO Revised Kyoto Convention; concrete proof of this is Kazakhstan’s formal accession to the Convention during the WCO Council Sessions last June.

The WCO is ready to offer all technical advice and assistance to get the Customs Union operational as soon as possible. It has already scheduled two workshops for Customs Union members, one covering tariff and nomenclature, and the second, implementation of the Revised Kyoto Convention. The first of these workshops will be held in Minsk in February 2010 with sponsorship from the CCFJ Japan fund.

More information
Michael Shishatski
shishatski@evrazes.ru
Celebrating 21 years of TradeNet® – Singapore’s Single Window

As Singapore Customs celebrated its 100th anniversary in January 2010 and took stock of its numerous achievements through the years, TradeNet – Singapore’s Single Window initiative, which marks its 21st year in 2010 – stands out for its role in revolutionising the trade documentation process in the city-state. TradeNet has enhanced the competitiveness of Singapore as a global trade hub, creating an overall positive trading environment for the country and the region. We trace the development and progress of this electronic wonder that makes paperwork a thing of the past.

As a small city state with limited land and resources, trade has always been a key economic growth factor for Singapore. The volume of its international trade has grown from S$105 billion in 1983 to S$928 billion in 2008, a whopping 3.6 times that of Singapore’s GDP.

Voluminous paperwork to capture information on the movement of goods, as well as to fulfill commercial and regulatory requirements is part and parcel of the international trading system. One key document that would be required for the import, export or transshipment of goods through a country is the trade permit.

In the early 1980s, Singapore processed about 2.5 million trade declarations a year, with approvals of each permit taking an average of two to four days. The processing of a permit application involved multiple government agencies such as Customs, the trade authority and the various controlling agencies. There was also the need to physically pay the permit fees, duties and taxes for release of the goods.

As the trade volume continued to climb, to ensure the country’s long-term competitive position, Singapore wanted to make trade simple, fast and easy. The harnessing of IT was identified as a strategy to achieve this objective. It was an important mobilising factor for the realisation of Singapore’s national Single Window that integrates all import, export, transhipment documentation, and processing procedures. The system was implemented in 1989 under the name TradeNet. It was the world’s first nationwide electronic Single Window.

When TradeNet was launched in 1989, it significantly reduced the turnaround time for the preparation, submission and processing of trade documents for permit applications. With a single permit application, data and information can be transmitted to Customs and other trade control agencies at the same time, with payment made electronically. This initiative to transact with the whole-of-Government electronically involved more than 15 agencies and organisations, cutting down unnecessary paperwork for traders.

Since its implementation, TradeNet has been continually improved and enhanced through many rounds of upgrades, the latest being in 2007 when TradeNet Version 4.0 was rolled-out. From the days of the Electronic Data Interchange (EDI) System which ran on a mainframe computer to the web-based access today, TradeNet has stayed ahead of time. More than a technological advancement, service and process innovations are key to its success and international recognition.

Today, TradeNet Version 4.0 offers an extensive suite of permit services with a simplified permit structure and less declaration fields, to self-help facilities for

"TradeNet was implemented at a time when boosting external trade was identified as a major economic goal for Singapore. The innovative use of IT was a tool to enable Singapore to implement the concept of a single trade window, to position Singapore’s economy for long-term competitiveness. After 21 years and many rounds of improvements, TradeNet remains the key enabler of Singapore’s external trade.”

Mr Fong Yong Kian, Director-General of Customs, Singapore

Fast facts about TradeNet

• In the early 1980s, various Government agencies were processing about 2.5 million trade declarations each year. Traders had to submit multiple forms and sets of documents to various agencies, and approval took an average of two to four days.

• TradeNet made its debut in 1989 as the world’s first nationwide Electronic Data Interchange (EDI) system for clearance of trade documentation. With TradeNet, traders could submit a single form through a single interface to all relevant agencies.

• Today, TradeNet handles almost 10 million permits a year and processes 90% of declarations within 10 minutes.

• TradeNet is available 24/7. The fee for each TradeNet declaration today is S$2.88, down from S$6.40 when the system was first implemented in 1989.
obtaining copies of approved permits and listing of transacted permits taken, among others. Other than the declaration of imports and exports, traders can also amend permit details, cancel unused permits, and submit claims for the refund of duty and GST (General Sales Tax) erroneously paid, making it a one-stop solution for Government-related transactions. TradeNet 4.0 has enabled businesses to save almost $4 million a year from reduced trade declaration costs.

Plans are being drawn up for the next upgrade of TradeNet and a new quantum leap in system functionality. In the next couple of years, traders can expect more services to be rolled-out, including mobile device enablement and access.

More information
CUSTOMS_international@customs.gov.sg

Sri Lanka Customs celebrates 200 years of service

The Customs Department of Sri Lanka celebrated its bicentenary on 25 August 2009.

As part of the celebrations organized to mark the occasion, a pure silver commemorative coin, a postal stamp and a souvenir publication entitled “From the Silk Route to Cyber Space” were issued.

More information
www.customs.gov.lk

IMPROVE YOUR KNOWLEDGE ON CUSTOMS VALUATION!

The Customs Valuation Compendium is now available ON LINE

- All the fundamental information about customs valuation in a user-friendly format for a better understanding of the WTO Agreement on Customs Valuation!
- Three search languages: English, French and Spanish
- Crossed search in the entire Customs Valuation Compendium and links to the notes in the articles

Access 1 user / 1 year
Public price: 65 €
Members price: 45 €

Benefit from a 10% discount if you subscribe for more than one user*

For more information, go on our online bookshop: http://publications.wcoomd.org, in “Valuation” section or contact us by email: info@wcoomdpublications.org

*offer valid until the 31st December 2010
Tunisia’s General Directorate of Customs

Mission

The mission of Tunisia’s General Directorate of Customs is three-fold:
• Fiscal mission - collecting duties, taxes and other charges levied on the importation and exportation of goods.
• Economic mission - facilitating procedures and ensuring a healthy climate of competition.
• Security mission - controlling the circulation of goods and capital, both on the domestic market and at the borders.

Workforce: 5342 Customs officers

New Customs Code

A new Customs Code based on WCO standards (Revised Kyoto Convention, Istanbul Convention, etc) entered into force on 1 January 2009. The new Code establishes the legislative framework for virtual electronic procedures by recognizing an electronic goods declaration, an electronic signature and the accomplishment of Customs formalities, including the payment of duties and taxes, remotely in a virtual environment.

The new Code introduces, for the benefit of operators, an appropriate appeals framework which meets international standards. It also formalizes the implementation of international Customs commitments, notably those arising out of the WTO Agreements, and includes legal powers to combat counterfeiting.

Modernization

A programme is underway for the reorganization of SINDA – the Customs IT system – to accommodate a totally paperless environment. In June 2005 Tunisian Customs signed the letter of intent to implement the WCO Framework of Standards. A diagnostic mission led by WCO experts was carried out in April 2007, making it possible to formulate recommendations, evaluate needs, and identify the measures to be taken in Phase II of the WCO Columbus Programme.

Single Electronic Window

In Tunisia the “Liasse Unique” (single bundle) system has been introduced by the establishment of an integrated automatic system for the accomplishment of foreign trade formalities – this is a virtual Single Window for the paperless handling of foreign trade formalities. The company Tunisie TradeNet (TTN), created in February 2000 with mainly public ownership, is responsible for managing the central server of the “Liasse Unique”, which connects the different stakeholders including, in particular, the Customs, the banks, the technical control departments, etc.

The central server handles the circulation and electronic routing of various foreign trade documents for the clearance of goods at import and at export. At present, 100% of the “Titres du Commerce Extérieur” (documents required for international trade transactions), 100% of the Ministry of Trade’s technical control documents, and 100% of goods declarations are processed, electronically and virtually, by TTN.

Electronic payment of duties and taxes has been possible since August 2009.

Counterfeiting

Respectful of its international commitments, and in particular those arising out of its membership of the WTO, the Tunisian Government applies IPR protection legislation under which it can take action against goods bearing counterfeit manufacturer’s marks, trademarks and service marks, goods incorporating a copied integrated circuit configuration, and goods incorporating a counterfeit design or industrial model. The clearance of goods which may infringe a protected industrial property right can be suspended following a request from the right holder, or on Customs’ own initiative.

The new Customs Code makes counterfeiting a Customs offence, and therefore contains provisions prohibiting the import, export, transit and circulation of counterfeit goods in the Customs territory. These new provisions will give Customs the power to seize counterfeit goods regardless of their status at the time, and notwithstanding the provisions of the special laws governing industrial property.

Contacts

Director General of Customs
Mr. Slimen Ourak
Tel.: +216 71 794 685
Fax: +216 71791644
dgd@douane.gov.tn

Head of International Co-operation
Colonel Mohamed El Maher Kharrat
Tel / Fax: +216 71795 920
bci@douane.gov.tn

Website: www.douane.gov.tn
Address
Rue Asdrubal -1002 Lafayette
Tunis le Belvédère — Tunisia
Trade-secret of the success of the Montreal Protocol: Customs in the frontline

The 16th of September last year commemorated the 23rd anniversary of the Montreal Protocol on Substances that Deplete the Ozone Layer. Monitoring the trade in ozone depleting substances (ODS) and their ozone-friendly substitutes has been the hallmark of the implementation of the Montreal Protocol. There is, therefore, much to celebrate as well as many challenges ahead for Customs officers around the world.

The Montreal Protocol is frequently referred to as the most successful multilateral environmental agreement (MEA) in existence. This treaty has reduced the production and consumption of ODS by more than 97% from historic baseline levels, and because most ODS are potent global warming gases, the Protocol has also eliminated at least 11 billion tonnes of carbon dioxide equivalents, making it a significant contributor to efforts to combat climate change. The fact that each and every country in the world is Party to the Montreal Protocol not only makes the Protocol a ‘Universal’ treaty, but it also symbolises the opportunities that the world community have to work in tandem to tackle the remaining challenges, including facilitating trade in ozone and climate friendly substances and preventing illegal trade.

At the start of this year the Montreal Protocol reached a major milestone. From 1 January 2010 the powerful ozone-depleting chemicals Chlorofluorocarbons (CFCs) – widely used in refrigeration and air conditioning equipment – and Chlorobromocarbons (halons) – used in fire extinguishing applications – may no longer be produced anywhere in the world.

The reasons for this unprecedented success are many, including strong political will, the approach of common but differentiated responsibilities for both developed and developing countries, and the Protocol’s innovative funding mechanism. Moreover, the functioning and success of the Protocol relies to a great extent on the effective enforcement of trade in ODS through the hard work and conscientious efforts of Customs officers across the globe.

Managing through measurement

At first, the role of Customs in the Montreal Protocol was principally focussed on monitoring imports and exports of ODS and collecting data which needed to be provided to the Protocol’s Secretariat (the Ozone Secretariat) in fulfilment of each country’s reporting commitment. Customs were also tasked to collect any tax or duty that respective countries levied on these goods. However a more significant role for Customs was soon to emerge.

Customs fills the gap overlooked by the law makers

The prospect of a black market for ODS was undoubtedly not anticipated by the legislators who first framed the Montreal Protocol and its early amendments, and when this emerged in the early 1990s it caught enforcement agencies off guard. It was estimated that in the mid-1990s around 20% of all ODS traded was done so illegally. The Montreal Protocol responded by introducing a licensing system requirement in 1997 and the United Nations Environment Programme’s (UNEP) Division of Technology, Industry and Economics’ OzonAction Branch launched a suite of initiatives, materials and capacity building services to provide assistance to Customs agencies in developing countries to combat this smuggling. The role of Customs agencies in combating this illegal trade became essential and their critical role in the success of the Montreal Protocol was sealed.
It’s only the beginning of the end

While the 1 January 2010 phase-out of CFCs and halons are indeed a success to be celebrated, this certainly does not signify an end to Customs’ work on the issue. There are some significant challenges ahead, not least for Customs and enforcement agencies.

Experience has shown that the ban in production on CFCs and halons will not mean that unscrupulous traders will cease to smuggle these chemicals. As much equipment currently being used may require CFCs and halons for servicing and continued use, there is still much demand for these chemicals. A number of countries have remaining stockpiles and it is feared that these could find their way onto the black market.

It should also be noted that illegal production is a reality – indeed illegal CFC-producing plants have been closed down in the past. Chemical plants that produce similar chemicals, such as hydrochlorofluorocarbons (HCFCs), can be easily and quickly converted to produce the banned chemicals. The demand for these chemicals may not be totally satisfied by recycled material – creating strong incentives for the smugglers. Since the trade in recycled CFCs is not banned, mis-declaring newly-produced or stockpiled CFCs as ‘recycled’ to enable them to be traded is a very real possibility. This technique was frequently used to smuggle CFCs and halons when developed counties were phasing out these chemicals in the 1990s.

In 2007 the Parties to the Montreal Protocol agreed to accelerate the phase-out of HCFCs, chemicals which were adopted as transitional replacements for CFCs. Many developed countries have controls already in place to prevent the import and export of these chemicals and restrictions will soon come into place in developing countries. There have already been reports of seizures of smuggled consignments of HCFCs in many countries in the world. Therefore to prevent history repeating itself, Customs officers in particular need to maintain their vigilance to prevent the illegal trade in these chemicals becoming entrenched, as was the case with CFCs and halons in the past. What’s more, due to the high global warming potentials of HCFCs, Customs have a unique opportunity to contribute to reducing global warming by monitoring the illegal trade in HCFCs.

Customs officers, with the support of the WCO, UNEP and other agencies have increasing experience, awareness, capacity and tools to effectively face the challenges ahead and to combat illegal trade in ozone depleting substances. The role of Customs officers as protectors of the environment is rapidly increasing and is fundamental to the continued success of the Montreal Protocol.

More information
Rajendra Shende
Head of Energy & OzonAction Branch
United Nations Environmental Programme - Division of Technology, Industry and Economics

UNEP’s OzonAction Branch, in collaboration with the Ozone Secretariat and other partners, has produced various guidelines and awareness and training material that can be downloaded in electronic format or ordered in hard copy from the OzonAction website: www.unep.fr/ozonaction/topics/customs.htm.
Extend your international customs expertise

WCO face-to-face training Program on International Customs concepts

• Courses designed for trade operators and other institutions and organizations,
• Stimulating group discussions and case studies presented by WCO experts and customs professionals,
• Blended learning method with preliminary e-learning access,
• International perspectives of cross-border trade rules and WCO latest developments,
• Interaction with the major players of the international trade.

Courses topics
- SAFE & AEO concept
- Rules of Origin
- Customs Valuation & Transfer Pricing
- HS General Interpretative Rules
- HS Chemical products
- HS High-Tech products
- HS Transport equipment
- Counterfeiting & Piracy
- WCO Data Model version 3.0

Courses calendar & brochures available on www.premierairtime.com

Calendar of training sessions 2010

SAFE Framework of Standards & the concept of AEO
- Gain a clearer understanding of the SAFE Framework of Standards and get an overview on the latest developments
- 10 - 11 March

WCO Data Model version 3.0
- Discover the new version 3.0 of the WCO Data Model which has been launched in December 2009
- 07 - 08 April

Harmonized System Amendments 2012 (optional beginners day on April 07th)
- Fully understand the major amendments in HS 2012 and their consequential effects on classifying products
- 08 - 09 April

HS General Interpretative Rules
- Interact with classification experts from the WCO and exchange experiences with a variety of industry colleagues
- 01 - 02 June

Customs Valuation and Transfer Pricing
- Increase your understanding about the Customs valuation and Transfer Pricing
- 15 - 16 June

WCO Data Model version 3.0
- Discover the new version 3.0 of the WCO Data Model which has been launched in December 2009
- 15 - 16 June

Contact us
- BY PHONE
  +32 (0)2 227 11 26
- BY E-MAIL
  info@premierairtime.com

DISTRIBUTED BY:

WORLD CUSTOMS ORGANIZATION
Global Congress firms up anti-counterfeiting and piracy alliance

The Fifth Global Congress on Combating Counterfeiting and Piracy which was held in Cancun (Mexico) from 2-4 June 2009 saw international delegates galvanize their efforts to fight the trade in counterfeit and pirated products around the theme “Bridging boundaries for shared solutions”. Hosted by INTERPOL in cooperation with the Mexican government agency, Instituto Mexicana de la Propiedad Industrial, delegates attending the Congress had the opportunity to listen to a number of speakers skilled in IPR issues, in particular IPR enforcement at borders.

Following the success of the first four Congresses, the last of which was held in Dubai during February 2008, participants focused on developing tangible solutions to the current challenges in fighting counterfeiting and piracy globally. It was recognized that in this time of worldwide economic uncertainty, leaders involved in the fight against counterfeiting and piracy had to sharpen their commitment to IPR protection. Providing the necessary resources to prevent organized criminal networks from taking further advantage of the economic crisis was also highlighted. Special panel sessions were also devoted to the increasing problems of IPR infringements in Mexico, Central and South America.

The Organization for Economic Co-operation and Development (OECD) presented updated data indicating that international trade in counterfeit and pirated goods has increased to more than US $250 billion – almost 2% of world trade – up from US $200 billion reported in 2007. Other data released at the Congress showed that economic losses from counterfeiting and piracy is costing the economies of the G20 countries more than €100 billion, and putting 2.5 million legitimate jobs at risk. Another report released during the event showed that 80% of consumers admit they regularly buy fake or pirated products, with little remorse or concern about the consequences of those purchases.

The WCO took the opportunity to apprise the audience of its major programme to build the border enforcement capacity of Customs administrations across the globe. This initiative would help Customs in its fight to stem the cross-border and internet traffic in counterfeit and pirated goods, with special attention being paid to those goods which harmed the health and safety of people, such as counterfeit foodstuffs and fake pharmaceuticals.

The Congress partners representing INTERPOL, WIPO, the WCO, the ICC-BASCAP initiative, INTA and ISMA form a unique public-private partnership based on mutual commitment and recognition that the public and private sectors must work together to find solutions to the growing global counterfeiting and piracy problem.

More information
www.ccapcongress.net
International Customs Day 2010
...Customs and Business: improving performance through partnerships

The international Customs community and its partners met on 26 January 2010 at WCO Headquarters to celebrate International Customs Day dedicated to "Customs-Business Partnerships" this year.

For Customs administrations, businesses and professional associations, this was the ideal opportunity to demonstrate that a policy of openness and exchange between Customs and the private sector can only be beneficial in a period of change and common challenges, and to make the point that Customs and business must work closely together in a shared endeavour to enhance performance.

WCO Secretary General Kunio Mikuriya invited representatives from Customs, the private sector, the diplomatic community and the academic world to join him in celebrating this special day in the international Customs calendar. Martin Wassell, First Director at the International Chamber of Commerce (ICC), Carol West, Secretary of the International Federation of Customs Brokers Associations (IFCBA) and Chairperson of the WCO Private Sector Consultative Group (PSCG), and László Kovács, European Commissioner for Taxation and Customs Union shared their approach on the theme to some 200 guests. (photo 1)

The leitmotif running through their speeches was the necessary commitment by Customs and Business to working more closely together, redoubling their efforts to enhance international cooperation, and taking bold initiatives aimed at simplification, speed, flexibility, predictability, effectiveness and fairness of procedures.

Kunio Mikuriya then presented a special WCO award to Ms. West for the excellent cooperation that had been developed between the WCO and the PSCG, and in gratitude for her years spent in the service of the international Customs community. (photo 2)

To capture participants’ imagination, a demonstration was given by Customs dog handler teams specialized in detecting explosives and drugs. Similarly, to illustrate by example the theme of International Customs Day 2010, an exhibition was organized that showcased the Customs-Business Partnership activities of the WCO, the ICC, the European Union’s Directorate-General for Taxation and Customs Union, Belgian Customs, Danish Customs and French Customs. (photo 3)

The Secretary General’s message was relayed by Customs administrations throughout the world through events organized in conjunction with the private sector. Customs officials, businesses and professional association’s working day after day to strengthen “Customs-Business Partnerships” were honoured on 26 January 2010 with WCO Certificates of Merit awarded by WCO Members on behalf of the Secretary General.

A selection of photos illustrating International Customs Day celebrations across the globe will be published in the June edition of WCO News.

More information
www.wcoomd.org
WCO I.T. CONFERENCE & EXHIBITION 2010
28-30 APRIL, BURLINGTON HOTEL, DUBLIN, IRELAND
‘Fusing Data to Transform Business Processes’

Returning to Europe for the first time in eight years, the WCO IT Conference & Exhibition will take place in Ireland’s welcoming capital city of Dublin from the 28-30 of April 2010. With a worldwide reputation for delivering high-quality content, the WCO IT Conference & Exhibition is an ideal opportunity to:

- Understand how fusing data can create new and exciting business solutions for custom technologies
- Discover how modern IT solutions can transform the processing of data in border technologies
- Explore new ways in which industry stakeholders and border agencies can work together to create best practices
- Meet key industry figures in one place and access the approx. 500 delegates expected to attend

To Register to attend the WCO IT Conference & Exhibition 2010 or to download the official Exhibition & Sponsorship Prospectus, please visit the conference website www.wcoomdit2010.com
HS plays its part in protecting the environment

Thirty-five delegates representing countries and international/regional organisations in the Asia Pacific region participated in a Green Customs Forum in Jeju (Republic of Korea) from 3–6 November 2009. Discussions centred on the efforts made by Customs to protect the environment.

On the last day of the event, a workshop on the Harmonised System was conducted. In fact, the most important products falling within Multilateral Environment Agreements (MEAs) have been identified by HS codes, either in the HS itself or in a WCO Council Recommendation with a view to inserting subdivisions at the national level.

Since more than 200 countries and Customs or economic unions use the HS for their Customs tariffs or statistical nomenclatures, it is the most appropriate instrument to monitor and control the import and export of various products covered by MEAs and other agreements such as the Chemical Weapons Convention.

The Workshop covered an overview of the HS Convention, the structure of the Nomenclature, and its maintenance among others, with an emphasis on issues related to MEAs.

Participants deepened their understanding of HS 2007 amendments related to MEAs, and got acquainted with the HS 2012 amendments including those related to MEAs. They also discussed new classification examples, and exchanged opinions on policy relating to tariffs and classification.

The WCO will follow-up this meeting by promoting the acceptance and implementation of the Recommendation on the insertion in national statistical nomenclatures of subheadings to monitor the movement of substances that deplete the ozone layer (ODS) and the Recommendation on the insertion in national statistical nomenclatures of subheadings for substances controlled under the international Chemical Weapons Convention.

Members needing technical assistance in this area should contact the WCO Secretariat.

More information
hs@wcoomd.org

Technology developers meet users

Stimulating exchange between the developers and users of technology – this was the goal of the WCO’s Technology and Innovation Forum held in Brussels on 5 and 6 November 2009.

A wide range of different technologies is available today, from large scanning devices to small holograms; each in their own way assist Customs and other border agencies to better meet their performance targets and objectives by helping detect the presence of suspect goods, identify controlled compounds, materials and alloys, or recognize origin and guarantee the integrity of the product being marketed. To ensure that these technologies are even more effective, designers have to interact with users.

The Forum gave Customs administrations an opportunity to share their experiences on the technologies they use, to voice their needs, and also to discover some of the new tools available on the market; all thanks to an exhibition giving direct access to a variety of products and technical solutions. For the private sector it was an occasion to interact with users; to hear their concerns about existing products and to note requests for emerging solutions.

The debates highlighted in particular the factors to be taken into account when purchasing heavy technology solutions, and the stumbling blocks and difficulties which could emerge when installing such solutions. The potential problems relating to public procurement and financing,
WCO Revenue Management Conference

The global economic downturn sparked a significant drop in Customs revenue collection owing to the plunge in international trade volumes. Developing countries were especially harmed because the bulk of their national revenue comes from Customs duties.

To assist its Members, the WCO took a number of actions that included interfacing with the G20, enhancing capacity building delivery, and launching the WCO Revenue Package – a portfolio of WCO tools and instruments relevant to revenue collection and for identifying gaps in capacity. The WCO also hosted a Revenue Management Conference to foster discussions on methods for fair, effective, and efficient revenue management.

The conference took place on 10 and 11 December 2009 at WCO headquarters and was attended by over 100 participants from all six WCO regions. High-calibre speakers included a number of Customs Directors General, officials from international organizations such as the IMF, the OECD, and the World Bank, an academic from the Stockholm School of Economics, and the Chair of the WCO Private Sector Consultative Group.

Key conference conclusions
While there are several organizational models, there is no “one size fits all” solution – Various organizational models exist for revenue management and decisions on what model to adopt should be guided by a country’s economic, political, and demographic characteristics, and its revenue collection objectives and expectations.

Strategy and leadership are more important than organizational structure – In the reform process when strategy and leadership are successful, the appropriate structure generally follows. Strong leadership can generate sustainability and improved performance. The strategies touted by speakers included, among other things, promoting voluntary compliance, forging an outcome oriented system, and upgrading enforcement capacity.

Successful revenue management reform requires hard work – Accessibility of data, expertise, the cultural variance between Customs and tax along with the reduction in administrative expenses requires thoughtful consideration.

WCO tools and instruments can contribute to successful revenue collection – The implementation of the WCO Revenue Package, AEO programmes, and the revised Kyoto Convention (RKC) can lead infrastructure and development needs (location, including purchase of the land required), installation and operation issues (in particular staff training), maintenance and purchase of spare parts, staff health (exposure to radiation), and the limits of the technology were some of the many subjects addressed by speakers.

A speaker from the US Department of Energy presented the instruments developed to facilitate the identification of goods, in particular X-ray fluorescence spectroscopy analyzers which identify controlled alloys, linked to an electronic database providing information on goods and controls. The data base contains checklists covering the different regimes, information on goods and references of strategic goods in the Harmonized System. Border services can, therefore, quickly identify an alloy and rapidly determine whether the suspect product requires a licence.

In some cases no single technology – not even a scanner or detector – is enough to detect a specific object, substance or material.

A selection of technology solutions on show during the exhibition
It is 10:30 p.m. at a border crossing. A man waits in a late-model cargo van, a cigarette dangling from his mouth. Instructed to drive through the screening system, the driver, a regular, confidently complies. He grins, shifts into gear, and directs the vehicle through the portal. A Customs officer carefully analyzes three X-ray images on the system’s monitor. Several anomalies are clearly visible in the front tire, driver’s side. The officer immediately knows he is looking at a large quantity of drugs. “Could you step out, sir?” says another official. The man’s grin vanishes.

Would your cargo inspection system find the drugs? If you don’t have the Z Portal® system, it won’t. AS&E’s Z Portal three-sided screening system uses proprietary Z Backscatter technology to detect stowaways, drugs, explosives, and other contraband, which appear bright white in the image for easy image interpretation.

TO LEARN MORE ABOUT Z PORTAL, GO TO WWW.AS-E.COM/ZPORTAL.
to a more streamlined revenue system, better resource allocation and vigorous Customs-business partnerships.

Revenue collection should be fair, effective and efficient –

Consideration should be given to renovating revenue systems such as automated collection and remittance processes, electronic fund transfer mechanisms, and waivers of financial guarantee for compliant traders. Consistency and predictability in the operation of Customs and tax agencies are also beneficial features for improving revenue management.

Reduced corruption can lead to increased revenue –

In revenue management, corruption does not cause inefficiency, inefficiency causes corruption. In practice Customs should simplify Customs procedures, use IT and risk management to reduce officer discretion, subscribe to the principles of the WCO revised Arusha Declaration on integrity, conduct regular auditing, and create a robust division for combating corruption and for identifying potential areas where it could flourish.

Information exchange is vital in addressing the informal trade problem –

New technology and booming online transactions pose a challenge for Customs to obtain information on this trade and proper evidence for prosecuting fraudulent activities. Information exchange between Customs administrations serves as an effective tool for checking evidence. A notable approach is to formalise informal traders, which includes giving them a single taxpayer number, introducing simplified tax provisions and conducting educational campaigns and tax popularisation exercises among informal traders.

More information
www.wcoomd.org

This is particularly true when identifying drugs dissolved in alcohol and other liquids – a time-intensive process involving physical inspections. Customs administrations therefore have to use a whole range of detection technologies.

In other cases technology can only detect a few elements within a specific product range. This is particularly true of fumigants, for which the main detection challenges were cited, including staff health and security, difficulty in accessing and sampling the air in the container, needless hold-ups in the flow of goods, the limits of current technology, etc. The New Zealand Customs Service, in cooperation with other stakeholders, has undertaken to develop an inspection-friendly container.

For the WCO, this Forum constitutes a new structure of cooperation and dialogue.

One presentation addressed the different methods of sealing containers and the weaknesses in container design. Whether active and passive electronic seals or a smart device; all methods have their advantages and disadvantages and no single solution can guarantee the integrity of a container. An independent laboratory is currently working on methods to prevent break-ins and on seal design.

For the WCO, this Forum constitutes a new structure of cooperation and dialogue, and a second Forum will be organized in 2010. The Organization is also re-examining the structure of its Committees to determine whether one could serve as a natural forum for dialogue on and the development of, inspection technologies.

Speakers’ presentations and a summary of the debates are available on the WCO website.

More information
www.wcoomd.org
WCO PICARD Conference 2009
...enhancing knowledge on Customs and trade issues

If Customs officers are operatives on the ground often working in remote and difficult border areas to discharge a range of responsibilities, they cannot afford to remain remote from the research community. Indeed, governments expect Customs to adapt to the realities of the global economy. Customs managers therefore need reliable research and quality information on which they can base their strategic decision-making and leadership to manage change and guide their organizations.

Beginning in 2006, the WCO and INCU have organized annual conferences around the world to provide a forum for Customs and the academic community to hold discussions on items of topical interest with a view to meeting the goals of the PICARD Programme. With this in mind, over 200 academics and Customs representatives from all six regions of the WCO met in San Jose (Costa Rica) from 28 to 30 September 2009 for the fourth WCO PICARD Conference.

Hosted by the University of Costa Rica, the Conference addressed the impact of three significant issues on Customs and international trade: the economic crisis; regional trade agreements and the proliferation of these agreements; and climate change and environmental protection.

Participants also discussed new possible forms of partnership. The University of Zambia was interested in assistance to universities in the form of twinning programmes concentrating on teaching staff, lectures, training, and the development of curricula (study programmes). A private sector participant from the US proposed to evaluate the idea of establishing a reciprocity internship programme between the University of California, Los Angeles (UCLA) and Customs, so that the private sector could gain experience in Customs issues and vice versa.

As educational programmes providing professional qualifications for Customs staff are being developed around the world, the WCO took the opportunity to explain its newly developed procedures that must be followed by universities that wish to attain WCO recognition of their academic programmes. Universities that wish to have their courses officially recognized as meeting PICARD Professional Standards can now apply to the WCO accordingly.

Many researchers were able to present papers at the conference that generated active discussion; abstracts of most of the original research papers have been included in the 6th edition of the World Customs Journal that is published by INCU and freely downloadable at the following address: www.worldcustomsjournal.org.

The PICARD conference also marked a significant milestone in the partnership between the WCO and INCU with the signing of a Memorandum of Understanding (MOU) between the two partners. This MOU formally recognizes INCU as the single point of contact between the WCO and those universities and research institutes that are active in the field of customs education and research.

More information
capacity.building@wcoomd.org
Long before border security became a topic of global interest, Perceptics was making a name for itself in the real world of border safety. For 30 years, our imaging and identification solutions have delivered crucial data for port, border, container and transportation lanes with unmatched integrity, relevance and reliability. Today, Perceptics continues to develop innovative technology designed to keep your borders safe. Perceptics systems are deployed at more than 1,000 border control lanes in North America, Southeast Asia, Eastern Europe, North Africa and the Middle East. Our passion for saving lives ensures that number will continue to grow.

Contact sales@perceptics.com for more information about our complete line of imaging technology solutions.
On-line charts on revenue trends and cargo dwell time, performance of Customs offices and staff appraisal, compliance status of brokers and importers.

SMS or email alerts when sudden drop in revenue collection, high risk consignments or any user defined event, for Customs and Ministry of Finance executives.

A complete Customs Software compatible with the WCO Data Model which automates all customs procedures including Transit operations.

Full integration and real-time clearance of electronic trade documents from Government Regulatory Agencies, Revenue Authorities to Economic Operators as part of the backbone of a National Single Window.

Provides risk assessment and management capabilities to any electronic document including Port or Airport Manifest, Customs declaration, regulatory certificates.

Risk engine built on auto-adaptive risk criteria mechanisms and Memory Based Reasoning.

On-line charts on revenue trends and cargo dwell time, performance of Customs offices and staff appraisal, compliance status of brokers and importers.

SMS or email alerts when sudden drop in revenue collection, high risk consignments or any user defined event, for Customs and Ministry of Finance executives.