



Third Technology and Innovation Forum

Kuala Lumpur, Malaysia, 5-9 March, 2012

Summary Report

Introduction

With the support of the Royal Malaysian Customs (RMC), the WCO organised the Third Technology and Innovation Forum on 6-9 March 2012. Approximately 350 delegates from 63 countries traveled to Kuala Lumpur to participate in the Forum. Apart from the traditional conference and exhibition, the regional Non-intrusive Inspection Equipment Workshop was held within the framework of the Forum. 33 representatives of Customs Administrations from 26 countries in Asia-Pacific region took part in the workshop.

This Forum was the biggest organised so far both by the number of attendees from the private and public sectors (for more details see Attendance Report). The conference included 4 keynote addresses, six panel sessions with presentations and five vendor sessions demonstrating technology and latest research results. Topics covered by this year's Forum included integrating business processes through technologies, Customs – Business partnership in technology development, overview of technology related capacity building projects, company presentations on products at the market place, future innovation for better border management, and technology case studies on technology solutions in responding to both future opportunities and challenges. Apart from the WCO, 15 exhibitors showcased their products and solutions to the delegates of the Forum.

Opening remarks

The Director General of the Royal Malaysian Customs (RMC), Dato Sri Mohamed Khalid bin Haji Yusuf, in his opening remarks reiterated that the Malaysian Prime Minister in his 2012 budget speech had declared 2012 as the year of Innovation Movement. Thus, this year's TI Forum was not only timely but it supported and complimented Malaysia's national policy and programmes of promoting innovation as a way of life, generating value in new products and services.

As a revenue and enforcement agency involved in border management, Customs officials are facing serious challenges in this millennium. Both trade and industry sectors demand efficient customs clearance with minimum intervention to ensure seamless flows of goods. However, the ever increasing volume and complexity of international trade coupled with the widening scope and spectrum of our functions put a serious strain on governments' limited resources. In such a scenario traditional approaches may not always yield results. They need to adapt to changing environment by leveraging on technology and innovation to improve delivery system and stay relevant.



Keynote addresses

The Second Finance Minister of Malaysia, Dato Seri Ahmad Husni Mohamad Hanadzlah, in his officiating speech said that the function of Customs had evolved from its traditional role as a revenue collector to a critical facilitator in the legitimate and secured global trade system. A number of Customs Administrations and other border agencies have adopted modern technologies and practices to ensure better border management and freer flow of goods. He pointed out that the RMC adopted instruments recommended by the WCO, such as the Revised Kyoto Convention, SAFE Framework of Standards etc.

The Minister noted that Asia-Pacific region suffered from natural disasters, such as floods in Japan and Thailand that led to the disruption of supply chains. The role of governments in such situations becomes critical, as they are incumbent to develop response mechanisms. In Malaysia the economic crisis also became a positive example of how national agencies could mitigate it through the regional monitoring, two fiscal stimulus packages in less than 12 months and excellent work of Customs that generated record revenues in 2010-2011. The Minister also underlined the importance of the WCO role in developing Customs standards and disseminating best practices as well as forging strong working relationships within the Customs Community. Thus, the role of the Forum was particularly important in order to enhance the dialogue and exchange expertise.

Mr Paul Simpson, Senior Director, Cargo Solutions, L-3 Security & Detection Systems, in his keynote address emphasized the necessity of cooperation between Customs and technology vendors in order to develop the solutions that fit to the purpose. He pointed out that the TI Forum was an important opportunity to enhance the dialogue between producers and customers and that L-3 were delighted to be a corporate sponsor of the event.

Session 1. Integrating Business Processes Through Technologies

This session was moderated by the Region Vice President for International Trade Services at UPS, James Goh. The speakers from Jordan Customs and SICPA discussed the developments of the track-and-trace solutions. While the Jordan Customs demonstrated its track-and-trace system that has been functional for several years and yielded significant results, SICPA offered its track-and-trace solution and demonstrated its functionalities particularly related to revenue collection. A representative of the Singapore Ministry of Trade discussed the issue of trade recovery and the developments on the national and regional level in this regard. He echoed the argument of the Minister that the recovery system should be in place before the attack happens, not after. He also discussed APEC Trade Recovery Programme and the way governments cooperate in this regard.

Session 2. Customs-Business Partnership in Technology Development – Better Outcomes Through Collaboration

The session was moderated by General Motors Global Customs Counsel, Douglas Browning. The speaker from RMC gave a presentation on the Megaport Initiative in port Klang, which is one of 30 Megaports that are operational worldwide. Megaport is a classical example of public-private partnership (PPP), as its operations are run by a number of key stakeholders, including the port authority, shipping agents, customs brokers and several governmental authorities. He underlined



that Megaport Initiative would not be possible without coordination and cooperation with the private sector. The speaker from Microsoft provided different examples of PPP with the use of cloud computing: in Trans Kalahari Corridor an open platform for a regional single window framework was created and SOGET developed a truck appointment system to request terminal access, appointments, gate-in and out containers in order to optimize space and reduce waiting time in the terminal. A speaker from GS1 delivered a presentation on GS1 system of standards to identify, capture and share electronic information on products within the supply chain through a system of identification keys. He also shared the outcomes of the RFID project developed together with RMC.

Session 3. Perspectives of the Development Partners on Technology Projects

The session was moderated by the Head of the WCO Asia-Pacific Regional Office for Capacity-Building, Yoshihiro Kosaka. The representative of the Asian Development Bank (ADB) discussed technology related projects and initiatives led by the Bank, such as Customs modernization in Mongolia (financed by ADB, Korean and Mongolian governments and aimed at developing Customs Automated System), a regional infrastructure project between Tajikistan and Kyrgyzstan (financed by ADB, US, Tajik and Kyrgyz governments and aimed at developing a regional single window system and procurement of X-ray machines and generators) etc. A speaker from NNSA delivered a presentation on the DOE/NNSA activities in relation to the Nonproliferation Export Control Programme (INECP) to support capacity building for targeting and inspections through innovative technologies and training. She informed the delegates how to enroll in the programme and pointed out that enforcement of export control was a new challenge for customs.

Session 4. From Theory to Practice: Examples on the Use of Technology

The moderator of this session was the Deputy Director General of the Federal Administration of Public Revenues of Argentina, Guillermo Cabezas Fernandes. All three speakers gave presentations on particular projects and tools used in their Administrations. The speaker from the Directorate General on Taxation and Customs Union (TAXUD), European Commission, informed the audience on the EU policy towards the use of technology. He pointed out that the Customs Administrations faced numerous challenges and underlined that they should use the WCO Scanning Guidelines for purchase and deployment of scanning and other non-intrusive equipment. The representative of the Thai Customs Department presented the national approach on drug enforcement. He pointed out that a need to share advanced passenger data with Customs was crucial to fight against drug smuggling. Speakers from the Central Customs Laboratory at the Ministry of Finance of Japan gave an overview of the functioning of the Laboratory and its work in the area of R&D for detection technologies. They also presented new drug inspection equipment, developed by the Laboratory and deployed in Japan.



Keynote address

Secretary General Mikuriya thanked the Royal Malaysian Customs for its initiative and efforts to organize the Technology and Innovation in Kuala Lumpur. He thanked all the sponsors for their contribution and underlined that the Forum was another manifestation of Customs-Business partnership. Kunio Mikuriya pointed out that Customs has been fighting smuggling and illicit trade from ancient times, however during the last hundred years a cardinal change happened: the flows of passengers and goods have been constantly growing, the speed with which they cross borders also increased significantly. He informed the audience about the latest publications of the WCO, including the Single Window Compendium, the Risk Management Compendium, Revenue Package and SAFE Package (which is currently being updated). He also updated the audience in relation to different programmes run by the Secretariat in cooperation with other organizations.

Session 5. Thinking Outside the Box – Innovative Solutions for Better Border Management

Session 5 was moderated by the President and CEO of Savi Technology, William Clark. An overview of three different programmes and relevant technologies was presented at the session: Global Shield programme, Australian PNR and Smart Gate and UNODC Container Control Programme (CCP). All three programmes tackle different commodities and use different systems for their identification. Global Shield and CCP are international multi-stakeholder programmes, while the Australian Smart Gate has a national scope but involves multiple stakeholders in the country.

Keynote address

The keynote address was delivered by the Chair of Customs Facilitation Working Committee at CAPEC, Hwee Chong Lok. The speech addressed public-private partnership between Customs and logistics industry in order to enhance border protection and security. Hwee Chong underlined that Customs had a strategic role to play in partnership with the express delivery service (EDS) industry, as the success of the industry relies on the length of customs clearance procedures. He discussed various engagement mechanisms for customs and business, technologies used in EDS as well as the role of CAPEC in enhancing the public-private partnership.

Session 6. Responding to Future Opportunities and Challenges

The last session of the Forum, moderated by Tom Doyle, Lead Customs and Border Management Specialist at Accenture, offered an outlook into the future from the representatives of three Customs administrations and IATA. While the speakers from Korean Customs Service and Dutch Tax and Customs Administrations focused on particular technologies that have been implemented in their countries and discussed their applicability and plans for further development of these systems, the speaker from China Customs offered a view of his Administration on trade facilitation. A speaker from IATA focused on the future of air cargo security and gave an overview of existing and new IATA standards in this area.



Key Outcomes of the Forum

Many attendees supported an idea to create a special body within the WCO Enforcement Committee in order to address the technology issues. The WCO reiterated that its Technology Database would be updated in order to represent the latest developments in the area. It was discussed that the Database should become interactive. The issue of exchanging and reading the images from different scanning products has also been discussed. It was agreed that middleware developed by manufacturers to facilitate the exchange and reading of images was necessary.

The participants of the Forum appreciated a visit to Megaport, organised by RMC as it gave an opportunity to observe Megaport operations in real time. It was concluded that site visits had their value added and should become an intrinsic part of the Forum.