

Coordinated border management in the Netherlands

By Frank Heijmann, Jos Ensing, Roel van't Veld and Marcel Neggers,

CUSTOMS POLICY & ENFORCEMENT UNIT, DUTCH CUSTOMS

In executing its various missions, the Dutch Customs Administration traditionally collaborates with industries involved in cross-border trade and increasingly with other enforcement agencies on matters concerning health and safety, the economy and the environment. Dutch Customs believes that efficient use of each other's expertise and information can prevent duplicate checks, and will help to reduce the administrative workload for bona fide enterprises. This article takes a look at the various initiatives aimed at improving coordinated border management in the Netherlands, and gives an overview of the layered approach Dutch Customs has adopted in the supervision of flows of goods.

ONE OF THE key goals of the strategic Customs policy plan of the Netherlands is to improve cooperation between enforcement agencies responsible for matters of safety and security, human and animal health, and the economy and the environment.

The intended outcome is that Customs will be able to work more efficiently while minimizing logistics delays for legitimate international trade, which is of crucial importance for trade and the competitiveness of the logistics industry in the Netherlands as a whole.

Over the past years, Dutch Customs has been actively participating in the work undertaken at the WCO on coordinated border management, and has

contributed to the discussions on best practices for creating or enhancing collaboration between Customs and other enforcement or regulatory agencies, including authorities responsible for air freight security.

In this article Dutch Customs shares the experience of the Netherlands, focusing first on projects undertaken at the European Union (EU) level, and then moving to purely national initiatives which might be of interest to Customs administrations around the world.

Developments at the EU level

The EU has made the improvement of collaboration between enforcement agencies one of the seven key objectives of its new risk management strategy.

In this regard, the European Commission (EC) has launched a series of projects aimed at improving collaboration with EU Customs authorities, various enforcement agencies from EU Member States, and a number of European logistics industry organizations, including the European Shippers' Council, the European Association of Freight Forwarders, and logistics service providers.

Dutch Customs is currently participating in these EU projects, sharing previous experience gained in the Netherlands in order to constructively contribute to the improvement of collaboration between Customs authorities and other enforcement agencies, both cross-border and at home.

AEO-RA/KC alignment

One of these projects relates to finding existing commonalities between enforcement agencies' certification programmes, such as the Authorized Economic Operator (AEO) within the domain of Customs, and the Regulated Agent/Known Consignor (RA/KC) within the domain of civil aviation authorities.

It may be worth repeating that an AEO is an operator who has been granted this status by the Customs authority of an EU Member State, after it has been established that the operator meets the following common criteria: Customs compliance; appropriate record-keeping; financial solvency; and, where relevant, appropriate security and safety standards.

Operators may only receive AEO status after the Customs authority issuing the status has ensured that the operator meets the criteria for the issuing of a certificate. An examination is, in principle, carried out on all the premises relevant to the Customs-related activities of the operator.

An RA is an air carrier, agent, freight forwarder or any other entity who undertakes

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security controls in respect of cargo and mail. A KC is a consignor who sends cargo or mail for his/her own account and whose procedures meet common security rules and standards sufficiently enough to allow the carriage of cargo or mail on any aircraft.

Both entities require approval by the aviation security authority of an EU Member State to become an RA or a KC. Approval may only be granted after an onsite verification of the relevant premises has confirmed that the entity complies with the applicable security requirements. This onsite verification is carried out by the appropriate authority or on its behalf by an EU aviation security validator.

Proposals were made by the EU AEO-RA/KC project group to further integrate Customs legislation and air freight legislation through mutual recognition of certifications, which will help unify the application and monitoring processes of both enforcement agencies, thereby reducing the industry's administrative load and cost.

These proposals led to the publication of the EC's implementing regulation (EU) No. 889/2014 of 14 August 2014 amending Regulation (EEC) No 2454/93, regarding recognition of the common security requirements under the RA/KC programme and the AEO programme.

The new regulation updates the references to the aviation legislation in force, includes recognition of the KC status and its relevance to AEOs, frames the scope of recognition of the common requirements between the respective programmes, and allows for the necessary exchange of information between Customs and aviation authorities.

Air cargo security and data submission

Customs, the Ministry of Finance and the Ministry of Security and Justice of the

Netherlands jointly participate in activities concerning the EU Air Cargo Security Pilot/Study. The aim of these activities is to improve the air cargo security risk based approach by using advance cargo information (ACI) that is submitted pre-loading.

In examining the process flow of the traditional air cargo model, it was found that both the carrier and the freight forwarder already have the data – called ‘raw data’ as it is yet to be analysed – needed for security risk analysis purposes, but at different points of time.

This raw data, collectively called 7+1, consists of a set of seven data elements (the consignor’s name and address, the consignee’s name and address, the description of the goods, the piece count, and the weight) and an identifier (the House Air Waybill number, or H.A.W.B. number).

Therefore, with the aim of ensuring that Customs gets the data early enough, and that it is of sufficient quality to enable Customs to conduct the first layer of security risk analysis, a study was undertaken to test the feasibility of gathering pre-loading information and the appropriateness of using the raw data for security purposes.

This ACI, the so called ‘7 + 1’ initial data, forms the beginning basis of the Customs risk assessment process for air cargo security. The data is subjected to an electronic risk analysis process against common risk rules established by the EC and EU

Member States’ Customs administrations in cooperation with aviation and home affairs authorities.

For subsequent mitigation of air cargo security risks, a first draft of a protocol, i.e. a detailed schedule for adequate operator’s responses, was developed jointly by the EC and EU Member States to ensure coherency and alignment between Customs and civil aviation security legislation.

AEO/ISPS-code alignment

In the maritime domain, the EC is investigating the overlap between AEO safety criteria and the certification requirements for the International Ship and Port Security Programme (ISPS-code) regarding maritime safety and security, based on EU legislation.

As part of a joint preliminary enquiry undertaken by the Dutch and Belgium Customs authorities, it has already been found that AEO safety criteria largely echo the safety criteria in the ISPS-code, which concern the security of shipping lines, port facilities and businesses operating at ports.

The risk analyses of the security of port sites and businesses that need to be carried out for the ISPS programme to a great extent coincide with the requirements set for the AEO security status. Further steps will be taken to investigate this specific overlap in order to aim for possible improvement in collaboration between enforcement agencies.

Dual use goods

In the first half of 2014, the EC launched a project to look at ways to improve collaboration between responsible enforcement agencies in the field of AEO certification and the issuing of licences for ‘dual use’ goods – goods that can be equally used for civil or military purposes and which in some cases are subject to export restrictions because they can also be used for purposes of repression, aggression or terrorism.

In this project several EC Directorate Generals participate jointly with Customs administrations and other responsible authorities to compare relevant AEO criteria with the criteria for issuing dual use licences, including investigating any possible overlap.

Developments at the national level

Dutch Customs has been able to improve inspections partly through internal action, for example by training staff, by defining unambiguous work arrangements, and by harmonizing procedures and methods.

Of course, many inspections require extensive collaboration with other inspection services involved in the cross-border transport of goods. Hence, exchanging information, utilizing each other’s capacity and combining checks is absolutely necessary.

Single Window for Trade and Transport

As part of the Dutch e-government programme, the Dutch authorities have



designed Digipoort, the government's 'electronic post office' for businesses. It provides the communication infrastructure for the exchange of digital information between companies and government authorities. Digipoort enables companies importing and exporting products to submit information aimed at multiple government authorities once.

To enhance this exchange of information and intensify collaboration with industry, a programme called the Single Window for Trade and Transport (SWTT) has been launched. It will act as an industry-wide IT platform (public and private) to facilitate seamless integration of the logistics network.

Within this programme, the authorities involved in the inspection of international goods flows have agreed to improve their joint service level, by means of coordinated risk selection and efficient calculation and processing of import duties for example. This will eventually result in the one-stop shop concept, and consequently less red tape – physical Customs, environmental and veterinary checks on goods will take place simultaneously.

The SWTT programme is being developed in stages from the following two platforms: the Maritime Single Window (MSW) and the Inland Navigation Single Window (BSW). Both platforms will enable, as of June 2015, all reporting between ships arriving in and/or departing from ports of EU Member States and authorities

throughout the EU to be done electronically in a harmonized way, as required by EU Directive 2010/65/EU – commonly known as the Reporting Formalities or 'FAL' Directive.

The development of these platforms will run until mid-2015, after which additional projects will be launched within the framework of the SWTT programme.

Neutral Logistics Information Platform (NLIP)

Logistics has been designated as a spearhead industry of the Dutch economy by the government. The re-use of information throughout the logistics industry and between the industry and the authorities could make the logistics industry even more efficient and competitive.

In this context, Dutch Customs is working with several private and public entities to develop the Neutral Logistics Information Platform (NLIP). It will enable all supply chain partners to input information once, and then share it throughout the entire chain.

Originators of information will control who has access to the information, and when. The aim of NLIP is to assist shippers, logistics providers, ports and government departments to optimize

supply chains, reduce administration, and work more efficiently.

Within NLIP, various existing information platforms set up by business operators, such as Cargonaut – the information system for the air cargo industry, and Portbase – the information system for the port communities of Amsterdam and Rotterdam, including the government's Digipoort, will be linked. It will only encompass new industry platforms as they are created.

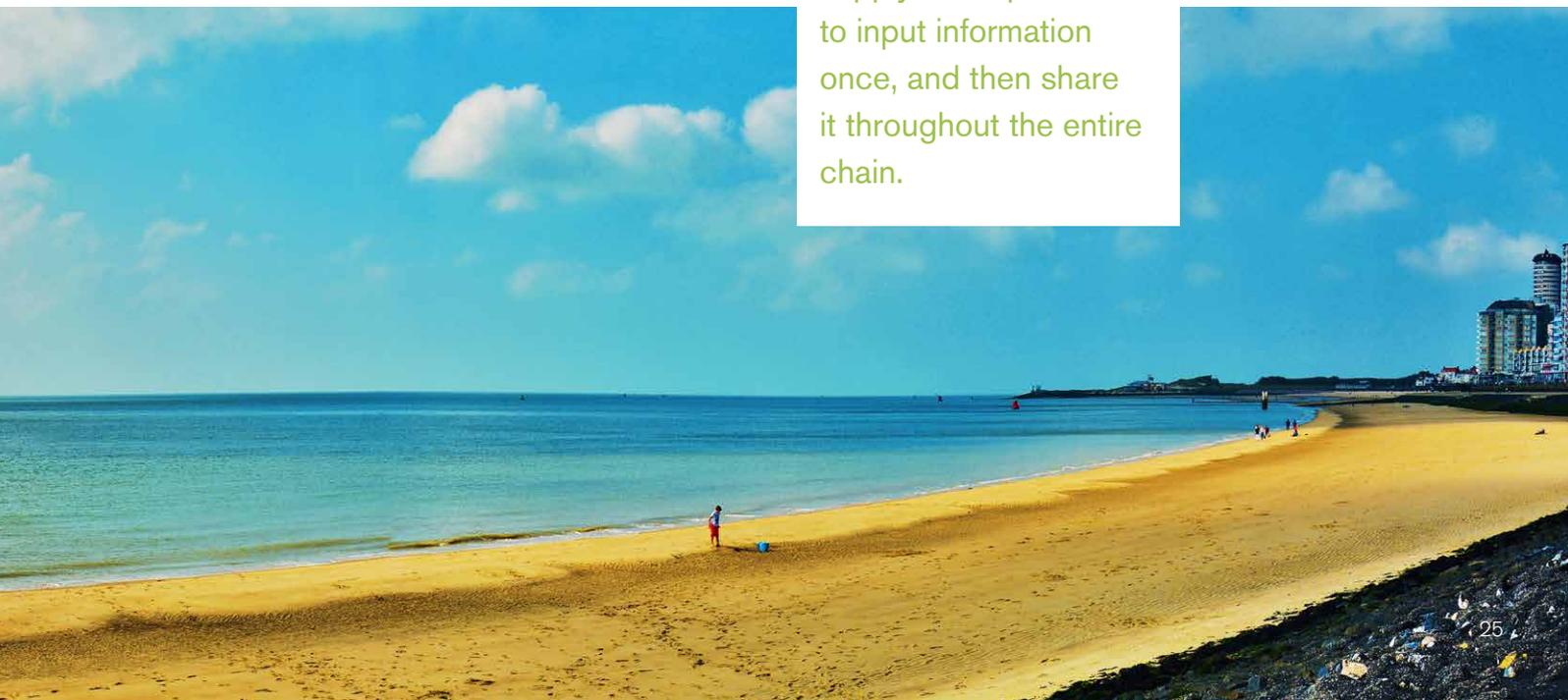
The aim is to enable, through NLIP, the exchange of data stored on all these platforms. This data will then be available for re-use in various applications in use by the economic operators and government parties involved.

Updating Inspections Programme

In addition to making preparations for the establishment of SWTT and the NLIP, a number of authorities have spent recent years working on updating maritime inspections to increase their effect and reduce any burden.

This is what the Updating Inspections Programme is all about, with increased collaboration between inspection authorities being implemented in the domain of inland navigation and sea port controls.

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In this programme, inspection authorities are increasingly operating as a single enforcement agency. Not only is this a more efficient method for the enforcement community, it also reduces the inspection load for the industry by preventing duplication of controls. By sharing inspection results, surveillance authorities get to know the bad apples in the cart and can improve their targeting. Risk analyses can also be used to set priorities, and compliant businesses, such as AEO certified companies, will be inspected less often.

Another great example of efficient and modern supervision lays in the publication of an annual Transport by Water Surveillance Plan, another collaborative effort between agencies involved in ensuring compliance and fighting fraud in this field.

Research perspective

Innovation in Supply Chains Compliance and Border Management (ISCOM)

The ‘Innovation in Supply Chains Compliance and Border Management’ research programme focuses on innovation and efficiency improvement in the cooperation between top sector logistics businesses and Dutch Customs.

For this purpose, pioneering academic projects are sought in one or more of the following research areas: compliance management; ICT infrastructure; and legislation and regulations. The research is being conducted by a consortium of academics with at least one business partner that contributes to the research work and funding.

The academic challenge in the area of compliance management is to develop new supervisory models for reducing the administrative burden for international trade and transport on the basis of warranted trust, cooperation between the government and businesses, and determining the business case for enterprises to increase visibility and security in the goods chain so that government supervision can be based on this.

While the academic challenge in the field of ICT infrastructure is to produce innovations that will allow for

better data exchange between businesses and the government, and between businesses or government bodies themselves, and to come up with intelligent applications that will enable businesses to optimize their logistics processes and at the same time give Customs access to better data for their inspection tasks, thereby reducing the administrative burden of Customs supervision on businesses.

Lastly, the academic challenge in the field of legislation and regulations is to remove legal barriers to the use of innovations in compliance management so that there is better data exchange between businesses and the government, and between businesses or government bodies themselves, for the transport of goods being exported from or imported into the EU.

To illustrate this last point, we take a look at the situation in the EU. In Europe, cross-border operations have to comply with EU Customs legislation which falls within the jurisdiction of the EC, in particular the Directorate-General for Taxation and Customs Union (TAXUD).

To transport these goods, one also has to comply with EU legislation pertaining to product safety, health, economy and the environment on the one hand, and to the transport legislation of national governments on the other. All these different regulations create specific information streams, according to specific data structures and times at which the relevant obligations must be fulfilled.

To achieve effective and coordinated border management, it would be desirable for businesses to pass on information to the government once. This requires legal research into the possibilities of harmonizing data structures and the times at which obligations must be fulfilled without affecting the intended purpose of the relevant legislation and regulations.

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EU Customs legislation is now being reviewed in Brussels by the EC in an attempt to modernize the Union Customs Code (UCC). This research into new forms of supervision may eventually lead to new legislative initiatives in the UCC by 2020, or beyond.

Pushing boundaries

Dutch Customs has developed a layered approach to enforcement concept that will be of benefit to both Customs and the bona fide business community. This risk-based approach results in fewer – and less disruptive – interventions in the logistics of reliable businesses, and in more inspections of other businesses.

Depending on the information that is available on the underlying parties, aspects regarding the movements of goods are segregated into unknown traders, the known and trusted traders (AEO), and smart and secure trade lanes – the future aim being that Customs inspections, in principle, will take place in exporting countries.

There are three main supervision scheme or commodity flows in this approach, with a different mix of control mechanisms being applied to each of them:

- The blue flow are unknown traders – Customs therefore intervenes intensively in the logistics at the border based on risk analyses;
- The green flow are trusted traders – Customs, based on the proven reliability of the trader, makes observations, preferably outside of the logistics process where appropriate in light of the risk involved, to verify that traders are acting correctly;
- The yellow flow represents trusted trade lanes – Customs works to secure entire chains, in accordance with the provisions of the WCO SAFE Framework of Standards. Customs is cognisant of every link in these chains from beginning to

end, and can say of these goods entering or leaving the Netherlands that “we know who packed the box”. This system, in principle, makes it feasible to restrict the inspection of these goods to one inspection at the time they are loaded in a marine or air container.

Coordinated border management

The success of the layered approach in the supervision of goods depends on the willingness of fellow enforcement agencies to keep pace with Customs’ vision and operational approach, as this is necessary if the Dutch business community is to gain potential benefits.

It will then be possible to create the SWTT sector, and to set up one checkpoint at the border, with all supervisory authorities carrying out their inspections at the same place in the transport chain and at the same time.

However, the success of this concept is not only dependent on Customs and other agencies, it is equally dependent

on the business community’s faith in the concept. This is already the case with, for example, the AEO system, which is, in essence, founded on economic operators’ trust in the system. Similarly, secure trade lanes can operate solely when businesses perceive the benefits available to them and are prepared to invest in innovation to reap those benefits.

Customs has – under its ‘pushing boundaries’ motto – set a point on the horizon for a layered approach: a vision that will serve as a benchmark for reviews of all the measures to be implemented in the future, marking the final destination of Customs’ approach in the years to come.

Dutch Customs is firmly of the conviction that their adoption of this approach will ensure a balance between continuing support for the Netherlands’ leading position in international logistics rankings and protecting the EU and its citizens.

More information

mam.neggers@belastingdienst.nl

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