



Risk management: a critical Customs tool



Haiti in the spotlight: Customs' role in an emergency



Customs valuation: 30 years of the GATT/WTO Agreement





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Content

WCO NEWS N° 62 June 2010

- 4 Calendar
- 5 Editorial
- 6 Buzz
- 9 Flash info
- 15 Special dossier
 - Getting to grips with risk management
 - Initial results of the Custom risk management survey
 - Risk management: what can you really manage?
 - WCO puts risk management under the microscope
 - Latest developments
 - WCO risk management activities
 - Risk management: key enablers
 - Managing risk in practise: South Africa shares her experience
 - How to modernize risk analysis and the selectivity of Customs controls in developing countries?
 - Joint risk analysis on cross-border traffic in Bosnia and Herzegovina
 - Mexico Customs reports success with risk analysis
- 34 In conversation
 - Susanne Aigner and Heike Barczyk; new Deputy Directors at the WCO Secretariat
- 36 Our Members world
- 41 Zoom
 - Colombian Customs administration
- 42 Focus
 - Protecting cultural heritage
 - Emergency humanitarian aid and the Haiti disaster
 - Using statistics to fight corruption
- 52 Events
 - International Customs Day around the world
 - Karl Heinz Matthias, Director of the Zollkriminalamt (ZKA), retires
 - WCO Information Technology Conference, Dublin (Ireland)
 - The WCO technical Committee on Customs Valuation celebrates 30 years of the GATT/WTO Agreement
 - National and regional Harmonized System Seminars

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Editorial note

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Calendar of Events

It should be noted that these meetings are mentioned for information purposes and are not all open to the public. Training workshops are aimed at the private sector. Unless otherwise indicated, all meetings are held in Brussels. Please note that these dates are indicative only and may be subject to change. This document is regularly updated on the WCO Members' web site, under the "Information for delegates" section, and on the WCO public web site, www.wcoomd.org, under the "Events" section.

June

15 - 16	Training workshop on WCO Data Model version 3.0
15 - 16	Training workshop on Customs Valuation and Transfer Pricing
21 - 23	Policy Commission (63 rd Session)
24 - 26	Council (115 th /116 th Sessions)
26	International Day against Drug Abuse and Illicit Trafficking
26 - 27	G-20 Summit, Toronto (Canada)
28 - 29	WCO Risk Management Forum

September

1 - 2	International Customs Conference : EU-Belgium Pavilion at EXPO 2010, Shanghai (China)
7 - 8	Ad Hoc Group on Globally Networked Customs
9 - 10	Harmonized System Committee Working Party
13 - 24	Harmonized System Committee (46 th Session)
20 - 24	Data Model Project Team
27 - 29	Capacity Building Committee (1 st Session)
30 - 01/10	Integrity Sub-Committee (9 th Session)

October

1	Regional Offices for Capacity Building/Regional Training Centres
4 - 8	WCO UNCITRAL Joint Legal Task Force (3 rd Meeting)
11 - 12	Private Sector Consultative Group (15 th Meeting)
12	SAFE Members Only Meeting
13	Customs - Business event
14 - 15	SAFE Working Group (7 th Meeting)
18 - 22	Permanent Technical Committee (189 th /190 th Sessions)
20	1 st World Statistics Day
25 - 29	Technical Committee on Customs Valuation (31 st Session)

November

2 - 4	2 nd Technology and Innovation Conference (Egypt)
3 - 4	WCO Counterfeiting and Piracy (CAP) Group (3 rd Meeting)
9 - 10	Ad Hoc Group on Globally Networked Customs
10 - 13	14 th International Anti-Corruption Conference (IACC), Bangkok (Thailand)
15 - 24	Harmonized System Review Sub-Committee (41 st Session)
23 - 25	5 th WCO Picard Conference, Abu Dhabi (UAE)
29 - 30	Administrative Committee for the Customs Convention on Containers, 1972 (12 th Meeting)

December

1 - 3	Revised Kyoto Convention Management Committee (9 th Meeting)
6 - 8	Policy Commission (64 th Session)
8 - 10	Working Group on Commercial Fraud (6 th Meeting)

Dear colleagues and partners,

This edition's special dossier is dedicated to risk management, in preparation for this year's WCO Council sessions with a panel discussion, followed by an open Forum, both centered on this theme. As Council Chair Martyn Dunne details in his introduction to the special dossier, this concept has been one of the guiding principles of modern Customs administrations, and is embodied in many WCO instruments. Together with other critical building blocks, risk management indicates the direction of Customs in the 21st century.

Constantly faced with new challenges, Customs should remain responsive in managing emerging risks. One example is natural and other disasters where Customs is expected to facilitate the expeditious clearance of relief consignments. We still have fresh memories of the recent earthquakes in Haiti and other countries that caused such numerous scenes of human tragedy. An associated risk is that of the illegal trade in cultural heritage, especially illegal outflows from countries that have suffered natural and other disasters. This issue also touches on the WCO's efforts in working closely with the Red Cross, UNESCO and other international organizations to manage these risks.

Another emerging and pressing risk is that of fake medicines and other counterfeit goods that pose direct threats to the health and safety of people. The WCO has been active in raising awareness about this risk and the contribution Customs can make in ensuring that the message about this cruel trade is heard by the public, business and governments. The new partnership with the Chirac Foundation to fight against fake medicines will provide us with an important platform to sensitize the world's political leaders.

Customs needs to cooperate with its partners to effectively manage these risks. The Customs-business partnership, another important building block of the WCO's Customs in the 21st Century strategic policy and the theme of this year's International Customs Day, is aimed at improving compliance by business which will reduce risk for Customs administrations and facilitate trade. The many activities by our Members on International Customs Day to highlight this important partnership are also captured in this edition.

I hope that you enjoy reading this latest issue and look forward to seeing you at the Council sessions in June!

Kunio Mikuriya
SECRETARY GENERAL



Buzz

• Last minute

The 5th WCO Picard Conference, originally scheduled to take place from 28-30 September 2010, has been rescheduled and will now take place from 23-25 November 2010. It will be held in Abu Dhabi (UAE) as planned.

• Info

The WTO Public Forum 2010 with the theme "The Forces Shaping World Trade" will be held at WTO Headquarters in Geneva from 15-17 September 2010. This Forum provide an opportunity to take stock of the latest developments at the global level that are having an impact on the multilateral trading system, and identify steps that will contribute towards bolstering international trade flows and strengthening the WTO.

www.wto.org/english/forums_e/ngo_e/forum10_background_e.htm

The World Bank Group is providing free access to more than 2 000 data indicators on finance, trade, health, and human and economic development, most of which were previously available only to paying subscribers.

<http://data.worldbank.org>

• Get reading

The European Commission has published a Compliance Risk Management Guide for tax administrations.

http://ec.europa.eu/taxation_customs

The World Bank has published a new report entitled "Africa Development Indicators 2010". This report deals, in particular, with the issue of "quiet corruption" - minor, everyday malpractices that nevertheless have huge repercussions in Africa, particularly for the poor. The report includes more than 450 indicators of macroeconomic, sectoral and social data for 53 African countries.

www.worldbank.org

• Look out for

The WCO's annual Reports on Drugs, Tobacco and Cigarettes, and Intellectual Property Rights will be issued in late June 2010.

www.wcoomd.org

• On the front page

International Day against Drug Abuse and Illicit Trafficking will be marked on

26 June 2010. Promotional material (brochure, logo package, fact sheet) can be downloaded from the UNODC website.

www.unodc.org/unodc/en/about-unodc/26-June.html

EU-China International Customs Conference with the theme "Modern Customs: Building bridges to facilitate legitimate trade while protecting citizens" will take place in the EU-Belgium Pavilion at Expo 2010 in Shanghai from 1-2 September 2010. The event is being organized by the European Commission in collaboration with Chinese Customs.

http://ec.europa.eu/taxation_customs

Achim Steiner has been re-elected Executive Director of the United Nations Environment Programme (UNEP) for a five-year term beginning 15 June 2010.

www.unep.org

John Scanlon has been appointed Secretary-General of CITES. He was previously Principal Advisor at the United Nations Environment Programme (UNEP) and takes over from Willem Wijnstekers who retired on 1 May 2010 after being CITES Secretary-General since 1999.

www.cites.org

• Current events

The WCO Capacity Building Directorate meetings scheduled for the week of 19 to 23 April 2010 were postponed due to the ash cloud crisis that affected air travel. The 1st Session of the Capacity Building Committee, the 9th Session of the Integrity Sub-Committee and the Meeting of the Regional Offices for Capacity Building and Regional Training Centres will now take place from 27 September to 1 October 2010.

The posts of Director of Compliance and Facilitation and Director of Capacity Building in the WCO Secretariat will fall vacant on 31 December 2010. The Directors General of the WCO's 176 Member Customs administrations will elect two new Directors during their June 2010 Council sessions. They will take up office on 1 January 2011.

www.wcoomd.org

Following the death of Antoine Manga, WCO Director of Tariff and Trade Affairs, the Deputy Secretary General Sergio

Mujica will take charge of the Directorate until a new Director assumes office. Elections for the post will take place at the June 2011 Council sessions.

www.wcoomd.org

• Accessions

The Republic of Mali, the Republic of Malta, and the United Arab Emirates deposited their instrument of accession to the International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention) with the WCO respectively on 4, 11 and 31 May 2010. The Convention which entered into force on 3 February 2006 now has 69 Contracting Parties.

www.wcoomd.org

• Appointments

Recently appointed Directors General: Mrs. Marlene Ardaya Vásquez (Bolivia); Mr. Sang-Goo Byun (Korea, Rep. of); Vice-Admiral Pedro Miguel Pérez Betancourt (Cuba); Mr. Tālis Kravalis (Latvia); Mrs. Angélique Berg (Netherlands); Mrs. Gloria Luque Ramírez (Peru); Mr. Ihor Kaletnik (Ukraine); Mr. Enrique Canon Pedragosa (Uruguay).

Contrary to our earlier announcement, Mr. Erling Andersen is still Denmark's Director General of Customs.

• For your diary!

11 June - 21 July 2010: Football World Cup, South Africa

• WCO trophies

For the 5th year in succession, the WCO will award **the trophy for combating counterfeiting and piracy** during the June 2010 Council sessions. This year the trophy will go to a Customs administration which has distinguished itself in the fight against the illicit traffic in fake medicines.

All WCO Members have been invited to participate in **the second edition of the WCO Photo Competition**. The trophy will be awarded during the June 2010 Council sessions. Photos will show Customs services in action in their day-to-day work.

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Changes ahead for the WCO

On Saturday 26 June 2010, the Directors General of Customs who will have gathered in Brussels for the 115th/116th Council Sessions will elect new Directors to replace Michael Schmitz, Director of Compliance and Facilitation, and Lars Karlsson, Director of Capacity Building.

It will be the responsibility of the Council to nominate two Directors to take office on 1 January 2011 in accordance with the rules in force.

The Secretariat is pleased to announce that applications from the following candidates have been received for the posts of

Director of Compliance and Facilitation and Director of Capacity Building.

A press release on the results of the elections will be issued by the WCO Secretariat.

<i>Director of Compliance and Facilitation</i>	
	Executive Director, Regulations and Rulings, Office of International Trade, Customs and Border Protection (United States)
Ms. Sandra Lee Bell	
	Minister-Counsellor (Customs and Taxation), Embassy of Israel in Brussels (Israel)
Mr. Uri Bruck	
	Director General, Directorate General of Customs and Indirect Taxes (Benin)
Mr. Hippolyte Djegou	
	Researcher, International Best Practices Committee, Strategic Planning Sector, Customs Authority (Egypt)
Mr. Mahmoud El Madna	
	National Administrator of ASY-CUDA++, Directorate General of Customs IT system (Comoros)
Mr. Mmadi Moindjie	
	Director General, International Cooperation, General Administration of Customs (China)
Mr. Gaozhang Zhu	

<i>Director of Capacity Building</i>	
	Head of Computer Section, Customs Department (Jordan)
Mr. Emad Al Tamimi	
	Director General, Directorate General of Customs and Indirect Taxes (Benin)
Mr. Hippolyte Djegou	
	Commissioner, Human Resources and Administration, Revenue Authority (Zimbabwe)
Ms. Christina Felicitas Msemburi	
	Group Executive, Customs Strategy and Policy, Revenue Service (South Africa)
Mr. Erich Kieck	
	National Commander, Customs and Finance Guard (Hungary)
Mr. Janos Nagy	

More information
www.wcoomd.org



Farewell Antoine

It is with deep sadness that the international Customs community learned of the death of Antoine Marie Manga Massina, Director of Tariff and Trade Affairs in the WCO Secretariat, who passed away on 24 April 2010.

Since 1 January 2008 Mr. Manga had been Director of Tariff and Trade Affairs, responsible for matters relating to the Harmonized System, origin and valuation - core areas of Customs activity. From 1992 to 1999 he was Deputy Director of Valuation at the Secretariat.

His experience and tremendous expertise in Customs matters were acknowledged by his peers, and enabled him to

occupy several high-level posts in the course of his professional career, both in Cameroon and abroad, culminating in his appointment as Cameroon's Director General of Customs in 2005. After that it was once again the turn of the WCO, its Members and the international Customs community to benefit from his spirit of openness, his ability to listen, his practical Customs knowledge and his human qualities.

On behalf of the international Customs community and the staff of the WCO Secretariat, WCO Secretary General Kunio Mikuriya expressed his sincere condolences to Antoine's family.

Messages of condolence may be sent to CondolencesManga@wcoomd.org.

[More information
www.wcoomd.org](http://www.wcoomd.org)

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The Cotonou Declaration, a policy strategy for achieving rapid results

by Catherine Joubert

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Just like any other commodity, medicines are now part of the globalization process. In developing countries, the free movement of medicines has increased public access to health care, with more people instinctively seeking medical treatment, and has promoted the establishment of medicine purchasing cooperatives. The diversification of funding for development assistance in the health-care domain has brought down the cost of medicines for patients in the world's poorest countries.

These positive results meet the Millennium Development Goals, set almost 10 years ago at the United Nations. However, in parallel with these positive results, the trade in illicit medicines has been increasing exponentially. Developing countries are currently under threat from a massive influx of fake and defective medicines arriving through both criminal and official distribution channels. These account for 30% of medicines brought into developing countries.

Comprehensive political action is required

The causes of this dangerous phenomenon are manifold. In addition to public health and social security structural policies which are costly and seldom implemented, there are insufficient quality controls on medicines placed on the market, problems in ensuring an effective Customs response, shortcomings in the enforcement system, and indisputable flaws in States' legislative and regulatory frameworks.

These factors have to be placed within a regional or even international context. Traffickers exploit States' weaknesses as well as their lack of cooperation and difficulties in harmonizing their regulations. This array of problems requires political action that inspires stakeholders and unites the structures and administrations working in each of the affected areas.

It is for that reason that Jacques Chirac and a number of Heads of State issued the Cotonou Declaration against fake medicines in October 2009. The Declaration's signatories pledge to develop the requisite legislative and regulatory provisions and genuinely hope for an international legal framework giving each party the means to act in unison.

A solution focusing on three areas

This scourge can only be eradicated through a combination of enforcement activities and better access to quality medicines, stringent quality controls on products, and enhanced traceability and security of pharmaceutical distribution channels. The success of this enforcement approach rests on the joint implementation of these strategies, as well as on simultaneous operations at the sub-regional level.

The activities undertaken by the Chirac Foundation since the Cotonou Declaration have focused on three complementary areas:

- Following up on the Cotonou Declaration commitments made by international policymakers
- Supporting and advising the committees being set up to counter "fake medicines" within the signatory States by ensuring that all the stakeholders are able to voice their opinions therein
- Promoting a binding legal framework with international scope to wage war against the production of and trade in fake medicines

The skills offered by the WCO are crucial for obtaining rapid results in the latter two areas.

At State level, joint efforts have to be made to strengthen Customs' role as part of the mechanism to combat fake medicines. Their representatives must enter into full partnership with health professionals, consumers, police and judicial authorities.

On another level, the WCO's capacity to network with its Members and its extremely thorough knowledge of Customs codes in effect could serve the interests of cooperation between States as well as the establishment of a model legal framework applicable by all countries. This would permit the mutual development of tools to combat fake medicines.

With the WCO's assistance, the Chirac Foundation has already been able to send a message to Customs officers in Benin underscoring the importance of their role in this highly ambitious project. We hope that with national Customs administrations on board, we can continue to make a joint call for rapid results in the future. As things currently stand, once a fake medicine has cleared Customs it is impossible to trace it within a territory.

Catherine Joubert has been the Managing Director of the Chirac Foundation since 2010 and is responsible for coordinating and developing the Foundation's programmes concerning access to quality medication and water, combating deforestation, and preserving cultural diversity. During her career she has managed the French Ministry of Foreign Affairs "Bienvenue en France Association" which promotes exchange and dialogue between cultures, and worked on the "Connaissance et Vie d'Aujourd'hui" lecture series focusing on national, European and international challenges.

More information

www.fondationchirac.eu

Global system on illicit trafficking in tobacco products makes progress



Bearing in mind the severe health risk factors derived from smoking, the World Health Organization (WHO) launched the idea for an international instrument to control tobacco. This idea resulted in the development of the Framework Convention on Tobacco Control (FCTC) which came into force in February 2005.

The Convention which currently has 168 Contracting Parties is a comprehensive legal instrument for tobacco control. The aspect related to the illicit trade in tobacco products is included in Article 15 of the Convention. In this Article, the Parties to the Convention recognize that the elimination of all forms of illicit trade in tobacco products, including smuggling, illicit manufacturing and counterfeiting, is an essential component of global tobacco control. Article 15 states that the Parties shall adopt and implement effective legislative, executive, administrative or other appropriate measures with a view to eliminating illicit trade in tobacco products.

At its first session in February 2006, the Conference of the Parties (COP) noted that Article 15 did not go far enough in facilitating international cooperation to enable Parties to effectively eliminate the illicit trade. They decided therefore to establish an intergovernmental negotiating body (INB) to prepare a template for a Protocol on Illicit Trade in Tobacco Products which will build upon and complement the provisions of Article 15 of the FCTC. Since its establishment, the INB has convened in Geneva four times each year since 2007.

The INB consists of Parties to the FCTC and observers which are States non-Par-

ties, international intergovernmental organizations (notably the WCO) and non-governmental organizations (for example the Framework Convention Alliance).

To date, key elements of the draft protocol include:

- measures to control the tobacco product supply chain (including tracking and tracing of tobacco products, licensing, anti-money laundering measures, and restrictions on internet sales of tobacco products)
- measures dealing with criminalization and enforcement (including the establishment of offences, sanctions, penalties, destruction, special enforcement techniques)
- international cooperative measures (including information sharing, cooperation in technical matters and in training, and mutual legal and administrative assistance)

It is extremely challenging to get consensus on binding measures to be implemented at an international level in the fight against the illicit trade in tobacco products. The fourth session of the INB ended in fact without a final agreement. Although the Parties did reach agreement on some significant provisions, other provisions were not finalized.

Among those on which an agreement was reached was the establishment of a global tracking and tracing regime for all tobacco products as set out in Article 7; considered the core element of the Protocol. The tracking and tracing regime comprises national and regional tracking and tracing

systems and a global information sharing focal point located at the WHO FCTC Secretariat, accessible to all Parties.

The system requires unique, secure and non-removable identification markings, such as codes or stamps, to be affixed to or form part of all unit packets, packages and any outside packaging of cigarettes and other tobacco products. By using these unique identification markings, one can access the portal and receive specific information such as the date and location of manufacture and the intended shipment route, date and destination. The aim is to assist Parties in determining the origin of tobacco products, the point of diversion where applicable, and to monitor and control the movement of tobacco products and their legal status. The implementation of this and other important provisions contained in the Protocol will impact on the work of Customs significantly.

The draft Protocol, the text of which was agreed by the INB at its fourth session in March 2010, will be considered by the COP at its fourth session to be held in Uruguay in November 2010.

Bearing in mind that the Framework Convention is one of the most quickly and widely ratified international conventions, the WCO Secretariat strongly encourages its Members to examine the Protocol's text and urges Customs administrations to actively participate in, or provide inputs to, the work of the next COP as further final negotiations may in fact lead to a binding agreement with strong implications for Customs activities in countering the illicit trade in tobacco products.

The WCO, the FCTC Secretariat and the WHO are continuing to seek synergies and complementarities in the relevant areas of the Protocol.

More information
www.who.int/gb/fctc
www.fctc.org

Publications get with it!

During the June 2009 Council sessions the Secretariat undertook to modernize its publications. Existing tools have been enhanced and new developments envisaged.

Modernization of publications in 2009/2010, we pulled it off...

The new digital version of the HS, tested in June 2009, is now available on CD-Rom and online. It contains many new functions such as the possibility to key in notes and comments on items and recovers them, to place a personal post-it on a chapter, section, heading, classification opinion or explanatory note, a linguistic search engine, etc.

WCO Publications available in different electronic formats have become an integral part of Customs information portals and professional applications. They certainly meet users' expectations as is demonstrated by increased sales of these media.

Since the issue of HS Amending Supplement No. 7, the use of a new professional editorial tool has meant that publications are available at the same time via different media: in paper; on CD-Rom or online. Translations of publications are easily handled whilst ensuring alignment with the original versions.

Improved service to Members in 2010/2011, on the way...

As promised, the Secretariat is continuing in its efforts to make publications available in new languages. In the first half of 2010 Italian, Russian, and Spanish versions of the HS Data Base (HSDB) were placed online. New translations in other languages could be added this year too. The Secretariat is in fact looking for volunteers for trials with a language using ideograms and with Arabic.

2010/2011 will be devoted to work on the publication of the 2012 version of the HS



which will be launched in September 2011. The HSDB, Alphabetical Index and a new version of the Compendium of Classification Opinions will be available for the first time in all media formats concurrently. Let us not forget that the Alphabetical Index for the 2007 version of the HS only came out two years after the HS itself and the CD-Rom was made available 18 months later. We've come a long way!

Different Directorates within the Secretariat have also been mulling over possible ways to modernize all other WCO publications and develop new tools. The revised Kyoto Convention for example is already available in an internet format (HTML) and will be equipped with a search engine by the end of the year.

After adapted its publications to comply with new editorial standards, the Secretariat now wishes to provide its Members and the general public with an innovative, cutting-edge service. From 2010, WCO publications will be tested on a Nomad Tablet PC. Hope to see you to try out this new medium at the 2011 Council Sessions!

More information
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Customs info in a few clicks!

...the EC launches the first phase of the European Customs Information Portal

The European Customs Information Portal (ECIP) aims to help businesses through the Customs procedures that have to be followed when importing goods into and exporting goods from the European Union (EU) or when they are merely in transit through the EU.

The current version of the ECIP constitutes a single point of access to relevant and practical information on the application of the Safety and Security Amendment to the Customs Code and related procedures. It uses special animated Customs scenarios to explain each step of the import, export and transit procedures in an easy way to economic operators. Furthermore it pools information from both EU Member State Customs Portals and European Commission (EC) sources.

The web portal was jointly developed by the EC, its Trade Contact Group and EU Member States. It focuses on the effects of the entry into force of the Safety and Security Amendment to the Customs Code on 1 July 2009. The web portal is publicly available as part of the Commission's EUROPA website.

At present, the ECIP contains three main categories of information. First, it gath-

>>

It uses special animated Customs scenarios to explain each step of the import, export and transit procedures in an easy way to economic operators.

ers information from the Customs sites of the Commission and EU Member States. This information includes databases, procedures and assistance services as well as relevant policy information contained in various Commission websites. It also features animated "Customs sce-

narios", which take users step-by-step through different export, import and transit procedures. These scenarios explain each stage of the procedures, listing responsible authorities and relevant documents that have to be filed at each stage. Each scenario is accompanied by a detailed glossary that links to relevant documents, databases and legislation. Last but not least, the portal covers the legal framework.

The first phase of the ECIP website is a forerunner to the comprehensive Customs information portal foreseen at a later stage. It is a project to test and study the basic functionalities of a portal approach for Customs that combines information

from two sources, namely, the EC and EU Member States. The Commission plans to further develop the portal on the basis of experience gained and feedback received. Its coverage and in depth information on Customs procedures are scheduled to be extended over time.

More information

<http://ec.europa.eu/ecip/>

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Special Dossier Risk Management

Risk management is the systematic application of management policies, procedures and practices in order to identify, analyse, assess, handle, monitor and anticipate risk. Risk management, an integral part of the Revised Kyoto Convention (RKC) and other WCO instruments, offers clear and visible benefits to the international Customs community, which must constantly improve its effectiveness and its performance, and be ever more transparent, responsible and professional.

But what lies behind this concept? How is it reflected in the field? This is the subject of our Special Dossier which, through the experiences of various countries and the many discussions held on this subject, looks at how risk management can be developed in practice.

Getting to grips with risk management

by Martyn Dunne, Chairperson of the Council

As Customs administrations, we are uniquely positioned to use our knowledge and expertise in managing the border to implement a risk management approach. In general terms I am sure that the concept and benefits of risk management are well understood. However I think we can do more to ensure there is practical implementation across the full range of Customs activity.

What do we mean by risk management?

As pointed out during the WCO Policy Commission in December last year, risk management is not just about having good processes; it is a way of thinking that moves an administration towards proactive, rather than reactive, management of the border. On the operational or 'external' front, risk management is an effective and efficient way to deal with large volumes of people, goods and craft with limited resources and constantly changing risk, without impinging on legitimate trade flows.

Risk targeting provides us with sharper operational focus. Intelligence analysis identifies where the greatest risk lies. The use of specialist targeting resources like Targeting Centres enables us to effectively deploy our resources and work in an integrated way with other agencies. Corporate, or internal, risk management is also very important. It includes concepts such as integrity, leadership, legal issues, and stakeholder relations.

What are the benefits?

The benefits of a comprehensive risk management programme include: better human resource allocation; increased revenue; improved compliance with laws and regulations; reduced release times

and hence lower transaction costs; and improved cooperation between traders and Customs.

Improved management processes lead to improved reputation, the capacity to work more effectively with the same or fewer resources, a more 'intelligent' approach and professionalism of staff, and better results overall, leading to Customs achieving organisational and national objectives.

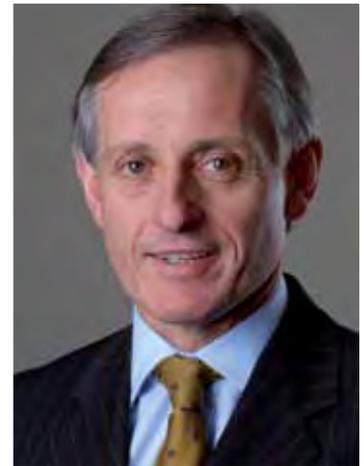
A different way of doing things

To manage risk, a Customs administration must move away from traditional methods and adopt a new culture and new ways of solving problems, including an increase in accountability for decision making. Risk management methodology should be flexible, adaptable, and take into account changes in the operating environment, including in processes and legislation. It should be able to be applied to any situation where an undesired or unexpected outcome could have a significant impact or where opportunities are identified.

Risk management in Customs, including intelligence and operations, must rest on modern legislation. Legislation should enable information collection and sharing, including internationally where appropriate. It should provide a legal basis for operations also. Management of customs risk also benefits from an international component. Working across borders with other intelligence and enforcement agencies enhances risk management by improving information collection and enforcement options.

A key programme for the WCO

The WCO has undertaken a lot of good work in this area and risk management is an integral part of: the revised Kyoto



Convention; the SAFE Framework of Standards; the Columbus Programme; and the Customs in the 21st Century strategic policy. The WCO Secretariat is also developing a Risk Management Compendium.

Kunio Mikuriya, the Secretary General of the WCO, is well aware of the importance of risk management and, in particular, the need for practical implementation. We have made risk management a priority for 2010 and the WCO is hosting a two-day Risk Management Forum after the Council Sessions in June. At this meeting we will discuss the importance of risk management for each of our administrations, identify ways of translating the concept of risk management into action, and ensure that WCO work programmes, including the vital component of capacity building, are aligned.

The WCO can provide the tools, but it is ultimately the responsibility of individual Customs administrations to make sure that these tools are implemented to help us achieve our objectives. I take this opportunity to encourage all Directors General of Customs to attend the June Forum.

Initial results of the Custom risk management survey

by Juha Hintsa and Toni Männistö, Cross-border Research Association

The growing volume of global trade, as a long term trend, continues to be a significant challenge for many Customs administrations as we all strive to maintain an ability to protect our socio-economic interests from fiscal and non-fiscal threats. For many years, Customs administrations have migrated towards risk managed approaches in order to maintain control over the movement of people, goods, and conveyances across borders. Simply put, Customs administrations have learned by necessity to focus their resources on high risk cargo while simultaneously facilitating low risk trade.

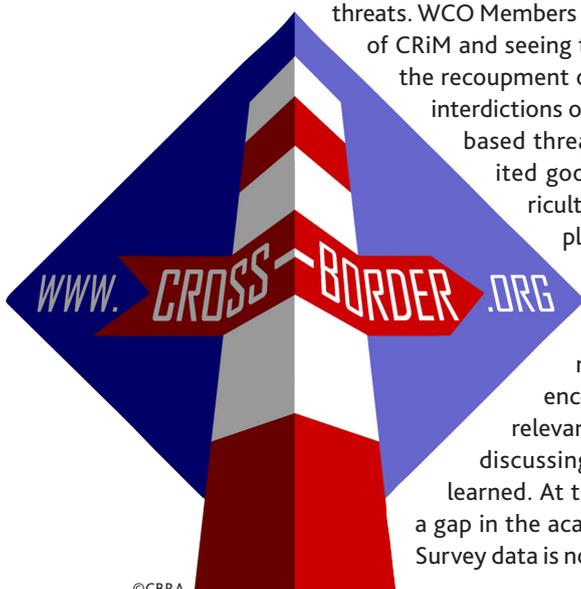
few efforts to date have formally collected and collated the right data that can provide a snapshot of the current CRiM environment for systematic analysis purposes.

To help fill this gap, an initial survey study of WCO Member administrations was carried out. The study focuses on approximately 20 CRiM components that deal with establishing and operating CRiM principles and practices from both strategic and operational perspectives. It scopes CRiM to cover those risks associated with the movement of goods (excluding for example risks with passengers or with Customs IT projects). The study also explores the level of detailed understanding, insights, practical implementations, tangible benefits, and success measurement criteria, amongst other factors, at different administrations. The main part of the study data collection took place between May and August 2009, after a two year intensive preparation phase. The survey replies were provided by 24 administrations (out of the 36 invited) from all six WCO regions, representing GDP per capita of between 1000 and 40.000 US Dollars.

Based on all the outcomes of the survey, the following 12 recommendations have been made for all Customs administrations to consider:

1. Review the current overall CRiM regime, including definitions, core processes, alignment with overall customs strategic plans, and risk management cycles, etc. If gaps or inconsistencies exist consider refinement. Try to establish formal CRiM strategic and operational processes as part of an established risk management cycle, with regular updates, based on the changing operational, criminal and legal environment. Ensure CRiM is embedded as the core of your business and not just "lip service" or another "paper tiger" within your administration.
2. Review and update the current CRiM organizational structure within your administration with a focus on internal governance. Clearly

Today, Customs risk management (CRiM) has become a discipline for WCO member administrations in the core of their day to day business. Customs administrations are learning to exploit CRiM at both strategic and operational levels, and have proven it's effectiveness at identifying and interdicting higher priority fiscal and non fiscal threats. WCO Members are using the principles of CRiM and seeing the benefits, including the recoupment of evaded revenue and interdictions of security and terrorist based threats, narcotics, prohibited goods, and food and agricultural threats, as examples. An online "Google" search of "Customs risk management" brings interesting results and many references, including dozens of relevant files and news items discussing a variety of lessons learned. At the same time, there is a gap in the academic CRiM research. Survey data is not readily available and





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determine and articulate the functions and responsibilities which are centralized versus de-centralized; and how these functions and sections of the organization interoperate and collaborate. Consider even establishing independent risk management (targeting, analysis or risk assessment) units, as a complimentary operational layer; with emphasis on providing a clear mandate, governance, and interoperability with other enforcement or intelligence sections.

3. Consider updating recruitment and career planning, training programs, recognition and rewards for your specialized risk management officers, as this appears to be often the weak spot regarding human resource management. Make CRiM as an appreciated and recognized job within your administration.
4. Analyze and prioritize the fiscal and non-fiscal hazards and risks for your administration and country, looking at both strategic and operational implications of risk realizations. Take a look at how decisions are made on other customs procedures in your administration includ-

ing basic import and export processes and find solutions to promote and support risk based decision making.

5. Take a close look at a broad set of available qualitative and quantitative risk management tools, techniques and standards, and consider upgrades in your current CRiM toolbox, based on your overall priorities. Seek a balance between qualitative and quantitative approaches and methodologies without relying entirely on one or the other.
6. Have an open mind to improve the breadth, depth, quality and timing aspects of the commercial data and other supporting contextual data fed into your CRiM processes; in particular, consider exploiting more pre-departure and/or pre-arrival data, as currently it has very low priority globally. Collaborate proactively with your trading community to seek data solutions that help to improve end-to-end supply chain visibility.
7. Check which type of intelligence and other information is shared with other agencies in your



country, and abroad, and try to identify and solve any information timing, quality, trust, legal or other hurdles preventing you from managing risks better via proactive information sharing. From an internal perspective, work closely with your enforcement and intelligence divisions so they may feed key information into your risk management units to influence, support, and drive priorities at strategic and tactical levels.

8. Verify if any types of legal restrictions or policy barriers exist that may be negating CRiM. If these exist, consider finding solutions to upgrade the national legislation and regulations, local or regional business practices, or any other root causes behind such hurdles.
9. Study and apply lessons learned from existing risk management literature (including supply chain and enterprise risk management), risk management standards (including AS/NZS 4360 and ISO31000), and WCO material such as the WCO Risk Management Guide, the Global Information and Intelligence Strategy, Standardized Risk Assessments, the Global High Risk Indicator document, and WCO e-learning material.
10. Establish systematic benefits of CRiM, and build performance measurement indicators into your CRiM framework. Actively seek out the most cost-efficient CRiM enhancements, and quantitatively measure the success of your risk based decisions at the border.
11. Collaborate and work closely with the private sector in your country. It is important to be open and transparent about CRiM (without revealing security sensitive details, of course) and make them aware of your plans for exploiting CRiM in the future to facilitate low risk compliant trade, and – if feasible - provide tangible benefits for well secured and highly compliant companies and supply chains, via the various CRiM mechanisms you have in place, now and in the future.
12. Last but not least, remind your administration that when moving towards actual CRiM implementations, every region or country looks at risk differently, thus requiring tailored approaches. However, your approach to CRiM should factor in the necessary alignment with regional or global partners to promote

The study explores the level of detailed understanding, insights, practical implementations, tangible benefits, and success measurement criteria, amongst other factors, at different administrations.

the secure flow of trade, including interoperability and harmonization with electronic single window initiatives, international security standards and principles, and collaboration with other government partners, customs administrations, and the trading community.

The full survey study report is scheduled to be published during the last week of June, and a presentation will be given at the WCO Risk Management Forum on 30 June 2010. Following this event, the research team intends to launch approximately 12 case studies, focusing on detailed enhancements in CRiM from Customs administrations globally. As the last stage of this multi-year CRiM research programme, the team has preliminary plans to develop a "CRiM Best Practices" guidebook, consisting of short examples on how CRiM aspects have been improved in the past.

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Risk management: what can you really manage? _____

By James Giermanski

"Those tasked with risk management duties must understand three definitive categories: no control; direct control; and indirect control."



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There is so much written about risk management, it seems that there is nothing left to say. Conceptually, "risk" is used to denote perils, loss, dangerous occurrences, hazards, and even vulnerabilities. Those of us who had to teach management at college and university levels know that management from the time of Henri Fayol's 14 principles in 1916 to current management teaching includes functional principles such as planning, organizing, commanding, controlling, leading, budgeting; principles in human resources like personnel administration, human motivation and relations, training, development and performance appraisals, and operational management. In other words, risk management, involves every aspect of an organization's status and operations. But what about security in a global supply chain? In the supply chain there are risk elements like third parties, foreign shippers, carriers, weather, foreign government involvement, disruption in the process, timing, language, cargo quality and quantity, and other forces.

Organizations (and firms) need to focus their risk management efforts on what they can control. Therefore, those tasked with risk management duties must understand three definitive categories: no control; direct control; and indirect control with indirect control being the most difficult since the fundamental component of risk is the human element, the most difficult element to manage.

NO control

Global supply chain managers understand there's not much they can do about the breakout of war or national hostility. What has traditionally been accepted as not under the control of an organization has been expressed in the legal concept of "force majeure".

"Force majeure literally means "greater force". These clauses excuse a party from liability if some unforeseen event beyond the control of that party prevents it from performing its obligations under a contract. Typically, force majeure clauses cover natural disasters or other "Acts of God", war, or the failure of third parties--such as suppliers and subcontractors--to perform their obligations to the contracting party. It is important to remember that force majeure clauses are intended to excuse a party only if the failure to perform could



not be avoided by the exercise of due care by that party." (Force Majeure, <http://www.library.yale.edu/~license/forcegen.shtml>)

DIRECT control

With the incredible volume of risks involved in the security of an international movement of cargo, it seems there should only be one essential focus: the quality and competency of personnel, from managers who have had to develop and make policy to those who have to carry it out. Thus, people are the sine qua non of managing risk, especially with respect to security in the supply chain. Consequently, organizations must develop and adhere to policies that are carried out by vetted, trustworthy people at all levels of the organization.

Two examples, one government and one private sector, can be used to demonstrate the human role in supply chain security: first, US Customs and Border Protection (CBP) recognized this in its Customs Trade Partnership Against Terrorism (C-TPAT); and second, the chain-of-custody container security system now beginning to be used by the private sector. The human factor is obvious in C-TPAT's core components that include the following:

- Business partner security: (a) "Written and verifiable process for the selection including manufacturers, product suppliers and vendors."
- Procedural security: (i) protect against un-manifested material being introduced into a shipment; (ii) record keeping; (iii) internal controls – inventories; (iv) manifest procedures; and (v) documentation verifications – quantity, quality, marking.
- Physical security: (i) surveillance and lighting; (ii) proper communications systems; (iii) signage considerations; (iv) monitoring programme for sensors and alarms; (v) facilities – fencing, guards, alarms; (vi) shipping and receiving controls; and (vii) theft prevention – limited access to shipping areas, back dock procedures (warehouse related activity in receiving or sending cargo).
- Access controls: (i) identification requirements – entry and exit logs, photo id, escorts, package scans.
- Personnel security: (i) background checks – criminal, credit, driving, employment history;

(ii) employment screening – background, drug screening; (iii) code of conduct – distributed and acknowledged.

- Education, training, and threat assessment: (i) employee requirements, incentives.
- Information technology security: (i) passwords, usage accountability.
- Container security: (i) stuffing and destination controls; (ii) breach detection devices; and (iii) monitoring shipment progress.
- Container inspection: (a) seven sided inspection (sides, ends/doors, ceiling/floor, undercarriage).

Each of these involves the actions of people, from the proper selection of trade partners by honest, competent managers, the development of policies and verifiable processes, down to the competent inspection of containers by warehouse dock personnel. Additionally, good personnel selection, training, and follow-up review limit fraud and cargo loss at terminal and distribution sites worldwide. Although the private sector does not have access to the data mining and integrating software used by intelligence and law enforcement agencies, good background, criminal, and credit checks must be made on all personnel, especially for firms involved with handling cargo in a global supply chain.

INDIRECT control

Assuming the use of good personnel, there is still the issue of theft outside the control of the shipper, consignee, or carrier. Therefore, systems must be used to track and control cargo from its container stuffing at origin to its unloading at destination. Smart container usage that employs control from origin to destination addresses the "indirect control" risk. In effect, the "chain-of-custody" treatment of cargo can be the mirror image of the treatment of evidence for prosecution purposes – for instance:

- What evidence was found by the law enforcement officer = what cargo was actually loaded.



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As a former FBI special agent, OSI special agent and a Colonel in the Office of Special Investigations where he handled counter-intelligence matters, he currently provides transportation security lectures on C-TPAT, and other Customs and Border Protection (CBP) programmes. Jim holds a Masters degree from UNC Charlotte, a Masters degree from Florida International University, and a Doctorate from the University of Miami.

Global supply chain and container security systems are inextricably linked to detailed personnel selection, their competence, and performance.

- Identification of the officer who found the evidence = identification of the accountable individual verifying the cargo.
- Officer's signature as the first component of or link in the evidence chain = an electronic signature of the person verifying that the proper cargo and quantity was loaded.
- The control of evidence by a third party in the evidence room awaiting use in trial = third-party command center's control of cargo movement, breach detection and notifications.
- Receipt and Removal of evidence for trial = receipt and Unloading of the cargo by an identified, accountable person at destination.

Thus, like the chain of evidence, supply chain risk management is fundamentally an issue of control. What is absolutely clear is that the "human element" is the essential core of that issue. Global supply chain and container security systems are inextricably linked to detailed personnel selection, their competence, and performance. Controlling risks in any international supply chain system must begin, be executed by, and end with the human component. Therefore, that combination of direct control in personnel selection, and indirect control of intermediaries through systems – human quality combined with system quality – is or should be the main focus of risk management within the global supply chain.

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WCO puts risk management under the microscope

Lastest developments

The Customs in the 21st Century (C21) strategic policy approved by the WCO Council during its annual sessions in June 2008, identified the need for a positive and proactive approach to the management of Customs. The third building block in C21 identifies *intelligence-driven risk management* as one of the 10 key building blocks of a forward-looking strategy for Customs. To give effect to the direction of the Council's thinking, the Secretariat has been undertaking a review of existing WCO risk management instruments and tools.

Research has identified a wide variety of resources at the WCO that deal with risk management in varying degrees. These include, inter alia, the 2003 WCO Risk Management Guide, the revised Kyoto Convention, the Global Intelligence and Information Strategy and its e-learning modules, and the WCO Capacity Building Development Compendium. However, none of these individual resources completely explain the implementation of Customs Risk Management or the detail behind the concepts of *intelligence-driven risk management* or a multi-layered risk management approach.

The purpose of the review is to draft a single compendium that will provide WCO Members with a framework for implementing organizational risk management systems, together with instructions and methods to apply risk management and assessment throughout an administration.

The new Risk Management Compendium acknowledges and builds upon existing WCO risk management material with the scope expanded to include, as appropriate, work done by the International Standards



Organization (ISO) on risk management standards in general. Links will be drawn from documents such as the ISO/IEC 73 - Vocabulary, the ISO/IEC 31000 - Principles and Guidelines on Implementation, and the ISO 31010 - Risk Assessment Techniques, as well as other relevant references and experiences in this field.

Risk Management has been a priority for WCO capacity building support for many years. The Safe Framework of Standards recognizes risk management as one of its core components and the Columbus Programme has been providing assistance in different formats to support implementation through diagnostics, development consultancies, training, seminars, etc.

Diagnostic missions conducted under the Columbus Programme reveal that many Customs administrations have already introduced basic procedures, routines and solutions for operational risk manage-

ment. However, they also reveal that in many cases it is somewhat limited to risk assessment and targeting, mainly focusing on Customs' revenue collection role.

From a global perspective, there is a need for further development of risk management to improve risk prevention, risk mitigation and corresponding allocation of resources based on intelligence-driven risk decisions. These issues are expected to be further explored and developed during the coming WCO Risk Management Forum in June 2010.

More information
www.wcoomd.org

WCO risk management activities

Risk management is key to the overall reconciliation of the requirements of enforcement, security and facilitation. One of the biggest challenges Customs administrations are facing today is to determine how to best apply risk management to identify and mitigate risk at the operational level. As the only international intergovernmental organization that deals with Customs procedures governing trade between countries, the WCO has developed a variety of different tools which can assist and facilitate its Members' work in managing risk.

WCO Global Information and Intelligence Strategy

Intelligence is a key component of risk management. It is produced from the collection and processing of information and is used primarily by Customs decision-makers at all levels to support their decision-making processes.

The WCO Global Information and Intelligence Strategy (GIIS) sets out what intelligence is, identifies its actual or potential source, for whom it is being produced; and why it is needed. GIIS also sets out the intelligence cycle; fundamental principles and processes that underpin all intelligence activity.

Risk Assessment, Profiling and Selectivity

At the operational level, risk assessment, profiling and selectivity form an important part of Customs' work in relation to border controls. The purpose of border controls is to ensure that all movements of goods, conveyances and persons that cross national borders occur within the laws, regulations and procedures that govern them.

A common characteristic of a border crossing is the high volume of imports, exports and passengers, making it impossible to check everything and everyone. The solution is to concentrate resources

on identifying and examining high-risk passengers, cargo and conveyances.

In order to assist its Members to more efficiently allocate their resources to identified high-risk areas, the WCO Secretariat developed several training modules on Risk Assessment, Profiling and Selectivity: Air Cargo and Aircraft for Frontline Customs Officers; Passengers for Frontline Customs Officers at Airports; Vessels and Sea Cargo for Frontline Officers; Training in Risk Management for Supervisors; and Frontline Customs Officers at Land Border Crossings. Updated versions will be available for WCO Members in 2011.

In addition to the modules, another module has been developed under the WCO e-learning program (Customs Controls, Risk Assessment, Profiling and Selectivity) to help Customs officers decide how to use available resources to select passengers and/or goods to be controlled, and how thorough the controls should be.

Risk Indicators

Risk profiling is the means by which Customs puts risk management into practice. It replaces random examination of documents and goods with planned and targeted working methods, making maximum use of Customs resources. The profiling process is based on specified selectivity criteria called risk indicators.

The WCO Secretariat has several instruments that identify the most common risk indicators, enabling WCO Members to develop their own set of risk indicators for daily use by frontline officers: Standardized Risk Assessments; Model Risk Indicators/Profiles; General High-Risk Indicators; and the Handbook for Customs Officers on Risk Indicators: Factors for Intellectual Property Infringement. Together with WCO Members, the Secretariat is also currently producing risk indicator documents and manuals for air, sea and land border crossings based on the different logistical stages (pre-arrival, ar-

rival and post-arrival). These documents will be finalized in 2011.

Analysis Guidelines

Risk analysis is an essential part of risk assessment and provides valuable information to decision-makers on whether risks under consideration need to be treated as well as available and most appropriate treatment possibilities. Within this context, the WCO Secretariat is in the process of developing analysis guidelines for Members outlining the basic principles, processes and types of risk analysis. These Analysis Guidelines will be made available in 2011 also.

CEN - Customs Enforcement Network

Analyzing data on international seizures can improve a WCO Member's understanding of global risks and allow them to refine their profiling and targeting activity. Therefore tools such as the Customs Enforcement Network (CEN), which offers plenty of different features (seizure and concealment picture databases, a communication network, an alert system, etc.) can be a very useful instrument and assist Members in managing risks especially in the field.

Annual Reports

The Secretariat prepares annual reports on drugs, tobacco and intellectual property rights which provide a global overview of illicit trade in these products. They assist Customs administrations to better understand the latest trends in the risk environment, enabling them to prepare a more efficient response to the risks posed by these specific products on society.

Post Clearance Audit

Audit-based controls complement risk analysis methods. They both contribute to maintaining the balance between trade facilitation and control. Post Clearance





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Audit is regarded as one of the most effective measures for compliance verification and for detecting commercial fraud, especially valuation fraud.

Considering that a number of Customs administrations are still in need of assistance in this field, WCO Guidelines on Post Clearance Audit (PCA) were developed

and are aimed at providing specific guidance on essential elements to introduce PCA. The Guidelines also include a compilation of existing best practices.

A package of essential tools soon

Most of the tools mentioned in this article will be incorporated into the "Tools for

Risk Management" section of the WCO Risk Management Compendium that the Secretariat plans to publish in June 2011 (see article on page 23).

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Risk management: key enablers

by David Widdowson

Much has been written about the management of risk in the Customs context, and there is no shortage of commentary on best practice procedures, operational guidelines, strategic frameworks, and so on. Rather than cover old ground, in this article I will focus on what I consider to be some of the more critical yet often overlooked enablers of effective risk management.

Understand the true nature of risk

Whenever I'm asked to provide a commentary on risk management, my first question is, 'Risk to what?'. Determining the answer to this question is not always as simple as it sounds. For example, shortly after 9/11, I interviewed senior officials from twenty Customs administrations who had been tasked with implementing a range of supply chain security initiatives. In discussing the risks that these officers

had been assigned to address, it became apparent that, for many economies, the primary reason for implementing the various initiatives had very little to do with mitigating the risk of terrorism attempts – it was more concerned with maintaining a healthy trading relationship with the United States. Not wishing to debate the merits or otherwise of such a standpoint, the important consideration from a risk management perspective is to ensure that the relevant risk has been properly

identified, to avoid the possibility of introducing extraneous variables into the subsequent risk management decision-making process.

Appreciate the value of identifying low risks

It is now widely accepted that traders with a good record of compliance require a lower level of scrutiny than those with a history of poor compliance, or those about which little is known. This concept is integral to the WCO's SAFE Framework of Standards which promotes a range of benefits for Authorised Economic Operators (AEO) by virtue of their low risk status. Along with other 'trusted trader' regimes, the AEO programme reflects sound principles of risk management by identifying low risk members of the international trading community to reduce the size of the 'risk pie', thereby

aiding the deployment of resources towards potentially high-risk operators.

Compare this position to the traditional Customs audit which is intended to assess the degree to which a company is complying with the relevant regulatory requirements and not, as some assume, simply to detect errors in a company's regulatory dealings. The important point here is that such an assessment, regardless of the result, assists in determining where future compliance resources should be directed. A corollary to this is that an auditor's finding of compliance is equally as good a 'result' as a finding of non-compliance. This is often overlooked, since a finding of non-compliance generally brings with it

a national level, the mitigation of political risks translates into government priority setting which is reflected in an economy's focus on particular elements of its Customs charter such as revenue collection, people smuggling, security, or trade facilitation. I frequently see administrations being criticised for directing their efforts and resources towards certain activities at the direct expense of what other members of the international Customs community consider more important Customs functions. The bottom line is that, in any economy, the management of political risks will always take precedence.

One means of mitigating political risks which is often overlooked, is to secure an

Achieve congruence

Intervention by exception is a term which I first coined in the 80s to describe a regulatory compliance strategy that is based on the principles of risk management. It implies regulatory intervention when there is a legitimate need for it; intervention based on identified risk. And while many administrations now espouse a policy of intervention by exception, there is routinely a lack of congruence between organisational policy and operational practice.

I once watched a particular South East Asian administration ritually open each and every express consignment that had arrived earlier that morning. I pointed to a passing truck that was carrying a container from the nearby wharf, and asked the Regional Director whether the same level of Customs scrutiny was applied to sea cargo. The answer was a predictable 'no', but the reason was not so predictable – 'risk management'. This explanation commonly belies the true operational approach of many administrations, that is, what can be examined will be examined, regardless of the risk. Furthermore, the number of 'high risk transactions' tends to be directly proportional to the resources available to conduct the necessary examinations. For example, the inspection rate of cargo shipped by a major forwarder increased significantly during the recent global economic crisis, and I was somewhat bemused to discover that the same number of inspections was being conducted throughout that period despite the fact that the level of trade had plummeted. I doubt, however, that the trader's risk rating had changed dramatically during that period.

Unfortunately, such a state of affairs is not uncommon. Administrations tend to go to great lengths to show they have introduced a risk management policy but there is commonly a lack of congruence between the written policy and what happens in practice. A topical example is the current debate on how best to mitigate security risks. Consider this – if a trader



a tangible revenue return to government whereas the identification of a compliant trader does not.

Accept that political risks are a priority

The highest risks facing any organisation, including Customs administrations, are political in nature. Failing to effectively manage these risks will significantly undermine the organisation's credibility. At

active role for Customs in the government policy-making process. For example, so often revenue targets – a term that I abhor – are set in the absence of any apparent scientific rigour. In many cases, we see politically expedient targets of 'x per cent above last year's collections'. A Customs input into the revenue forecasting process will at the very least help to avoid a Finance Ministry *fait accompli* which will dominate the administration's focus for the following twelve months.

demonstrates a commitment to global supply chain security by achieving and maintaining AEO status, does there remain a genuinely risk-based need for the cargo to be scanned, and for the trader to provide advance information to the authorities who granted that status?

Achieve internal congruence

The issue of congruence also extends to the internal mechanisms of an organisation. Again and again, I see the situation where an officer has correctly applied the relevant policy on risk management, only to later discover a problem with the consignment or transaction in question. The result? Managerial displeasure and the allocation of 'blame'. It is inevitable that some things will slip through the cracks – not even the most effective risk management system is fail-safe, and managers need to recognise and accept this fact and support their staff in deed as well as in word. It reminds me of a certain politician's warning to an administration that was debating the formal introduction of risk management: 'I wish you luck but you will be held accountable if anything goes wrong!'

I would like to leave you with this parting thought. It is a truism that, even with the best systems and procedures in place, things will go wrong from time to time and it is therefore incumbent on managers to focus not only on how risks are managed but on how those who manage the risks are supported.

Professor David Widdowson is the CEO of the Centre for Customs and Excise Studies at the University of Canberra in Australia. He is also Editor-in-Chief of the World Customs Journal, and the President of the International Network of Customs Universities.



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Managing risk in practise: South Africa shares her experience

According to the WCO Risk Management Guide, all organizations benefits from the application of a risk management strategy since this benefits organizational performance as a whole. Risk management in any organization consists of well-defined steps which, when taken in sequence, support better decision making by contributing to greater insight into risks and their impact.

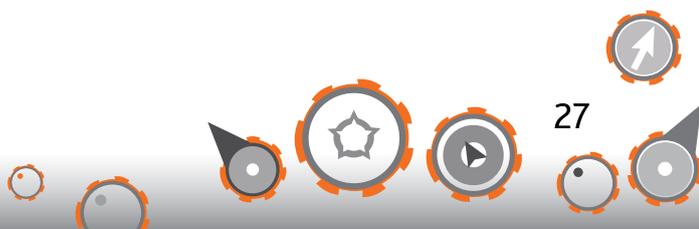
For Customs administrations, the adoption of risk management as an organizational philosophy is essential since it provides quantifiable improvements in the effectiveness and efficiency of the administration as a whole. Risk management can operate in any organization with manual or automated applications ranging from tactical to strategic approaches. It can be applied to nearly every decision-making situation also.

In the South African context, Customs risk management – the systematic application of management procedures and practices which provide Customs with the necessary information to address movements or consignments which present a risk – has been part of the operational approach for many years in the form of an enterprise wide Business Intelligence Unit, and more recently the Customs Risk Management Division (CRM) whose main purpose is the identification, classification, dissemination and mitigation of compliance risk.

Various CRM officers (Operational Specialists: Risk) are deployed to either the Central Risk Unit (CRU) based in ports and offices around the country, or the National Targeting Centre (NTC) which was established during 2009.

Officers in the CRU are responsible mainly for focusing on tactical port and regional specific compliance risk issues and cases, in line with national strategic parameters, and support port operations by performing, on a daily basis, risk identification, analysis and product dissemination/mitigation.

Officers must, on a daily basis, collect relevant data, analyse, compare and weigh this data, then make logical deductions and derive findings that will focus efforts on high risk or the highest risk consignments.



The main recipients of these risk-related products are the operational cargo teams, the enforcement teams (for example, the Customs Border Control Unit), and Post Clearance Audit teams.



In order to perform their tasks, officers must, on a daily basis, collect relevant data (and this is collected from databases within Customs or external to Customs), analyse, compare and weigh this data, then make logical deductions and derive findings that will focus efforts on high risk or the highest risk consignments. An officer therefore follows, on a daily basis, the steps of establishing the context, identifying the risk, analysing the risk, assessing and prioritising the risk and then addressing the risk.

A risk management officer is as such responsible for supporting operations through managing risk and "filling the gaps" where these may occur. Operational staff have specific skills and must be directed to focus areas where their skills can be optimally used, and this can only be done if they know which consignments have been identified as potentially being of high risk. Clearly, operational staff should not spend time on performing methodological risk management steps which are performed by the CRM.

However, it is essential to note that as risk is "owned" by Operations, the mere fact that risk management officers perform the daily methodological steps as indicated, does not detract from the fact that Customs officers at all levels and in all areas support the risk process by for example, reporting on suspicious activities, reporting thoroughly and within required time frames on incidents and interventions, supply feedback on risks that were to be tested, etc. The point of pivotal importance is that risk management officers do not own the process of risk; risk management merely fulfils the role of a technical or support experts.

The field of risk management is essential in a resource challenged environment, not only from a revenue perspective but also from a security perspective.

Staff in the National Targeting Centre are responsible for identifying, evaluating, classifying and tracking compliance risk and must prescribe operational responses in relation to harmful goods as well as activities of individuals and other entities and participants in the supply chain responsible for movements of goods across South Africa's borders and through its territory where a serious commercial and/or security threat at an international, regional and/or national level is posed. The Customs NTC is therefore responsible for identifying and interpreting the international, regional and national economic and security environment, to align its focus according to threats manifested in each and to advise on the implementation of measures in order to mitigate threats in advance in as far as imported; exported or transit goods are concerned.

The NTC aims to ensure that the following are made a reality during the 2010/11 financial year: the pre-loading of targeting of goods, people and conveyances ("Tier 1" targeting based on advance information); the development and maintenance of the national default weight sets/profiles based on different risk and threat assessments; to support port-level targeting and pre-selection hubs (Note: Pre selection hubs may be developed based on modalities and are dependent on advanced electronic information); the maintenance of a system of alerts; the development and maintenance of national seizure and offence databases; and to compute risk and threat levels.

Risk management staff must be inquisitive, understand the business of Customs, and apply systematically the knowledge they have in order to derive empirical results that will guide operational efforts. From the above examples, it is evident that the field of risk management is essential in a resource challenged environment, not only from a revenue perspective but also from a security perspective, and all Customs administrations should adopt risk management principles and establish a risk management capacity in order to ensure focused and cost effective operations.

More information
www.sars.gov.za

How to modernize risk analysis and the selectivity of Customs controls in developing countries?

by Anne-Marie Geourjon, Grégoire Rota Graziosi and Bertrand Laporte

The WCO's revised Kyoto Convention (RKC) recommends that physical controls be limited. This is also one of the proposals being discussed as part of the WTO negotiations on trade facilitation.

Also, the promotion of ethical conduct is an important aspect of the reforms being undertaken in developing countries in order to modernize their Customs services, and limitation of controls is essential in order to address the risks of collusion between officer and importer, which are greatest prior to the removal of goods. This means that there can be no alternative to the targeting and selectivity of controls. However some reluctance has been encountered: on the part of staff, who are disinclined to change their working methods and fear that they will lose benefits; and on the part of authorities, concerned about their Customs revenues and, therefore, worried by the idea of releasing goods without physical inspection, as they represent "security" for the duties and taxes payable. This is why it is necessary to identify optimal conditions for targeting operations for controls, so that there is no risk of loss of revenue.

The selectivity of controls involves identifying the most high risk operations and directing the declarations into different control channels as appropriate. Targeting is performed either using traditional methods, or using more innovative methods which employ modern risk analysis tools.

In the traditional methods, targeting is carried out on a random basis and/or using risk criteria. The identification of the risk criteria is carried out "manually" and relies on the Customs officer's experience and judgement, based on available information on transaction histories, or based on intelligence. The targeting criteria, validated by a Committee perhaps, are factored into the IT system's selectivity module and are, in theory, reviewed periodically. There are two drawbacks to these methods: they rely on human intervention and judgement, which constitutes a risk in itself; and they require a great deal of effort in order to adapt, in real time, to new forms of Customs fraud. Hence the attraction of eliminating human intervention to the greatest extent possible by

using more sophisticated automatic risk analysis methods.

The idea is to adopt an approach identical to that employed in many sectors (banking, insurance, nuclear energy) for analysing risk, based on the use of scientific methods, and adapt it to the Customs context. This is the approach taken by private firms in particular that market risk analysis systems (Smartlane, Profiler, SIAR, WebFountain, etc) to Customs administrations.

The targeting system is based on four different approaches: the first consists of checking any operation that involves unknown qualities (new importer, for example); the second is based on the inspection of the import declaration and the statistical study of the overall series and past history of fraud in order to assess the risk; the third involves the systematic control of an operation on the basis of factors linked to certain characteristics; and the fourth consists of a purely random selection, used in particular to regulate the rate of controls. It is the second approach which forms the heart of the system and gives it its "rational" (non-subjective) character, enabling the entire targeting system to be automated.

With this approach, each new clearance operation has a fraud probability (overall score). For this purpose, fraud criteria (for example, importer, product, origin, etc) are initially identified using historical data; next, weighting coefficients which reflect the relative importance of each criterion are applied to them. The relevant fraud criteria and their weightings are determined using a scientific method, for example by econometric analysis. Any new clearance operation will then be given an overall score which evaluates the risk of fraud (the predicted probability of fraud) with reference to the characteristics of the operation (the fraud criteria). This score enables the declaration to be directed automatically into one of the control channels. A proportion of the declarations directed to the green channel are subsequently redirected under the fourth approach. Approaches one and three can be used to direct operations straight to the red channel. The results of controls are fed in, continu-

The selectivity of controls involves identifying the most high risk operations and directing the declarations into different control channels





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ously enhancing the data history, and this enables the fraud criteria and their weighting coefficients to be kept up-to-date.

This approach has been tested by two countries¹ in Africa. Country A employs the services of a pre-inspection company, whereas country B has never used such services, but records all litigation cases in its IT system. Intuitively country B's method should be less effective, because the quality of the available information is lower. The predictive power of the method is evaluated by recalculating, post-facto, the total score which would have been assigned to each operation, and looking at whether the operation was in fact fraudulent. In country A, by controlling just 25% of operations, the method picks up 93% of the adjustments carried out by the pre-inspection company. In country B, by controlling 2.3% of operations, the method picks up 83.8% of operations giving rise to litigation. Using a private company to "guarantee" that data will be of "good" quality is not essential when developing a system of this kind.

Assuming that there is a significant relationship between the number of cases of fraud identified and the amount expected to be derived from adjustments, the good predictive power of the method ensures that revenues will be stable in the short term. In the medium term, the scientific and automatic nature of the method, by reducing the integrity risk (corrupt behaviour) as well as enabling the quality of controls to be improved will have a positive impact on revenue. The impact on trade facilitation is immediate!

What technical capabilities are required to put this kind of system into operation? The scientific analysis of historical data calls for post-university level skills in data mining and statistical decision theory. The system, although automated, does not require "heavy-duty" programming, but an integrated, open clearance system. Post-clearance controls and investigative and intelligence activities are necessary in order to hunt out new fraud trends and feed the system more rapidly than would be the case with the purely random selection of operations to be controlled.

Leaving aside the specific skills of data mining and statistical decision theory, Customs has the know-how required. One question remains – can

the administration's commitment to this project create the synergy which is vital to its success, particularly in terms of mobilizing the necessary resources and establishing appropriate institutional structures?

Recourse to private sector services can be envisaged to help Customs use systems of this kind which operate on the basis of Customs data; this could involve either software acquisition and start-up (design phase only), or an outsourcing contract (design and implementation). However, recent work² based on information theory has highlighted the incompatibility of associating within the same contract, i.e., with the same private company, an inspection programme for imports and a Customs modernization objective (including risk analysis). This is because a company which is being paid by a country to carry out inspections, whether pre-shipment or at destination, has no interest in succeeding with the second objective of Customs modernization, thereby putting an end to a highly lucrative inspection programme. The success of these contracts will depend upon compliance with certain rules³ on compatibility of the contract objectives, modes of payment, information flows⁴, and even contracting parties (Ministry of Finance or Revenue Authority for an inspection programme, Customs for the modernization objective).

More information

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www.u-clermont1.fr



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¹ Geourjon, A.-M. and B. Laporte (2005) : "Risk management for targeting customs controls in developing countries : a risky venture for revenue performance ?", *Public Administration and Development*, 25, p.105-113 ; Geourjon, A.-M. and B. Laporte (2004) : "L'analyse de risque pour cibler les contrôles douaniers dans les pays en développement : une aventure risquée pour les recettes ?", *Politique et Management Public*, Vol. 22, n°4, p.96-109.

² Dequiedt, V., Geourjon, A.-M. and G. Rota-Graziosi, 2009, "Les Programmes de Vérification des Importations (PVI) à la lumière de la théorie de l'agence", *Afrique Contemporaine*, 230(2), 151-166 ; Dequiedt, V., Geourjon, A.-M. and G. Rota-Graziosi, 2009, "On the Design of Preshipment Inspection Programs", *Etudes et Documents du CERDI* N° 10.

³ In economics, the recent branch of "contract theory" aims to identify the optimal contract for the Principal, i.e., the contracting public authority.

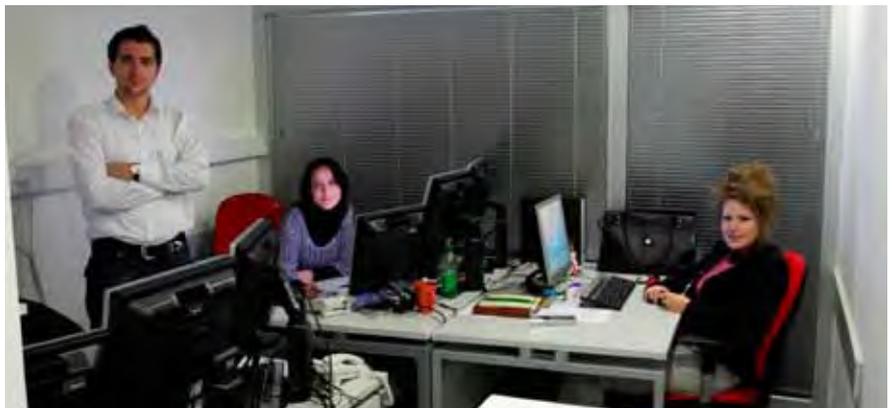
⁴ In this connection, it is not desirable for contracts relating to import inspection programmes to include the task of providing Customs with the risk analysis results to be used for selectivity purposes.

Bosnia and Herzegovina: joint risk analysis on cross-border traffic

by Richard Ots

The application of risk management processes to the cross-border movement of goods and people in Bosnia and Herzegovina has gone through some remarkable changes over recent years. From a fragmented approach on the fringes of some border management agencies' operational processes, it is now well on its way to becoming an integral element in the country's comprehensive approach to border management.

Between 2006 and 2009, the International Organization for Migration (IOM) led an EC funded project to assist the country in the design and implementation of a national strategy and action plan on integrated border management. Risk analysis formed one of the components of the project, reflecting the authorities' awareness of the friction between on the one hand, the necessity to establish effective border control and on the other hand, the limited physical means at the relevant agencies' disposal.



Some of the staff from the Joint Analysis Centre

The Balkans region is, and always has been, an important transit point for goods and people to and from the EU. Additionally, Bosnia and Herzegovina is increasingly a source and destination country for cross-border traffic as well. The sheer volume of traffic makes it practically impossible to carry out 100% checks. However, the process of determining what to check and what to skip was in many respects still in its infancy.

From the outset of the project there was a clear consensus among the stakeholders (Indirect Taxation Authority, Border Police, State Veterinary Office, State Plant Health Protection Agency, and the Service for Foreigners' Affairs) that inter-agency cooperation would add significant value to the process of risk analysis. However, the form of this interagency cooperation was less well understood. The Ministry of Security and the heads of the border management agencies also gradually grew accustomed to the thought of going beyond a mere exchange of liaison officers. The convening of senior-level study visits to Rotterdam harbor, to the WCO,

and to Heathrow's Joint Border Operation Center assisted the development of both a shared understanding and the necessary conceptual buy-in for the idea of centralization and the partial amalgamation of the analytical functions of the border management agencies into a single Joint Analysis Centre (JAC). The agencies then established the JAC, through an inter-agency MOU, as a department within the Border Police, but staffed by all agencies on a secondment basis.

The objective of the JAC is to supply participating agencies with actionable operational level information as well as with strategic level information on general trends and developments in cross-border traffic. The work plan of the JAC is agreed periodically between the participating border management agencies. The agencies provide the JAC with an updated replica of their corporate data through each agency's Local Analysis Center (LAC) data warehouse. For example, information from a single agency's various internal databases is first funneled to its own LAC where it is processed for the

organization's own analytical purposes. It is then (partially or wholly) replicated for analysis of possible inter-agency relations or trends in data by the JAC. This required an extensive and ongoing process of standardization and normalization of data in order to be able to establish links between fields from the databases of the different organizations, or even from within one organization.

Confidentiality and privacy of data is protected by synchronized anonymization of fields holding personally identifiable information, in addition to physical, procedural and organizational measures. The analysts at the JAC are therefore at no point presented with names, addresses or telephone numbers of persons of interest, but merely with the fact that the codes representing the names match between different databases. If that link is deemed to be of operational significance, then authorized investigators may request the release of the corresponding personal information from the relevant agencies. This may result in an updated entry on a watchlist or even a proposal for an inter-

Mexico Customs reports its progress on applying risk analysis to core processes

agency operation. An important part of the work of the analysts does not require this level of detail though. The creation and update of risk profiles for use at border crossing points does not entail actual name or detailed address information. Similarly, for the production of overviews of general trends and developments the coded information provides a sufficient level of detail.

The JAC is equipped with industry standard software for risk analysis in law enforcement environments, in addition to sophisticated software for data mining. Staff have completed advanced training on the use of the software as well as on risk analysis, strategic intelligence, applied statistics, the collection and use of open source information, and on reporting and presentation.

With the creation of the JAC and its continued development, Bosnia and Herzegovina is making significant steps to rationalize the allocation of its border management resources. The agencies continue to increase the quality and quantity of data flowing to its analytical structures by improving the capture of data at the border, digitizing existing archives and further standardizing and normalizing the structure of their databases. As Mr. Ermin Pesto, Head of the Sector for Border and General Security at the Ministry of Security said, "The JAC allows us to better target our efforts, increasing the success rate of checks while facilitating the legitimate flow of goods and people across our borders."

More information

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Counterfeit brands in electronic goods (Duracell, Motorola, Sony, Sony Ericsson)

As a Customs administration, one of Mexico's main priorities is to contribute to the strengthening of national security by combating criminal organizations. This, in turn, reflects a major objective of the 2007-2012 National Development Plan: to cripple the illicit profits of these organizations.

In recent years, the Mexican Tax Administration Service and Mexico Customs have dedicated considerable financial and human resources to enhancing their programmes to detect illicit goods at ports of entry through a risk analysis and intelligence strategy.

A valuable source to generate intelligence is the advance information Mexico Customs receives on incoming maritime shipments. Furthermore, Mexico is committed to the implementation of Pillar 1 of the WCO SAFE Framework of Standards, which entails the use of advance information and risk management systems by WCO Members.

A good example of the effective use of risk analysis, based on advance information to target pirated and counterfeit goods, is the recent seizures that were carried out at the Ports of Lazaro Cardenas, Manzanillo, Ensenada, Veracruz and Altamira in 2009; in these cases, the ports were alerted to the arrival of suspicious shipments by the intelligence unit at Customs headquarters.



Counterfeit brands in apparel and accessories (Lacoste, Puma, Abercrombie, Tous, Mont Blanc, Hugo Boss)

Also in 2009, in 94 of 504 targeted containers, risk was confirmed and the goods seized. They contained approximately 1,053 tons of merchandise, representing more than 50% of all pirated goods seized by Mexico Customs (33 million pirated units). These unprecedented seizures in 2009 were the direct result of the use of Customs intelligence and the application of risk analysis as well as the actions taken by the Mexican government.

The Tax Administration Service and Mexico Customs are permanently committed to enhancing their procedures, infrastructure and technology in order to efficiently fight illicit trade.

More information
www.sat.gob.mx

Speed Interviews



Susanne Aigner (left) and Heike Barczyk (right)

Two Deputy Directors have recently been appointed to the WCO Secretariat; Susanne Aigner in the Compliance and Facilitation Directorate, and Heike Barczyk in the Capacity Building Directorate. WCO News conducted a speed interview with these two new members of the management team.

WCO News: Tell us about your career to date?

Susanne Aigner: I started to work for customs by accident as after my Doctorate in law, I couldn't find a job in an area I would really have enjoyed working in, like working for one of the associations defending migrants' rights or pursuing developing countries' interests. The Austrian Ministry of Finance was at that time searching for women who spoke English and French, in particular for roles within the customs branch. As I did not want to take up a job with a law firm, I decided that I would work for Customs until I found something else more to my liking. The funny thing was that I liked Customs work from the very beginning. After the obligatory 3 years of training and education in Customs and tax matters, I was asked to work for the Ministry of Finance on International matters and Free Trade arrangements, among other on the General System of Preferences and UNCTAD. After several years as Deputy Head of Unit, in 1995 I moved to Brussels to work for the EU Institutions, including at DG TAXUD's "US/Canada Desk" which involved responsibility for the negotiation of the EC-US Agreement on CSI. In 2005, TAXUD set up a special sector dealing with security, which I led, and which had a central role in drafting the customs security legislation and the development of the EU Authorized Economic Operator (AEO). During this time, I was also responsible for the technical negotiations with third countries like Japan, US and China towards mutual recognition of AEOs, security measures and control results. During 2009, I managed the Unit in charge of Risk Management and Security and while continuing to work on security/AEO, I personally focused a lot on the EC Risk Management Framework and System and the Convergence of Controls activities within the EU.

Susanne: My new role would have a different focus, seeing things from the WCO angle and thus giving me a range of new challenging opportunities...

Heike Barczyk: Well, in brief: My work life started in the 90's, when I worked for the German Foreign Service for three years (of which I spent one year in Senegal). Then I went back to university, studied law, passed two national Legal State Exams and became a lawyer. After two years of work mainly on Labour and Commercial Law, I "rediscovered" the Public Service and went to the Customs Criminological Office (ZKA) in Cologne, Germany. There I worked first as Head of the Anti-Drugs Section and later as Head of the Regional Intelligence Liaison Office (RILO) for Western Europe – my first deeper experience with the WCO, by the way. The last post before my start here in Brussels was within the German Ministry of Finance in Bonn, where I was the Deputy Head of the Division on International Customs Co-operation.

WCO News : What prompted you to apply for your new post ?

S. A.: After more than 5 years in one job and in particular after more than 8 years of working on security matters, I felt ready for a change. When the job at the WCO was published, I thought this would be exactly what I would like to do at this stage of my career: more international than my European-focused activity; even more challenging as I would have to cooperate with 176 instead of 27 member administrations; while at the same time not something completely unknown to me as I had been working on the same file at the Commission and as I would continue cooperating with many of the colleagues I knew from previous roles. The new role would however have a different focus, seeing things from the WCO angle and thus giving me a range of new challenging opportunities and hopefully a broader perspective. I also think that the DD job will allow me to continue building upon my EU experience, sharing this expe-

rience with others while enhancing my own understanding of Member administrations and customs policies and procedures other than those of the EU. I have always enjoyed working with colleagues from different parts of the world, jointly seeking solutions to common issues and I am therefore delighted to be working in a Directorate with very many different nationalities from almost all continents.

H. B.: I felt the application would be a "natural" step forward for me. Having worked in the international area for quite a while, but more or less from a national perspective, I wanted to expand my personal experience and work at the WCO on a more global level. In this context, the Capacity Building area is in my view one of the most challenging tasks within the work of the WCO in serving Members' needs. Moreover, from the past I knew that the team of the Capacity Building Directorate is a very good and highly motivated one – which was obviously a bonus, too.

WCO News: What are your short-term objectives ?

S. A.: The first thing I have to do is to learn all about the areas I am responsible for as DD; this I will have to do very quickly as I am already being sent on mission during the very first days of April. The second thing I want to do is build a strong relationship with my excellent team, to discuss and set priorities and goals for the group and then through my collaborative leadership style work to ensure the issues that impact on the whole of the Directorate are addressed in a timely, joined up and coordinated manner now that both Deputy Director posts are filled. There are many cross cutting issues (like Coordinated Border Management, Risk Management or Globally Networked Customs) that touch upon facilitation as well as compliance/enforcement. Early discussions since my arrival should leave you in no doubt the Director and the two Deputies are united in their wish to ensure that the Directorate works as efficiently and effectively as possible and is enabled to make progress on these cross cutting issues. For the rest, I am sure there are many challenges waiting for me!

H. B.: I arrived at the WCO secretariat when we were still preparing three important meetings in the Capacity Building area scheduled for April this year. It would have been the first meeting of the C.B. Committee ever, the meeting of the Integrity Sub-Committee and the meeting of the Regional Offices on C.B. (ROCBs) and the Regional Training Centers (RTCs). Unfortunately, due to the volcanic eruption in Iceland and the stop of air traffic to and from Northern Europe at that time, these meetings had to be postponed at the very last moment to autumn this year. Obviously, working on the preparations for these meetings and making my personal contribution that the motivation of the

participants of the meetings remains as vivid as demonstrated then, is of course one of my primary work objectives.

On a more private basis, I still have to settle in here in Brussels. And I would like to improve my Spanish language skills which have not really been trained since my school time...

WCO News : If you had to change career, what job would you choose ?

S. A.: If I had to change career other than building upon my experience gained so far (and thus remaining either in the Customs or trade area), I would like to do something totally different. During my studies, I used to work in an art gallery and also for organizers of concerts of contemporary classical music. I organized exhibitions and concerts and also selected artists for exhibitions/concerts on specific themes as part of a jury or as curator. If money didn't matter at all, I would try to do something similar and organise exhibitions and concerts, in particular for young artists who are often excellent but are not given any opportunity to show their work. When I was younger I wanted to be on the stage in theatre; I tried it and seemed to

have some talent. I am however happy that I never pursued this any further and that all I do nowadays is enjoy performances by other actors. Anyway, don't we all act to a certain extent when we chair meetings and negotiate agreements?

H. B.: Among friends, we have from time to time asked ourselves what we would have liked to become if we had not taken the career path we have taken. One of my favourite answers is that I could have become a – hopefully successful – archeologist... In reality, if I had to change my career right now - away from Customs, the international area and the Public Service, I think I would most probably become a lawyer again.

O. A.: And one final thought

S. A.: I am very happy that I am working as DD Enforcement at WCO ; for the time being I enjoy every day and think that I can actively contribute to the organization's work and efficiency. I hope it stays like this and that my staff and the organization more widely see it in a similar light!

H. B.: I am more than happy that the hypothetical question before does not describe my present situation..., but that right now I can really look forward to some exciting years and work to come in the WCO!

More information
www.wcoomd.org

Brazil sets up new detector dog centres

The Brazilian Customs administration (Receita Federal do Brasil) has announced the establishment of new detector dog centres in six important Customs units. The use of detector dogs will align the administration with global best practices on combating illicit acts related to foreign trade operations, in particular the traffic in illegal drugs and unauthorized possession of currency.

To ensure the success of the training programme, instructors have to select dogs that are at least 18 months old and who display drive, good physical resistance and lots of energy. Once selected, the animals will be evaluated periodically to fully test their ability. Upon reaching the age of seven, the dogs will be retired from service. Those who demonstrate excellent natural skills when perform-



ing their "duties" will be singled out for breeding purposes.

Using sniffer dogs has proved successful in Brazil. Major seizures in the last two years include the seizure of 630 kg of cocaine at the Port of Imbituba in 2008, 300 kg of drugs in Victoria and Rio de Janeiro in 2009, and 1.5 tons of cocaine bound for Europe at the Port of Paranaguá. In the state of Paraná alone 42 kg of crack, 3.8 tons of cocaine, and 3 tons of marijuana



of foreign origin were seized in 2009 by Customs staff.

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Algerian Customs: the value of modernization to export promotion

Continuing its modernization efforts, the Algerian Customs administration has introduced a new facilitation mechanism granted to economic operators, designed to encourage investment and promote economic activity. This is being done in accordance with the Revised Kyoto Convention, which has been ratified by Algeria.

To promote this new procedure and to perfect the text of the implementing legislation, on 4 March 2010 Algerian Customs organized a "Customs-Business" meeting in Algiers at the Headquarters of ALGEX (Algerian external trade promotion agency overseen by the Trade Ministry). In addition to external contributors, this meeting brought together senior Customs officials, managers of companies involved in OPTIMEXPORT (a programme designed to build the export capacities of Algerian small and medium businesses), employers organizations and businesses, and partners of ALGEX and CACI (Algerian Chamber of Commerce and Industry).

Following speeches by ALGEX Director General Mohammed Bennini, Trade Minister El Hachemi Djaâboub, and Director General of Customs Mohamed Abdou Bouderbala, a "Customs-ALGEX-CACI" Agreement was signed. Its aim is to promote exports, apart from hydrocarbons, and to establish a lasting partnership so as to guarantee the success of the AEO status.

The meeting was marked by many interesting contributions covering the new AEO status as laid down in the Algerian Customs Code, the problem of communication in business life, AEO status on the basis of French and the wider European experience, and the priorities of the OPTIMEXPORT project, as well as testimonies from two Algerian entrepreneurs on their relations with Customs. The Secretariat made a presentation with the theme "Modern values at the service of a dynamic and efficient Customs-Business partnership". On the fringes of the plenary, a



workshop composed of Customs officials and representatives of the business world debated issues linked to the launch of this new approach to businesses.

Participants formulated recommendations designed to allow Customs and its partners to develop and strengthen this partnership through concrete measures. They believed in particular that it was necessary to establish the "Customs-

ALGEX-CACI" Agreement at regional level, bringing together all concerned stakeholders, to strengthen communication between Customs and business at the national and regional levels, to facilitate access to information and to official documents, and finally to take account of the concerns of stakeholders in order to achieve solutions which were advantageous to all sides and respected the interests of all.

The Customs-Business partnership established at this meeting will translate into the establishment of a consultation body responsible for agreeing on the terms of the application for

AEO status and the award criteria. Everyone expressed their satisfaction with the measures taken by Customs as they fall within the scope of its modernization strategy and demonstrate Algerian Customs' evolution towards a service-oriented organization delivering benefits to economic operators.

More information
www.douane.gov.dz

Cambodia's Customs-private sector partnership mechanism

On International Customs Day in Phnom Penh, the Customs-Private Sector Partnership Mechanism (CPPM) was established for the first time in Cambodia's history with the approval of the Royal Government of Cambodia. The official launch was presided over by H.E. Dr. Pen Siman, Delegate of the Royal Government of Cambodia, Director General of Customs and Excise and also Chairperson of the CPPM.

This historical event was attended by the Management Board of the General Department of Customs and Excise and representatives of the private sector including the Chairpersons of the Cambodia Chamber of Commerce, the Garment Manufacturing Association of Cambodia, the Small and Medium Enterprise Association, the developer and investors of the Special Economic Zone, the Transport Association, the Freight Forwarder Association, some large taxpayers, and high compliance traders.

The main purpose of the CPPM is to raise awareness among all stakeholders, to accelerate better cooperation, and to ensure efficiencies in the implementation of the Government's trade facilitation policy and also the policy of the WCO, especially the WCO SAFE Framework of Standards. CPPM's objectives include:

- Building trust, mutual understanding, and cooperation between Customs and the private sector.
- Promoting fiscal morality and trade facilitation in order to enhance compliance with laws and regulations.
- Ensuring that all Customs-related issues are consulted or solved at the CPPM before they are brought to other mechanisms, such as the inter-government body or the Government-Private Sector Forum.
- Promoting private sector participation, to the greatest possible extent, in the process of solving all Customs-related issues.



The Customs Management Board and private sector representatives



Official launch



Question-Answers session



Networking

The underlying idea is to enhance the Customs-private sector partnership, which will promote a policy of openness, and encourage the exchange of ideas between Customs administrations and private sector stakeholders in order to efficiently facilitate international trade, and ensure global safety and security.

A Public Relations Unit has been established to serve as a Secretariat for the CPPM in its daily operations. The CPPM consists of two hierarchical levels: a Management Board and three Technical Working Groups. These working groups are characterized by types of investments and industry sectors: the Customs Export-Oriented Garment Industry Working Group; the Customs Export-Oriented Non-Garment Industry Working Group; and the Customs Domestic Market-Oriented Business Working Group.

Although the Cambodia Development Council (CDC) organized the Government-Private Sector Forum (GPSF) with fruitful outcomes under the leadership of Samdech Akka Moha Sena Padei Techo Hun Sen (the Prime Minister of the Kingdom of Cambodia), as there was no formal mechanism in the past some Customs-related issues identified in the Forum had not been consulted or solved efficiently at the technical level before being brought to the GPSF.

The General Department of Customs and Excise expects that this new mechanism will deal more efficiently with many Customs-related issues and misunderstandings, especially with regards to cargo clearance procedures, informal costs and unnecessary delays.

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Malaysia's "Megaport Initiative"

Since November 2009, the "Megaport Initiative" to screen cargo containers to deter, detect and interdict illicit trafficking in nuclear and other radioactive materials has been operational at Klang Port in Malaysia. The agreement to implement this Initiative was signed on 27 February 2008 and prior to the commissioning, 16 senior Customs officers received Megaport Initiative training in Washington DC in Jan 2009.

The initiative is a programme of the U.S. Department of Energy's (DOE) National Nuclear Security Administration (NNSA). It is a key component of the Second Line of Defense (SLD) programme undertaken to prevent the proliferation of nuclear materials following the collapse of the Soviet Union in 1991 and the subsequent end of the Cold War.

Through the Megaport Initiative, DOE works collaboratively with foreign governments to equip selected sea ports with radiation detection equipment. The installation of equipment and training of the host country personnel is provided by DOE. After commissioning, the equipment is handed over to the host government and the programme is fully operated by personnel of the host country.

All containers – whether for import, export or transshipment – are scanned using

the Radiation Portal Monitor (RPM) integrated with Optical Character Recognition (OCR) systems (to identify the container number). A Secondary Inspection Station is set up at each terminal to carry out a more thorough inspection using Advance Spectroscopic Portals (ASP) and handheld radioactive isotope identification devices and other handheld equipment. A Central Alarm Station (CAS) serves as the control and communication centre.

Implementation of the Megaports Initiative will enhance the Terminal Operator's compliance with the International Ship and Port Facility Security (ISPS) Code and make Port Klang a safer port, which is crucial in turning it into a regional hub.

In the first three months since the commissioning and handing over of the equipment in Malaysia, a total of 849,599 containers were screened by a radiation portal monitor located in strategic areas in the port and 13,118 containers triggered primary inspection alarms. However, subsequent evaluations revealed the absence of nuclear materials other than naturally occurring radioactive materials.

The Megaport Initiative was established in 2003 by the US; at present 19 ports are already operational, 25 ports are in the implementation phase, and over 25 ports are pending for negotiation.

More information

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Colombia's Directorate of National Tax and Customs



The Directorate of National Tax and Customs (DIAN) in Colombia is responsible for providing a compliance and facilitation service vis-à-vis economic operators in order for tax, Customs and exchange-rate system rules to be met. DIAN aims to collect all taxes, expedite foreign trade operations, and encourage fair competition.

Transforming the organization

The DIAN management team, which was appointed at the start of the first term in office of Álvaro Uribe, the President of the Republic, observed acute structural problems in the organization. These problems were creating insurmountable difficulties with respect to the achievement of the institution's mission.

An audit of the organization was carried out, making it possible to start on a coherent solution to tackle the problems. Roadmaps were drawn up to achieve excellence in terms of operation, to make the organization more service-oriented, to consolidate autonomy and legitimacy, and to contribute to the country's competitiveness. In addition, the following strategic actions were identified: develop and implement a new management model; restructure the organization; promote the legal reforms required, and effectively manage conditions.

A new management model

DIAN founded its management model – the Single Model for Revenue, Service and Automated Control (Modelo Único de

Ingresos, Servicio y Control Automatizado – MUISCA) – on the basis of concerted, coordinated and orderly management of processes, people and technology. These pillars are fundamental to its management, as well as critical and decisive factors in its efficiency and effectiveness and, consequently, in its proper performance of its role within the State.

MUISCA is based on three strategic principles which underpin it and lend it strength: integration, unity, viability and magnitude. Its purpose being to promote the adoption of best practice at all levels in the organization, for example:

- Coordinate the organization's planning and operation in its strategy.
- Review, tailor, simplify, measure and monitor processes and procedures with the aim of attaining the highest levels of excellence and quality.
- Promote the technological change supporting DIAN processes, with a view to sustainability and mass coverage.
- Cultivate and manage knowledge, human talent and change in the organization.

DIAN moves forward

The following key factors are highlighted as they underpin the success of the MUISCA management model:

- The backing of senior management within the organization as well as within national government, and the support of the World Bank which backed the project and indeed approved a new loan to continue with the development of outstanding topics until 2012.



- DIAN officials who were experts on the processes involved and familiar with the needs of the organization were in charge of identifying and developing the procedures provided through IT-based electronic services, assisted by a group of consultants.
- Implementation took place in tandem with a support and assistance programme for the public.
- In terms of Customs matters, following the international guidelines of the World Customs Organization was vital as it enabled DIAN to be inside Customs with greater visibility at the international level.
- The joint work with the Ministry of External Trade and the bodies which grant approvals in import/export processes was also important – the Single Window for External Trade and the Single System for Simultaneous Inspection have been consolidated with these bodies, using the concept of the “procedural chain”.

MUISCA has enabled the Directorate of National Tax and Customs to move forward.

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Small statuette from Bactria, chlorite and calcite, 3rd millennium BC.



© Dirk Bakker, DIA-FS

Anthropomorphic pendant, Diquis, Costa Rica, 1000-1500 AD.

Customs and cultural property: keeping heritage criminals at bay

Overview

Cultural heritage is the legacy of tangible artworks that express the value of a culture and the characteristics of a society. For every nation, cultural heritage represents a fundamental source of life, civilization as well as a unique asset for its future. Through the preservation and promotion of their national cultural property and heritage, societies transfer their own identity onto future generations.

It is vital therefore to protect cultural items from any attempt to compromise their integrity by putting in place all needed measures to prevent crimes such as theft, looting or illicit trafficking. In fact, once a piece of history or national identity is lost, in most cases it is lost forever and the detriment to humanity is often incalculable. The true value of cultural property can be appreciated only if conditions such as origin, tradition and history are fully respected and safeguarded. Each time a cultural object is taken from its original context, not only does it create a void in a country's national heritage but the artifact itself is seriously impoverished. In this sense, the theft and trafficking of cultural items represents one of the oldest forms of crime and is a scourge as old as history itself.

The ongoing increase in the illicit trafficking in cultural goods and the damage caused by this trade is of great con-

cern to the global Customs community and the role of Customs in fighting this form of cross-border crime is recognized as being of paramount importance. Indeed, preserving cultural heritage and stemming illicit phenomena like trafficking and smuggling transcends borders, and as a primary border agency, Customs is well-placed to fight criminal organizations trafficking art as well as looters, smugglers and unscrupulous art dealers.

International efforts

Over recent years, the WCO has strengthened international cooperation with other important players involved in this battle in order to improve and augment the protection of cultural property against illicit imports and exports, and illegal transfers of ownership. It has done this on the basis of Memoranda of Understanding signed with INTERPOL, UNESCO, and ICOM (International Council of Museums). The WCO is also actively involved in worldwide projects and capacity building activities aimed at raising enhanced awareness and developing effective enforcement tools specifically relating to the protection of cultural heritage.

In 2005, the WCO provided technical assistance to UNESCO by jointly developing the WCO-UNESCO Model Export Certificate for Cultural Objects. This joint work reflected the increase in illicit exports of cultural objects, efforts to address the legal aspects, and put new emphasis on



Bronze foundation figurine, end of the 3rd millennium BC. Iraq Museum.

© Photo Scala, Florence

the practical importance of export certificates designed specifically for cultural goods. This certificate implements the provisions of Article 6 of the UNESCO Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and transfer of Ownership of Cultural Property of 1970. The Article requires UNESCO members "to introduce an appropriate certificate in which the exporting state would specify that the export of the cultural property in question is authorized".

The adoption at national level of the WCO-UNESCO Model Export will help to secure the return of illicitly exported cultural objects as the Certificate enables Customs to identify and trace these items.

Cooperation with ICOM is extremely important also. Their Red Lists of endangered cultural objects (see article page 44) represent a useful tool to help museums, art traders, collectors, and Customs and police officers to identify objects that may have been illegally exported or may be subject to illicit trade. The WCO's partnership with INTERPOL entails WCO participation in INTERPOL's important Experts' Group on Stolen Cultural Property that meets on an annual basis and which sets out recommendations on how to better tackle this illicit phenomenon.

The WCO will continue to intensify its presence on the global stage by participating in many different fora and events dedicated to the protection of cultural heritage.

Cooperation bares fruit

Cooperative efforts are just as important in the fight against the illicit cross-border trade in cultural property.

At the regional level, for example, the WCO Regional Intelligence Liaison Office for East and Eastern Europe (RILO ECE) is currently running a valuable initiative named "Project Obelisk" aimed at saving the region's cultural heritage. It was initiated by RILO ECE in 2002 to actively encourage countries in the region to detect illegal trafficking of works of art and report seizures to the Customs Enforcement Network (CEN) database. The Project will strengthen the activities of Customs services and improve cooperation between them and other relevant law enforcement agencies in the region.

As a case study, let's consider Italy for instance. With more than 3400 museums, 2100 archeological areas and 43 UNESCO world heritage sites, Italy has the world's vastest cultural heritage. Its Customs and border agencies (Agenzia delle Dogane and the Guardia di Finanza) are engaged on a daily basis in protecting the country's cultural heritage from any kind of illicit exportation.

On the other hand, Italy is also benefiting from the coordinated actions of other Customs administrations especially with regards



Indo-Greek silver coin, 2nd century BC.

© Kabul National Museum and French National Library

to the repatriation and return of cultural objects illegally exported. Just by way of example, effective cooperation between Customs led, two years ago, to the repatriation to Italy of 50 vases dating from the 3rd to the 4th centuries BC. These vases were seized in Perpignan in 2007 by French Customs. Another example is the return of stolen artifacts to Italy by the U.S. Immigration and Customs Enforcement (ICE) in 2009. Among the cultural objects returned to the Italian authorities by ICE were a Corinthian column krater dating between 580 and 670 BC and a Pompei wall panel fresco.

Keeping up the fight

Cultural Heritage will continue to represent a priority for the WCO. As criminals involved in cultural heritage crimes change their tactics, new forms of cooperation as well as new enforcement tools will have to be developed in order to combat this phenomenon and preserve the character of our cultural legacy and therefore our national identities. Capacity building too has an important role to play. By building the capacity of Customs

Painting, archangel with harquebus, 18th century AD.



© MNAHP



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Gold stupa-shaped reliquary, 1st century AD.



© MCD-MLA

Leather-bound manuscript, Guatemala, 19th century.

administrations to effectively combat this form of crime will result in better border enforcement; essential in the fight against all forms of illicit trade.

Equally important is the improvement of relations between Customs authorities and between Customs and its various stakeholders including other law enforcement agencies and the

business community as this will allow for more exchange of information and intelligence which is the key to successful border enforcement.

More information

enforcement@wcoomd.org

<http://portal.unesco.org/culture/en>

About the Red Lists



The International Council of Museums (ICOM) has published its Red List of Endangered Cultural Objects of Central America and Mexico (2009), the seventh Red List in ICOM's programme to combat illicit trafficking in cultural property.

The Red Lists have been designed as an aid to identify categories of cultural items which are particularly vulnerable to illicit traffic. They are disseminated to Customs authorities worldwide and are also available on-

line in several languages at ICOM's website.

ICOM has already published Red Lists for the following countries and regions:

- Red List of African Archaeological Objects (2000)
- Red List of Latin-American Cultural Objects at Risk (2002)

- Emergency Red List of Iraqi Antiquities at Risk (2003)
- Red List of Afghanistan Antiquities at Risk (2006)
- Red List of Peruvian Antiquities at Risk (2007)
- Red List of Cambodian Antiquities at Risk (2009)
- Red List of Endangered Cultural Objects of Central America and Mexico (2009)

Police and Customs authorities are encouraged to carry out in-depth investigations when dealing with cultural artefacts identified in Red Lists. However, these Lists do not pretend to be exhaustive and any cultural item which may come from the region and, in general, from a country or region for which a Red List has been published, should be subjected to detailed scrutiny and precautionary measures.

Three new projects are under way for publishing in 2010, covering Haiti, Colombia and China respectively.

More information

<http://icom.museum/redlist>

INTERPOL steps up its fight against trafficking in cultural property

Despite the global financial crisis and its repercussions on the art market, illegal trade in cultural property continues to flourish worldwide.

A very specific crime

Information on thefts of works of art recorded daily by INTERPOL, and the INTERPOL Unit specialized in this field, illustrate the permanence of a phenomenon which spares no region of the globe, from Latin America, victim of the archaeological pillage of sites which existed long before Columbus, to Central and Eastern Europe, with the disappearance of icons from Orthodox churches, and Asia with attacks on the heritage of the Khmer civilization.

Thefts given wider media coverage, such as the armed robbery of a Magritte painting from a museum on the outskirts of Brussels (Belgium) in September 2009, or more recently of a Degas pastel in Marseille (France) at the beginning of 2010, remind the world of the existence of this very specific crime.

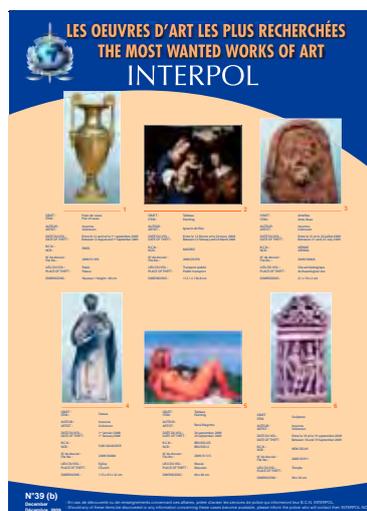
Twice a year, moreover, INTERPOL issues a poster on "The Most Wanted Works of Art" to raise public awareness of six key stolen works (see photo above).

Need for an international data base of stolen works of art

To counter this scourge, INTERPOL has developed a database integrating photographs and descriptions of works of art stolen from the four corners of the globe. This now catalogues over 35,000 items and is constantly updated by INTERPOL 188 Member countries. In continuous evolution since it was set up in 1995, this data base has now made a major step forward, having been opened to the public since August 2009.

This initiative, crucial to any attempt to fight the illegal trade in stolen art effectively, permits not just law enforcement services but any other interested party to consult the information in the database directly and instantaneously.

To obtain online access to the data base – www.Interpol.int/Public/WorkOfArt/dbaccess.asp – users must first register and be given a password. Online access constitutes an extremely important step forward as it offers everyone an opportunity to verify that a work of art has not been reported



© INTERPOL
Painting by Picasso, 1938, stolen in March 1999 in France

stolen, at the same time making it more difficult to sell fake cultural property.

What is more, it is now difficult for any seller or buyer to argue that it is impossible to verify whether or not an object has been registered as stolen. The success experienced by the different stakeholders involved in fighting trafficking in stolen goods demonstrates in hindsight just how vital this step was. So far access has already been granted to more than 1,300 users in 60 or more countries, and this figure is growing all the time.

All sectors of activity with an interest in this issue are represented: law enforcement agencies; heads of cultural institutions; art market professionals; and even private collectors. This wide range naturally includes Customs, with 40 or so representatives from around 20 countries on different continents.

This involvement by Customs authorities reflects the key role played by Customs administrations in the fight against unauthorized exports of cultural property, with numerous objects seized on a regular basis.

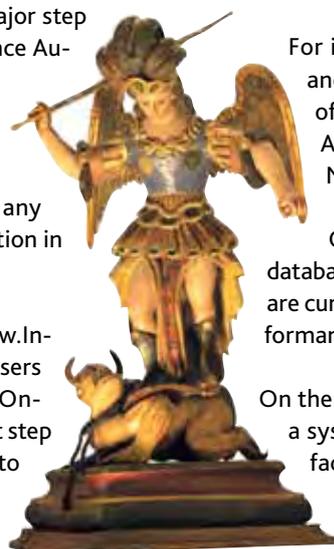
For its part, the WCO works closely with INTERPOL, and has done so for many years in fighting this type of cross-border crime – a more general Cooperation Agreement has linked the two Organizations since November 1998.

Quite apart from the new step taken in making the database accessible online to a wider public, other projects are currently underway to improve the efficiency and performance of the INTERPOL database even more.

On the technical level, for instance, there are plans to use a system of recognition based on image similarities to facilitate searches in the database.

© R. Velasco Alonso, INAH

Saint Michael Archangel, Mexico, 18th century.



One of the most important objectives is based on a Council of Europe recommendation to promote improved data input into the INTERPOL database. The use of an IT mechanism allowing automatic integration of data from Member countries is currently being examined. The implementation of this kind of system is key to inputting even more data into the database, as it seems that many countries communicate far too little information to INTERPOL.



Ivory plaque from Nimrud, 9th-8th centuries BC (stolen).

However, it is unrealistic to claim to be stamping out trafficking unless all nations are on board and actively participating.

In this area of crime, as in many others, the need for strong international cooperation is proving essential.

Mobilizing the international community to safeguard world heritage

Particularly dramatic events such as the Iraq war or the recent earthquake in Haiti underline the demand for international cooperation since the heritage of the countries concerned is seriously threatened.

In Haiti, for instance, artistic treasures are at real risk as the reigning chaos is propitious to theft and trafficking.

This is why INTERPOL, alongside UNESCO, ICOM and the WCO, is helping to mobilize the international community to ensure the preservation of Haitian cultural property.

The alerts promptly sent out to all Member countries after the catastrophe, to make them aware of the vulnerability of Haitian heritage and the risks of illegal imports of cultural property from this country, were one of the first responses to counter the urgency of the problem.

The imminent publication, under the aegis of ICOM, of a Red List of at-risk Haitian cultural property, like the lists drawn up for Cambodia and Afghanistan, also demonstrates the gravity of the situation.

Finally, the mobilization of the international community is soon to be formalized by the setting up, at UNESCO's initiative, of an international coordinating committee for Haitian culture to which INTERPOL, in close collaboration with its partners, will be offering its experience and know-how in crisis management matters.

More information
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Swift delivery of emergency humanitarian aid ...a priority for the international Customs community

In the event of natural disasters and other catastrophes, humanitarian aid from the international community needs to be delivered on site as quickly as possible in order to help survivors. But at the same time, the absence of adequate control mechanisms at the national level can lead to a flood of inappropriate international "aid" which is not suited to the needs of those who require it.

Relief consignments need to be cleared quickly and carefully, which calls for specially adapted procedures. Given its position at borders, Customs plays a key role in facilitating the expeditious movement of goods sent as emergency humanitarian aid.

According to a study by the International Federation of Red Cross and Red Crescent Societies (IFRC) in 2007, there are a multitude of international instruments recommending facilitation measures to simplify and rationalize the clearance of humanitarian relief consignments. Of these, three of the most important ones have been drawn up by the WCO, namely the WCO Recommendation to expedite the forwarding of relief consignments in the event of disasters (8 June 1970), the revised Kyoto Convention (RKC), in particular Specific Annex J5, and the Istanbul Convention on temporary admission, in particular Annex B9. These instruments served as a model for the development in 2007 of new "Guidelines for the Domestic Facilitation and Regulation of International Disaster Relief and Initial Recovery Assistance" that were adopted by the States Parties to the Geneva Conventions in 2007.

It is generally impossible to foresee when and where natural disasters will strike, or their scale, although on occasion some can be predicted. Unfortunately, natural disasters have been in the news all too often recently. As a result thereof, the WCO's Permanent Technical Committee (PTC) devoted a large part of its 187th/188th Sessions from 1-3 March 2010 to reviewing the current situation; what has been done and what more could be done.

The UN Office for Coordination of Humanitarian Affairs (OCHA) and the IFRC had an opportunity to present their work at this meeting. OCHA in particular, encouraged WCO Members to sign the Model Agreement on Customs Facilitation between the United Nations (UN) and governments concerning relief consignments and the possessions of relief personnel in the event of disasters and emergencies (as taken into account in the RKC)



Haiti: a Makeshift camp

since few countries have signed it so far. At the national level, discussions preparatory to the signature of this kind of agreement are generally inter-ministerial, although the final decision is often taken at the political level.

Additionally, in order to manage the intervention of a large number of NGOs in the event of natural disasters, which obstructs the clearance process, the Model Agreement provides for the use of a Model Certificate allowing the UN to guarantee that an NGO or an individual is a bona fide participant in the UN relief operation being undertaken at the request of the government and as such is entitled to the application of the Customs facilitation measures provided for under the Agreement.

The centralisation of the formalities, and of the processing of relief consignments, is essential if we are to manage humanitarian aid effectively, and Customs is ideally placed to occupy a key role in the coordination and management of humanitarian crises. To this end OCHA maintains a "Directory of National Focal Points and Legislation for Customs Facilitation in International Emergency Humanitarian Assistance" on its website:



www.reliefweb.int. WCO Members are invited to provide the UN with the contact details of national Customs focal points and/or to ensure that these details are up-to-date.

For its part, the IFRC encouraged WCO Members

to ensure that their domestic regulatory frameworks are properly prepared for the most common Customs problems encountered in the event of a disaster (as described in its 2007 study and in several dozen case studies available on its website: www.ifrc.org/idrl). The disaster relief and recovery guidelines (mentioned earlier in this article) could prove useful in such an appraisal. The IFRC also noted that national Red Cross and Red Crescent Societies often have extensive experience and expertise in this field that they can share.

At the close of the discussions, and taking account of the urgent need to establish efficient clearance systems, the PTC identified

this subject as one of its main priorities over the next 12 months. A working session will therefore be devoted to this issue at the PTC's next meeting in October 2010.

The WCO Secretariat is currently drafting a Memorandum of Understanding on cooperation between the WCO and OCHA on the one hand, and between the WCO and the IFRC on the other, which it intends to sign very shortly. It is also involved in an Advisory Consultative Committee recently set up by the IFRC to draw up model national legislation covering international aid in the event of a disaster, which held its first meeting in Geneva on 19 April 2010. Finally, it is interesting to note that the Policy Commission has also included this issue on the agenda for its next session in June 2010.

WCO measures on emergency humanitarian aid are available on its website.

More information

www.wcoomd.org

www.reliefweb.int

www.ifrc.org/idrl

Haiti: "Rather than give up, Customs must forge ahead!"

At 4.53 p.m. local time on 12 January 2010, a devastating earthquake registering 7 on the Richter scale struck Haiti approximately 15 km west of the capital, Port-au-Prince.

This tremor of unprecedented violence caused the collapse of many dwellings and hotels as well as government buildings of sturdier construction such as the Presidential Palace, the Parliament, the Ministry of Finance, the Ministry of Public Works, the main prison and the Taxation Office. The death toll stands at over 300 000, with hundreds of thousands injured and millions of Haitians left homeless.

Since the quake, over 450 settlements – most commonly consisting of makeshift camps – have sprung up in an unplanned manner in Port-au-Prince. The onset of the rainy season is now the greatest cause for concern, given that access to proper waterproof shelter will not be available to all the disaster's victims. What is more, the rain will worsen sanitary conditions and substantially increase the risk of epidemics and disease.

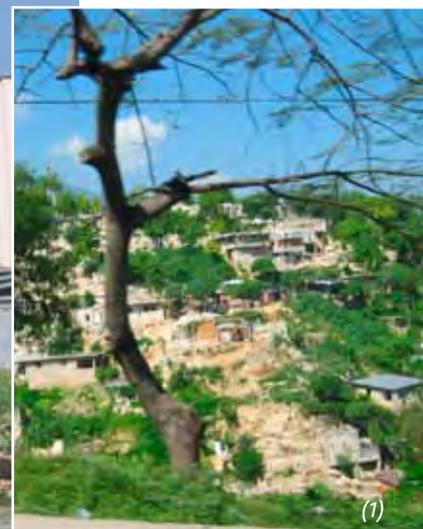
In May 2010, the WCO Secretariat visited Haitian Customs in Port-au-Prince to express the sympathy and support of the international Customs community as a whole. The quake obviously



Customs headquarters in ruins

did not spare Haitian Customs. Nine Customs officers perished in the disaster, some 15 were seriously injured and all without exception lost family members.

Customs infrastructure was also badly damaged. Their headquarters building is on the verge of collapse and the full staff complement has been transferred to the Customs School



Port-au-Prince commercial port out of service

premises. These premises are too cramped and the Directorate General's divisions have to work in shifts as there is not enough room for everyone. The buildings at Port-au-Prince International Airport are also out of commission and Customs has taken up residence in a hanger fitted out at very short notice so that officers can perform their duties.

Port facilities too were completely levelled by the quake (wharves, warehouses, administrative buildings, etc.). Pending reconstruction, the United States has loaned the port authorities two floating docks that enable some commercial vessels to berth. Deep draught vessels have no option but to unload their cargo in the Dominican Republic. The containers are then transported overland via Malpasse Customs office (the border post linking the two countries), which does not have sufficient capacity given the circumstances. Once at the office, the goods are placed under a transit procedure until they reach Port-au-Prince.

In spite of all these problems, Haitian Customs succeeded in getting the "ASYCUDA" Customs clearance system up and running again within a fortnight of the disaster; an important feat as Customs currently generates 65% of the country's total tax revenue.

The Director General of Haitian Customs, Mr. Jean-Jacques Valentin, has the use of a small office in the Customs School where he welcomed the WCO representative. During the discussions he underscored his administration's outstanding efforts during

(1) *A district of Port-au-Prince levelled by the quake*

(2) *The remains of the Finance Ministry*

(3) *Malpasse border office linking Haiti and the Dominican Republic*



this time of crisis and his staff's accessibility and receptiveness despite the difficulties encountered. "Rather than give up, Customs must forge ahead!" said Mr. Valentin. Such is the watchword adopted by the Director General and his Directors to maintain their motivation in the face of a catastrophe of this scale.

More information
enforcement@wcoomd.org

Using Statistics to Fight Corruption

by Bryane Michael and Nigel Moore

Many Customs managers think they need expensive computer systems and computer experts to detect corruption using statistical methods. This is not true! There are many ways for a diligent manager to quickly and relatively easily identify suspicious activities across a wide range of Customs operations. We will try to show how a regional Customs manager can detect corruption just by looking at graphs of data.

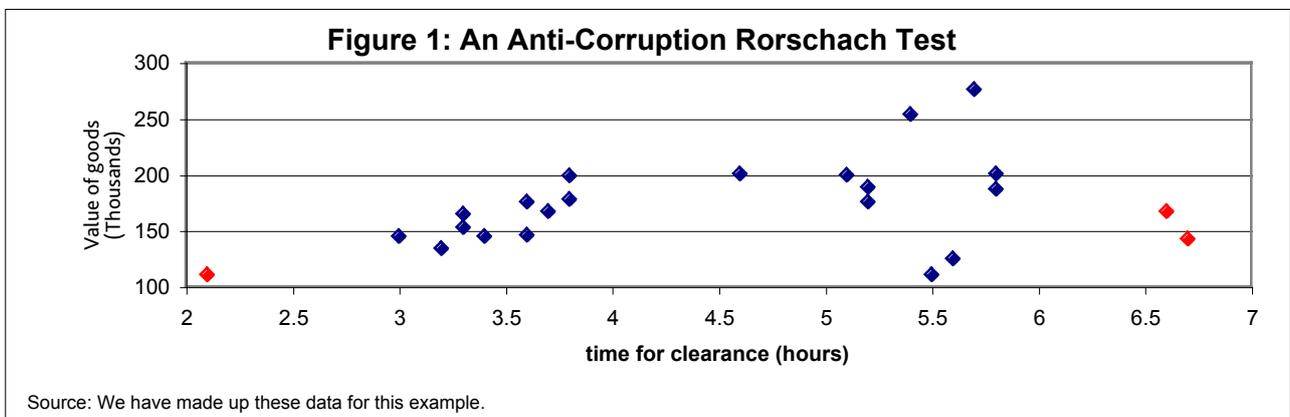
Can you find the two or three suspicious inspectors in the data graph shown in Figure 1? Look for data points which look unusual – just use your common sense. The Figure compares the clearance times for a number of inspectors and the value of inspections they carry out. Of course, the inspectors who take too long are suspicious. However, the one inspector who clears too quickly also represents a risk. We have coloured these points for easy reference.



The simple graph shows the basic concept of risk. You may be used to thinking about the lone inspector at a far away border crossing at night as a corruption "risk." The modern manager though also thinks of risk as statistical variance. Namely, how much differences are there in groups of data? Looking at Figure 1, we actually see two groups of data – one group (clearing goods between 3 and 6 hours) and a second group outside this norm (i.e. around 2 hours and 7 hours

respectively). The second group of officers is a concern because they are outside the normal range. The statistics have therefore highlighted them for further attention. As a manager we need to establish what the reasons for these anomalies are.

How can we look at the variance (or risk in our jargon) of performance indicators we are interested in (like clearance times) without printing thousands of graphs and data plots? Maybe you remember from your maths classes the notion of a standard deviation. The standard deviation (represented by the Greek letter σ) measures the dispersion or spread of data. Average import values, times required for clearance or other variables we are interested in will have a standard deviation which helps us measure the "risk" of corruption, inefficiency (or just random unpredictability). The standard deviation in Figure 1 for clearance times is between 3 and 6 hours.



You can easily calculate the standard deviation of such things as import values or clearance times using Microsoft Excel. Figure 2 shows how this can be done using another example – the times two border points (Blue North and Blue South) take to detect a Customs offence. Even though group 1 working in Blue North at first glance appear more "efficient" (they detected more offences), they are in fact also more risky than the Blue South group when looking at the standard deviation of the two groups. This is because the standard deviation of times in detected offences equaled about 2.4 days in Blue North whereas Blue South's rate varied by less than one day. As shown, to find the standard deviations of these groups, just select the data, and – in a new cell – type "stdev." In the brackets, choose the data you want. You see two standard deviations in Figure 2.

Figure 2: Using Excel to Calculate Standard Deviations

Infraction	Blue North	Blue South			
1	2.4	24.2			
2	1.3	22.1			
3	4.3	23.3			
4	5.3	25.2			
5	3.5	23.1			
6	6.3	24.4			
7	7.4	24.6			
8	5.3	24.5			
9	6.4	22.1			
10	7.5	22.3			
11	2.5	23			
12	1.3	24.2			
13	11.6	24.7			
14	7.1	23.9			=stdev(C4:C18)
15	9.9	24.1			
Average	5.5	23.7			
Standard dev.	2.38	0.85			

From a statistical point of view, risky Customs officers (and groups) are therefore those who are "different." They have higher standard deviations – they are more abnormal. They include individuals who are different from the rest of the group. From a statistical analysis perspective, being different is "bad". Managers need to establish the cause for such differences.

Statistics serves as a tool that can help us identify and quantify risks – in this case the risk of corruption. And statistics can also allow us to quantify the cost (on average) of corruption in Customs. Namely, the expected value of corruption in a part of Customs operations equals the value of goods cleared multiplied by the probability that officers are taking bribes. For example, if 50 Customs officers have a 15% probability of taking €50,000 in bribes each, then the expected level of corruption in that group is equal to €375,000. We just multiply the probability of bribetaking by the amount these inspectors may be taking.

Many readers may seriously doubt the value of using a statistics-based approach to help fight corruption. We know the jokes about statistics – and how unusual these concepts may seem when read for the first time. Statistics is only one tool among many to detect and prevent corruption. We are not suggesting that you turn your Customs service into a statistics faculty. Nor do we suggest you fire your intelligence officers and investigators. Instead, we suggest that your managers are trained to use basic statistical analysis skills to help identify possible corrupt activities i.e. ones that a simple graph may show all too clearly.

While we have tried to make the subject simple, please don't accuse anyone of corruption without having a professional look at the data first!

Further information on the subject can also be found in our companion article in the World Customs Journal (www.worldcustomsjournal.org). We can also be contacted directly via email should you wish to clarify any points or have a specific question you would like us to answer.

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Customs community rallies to improve Customs-Business partnerships

Following the WCO's decision to dedicate 2010 to promoting the importance and necessity for Customs-Business partnerships especially in light of the fact that partnerships form one of the 10 core building blocks in the WCO Customs in the 21st Century strategic policy, Customs administrations around the world have rallied to concretise the Secretary General of the WCO's call by undertaking a number of positive initiatives in this area.

The Secretariat too has taken up the challenge by setting in motion a project to revisit all its Memoranda of Understanding with the private sector with a view to exploring whether they are still fit for purpose, whether they need to be updated and strengthened or whether they need to be completely renegotiated to take on board new opportunities and challenges of today's international trading environment. A central part of the project is to ensure that exchange of information provisions are reinforced to the greatest extent possible as sharing of information is recognized as playing a key role in enhancing Customs-Trade operations and performance.

A small sampling of concrete national Customs initiatives reported to WCO News appear below:

On International Customs Day, Bahamas organized a public forum with local brokerage companies and the general public that included a question and answer session and the exchange of ideas and concerns.

Cambodia established its Customs-Private Sector Partnership Mechanism aimed at raising awareness among all stakeholders, accelerating better cooperation, and ensuring efficiencies in the implementation of the government's trade facilitation policy and also policies of the WCO, especially the WCO SAFE Framework of Standards.

Korea Customs Service (KCS) signed numerous MOUs with businesses, reinforcing the KCS surveillance network over drugs, guns and smuggling activities. The KCS business partnership is particularly strong on IPR issues, illustrated notably by the Cyber Monitoring Team which enables Customs and customer-group representatives to keep watch on transactions of counterfeit goods in cyberspace.

The Royal Malaysian Customs Department conducted a Customs-Private Sector Consultative Meeting to discuss various aspects of Customs matters in order to enhance trade facilitation.

Norway chose to dedicate International Customs Day to the Customs-Business Partnership in the fight against counterfeiting, a strategically important issue that illustrated its good cooperation with business. Norwegian Customs and Excise cooperates on a daily basis with the Confederation of Norwegian Enterprises. They invited the press to witness how many counterfeit products are discovered at the main mail terminal during a single week.



Cambodia Customs Management Board and private sector representatives



Malaysia: Customs and the private sector consult



Cambodia: Q&A during the official launch of the new mechanism



Malaysia's Director General of Customs with the Minister of Finance who presented Certificates of Merit to the private sector

Ukrainian Customs highlighted the latest developments in its cooperation with business: the implementation of the AEO concept for trusted traders (the so-called "white" and "green" lists); the launch of the "e-Customs" project and the introduction of its first phase, namely, the "e-Declaration". The trading community were invited to comment on these breakthroughs and on the dynamics of the Customs business.

Côte d'Ivoire launched a Time Release Observatory to enhance its relationship with business. It had set up several consultation committees with the private sector and announced the establishment of a national committee on IPRs. Business representatives took the opportunity to comment on the changes made and, while recognizing progress made, highlighted the necessity to accelerate clearances and to move to a paperless environment.

With the assistance of the WCO, Morocco launched an Integrity Observatory as part of their efforts to enhance the business environment.

Brunei Customs announced that it plans to develop several activities with the business community during 2010, including a number of dialogue sessions to exchange ideas and experience. Brunei highlighted the need to change its mindset and upgrade working processes and performance, encourage a pro-business attitude, and better understand the needs of entrepreneurs who do not want to be hindered with regulations and procedures that are no longer relevant.

In Mali, a Seminar on Customs-Business Partnerships was an occasion to highlight the efforts made by Customs such as the review of the Customs code, the agreements with neighbouring countries on transit procedures, the ongoing IT integration of Customs procedures, the use of scanner equipment to reduce clearance times, etc. Other projects to facilitate and simplify procedures to support business development are under way.

Tunisia used International Customs Day to launch the Tunisian AEO programme and to explain in detail the conditions and

requirements a company needs to fulfill to obtain this new status.

In Cameroon, a debate took place during which the main issues and obstacles hindering trade were discussed. Delegates recognized that many things have been put into place to develop the Customs-Business Partnership including a Business Customs Forum and a committee to promote integrity. All delegates also underlined the need for regulations to be well applied and for every player in the "trade chain" to comply with their responsibility.

The 2010 International Customs Day celebrations corresponded with the opening of the Meeting of Customs Officers from the West African Economic and Monetary Union in Niger. Customs representatives from the eight member countries exchanged experiences in order to find solutions that would facilitate an increase in trade and economic integration.

Hong Kong Customs announced the roll out of its electronic Road Cargo System (ROCARS) to facilitate road cargo clear-



China awards Certificates of Merit to Customs officers and business representatives



Korea Customs Commissioner poses with Ambassadors accredited to Korea



Customs officers and their business partners cycle together in Indonesia



Representatives from the private sector honoured by Indonesian Customs



Japan awards certificates to private sector representatives



Italy honours deserving Customs officers



Canada Border Services Agency hosts a public information event



New Zealand Customs holds an open day that included a number of displays, detector dog demonstrations and tours of the Hawk IV vessel.

ances. ROCARS was developed in close collaboration with industry and allows shippers to submit road cargo data electronically in advance of the Customs clearance.

Israeli celebrations covered both International Customs Day and its 60th anniversary during which they noted the past through to the present while looking into the future. Their event emphasized the involvement of and close cooperation between Israel Customs and the country's foreign trade community.

The work done by Her Majesty's Revenue and Customs in the United Kingdom to help international trade was placed under the spotlight. This work covers everything from helping major car manufacturers to sharing and exchanging information on sea containers, through to reducing the amount of paperwork for Fast Parcel Operators who complete Customs entries on behalf of importers.

Jordan Customs continued to enhance its partnership with the private sector with particular emphasis on supply chain security and the protection of intellectual property rights. Their Customs-Business Partnership Council provides a platform for the frank exchange of views on issues that deter economic growth and hinder the flow of goods.

Portugal's Customs administration and the Lisbon Trade Association met to improve their performance through partnership and Sudan Customs signed an MOU with a major company to combat commercial fraud.

More generally, ceremonies took place across the globe celebrating the work of Customs in keeping the movement of goods flowing and therefore encouraging trade. Many Customs administration awarded Customs officers with WCO Certificates of Merit for displaying professionalism and skill.

Given the focus on Customs-Business Partnerships in 2010, the WCO decided that it would be appropriate to also award Certificates of Merit to private sector individuals and organizations that were playing a positive part in this area. Many Customs administrations followed suit by awarding certificates to their national private sector representatives whose work had contributed to transparency and improved trade.

More information
www.wcoomd.org



Canada Border Services Agency hosts a public information event



German Customs investigators receive Certificates of Merit



Dutch Customs officers pose with their Certificates of Merit



A Portuguese Customs officer receives a WCO Certificate of Merit



Israel's Director General of Customs and the Director General of the Tax Authority hand out a Certificate of Appreciation to the previous Director General of the Department of Customs & VAT in the presence of senior officials



Private sector and Customs representatives meet in Ukraine



An ICD poster in Norway showing fake medicines and the words "Do not let this into the country".



Awarding Certificates of Merit to Customs officers in the Dominican Republic

The page turns at the German Zollkriminalamt



Karl-Heinz Matthias at his farewell reception

After a long and very successful career with the German Customs administration, Karl-Heinz Matthias, the Head of the German Zollkriminalamt (ZKA) retired on 30 April 2010 after having directed the ZKA for 20 years. The ZKA is responsible for Customs criminal investigations. Guests from various countries joined Karl-Heinz at the ZKA offices in Cologne to say farewell and to wish him well in his retirement.

The WCO has counted on dedicated support by the ZKA in many different Customs compliance matters over the years. During the early nineties, Karl-Heinz and his officers supported many operational programmes and projects initiated by the

WCO. They hosted the Balkan Info, Mar Info and Cargo Info systems and actively assisted in organizing a number of drug related enforcement operations such as Carmen I to IV, and later Operation Roadrunner and follow up operations which targeted drugs, counterfeits, precursors and other enforcement issues. Progressing from these operations, the WCO later developed its various CEN applications which are the cornerstone of modern Customs and law enforcement cooperation.

Karl-Heinz very early realized the importance of communication and intelligence in Customs law enforcement and offered the ZKA as a "home" for the WCO's Regional Intelligence Liaison Office for Western Europe (RILO WE). RILO WE will always be associated with his name and his support to the WCO. His vision, his determination and his internationally recognized competence in enforcement matters made him many friends in the international law enforcement community and underlined in many instances the

crucial role Customs has to play in fighting all forms of Customs and Excise related crime. The WCO also benefited through Karl-Heinz's support in providing many highly qualified experts to run operations and to evaluate WCO driven programmes.

His legendary "New Year's Reception" at or around the date of International Customs Day on 26 January, was often used by Karl-Heinz to personally award WCO Certificates of Merit to dedicated Customs officials. As a friend of the WCO, Karl-Heinz will always be remembered for his long lasting commitment to the ZKA and the WCO, and for his personal contribution to improving global Customs law enforcement.

We wish Karl-Heinz and his family all the very best for the future.

More information
www.zoll.de



Fusing data to deliver integrated business solutions

This was only the second time that the WCO has held its annual IT Conference and Exhibition in Europe since the very first event in Brussels back in 2002. The unexpected role of the Icelandic volcano added a new dimension to the process and while registrations were affected in the last week or so, participants had a truly wonderful experience in the Irish capital from 28-30 April. This outcome was down to the efforts of many individuals, but the WCO owes a huge thank you to its co-host, the Irish Revenue Commissioner, Josephine Feehily, who took an enormous amount of time from her busy schedule to be a very visible part of all proceedings.

There were many other individual efforts involved in making the 2010 event such an outstanding success; the entire team at the Office of the Revenue Commissioners worked tirelessly, with flair and great friendliness in supporting the WCO contingent and the official conference organizers. It is important to note the contribution from our main event sponsor, Accenture, and all the other sponsors and exhibitors without whom nothing would have been possible – this is the WCO Year of the Customs-Business Partnership and the IT Conference and Exhibition is a tangible demonstration of that partnership.

There were many memorable moments for all participants. On the first evening at the historically important and very lovely

Mansion House in downtown Dublin all were treated to the crystal clear purity of the voices of a troupe of Celtic singers that provided an evocative, almost haunting experience that all present shall never forget. No mention of Ireland can be complete without the word "Guinness" and the next evening was hosted at one of the truly symbolic icons of Ireland – the Guinness Storehouse – and there cannot be a more appropriate setting for a traditional Irish evening with great views of the city of Dublin, the lovely dancing and of course, the Guinness!

From the opening address by Conor Lenihan, the Irish Minister for Science, Technology and Innovation to the closing speeches by Josephine Feehily and Sergio Mujica, the WCO Deputy Secretary General, there was an excellent line-up of speakers from Customs and the private sector. The WCO has built an enviable record of success with the IT Conference and Exhibition at locations all over the world and 2010 has kept that record intact. There were highly pertinent

“Looking back, looking forward”



The Technical Committee on Customs Valuation held a landmark event during its recent session at WCO Headquarters to celebrate the 30th anniversary of the GATT/WTO Valuation Agreement.

The event was an opportunity to take stock of how the Valuation Agreement was working in today's international trading environment, taking into account the vast changes which have taken place over the past 30 years. It was recognised that the Agreement was first drafted at a time when international trade as we know it

today was still in its infancy - world trade volume has since increased by 525%. This poses difficulties for today's Customs valuation specialists; supply chains and multinational structures have become ever more sophisticated and complex, and large payments are being made for intellectual property rights and other services connected with imported goods. For these reasons, the Technical Committee has been working hard on tricky technical questions such as whether certain royalty payments should be part of the Customs value, the relevance of transfer pricing to Customs value, and determining which parties in a chain should be regarded as the buyer and seller for Customs valuation purposes.

In most developing countries, effective implementation and application of the WTO Valuation Agreement is often quoted as one of the main problems faced by Customs administrations. Informal trade across national borders has increased and become more diverse, often accompanied by suspected false invoices and undervaluation. These issues were addressed during the anniversary event and are also being considered in the context of the WCO's Revenue Package which was designed to strengthen fair and efficient revenue collection in light of the global financial crisis and consequential declining duty rates. A series of Workshops, funded by Japan, is currently being held in each

of the six WCO regions. WCO Members are being encouraged to utilize existing relevant tools and instruments and are being given the opportunity to identify and discuss areas where they would appreciate more guidance. To date, valuation, particularly in the context of commercial fraud, has emerged as the main theme where further help is sought.

As well as looking back over the past 30 years at the lessons learnt, speakers and panellists also looked forward to future challenges for Customs valuation and considered ways to address them. There is a need for increased commercial awareness, so that Customs can enhance its understanding of modern business practices and meet business expectations. The importance of strong partnerships between Customs administrations was also emphasized. The close ties between the WCO and the WTO were further reinforced during the event which stretches back to the creation of the WTO in 1995.

Finally, the celebration was also a time for nostalgia; a Valuation Museum of interesting artefacts and photos was set up and some familiar faces from the valuation world, past and present, were able to catch up with old friends and colleagues.



presentations on the complex subject of business transformation through the fusion of data and the exhibition stands allowed vendors to showcase their expertise and world-class solutions to an eager audience.

Finally there is the subject of Dublin itself and Ireland more broadly. Everybody there shall have lasting impressions of the kind, welcoming and humorous people who are the basis of the rich cultural experience that Ireland offers.

More information
www.wcoomd.org

More information
www.wcoomd.org

WCO's continued commitment to enhancing tariff classification



In Timor-Leste



In Kenya



In Liberia

Improving tariff classification work is recognised as a priority in the WCO Strategic Plan, which calls for the implementation of best practices in this area. These best practices are enshrined in two very important WCO Council Recommendations on the introduction of programmes for binding pre-entry classification information (1996) and on the improvement of tariff classification work and related infrastructure (1998).

Since 1988, when the first version of the HS came into force, the WCO Secretariat has been assisting WCO Members in their efforts to implement the HS and enhance tariff classification work. In the early months of 2010, five HS seminars took place at the regional and national level with the support of the Organization.

Seminar in East and Southern Africa

Modernisation of tariff classification work was the topic of a seminar that took place in Mombasa (Kenya) from 8-11 February which gathered almost the entire region of East and Southern Africa together. Twenty-seven Customs officers from 20 countries discussed how best to organise their tariff classification infrastructure by projecting the standards recommended by the WCO onto current practices, by identifying common strengths and weaknesses, and by contemplating measures needed to keep tariff classification work in line with modern standards and requirements. The Seminar also focused on addressing problems in the area of establishing advance tariff ruling programmes – an issue that remains high on the WCO agenda.

Seminar in West and Central Africa

From 15-19 February, a regional seminar for the West and Central Africa region focusing on HS 2007 took place in Ouagadougou (Burkina Faso). Twenty-two participants from seven countries were introduced to the work of the WCO HS committees and sub-committees, to WCO Council Recommendations, and to the HS 2007 amendments. They were also acquainted with the WCO commodity database which offers the possibility of searching by keyword or by using an HS code number, HS publications, and the WCO HS e-learning tools.

Workshop in Timor-Leste

Enhancing the ability of Timor-Leste Customs officers to classify goods and to justify their classification decisions was the main reason behind a national WCO HS Capacity Building Workshop held in Dili (Timor-Leste) from 8-12 February.

The 25 participants learnt the mechanics of classification – the step-by-step process of first identifying goods, and second identifying the possible chapters using the Table of Contents, then locating the appropriate headings, next, considering the relative Section and Chapter Notes and, finally, classifying in the six digit subheading.

Diagnostic in Liberia

In 2009 a WCO diagnostic mission was conducted in Liberia during which the need to assist the country in the HS area was identified. As a result, a workshop on the implementation of the HS Convention and the WCO classification work model was organised during March 2010 to identify the organizational strengths and weaknesses of tariff classification work in order to determine specific needs for assistance. With the help of WCO experts, participants analyzed the current situation, identified objectives and developed an action plan for the modernisation of tariff classification work in Liberia.

Seminar for the Customs Union of Belarus, Kazakhstan and the Russian Federation

A seminar on managing the challenges posed by a common tariff and Customs policy including tariff classification issues in the newly established Customs Union between Belarus, Kazakhstan and the Russian Federation took place from 17-18 February in Minsk (Belarus). The seminar provided clarification on certain procedures and mechanisms for managing the Customs Union's HS related activities, as well as more practical information on the use of the HS in daily work.

Conclusion

These training opportunities are a step towards the concrete improvement of the situation in the field. Customs administrations too must take practical measures to implement WCO instruments on tariff classification work and the latest version of the HS which caters for goods currently being traded internationally.

The next version of the HS nomenclature will enter into force on 1 January 2012. Customs administrations are encouraged to begin the process of implementing HS 2012 in their national Customs tariff or statistical nomenclatures.

More information
hs@wcoomd.org

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**Reader dependent (14m is based on 4W EIRP)

<i>RF Specifications</i>			
Frequency range	860 MHz to 960 MHz		
Tag type	EPC Global Gen2 & ISO 18000-6C		
Memory	192 bits with TID code		
Read Range*	Long	Medium	Short
	14m**	9m	5m
<i>Physical Specifications</i>			
Length	Long	Medium	Short
Lock (cm)	14.2	7.4	3.1
Bolt (cm)	8.1	8.1	8.1
Bolt sealed with Lock (cm)	20.8	13.8	9.8
Weight / set (g)	105	80	72
Operating temperature	-20°C to 70°C		
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