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Abstract

Customs is mandated to contribute to socio-economic development by, on the one hand, facilitating legitimate trade and, on the other hand, protecting national economies and societies against risks. Revenue collection is a primary focus in many Customs administrations particularly in the developing countries where domestic revenue resource mobilization is a significant priority. To respond proactively to the dynamic and rapidly changing environment in the 21st century, Customs needs to identify and understand the key international, regional and national strategic drivers.

This paper describes key emerging trends concerning global merchandise trade and transport; border rules and measures; business practices; trade facilitation; and Customs enforcement, with quantitative figures where appropriate through reviewing reports and studies in open sources. It also briefly summarizes the potential impact on the Customs community from the emerging trends identified.

Key words

Emerging Trends, Global Merchandise Trade and Transport, Border Measures, Global Supply Chain, Trade Facilitation, Customs Enforcement

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1. INTRODUCTION

Today, the world is interconnected through expanded flows of goods, services, people, transport, capital, information and technology. Globalization makes it easier to do international business than in the past, and provides economies with the opportunity to fast-track when reaching development goals through increased international trade. While globalization is beneficial to legitimate trade, it also benefits illicit trade, and criminals are able to make use of more integrated markets and freer movement of people and goods across borders. The lack of effective controls presents risks to any economy and society, and can undermine gains that can be potentially obtained.

Customs is mandated to contribute to socio-economic development by, on the one hand, facilitating legitimate trade and, on the other hand, protecting national economies and societies against the risks. Revenue collection is a primary focus in many Customs administrations particularly in the developing countries where domestic revenue resource mobilization is a significant priority. In order to proactively respond to the dynamic and rapidly changing environment in the 21st century, Customs needs to identify and understand the key international, regional and national strategic drivers. It is also important for Customs to deal with the current global “uncertainty” - economic uncertainty, political uncertainty, security uncertainty and uncertainty surrounding available resources and capabilities - and identify its impact on the role, capacity and governance of Customs.

Following this introduction, the second section describes key emerging trends in the international environment, which may impact on the Customs community with quantitative figures where appropriate through reviewing reports and studies in open sources. The third section briefly summarizes potential impact on the Customs community from the emerging trends identified in the second section, although it should be kept in mind that the potential impact varies from Customs to Customs depending on its mandates and priorities.

2. EMERGING TRENDS

2.1 Global merchandise trade and transport

Slow merchandise trade growth after its recovery

World trade has generally recovered from a sharp contraction in 2009 resulting from the financial crisis of 2008-9, although the degree of recovery is uneven across countries. According to the figures unveiled by the WTO (2012a), world merchandise exports and imports in real terms\(^1\) grew by 13.8% and 13.7% in 2010 over the previous year, and by 5.0% and 4.9% in 2011. As a result, each reached US$ 1.8 trillion in 2011, the highest level in history (Figure 1). The WTO (2012a) also showed that world merchandise trade has continuously expanded faster than world production.

In 2011, however, world trade was significantly affected by the economic slowdown due to sovereign debt problems, political unrest, natural disasters, and high

\(^1\) “In real terms” means that the figures are adjusted to account for inflation and exchange rate fluctuations.
unemployment levels in many countries, amongst others. The 2011 growth rate of world merchandise export (5.0%) was lower than the 2010 growth (13.8%), and even lower than the long-term averages in 1991-2011 (5.4%). Considering multiple downside risks such as a deeper recession in the Euro zone and rising commodity prices as well as fiscal austerity in many countries, the global GDP growth rates in 2012 and 2013 were projected to be 2.1% and 2.7% respectively. Accordingly, the growth in world merchandise export was forecasted to slow to 3.7% in 2012 and then rise to 5.6% in 2013.

Figure 1: Volume of world merchandise exports, 1990-2013 a
(Indices, 1990=100)

![Chart showing the volume of world merchandise exports from 1990 to 2013.](source)

**Shift in trade patterns**

In terms of merchandise trade in value in 2011, China remained the largest exporting economy, accounting for 10.4% of global exports, while the United States was the largest in terms of imports (WTO, 2012a). It is estimated that goods exported from the 27 EU Members States collectively accounted for around one third of global exports. Developing countries and Commonwealth of Independent States (CIS) rapidly expanded their share to 47% on the export side and 42% on the import side as the highest levels in history, with 5.6% export growth and 6.2% import growth over the previous year. On the other hand, Least Developed Countries (LDCs) remained marginalized from international trade as they accounted for around 1% of global trade.

Manufactured goods represented 67.1% of world merchandise exports in terms of value in 2010, while 9.2% for agricultural goods and 20.4% for fuel and mineral products (WTO, 2011a). The share of intermediate goods exports has greatly increased.
to more than half of world exports of manufactured goods. The similar composition with regard to the product groups prevailed for 2008-10.

**Recovery of international transport industry**

Transport industry recovered in 2010 following a significant plunge in 2009. In 2010, for example, seaborne trade recorded the highest level with an increase of 7% in terms of weight over the previous year (UNCTAD, 2011). More than 80% of world merchandise trade was carried by sea as measured in weight in 2010. Of a variety of vessel types, tankers carrying crude oil and related products continued to stand in a leading position representing 33% by weight. Containerized cargo accounted for 16% of world seaborne trade by weight in 2010, with faster expansion than overall seaborne cargo on average in 1990-2010.

Cargo by air carried a small per cent in terms of weight but jumped to around 35% in terms of value, reflected by the fact that high value and time-sensitive goods are likely carried by air (IATA, 2011). World air cargo has rapidly grown for the last decade and was forecasted to annually grow at 6.0% over the next 20 years as measured in Revenue-Tonne-Kilometre (RTK)² (Boeing, 2011).

Of total international air cargo traffic, express cargo has rapidly expanded during the last decade so as to increase its share in world air cargo from 4.1% in 1992 to 12.6% in 2009 (Boeing, 2011). International express and postal consignments are frequently used to deliver the goods that are bought over the internet directly to consumers overseas. The average size carried by express shipment increased from 2.7 kg in 1992 to 5.3 kg in 2009. The international express sector was projected to grow at more than 6.0% per year through 2029.

**2.2 Border rules and measures**

**Proliferation of Regional Trade Agreements (RTAs)**

According to the WTO,³ 319 Regional Trade Agreements (RTAs) were in effect as of January 2012 among more than 500 that had been notified to the GATT/WTO. This means that a WTO Member was a party to 13 RTAs on average, and a majority of world merchandise trade took place between RTA partners.

The WTO (2011b) estimated that only 16% of global merchandise trade received preferential treatment if the intra-EU trade was excluded, mainly attributed to onerous rules of origin as well as low preferential margins between MFN and preferential rates for many goods. The preferential margins eroded as the MFN rates dropped through unilateral and multilateral trade liberalization in many countries, so that goods having more than 10% of the preferential margin accounted for less than 2% of world merchandise trade.

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² Revenue-Tonne-Kilometre (RTK) means weight multiplied by distance for charged cargoes.
³ By counting RTAs in goods and services separately: www.wto.org/english/tratop_e/region_e/region_e.htm, accessed on 3 May 2012.
Upward trends of new trade restrictive measures

Responding to a request by the G20, the WTO, together with the OECD and the UNCTAD, prepared a series of reports on trade measures taken by the G20 economies on a semi-annual basis. The sixth report (WTO, 2011c) revealed upward trends in the imposition of measures that were considered as restricting or potentially restricting trade from October 2010 to April 2011 as well as from May to October 2011 (Table 1).

A total of 674 trade restrictive or potentially restrictive measures were introduced by the G20 economies from October 2008 to October 2011 in a variety of forms such as trade remedies (e.g. anti-dumping duties, safeguard measures, countervailing duties), tariff increases, non-automatic import licensing, and export measures. Although most may be justified under the GATT/WTO rules, it was indicated that only 19% of those measures were eliminated as of October 2011. As a result, it was estimated that trade affected by those measures cumulatively accounted for over 2% of world merchandise trade.

Table 1: Trade restrictive measures by G20 economies

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Note: Measures included in this table are those that restrict or have the potential to restrict and/or distort trade. The measures counted in the table are not all comparable, in particular in terms of their potential impact on trade flows. It has been estimated that G20 economies put in place 148 trade restrictive measures during the period October 2008 to March 2009. Table 1 does not include government support measures. (source) reproduction of Table 1, WTO (2011c, p.4)

New rules of the WTO Doha Development Agenda (DDA) negotiations

The absence of agreement on the WTO Doha Development Agenda (DDA) raises uncertainty about the future multilateral rules. Once the DDA negotiations are concluded, however, there are a number of areas that may impact on Customs (Aniszewski, 2009).

Regarding trade facilitation, in particular, while the WTO is developing high principles with respect to trade facilitation measures, the WCO instruments and tools provide more detailed guidance on how to implement the measures at a practical level. Customs needs to implement the future WTO Trade Facilitation Agreement; most of its draft texts under negotiation are compatible with the existing WCO instruments and tools including the Revised Kyoto Convention (RKC).
2.3 Business practices

**Development of international supply chain**

The international supply chain has increasingly become pervasive and prominent, and thus captured more policy attention than in the past. An economy is able to boost its trade through being integrated into the global or regional supply chain. The international supply chain is comprised of many stakeholders, including traders, transport companies, insurance firms, banks, forwarders, agents, and others that participate in international trade. Inevitably, Customs has become an integral part of the international supply chain.

Fragmentation of production and the just-in-time delivery system has increased the interdependency in global production systems. The production value chain is predominant particularly in manufactured goods. More than half of manufactured exports were semi-finished goods, parts and components. As a result, the import content of manufactured exports increased from around 20% in the early 1990s to 40% in 2010 (WTO, 2012b). The volume of intra-regional trade of intermediate goods is considered as an indicator of regional integration and regional supply chain development. Particularly in the European and Asian regions, trade flows of intermediate goods have been concentrated within each region, representing 71% and 64% of imports to the respective region in 2008 (Figure 2).

**Figure 2: Intra-regional and major inter-regional imports of intermediate goods (2008, in billions of US$)**

(source) reproduction of Figure 8, IDE-JETRO and WTO (2011, p.84)
Production fragmentation also led to substantial complexity of issues surrounding rules of origin and international trade statistics. The traditional measurement of trade statistics, which is based on the full commercial value to the last country of origin, fails to capture values added to the goods in each country. Therefore, the WTO launched the “Made in World” initiative to “support the exchange of projects, experiences and practical approaches in measuring and analyzing trade in value added”. Trade measured in value added shed a different light on international trade. For example, a study (IDE-JETRO and WTO, 2011) estimated that the trade deficit of the United States against China was reduced by 53% in 2005 and by 42% in 2008 if estimated in value added and adjusted for processing trade. It implies that value added in China is much less than the value of final goods exported from China (Figure 3).

**Figure 3: United States-China trade balance:**
Traditional statistics versus value added (VA) terms (in billions of US$)

Note: China’s processing trade data not available for 2000.
(source) reproduction of Figure 9, IDE-JETRO and WTO (2011, p.104)

**Increasing goods flows of Economic Processing Zones (EPZs)**

Export processing zones (EPZs) increasingly receive policy attention because they play an important role in the international supply chain. EPZs are considered as integral parts of foreign investment-led and export-led strategies. The International Labor Organization (ILO, 1998, p.3) defined EPZs as “industrial zones with special incentives set up to attract foreign investors, in which imported materials undergo some degree of processing before being exported again”. It is variously referred to as Free Trade Zone, Free Economic Zone, Free Port, Industrial Free Zone, Technological Free Zone, Special Economic Zone, and Industrial Development Zone (IDE-JETRO and WTO, 2011).

In 2006, it was estimated that there were 3,500 EPZs in 130 countries, employing around 66 million people. It was also estimated that EPZs accounted for more than 20%
of total exports from the developing economies (IDE-JETRO and WTO, 2011), although it varies country by country (Figure 4).

Figure 4: Economies with EPZs and shares of goods for processing in exports (2006 or most recent year, percentage)

(source) reproduction of Figure 2, IDE-JETRO and WTO (2011, p.22)

**Increased intra-firm trade for intermediate and final goods**

As the international supply chain develops, intra-firm trade has constituted a large share of world trade. Intra-firm trade is defined as cross-border flows of goods and service between parent companies and their affiliates or among these affiliates (OECD, 2002). However, it is difficult to assess its share and trend in world trade due to a lack of data in most countries. Nevertheless, the OECD (2011) made a broad estimation that intra-firm trade in goods accounted for one third of world merchandise trade. Statistics on intra-firm trade in goods may be collected through Customs authorities and based on business surveys. In the United States, for example, intra-firm trade accounted for 28.9% in its merchandise exports and 48.3% in its merchandise imports in 2010 (U.S. Department of Commerce, 2012). As a result, it represented 40.5% in terms of its total merchandise trade (i.e. exports and imports), and stayed at around 40% in 2002-2011.

The share of intra-firm trade in total trade showed a great variation across countries and industries. For instance, it is higher among OECD economies and lower between OECD and emerging economies (OECD, 2011). Intra-firm trade is driven by the activities of multi-national enterprises (MNEs). A number of MNEs use their affiliates to move raw materials and intermediate goods across borders along international production networks, as well as distribute final and consumer goods through wholesale trade affiliates in distribution networks.
Increased policy attention to informal cross-border trade (ICBT)

The informal economy is substantial in developing countries. In Africa, for example, it was estimated to be equivalent to 43% of its GDP, and thus had a similar size of the formal sector (OECD, 2009). Policy attention to informal cross-border trade (ICBT) increased because it is considered that it constitutes a major portion of the informal economy. There is no single definition of ICBT. Nevertheless, it may be referred to “trade transactions between residents and non-residents across the economic boundaries of two or more countries. These transactions are not recorded by Customs Authorities” (Ugandan Bureau of Statistics and Bank of Uganda, 2011, p.6), or “imports and exports of legitimately produced goods and services, which directly or indirectly escape the regulatory framework for taxation and other governmental procedures” (International Trade Centre, p.6).

Without reliable statistics, it is extremely difficult to estimate the magnitude of ICBT. Nevertheless, anecdotal evidence in east Africa showed that ICBT represented more than official trade statistics for certain food commodities such as fruits, vegetables, sugar and cereals (Figure 5).

Figure 5: Formal and Informal Trade by Food Commodity in East Africa (January–June 2011)

(source) reproduction of Figure 1.1, World Bank (2012, p.6)

2.4 Trade facilitation

As tariffs have significantly dropped through unilateral, bilateral, regional and multilateral initiatives, non-tariff barriers to trade are becoming more highlighted when facilitating international trade. Evidence has showed that trade facilitation reforms effectively enable economies to reduce trade costs, increase competitiveness, improve trade performance, create jobs and income opportunities, promote sustainable economic growth and prosperity, and thereby lead to poverty reduction (World Bank, 2012). Trade facilitation has been repeatedly highlighted by a variety of high-level policy frameworks and other entities, including the G20 (2010, paras.44-45; 2011, para.18); the United Nations (2003, paras.32-37); the African Union (2012); the APEC (2011); the WTO; the
Growing interest in Aid for Trade

The Aid for Trade (AfT) initiative mainly aims to achieve development goals through building trade capacity in the developing countries. The initiative has become more prominent on the agenda of policy-makers. It was indicated that total donor commitment for Aid for Trade reached US$45.3 billion in 2010, which is an increase of 12% over the previous year (WTO, 2012c). The 2010 commitment mainly consisted of economic infrastructure (59%), building productive capacity (37%), and trade policy (3%). The 2010 commitment to LDCs more than doubled to US$ 13.7 billion over the 2002-2005 baseline, which accounted for around 30% of the total commitments.

The AfT is expected to continue growing despite financial challenges in many donor economies (WTO, 2011d). Trade facilitation is one of the key areas in the initiative, and Customs plays an important role when promoting trade facilitation. A number of trade facilitation programmes aiming at better border management and regulatory reforms have been executed, and are expected to be initiated in the coming years. Customs modernization is an important component of these programmes (World Bank 2011).

Technical assistance and capacity building (TA&CB) for the future WTO Agreement on Trade Facilitation Agreement

The future WTO Agreement on Trade Facilitation presumes technical assistance and capacity building (TA&CB) activities for developing WTO Members that lack the capacity to implement the Agreement (WTO, 2012d). In order to implement the Agreement, considerable needs of TA&CB will be requested from developing countries. As the draft texts of the Agreement under negotiation are mostly compatible with the existing WCO instruments and tools including RKC, Customs inevitably constitute an important component for future TA&CB activities.

2.5 Customs enforcement

The new global trade landscape has resulted in the growth of the range and complexity of risks that have to be managed at borders. The Customs’ role and responsibilities have broadened to encompass the execution of controls and other activities that serve a wider set of Government objectives. This section describes emerging and evolving risks in five key Customs enforcement areas, amongst others, namely: revenue; drugs enforcement; security; health, safety and intellectual property rights (IPRs); and environment, although they are interlinked.

Revenue

Customs duties remain a significant source of government tax revenue in many countries, although its share declined as tariff rates dropped through multilateral, regional, bilateral and unilateral initiatives. Thus, revenue loss caused by such behaviors as under-invoicing; smuggling; origin fraud; misclassification; transfer pricing; and informal trade, amongst others, significantly undermines national economic development and competitiveness.
The WCO (2012) collected information on Customs’ contribution to government tax revenue in 153 countries in 2011 or the most recent years available. It was found that Customs duties alone provided more than 10% of government tax revenue in 38% of the countries concerned (Figure 6a). In most cases, Customs are mandated to collect other revenue such as VAT and/or excise duties on imported goods. Based on the figures in the report, it was estimated that Customs collected more than 10% in terms of government tax revenue in at least 78% of the countries concerned, more than 20% in at least 53% of the countries concerned, and more than 50% in at least 14% of the countries concerned (Figure 6b).

![Figure 6: Customs contribution to government tax revenue (Number and share of Members)](chart)

(a) the share of Customs duties in government tax revenue (x %)

- x<10%
- 10%<x<20%
- 20%<x<30%
- 30%<x<40%
- 40%<x<50%
- 50%<x

(b) the share of revenue collected by Customs in government tax revenue (y %)

- y<10%
- 10%<y<20%
- 20%<y<30%
- 30%<y<40%
- 40%<y<50%
- 50%<y

Both Figure 6(a) and 6(b) are based on the figures of 153 Members.

(source) WCO (2012)

**Drug enforcement**

The increase in illicit drug trafficking is of concern in the international community. It also poses a serious threat to public health and safety as well as undermines economic development and international stability. There are many international instruments to fight illicit drug trafficking. Amongst others, the UN Conventions regarding the control of drugs provide the global legal framework, supported by the Political Declaration and Plan of Action on International Cooperation towards an Integrated and Balanced Strategy to Counter the World Drug Problem in 2009. In May 2011, the Political Declaration of the Ministers responsible for the fight against illicit drug trafficking under the G8 framework affirmed their commitment to curbing illicit drugs trafficking such as the transatlantic trafficking of cocaine (G8, 2011).

As a long term trend, the UNODC report (2011) indicated that seizures of main drug categories have increased during the last decade. From 1998 to 2009, seizures nearly doubled for cocaine, heroin, morphine, and cannabis, and more than tripled for Amphetamine-type stimulant (ATS) (Figure 7). Trafficking flows vary according to the

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5 Customs duties is regarded as revenue collected by Customs if the latter is not available.
drug type. For instance, it is likely that international trafficking of cannabis herb is relatively small comparing to its consumption in the production countries, and considerable amounts of cocaine and heroin are trafficked across borders and regions on the other hand. Most ATS appears to be manufactured in the country or region of its consumption, while their precursor chemicals are trafficked internationally.

![Figure 7: Trends in seizures of main drug categories (index: 1998 = 100)](images/figure7.png)

(Source) reproduction of Fig.5, UNODC (2011, p.22)

**Security**

The issue of security of global trade and international supply chain has attracted considerable attention in the international community in light of increasing threats of international terrorism after the 9/11 attacks in 2001. Amongst others, an attempt to use air cargo as a delivery mechanism for explosive devices in 2010 renewed the concerted efforts of the international community, including the WCO, IATA, and ICAO, to secure the international supply chain.

While making continuous and concerted efforts to prevent terrorists or organized criminal groups from making use of international cargo to carry weapons of mass effect (WME), the international community has also focused on illicit cross-border movements of goods for producing the WME, and resilience of the supply chain or trade recovery when terrorist attacks, natural disasters, or other incidents take place. The increase of these incidents negatively impacts trade and requires the accelerated importation of humanitarian goods.

The United States has recently concluded a number of joint statements on global supply chain security with its trading partners including the EU, Japan, New Zealand, and Singapore. The respective statement reaffirmed shared commitment to enhance the security and resilience of the supply chain by preventing the unlawful transport of dangerous and illicit material and protecting critical elements of the supply chain system.

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6 Weapons of Mass Effect (WME) include nuclear, chemical, biological, and radiological weapons, as well as high quantities of explosives.

from attacks and disruptions while facilitating and expediting the flow of legitimate international trade through a multilayered risk-based approach to security.

Health, safety and intellectual property rights (IPRs)

Cross-border movement of dangerous goods that undermine public health and safety is a global problem, and continues to attract political and public attention. For example, the Seoul Communiqué issued at the 2012 Seoul Nuclear Security Summit (2012, p.9) underscored the need to develop national capabilities to prevent, detect, respond to and prosecute illicit nuclear trafficking, taking note that several countries has passed export control laws to regulate nuclear transfers.

It is widely recognized that a certain type of counterfeit and pirated goods undermines the health and safety of citizens. Counterfeits in medicines, tobacco, and batteries are some of the examples. The WCO report (2011d) confirmed upward trends of seizure cases in particular for goods transported by express cargoes and postal items. This trend was confirmed by national seizure reports of several countries, including the EU (European Commission, 2011), Japan (Japan Customs, 2012), and the United States (U.S. CBP and U.S. ICE, 2012). There is another trend that a number of RTAs and plurilateral agreements provide border measures on the goods infringing IPRs beyond the WTO TRIPS Agreement. For example, the Anti-Counterfeiting Trade Agreement (ACTA), which was signed in 2011, requires its Members to adopt or maintain procedures with respect to exported goods, amongst others.8

Environment


Moreover, a number of efforts to combat environmental crimes are underway. For example, the EU has concluded Voluntary Partnership Agreements with four timber-producing and exporting countries as of May 2012 in order to control cross-border movement of illegally logged timber, and is in negotiations with several others.9 Once they enter into force, licences, which are issued by the authority in exporting members to prove that the timber is legally logged and exported, are needed for importation in the EU.

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8 See the text of ACTA at www.mofa.go.jp/policy/economy/i_property/pdfs/acta1105_en.pdf
9 See more details at http://ec.europa.eu/environment/forests/flegt.htm
3. POTENTIAL IMPACT ON THE CUSTOMS COMMUNITY

World merchandise trade generally recovered following the global financial crisis, although it grew slower than the long-term average. Nevertheless, it expanded more rapidly than world production and recorded the highest level in value term. It is also expected to grow in the future. This infers that **Customs is required to process more transactions with the same or less resources especially in times of fiscal austerity.**

World merchandise trade has changed its patterns in recent decades. The share of developing countries in world merchandise trade has increased. At the same time, global production specialization has advanced particularly in manufactured goods. The share of intermediate goods as a percentage of total global merchandise exports has greatly increased. **The shift in trade patterns impacts the types of transactions processed by Customs.**

The international supply chain requires goods to cross borders promptly and predictably. Unnecessary delays at borders increase trade costs, erode the competitiveness of traders, and damage the international supply chain. In addition, the rise in the express cargo industry requires swift release of time-sensitive goods at borders. The needs of modern international business models exert pressure on **Customs to process goods effectively and efficiently and to minimize delays at borders.**

The international community has increasingly focused on the resilience of the supply chain after terrorist attacks, natural disasters, or other incidents. **Customs needs to prepare in such cases in order to better facilitate the movement of humanitarian goods by all transport modes and through better coordinated management with other government agencies.**

With new border rules and measures, world merchandise trade is more complicated than in the past. A number of trade measures were recently introduced under the WTO/GATT rules. New RTAs and EPZs add further complexity to goods in terms of the geographic characteristics of international trade. Growing concerns regarding key Customs enforcement areas, such as drug enforcement; security; health, safety and IPRs; and the environment also resulted in new border rules and measures not only at importing countries but also at exporting countries. Once the WTO DDA negotiations are concluded, there are a number of areas that may impact Customs, including trade facilitation. Thus, **Customs in importing and exporting countries increase their workload in order to implement new rules and measures at borders.**

Trade facilitation has been repeatedly highlighted by a variety of high-level policy entities. A number of trade facilitation programmes are operating, or are expected to be initiated in the coming years, and Customs modernization is an important component of these programmes. Capacity building activities for Customs modernization are expected to increase within the framework of the Aid for Trade initiative and the future WTO Agreement on Trade Facilitation, amongst others. **Customs is required to be involved in more technical assistance and capacity building on trade facilitation.**

Domestic resource mobilization is a significant priority in many developing countries, and thus there is new pressure on states to ensure revenues are collected in a fair, effective, and efficient manner. Revenue loss significantly undermines national
economic development and competitiveness. A comprehensive and innovative approach is necessary when trying to formalize the ICBT by raising compliance with border requirements. Transfer pricing is another issue for fair, effective, and efficient revenue collection. As being a major contributor to government tax revenue in many countries, *Customs is required to collect revenue in a fair, effective, and efficient manner.*

Last but not least, detailed and comprehensive trade data is needed when analyzing global and regional trends and patterns of illicit trade, including dangerous goods and goods related to environmental crimes. In addition, current trade statistics collected by Customs at borders fail to meet the demand when measuring values added to the goods, and capturing figures related to ICBT and intra-firm trade in most countries. *Customs needs to revisit how best to capture trade data to meet demands in the international community.*
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