



WORLD CUSTOMS ORGANIZATION

Customs Guidelines on Integrated Supply Chain Management

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Foreword

The increasing threat of international terrorism and organised cross-border crime requires the enhancement of existing border and frontier controls and effective national and international co-operation between Customs, other law enforcement agencies and business. The greatest challenge for Customs will be to offer facilitated treatment of the vast majority of international cargo movements and passenger traffic, while identifying and dealing with the small percentage that pose a genuine risk to security.

The WCO has immediately responded to the call for action from WCO Members and international bodies such as the Group of Eight (G8) and the International Maritime Organization (IMO) by adopting the Resolution on Supply Chain Security and Trade Facilitation at the June 2002 Council Sessions. The WCO Resolution addresses a series of steps to protect the international trade supply chain from acts of terrorism or other criminal activities, while pursuing established facilitation principles.

Risk management, one of the core principles of modern Customs co-operation, developed by the WCO in the revised Kyoto Convention, enables Customs to exercise adequate controls with minimum hindrance to legitimate trading. The Resolution established a Task Force of Customs and business experts to work in close consultation with other stakeholders including trade and intergovernmental organizations in developing among others these Guidelines on Integrated Supply Chain Management based on the Revised Kyoto Convention and its implementing Guidelines.

The implementation of the ISCM Guidelines should take place at the national level. However, the ISCM Guidelines will only become truly effective when Customs administrations along the supply chain will have implemented common standards on Customs control, risk assessment and the authorized supply chain standards enabling mutual recognition and integrated Customs control and treatment of international transactions described in the Guidelines. Although bilateral arrangements will predominate, the focus should be on the eventual global implementation of the Guidelines requiring flexibility from all parties.

Countries implementing these Guidelines in co-operation with other countries and after having consulted their stakeholders will have to establish the necessary technical infrastructure, including Customs IT systems and be required to develop the appropriate legal framework required by national law regulating:

- Risk assessment and controls at export,
- the use of a UCR,
- who has to provide the information and who is legally liable,
- which information would have to be requested from whom for risk assessment ensuring that information is submitted only once,
- to whom this information has to be transmitted,
- when and at what point in the trade process the information has to be provided,
- how the information has to be provided,
- what simplifications and facilitation the Customs will provide to authorized traders and secure economic operators,
- how the information received will be used and protected.

These WCO ISCM Guidelines, along with the Guidelines being developed by the WCO Task Force on the national legal base for advance data exchange among Customs administrations

and those on Customs-Business Partnerships specifying the supply chain security criteria, provide Customs administrations with a number of implementation options and guidelines.

1 Management Summary

- 1.1 Time, quality information and good intelligence are the most critical elements in the application of efficient and effective Customs controls and risk management. These elements have become even more essential in the efforts to increase security along the global supply chain. Since the supply chain consists of the physical origin-destination movement of the goods and the parallel movement of commercial data, the overall goal has to be to receive the necessary information to perform risk assessments as early as possible in the global supply chain from the originator of the information to allow the free and smooth flow of the goods.
- 1.2 The application of risk management in Customs operations as set out in the revised Kyoto Convention and its implementing Guidelines has become an invaluable best practice to carry out effective and efficient Customs control and to allow better use of available resources. Through implementation and use of a risk management programme, Customs can determine which goods and which traders are in compliance with Customs law and thus pose a low risk for control purposes. These traders can then be approved for simplified procedures that require less intervention by Customs for the release and clearance of their goods. Any trader that meets the criteria that have been identified as necessary to ensure the trader's compliance with Customs law can be authorized. The authorization will indicate the obligations of the authorized person concerning the use of a simplified procedure.
- 1.3 To achieve the objective of gaining the necessary time for risk management and to receive quality information, Governments and Customs administrations will have to treat the global supply chain as an integrated commercial activity. This will require Customs administrations throughout the supply chain to develop and agree on an integrated Customs control chain reaching from origin to destination and addressing the key elements of supply chain security i.e. in document and physical control, shipment, personnel and information security.
- 1.4 In a bilaterally agreed integrated Customs control chain, Customs control and risk assessment for security purposes is an ongoing and shared process commencing at the time when goods are being prepared for export by the exporter and, through ongoing verification of consignment integrity, avoiding unnecessary duplication of controls. To enable such mutual recognition of controls, Customs will have to agree (bilaterally or multilaterally) on common control and risk management standards, the sharing of intelligence and risk profiles as well as the routine exchange of Customs data. Such agreements should foresee the possibility of joint monitoring or quality control procedures to oversee the adherence to the standards.
- 1.5 In the interest of supply chain security and the integrated Customs control chain, in particular to ensure a fully secure movement from stuffing of the container to its final destination, Customs should apply a seal integrity programme as detailed in the revised Guidelines to chapter 6 of the General Annex to the Revised Kyoto Convention. Such seal integrity programmes include procedures for recording the affixing, changing and verification of seal integrity at key points, such as modal change.
- 1.6 The integrated Customs control chain will also require a Unique Consignment Reference (UCR) to be applied by or on behalf of the party initializing the international

trade transaction to all international consignments and being utilized in all relevant communications by all parties involved in the supply chain establishing an origin to destination information and documentation trail. The UCR will enable Customs to link information received from the different parties for a particular consignment and will facilitate the exchange of Customs data between Customs administrations.

- 1.7 In addition to the integrated Customs control chain, Customs administrations should agree and implement Authorized Supply Chains where the exporter and the importer have both the status of an “authorized trader”, and where, during the movement of the consignment the exporter and importer agree to use only secure economic operators. For the purpose of continued and sustained security along the global supply chain, the business sector in general but authorized traders and secure economic operators in particular will have to apply sound supply chain management policies and make appropriate provisions in terms of security in their supplier and customer relationships. While Authorized Supply Chains would provide increased security they would offer Customs the possibility to provide end-to-end premium procedures and simple integrated Customs treatment of the total international transaction.
- 1.8 The increasing use of e-business in the trade chain results in more information readily available in an electronic format for use by Customs administrations and other government agencies involved in the control of goods and people crossing the border. This enables Customs administrations to require the necessary information from the party having initiated the supply of goods internationally, i.e. the exporter or the importer, before the consignments depart for their journey to the country of import. The different business practices applied in the various modes of transport may require tailored rules for the submission of the information.
- 1.9 Customs administrations should generally grant rapid release to all consignments, which have met the conditions laid down by Customs and for which the necessary information required by national legislation is communicated, preferably by electronic means, at a stipulated time prior to arrival.
- 1.10 Governments have to take a holistic approach in their efforts to secure and protect the international trade supply chain from being used for acts of terrorism or other criminal activity while ensuring continued improvements in trade facilitation without unnecessarily increasing costs. Governments should therefore take the initiative to develop co-operative arrangements between Customs and other Government agencies involved in international trade in order to facilitate the seamless transfer of international trade data (single window concept) and to exchange risk intelligence at both national and international levels. This would allow the trader to electronically submit the required information once to a single designated authority, preferably Customs. In this context Customs should seek close integration with commercial processes and information flows in the global supply chain, for example by making use of commercial documentation such as the invoice and the purchase order as the export and import declarations (see figure 1 and Annexes III and IV).

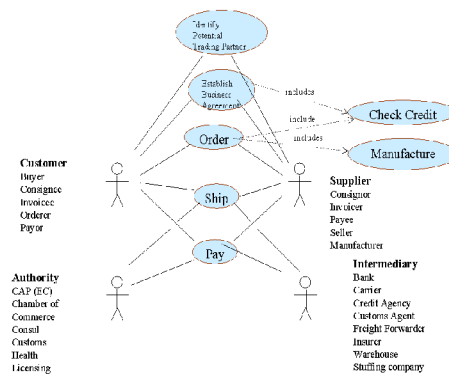


Figure 1 Global Supply Chain Model (Source: UN/CEFACT)

- 1.11 The role of information and communication technology (ICT) is significant for efficient and effective Customs control. Customs will have to be flexible and far-sighted in developing electronic methods of controlling and facilitating trade, especially in the use of IT, including electronic data exchange. The need for Customs to operate in such an international environment using open networks will demand :
- Harmonized Customs procedures and processes based on the revised WCO Kyoto Convention, as well as e-enabling legislation addressing issues such as “signature” and “document”;
 - Standardized data requirements at export and import, as defined in the WCO Customs Data Model; and
 - A comprehensive IT security strategy addressing, inter alia, the cross-border recognition of digital certificates.
- 1.12 Security and facilitation along the global supply chain requires highly trained and motivated staff in the Customs administrations as well as in all other parties involved in the supply chain. Customs has to ensure that all levels of staff are regularly provided with the necessary training to build up and maintain the skills required to perform effective and efficient Customs controls and to operate in an electronic environment.

2 Definitions

- 2.1 For the purpose of these Guidelines and in addition to the definitions provided in the revised Kyoto Convention, the following definitions apply:
- a **Exporter**, is the party who makes - or on whose behalf - the export declaration is made and who is the owner of the goods or has similar right of disposal over them at the time when the declaration is accepted.
 - b **Agent** is a person authorized to act on behalf of another party.
 - c **Carrier**, is the party undertaking or arranging transport of goods between named points. This includes non vessel operating common carriers (NVOCC).
 - d **Importer** is the party who makes or on whose behalf a Customs clearing agent or other authorized person makes an import declaration. This may include a person who has possession of the goods or to whom the goods are consigned.
 - e **Consignee** is the party to which goods are consigned.
 - f **Consignor**, is the party which, by contract with a carrier, consigns or sends goods with the carrier, or has them conveyed by him.
 - g **Secure economic operator**, is a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a national Customs administration as complying with WCO or equivalent supply chain security standards. Secure economic operators include inter alia manufacturers, importers, exporters, brokers, carriers, consolidators, intermediaries, ports, airports, terminal operators, integrated operators, warehouses, distributors.
 - h **Authorized trader**, is a secure economic operator that is authorized to use simplified procedures following approval by a national Customs administration that the party meets the criteria that have been identified as necessary to ensure the trader's compliance with Customs law..
 - i **International Supply Chain**, covers all stages following the recognition of need by a Customer for a product or service to the fulfilment of an order by a Supplier and the resulting financial settlement. It incorporates any necessary activities carried out by Intermediaries and Authorities.
 - j **Authorized Supply Chain** is a cross-border concept involving consignments that move between two authorized traders using only Secure Economic Operators, and which qualify for simplified procedures and in respect of which the same minimum information requirements are supplied once for both export and import purposes.
 - k **Goods declaration**, means a statement made in the manner prescribed by the Customs, by which the persons concerned indicate the Customs procedure to be applied to the goods and furnish the particulars which the Customs require for its application.

- l **Cargo declaration**, means information submitted prior to or on arrival or departure of a means of transport for commercial use that provides the particulars required by the Customs relating to cargo brought to or removed from the Customs territory.
- m **Place of loading**, is the seaport, airport, freight terminal, rail station or other place at which the goods (cargo) are loaded on to the means of transport being used for their carriage from the Customs territory.
- n **Place of discharge**, is the seaport, airport, freight terminal, rail station or other place at which the goods (cargo) are unloaded from the means of transport having been used for their carriage.
- o **Customs office of exit** is the Customs office by which the goods leave or are intended to leave the Customs territory.
- p **Customs control** are measures to ensure compliance with the laws and regulations which Customs are responsible for enforcing.

3 Integrated Customs control procedures

3.1 General provisions

- 3.1.1 These Guidelines should generally apply to all consignments. However, Customs may consider exemptions from these Guidelines in special or urgent cases.
- 3.1.2 The Revised Kyoto Convention (RKC) provides in standard 6.1 of its General Annex that all goods including means of transport, which enter or leave the Customs territory shall be subject to Customs control. For the purpose of an integrated Customs control chain, however, the integrity of the consignment has to be ensured from the time the goods leave the place of origin until they arrive at the place of destination. This can, in the absence of internationally agreed standards and protocols, be achieved through Customs-Business Partnerships, including Authorized Supply Chains, on the basis of WCO or equivalent Supply Chain Security standards.
- 3.1.3 For the purposes of supply chain security and trade facilitation these Guidelines describe the various procedures and processes in international trade and how they should be integrated into an integrated Customs control chain. The individual procedures may include the following (see also Annex I):
 1. The advance electronic transmission of an initial export goods declaration by the exporter or his agent containing the relevant information for the exporter specified in Annex V to the Customs administration at export followed by a complementary declaration at an agreed later stage, where required (see 3.2);
 2. The advance electronic transmission of an initial declaration by the carrier containing the relevant information specified in Annex V to the Customs administration at export or import, followed, where required, by the full cargo declaration at an agreed later stage (see 3.3 and 3.4), if this cargo declaration contains any information not included on the initial declaration;
 3. The advance electronic transmission of an initial import goods declaration by the importer or his agent to the Customs administration at import followed by a complementary declaration at an agreed later stage, where required (see 3.5);

4. The Authorized Supply Chain provides the possibility to integrate the information flows as described in the aforementioned paragraphs 1 and 3 into one single declaration for export and import purposes;
 5. The routine (advance) electronic exchange of Customs data between Customs administrations at export and import to support risk assessment and rapid release (see 3.6).
- 3.1.4 At the time goods are being allocated to an international transaction, for example by concluding a contract for export or by placing a purchase order, the party initiating the international trade transaction, e.g. the buyer or importer, or the agent acting on behalf of that party should assign a unique consignment reference (UCR) to the consignment in accordance with the WCO Recommendation on the UCR and its accompanying Guidelines (see also Annex III). The UCR should be utilized in all relevant communications by all parties involved in the entire supply chain.
- 3.1.5 Transitional Standard 3.32 of the General Annex to the RKC provides the possibility that for authorized traders who meet criteria specified by the Customs, including having an appropriate record of compliance with Customs requirements and a satisfactory system for managing their commercial records, the Customs shall provide for release of the goods on the provision of the minimum information necessary to identify the goods and permit the subsequent completion of the final Goods declaration enabling among others the calculation of duties and taxes and the collection of trade statistics. These arrangements can be extended, with benefit to facilitation as well as security, by the concept of an Authorized Supply Chain in which all operational participants in an international trade transaction are approved by Customs as observing specified standards in the secure handling of goods and relevant information. Consignments passing from origin to destination entirely within such a chain would benefit from an integrated cross-border simplified procedure, where only one simplified declaration with minimum information would be required for both export and import purposes. In cases where the authorized traders as well as the secure economic operators in an authorized supply chain have agreed to provide Customs at export, import and en route with online access to Customs relevant information within their commercial systems and there are arrangements for mutual recognition of authorizations on a basis acceptable to both export and import Customs, the simplified declaration could be reduced to the provision of the UCR only (see also Annex II). Such a procedure would have to include a thorough cross-border audit of the traders' commercial systems.
- 3.1.6 Standard 3.8 of the General Annex to the RKC makes the declarant responsible for the accuracy of the particulars given in the Goods declaration. The RKC further provides that national law shall lay down the conditions under which a person is entitled to act as declarant. Where many countries require a licensed Customs broker to submit the Goods declaration, others leave this to the exporter/importer to determine whether he wants to accomplish these formalities by himself or through an agent, who may or may not have to be licensed by Customs.
- 3.1.7 Standard 3.13 of the General Annex to the RKC provides the possibility that where for reasons deemed valid by the Customs, the declarant does not have all information required to make the Goods declaration, a provisional or incomplete Goods declaration shall be allowed to be lodged, provided that it contains the particulars deemed necessary by the Customs (see Annex V) and that the declarant undertakes to complete it within a specified period. In the context of the WCO ISCM Guidelines

the initial declarations as described in 3.1.3. can be regarded as incomplete declarations.

- 3.1.8 Standard 4 of Specific Annex A.1 to the RKC holds the carrier responsible to the Customs for ensuring that all goods are included in the cargo declaration or are brought to the attention of the Customs in another authorized manner. Although the Standard requires all goods to be reported there are many varying practices. Some administrations only require the goods that are to be unloaded in their Customs territory to be reported, while others require all goods to be reported irrespective of whether they are unloaded or not. In some cases goods not meant to be unloaded or meant for destinations outside the Customs territory can be reported in a simplified manner. In any event, Recommended Practice 9 of Annex A.1 urges Customs to limit their information requirements to that available in carriers' normal documentation and to base their requirements on those set out in relevant international transport agreements (e.g. IMO FAL Convention, ICAO Chicago Convention).
- 3.1.9 According to Standards 3.33 and 3.40 of the General Annex to the RKC, goods shall be released as soon as Customs have examined them or decided not to examine them, with examinations to take place as soon as possible after the Goods declaration has been registered. For the purpose of the ISCM Guidelines, Customs should, within a specified time limit, notify the party having submitted the Goods or Cargo declaration, as applicable, whether the goods cannot be loaded, unloaded or released.
- 3.1.10 According to Standard 3.23 of the General Annex to the RKC where national legislation lays down a time limit for lodging the Goods declaration, the time allowed shall be sufficient to enable the declarant to complete the Goods declaration and to obtain the supporting documents required. In addition, Standard 3.25 of the General Annex to the RKC requires Customs administrations to make provision for the lodging and registering or checking of the Goods declaration and supporting documents prior to the arrival of the goods. Standard 1 of Specific Annex C.1 on outright exportation as well as of Specific Annex A.1 on Formalities prior to the lodgement of a Goods declaration provide that the procedures contained in these Specific Annexes shall be governed, insofar as applicable, by the provisions of the General Annex. The Guidelines to these Specific Annexes explicitly refer to the provisions on lodging and checking or registering of the declaration contained in Standard 3.25.
- 3.1.11 In application of the provisions mentioned in 3.1.10 and for the purpose of these Guidelines, the initial export Goods declaration should be lodged by the exporter or his agent to Customs prior to the goods being loaded onto the means of transport or the container being used for their exportation. Alternatively, in particular in the case of an integrated Customs control chain, the importer should lodge the initial import Goods declaration where possible prior to the goods being loaded onto the means of transport or the container being used for their exportation, otherwise prior to arrival in the country of import. As far as the initial cargo declaration is concerned, the carrier or his agent should lodge the cargo declaration in advance. In no case should the initial declaration be required earlier than the time established for the initial export or import Goods declaration. The exact timing at which the Goods and Cargo declarations have to be lodged with the Customs administration at either export or import should be defined by national law after careful analysis of the business processes applicable for the different modes of transport and after consultation with the business sector and other Customs administrations concerned. Customs should

provide equal access to simplified arrangements to authorized traders and secure economic operators regardless of the mode of transport.

- 3.1.12 Standard 3.11 of the RKC provides that the contents of the Goods declaration shall be prescribed by the Customs. For the purpose of standard and harmonized Customs data requirements at import and export, the WCO has developed the Customs Data Model, which defines a maximum set of data for the accomplishment of export and import formalities. The Data Model also defines the electronic message formats for relevant Cargo and Goods declarations. The WCO Customs Data Model includes the data necessary for Customs control and risk assessment purposes.
- 3.1.13 Standard 7.4 of the General Annex to the RKC requires that new or revised national legislation shall provide for the right of the Customs to retain information for their own use and, as appropriate, to exchange such information with other Customs administrations and all other legally approved parties by electronic means. Standard 6.7 further provides that Customs shall seek to co-operate with other Customs administrations and seek to conclude mutual administrative assistance agreements to enhance Customs control.
- 3.1.14 In analogy to Standard 8 of the Specific Annex E.1 of the RKC the Customs at the office of departure should take all necessary action to enable the office of destination to identify the consignment and to detect any unauthorized interference. In addition the Customs administrations at departure and destination should agree to use an electronic messaging system to routinely exchange Customs data, in particular control results and arrival notifications, for high-risk consignments.

3.2 Export Goods Declaration

- 3.2.1 The exporter or his agent submits an initial export Goods declaration with the particulars from Annex V specified for the exporter to the Customs at export prior to the goods being loaded onto the means of transport or the container being used for their exportation. In cases where the initial export Goods declaration is also used as the initial declaration by the carrier, the exporter has also to include the particulars from Annex V specified for the carrier into the initial export Goods declaration. In those cases the exporter has to provide a copy of the initial export Goods declaration to the carrier. The initial export goods declaration may have to be followed-up by a complementary declaration for other purposes such as the collection of trade statistics at a later stage as stipulated in national law. (see also Annex I).
- 3.2.2 Customs should release the goods for export as described in 3.1.9.
- 3.2.3 In an Authorised Supply Chain, the export Goods declaration (either full or simplified) could fulfil simultaneously the role of the simplified import Goods declaration. In such a scenario the Customs administrations concerned could either require the exporter to submit a copy of the export Goods declaration to the Customs administration at import or the Customs administrations concerned would share this information by electronic means using the UCR as an access key. Where the Customs administrations at export and import have online access to the commercial systems of the authorized traders as well as the secure economic operator, the Customs administrations concerned may agree to only require the provision of a UCR (see

Annex II). The authorization for such a procedure will provide for the legal liabilities of the exporter and the importer.

- 3.2.4 The initial export Goods declaration should be based on the WCO export data set EX12 of the WCO Customs Data Model and particulars specified from Annex V for the exporter. The complementary export Goods declaration should be based on the specific WCO data set EX22 of the WCO Customs Data Model. In case of an authorized supply chain (see 3.2.3), where the export Goods declaration would fulfil also the role of the simplified import Goods declaration, the Goods declaration should be based on the specific WCO data set IM12 of the WCO Customs Data Model.

3.3 Export Cargo Declaration

- 3.3.1 In those cases when export Goods declarations have been submitted by exporters or their agent to the Customs at export covering all goods loaded onto the means of transport used for their exportation and containing all the necessary particulars from Annex V specified for the carrier, separate export Cargo declarations should not be required, (see 3.2.1).
- 3.3.2 In all other cases the carrier or his agent should lodge an initial export declaration with the particulars from Annex V specified for the carrier to the Customs at export (or at import, dependent on the bilateral agreement establishing the integrated Customs control chain) prior to departure from the place of loading of the goods onto the means of transport leaving the country of export. The initial declaration may have to be followed by the full cargo declaration at an agreed later stage, if not already provided as part of the export Goods declaration and if this cargo declaration contains any information not included on the initial declaration. Where electronic systems, which allow the exchange of information between interested parties (so called cargo community systems (CCS)), have been established at ports or airports by the participants in the transport chain, Customs should consider participating in such systems and receiving the data required for risk assessment through these systems.
- 3.3.3 Customs should release the consignment for loading as described in 3.1.9.
- 3.3.4 Customs administrations at export and import should agree on a single data set and electronic message for the export and import cargo declaration. In addition, Customs administrations should agree that the carrier or his agent should submit the cargo declaration either to the Customs administration at export or the Customs administration at import and that the Customs administrations concerned will share the information by electronic means using the UCR as an access key (see also Annex II). In an Authorized Supply Chain these agreements should be included as a matter of course.
- 3.3.5 The export Cargo declaration should be based on the WCO cargo report export data set CRE of the WCO Customs Data Model and particulars from Annex V specified for the carrier.

3.4 Import Cargo Declaration

- 3.4.1 Subject to 3.3.4, the carrier or his agent submits an initial import declaration to the Customs at import prior to arrival of the means of transport eventually followed by the full cargo declaration at an agreed later stage, if not already provided as part of the

import Goods declaration and if this cargo declaration contains any information not included on the initial declaration. Where cargo community systems (CCS) have been established at ports and airports by the participants in the transport chain, Customs should consider participating in such systems and receiving the data required for risk assessment through these systems.

- 3.4.2 According to Standard 17 of Specific Annex A.1 to the RKC the commencement of unloading shall be permitted as soon as possible after the arrival of the means of transport at the place of unloading (discharge). Customs should release the consignment for unloading as described in 3.1.9.
- 3.4.3 As mentioned in 3.3.4. Customs administrations should agree on a single data set and electronic message for the export and the import cargo declaration. On the basis of such agreements Customs at import will have received already either an initial declaration or a copy of the initial export Cargo declaration either from the carrier or the Customs administration at export (see 3.2.1 and 3.3.2), in which case no need exists for submitting an import Cargo declaration..
- 3.4.4 The Import Cargo declaration should be based on the WCO cargo report import data set CRI of the WCO Customs Data Model and particulars from Annex V specified for the carrier.

3.5 Import Goods Declaration

- 3.5.1 The importer or his agent submits either a full or an initial/simplified Goods declaration to the Customs prior to arrival of the means of transport. For the initial Goods declaration see 3.1.7. and for the simplified Goods declaration see 3.1.5.
- 3.5.2 In an Authorized Supply Chain the Customs at import will already have received the export Goods declaration and should use this as the simplified import Goods declaration. The authorization for such a procedure will provide for the legal liabilities of the exporter and the importer. The importer or his agent would have to submit the complementary import Goods declaration (see 3.1.5 and 3.2.3.).
- 3.5.3 The full import Goods declaration shall be based on the WCO import data set IM1 of the WCO Customs Data Model. For the simplified procedure the importer (exporter, in case of the integrated transaction) submits a simplified Goods declaration based on the specific WCO data set IM12 and the complementary Goods declaration based on the specific WCO data set IM22 of the WCO Customs Data Model.

3.6 Customs-to-Customs notifications

- 3.6.1 As part of the integrated Customs control chain as well as the Authorized Supply Chain and as stipulated in international instruments on mutual administrative assistance, Customs administrations along the supply chain may consider the routine Customs-to-Customs data exchange, in particular for high risk consignments. Such an electronic messaging system could include the exchange of notifications about the export transaction including the control results as well as a corresponding arrival notification. Instead of active data exchange, the Customs administrations concerned could also offer restricted online access to the relevant data using the UCR as the access key (see also Annex I).

3.6.2 By way of example, the New Computerized Transit System (NCTS) of the European Union and the EFTA countries (including Visegrad countries) enables the transmission of advance messages (mostly for sensitive goods) from the Customs administration at departure to the Customs administration at destination to inform about the departure of a consignment. The information contained in such exchanges is taken from the transit Goods declaration and includes information, which to large extent is already included in the WCO Customs Data Model. Such a messaging system is built on the legal framework of the European Community Customs Code and the Common transit convention.

4 Data privacy and data protection

4.1.1 The exchange of data across international borders either among Customs administrations or by the private sector as requested by Customs should be initiated only after consultation between the countries concerned about the necessary data privacy and data protection.

4.1.2 Data privacy and data protection legislation has been enacted in many countries in recent years in order to protect the individual's right to privacy but also to protect the right of trade to confidentiality and to allow individuals to have access to their own personal data held on computer in order to verify its accuracy.

4.1.3 This legislation can vary from country to country. However, there is a large degree of commonality of provisions of such legislation. Data privacy and data protection legislation typically requires that personal as well as commercial data undergoing automated (computer) processing :

- Should be obtained and processed fairly and lawfully;
- should be stored for legitimate purposes and not used in any way incompatible with those purposes;
- should be adequate, relevant and not excessive in relation to the purposes for which they are stored;
- should be accurate and, where necessary, kept up to date;
- should be preserved in a form which permits identification of the data subjects for no longer than is required for the purposes for which that data is stored.

4.1.4 Such legislation also usually incorporates provisions concerning the right of access by data subjects to their own personal data. There may also be provisions regarding disclosure of personal or commercial data to other parties, and about transmission of such data across national borders and beyond the jurisdiction of the country in which it was collected.

4.1.5 It is clear from the above that the existence of such legislation may well have an impact on a traders or carriers ability to capture personal and commercial details pertaining to a commercial transaction and to transmit this data to a foreign government. However, it is also clear that the nature of the data and the use to which it is put, should conform to the national law of most countries. The long-term archiving of goods and cargo declarations on computer media and the use of such data for purposes other than national security or cargo clearance may pose problems in certain countries.

5 IT systems

- 5.1 The system of advance transmission of information to Customs requires the use of computerized Customs systems including the use of electronic exchange of information at export and at import.
- 5.2 Standards 7.1, 6.9, 3.21 and 3.18 of the General Annex to the RKC require Customs to apply information and communication technologies (ICT) for Customs operations, including the use of e-commerce technologies. For this purpose, the WCO has prepared detailed Guidelines for the application of automation for Customs. These Kyoto ICT Guidelines should be referred to for the development of new or enhancement of existing Customs ICT systems.
- 5.3 The ICT Guidelines also recommend the possibility to audit traders' commercial systems and to use them to satisfy Customs requirements. In particular in the context of the Authorized Supply Chain, the possibility for Customs to have online access to the commercial systems of the parties involved would provide enhanced access to authentic information and offer the possibility for far-reaching simplified procedures. Another example is cargo community systems (CCS) where in ports or airports all parties involved in the transport chain have established an electronic system by which they exchange all relevant cargo and transport related data. Provided that these systems contain the necessary particulars for Customs purposes, Customs should consider to participate in such systems and to extract the data required for their purposes (see Annex II).
- 5.4 The Kyoto Convention ICT Guidelines recommend to Customs to offer more than one solution for the electronic exchange of information. While EDI using the international standard UN/EDIFACT is still one of the preferred interchange options, Customs should also look at other options such as XML. Depending on the risks involved even the use of e-mail and telefax could provide a suitable solution.
- 5.5 Although the WCO is working on XML solutions, the WCO Customs Data Model currently contains only specifications based on UN/EDIFACT. Traders required to submit Cargo and Goods declarations to Customs based on the data sets of the WCO Customs Data Model should use the EDIFACT message implementation guidelines (MIG) of the WCO Customs Data Model (see WCO Web Site under http://www.wcoomd.org/ie/En/Topics_Issues/FacilitationCustomsProcedures/DataModelMig.html). The WCO Customs Data Model V1.1 provides for message implementation guidelines for the following procedures and processes:
- EX1 – Export Goods declaration – one step –
 - EX12 – Export Goods declaration – two step procedure – first or initial step
 - EX22 – Export Goods declaration – two step procedure – second step
 - IM1 – Import Goods declaration – one step –
 - IM12 – Import Goods declaration – two step procedure – first or initial step
 - IM22 – Import Goods declaration – two step procedure – second step
 - CRE (sea/air) – Export Cargo declaration (initial and full) for sea and air mode
 - CRE (rail/road) – Export Cargo declaration (initial and full) for rail and road mode
 - CRI (sea/air) – Import Cargo declaration (initial and full) for sea and air mode
 - CRI (rail/road) – Import Cargo declaration (initial and full) for rail and road mode.
- 5.6 The use of ICT in general and electronic exchange of information over open networks in particular requires a detailed ICT security strategy. ICT Security therefore has to be seen as an integral part of any Customs supply chain security strategy. To arrive

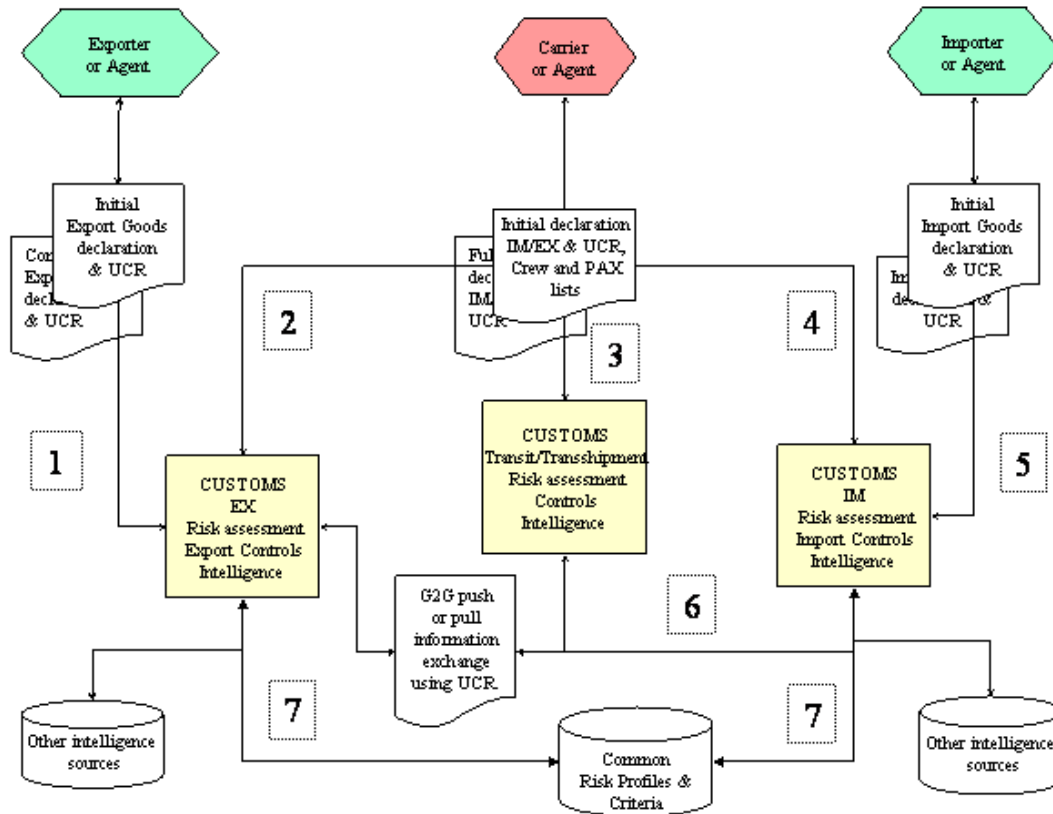
at an effective and efficient IT security strategy, Customs have to undertake a rigorous risk assessment.

- 5.7 One essential ICT security element for a supply chain security strategy is related to digital signatures. Digital signatures, or Public Key Infrastructure (PKI) arrangements, can play an important role in securing the electronic exchange of information. The integrated Customs control chain as described in chapter 3 of the Guidelines includes the possibility that a trader can submit his declarations in advance to both the Customs administration at export and to the Customs administration at import. It would be beneficial, if authorized trader regimes as referred to in these Guidelines would also include provisions for digital certificates. This would allow the authorized trader to sign all electronic messages to those Customs administrations having accepted to recognize this certificate. This cross-border recognition of digital certificates can help increase security but at the same time provide significant facilitation and simplification for the trader.
- 5.8 The Kyoto ICT Guidelines outline ways in which a comprehensive ICT security strategy can ensure the availability, integrity and confidentiality of the information and IT systems and the information they handle, including, for example, the avoidance of repudiation at origin or receipt. There are many ways to implement ICT security, for which purpose reference is made to the Kyoto ICT Guidelines.

6 References

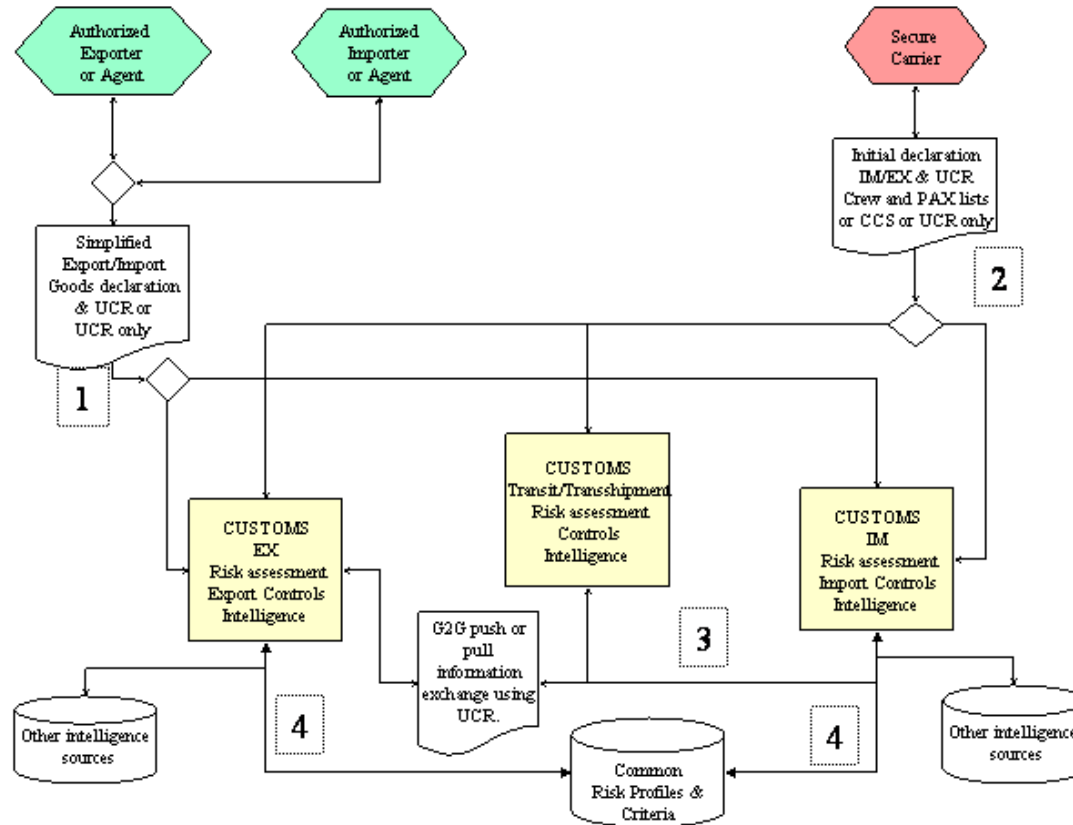
- International Convention on the Simplification and Harmonization of Customs Procedures as amended in 1999 (revised Kyoto Convention), WCO, 1999, including the Guidelines for implementation
- WCO Guidelines on legal basis for advance exchange of Customs data, WCO, 2003
- WCO Guidelines on Customs-Business Partnerships, WCO, 2003
- WCO Kyoto Convention Guidelines on Information and Communication Technology (Kyoto ICT Guidelines), WCO, Version 2, 2002
- WCO Recommendation on the Unique Consignment Reference (UCR), WCO, 2001
- WCO UCR accompanying Guidelines, WCO, 2003
- WCO model bilateral agreement
- WCO Customs Data Model, WCO, Version 1.1, 2003

Annex I – Customs Control Activity Diagram – normal electronic procedure with G2G option



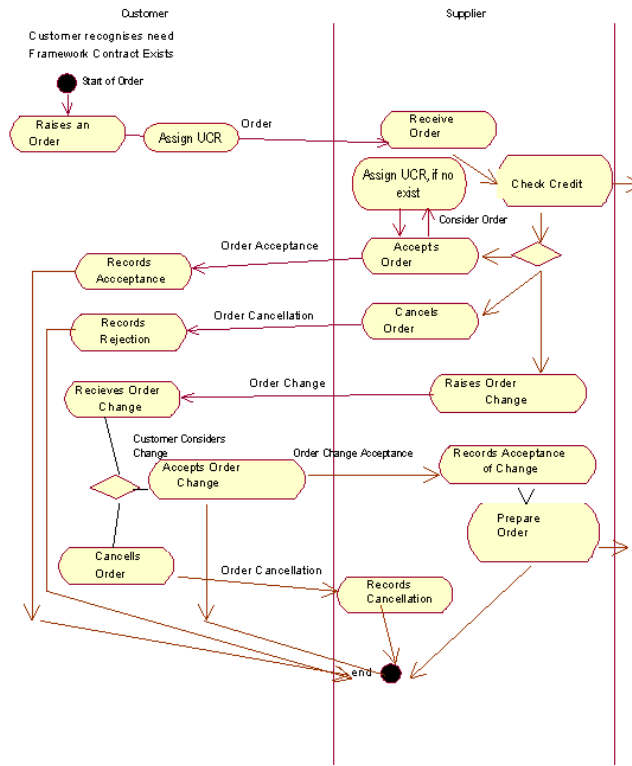
- (1) Initial Export Goods declaration from the exporter or his agent to Customs at export (see 3.2)
- (2) Initial declaration from carrier to Customs at export, eventually followed by the full cargo declaration (see 3.3)
- (3) Cargo Declaration to the Customs en route, if applicable
- (4) Initial I declaration from carrier to Customs at import, if not covered under (2) (see 3.3 and 3.4)
- (5) Initial Import Goods declaration from the importer or his agent to Customs at import prior to arrival (see 3.5)
- (6) Based on bilateral/multilateral arrangements Customs at export and import may exchange or allow access to departure or arrival information using the UCR. (see 1.5 and 3.6)
- (7) Based on bilateral/multilateral arrangements Customs at export and import may agree on and exchange common risk profiles to enable risk assessment for security and other purposes to be carried out only once. (see 1.4)

Annex II – Authorized Supply Chain

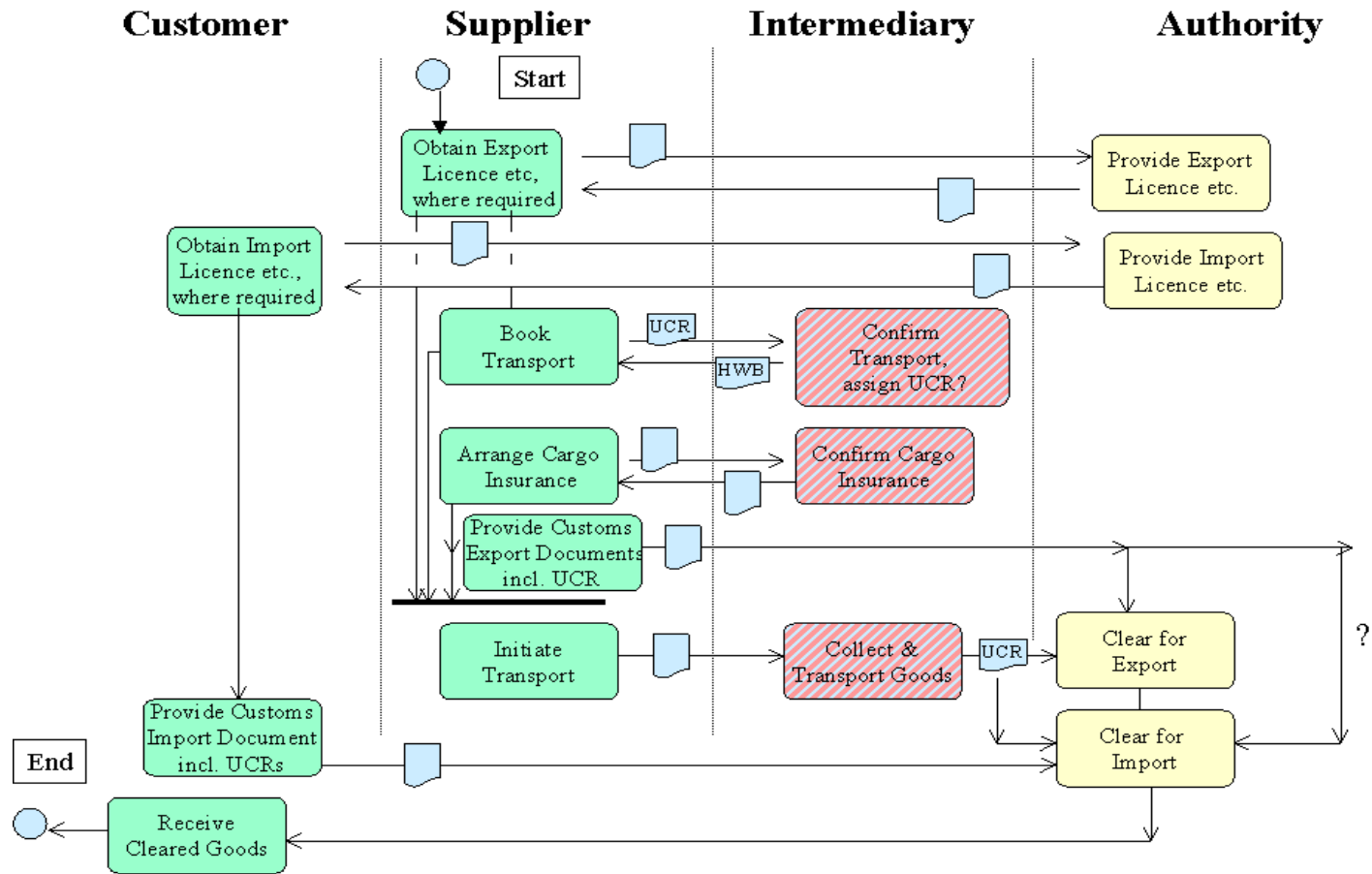


- (1) The authorized exporter or importer or their designated recognized agent submits a simplified Export/Import Goods declaration to either Customs at export or import to obtain pre-release. In case of online access to the traders system the Goods declaration is replaced by the UCR allowing Customs to retrieve the information required. (see 1.7, 3.1.4, 3.2.2 and 3.5.2)
- (2) The carrier, which has to be a recognized carrier, submits an initial declaration to the Customs at export or import and to the Customs en route. In case of online access to his own system or to a CCS, the cargo declaration is replaced by the UCR. (see 1.7, 3.1.4 and 3.3.4)
- (3) Based on bilateral/multilateral arrangements Customs at export, import and en route may exchange or allow access to departure or arrival information for control purposes. (see 1.5 and 3.6)
- (4) The authorized supply chain will require bilateral/multilateral arrangements for common risk assessment and control procedures, including audit-based controls. (see 1.4 and 1.7).

Annex III – Global Supply Chain model – Order – with UCR



Annex IV – Global Supply Chain model – Ship –



Data elements to be included in the
initial Export Goods declaration

- e 3031 Exporter, coded
- e 3030 Exporter, if no code
- e 3337 Consignor, coded, if different from exporter
- e 3336 Consignor, if no code
- e 3127 Carrier identification
- e 3128 Carrier name, if no ID
- e 3021 Importer, coded
- e 3020 Importer, if no code
- e 3133 Consignee, coded, if different from importer
- e 3132 Consignee, if no code
- e 3181 Notify party, coded
- e 3180 Notify party, if no code
- d 9971 Delivery destination, if different from importer's address
- d 9847 Country(ies) of routing, coded, to the extent known
- e 9867 Agent, coded, if applicable
- e 3196 Agent, if no code
- a 7282 Tariff code number (Customs)
- a 7002 Description of goods, if no code
- a 7124 UNDG Number (Dangerous Goods Code), if applicable
- a 7065 Type of packages identification
- a 7224 Number of packages
- a 6411 Measure unit qualifier
- a 6292 Total gross weight
- f 8260 Equipment identification number, if containerized and available
- f 8155 Equipment size and type identification, see 8260
- f 9308 Seal number, if applicable and available
- g 9958 Total invoice amount
- g 6346 Currency, coded
- c 9816 Unique consignment reference number

Data elements to be included in the Initial
declaration export/import of the carrier

- d 3335 Place of loading, coded
 - d 3334 Place of loading, if no code
 - e 3127 Carrier identification
 - e 3128 Carrier name, if no ID
 - f 8260 Equipment identification number, if containerized
 - f 8155 Equipment size and type identification, if containerized
 - f 9308 Seal number, if applicable
 - f 8270 Identification of means of transport crossing the border of the Customs territory
 - f 9874 Nationality of means of transport crossing the border of Customs territory, coded
 - f 8028 Conveyance reference number
 - f 4215 Transport charges method of payment, coded
 - d 3097 Customs office of exit, coded
 - d 9860 First port of arrival, coded
 - d 9847 Country(ies) of routing, coded, to the extent known
 - c 9838 Date and time of arrival at first port of arrival in Customs territory, coded
 - c 9816 Unique consignment reference number
- ↓
- Customs at export, import or en route

The chart shows the data elements necessary for risk assessment split by reporting party using the Unique Consignment Reference (UCR) as the binding link enabling single submission of information. The data elements mentioned have specific conditionalities attached to them depending on the circumstances and the mode of transport. Some data elements should be reported as early as possible in the supply chain, but are not always available at the early stages in the transaction. In addition some information can change en route. This results in data elements to appear in both lists. However, the individual conditionality for each data element will ensure, as far as possible, that information is submitted only once.

Specific details on each of the following necessary data elements for risk assessment in relation to message implementation, conditionalities, data representation, code values and structures are provided in the WCO Customs Data Model.

WCO Tag	Name	Definition
e 3336	Consignor	Name and address of party which, by contract with a carrier, consigns or sends goods with the carrier, or has them conveyed by him
e 3337	Consignor, coded	Name and address of party which, by contract with a carrier, consigns or sends goods with the carrier, or has them conveyed by him, coded
e 3030	Exporter	Name and address of the person who makes - or on whose behalf - the export declaration - is made - and who is the owner of the goods or has similar right of disposal over them at the time when the declaration is accepted
e 3031	Exporter, coded	Name and address of the person who makes - or on whose behalf - the export declaration - is made - and who is the owner of the goods or has similar right of disposal over them at the time when the declaration is accepted, coded
a 7002	Description of goods	Plain language description of the nature of the goods sufficient to identify them at the level required for banking, Customs, statistical or transport purposes, avoiding unnecessary detail (Generic term) for Goods declaration
a 7282	Tariff code number (Customs)	Code number of the goods in accordance with the tariff nomenclature system of classification in use where the Customs declaration is made
a 7124	UNDG Number (Dangerous Goods Code)	Unique serial number assigned within the United Nations to substances and articles contained in a list of the dangerous goods most commonly carried
a 7065	Type of packages identification	Identification of description of the form in which goods are presented
a 7224	Number of packages	Number of packages per commodity code packed in such a way that they cannot be divided without first undoing the packing.
a 6411	Measure unit qualifier	Indication of the unit of measurement in which weight (mass), capacity, length, area, volume or other quantity is expressed
a 6292	Total gross weight	Weight (mass) of all goods in declaration including packing but excluding the carrier's equipment
g 9958	Total invoice amount	Total amount of invoice price for the goods declared in one declaration
g 6345	Currency, coded	The name or symbol of the monetary unit associated with an amount involved in the transaction, coded

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WCO Tag	Name	Definition
d 3334	Place of loading	Name of the seaport, airport, freight terminal, rail station or other place at which the goods (cargo) are loaded on to the means of transport being used for their carriage from the Customs territory
d 3335	Place of loading, coded	Name of the seaport, airport, freight terminal, rail station or other place at which the goods (cargo) are loaded on to the means of transport being used for their carriage from the Customs territory, coded
e 3127	Carrier identification	Identification of party undertaking or arranging transport of goods between named points
e 3128	Carrier name	Name of party undertaking or arranging transport of goods between named points
f 8260	Equipment identification number	Marks (letters and/or numbers) which identify equipment e.g. unit load device
f 8155	Equipment size and type identification	Coded description of the size and type of equipment
f 9308	Seal number	The number of a custom seal or another seal affixed to the containers or other transport unit
f 8270	Identification of means of transport crossing the border of the Customs territory	Identification of the active means of transport used in crossing the border of the Customs territory
f 9874	Nationality of means of transport crossing the border of Customs territory, coded	Name of the country in which a means of transport crossing the border of Customs territory is registered, coded
f 8028	Conveyance reference number	Unique reference given by the carrier to a certain journey or departure of a means of transport (generic term)
4215	Transport charges method of payment, coded	Identification of method of payment for transport charges
d 3097	Customs office of exit, coded	Customs office by which the goods leave or are intended to leave the Customs territory, coded
d 9847	Country(ies) of routing, coded	The country(ies) through which the goods are routed between the country of export and destination, coded
d 9860	First port of arrival, coded	Name of the (for air) first airport, (land) arrival at first border post and (sea) arrival at first port

WCO SAFE Package / ISCM Guidelines

WCO Tag	Name	Definition
c 9838	Date and time of arrival at first port of arrival in Customs territory, coded	Date and time / scheduled date and time of arrival of means of transport at (for air) first airport, (land) arrival at first border post and (sea) arrival at first port, coded
e 3132	Consignee	Name and address of party to which goods are consigned
e 3133	Consignee, coded	Name and address of party to which goods are consigned, coded
e 3020	Importer	Name and address of party who makes-or on whose behalf a Customs clearing agent or other authorized person makes- an import declaration. This may include a person who has possession of the goods or to whom the goods are consigned.
e 3021	Importer, coded	Name and address of party who makes - or on whose behalf a Customs clearing agent or other authorized person makes - an import declaration, coded. This may include a person who has possession of the goods or to whom the goods are consigned.
e 3180	Notify party	Name and address of party to be notified
e 3181	Notify party, coded	Name and address of party to be notified, coded
d 9971	Delivery destination	The location to which goods are to be delivered. Address, region and/or country as required by national legislation or according to national requirements
e 3196	Agent	Name and address of a person authorized to act on behalf of another party
e 9867	Agent, coded	Name and address of a person authorized to act on behalf of another party, coded
c 9816	Unique consignment reference number	Unique number assigned to goods, both for import and export