

*The Future of Customs with  
the WCO and Trade*

March 2021

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## About

This document prepared by the WCO Private Sector Consultative Group presents a practical overview of Customs' evolving role and its relationship with Trade going into the future. The outline of the paper is as follows:

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## Executive summary

On January 19, 2021, a World Customs Organisation (WCO) team under the leadership of Deputy- Secretary General Ricardo Trevino discussed its "*environmental scan*" with the WCO PSCG (Private Sector Consultative Group). The environmental scan allows the WCO a comprehensive analysis of the world's trends, challenges, and opportunities for the WCO and Customs. The interactive session explained to thePSCG the "*WCO approach on the strategic foresight*". The WCO environmental scan and strategic plan introduced the focus for the next three years and ideas about the required direction.

The WCO environmental scan and strategic plan survey collects relevant data to identify challenges and opportunities facing the WCO and its members. According to the WTO forecast in October 2020, the global trade of goods in 2020 was expected to contract by 9.2%, with a 7.2% recovery in 2021. However, WCO economists point out risks around the COVID-19 pandemic, including variables like a rebound in the number of infections, additional lockdowns and how fast, effective vaccines and medical treatments can be supplied can all negatively affect the growth of global trade of goods in 2021<sup>1</sup>.

Most cases of COVID-19 infections are in the Americas, Europe, and South Asia, as per the WHO<sup>2</sup>. These three regions significantly contribute to international trade. For the foreseeable future, the pandemic will dominate the actions governments take to protect their populations and bring the pandemic under control. At this time, vaccination programmes are starting to be rolled out in many parts of the world. If these programmes are successful, global trade in goods may have a faster and more sustainable recovery than initially predicted. If not, global trade may grow at a much slower pace, stall or even decline in 2021. There is uncertainty on how effective these actions will be, especially with virus mutations being identified in several countries.

The PESTLE methodology (Political, Economic, Social, Technological, Legal, and Environmental) was used by the WCO to provide a framework for the environmental scan. PESTLE aims to identify and understand areas of action, indicate potential scenarios, and finally, suggest a possible and desirable future state. The WCO uses the information obtained by this approach to construct a strategic plan in a simplified document based on the desired future with a layered approach, linking actions plans to achieve the desired end.

The WCO asked the PSCG to give their input and views on how they experience trade, focusing on how Customs administrations should be developing over the next three years and providing views on what will be required from WCO. Most importantly, the success of any proposed changes will depend on the willingness of the WCO and its members to recognize the need for these changes, and to build relationships with the private sector to effectively implement them

## **1. Trade facilitation overview**

The past decade has seen exponentially rapid advances in technology, which has brought about correspondingly fast changes in the way goods are moved internationally. Examples are plentiful. GPS tracking and Electronic Cargo Tracking Systems enable freight forwarders and traders to track the movement of goods in real-time. Blockchain has created the potential for a safe and secure environment for collecting and sharing trade data. Big data analysis has made it possible to identify blockages and bottlenecks in supply chain management while allowing better risk-based decision-making.

Artificial intelligence and machine learning have removed language barriers and created new and exciting ways of managing warehouses and developing new products. 3D printing, although it still has a long way to go, has the potential to eliminate the need to transport certain goods. Social media and networks have connected people, manufacturers, suppliers, businesses, freight forwarders, industry experts and institutions in a way that was never possible previously. Technology has opened a whole new world of possibilities in trade liberalization.

The Fourth Industrial Revolution also continues to change and evolve, impacting trade with new and sometimes disruptive technologies. Trade in services and digital trade has changed how business is done moving away from tangible goods to trading services, software, and even information. E-commerce has enabled and encouraged micro-small-to-medium enterprises (MSMEs) to improve their domestic operations and tap into the international market. These changes have brought new challenges to the forefront, such as the need for facilitated Customs procedures to effectively manage the low-value shipments traded by MSMEs.

Trade liberalization and integration and the free movement of people and goods across borders have been an important focal point for decades. Africa's challenges include trade liberalization and integration as drivers of the African Continental Free Trade Agreement (AfCFTA) – a continental free-trade zone with a combined Gross Domestic Product of \$3.4 trillion, as an example.

Regional economic communities have been working on ways to liberalize the movement of goods and integrate trade within determined regions. However, the overlapping of these economic communities may complicate tariff regulations and applications as well as documentary requirements. Bilateral trade agreements may also cause additional complexity and confusion. Harmonization and simplification of requirements under trade agreements should be a priority.

## **2. Challenges facing business**

New challenges have now been brought to the forefront, such as the need for facilitated Customs procedures for low-value shipments traded by MSMEs. In addition, the COVID-19 pandemic, has increased the demand for medical goods and personal protective equipment, including ventilators, thermometers, hand sanitizers, protective masks, and garments. In ensuring that adequate supplies of essential goods for domestic markets were obtained, many countries resorted to emergency measures to influence trade flows by either restricting exports

or promoting imports through tariff reductions and lifting non-tariff barriers. We encourage these facilitation measures to continue.

On the international front over the past few years, the tension in trade relations has increased, notably between two global superpowers - the United States of America and China. In general, African countries have maintained various forms of protectionism. Consequently, they have been reluctant to open borders, fearing the impact on their economic well-being. The pandemic has aggravated this situation, and as the virus spread, governments across the world closed their borders to people and trade. Consequently, reduced movement of people and goods across borders occurred with an escalation in all costs associated with importing and exporting. Regional trade decreased, with land-locked countries being particularly affected through the lack of smooth conduits across the region and harmonized laws, policies, processes and systems required to facilitate trade under crisis circumstances.

Non-Tariff Barriers (NTBs) have also changed. Although corruption remains a complication in many parts of the world, traders are facing new trade barriers. These barriers include concerns regarding intellectual property (especially in the case of digital trade), archaic customs procedures that misalign with modern technologies for transportation and cargo tracking, and others. Dated and worn infrastructure remains a challenge in many parts of the world, and the pandemic has emphasized the impacts of constraints around infrastructure.

## **2. Effects of the COVID-pandemic on trade**

The pandemic has focused attention on the importance of redefining the investment–development paradigm and has sharpened focus on sustainable development investment policies. These include the science and policy interface, the need to address widening digital divides to ensure/enable sustainable and resilient transport infrastructure, and the need for trade facilitation. In the coming decade of transformation, the experience with the pandemic will also impact efforts to achieve the Sustainable Development Goals. However, the crisis is exerting adverse strains on international products, thus challenging the global supply chain's ability to support these goals.

As countries continue to adopt measures to bring the pandemic under control, international transport and trading systems remain under pressure. Transport networks and border agencies face the challenge of linking supply chains, delivering goods, expediting imports, exports, and transits, including vital medical supplies and relief consignments to prevent the virus's spread. All of the challenges mentioned above need to be addressed while maintaining effective customs clearance and compliance controls for goods and transport personnel.

### **a. Reliance on paper-based processes and manual workflow must change**

As Customs and other government agencies were forced to let "non-essential" staff work from home and limit staff and traders' interactions, the present over-reliance on manual workflows and paper-based processes became clear. Despite strides made in technological developments allowing Customs to operate entirely online, many countries, governments and customs agencies simply do not have access to these technologies or the infrastructure to support them. They are locked into traditional paper-based processes.

In some instances, the opposite is true. Recognizing the need to keep trade moving, and

especially to facilitate the movement of essential goods, both business and government in some countries made every effort to increase the use of automated processes and reduce cumbersome manual/paper transactions. Our concern now is that these expedited processes be maintained.

**b. Lack of cooperation and consultation**

In many countries, decisions were made, and measures implemented by health ministries or departments often without consulting with ministries and departments involved in trade and customs –and in many cases without consulting the private sector. These ministries decided it was necessary to close borders, restrict movement, classify businesses as non-essential, and ban travel, thereby rendering Authorized Economic Operators (AEOs) and similar programmes ineffective or even irrelevant.

**c. Misalignment**

Due to a lack of consultation, and in part due to a lack of knowledge and understanding, the implementation of several regulations and measures with different and sometimes conflicting rules and regulations were misaligned. These misalignments came with different and sometimes contradictory laws and regulations. Consequently, the changes caused confusion and congestion, and in some cases, completely halted the movement of goods across borders. Curfews and restrictions on the movement of people in the supply chain considered “non - essential” meant that certain parts of the supply chain could not function, leading to congestion and loss of productivity and revenue.

The relevant role-players and stakeholders were not consulted on these regulations, resulting in these measures being detrimental to trade and the end-to-end supply chain in general. That highlighted the lack of cooperation between government agencies and the private sector and proved the necessity of collaboration and consultation. Two examples of the resultant unforeseen consequence of this are:

- PPE stocks running low because although PPE was considered ‘essential goods’, the components to manufacture replacement stock of PPE were not.
- A decrease in the availability of empty containers required for export cargo negatively affected economic recovery.

Consultation and collaboration with the private sector are essential for business recovery as governments set priorities for action and reposition national economies to return to financial stability and prosperity. Decisions – the right decisions – need to be taken, which is unlikely to happen without the private sector's input and support.

Fortunately, new production possibilities for dealing with health emergencies and the ability to offer a resilient response are opening. In this context, investment policy, science, technology and innovation policy, e-commerce strategies, sustainable transport infrastructure and trade facilitation must all play significant roles in response to the pandemic and facilitate a faster and stronger recovery from its effects.

Transport services, ports and border agencies must be strengthened to cope with the new additional challenges. Effective collaboration, coordination, and cooperation among public and private stakeholders at all levels will be key (UNCTAD, 2020).

**d. E-commerce**

E-commerce has helped households and businesses obtain essential goods and prevented a considerable portion of the economy from slowing down or even halting altogether. Many MSMEs were able to move online during the pandemic, which sustained many households.

The WCO Framework of Standards on Cross-Border e-commerce does not take into consideration the critical role that e-commerce plays in supplying essential goods and services. Overall, e-commerce-related trade has been restricted by government policies and Customs regulations. The need for simple and tailored processes and documentation for low-value shipments has been brought to the forefront of discussions.

**e. Financial consequences**

COVID-19 has had severe financial consequences for both the private sector and governments, including Customs Administrations. These have resulted in more stringent financial policies from institutions and bankruptcies, especially in the MSME sector and meant a decrease in revenue for Customs on top of that already caused by lower trade volumes.

Moving forward, as trade volumes increase and businesses recover, Customs administrations must consider how they can support businesses. Indeed, many of these businesses have been unable to sustain viable revenue levels, and many of them will fail without external support. Measures may include deferral of duties and taxes or waiver/leniency in respect of monetary penalties and punitive interest charges

**f. Trade facilitator/regulator**

Customs, together with all other relevant border agencies, are mandated as a regulator to collect revenue and manage restricted/prohibited/controlled goods. Trade facilitation is seen as a by-product rather than a primary function of Customs, which can be described as 'enforcement'. To do this efficiently, they need to keep goods moving, no matter how restrictive their actions may be. Every touchpoint with Customs and other border authorities has the potential to slow the facilitation of movement and/or increase costs. As long as borders exist and national regulatory priorities are implemented by Customs and other agencies, the private sector must continue to press for trade facilitation, including lowering the costs of trade. It is essential that Customs and border agencies make every effort to listen and respond to feedback from business and work collaboratively with business to implement solutions for positive change.

### **3. Customs Administrations in the future**

The COVID-19 pandemic has highlighted the urgent need for Customs administrations, in cooperation with other government agencies, to move towards paperless electronic services. The transition from paper-based to electronic systems and process mapping in consultation with stakeholders can minimize bottlenecks and prevent unnecessary duplication. System designs should be aligned with user capacity and be compatible with commercial e-doc systems in common use by the trading sector. At the same time, new processes and new tools will require

training and investment.

Programmes such as electronic single window systems are an excellent place to start. Enabling interconnectivity between single window systems creates future value, preventing corruption and undervaluation. Initially, systems may work in isolation, but they can be streamlined to connect as they grow more sophisticated. This interaction requires infrastructure for both technology interoperability and data standardization. Successful transformation requires a partnership between Customs administrations, government agencies and the private sector. However, trust must be engendered between countries and between the public and private sectors for it to happen.

This approach goes hand in hand with the need for Customs administrations and other border authorities to make better use of available technologies to improve the trading environment and the movement of goods across borders. Blockchain is one technology that could be explored to collect data and keep it secure. Big data analysis should identify problems and complications in Customs and the entire supply chain.

It is imperative that the extraction of data to make risk-based decisions to further secure the supply chain does not make customs procedures more cumbersome. There is a need for more standardization of data collection and processing across the entire customs spectrum. More data is not necessarily better data, so attention should be given to the principle of data frugality.

Along with a greater level of technology and digitalization Customs administrations should have specific documents and procedures designed to simplify the process of clearing low-value shipments from e-commerce. Even though, as we have said, the primary role of Customs administrations is to serve as a

regulator of trade, rather than a facilitator, Customs must still facilitate processes where possible. Examples include AEO or simplified regulations for low-risk shipments.

Customs administrations and other border authorities, successful transformation will rely heavily on a strong relationship between the public and private sectors. Thus, AEO or Preferred Trader Programmes that are reasonable to access and offer quantifiable benefit to both customs and private sector partners should be on every Customs administration's agenda.

As mentioned above, transport services, ports and border agencies must be strengthened to cope with the new additional challenges. Above all else, this process must include effective collaboration, coordination, and cooperation among public and private stakeholders at all levels. The pandemic crisis exerts adverse effects on international production, challenging global value chains' role in supporting development goals. However, it also opens new production possibilities for responding to health emergencies and improving resilience.

In this context, investment policy, science, technology and innovation policy, e-commerce strategies, sustainable transport infrastructure and trade facilitation must all play significant roles in response to the pandemic and eventual better recovery from its effects. It is possibly more important to encourage a mindset in both government and the private sector that "we're all in this together" – we are not competitors or antagonists.

Many Customs administrations and border authorities are not equipped to cope with ever-increasing trade volumes and the accompanying complexity of transactions, with import processes significantly impacted by lack of technology implementation. Increased focus on

contingency planning by Customs administrations and other border authorities is required, including implementing and incorporating technology. It is also vital to find a balance between enforcement and facilitation.

There is a need for a “World Border Organization” that could be in charge of effective and efficient implementation of the WTO Trade Facilitation Agreement alongside other relevant international agreements. The WCO is the only international organization dealing with the cross-border movement of goods, conveyances and people, but it has no mandate over other relevant border authorities and must rely on communication, collaboration and goodwill.

The WCO also does not have authority to require its member Customs Administrations to make any changes. It sets standards and best practices and can guide with requests for change coming from specific Customs Administrations themselves. The role which the WCO has played during the COVID-19 pandemic with issuing HS classification advice for essential medical items, including vaccines, was a tremendous achievement and a change towards more executive guidance and direction for its members and the trading community. WCO members should empower and support the WCO to expand this role for the benefit of trade facilitation.

Customs-to-customs capacity building should pair appropriate donors and receivers in setting priorities. i.e., there is little use providing training on electronic clearance processes in a country with limited electronic capability. Better outcomes will be achieved by providing training that maximizes the tools currently available and identifies new ways and processes to use them. This approach may be best carried out by a donor customs agency familiar with the recipient's environment rather than by an advanced donor who does not.

Transparency and predictability are the primary success factors in deploying partnerships with other countries, just as they are with legitimate trade. Customs and other border authorities should apply an appropriate risk model to that trade segment to facilitate legitimate trade and intervene in non-compliant or illegal trade.

Customs administrations should allow the WCO to assist its members by making every effort to encourage a mindset change by border management, particularly with increasing trade volumes.

**Lessons learned from COVID-19 pandemic:**

1. Customs and the private sector must cooperate and provide joint communication to the government. Mutual communication is the most efficient way to facilitate the movement of essential goods and manage the immediate crisis while simultaneously being aware of any collateral impacts that may hamper longer-term economic recovery.
2. The WCO should immediately provide an easily accessible and effective guidance package for all its members and other stakeholders to assist during a crisis.
3. Stakeholders must check the guidance package's practical application and react promptly with suggestions and adjustments to remedy omissions and deficiencies.
4. Customs administrations should undertake responsibility for follow-up and implementation of the guidelines and annexes to support national public health care in crises.
5. Request that Customs administrations develop a multilateral strategy in combatting the pandemic on a local or regional level and take responsibility for its implementation.
6. Customs administrations must reduce red tape procedures to ensure a smooth flow of imported medical supplies and vaccines and provide exemptions from duties, taxes, or other levies. COVID-19 highlighted the minimal political clout vested in many Customs administrations. Health ministries determined import facilitation while Customs administration programmes took a back seat, and AEO status was ignored.

**Simply put:**

Moving into the future, and considering the need for economic recovery, the following important principles must be regarded as “non-negotiables” for both Customs and Trade:

- Paperless
- Electronic service from manifest reporting to release, payment, and clearance
- Risk-based selectivity
- Compliance level of trader determines the level and intensity of intervention, i.e., incentivise compliance
- Give AEOs the status they deserve.

## **5. The WCO's role in assisting Customs Administrations**

The PSCG enthusiastically encourages the WCO to take a more active role in facilitating change. The WCO, as an over-arching body, can play a vital role in the alignment of standards, protocols, and data management. A better understanding of the nuances of business will also be beneficial to the WCO, and the PSCG welcomes every opportunity for input and collaboration

Caution should be raised in that more data and invasive requirements do not translate into a safer, secure, and more compliant environment. Therefore, the reasoning behind additional requirements

should be questioned; the focus should be on practical implementation. Consequently, a more streamlined and effective decision-making model must be established with buy-in from all the Customs administrations worldwide.

## 6. Practical suggestions for the WCO's future

- *Intensify capacity building and deliver it in a targeted and coordinated manner*
  - Provide expertise/guidance/training of staff, e.g., Mercator program via Capacity Building Committee and others
  - Update current instruments and tools and develop new processes and new tools
  - Provide AEO training guided by the AEO 'Implementation and Validation Guidance'
  - Integrity training
  - Consider engagement of private sector experts in capacity building
- *Fuel conversations that are creative and innovative, with a broad range of stakeholders*
  - Take a pivotal role by collaborating with other stakeholders
  - Successful transformation will require partnership. For this to happen, trust needs to be cultivated between countries and between the public and the private sectors
  - To avoid any possibility of corruption, Customs administrations would need to exclude from this dialogue funds from non-traceable sources or funding by private investors
- *Evolve beyond its current role*
  - Introduction to financial institutions like the World Bank and other NGOs if applicable to access finance required for these developments
  - Real revenue growth will come from initiatives that will boost/encourage industrial trade activity and minimize incentives to avoid taxes/duties
  - Process re-engineering and relationship renewal
  - Make efforts to understand how business works, through training and/or the PSCG, so WCO can assist in creating more resilience in supply chains ,
  - Prioritize consistency with areas of paperless procedures, automated systems, electronic data, e-payment, risk management processes and movement of revenue collection processes away from the border
- *Encourage and advocate for digitalization*
  - Foster a greater understanding of business among Customs administrations about their role or enhancing role with their contribution to participation in the growing of economic recovery activities
  - To be successful, means modernizing digitalization old processes and not just automating them
  - Capitalize on technology and innovation by taking advantage of computing
  - Combine the use of technology with the principles of risk management

- *Provide guidelines for trade advisory committees*
  - Ensure compliance under international Conventions
  - Enhance and promote WCO Guidelines on Customs-Business Partnership
- *Foster and encourage a broader and more general uptake of MRAs*
  - Encourage joint operational initiatives between members
  - Develop and update international standards to ensure uniformity

In summary, the PESTLE approach (Annexure) conducted by the WCO does not necessarily address all the obstacles that we need to tackle in the next three years as these obstacles combine many different concepts. Nonetheless, the WCO needs to continue with clarifying and implementing its current strategic goals, incorporate innovative changes in line with the evolution of Customs and trade, and provide leadership, guidance, and support to its Members.

## 7. Conclusion

The focus of this paper is on improving the evolving interaction between cross-border trading globally and Customs administrations. The COVID-pandemic has highlighted deficiencies in the present system, particularly in dealing with emergencies and essential goods, and facilitating the flow of all goods across borders, with solutions for high volumes of low-value cargo and e-commerce.

### ***Priorities for the Way Forward:***

To best manage the evolution of Customs, border authorities and trade going forward, we collectively need to:

- Identify and remedy the fragmented border management approaches that have historically been applied both nationally and regionally.
- Utilize technology to minimize the challenges created by a lack of coordination and an inconsistent application of this technology.
- Streamline procedures, since risk management in some border agencies has led to significant breakdowns and delays at borders with the added burden of dealing with health controls under COVID-19.
- Strengthen current proposals for change with concrete action plans and fixed deadlines. Otherwise, we will be “flogging a dead horse”. Over time these proposals will be seen as “nice to have” and not helpful.
- Start today and not tomorrow.....

**Now** is the time for expediting and harmonizing processes across borders - and as much as possible across border agencies, through innovative and aligned use of technology. There is a need for resilience and efficiency in supply chains and consistency in the areas of paperless procedures, automated systems, electronic data, e-payment, risk management processes and movement of revenue collection processes away from the border.

Customs should be a leader in border agency cooperation and regulations. It should contribute to revenue collection and support the economy and trade by partnering with industry and government. The question is simple: What principles do we wish to promote, what

recommendations would we want to be driven and by whom?

Despite the critical role Customs plays, there is no doubt that Customs agencies have limited political influence, and this is where a solid partnership with the private sector makes sense in terms of communicating Customs' agenda to other government authorities. The private sector often has access to political leadership and the ability to lobby, which could help Customs. In the main, this is not being leveraged. Ultimately, Customs administrations are often pressurized in the short-term to generate additional revenue to offset government shortfalls. This short-term approach is damaging to trade facilitation, especially in a post-pandemic environment. The key now is to facilitate trade for 'trusted traders' while targeting enforcement around higher risk traders and commodities to ensure the continued growth of business and provide an organic opportunity to address government revenue deficits. In addition to providing another channel of communication, the private sector often has access to political leadership, which could help Customs but has not been exploited.

## **Annexure**

### **A. World Customs Organization Strategy (TOWS)**

#### Index PESTLE

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#### Explanation:

The External opportunities (O), External Treats (T), Internal strengths (S), Internal weaknesses (W), as done by the WCO in the PESTLE methodology (as shared with WCO- PSCG, during January 19, 2021) were used to formulate a strategy as indicated in red, in the below text:

SO strategy (matching of Internal strength with External opportunities)

ST strategy, (matching of Internal strengths with External Treats)

WO strategy (matching Internal weaknesses with External opportunities )

WT strategy (matching of Internal weaknesses with External Treats)

These potential strategies are not yet matched with the WCO findings from the PESTLE methodology

## Political TOWS

### External Opportunities (O)

1. Customs should be the focal point at the borders, in charge of liaising with enhanced partnership between stakeholders.
2. Build on the structural importance of Customs to become a trusted advisor of governments, while being managed in an autonomous way - increased political will.
3. The WCO could provide more stability in the global environment.
4. Enhanced CBM at national, regional and international levels
5. Broad adoption in real time of IT solutions to exchange information in real time, development of appropriate platforms to ensure this.
6. Raising WCO profile at International level, including in trade agreements
7. The WCO could develop new products that raise visibility of Customs
8. Integrated systems at the borders, with enhanced partnership between stakeholders

### External Threats (T)

1. Unbalanced approach between facilitation and enforcement.
2. Lack of recognition of Customs' role and limited scope of action.
3. Customs not able to quickly adopt to changing economic and security environment, and political landscapes.
4. Increased level of protectionism.
5. Outdated tools and instruments to face realities.
6. Lack of visibility and international consideration for WCO
7. Other international organizations entering in Customs field and providing assistance on Custom matters.

PSCG Views on Customs and Trade into the future

<p><b>Internal Strengths (S)</b></p> <ol style="list-style-type: none"> <li>1. Importance of Customs in facilitating movement of essential goods.</li> <li>2. Role of customs, as "umbrella" at the borders</li> <li>3. Importance of Customs in national budgets</li> <li>4. The role of Customs gives them a natural leadership.</li> <li>5. Crisis are highlighting the importance of international organizations– new momentum.</li> </ol>	<p><b>SO</b> Which of the strengths can be used to maximize the opportunities identified?</p> <p><b>SO Strategy</b></p> <ol style="list-style-type: none"> <li>1. Identify enforcement agencies where the WCO could play a leading role, what and how? (S2, S4, O1).</li> <li>2. Identify ways how to become a trusted advisor to governments and implement it (S1, S5, O3)</li> <li>3. Identify how the WCO could provide more stability in the global environment and compile a plan to execute on it.</li> <li>4. Development of appropriate platforms ensuring the broad adoption of IT solutions to exchange information in real time. (S2, S5, O5, O8)</li> <li>5. Identify the possibility of new products that could be developed that would rise the visibility of Customs and develop an action plan for implementation (S1, S2, O7)</li> </ol>	<p><b>ST</b> How can the strengths be used to minimize the threats identified?</p> <p><b>ST Strategy</b></p> <ol style="list-style-type: none"> <li>1. Identify ways to increase the recognition of Customs. (S2, S3, T2)</li> <li>2. Identify ways how Customs could quickly adopt to the continuous changing environment. (S4, S5, T3)</li> <li>3. Develop a strategy to increase the WCO's visibility and international consideration. (S2, S4, T4)</li> </ol>
<p><b>Internal Weakness (W)</b></p> <ol style="list-style-type: none"> <li>1. Disparities between countries on the status of their enforcement agencies, including structures of Customs</li> <li>2. Lack of coordination between agencies</li> <li>3. Lack of coordination between Customs Administrations</li> <li>4. Increase instability, on security and economy and even political environment.</li> </ol>	<p><b>WO</b> What actions can be taken to minimize the weaknesses using the opportunities identified?</p> <p><b>WO Strategy</b></p> <ol style="list-style-type: none"> <li>1. Compile an action plan to increase coordination between agencies. (W2, O1)</li> <li>2. Compile an action plan to increase coordination between Custom administrators. (W3, O1)</li> </ol>	<p><b>WT</b> How can we minimize the weaknesses to avoid the threats identified?</p> <p><b>WT Strategy</b></p> <ol style="list-style-type: none"> <li>1. Increase visibly and strategic role of the WCO, at government level, agencies and Custom agencies. (W2, W3, W7, T2)</li> <li>2. Increase the agility to adapt quickly with continuous changing requirements. (W4, W5, T3, T5)</li> </ol>

*PSCG Views on Customs and Trade into the future*

- 5. Lack of agility to quickly adapt.
- 6. Customs are not always considered in the political agenda
- 7. Gap between political (dis)agreements and operation daily practice /political interference
- 8. High rotation in governments and political leaders
- 9. Customs are not directly represented at State Security/Ministerial level

3. Identify ways to increase the representation at State Secretary/Ministerial level. (W9, O2)

3. New Platforms ensuring broad adoption of IT solutions to exchange information in real time. (W5, T3, T5)

<h2>Economical TOWS</h2>	<h3>External Opportunities (O)</h3> <p>Use of new technology by Customs to fully connect supply chains – Invest in the appropriate infrastructure. Manage data at the global level through a dedicated platform, apply a fee for each transaction. Regionalization of Customs tariffs and procedures, Regional FTA / Localization of supply chains, warehouse and hubs Adaption to a world "de-globalization", connected and ruled mainly by electronic transactions. Provision of E-Service – Build trust with other stakeholders. Development of secure trade lanes Exploration of new ways of funding for the WCO</p>	<h3>External Threats (T)</h3> <p>Data management, access and treatment being exclusively the property of private business Some concepts could become outdated, such as rules and origin. Outdated procedures, not reliable as part of the new norm Trade distribution if not properly addresses according tonew needs Revenue collection could become problematic if not properly addressed. Reconsideration of Customs role and financing? Economic diversification could be challenging, as well as the restoring of supply chains. Limited resources of the WCO while the work load is continuously increasing</p>
<h3>Internal Strengths (S)</h3> <p>Direct contact with economic operator. Development and management of facilitation tools suchas AEO and MRA. Framework of Standards on E-commerce. Position of Customs to ensure business continuity. Customs are essential in times of crisis. Agility and proactivity showed in times of COVID-19.</p>	<p><b>SO</b> Which of the strengths can be used to maximize the opportunities identified?</p> <p><b>SO Strategy</b></p> <ol style="list-style-type: none"> <li>1. Invest in appropriate infrastructure to fully connect the supply chains (S2, O1)</li> <li>2. Manage data at global level. ( S1, O2)</li> <li>3. Regionalization of Customs Tariffs. (S1, S3)</li> <li>4. Provide E-Service (S3, S4, O4)</li> <li>5. Development of secure trade lanes. (S1, O6)</li> <li>6. Exploration of new ways of funding (S1, S5, O7)</li> </ol>	<p><b>ST</b> How can the strengths be used to minimize the threats identified?</p> <p><b>ST Strategy</b></p> <ol style="list-style-type: none"> <li>1. Relook at revenue collection method. Identify ways of new or increased revenue (T4, S6)</li> <li>2. Relook at the resources versus workload. (T7, S1, S4)</li> </ol>

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Internal Weakness (W)

Customs do not sufficiently leverage on new technology to ease procedures and flows  
Small consideration to the new realities brought to technologies such as 3-D printing and autonomous transportation  
Treatment of e-commerce goods and intangible goods  
Lack of implementation of WCO tools and instruments

WO

What actions can be taken to minimize the weaknesses using the opportunities identified?

WO Strategy

1. Identify ways how Customs can leverage from new technology to ease procedures and flows. (W1, S1, S2)
2. Improve on the treatment of e-commerce and intangible goods. (W2, S3)
3. Improve on the implementation of WCO tools and instruments. (W3, S1)

WT

How can we minimize the weaknesses to avoid the threats identified?

WT Strategy

1. Relook at the resources versus workload (W1, W4, T7,)
2. Identify ways how Customs can leverage on new technology to ease procedures and flows. (W1, T1, T2, T3)
3. Increase the agility to adapt quickly with continuous changing requirements. (W2, T2, T3)

## Social Impact TOWS

### External Opportunities (O)

1. Redesign Customs operating models to be able to adapt borders quickly
2. Use of technology to track and identify dangerous goods circulated in a dematerialized way
3. Training of officers to deal with the new challenges and threats – establish capability in new trends
4. Enlarged Customs mandate with regard to border protection and protection of societies
5. Crisis and major changes put Customs and WCO at the centre of attention – Need for agility and resilience to deal with urgent matters
6. Reinforce the role of RILOs
7. Customs could appear as a true facilitator in the distribution of vaccines
8. Explore fully the opportunities offered by data analysis and publication of statistics

### External Threats (T)

1. Customs are too cumbersome to quickly adapt, loss of influence and credibility
2. Transfer of technology: smuggling of dangerous goods in an electronic way
3. Customs are not equipped or trained to deal with the new challenges, technical expertise should be developed

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<p><b>Internal Strengths (S)</b></p> <ol style="list-style-type: none"> <li>1. Data collection and handling, if properly used could be a game changer.</li> <li>2. Capacity building programmes well in place to educate.</li> <li>3. Agility and proactivity showed in times of COVID-19</li> </ol>	<p><b>SO</b> Which of the strengths can be used to maximize the opportunities identified?</p> <p><b>SO Strategy</b></p> <ol style="list-style-type: none"> <li>1. Redesign Customs operating models. (S2, O1)</li> <li>2. Use of technology to track and identify dangerous goods. (S1, O2)</li> <li>3. Training of officers to deal with the new challenges and threads. (S1, O3)</li> <li>4. Enlarged Customs mandate around border protection. (S3, O4)</li> <li>5. Reinforce the role of RILOs (S2, O6)</li> <li>6. Explore fully the opportunities offered by data analysis and publication of statistics. (S1, O6)</li> </ol>	<p><b>ST</b> How can the strengths be used to minimize the threats identified?</p> <p><b>ST Strategy</b></p> <ol style="list-style-type: none"> <li>1. Improve on technology to identify smuggling of dangerous goods in an electronic way (S1, T2)</li> <li>2. Equip and train customs to deal with the new challenges and technical expertise. (S1, T3)</li> </ol>
<p><b>Internal Weakness (W)</b></p> <ol style="list-style-type: none"> <li>1. Customs are not sufficiently agile to cope with rapidly changing world</li> <li>2. Diversity of WCO members with different level of development</li> <li>3. No approach when it comes to the treatment of dematerialized goods</li> </ol>	<p><b>WO</b> What actions can be taken to minimize the weaknesses using the opportunities identified?</p> <p><b>WO Strategy</b></p> <ol style="list-style-type: none"> <li>1. Redesign Customs operating models to be able to adapt borders quickly. (W1, O1)</li> <li>2. Training of officers to deal with the new challenges and threads. (W2, O3)</li> <li>3. Use of technology to track and identify dangerous goods. (W3, O3)</li> </ol>	<p><b>WT</b> How can we minimize the weaknesses to avoid the threats identified?</p> <p><b>WT Strategy</b></p> <ol style="list-style-type: none"> <li>1. Improve on technology to identify smuggling of dangerous goods in an electronic way (W1, T2)</li> <li>2. Equip and train customs to deal with the new challenges and technical expertise. (W1, W2, T3)</li> </ol>

<h2>Technology TOWS</h2>	<h3>External Opportunities (O)</h3> <ol style="list-style-type: none"> <li>1. Fill the gap by providing a significant level of capacity building in this area.</li> <li>2. Development of Customs standards in IT, leveraging on technologies such as blockchain and artificial intelligence</li> <li>3. Development of proper IT and data analytics strategy</li> <li>4. Availability of technology</li> <li>5. Enhancing the interoperability of systems and partnership with other stakeholders</li> <li>6. Engage with other international organizations such as the WTO on digital services</li> </ol>	<h3>External Threats (T)</h3> <ol style="list-style-type: none"> <li>1. Missed opportunities for modernization and adaptation to world's realities</li> <li>2. Lack of interoperability and proliferation of different IT solutions</li> <li>3. Massive cyberattack, hacking or spying</li> <li>4. Concerns regarding personal data and privacy</li> <li>5. Massive breakdown that would oblige societies to go back to paper-based procedures</li> <li>6. Absence of rules and common standards regarding the treatment of 3D printing and products emanating from other technologies.</li> </ol>
<h3>Internal Strengths (S)</h3> <ol style="list-style-type: none"> <li>1. Data collection</li> <li>2. Standardization of procedures</li> <li>3. Capacity building</li> <li>4. Role of WCO in informing and raising awareness among members on existing international standards that could serve Customs purposes.</li> <li>5. Larger reach and savings through the use of electronic communication and conference platforms</li> </ol>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <span style="background-color: #4a7ebb; color: white; padding: 2px 5px; border-radius: 5px;">SO</span> Which of the Strengths can be used to maximize the opportunities identified?         </div> <h4>Strategy SO</h4> <ol style="list-style-type: none"> <li>1. Building technology capacity. (S3, O1)</li> <li>2. Development of Customs standards in IT. (S2, S4, O2)</li> <li>3. Development of proper IT and data analytics strategy (S3, O3)</li> <li>4. Enhancing the interoperability of systems and partnership with other stakeholders (S5, O5)</li> <li>5. Engage with other international organizations, such as the WTO, on digital services. (S3, O5)</li> </ol>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <span style="background-color: #4a7ebb; color: white; padding: 2px 5px; border-radius: 5px;">ST</span> How can the strengths be used to minimize the threats identified?         </div> <h4>Strategy ST</h4> <ol style="list-style-type: none"> <li>1. Enhancing the interoperability of systems and partnerships with other stakeholders (S5, T3)</li> <li>2. Develop of cyberattack, hacking or spying strategy (S3, T3)</li> <li>3. Develop of strategy to safeguard personal data and privacy. (S2, T3)</li> <li>4. Development of rules and common standards regarding the treatment of 3D printing and products emanating from other technologies (S2, T6)</li> </ol>

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Internal Weakness (W)

1. IT solutions do exist but they are not sufficiently implemented in Customs operations
2. Major differences in level of development between countries
3. Lack of clear strategy and programme at WCO level
4. Customs face difficulties keeping pace with technological developments.
5. Customs systems are quickly outdated.
6. Investment in IT is considerably high.
7. Lack of interoperability in the IT solutions used by Customs

**WO** What actions can be taken to minimize the weaknesses using the opportunities identified?

Strategy WO

1. Sufficient implementation of IT Solutions at Customs operations. (W1, O2)
2. Clearly defined technology strategy and programme.

**WT** How can we minimize the weaknesses to avoid the threats identified?

Strategy WT

1. Clearly defined technology strategy and programme. (W1, T1)
2. Enhancing the interoperability of systems and partnerships with other stakeholders (W7, T2)

# Legal TOWS

## External Opportunities (O)

1. Establishment of a control procedure to ensure proper implementation of tools, binding nature of the tools
2. The WCO could develop a dispute or resolution mechanism in case of tension – increase legitimacy and trust
3. Reinforce the role of WCO at international level, placing it the Organization in charge of Customs rules.
4. Review of the updated procedure for the Conventions to make it more agile
5. Modernization of legislation to include new and next generation topics
6. Multiply WCO actions at ministerial level similar to the WTO, reaching WB and IMF Finance Ministers
7. Establish a system of WCO certification, widely recognized and approved

## External Threats (T)

1. Loss of influence of WCO tools, loss of interest and momentum
2. Customs matters being dealt with in binding agreements developed by other International organizations.
3. Outdated Conventions and legislation that could make Customs irrelevant at some point of time.

## Internal Strengths (S)

1. Global recognition of WCO expertise.
2. Quality of standards published.

SO

Which of the strengths can be used to maximize the opportunities identified?

### Strategy SO

1. Establishment of a control procedure to ensure proper implementation of tools, binding nature of the tools (S1, O1)
2. Develop a dispute or resolution mechanism in case of tension. (S1, O2)
3. Reinforce the role of WCO at international level. (S1, O3)
4. Review of the updated procedure for the Conventions. (S1, O4)

ST

How can the strengths be used to minimize the threats identified?

### Strategy ST

1. Reinforce the role of WCO at international level.(S1,T1, T2)

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	<ul style="list-style-type: none"> <li>5. Modernization of legislation to include new and next generation topics. (S2, O5)</li> <li>6. Multiply WCO actions at ministerial level. (S1, O6)</li> <li>7. Establish a system of WCO certification, widely recognized and approved. (S1, O7)</li> </ul>	
<p>Internal Weakness (W)</p> <ul style="list-style-type: none"> <li>1. No monitoring or control mechanism to follow up on the implementation of standards.</li> <li>2. Other organizations enter on Customs field.</li> <li>3. Many WCO Convention and Customs legislation outdated.</li> <li>4. Implementation of WCO Convention is not mandatory.</li> </ul>	<p><b>WO</b> What actions can be taken to minimize the weaknesses using the opportunities identified?</p> <p>Strategy WO</p> <ul style="list-style-type: none"> <li>1. Establish a system of WCO certification, widely recognized and approved. (W1, O7)</li> <li>2. Modernization of legislation to include new and next generation topics. (W3, O5)</li> </ul>	<p><b>WT</b> How to minimize the weaknesses to avoid the threats identified?</p> <p>Strategy WT</p> <ul style="list-style-type: none"> <li>1. Play a vital role in updating of outdated Conventions and legislation (W3, T3)</li> </ul>

## Environment TOWS

### External Opportunities (O)

1. Reinforce the recognition of RILOs in the fight against the smuggling of CITES products and illegal trade
2. Raise recognition of Customs by communicating further on their actions against the smuggling of endangered or protected species and illegal trade.
3. Join Convention to contribute to the overall efforts – example of Basel Convention
4. Significant efforts can be made in waste matters.
5. The COVID-19 crisis and the lockdowns put environmental matters back at the centre of attention – Right time to develop further the focus on these issues and on circular economy

### External Threats (T)

1. Influx of grey import not always adequately managed.
2. Societies will turn "green" and will look at sectors that do not seem to contribute to the global effort in this regard

### Internal Strengths (S)

1. Customs have a longstanding experience in matters related to Environment and Planet
2. WCO actions and focus in line with the Themes of the Year - coherence

SO

Which of the strengths can be used to maximize the opportunities identified?

#### Strategy SO

1. Reinforce the recognition of RILOs (S1, O1)
2. Raise recognition of Customs by communicate further on their actions against the smuggling of endangered or protected species and illegal trade. (S1, S2, O2)

ST

How can the strengths be used to minimize the threats identified?

#### Strategy ST

1. Contribute to green initiatives (S1, T2)

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3. Join Conventions to contribute. (S1, S2, O3)

Internal Weakness (W)

- 1. RILO deal with environment matters but are not sufficiently recognized.
- 2. Not sufficient communication on Customs action in this matter

**WO** What actions can be taken to minimize the weaknesses using the opportunities identified?

Strategy WO

1. Reinforce the recognition of RILOs (S1, O1)

**WT** How can we minimize the weaknesses to avoid the threats identified?

Strategy WT

1. Correct management of grey imports. (W1,T1)