



COORDINATED BORDER MANAGEMENT

-Globally Networked Customs – latest technologies bringing momentum to the GNC agenda -

(Item II. c on the Agenda)

I. Introduction

1. This is a revised version of Doc. PM0483, which was due to be discussed at the 76th Meeting of the Information Management Sub-Committee (IMSC) in May 2019. However, discussion was deferred due to time limitations. The document covers policy and technical aspects of the Globally Networked Customs (GNC) Programme. The PTC and IMSC are thus the appropriate WCO working bodies to address relevant issues which it describes. Accordingly, the Secretariat will present the document to the PTC first and, based on its conclusions, the IMSC will be guided on the way forward.

II. Background

2. A real-time close collaboration between Customs administrations was identified, as one way to address new challenges deriving from the security aspects of international borders, growing complexity of the international supply chain, as well as to ensure the unhindered flow of persons and goods crossing the borders. To that end, in June 2008, the WCO Council approved the GNC strategic vision as the first building block of the *Customs in the 21st Century* strategy.
3. Between November 2009 and April 2012, the “Ad Hoc Working Group on GNC” undertook a comprehensive analysis to rationalize and recommend a harmonized and standardized approach for efficient and secure information exchange between WCO Members. The Ad Hoc Working Group completed various phases in the process of developing the concept: fact-finding report, pre-feasibility analysis, feasibility study and proof-of-concept for GNC, which were finalized, in its current version, between 2013 and 2015. The outcomes of the Working Group were outlined in the Final Report which served as the basis for the development of the current GNC Handbook, endorsed as a

living document by the PTC's 211th/212th Sessions in March 2016, and subsequently approved by the Council Sessions in July 2016.

4. It is worth noting that Member delegates cited GNC in the Policy Commission in December 2015¹ and during subsequent sessions, as well as at Council sessions between 2015 and 2017² as an essential aspect of the WCO "Digital Customs" programme. In addition, it was highlighted that some Members have followed the GNC envisaged approach, while implementing interoperability policies with other Member administrations. Some Members have also proposed further enhancement of the GNC Programme and a possible review of the process of decentralized voluntary exchange in line with the "light-touch" approach for an efficient electronic platform for information exchange between/amongst WCO Members.

III. Business needs for a GNC Handbook update, current state of GNC Utility Blocks (UBs), and suggestions for possible new Utility Blocks

5. The GNC concept and its envisaged harmonized approach for information exchange is technology neutral. The GNC Handbook and its Annexes provide detailed guidelines on all aspects of technology-neutral information exchange, including the governance aspects of the certification of project implementation and proof-of-concept projects. It should also be highlighted that technology-neutral information exchanges are an enabler for the tailor made interoperability amongst the technical standards of the systems used by Members. The latter engaged in information exchange, who are willing to comply on a voluntary basis with the Compliance and Certification Process for a GNC Utility Block and to collaborate with other Members, may request the Secretariat to initiate the certification process for any project run by the relevant WCO working bodies (PTC, IMSC or other).
6. However, given that the GNC Handbook was published in 2016, that it was the result of work that began back in 2009, and that many technologies were, at that time, not available or still in their early developmental stages, it might be necessary to review and revise the Handbook to ensure that it remains relevant for Members by providing them with up-to-date guidelines. Several factors that should be taken into consideration for any updates are: the development of new detailed ICT tools and guidelines by the relevant WCO fora (DMPT, IMSC, PTC, SAFE WG); the availability of relevant new international standards; the ongoing work on the Review of ICT Guidelines in the RKC; as well as the availability and application of new technologies used for information exchange.
7. An update of the Handbook will take into account all the above-mentioned relevant WCO tools, instruments, standards and recommendations, as well as those developed by other international stakeholders, and will consider the incorporation of C2C exchange as both an enabler and added value for the interoperability of Single Window (SW) environments. More specifically, the update of the Handbook will address the following topics:
 - Further elaboration on GNC technical standards for interoperability of systems;
 - Elaboration on the relationship between C2C and Single Window, with particular reference to Regional Single Windows;
 - Elaboration on interoperability between National Single Window systems;
 - Elaboration on the impact of new technologies on GNC, including the Cloud Computing blockchain;
 - Exploration of international smart contracts and their potential impact on GNC.

¹ Report of the 74th Session of the Policy Commission, December 2015: [SP0550E1a](#)).

² Minutes of the 125th/126th, 127th/128th and 129th/130th Session of the Customs Co-operation Council : SC0143E1a, SC0156E1a and [SC0170E1a](#)).

8. The GNC Legal Toolbox and Utility Blocks provide the foundation for the GNC application, which is structured according to business, function, application and infrastructure layers. The Legal Toolbox does not replace existing agreements dealing with assistance in Customs matters. *“The GNC legal toolbox is a standalone description of the various provisions to be considered by Contracting Parties to a GNC exchange agreement. In parallel with the overall development of the GNC concept, the toolbox can be seen as a set of legal protocols, standards and guidelines that have flexibility and ease of use as their key characteristics.”*³
9. The GNC Utility Blocks are a subset of the Customs business area, which enables a simple, manageable, evolutionary and low-cost approach to information exchange. The aim of this approach is to standardize future exchanges between Members. However, in order to benefit from the added value of the Utility Blocks, it is necessary to industrialize them. The UBs focus mainly on the four areas of interoperability set out in the standardized template available in the GNC Handbook:
- **Legislative Interoperability:** Ensuring compatibility and alignment between legislations so that information exchange is legally enabled, and data protection legislation in both originating and receiving countries is respected;
 - **Organizational Interoperability:** Ensuring that business processes are agreed upon and documented so that all parties are clear with their roles, and able to execute their functions accordingly;
 - **Semantic Interoperability:** Ensuring that the meaning of exchanged information is consistently and precisely understood, including the data elements exchanged, and the relationships between them;
 - **Technical Interoperability:** Ensuring that the technical issues of linking computer systems and services, including interface specifications, interconnection services and data integration, are properly understood and executable.
10. It was envisaged that the Utility Blocks will be initiated, developed and completed on a voluntary basis by Members working in bilateral or multilateral partnerships. It was also foreseen that the developed UBs will go through a compliance and certification process, as outlined in Annex F of the Final Report of the Ad Hoc working group on GNC, which was subsequently discussed at the March 2014 PTC⁴. The meeting took note of the need to establish a more structured review process, as well as of concerns that the process highlighted may be too onerous and risked exceeding the “light touch” mandate given to the PTC on the management of the GNC. It is worth mentioning that Annex F clearly highlights that “compliance and certification” do not imply formality but, rather, a process to assess the Utility Block against agreed criteria.
11. After this, the certification process, the UBs should be made available for re-use by other Members engaging in e-collaboration for an identified specific Customs-relevant business area and with a view to exchanging data useful for other purposes. In the Members’ section of the WCO website, five GNC Utility Blocks are currently available, as listed below. However, it should be noted that the projects below may now include more countries, or may have evolved in terms of their scope/technical standards/arrangements for the exchange of information.
- South Africa IT Connectivity Project: Exchange of information between South Africa and Swaziland. The UB follows current developments within the

³ [Annex L](#) to the GNC Feasibility Study.

⁴ Document on the compliance and certification process, 203rd/204th PTC, March 2014: [PC0364E1a](#) and Report from the same meeting: PC0374E1a.

Customs area of SACU, SADC and COMESA. The purpose is to specify the process that regulates information interaction between partners, in the exchange of structured Customs export and transit declaration data between participating Customs administrations. As well to develop regional information technology inter-connectivity and declaration data exchange between regional trading partners.

- INDIRA System: The Utility Block, as at its development in 2015, describes the planned process to be followed by the Customs Administrations of Ecuador and Argentina to build the INDIRA System, the interconnection with the ECUAPASS System and MALVINA System, and the set-up of information exchange between them in relation to import/export declarations. It also describes the same process between the Customs Administrations of Mexico and Argentina. However, some systems that were part of the UB when it was developed in 2015 may now be obsolete, and the project has been scaled up: in addition to the countries mentioned above, it now includes, at different phases of implementation Brazil, Paraguay, Uruguay, Bolivia, Ecuador and Chile as part of Mercosur. There are also ongoing projects concerning interoperability between Dominican Republic, Colombia, Venezuela and Peru.
- MRA Mutual Recognition: Exchange of information between EU and USA. The UB on AEO Mutual Recognition, specifies the process that regulates the information interaction between partners and traders participating in an AEO Mutual Recognition Arrangement / Agreement (MRA) and to enable each of the partners to grant benefits to AEOs of all other partners.
- The UB on Mutual Recognition of Control: Exchange of information between EU Member Customs and Switzerland Customs. It is intended primarily to specify the process of the exchange of export information, and possibly associated control information, between countries. More specifically, its purpose is to allow countries at "Transshipment/Transit" and/or "Import/Entry" to access advance information in order to conduct risk analysis and to take the corresponding necessary organizational measures.
- SEED: Exchange of information between Serbia and neighboring Customs administrations in the Balkans. The project includes systematic and automatic electronic exchange of data from Customs documents (Transit, Export and Import Customs Declarations, TIR and ATA carnets, Simplified Procedure accompanying document – Invoice, including the records about border crossings of empty trucks) between the Customs Administrations of Albania, Bosnia and Herzegovina (Indirect Tax Authority), the Former Yugoslav Republic of Macedonia, Montenegro, Serbia, Kosovo (under UNSCR1244) – Kosovo Customs Service. Since its inception in September 2010, the scope of the Project and the functionalities of the systems have broadened and, currently, it enables the exchange of information from other Cross-Border Regulatory Agencies also.

12. The aforementioned Utility Blocks have not yet gone through the Compliance and Certification Process envisaged by the above-mentioned Annex F. The five UBs were submitted in different time frames, each one covering a specific area of data exchange for a specific purpose. The aim of the Ad Hoc Working Group's discussions was to collect at least a few UBs on the same subset of data exchange between Members on a relevant Customs business area and to ensure that an adequate number of such UBs are developed. This approach sought to facilitate the smoother harmonization and standardization of a Utility Block for a specific subset of data exchange, which may enable an efficient and effective Compliance and Certification Process and lead to the

official approval of a Utility Block as a WCO GNC Certified Utility Block for further re-use by other Members.

13. Although the number of Utility Blocks currently available is limited, it is estimated that the universe of information exchanges could be many (which could potentially translate into as many Utility Blocks). These information exchanges have been developed in the context of regional integration schemes and conventions, covering specific subsets of Customs information and business areas, at both bilateral and multilateral level. In the past, there have been several Members who have expressed an interest in developing a Utility Block. However, it is worth emphasizing that the development of Utility Blocks, in accordance with the standardized template, is not an easy task, given the wide variety of sources of information, and the need for both coordination within a single administration and the concerted efforts of all partner administration/s involved in the exchange of information.
14. In view of the challenges referred to above and the need to promote the development of new Utility Blocks, a team from the WCO Secretariat may be called to support the interested Members to develop Utility Blocks based on official documentation provided by WCO Members, such as regional integration schemes, conventions, bilateral agreements between Members and technical specifications supporting the exchange of information at bilateral or multilateral level. Any newly drafted Utility Blocks, should be submitted to the Member involved in the exchange of information and provided the supporting documents. Afterwards, Members may as well decide to submit the UB for Compliance and Certification Process as described in the GNC Annex F. This approach may enable a fresh start in the development of new Utility Blocks, and further enhance the Globally Networked Customs application through the establishment and industrialization of data exchanges between WCO Members.
15. The June 2012 Policy Commission mandated the PTC to be the forum for discussion on all technical matters associated with GNC. At its November 2012 meeting, the PTC took note of that decision, confirming the PTC as the forum for discussion of all technical aspects of GNC, including the development of the relevant protocols, standards and guidelines, and for the overall management of GNC. In March 2014, in view of the technical complexity of Utility Blocks, particularly with regard to aspects related to information technology, other relevant WCO working bodies reporting to the PTC, such as the Data Model Projects Team and the Information Management Sub-Committee, were asked to support the PTC's decision-making with regard to Utility Blocks.
16. To that end, it is proposed that Member delegates and the PTC consider several options on the way forward for the possible development of new Utility Blocks and guidance on areas that should be taken into account during any update of the GNC Handbook. The outcomes of the discussions in the PTC will guide the IMSC, DMPT and WCO Secretariat as to the way forward.
17. The PTC is also invited to consider to what extent the discussions on interoperability and interconnectivity, including their different aspects, taking place in several different WCO fora, should also be considered under the GNC umbrella.

IV. Action Requested

18. The PTC is invited to:

- take note of the information provided about the current version of the GNC Handbook and available Utility Blocks;
- discuss and provide further guidance on relevant areas to be included in the updated version of the GNC Handbook, such as the impact of new technologies on information exchange, references to relevant standards and tools, including the ongoing work of the Review of relevant RKC Guidelines, the impact of C2C exchanges and the added value for the interoperability of Single Window environments, and the benefits for agencies participating in a Single Window environment at national level;
- discuss and provide further guidance on whether the Compliance and Certification Process for the Utility Blocks currently available should be initiated regardless of the availability of an adequate number of new UBs covering a specific subset of the Customs business area;
- discuss and provide guidance on whether there are Members interested in developing UB's, with the support of WCO Secretariat, for submission to the relevant WCO working bodies; and
- consider to what extent the discussions on interoperability and interconnectivity, including their different aspects, taking place in several different WCO fora, should also be considered under the GNC umbrella.
