



Brussels, 8 October 2018.

FUTURE OF CUSTOMS

Strategic foresight

(Item XIII.a on the Agenda)

Background

1. Almost two years after the establishment of the Virtual Working Group on the Future of Customs (VWG FC), the April 2017 PTC was taking stock of the work undertaken to date and seeking PTC's guidance on the way forward.
2. The Group had by that time produced a number of outputs: an overview of the progress on the implementation of the ten building blocks of the Customs in the 21st Century Strategic Document; papers on a number of relevant topics; a compilation of topics impacting Customs in the future; and in-depth research and discussions (also carried out in the PTC) on a number of topics (3D printing, drones, Global Value Chains).
3. The April PTC took note of the good work and outcomes reached under the Future of Customs agenda and agreed that the Group should focus on and carry out exploratory work in two particular areas:
 - i. disruptive technologies, while addressing the benefits, risks and role in the supply chain, as well as taking into consideration the interlinkages between them; and
 - ii. strategic foresight, as a means of better addressing the Future of Customs agenda.
4. Since April 2017, the Group and the PTC have focused on disruptive technologies (Blockchain technology, Internet of Things, Artificial Intelligence, Virtual Reality, Biometrics etc), including dedicating a whole PTC day to the topic and developing a Study Report on Disruptive Technologies which is intersessionally being further developed to include more topics and case studies. The Study Report will be revisited at the March 2019 Sessions of the PTC.

Introduction

5. In parallel to the work on the Study Report on Disruptive Technologies, continuing in the background, the PTC is now being provided with an opportunity to learn more about strategic foresight, as the second of the two priorities of the Future of Customs Group.
6. The aim of the agenda item is to learn about what strategic foresight is, to share examples where it is already being applied and to explore how these experiences can support the WCO Future of Customs agenda, bearing in mind one of its main goals is to help better prepare for the changes ahead and to take the opportunity to shape the future in ways that are desired and meaningful.

Strategic Foresight

7. Strategic Foresight is broadly considered to be a study of the future. *Foresight as a Strategic Long-Term Planning Tool for Developing Countries*, a paper developed by the UNDP's Global Centre for Public Service Excellence, provides quite a clear picture of what strategic foresight is about: "In layman's terms, foresight is often understood as "the ability to see what will or might happen in the future."¹ But foresight thinkers and practitioners are not guessing; they are concerned with developing and testing methodologies that contribute to sound, forward-looking decision-making. Foresight is a well established field of practice and more recently an emerging academic field.² It is an effective policymaking tool aimed at developing a collective learning platform with permanent communication among business, academic, governmental and other social actors.³ "
8. It is certain that we can never fully predict everything, despite what type of information we have at hand, especially in a fast-changing world of today, where the pace of social change and technology innovation is accelerating and outpacing governance systems.
9. Foresight allows us to expand our attention beyond the trend-based forecasts and beyond the 'expected' or 'business-as-usual' versions of the future and helps us to harness our imagination for shaping a better one. It therefore provides for a more aspirational approach to planning.
10. The future cannot be directly experienced; however, it can already be perceived and experienced through, what in the literature is referred to as storytelling. Strategic foresight offers a way of making use of our inherent storytelling abilities in order to engage tacit knowledge, make assumptions explicit, forge new shared understanding (i.e. meaning making), and anticipate and prepare for what has yet to happen. In a strategic foresight process, a manageable and memorable number of plausible stories of the future are developed and contrasted. There is always more than one. But four or more stories can be overwhelming⁴.

¹ Merriam Webster, "Foresight," *Merriam Webster Online*.

² Allan Dahl Andersen and Per Dannemand Andersen, *Innovation-system Foresight: Explicating and Systemizing the Innovation-system Foundations of Foresight and Exploring its Implications* (Denmark: Technical University of Denmark, 2012), p. 3.

³ Lajos Nyiri, "Foresight as a policy-making tool," in *Technology Foresight for Organizers* (Brazil: Center for Strategic Studies and Management, 2003), A10.

⁴ Wilkinson, Angela (2017), *Strategic Foresight Primer* https://ec.europa.eu/epsc/publications/other-publications/strategic-foresight-primer_en

11. By developing, analysing, contrasting and using plausible, alternative stories of the future through a process of strategic conversation, it is possible to reveal, test and challenge deeply held assumptions about the future. Strategic foresight enables leaders to ask better questions about the future, make strategic choices explicit and support the discovery, design and consideration of more and better options for action.
12. Strategic foresight redirects leadership attention from knowing about the past to exercising prospective judgement about things that have not yet happened, in effect, by learning with a manageable and memorable number of alternative futures.
13. Foresight is a purposefully designed intervention process. It does not claim predictive power, but maintains that the future is open to human influence and creativity.
14. There is a diverse toolkit of strategic foresight methodologies which fall into three main types – possible, plausible and preferable future thinking:
 - Possible and still emerging futures – horizon scanning;
 - Plausible futures – including megatrends analysis and exploratory scenario planning; and
 - Preferable or normative futures – including visioning (and backcasting) and design futures⁵.
15. Strategic foresight is a growing practice in large companies, but its use is also growing in government and non-profit organizations. For example, the OECD has been working with foresight tools and hybrid methods in order to complement and challenge the more quantitative, long-term, conditional projections. These methods include: horizon scanning; visioning and back-casting; scenario planning, etc.

Engagement with the OECD

16. Having in mind the work of the WCO under the Environmental Scan developed on a yearly basis and the work carried out under the Virtual Working Group on the Future of Customs, one of its members had suggested that the WCO Secretariat engages with the OECD and its Global Foresight Community (GFC), for the purpose of exploring how strategic foresight could be applied in the Customs/WCO context.
17. The GFC initiative was launched by the OECD with the ambition of it becoming an epicenter for strategic foresight experts in governments, as once stated by the Secretary General of OECD Mr. Angel Gurría. The GFC brings together over 100 leading public sector futurists and strategic foresight practitioners from around the world. The OECD is also looking into bringing foresight thinking into all of its working groups with the aim of “mainstreaming” foresight within the organization and its membership.
18. The OECD has been working with foresight tools and hybrid methods in order to complement and challenge the more quantitative, long-term, conditional projections. These methods include: horizon scanning; visioning and back-casting; scenario planning, etc.
19. The WCO attended two of the OECD GFC meetings. The 3rd Annual Meeting of the GFC Network, held in September 2016, brought together foresight practitioners mainly

⁵ See note 5 above.

from governments (Austria, Canada, Czech Republic, Estonia, Finland, France, Germany, Japan, Korea, Mexico, the Netherlands, Slovenia, Sweden, UK, US), but also from a number of international organizations (EU, NATO, UNESCO and others, including the WCO), as well as academia.

20. The WCO also attended the GFC Workshop “Futures of the Global Economy” in April 2017. The aim of the workshop was to serve at least two purposes: 1. Draw on its collective experience to strengthen foresight capacity in government, and 2. Bring its combined insights on the future to bear on key policy issues of our times, including those being discussed in multilateral forums such as the OECD.

21. Both meetings were an opportunity for the WCO to share the outcomes of the work carried out under the Future of Customs, which largely fits into the strategic foresight discussions.

The way forward

22. In the context of the discussions on latest/disruptive technologies under the Future of Customs agenda, especially around the government strategies required for cost-effective use of technologies, as well as for developing the mind-set and capacities to better prepare for the fast-changing realities, strategic foresight could be a piece of the puzzle that can help better address the challenges ahead.

23. It could, for example, be a methodology used to portray how latest technologies could develop and be applied in a “future of Customs” or “future of borders” scenario (which has already been, to a certain extent, explored through the WCO Study Report on Disruptive Technologies) and envisage the roles and responsibilities of Customs 20 to 50 years ahead. In that respect, it would be timely to explore whether or not strategic foresight could be a means towards developing a model “Customs of the future”, suggested at the June 2018 Council, as well as during the initiation of the Future of Customs Virtual Working Group.

24. Moreover, bearing in mind that WCO Members are currently undertaking a comprehensive review of the Revised Kyoto Convention, with the aim of it being WCO’s flagship instrument for the coming generations, it is also particularly important to consider how foresight methodology can support such a relevant instrument be developed into a forward-looking blueprint for a the Customs of the Future.

25. A potential way forward could include awareness raising and exploration of the different strategic foresight methods that are currently already being used by various governments (including Customs and revenue authorities) to identify and describe trends and drivers of change likely to impact the economy, environment and society (and therefore Customs and border management as well), and to prepare narratives about plausible futures based on megatrends, scenarios, risks and other concepts. It would also be useful to identify how the results of performance measurement, the discussions on which are on-going in the WCO, could be used and beneficial in this context.

26. In that respect, organizing awareness raising sessions in relevant WCO meetings and trainings for relevant officers can help familiarize the Customs community with the strategic foresight methodology and its potential benefits for the Future of Customs and WCO agenda more broadly. The PTC is invited to explore these possible opportunities.

Action required

27. The PTC is invited to:

- share experiences in using strategic foresight in Member administrations and Observer organizations;
 - take note of its potential benefits for use under the WCO Future of Customs and WCO agenda more broadly; and
 - explore ways of better addressing the potentials that strategic foresight could bring, such as organizing awareness raising sessions and trainings.
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