



Brussels, 21 September 2017

INTEGRATED SUPPLY CHAIN MANAGEMENT (ISCM)

- **Draft updated the ISCM Guidelines**

(Item XV on the Agenda)

I. Background

1. Continuing the ongoing discussions at the past sessions of the Permanent Technical Committee (PTC) and the SAFE Working Group (SWG), the March 2017 SWG deliberated potential ways to enhancing the ISCM Guidelines and decided that a small group (under the SAFE Review Sub-Group) of interested Members and representatives from the private sector led by the Netherlands would take up the suggestions from the meeting in carrying out future work on the update of the Guidelines.
2. Delegates also noted that several elements of the ISCM concept were still futuristic and a more practical implementation by Members in coordination with their overseas partners and other stakeholders is yet to be fully realized. The ISCM, being an integrated approach to the supply chain, requires a holistic approach in terms of involvement of other government agencies, modern IT systems, Single Window environment, and above all consultation/engagement with the private sector.
3. With the above understanding and bearing in mind new and emerging developments in the international supply chain, it was suggested to carrying out future work on the update of the Guidelines from the following perspectives (but not limited to) :
 - re-examining and enhancing the ISCM concept to include current realities and opportunities based on lessons learned through the pilots/initiatives carried out to date, as well as aligning the ISCM Guidelines with the concepts and principles laid down in the SAFE Framework of Standards (FoS) and potentially with other instruments and tools;
 - providing practical guidance on how to implement the ISCM concept; and

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- adding the outcomes and lessons learned from projects carried out over the past decade.
4. This was followed by a panel discussion on the state-of-play and the future of ISCM at the April 2017 PTC sessions. The PTC provided a number of suggestions for further development of the IMSC Guidelines, reflecting new developments. The PTC agreed to move forward with the update of the ISCM Guidelines, under a dedicated SAFE Mini-Group led by the Netherlands, taking into consideration all the suggestions as well as the support offered by Members and different stakeholders.
 5. In addition to the ongoing discussions at the SAFE WG and the PTC, the Policy Commission, at its 75th Session in July 2016, had endorsed the Digital Customs Work Plan (2016/2017 – 2017/2018) which also envisages the promotion and potential enhancement of the ISCM Guidelines.

II. Intersessional work on the update of the ISCM Guidelines

6. Based on the discussions and suggestions/inputs received thus far, the work on the update of the ISCM Guidelines was initiated. In order to advance the work, the SAFE Mini-Group (comprising Australia, Belgium, China, New Zealand, Russian Federation, the Netherlands, Vietnam, and Global Express Association) led by the Netherlands held a face-to-face meeting at the WCO headquarters on 6 September 2017.
7. The Netherlands shared some preliminary work done by them and invited suggestions from the Group in terms of moving forward. During the discussion, Group members noted that the ISCM Guidelines were developed in 2004 to enhance the supply chain integrity from one end to another, as a response to global security threats. Subsequently, the SAFE Framework of Standards (FoS) was developed and adopted in 2005. A number of key concepts of the ISCM Guidelines (e.g., Advance cargo information, Customs controls at departure, mutual recognition, risk assessment, sealing, and Unique Consignment Reference) have been included in the SAFE FoS.
8. Standard 1 of Pillar 1, specifically, deals with integrated supply chain management and goes on to provide for that the Customs administration should follow integrated Customs control procedures as outlined in the WCO Customs Guidelines on Integrated Supply Chain Management (ISCM Guidelines).
9. Furthermore, the Mini-Group underlined that the SAFE FoS is an integrated concept, supported by three Pillars (Customs-to-Customs, Customs-to-Business, and Customs to Other Government and Inter-Government Agencies). The ISCM Guidelines provide a cross-cutting support to all three Pillars of the SAFE FoS. Therefore, with a view to reducing number of related documents/tools and organizing them in a cohesive manner, the Mini-Group suggested fully integrating the ISCM Guidelines within the SAFE FoS and providing related examples.
10. The Group felt that this approach will, among others, provide much needed visibility to the important concepts outlined in these Guidelines. Additionally, it would encourage wider adoption and implementation of the ISCM concept as an integral part of the overall SAFE implementation/consolidation projects being pursued by Members.

11. To this end, the Mini-Group explored the following two options :
- quick update of the ISCM Guidelines (stand alone) by June 2018, and later integrate ISCM within the SAFE FoS during the next review cycle, and/or
 - full integration of the ISCM Guidelines together with required updates at one go during the next SAFE review cycle.
12. At its September 2017 meeting, the SAFE Sub-Group further reflected on the proposals put forward by the Mini-Group and agreed with the overall objective of integrating the ISCM Guidelines into the SAFE FoS. It, however, suggested to adopt a two phased approach: (i) to carry out the necessary updates of the Guidelines reflecting new developments and initiatives in the area of ISCM, building upon the preliminary work done, and (ii) to examine the Guidelines holistically and incorporate them into the SAFE FoS, as appropriate, together with related working examples and initiatives, whilst removing duplications and redundancies during the 2021 SAFE Review Cycle.
13. The Facilitator of the Mini-Group (the Netherlands) indicated that the Group will continue the work on updating the Guidelines, as necessary, given the limited available time, and present the draft updated Guidelines to the SAFE Review Sub-Group in December 2017. It is expected to finalize the draft updated Guidelines by early next year which could be considered by the February 2018 SAFE Working Group for its potential endorsement.

III. Action Requested

14. The PTC is invited to :
- take note of the work carried out so far and the suggested approach with the future work and eventual integration of the ISCM Guidelines into the SAFE Framework of Standards; and
 - provide further guidance including suggestions with regard to specific areas of the ISCM Guidelines that needed to be enhanced/adjusted during the current update process.
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