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WCO news

Council 2012
Revitalizing trade
Dual-use goods



World Customs Organization

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Untangling the complexity of non-tariff measures

THIS YEAR, THE World Trade Report ventures beyond the well illuminated area of tariffs, to shine a light on non-tariff measures (NTMs) – a generic term which covers policy measures, other than ordinary Customs tariffs, that can affect international trade in goods by changing quantities traded or prices, or both.

There are several reasons why the World Trade Organization (WTO) decided to examine NTMs and to highlight their impact on trade. Among them is the fact that NTMs will not follow a path of diminishing relevance like tariffs, which have been progressively reduced and in most cases bound over the last 25 years. Nowadays, NTMs are less about shielding producers from import competition and more about the attainment of a broad range of public policy objectives. With concerns over health, safety, environmental quality and other social imperatives gaining prominence in practically every economy, with inevitable consequences for trade flows and investment, regulatory interventions such as NTMs are here to stay.

This trend is problematic as these measures have raised a number of concerns since the establishment of the General Agreement on Tariffs and Trade (GATT). Firstly, while some measures may serve legitimate objectives, such as the protection of health and safety, they could hide protectionist intentions. Secondly, NTMs impose diverse costs (and benefits) on different actors and could therefore have potential, even unintentional, discriminatory effects. Thirdly, NTMs pose particular problems for developing countries' market access as many do not have the resources to address, or even analyse and understand, the nature and implications of NTMs that their exports face – the fact that NTMs are increasingly the subject of negotiation in preferential trade agreements makes this issue even more compelling. Lastly, traditional market access, preferential schemes and even regional trade agreements may have little



value if exporters do not know, or are not prepared to comply with, existing regulations – NTMs directly add to trade costs, especially for small and medium-sized enterprises.

The GATT does not constrain the regulatory autonomy of WTO Members except where a measure treats an imported product less favourably than a “like” domestic product (Article III: National Treatment), discriminates between two like imported products (Article I: Most-Favoured Nation), or constitutes a border prohibition or restriction that has a limiting effect on the quantity or amount of a product being imported or exported (Article XI). This framework is supplemented by the possibility that challenges may be brought against GATT-consistent measures that nullify or impair benefits accruing to a trading partner (Non-Violation Provision). Moreover, even where an NTM is inconsistent with the non-discrimination obligations (Articles I and III), or the prohibition on quantitative restrictions (Article XI), it may be justified under one of the general exceptions of the GATT (Article XX). Two exceptions of particular relevance are related to the protection of human, animal or plant life or health, and the conservation of exhaustible natural resources.

Over time, more specific agreements were negotiated, such as those applying to technical barriers to trade (TBT Agreement), which include technical regulations, standards and conformity assessment procedures, or sanitary and phytosanitary measures (SPS Agreement), i.e. food safety and animal and plant health measures. It is worth recalling that the WTO is not a standard-setting body. The principal means through which the WTO promotes regulatory convergence is by encouraging its Members to use international standards. WTO Members may therefore adopt SPS measures or technical regulations that depart from international standards although SPS measures must be based on scientific evidence and TBT measures should not be more trade restrictive than necessary to achieve a legitimate objective.

The Report takes a fresh look at an old issue and a key element of the work of the GATT. It seeks to deepen understanding of the role, incidence and effects of non-tariff measures in the multilateral trading system, and studies more specifically TBT/SPS measures because they prevail in NTMs.

In addition, Report analysts are very cautious when it comes to drawing general conclusions on the effects of NTMs on

trade. They explain that existing empirical evidence suggests that non-tariff measures can significantly restrict trade. In particular, NTMs can be as trade-restrictive as tariffs, and even more so in the case of certain high and middle income countries. But they add that this is not the case for all measures. TBT/SPS measures do not unambiguously increase or decrease trade. In general, TBT/SPS measures have positive effects for more technologically advanced sectors, but negative effects on trade in fresh and processed goods.

Most NTMs are already subject to WTO disciplines, but this does not mean that all is well. The Organization still considers effective international cooperation on NTMs as a key challenge facing the multilateral trading system in the years ahead. The Report identifies several challenges for international cooperation, and for the WTO more specifically as the guardian of this cooperation, while specifying that “the aim is not to reduce public policy interventions to zero; it is to render them compatible with the gains from trade”.

Firstly, the transparency of NTMs must be improved to achieve (and enforce) trade policy cooperation. Transparency provisions in WTO Agreements help to address the problems raised by the opacity of NTMs but they are not sufficient. One problem is that notifications by WTO Members – one of the pillars of the WTO transparency system – fail to contain enough quality information.

Secondly, an examination of the tools used by WTO Members to address NTMs suggests that difficulties in finding the right balance between policy commitments and flexibility persist. Economists argue in favour of a more prominent role for non-violation complaints, while lawyers observe that WTO Members generally do not take this path, preferring instead to challenge the NTM on the basis of the specific rule it allegedly violates.

Thirdly, there are opportunities to improve the dispute settlement mechanism of the WTO through better integration of economic and legal analysis in determining legitimate NTMs. When there is a legal dispute as to the importance of the purpose, rationale, or intent of a measure, economic theory could provide insight into a government’s choice of a measure, as well as the way it is administered.

Fourthly, the rise of global production sharing poses additional challenges for the multilateral trading system, calling for deeper integration. But convergence towards international standards, which is encouraged in TBT/SPS Agreements, raises some issues – they revolve around such matters as inadequate design, the lack of relevance, the fact that countries differ with respect to risk preferences (values) and tastes, as well as their capacity to influence international standard-setting.

Lastly, capacity building is a vital element in improving international cooperation on TBT/SPS. Developing countries have no preference for the different standards; it is merely a question of capacity. In the SPS area, the Standards and Trade Development Facility – www.standardsfacility.org – has proven to be a successful partnership and the question has arisen as to whether the model could be replicated in building capacity relating to standard-setting, technical infrastructure and the development of regulations in the TBT area.

More information

www.wto.org

Reform by Numbers

THE WCO, in partnership with the World Bank, recently published a book entitled “Reform by Numbers: Measurement Applied to Customs and Tax Administrations in Developing Countries” in the World Bank’s Development Direction Series which is available from Amazon. It consists of contributions made by researchers and practitioners who participated in the conference around this theme that took place in Algiers during March 2012.

Particular attention is paid to the experience of Algeria, Cameroon, Korea, France and Senegal which use quantification as a basic principle in various fields: enforcement; trade facilitation; reform implementation; and risk analysis. Other chapters relate to the analysis and consideration of the sociological purpose of quantification, and the implementation of methods developed by economists in the field of enforcement.

This publication is the result of an original and rich partnership between academic research and practical experience, with support being provided by the Islamic Development Bank and the Customs administrations of Algeria, Korea and France for both the conference and the publication.

More information

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Latest accessions to WCO instruments

Since the annual sessions of the WCO Council in June 2012, there has been a flurry of further accessions to WCO instruments.

HS Convention

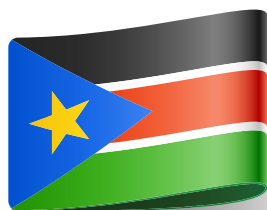
Costa Rica
Date of Accession: 3 July
143rd Contracting Party



Bosnia and Herzegovina
Date of Accession: 14 August
144th Contracting Party

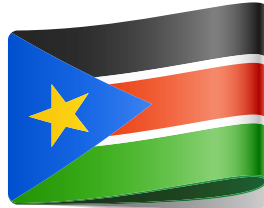


Mozambique
Date of Accession: 11 October
145th Contracting Party

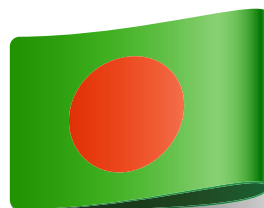


Revised Kyoto Convention

Mozambique
Date of Accession: 11 July
82nd Contracting Party



Bangladesh
Date of Accession: 28 September
83rd Contracting Party



CCC Convention

South Sudan
Date of Accession: 18 July
178th WCO Member



Somalia
Date of Accession: 4 October
179th WCO Member



More information

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Global Innovation Index 2012 released

SWITZERLAND RETAINS ITS first-place position in overall innovation performance, followed closely by Sweden and Singapore, according to the 'Global Innovation Index 2012 (GII): Stronger Innovation Linkages for Global Growth' published in July 2012 by INSEAD – a leading international business school, and the World Intellectual Property Organization (WIPO) – a specialized agency of the United Nations.

The study shows that the dynamics of innovation continue to be affected by the emergence of new successful innovators, as seen by the range of countries in the top twenty GII ranking, as well as the good performances of emerging countries, such as Armenia, China, Georgia, Ghana, India, Jordan, Kenya, Latvia,

Malaysia, Moldova, Mongolia, Montenegro, Namibia, Paraguay, Senegal, Serbia, Swaziland, Ukraine, Vietnam, and Zimbabwe.

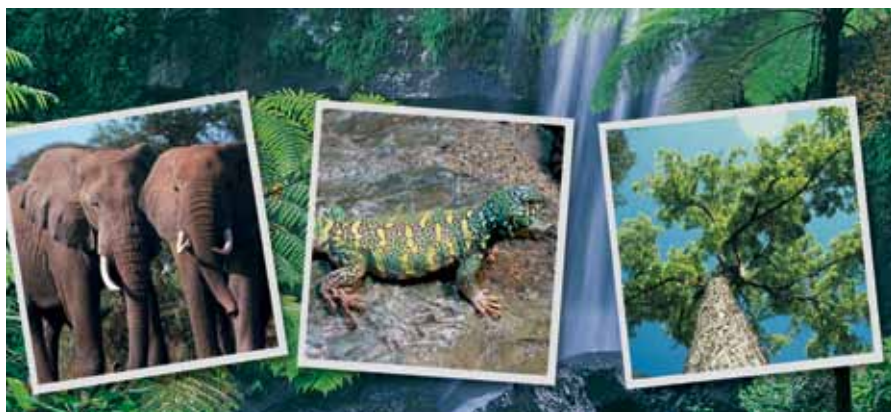
"The GII is a timely reminder that policies to promote innovation are critical to the debate on spurring sustainable economic growth, and now is the time for forward-looking policies to lay the foundations for future prosperity," said WIPO Director General, Francis Gurry. "The downward pressure on investment in innovation exerted by the current crisis must be resisted, otherwise we risk durable damage to countries' productive capacities," he added.

More information

www.globalinnovationindex.org



Another tool to fight environment crime launched



A NEW PUBLICATION has recently joined the “arsenal of weapons” already developed to prevent and combat environmental crime. Entitled the Wildlife and Forest Crime Analytic Toolkit, it has been prepared by the United Nations Office on Drugs and Crime (UNODC) in collaboration with its partners in the International Consortium on Combating Wildlife Crime (ICCWC).

The Toolkit provides an inventory of the many resources and tools available to prevent and combat wildlife and forest offences, and is organized into five key areas,

namely, legislation, enforcement, judiciary and prosecution, drivers and prevention, and data and analysis.

Government officials in wildlife and forestry administration, as well as Customs and other relevant enforcement agencies wishing to conduct a comprehensive analysis of existing systems in the area of wildlife and forest protection, will find practical tools and new and innovative ideas in the Toolkit that will enable them to develop a multidisciplinary response and identify technical assistance needs. It

may also be used as training material for law enforcers.

The Wildlife and Forest Crime Analytic Toolkit is intended to be a living and evolving document, and will be tested in partnership with selected national governments. This process will be financed largely by a “Development Grant Facility” secured through the World Bank. The Toolkit is currently available in English only, but translation into French and Spanish is underway.

The ICCWC was launched in 2010 to seal a powerful alliance to fight wildlife crime effectively and to discuss collective actions to stop the key drivers that are bringing the largest of the wild cats to the brink of extinction through poaching, smuggling and illegal trade. Members of the Consortium comprise the CITES Secretariat, INTERPOL, UNODC, the WCO and the World Bank.

More information

www.unodc.org/documents/Wildlife/Toolkit.pdf

New WCO Regional Training Centre opens in Fiji



PM Bainimarama tours the WCO RTC

ON 20 AUGUST 2012 the new WCO Regional Training Centre (RTC) for the Pacific sub-region was officially inaugurated in Suva, the capital of Fiji, in the presence of the country's Prime Minister, Commodore Josaia Voreqe Bainimarama.

This 24th RTC was established as part of the regional approach to capacity building adopted by the WCO, which is based on the premise that a regional structure is best placed to identify and respond to

the training needs of countries in a particular region. Not only do they foster the use of standardized practices among close neighbours and trading partners, they also form links between Customs officials from countries which, while different, are nevertheless in close proximity to each other.

The RTC is expected to deliver regionally relevant and adapted training, exploit regional synergies, liaise closely with regional and local stakeholders, and deal with region-specific issues, thereby enhancing the capacity of Customs administrations in the Pacific to better meet the demands of today's global trading environment.

At the opening ceremony Prime Minister Bainimarama, who started his professional life as a young Customs officer in the 1970s before pursuing a career in the military, explained that the objective behind the launch

of the RTC goes beyond the training of Customs officials, it is a matter of building “an integrated regional economy that creates opportunities for our children and encourages them to stay here and build prosperous lives”.

The RTC is located in the Fiji Revenue and Customs Authority complex. It includes three separate training rooms which can accommodate up to 70 people, as well as a separate computer laboratory with 20 access-free terminals.

No sooner had the inauguration ended than the first training participants arrived to attend a Post Clearance Audit Workshop organized by the WCO Regional Office for Capacity Building for the Asia/Pacific region in conjunction with the Oceania Customs Organisation.

More information

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DOSSIER

This edition's dossier captures some of the highlights of this year's annual Council sessions which took place in Brussels from 28 to 30 June 2012, as well as the WCO's 60th anniversary celebrations.

Directors General of Customs gathered at WCO Headquarters to endorse the work done by the Organization over the past 12 months, and to chart the way forward for the months ahead.

Over three days they discussed all the key issues impacting on the international Customs environment, as well as the opportunities and challenges presented by developments in global trade.

The dossier touches on the WCO's main areas of work – compliance, facilitation, tariff and trade affairs, and capacity building – and other interesting events that added to the success of Council 2012.



“Together we can ensure global economic growth”

by Kunio Mikuriya

SECRETARY GENERAL



THE UPCOMING MONTHS will be marked by the launch of a number of initiatives approved by the Council during its recent sessions, such as Globally Networked Customs proof-of-concept projects, the roll-out of the nCEN package around the world, the further development of the Project Map Database, the implementation of the tools included in the Revenue Package, as well as the launch of a new Economic Competitiveness Package.

I would like to dwell for a moment on this last initiative. Over the past 60 years, international trade has grown significantly faster than production, making States even more dependent on ensuring the smooth flow of cross-border trade which interweaves national economies, requiring them to increase their economic performance and attractiveness.

Around the world, governments take actions to improve the external environment of their trading community by, for example, improving existing infrastructure, creating a better general business environment and enhancing the efficiency and effectiveness of their national economic, institutional, regulatory and competition policies.

High-performing Customs services, well equipped to meet the challenges of international trade and engaging directly with importers and exporters to support commercial activity, are a valuable ally in dealing with global competition as more markets open up, making it imperative to ensure smooth trade flows and effective protection measures by illicit trade.

Customs issues must also be at the heart of any policy that aims to increase the attractiveness of a country, as a simple, transparent and predictable Customs environment characterized by professionalism, good governance and even more connectivity encourages foreign direct investment and the establishment of industrial facilities and logistics hubs.

In building an enabling environment for traders, we should not lose sight of the importance of protecting our nations from the activities that destabilize our economies and democracies, such as the illicit trade in drugs, tobacco, counterfeits, toxic products and endangered species. We must protect the health and safety of our consumers and the health of our economies.

As the health of human beings depends on the food they consume and the products they use, equally, the health of an economy depends on the nature of the trade that is taking place, the adequacy of the State's enforcement response, and the political will to maintain and build a healthy and secure global environment.

By launching the Economic Competitiveness Package, the WCO aims to revive discussions around the role of Customs administrations in enhancing economic competitiveness, to better determine the individual national and regional needs of its Members, as well as to promote its existing instruments and tools and to develop new ones to meet the needs of global trade.

Fortunately, the WCO has several aces up its sleeve: key instruments, a pool of Customs experts, acknowledged expertise and loyal partners, and it is up to us to seize the opportunities available together in order to optimize our collective strength by finding innovative ways to further facilitate trade flows and protect society, ultimately enhancing national economic competitiveness.

We are fully committed to promoting growth through the enhancement of our collective actions in the field of economic competitiveness; indeed I am counting on the support of all WCO Members as well as our partners from development banks, the business community, the academic world and other international organizations because together we can ensure global economic growth.



Tariff and Trade Affairs

Revenue Package

DEVELOPED AS A response to WCO Members' concerns with regard to falling revenue returns in the light of the 2008 global financial crisis and declining duty rates, the WCO Revenue Package brings together all material relevant to revenue collection, including formal instruments and conventions, guidance notes, and training material.

To supplement the Revenue Package, a series of new guidelines were launched at the 2012 Council Sessions. They include Practical Guidelines for Valuation Control, updated Post Clearance Audit (PCA) Guidelines, Guidelines and National Practices Catalogue on Preferential Origin Verification, and Guidelines and Diagnostic Tool on Tariff Classification Work and Related Infrastructure.

This new material will assist Customs administrations in the strengthening of their control programmes which will facilitate fair and efficient revenue collection. Technical assistance programmes over the coming year will promote and provide assistance in the implementation of these new tools.

Rules of Origin

Harmonization of non-preferential rules of origin

Technical work related to the negotiations on the harmonization of non-preferential rules of origin at the WTO is continuing. The revised Draft Consolidated Text (WTO document G/RO/W/111/Rev.6) contains both the texts already agreed by the WTO Committee on Rules of Ori-

gin (CRO) and the elements which have not been endorsed by the CRO or which represent a compromise proposal by the Chairperson of the Committee.

The WTO Secretariat has begun to transpose the revised Draft Consolidated Text into newer versions of the Harmonized System Nomenclature. At the meeting of the CRO held in Geneva on 7 June 2012, it was decided to seek technical advice from the WCO Technical Committee on Rules of Origin (TCRO) during the transposition process. As a result of these developments, the WCO will further enhance its engagement in the work on non-preferential rules of origin.

WCO Action Plan on Preferential Origin

Work undertaken in relation to the Action Plan on Preferential Origin, adopted by the Council in June 2007, is progressing. Here it should be recalled that the objective of the Plan's designers is to provide Customs administrations with all the necessary tools and modern techniques to ensure that rules of origin are clearly understood and implemented. Latest initiatives include the updating of the Database of Preferential Trade Agreements and developing a section on the ASEAN Free Trade Area (AFTA) rules of origin within the Comparative Study on Preferential Rules of Origin.

Verification of preferential origin

Several new documents have been added to the Revenue Package in order to assist Members in enhancing their capacity to verify preferential origin. They consist of

a study on control and verification methods in Member Customs administrations, guidelines on verification of preferential origin, and a catalogue of national practices of volunteer Members.

Typologies and trends in respect of irregularities

The WCO Secretariat is currently planning to study typologies and trends in respect of origin irregularities, and a letter has been sent to Members asking for contributions on misinterpretation, fraud and other irregularities encountered in the application of rules of origin and other origin provisions.

Valuation

Technical questions

The Technical Committee on Customs Valuation (TCCV) continues to examine questions related to “royalties and licence fees” and “related party transactions under the agreement and transfer pricing”. Ongoing work also includes the examination of questions raised by Belarus (Customs value of industrial waste products), Singapore (valuation treatment of distribution fees and payments based on projected net profits), Thailand (treatment of bonus payments), and Uruguay (valuation of software on USB sticks).

Valuation control

New Practical Guidelines for Valuation Control have been added to the Revenue Package. They provide a springboard for Customs authorities to develop an effective control programme and include many solutions relating to underinvoicing. Advice on the development of a

valuation database as a risk assessment tool is also provided. Additionally, the Guidelines provide in-depth information on the valuation control programmes of three Members in the form of case studies, to facilitate better understanding of the functioning of these programmes.

Nomenclature and Classification

HS Corrigendum amendment

A Corrigendum amendment to the text of subheading 5601.2 (wadding of textile materials and articles thereof) of the HS was adopted. Under the procedure of Article 16 of the HS Convention, this amendment will not be legally binding on the Contracting Parties until 1 January 2017. Nevertheless, under the Corrigendum procedure (Article 8), Contracting Parties are free to apply the suggested amendments as from 1 January 2012.

Implementation of HS 2012

The new version of the HS entered into force on 1 January 2012 and, at present, 81 Contracting Parties out of 144 are applying the 2012 version. The new edition of the Explanatory Notes and revised versions of the Alphabetical Index and the Compendium of Classification Opinions have been published by the WCO.

Tariff classification work

The correct and uniform application of the Harmonized System in an efficient manner requires the setting up of well-defined and effective classification procedures within an administration. Two recommendations regarding this aspect of HS work were adopted in 1996 and

1998: the Recommendation on the Introduction of Programmes for Binding Pre-entry Classification and the Recommendation on the Improvement of Tariff Classification Work and Related Infrastructure.

These Recommendations have so far been accepted by only a limited number of countries. Hence, the HS Committee has been reflecting on the difficulties encountered that have resulted in a low level of acceptance of these important instruments, as well as potential hurdles that Members are likely to be facing in this area. One of the challenges identified in this area was the lack of awareness of the benefits that a good classification work model could yield, as well as the lack of know-how for managing tariff classification work.

In order to assist Members in re-organizing their classification work or reviewing their current systems, two new instruments have been developed in the form of Guidelines on Tariff Classification Work and Related Infrastructure, and a Diagnostic Tool. Both were approved and added to the Revenue Package.

The Guidelines build upon information available in the WCO HS Classification Handbook and contain modifications to take into account recent developments. The Diagnostic Tool has been specifically designed to equip senior Customs officials with the detailed information necessary to more fully engage in, and lead, the capacity building initiatives of their administrations.

Facilitation

SAFE Framework

THE FIRST FORMAL review of the SAFE Framework of Standards since its adoption in 2005 has been finalized. The principal change in the 2012 version of the SAFE Framework involves the inclusion of two new sections; one on Coordinated Border Management and the other on Trade Continuity and Resumption, as well as a new Annex on Definitions which includes the definition of high-risk cargo.

The Scanning Guidelines that form part of the SAFE Package have also been updated and the AEO Template and additional material on the Trade Recovery Guidelines have been incorporated into the Package.

A new review cycle has been adopted that allows about one year for WCO Members to make proposals, and then about another year to discuss them in detail. The final texts arising out of the review will be produced in time for the 2015 Council Sessions.

Air cargo security

The work undertaken by the Technical Experts Group on Air Cargo Security – comprising experts from Customs, Transport, Aviation Security, Police, Immigration and other relevant agencies – has enabled a better understanding of the fact that the air cargo security concept may have different connotations for different organizations/regulators, and has brought greater awareness and clarity on how Customs and aviation security authorities work and where synergies can be created through cooperation and a more harmonized approach.

Two key work streams formed the basis of the Group's work:

- The first was to identify the data that Customs could receive in advance of air cargo being loaded onto the aircraft, and that could subsequently be

shared with aviation security partners. Eight potential data elements have been identified to enable high-risk cargo to be targeted for aviation security purposes. Challenging questions remain however, such as, for example, how relevant data elements identified by both Customs and aviation security authorities can be shared in a timely manner, how aviation security authorities will be able to use the information for their purposes, understanding which private sector players are in a position to provide information in a way that meets the needs of regulators, and at what stage in the supply chain process. Pilot projects currently underway in the United States (ACAS - Air Cargo Advance Screening) and in the European Union should offer valuable insights into what measures should be introduced to resolve these issues, and whether the eight data elements are indeed the most appropriate ones to exchange with a view to improving the security of air cargo.

- The second was to compare the WCO Authorized Economic Operator (AEO) and the International Civil Aviation Organization (ICAO) Regulated Agent/Known Shipper programmes. Some valuable work had been done by experts from Customs and aviation security authorities and this, coupled with experience gained from ongoing pilot projects, should lead to concrete guidance for cooperation among relevant agencies when developing programmes or when authorizing/auditing trusted traders and trusted shippers.

Economic Competitiveness Package

In order to contribute to the economic development of its Members, the WCO decided to launch an Economic Competitiveness Package (ECP). An action plan will

be developed and presented to the WCO Policy Commission for its consideration in December 2012.

The ECP has at its core the Revised Kyoto Convention and its links to a number of other WCO instruments and concepts, including the SAFE Framework, the Data Model, the Time Release Study, tools for transit and integrity, risk management, Customs-Business partnerships, Globally Networked Customs, coordinated border management, and the Single Window.

By launching the ECP, the WCO wants to revive discussions around the role of Customs administrations in enhancing economic competitiveness, to identify and circulate innovative initiatives that Customs administrations are working on, to better determine individual and regional needs, as well as to promote its existing instruments and tools and to develop new ones as required.

Globally Networked Customs

An Ad Hoc Working Group was created in 2009 to investigate and report on the feasibility of the Globally Networked Customs (GNC) concept. The main idea pursued was to improve the way information exchanges work today by streamlining them and by using Protocols, Standards and Guidelines.

After three years of intensive work, the Feasibility Study has now been completed. The GNC model is based on a set of Protocols, Standards and Guidelines, and breaks down Customs' business into a set of utility blocks – components of data to be exchanged within predefined specific subjects.

Two utility blocks have been developed to date. The first concerns Mutual Recognition of Authorized Economic Operators,



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where users would exchange data about their AEOs with their partner countries. The second concerns commercial fraud. It is anticipated that more utility blocks will be developed in the future.

The Feasibility Study was approved and it was agreed that GNC would enter a “proof of concept” period for at least two years where Members would engage in pilot projects aimed at testing, evaluating and documenting the various standards that have been laid down.

eATA Carnet

It is acknowledged that the current paper-based ATA Carnet procedure will increasingly become redundant as it is not compatible with modern working methods. The possibility of moving towards a paperless environment for ATA Carnets

has been discussed since 2006 within the eATA Carnet Working Group which comprises representatives of the WCO Secretariat, WCO Member administrations and the International Chamber of Commerce/World Chambers Federation (ICC/WCF).

In this paperless environment, applicants would complete a virtual carnet online through their national guaranteeing association (NGA) or the responsible local Chamber of Commerce (CC). The NGA/CC would then check if conditions are fulfilled and fees paid, and finally, if everything was in order, a carnet number and a username/password would be issued.

Following a feasibility study and a cost/benefit analysis, the Working Group has agreed to concentrate on four key

issues: selection of the most appropriate architecture; cost sharing/financing; the time frame for the implementation of the system; and the legal amendments to both the ATA and Istanbul Conventions dealing with the temporary admission of goods. Proposals are expected to be put to the WCO Administrative Committees for the ATA and Istanbul Conventions in 2013.

Recommendations

Two recommendations were adopted, one to support trade facilitation and the other to support efficient and effective Customs control. The first deals with the dematerialization of supporting documents, and the second deals with the use of Advance Passenger Information (API) and Passenger Name Record (PNR) for assessing risk related to travellers.

Capacity Building



© Maldives Customs

Strategic roadmap for reform and modernization

SINCE THE LAUNCH of the Columbus Programme in 2006, the WCO has worked actively to support Customs reform and modernization efforts. This has enabled the Organization to develop a sharp sense of the key issues and challenges that require attention.

Three common themes have emerged from experiences shared at the Capacity Building Committee on the enablers for effective reform and modernization; capacity building works best when due attention is paid to securing political will, investing in people, and building effective partnerships with relevant stakeholders. This is referred to as the 3P framework, forming part of a strategic roadmap for future WCO capacity building efforts.

• Securing political will and support

The WCO has learnt that the most successful capacity building projects are those that have secured political commitment from government and support from the business community. In order to aid Heads of Customs in securing and sustaining political will, as well as garner support from other government agencies

or the private sector, the WCO Customs Orientation Package for Decision Makers has been developed. This Package provides Customs executives with core universal messages on Customs issues that can be used in the preparation of business cases or presentations, and also contains advice on how to use this information.

“Customs reform and modernization is not a sprint but rather a marathon which WCO capacity building programmes and the Secretariat’s Capacity Building Directorate will support over the long term.”

• People: developing leadership and management skills

New workshop material has been developed for the Leadership and Senior Management Development Programme (LMDP) which mixes theory, practice and case studies. Designed to provide senior and middle Customs managers with a holistic and sustainable approach to leadership and management, the Programme is a broad multi-tier concept which combines the WCO Fellowship Programme (6 weeks), LMDP workshops (9-10 days) and the Top Executive Dialogue (3 days).

• Partnerships and coordination

The WCO had begun working with new partners such as Finland and Korea, and has recently reached agreements with the World Bank and Norway. Moreover, since the end of 2011, three regional donor conferences have been organized and more are planned this year. Regarding Project Map Database, that provides an overview of who is doing what in the capacity building area, work has begun to populate this with information from various partners. Ideally, WCO Members as well as relevant stakeholders should nominate national contact points responsible for entering data. WCO Regional Offices for Capacity Building will also support the development of the database by reviewing existing data as well as entering new data.

Performance measurement

Results-based management is overwhelmingly endorsed by Members as the way forward in the development and management of the Columbus Programme and other initiatives. This also implies that support has to be aligned with the goals and targets of Customs administrations. To assist Members in their endeavours,

a new chapter on organizational performance measurement has been added to the Capacity Building Development Compendium. Together with guidance for developing a performance management environment, the new chapter includes a list of possible indicators relevant to Customs performance measurement.

Columbus Programme

Three progress evaluation missions in Mongolia, Kenya and Belarus have been conducted under Phase 3 of the Columbus Programme, enabling the WCO Sec-

retariat to refine the methodology used for this phase and to establish a delivery model. Phase 3 offers an opportunity for the WCO to assess progress and recommend adjustments to ongoing modernization activities by way of a monitoring and evaluation process. It is in no way the end of the modernization process but rather an opportunity to pause and reflect on the progress achieved by Members to better define future direction and priorities.

A set of minimum reporting requirements has been developed and provided to experts to ensure that consistent and comprehensive assessments take place under future Phase 3 assignments. A

questionnaire has also been developed to assist both Members and the WCO to prepare for, conduct and report on the Phase 3 process. It serves as a self-assessment for the Member, and provides an overview of the administration for WCO experts. Being a dynamic document, the questionnaire might require further refinements.

Refreshing the WCO Diagnostic Framework

A work plan for further review of the Diagnostic Framework was endorsed. Recent work includes the update of the sub-section on risk management-related questions in the chapter on Strategic Management.

Building trust and integrity

Initiatives to promote and strengthen Customs integrity continue. They include:

- the revision of the Integrity Development Guide, the main WCO training tool entirely based on the Organization's Revised Arusha Declaration on Integrity;
- the follow-up of progress made in relation to integrity pilot projects which have been launched in the WCO's six regions; and
- training and awareness-raising activities on wildlife trafficking – which is often linked to breaches in integrity – under "Project GAPIN", that combines integrity and enforcement.

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Compliance and Enforcement

Security and Counter-Terrorism Programme

THE WCO SECRETARIAT has reviewed its Compliance and Enforcement structures and assumed a new programme management based approach to its activities. One of the newly established programmes draws together WCO security and counter-terrorism related projects and activities. The Strategy and the 2012/2013 Action Plan for the Security and Counter-Terrorism Programme were approved.

Global Shield

Activities under Programme Global Shield continue. This initiative was launched in 2010 to monitor the trade in 14 chemicals in order to identify those which can be diverted for the illegal manufacture of improvised explosive devices (IEDs). A dedicated Programme team is now in place at the WCO Secretariat, and coordination and logistical planning for training and capacity building are underway. As a direct result of the Programme, significant successes have already been achieved in terms of combating the illicit trade in IEDs. Since the start of the initiative, 41 seizures totaling 126 metric tons of precursors and 40 arrests have been made.

Environment

Project GAPIN, initiated in 2010, is still on course. Limited at its inception to the fight against illicit trade in great apes in Africa, the Project now includes other species protected under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), such as the rhinoceros, the elephant and the pan-

golin. GAPIN objectives include: building the enforcement capacities of Customs frontline officers, as well as raising their awareness on integrity issues; detecting, intercepting and seizing illegal wildlife shipments; and preventing corrupt practices while taking appropriate measures.

The WCO has also been working on illegal logging and the illegal timber trade. A global survey on "Customs' Role in Regulating Trade in Timber and Timber Products" was conducted and WCO Members recognized the importance of Customs playing an active role in monitoring and protecting non-CITES timber and timber products.

Electronic crime

During its last meeting, the WCO Electronic Crime Expert Group discussed data mining and the recovery of revenue, blocking of internet websites, mobile forensic operations, evaluation of available forensic triage tools, current and future challenges to Customs enforcement (wireless storage devices, GPS devices attached to packages and used by criminals to track and trace their illicit goods, for example), challenges to securing evidence on modern mobile phones, and access possibilities to data stored on "clouds" outside Customs' jurisdiction.

Project AirCop

Participation in Project AirCop, an airport communication project aimed at building drug enforcement capacities at international airports in West and Central Africa, Latin America and the Caribbean, will be rapidly expanded. Certain European countries will soon implement

the CENcomm based electronic platform that enables participants to exchange information and intelligence in a secure manner between international airports in real-time.

Cargo Targeting System

The WCO is currently developing a Cargo Targeting System (CTS), aiming at the pre-arrival risk assessment and targeting of cargo. It is a stand-alone application within the Customs Enforcement Network (CEN) suite of tools that will enable user countries to gather pre-arrival and post-arrival Customs entry data to perform automated and manual risk assessment and targeting, and the identification of high-risk cargo prior to its arrival at the border. The application is expected to be deployed in the second half of next year.

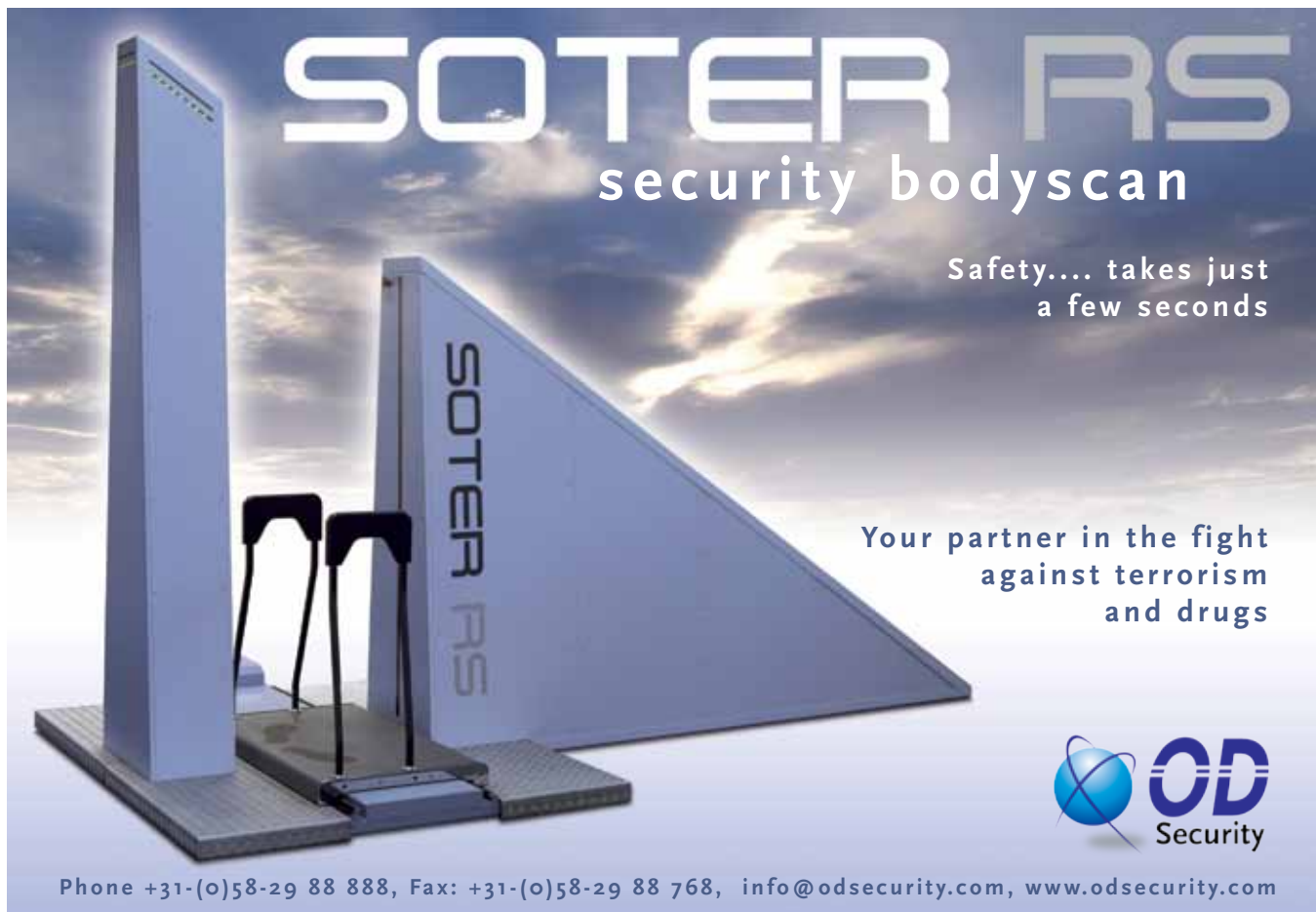
Customs Alert Network (CAN)

A Customs Alert Network (CAN) for sharing nominal information on identified manufacturers, producers, consignors and shippers of substandard, tainted or counterfeit pharmaceuticals, foodstuffs and electrical items has been developed as a secure, CENcomm based application. CAN was created to facilitate and improve Customs' risk profiling and targeting in the area of consumer health and safety.

Operations

Several operations have been facilitated and supported by the WCO. They include: Operation Cocair 3, targeting cocaine trafficking; Operation Tigre 2, aimed at combating counterfeiting and piracy in Central and South America and the Caribbean; Operation Pangea IV, targeting the illegal supply of medicines over the internet; and Operation Demeter II, concentrating on the illicit cross-border shipment of hazardous and other waste). Several operations are scheduled for the months ahead.






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UNODC-WCO Container Control Programme

Twelve countries are putting inter-agency cooperation into practice by participating in the UNODC-WCO Container Control Programme (CCP) and more countries have expressed an interest in joining the Programme. In August 2012, Guyana and Suriname will join the Programme, as the first Caribbean members to do so. In total, it is expected that the CCP will be progressively expanded to include 20 new countries in the next 12 months.

New risk indicators

In 2011, the WCO published a Risk Management Compendium consisting of two

volumes. Volume 2 focuses on operational risk management and its target audience includes risk and intelligence analysts, targets and frontline officers. In 2012, new risk indicators and manuals on passengers, the pre-arrival phase of land cargo, postal/express consignments and exports have been developed and will be integrated into the Compendium.

New publications

A completely revised version of the WCO Guidelines on Post-Clearance Audit (PCA) has been published. The PCA Guidelines are now divided into two volumes: the first is aimed at Customs' managerial level and provides information on establishing and

planning an audit programme, while the second contains operational guidance for field officers regarding the preparation and conduct of an audit.

The Compendium of Customs Operational Practices for Enforcement and Seizures (COPES) was developed by several Members with the support of the Secretariat. It was uniquely designed to provide practical guidance and Members' experiences in the area of enforcement and seizures. The Compendium contains practical, result-orientated measures for implementing new solutions and tools which can be rapidly integrated by Customs administrations for impactful improvements.

Special guests grace the 2012 sessions

Gracing this year's sessions, as part of the WCO's 60th anniversary celebrations, was HRH Prince Philippe of Belgium who presented a painting to the WCO on behalf of the Belgian Government and people, in recognition of the long association between Belgium and the WCO, which has been headquartered in Brussels since its establishment in 1952.



KEYNOTE SPEAKERS INCLUDED Goodluck Ebele Jonathan, the President of the Federal Republic of Nigeria, Steven Vanackere, Belgium's Vice-Prime Minister and Minister of Finance, and Yury Fedotov, the Executive Director of the United Nations Office on Drugs and Crime (UNODC), all of whom acknowledged the key role of Customs in managing global trade.



"I consider my presence with you today as some form of home-coming," declared President Jonathan as an introduction to his address to the WCO Council. The Nigerian President reminded delegates that he had served in the Customs service in the early years of his life and shared his reflections on the transformation of the trade environment and the role of Customs, including the WCO, over the years. He also shared what his country is doing to overcome the challenges that Customs services in developing countries face, including bringing Nigeria's Customs law into line with international best practices, such as the WCO Revised Kyoto Convention (RKC). Nigeria deposited its instrument of accession to the RKC with the Secretary General shortly afterwards.



"Let's not shy away from making our Customs procedures ever more efficient," declared Minister Vanackere in his address, underscoring that Customs is instrumental in creating a better world, as the delivery of an efficient Customs service is strongly interconnected with economic growth. Facilitating trade while safeguarding the country "requires a constant, innovative rethinking of existing Customs procedures" indicated the Minister, and with



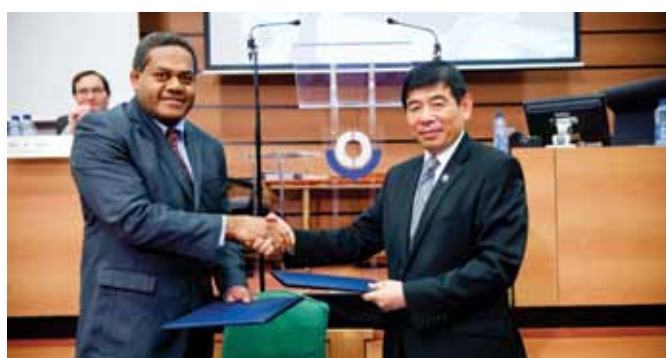
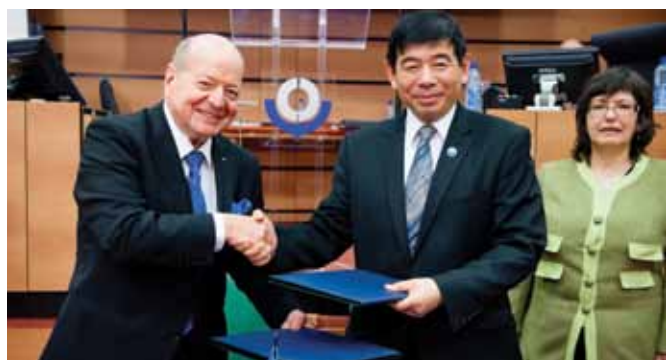
Belgium Customs on the verge of in-depth reform, he said that "In the near future, Customs will be open 24/7 and charges for services provided after office hours will be lifted, making it attractive to trade." Also essential to growth is fighting against counterfeiting said Minister Vanackere who declared that "trade in fakes flourish at the expense of society and fighting this scourge is another way to ensure economic growth, while protecting the health and safety of consumers."

"Through the implementation of common programmes, we are fulfilling our promise to Member States, and to their citizens, to make the world safer from drugs, crime and terrorism", declared Yury Fedotov, pointing out the long-standing and good cooperation that exists between the WCO and the UNODC in managing the Container Control Programme and Project AIRCOP. Among the Programme's achievements is the establishment of joint port control units, composed of several law enforcement agencies. "Twenty-eight operational port control units in 14 countries have already been set up and trained to identify and control high-risk containers and a secure communication platform has been created to facilitate the exchange information between all units" explained UNODC Executive Director, adding that Project AIRCOP will follow a similar approach in establishing joint airport interdiction task forces at key airports in West Africa, Latin America and the Caribbean. It has already facilitated numerous seizures of cannabis, cocaine and gold at West African airports in Cape Verde, Mali, Togo and Senegal.

Signing ceremonies

DURING THIS YEAR'S Council sessions, Memoranda of Understanding (MOUs) were signed with the International Road Transport Union (IRU) to strengthen relations with the private sector, with the Chinese and Russian Customs services to establish Regional Drug Dog Training Centres, and with Fiji Customs to establish a Regional Training Centre (RTC).

China and Singapore also signed an agreement mutually recognizing each other's Authorized Economic Operators (AEOs).



New accessions to instruments

NIGERIA AND THE Dominican Republic deposit their instruments of accession to the WCO Revised Kyoto Convention on the simplification and harmonization of Customs procedures.



New Directors General briefed

TEN NEW DIRECTORS General of Customs and their representatives attended a special orientation session in June just prior to the start of the annual Council Sessions in order to gain an overview of the Organization's activities and programmes and to meet the Secretary General, the Deputy Secretary General and other senior managers at the Secretariat.



Meeting with CPLP representatives

The Community of Portuguese-Speaking Countries (CPLP) met the Secretary General in the margin of the Council Sessions.



2012 WCO IPR Competition

THE 2012 WCO IPR Trophy was awarded to the Panama Customs administration for its outstanding commitment to combating counterfeiting and piracy by implementing an effective policy aimed at increasing border protection and preventing infringements of intellectual property rights (IPR), thereby enabling improved results to be achieved.

Panama actively supported the WCO by hosting the Operational Coordination Unit for two major regional IPR Operations held in 2012, namely TIGRE I and II, and also uses the WCO Interface

Public-Members (IPM) platform, a tool developed to facilitate exchange of information between Customs and Right Holders that proved very useful during TIGRE II.

In addition to the trophy itself, a special prize was awarded to Serbia for taking some major IPR initiatives, that include the improvement of IPR training with the support of Right Holders, supporting WCO regional IPR initiatives, as well as implementing the Interface Public-Members (IPM) platform at the national level.



2012 WCO Photo Competition

“Full-time Customs officer, 1941” is the caption of this year’s winning entry from the Slovakian Customs administration. The picture shows an officer of the Financial Guard on duty at the frontier with his young daughter on his lap. The officer named Frantisek Micuda (1909-1954) was posted on the border between Slovakia, the Protectorate of Bohemia and Hungary from 1939 to 1954. The photograph was provided by his grandson, a Customs officer with the Financial Administration of the Slovak Republic.

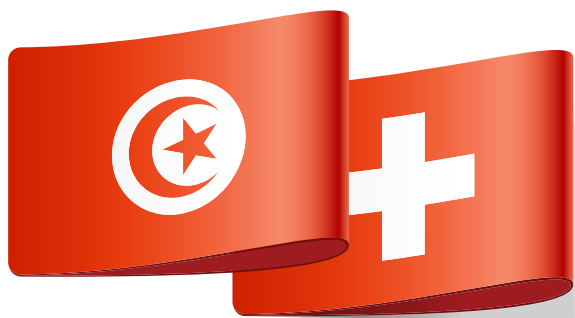


60th anniversary celebrations

DELEGATES ATTENDING THE 2012 Council Sessions marked the WCO's 60th anniversary at a special evening function hosted by the Secretary General. Guests were treated to a welcoming cocktail, a delicious buffet dinner and entertained by music played by the Luxembourg Customs band. The event provided Customs officials from around the world and Customs' partners with the opportunity to relax with old friends, make new ones, and celebrate the WCO's 60 years of service to the Customs community.



Tunisia puts the finishing touches to its Customs training reforms with the support of Swiss Customs



THE TECHNICAL

ASSISTANCE project in the area of Customs training linking Tunisian and Swiss Customs, known as Project FORTUNIS, drew to a close in June 2012, marking the end of four years of intensive and productive collaboration between the two administrations. Twenty-two expert missions and countless working sessions were needed to see this project through since its launch in early 2009.

With funding from Switzerland's State Secretariat for Economic Affairs (SECO), this technical assistance project was developed within the context of the Free Trade Agreement signed at the end of 2004 between Tunisia and the European Free Trade Association (EFTA) States. The latter volunteered to provide Tunisia with technical assistance to facilitate the implementation of the overall objectives of the Agreement.

The project, aimed at boosting Customs training as a whole, focused on four separate policy areas:

- training policy – development of a strategy and national master plan
- organization of training – identification of needs, programme planning, management and operation of training centres
- trainers – number, profile and training
- promotion of e-learning

The suspension of activities during the Tunisian revolution in December 2010 and the change of government were not detrimental to the project. On the contrary, this hiatus breathed new life into it and resulted in the initial goals being outperformed.

Among the actions carried out it is worth mentioning:

- tailoring of training plans to different categories of staff
- fitting out classrooms at the National Customs School (END) with up-to-date instructional equipment
- commissioning three multimedia training rooms at the END, in Monastir and in La Goulette

- training in methodology for thirty Tunisian trainers
- developing a website and training platform
- producing eight blended training paths – combining e-learning and face-to-face sessions – and distance learning paths based on WCO e-learning modules, as well as on stakeholders' own teaching aids

One of the high expectations of Project FORTUNIS was the implementation of the concept of decentralized training and the establishment of mobile training units that would reach out to staff lacking access to a proper training infrastructure. At this time, some forty Customs officers have already taken advantage of this mechanism and successfully completed their e-learning training.

Building on the results achieved, Switzerland and Tunisia plan to step up bilateral cooperation and identify other policy areas, especially in the human resource management domain.

More information

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Senegal wins UN Award for improving public services

THE UNITED NATIONS Public Service Awards (UNPSA) programme rewards creative achievements and contributions to the development of public service institutions in countries around the world. It aims to identify innovations in governance, enhance professionalism in the public service, strengthen trust in government and raise the image of the public service, as well as collect and disseminate successful practices for possible replication.

This year, Senegal received first place in the category "improving public services" for the implementation of an electronic Single Window environment. The initiative was developed by GAINDE 2000, a multi-agency public-private partnership established by

Senegal Customs in 2002 to design new IT solutions for Customs clearance purposes. As the lead actor in this partnership, the award also recognized Senegal Customs' efforts to overcome challenges in improving its service to the public.

The award ceremony took place in the hall of the United Nations General Assembly on 25 June 2012 with the Senegalese Delegation being led by its Minister of Economy and Finance, Amadou Kane. The ceremony coincided with the commemoration of the 2012 United Nations Public Service Day.

Some 44 organizations from 29 countries were honoured during the ceremony. In

Africa, besides Senegal, first places in the categories "preventing and combating corruption in the public service" and "promoting gender-responsive delivery of public services" were awarded to Mauritius and South Africa respectively.



Senegal receives its award

More information

www.un.org/fr/events/publicserviceday/

Korea examines informal fund transfer systems to crack down on illicit trade

by Yongho Joo

CHIEF INVESTIGATOR, FINANCIAL INVESTIGATION DIVISION, KOREA CUSTOMS SERVICE



SINCE THE ASIAN financial crisis swept the Korean economy in 1999, the Korea Customs Service (KCS) has been analysing data related to foreign exchange transactions to examine the flow of money for trade payments, because traders' invoices and Customs declarations – which can easily be manipulated through collusion between traders – are not enough to show the veracity of commodity trade transactions.

KCS' Financial Investigation Division pays special attention to the gap between the amounts that traders are supposed to pay to or receive from their counterparts and the amounts that they actually paid or received. The reason for this is that importers are inclined to undervalue or overvalue goods to evade Customs duty and corporate tax, while exporters tend to under-invoice goods to enable part of the trade payments to be stashed elsewhere.

Traders engaging in this form of illicit trade prefer to use Informal Fund Transfer (IFT) systems rather than the formal banking sector, as IFT systems do not leave traceable transactions, whereas formal financial institutions maintain tight due-diligence procedures. Two recent examples of intriguing cases uncovered by KCS, illustrating how IFT systems can be used for illicit trade purposes, appear below:

- In June 2012, the KCS detected a criminal ring that had laundered trade payments amounting to approximately 1.2 billion US dollars over the past five years. The ring was primarily run by two players: an IFT broker and a licensed currency exchanger. The broker "recruited" traders exporting to Japan who wanted to hide their sales for tax evasion purposes, collecting their trade payments in cash on their behalf at an airport from Japanese cash couriers. Cash import declarations were falsified under the pretext that the money was coming in for investment purposes, in order to divert possible suspicion by Customs away from the huge amount of cash. Japanese yen was thereafter converted into Korean won through his accomplice, the currency exchanger, who exploited copies of Japanese passports in her possession that had been provided during legitimate currency exchanges. In converting currencies, she sliced the currency exchange transactions into small pieces – less than 5,000 US dollars for instance – so as not to draw the attention of Korea's Financial Intelligence Unit.
- In July 2012, the KCS disclosed an illicit trade case involving a Chinese IFT broker. The Chinese broker opened a bank account

in Korea under the name of his naturalized Korean mother. He then used her as a cash courier between "her" bank account and Korean importers who wanted to remit money stealthily to exporters in China that could not be traced by Customs, exploiting the fact that elderly women do not normally draw the attention of bank tellers, no matter how often they deposit cash or remit it from their bank accounts. After receiving confirmation of the deposits, the broker then remitted the same amounts of money from his own bank account in China to the Chinese exporters, laundering about 10 million US dollars.

Due to the fact that IFT systems are commonly used by migrants and others to remit small amounts of money, they often do not come under the scrutiny of most Customs administrations. KCS' investigations have shown, however, that IFT systems are also being used by a growing number of unscrupulous traders as a means to evade Customs duties and taxes and to stash money elsewhere in the process of making and receiving payments.

Customs enforcement on IFT systems should not be to crack down on IFT systems per se, but be confined to investigating how they can be used to buttress illicit trading activities. This is why Customs administrations should heighten their interest in these unconventional or informal fund transfer systems. In fact, targeted enforcement by the KCS has resulted in a decrease in the number of IFT illicit trade cases (see box) from 2008 to 2011.

More information

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Year	2008	2009	2010	2011
Cases	635	642	194	89
Transaction amounts (US dollars in millions)	2,016	1,744	1,192	1,101

UK Customs officials process first aircraft from abroad

CUSTOMS OFFICIALS AROUND the world are often at the forefront of key historical events given their traditional role as the gatekeepers of a nation's borders. The National Museum of the UK Border Agency shares an interesting piece of Customs history with WCO News readers...

Louis Bleriot was the first man to fly across the English Channel in 1909. The aircraft took off from Calais in France and landed at Dover in the UK. On landing, a Dover Customs officer, George Camburn, issued the pilot, Louis Bleriot, with a quarantine certificate treating the aeroplane as a yacht.

Dover's Collector of Customs had advised that no official action should be taken as in his opinion, "...an attempt to impose Customs regulations on anyone engaged in experiments with aerial navigation would only tend to bring the Department into ridicule". Within ten years regular commercial flights to France had started.

An extract from the official report describing Bleriot's arrival is reprinted below:

Customs Dover, 25 July 1909

I have to report that M. Bleriot with his monoplane, successfully crossed the Channel from Calais this morning and landed in a meadow at the east side of Dover Castle, about 2 miles from our watchtower shortly after 5am, having occupied 33 minutes in crossing.

A wireless message was conveyed to our officers announcing his departure, but he was flying at such height that they could not trace him with a telescope.

*H. Williams
Collector
Dover*

Thanks to Steve Butler, Curator of Collections at the UK Border Agency National Museum, for providing information on this quaint slice of global Customs history.

More information

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Photos: Courtesy of UK Border Agency National Museum, National Museums Liverpool



Louis Bleriot (pictured far right) with his friends and aircraft in Calais 1909



Customs Official, George Thomas Camburn

Mesoamerica improves international transit controls on goods

Streamlining processes for goods in transit

NINETY-FIVE PERCENT (OR six billion US dollars) of commercial goods in the Mesoamerican region are transported overland using the Pacific Corridor every year. The Corridor, which crosses six national borders from southern Mexico to Panama, is the backbone of commercial trade in Mesoamerica. Despite numerous efforts to improve its infrastructure, bottlenecks at border crossings have created huge delays that have dramatically reduced the flow of goods. In 2008, the average speed of a truck moving from Mexico to Panama was 15 km per hour. As of August 2012, the average speed is 60 km per hour following the implementation of an innovative project financed by the Inter-American Development Bank (IDB).

This project, called Goods in International Transit (or TIM, its Spanish acronym), was designed to improve the speed and efficiency of border clearance for goods in transit. TIM is an electronic system for managing and controlling the movement of goods in transit, harmonizing previously cumbersome procedures into a single electronic document. The project is based on three main pillars:

- **Process reengineering:** TIM harmonizes multiple paper-based declarations into a unique and comprehensive electronic document that gathers all data needed by Customs, immigration, and phytosanitary agencies;
- **Information technology:** TIM connects the intranet systems of all agencies in all countries participating in the project, and includes state-of-the-art risk analysis and cargo control systems plus a modern server that hosts all data and produces a dashboard of statistics to measure performance at every border crossing;
- **Cooperation:** TIM improves cooperation within the country and between the different agencies operating at border crossings in the Mesoamerican region.

TIM was initiated through a two million US dollar project, allowing the IDB to design and implement the system at El Amatillo border crossing between Honduras and El Salvador. Since then, further resources (950,000 dollars) have been provided, allowing the project to be implemented at all major border crossings from Mexico to Panama.

TIM in action

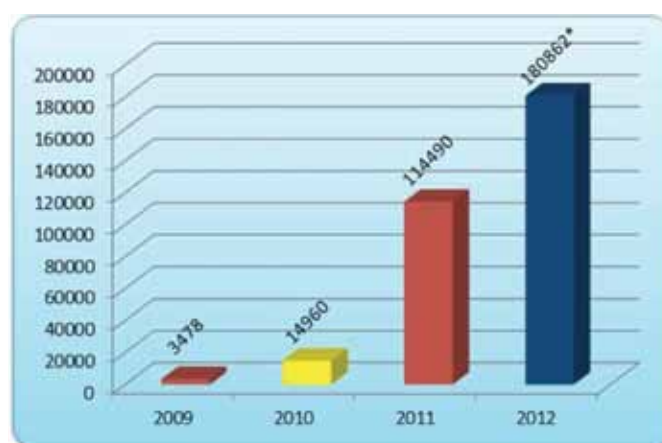
First, the carrier logs in to the TIM website and completes the Single Transit Declaration (STD). The information found on the STD, hosted on a secure server, is forwarded to the three relevant authorities of the country of origin, namely Customs, immigration and health/agriculture. Once the STD has been approved by the country of origin, the carrier receives a copy of the STD with a barcode that serves as authorization to start the transit. The program also sends out a copy to all relevant authorities in the transit and final destination countries.

Once the carrier arrives at a border crossing of a transit country, a dedicated TIM officer will review the STD and approve continued passage. Finally, once the carrier has arrived at the country of final destination, the authorities verify that the carrier has followed the mandatory route in the allocated time and that the integrity of the goods has not been compromised. The goods are then cleared barring any irregularities.

From 62 minutes to 8 minutes

The implementation of TIM has reduced border crossing times from an average of 62 minutes to 8 minutes. Operating in nearly all border crossings in Mesoamerica, TIM now processes 90% of all transit activity in the region.

Graph 1: Number of transit declarations processed in Mesoamerica by year



*Data for 2012: 1 Jan - 26 Aug

Source: TIM database - www.portaltim.sieca.int

In addition to reduced waiting and border crossing times, TIM also delivers stronger risk analysis, better traceability and predictability, optimized revenue collection, increased private sector competitiveness by reducing the cost of doing business, and a reduced environmental footprint from transportation services.

Lessons learned

The design and implementation of TIM has revealed some good practices, both for the implementing countries and for the executing agencies.

First, real and full political commitment from the highest authorities in every participating country contributes to a friendly environment based on mutual trust. Likewise, the executing agency must work closely with governments to ensure sustained interest and commitment.

Second, building trust was one of the main challenges faced during the execution of this project. TIM is based on the collabora-

tion of three agencies in every participating country that had no previous experience in collaborating with one another. A clear understanding of everybody's responsibilities and procedures is a good start to build trust.

Third, a strong technical team with specific knowledge of the region helps build solid relationships with top government officials and instills confidence from government and the executing agency alike.

Fourth, the rationalization of actors, given the number of countries and agencies involved in regional activities, ensures progress. In the case of TIM, multiple agencies with heterogeneous characteristics and mandates created competition and conflict that were resolved only by a clear outline of the legal and institutional character of the implementation mechanism. Rather than create a new regional legal framework for all countries and agencies for implementation, an executing mechanism was proposed that did not involve changes in national legislation. Despite lengthening and to some extent complicating the process, this approach reassured all agencies that participation in the project would not result in changes to the status quo through legislative amendments.

Fifth, establishment of a technical committee comprised of senior officials with decision-making powers from all participating agencies, notably Customs, immigration, and health/agriculture, ensures coordination and harmonizes execution. Decisions should be taken unanimously to ensure ownership by all regional players and continued consensus on the direction of the project.

Last, information technology platforms must be flexible and open to modifications and upgrades. Power and speed are essential, but more important is the system's ability to accommodate changes to

the rapidly changing logistics industry, such as radio frequency devices, the Global Positioning System and electronic locks. For example, TIM was able to accommodate the shift from classifying goods at the six-digit level to an eight-digit one, following its implementation, thereby optimizing traceability and revenue collection. IT experts should also be familiar with the specificities of a region and design customized programs. In the case of Mesoamerica, replicating the European Union transit system – transport service providers choose the route that best fits – was not an option, given that goods in international transit must, by law, follow a predetermined route with specific checkpoints, so as to ensure security and traceability of goods moving through the Corridor.

Next steps

The results of TIM have been outstanding so far and both the clients and the IDB are optimistic that the returns on investment for future stages of the project will also be fruitful. TIM will be expanded to other South American trade corridors while an updated version is being developed to include multimodal transit operations with special emphasis on maritime transit operations. These projects are in the pipeline for 2013 and are expected to be completed by 2015.

For further details on TIM, visit the following links:

- vimeo.com/26381136 (video produced by BID TV)
- www.iadb.org/en/videos/watch,2173.html?videoid=5180 (video produced by BID TV)
- www.portaltim.sieca.int/sitio/ (official website of the project)

More information

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Slovakia unearths smuggling tunnel



Photos: Slovak Customs

CUSTOMS AND POLICE officials snagged some unusual prey in July this year: a 700 metre long secret tunnel that had been dug beneath the Slovak-Ukraine border, which officials believe was being used several times a week to smuggle contraband into Slovakia. “It is like a tale from a movie,” Slovakia’s Finance Minister, Peter Kažimír, told the press, comparing the tunnel to those built by drug cartels along the United States-Mexico border.

13,100 cartons containing 200 cigarettes each were found inside the tunnel – a total of 2,620,000 pieces! With warning labels written in English, it is believed that they were not destined for the Slovak market. Brands seized included Classic Blue, Classic Red, LM Red Label and Jin Ling. Produced in Ukraine, near the city of Lviv, the cigarettes offered smugglers potentially big profits as they would have been sold at much higher prices in Western Europe than in Slovakia or Ukraine.

The discovery of the tunnel was made within the framework of Tax Cobra, a pilot project

in Slovakia aimed at enhancing cooperation by linking together specialist officials to deal with serious tax crime. This team is composed of tax specialists from the Ministry of Finance (Financial Administration), investigators from the Ministry of Interior (Police) and prosecutors from the Ministry of Justice (Prosecutor General’s Office).

Professional operation

Sophisticated mining technology appeared to have been used to dig out the tunnel which varied in depth between 3 and 6 metres underground and was about 1 meter in diameter. It was fitted out with tracks and a trolley for transporting goods: the cargo was loaded onto a small train consisting of 16 wagons and a battery-powered engine, on which the driver rode. On reaching the end of the tunnel, the driver would ring a bell as a signal for his partners to open a door, which was locked on the outside, according to press reports.

The tunnel started in the cellar of a residential property in Uzhgorod and exited some 200 metres into Slovak territory in a timber storage site. Construction probably began on the Ukrainian side, where several houses were recently constructed in the same neighbourhood and where trucks transporting soil would not have raised any suspicions. It was detected by Slovak Customs officers who called upon their colleagues at the Border and Alien Police to intervene as they first thought that the tunnel was being used for human trafficking.

“It is like a tale from a movie,” Slovakia’s Finance Minister, Peter Kažimír, told the press, comparing the tunnel to those built by drug cartels along the United States-Mexico border.

Cross-border cooperation

Slovak officials were already on watch following the discovery by Ukraine Customs earlier in the year of digging operations that they swiftly stopped; although not completed, there was no doubt that its purpose was trafficking. Shortly after the discovery of the new tunnel, Ukraine Customs were alerted by Slovak officials and immediately initiated a criminal investigation. During the

inspection of the house in whose basement the tunnel started, investigators found items and documents that may suggest that it was also being used to illegally transport people.

Smugglers also favour river borders

Police achieved similar success on the Slovak-Ukraine border in February 2011, when they discovered a vessel containing 13,000 cartons of cigarettes on the River Tisa. Smugglers tend to use the Tisa, Uzh and Latorica rivers, which all cross the Slovak-Ukraine border. The cartons are often hidden in pipes disguised to look like tree trunks or covered with floating refuse or foliage, relatively common to these rivers.

Since 2007, when Slovakia was admitted to the border-free Schengen Area, the rivers have been under heightened surveillance, including the use of thermal cameras and night-vision devices. “The Ukrainian border is better secured since Slovakia’s entry into Schengen,” said Miroslava Slemenská, Head of the Communication Department of the Financial Administration, to the press. “Yet the pressure on illegal transport of goods, particularly cigarettes, is still enormous, as smugglers continuously seek any opportunities and holes in the system,” she added.

Slovakia shares a 97.8 km border with Ukraine whose remoteness and deep forests mean it is commonly used by criminal syndicates to smuggle drugs, cigarettes and people from east to west, into the European Union. From 2008 to 2010, around 20 million illicit

cigarettes were seized annually in Slovakia, with the number increasing to 33.4 million in 2011. Through Tax Cobra, Slovak Customs and its government partners will continue to prevent illicit goods from being smuggled into the European Union to avoid duties and taxes!

More information

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Germany and the problem of “cheap whites”

GERMANY, LIKE ITS European neighbours, has for some years been plagued with a new development in organized cigarette smuggling: the smuggling of what is known as “cheap white” cigarettes. These are branded cigarettes, produced entirely legally by independent producers established in various regions of the world and while it is, in theory, perfectly legal to export them, in practice they fuel international smuggling.

A new and unique problem

Over 30 years, the illicit world tobacco trade has become much more diverse in Europe. Limited at the outset to the smuggling of genuine traditional branded products, it has gradually embraced counterfeit products and now cheap whites.

Up to the mid-1990s, it was largely misappropriated genuine products that were smuggled. Smugglers obtained them directly from known manufacturers or bought, unknown to those manufacturers, goods produced outside normal production hours - “nightshift production”.

More intensive action to combat this trade and control measures by industry itself changed the situation by making it more difficult to obtain supplies of traditional branded cigarettes. Smugglers then took to producing copies in illegal workshops. However, these counterfeit products have sometimes been of such bad quality that European consumers buying on the black market have been put off them.

The appearance of cheap whites in the early 2000s offered consumers an alternative – cigarettes of relatively good quality but less expensive than traditional cigarettes, as they are produced in countries where labour is cheap and involve no promotional costs. These cigarettes soon gained a leading place in the tobacco product landscape, especially in Germany where they already account for 45% of the cigarette market.

Illegal distribution circuits

While it is perfectly legal to export these products, there is not really a legal market for their sale. Even in their countries of

origin, it is often impossible to buy them legally. They are therefore smuggled via more or less the same routes used by smugglers of traditional branded cigarettes.

Most cheap whites for the European market are produced in former Eastern Bloc states. According to Europol, of the 300 Soviet-era cigarette factories, 50 are still operating legally and 250 have moved into the production of illegal cigarettes. Many of the cigarette factories of the former Soviet Union, now specializing in the production of cheap whites and counterfeit products, have been bought up by criminal gangs following the fall of the Berlin Wall.

A particularly prolific factory, owned by the Baltic Tobacco Factory (BTF), is in Kaliningrad. According to German authorities, BTF produced between 600 and 800 million cigarettes every year, flooding the German market with them. The firm has also bought up the Chinese brand “Jin Ling”, one of the leading cheap white cigarette brands.

Producing a carton of cheap white cigarettes costs around two euro, and that carton can be sold to the end consumer for between 18 and 20 euro. The difference goes straight into the pockets of the street trade organizers, keeping organized crime flush with money!

The German response

There is no single strategy through which this problem can be effectively controlled. In Germany, they are continually on the look-out, logging new brands and observing the modus operandi of producers operating in this market. Any seizure, however small, is analyzed in great detail in order to identify new smuggling routes and gather more information on this illicit trade.

Internationally, cooperation with the authorities responsible for combating tobacco smuggling is framed by mutual administrative and judicial assistance agreements. Germany has had some major successes as a result of exchanges of information not just between European Union Member States but also with third coun-

tries. Obtaining support from the authorities of producer countries is nevertheless tricky, even impossible, as it is often only the sale of the goods abroad that is illegal.

German authorities have also successfully called on the services of the European Anti-Fraud Office (OLAF) during investigations which made it necessary to set up intensive international cooperation between countries with different languages and different legal systems.

From illegal to legal

After peaking in 2009, the “Jin Ling” brand has become less successful because measures to combat smuggled “Jin Ling” products have been stepped up and because of an increasingly widespread rumour among consumers that “Jin Ling” cigarettes are produced almost exclusively for smuggling purposes. Because these cigarettes are no longer perceived as being above-board, demand for them has dropped.

Recently, the Netherlands and Spain have allowed an application to register the “Jin Ling” brand name, giving us an insight into its business strategy: the market is penetrated illegally and, once customers are captive, the firm launches an administrative regularization process. The fact that the brand is now a target for counterfeiters, as various investigations have shown, is proof of its success.

More information

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UK strategy to tackle tobacco smuggling

IT HAS BEEN 12 years since the United Kingdom (UK) launched its first strategy to tackle tobacco smuggling. This innovative approach was introduced at a time when the illicit market was growing rapidly and was predicted to increase substantially if no action was taken. The strategy was based on six key components:

- estimating the size of the problem
- analyzing the problem
- developing operational responses
- strengthening controls
- establishing clear targets and outcomes
- monitoring performance

A lot has changed since then and the strategy has been regularly adapted and reinforced in response to the constantly changing risks, but the above components remain at the heart of the latest strategy, published in 2011.

Estimating the size of the problem

HM Revenue & Customs (HMRC) estimates the size of the problem on an annual basis by calculating the “tax gap”. This is the difference between the tax collected and the tax that should be collected. Estimates for cigarettes and hand-rolling tobacco (HRT) are produced using survey data to assess total consumption, subtracting legitimate consumption, the residual being the illicit market. Since 2000, the illicit market for cigarettes has reduced from 21% to 10% and from 61% to 46% for HRT.

Analysing the problem

Despite a reduction in the size of the illicit market, the threat to UK revenue from smuggling remains high, and the country is a major target market for illicit products. Tobacco smuggling is fuelled by the vast profits that can be made. As the UK has some of the highest tobacco prices in the world, the incentive to smuggle is great and the UK is a major target market for illicit tobacco products. Tobacco is therefore a top operational priority for HMRC and the UK Border Force.

Organized criminal gangs are continually diversifying and finding new ways to circumvent controls to maintain their profits. Historically, the illicit market was made up of genuine UK premium brands of cigarettes and HRT smuggled from European countries. Today, it is made up of a diverse mix of genuine and counterfeit UK brands, non-UK brands and “illicit whites” (cigarettes manufactured legitimately in one country by independent tobacco manufacturers and supplied for the purpose of being smuggled into another country).

Smuggling of illicit white cigarettes represents the main threat to the UK in terms of large scale criminal attacks against the tobacco regime. Smuggling through the postal system is also a

significant threat particularly for loose tobacco and counterfeit packaging.

Developing operational responses

A range of tough sanctions have been introduced to deter and punish those involved in the illicit trade. Criminals found guilty of smuggling or handling illicit tobacco can face a variety of sanctions, including: forfeiture of goods and vehicles used to transport illicit goods; prosecution with a custodial sentence of up to seven years; seizure of criminal cash and confiscation of assets under the Proceeds of Crime Act; assessment for the unpaid duty; penalties of up to 100% of the tax evaded; civil action including winding-up orders and bankruptcy; fines of up to 5,000 pound sterling for selling illicit tobacco not bearing a compliant fiscal mark; prohibition on the retail sale of tobacco products for up to six months; and travel restrictions on repeat tobacco smugglers.

Strengthening controls

Resources: The original strategy was launched with investment in additional Customs and Intelligence officers at key entry points and overseas, and in a national network of x-ray scanners to detect high volume smuggling in freight containers. More recently, extra funding has been invested to strengthen controls in the following key areas: expanding HMRC’s overseas intelligence network; enhancing HMRC’s criminal investigation capability; increasing HMRC’s risk and intelligence capability to meet the needs of criminal investigators; and installing new technology and increasing the UK Border Force’s capability to detect illicit products routed through the main UK postal hub.

Product identification and authentication: A “UK duty paid” fiscal mark was introduced to deter and detect smuggled products, and products diverted from the duty free regime. With the emergence and increasing risk from counterfeit tobacco products, the tobacco industry introduced covert technology to enable enforcement officials to authenticate cigarettes and HRT using hand-held readers. The technology has been in place since 2008 and works as an effective deterrent to counterfeit products infiltrating the retail sector.

Cross-border shopping: To counter abuse of the European Union (EU) cross-border shopping arrangements, the minimum indicative levels for travellers from the EU have been reduced from 3,200 to 800 cigarettes and from 3kg to 1kg of HRT.

Inland enforcement activity: HMRC has established a national network of inland enforcement teams which conduct a programme of targeted activity to identify offences connected to the storage and distribution of illicit tobacco products and provide 24/7 support for criminal investigations. The work is

intelligence driven, drawing on and enhancing HMRC's intelligence capability but also working with partner agencies that have a role in tobacco control, particularly the police, local authorities and the public health community. A cross government initiative called 'The North of England Tackling Illicit Tobacco for Better Health', launched in July 2009, provides a blueprint for multi-agency collaboration. It combines enforcement, marketing and communications, and stakeholder engagement activity, to raise the profile and awareness of illicit tobacco.

Working with industry: Memoranda of Understanding with major tobacco manufacturers have been in place for a number of years and are being reviewed to ensure there is a strong, clear framework of cooperation for working together to tackle the illicit trade. An Anti-Illicit Joint Working Group has been established to develop a collective understanding of the illicit trade and the effectiveness of countermeasures to tackle the fraud. The UK is also a signatory to EU Cooperation Agreements with multi-national tobacco manufacturers aimed at collectively tackling the illicit trade.

Supply chain controls: Legislation has been introduced that places an obligation on tobacco manufacturers not to facilitate smuggling. It requires manufacturers to control their supply chains and supply markets in quantities that are commensurate with legitimate demand. They can face penalties of up to 5 million pounds if they fail to comply with this legislation.

Protocol to combat the illicit trade: The transnational nature of organized crime and diversification of the illicit market highlight the need for a global response. Consequently, the UK supports and will be working towards a successful conclusion to the World Health Organization negotiations to develop an

effective international protocol to combat the illicit trade in tobacco products.

Establishing clear targets and outcomes

HMRC's overall aim is to make life progressively harder for smugglers and maintain the downward pressure on the illicit market which is measured through the tax gap estimate. A range of key output measures are also used to monitor delivery of the strategy; these include seizures, prosecutions, confiscation orders and penalties.

Monitoring performance

The published strategy tracks the progress that has been made and the major changes in the composition of the illicit market. As the strategy cuts across different parts of HMRC and the UK Border Force, comprehensive governance arrangements have been established to oversee the co-ordination of activity on a tactical level. These are informed by monthly, quarterly and annual performance reports which enable HMRC to continually assess and challenge performance, and identify emerging threats.

HMRC is committed to crack down on the illicit trade and recognizes the strategy must remain dynamic as organized criminal gangs have the resources to adapt quickly to controls. Sharing experiences and working collaboratively with partner agencies in other countries is pivotal to the UK's success.

For further details read HMRC's publication "Tackling Tobacco Smuggling – building on our success" and visit the website: www.illicittobaccoonorth.org.

More information

www.hmrc.gov.uk



South Africa's preparations to eliminate illicit trade in tobacco products



by Ndanganeni Coffet Lebepe

CUSTOMS COUNSELLOR, SOUTH AFRICAN EMBASSY, BRUSSELS

South Africa signed the World Health Organization's Framework Convention on Tobacco Control (WHO FCTC) on 16 June 2003 and subsequently ratified it on 19 April 2005. At the national level, this international instrument is given effect through the Tobacco Products Control Amendment Act 63 of 2008.

The FCTC reaffirms the right of all people to the highest standard of health; hence South Africa's Department of Health is considered the lead government agency on the FCTC and related matters. FCTC Parties may also establish Protocols aimed at supporting and giving effect to various provisions of the Framework Convention.

After four years of negotiations, on 4 April 2012 the WHO's Intergovernmental Negotiating Body (INB) agreed on the draft text of a Protocol to eliminate illicit trade in tobacco products, in support of Article 15 of the FCTC, at its fifth and final session in Geneva. A key feature is the role of international cooperation between Customs and other law enforcement agencies in combating illicit trade.

The text will be submitted to the FCTC Conference of the Parties (COP) at its fifth session in Seoul, Republic of Korea, in November 2012 for consideration and adoption. Once adopted, the Protocol – a new international treaty in itself – would become the first Protocol to the WHO FCTC.

To facilitate its preparations, South Africa established a national inter-departmental Working Group as a mechanism through which the country has been working towards implementing the FCTC and ensuring a coordinated national approach to related matters, such as the negotiation and implementation of FCTC Protocols.

The Working Group is led by the Department of Health and includes officials from the National Treasury for the financial implications, the Department of Trade and Industry to support policy determination and the South African Revenue Service (SARS) to focus on relevant Customs and Excise activities and controls.

As the frontline agency responsible for combating illicit trade, SARS is impacted directly by the FCTC and the draft Protocol. SARS has accordingly incorporated tobacco/illicit cigarettes as a focus area in both its Strategic Plan for 2012/13-2016/17 and the newly released SARS Compliance Programme.

SARS's Tobacco Strategy that had been developed to combat, inter alia, the illicit

trade in tobacco products, has also been adopted as the agreed approach by the country's inter-departmental Working Group to address this challenge.

The draft Protocol requirements on 'Due diligence' (Article 7) are already in place and SARS is the designated authority, also acting as an agent for the Health Department in administering the Tobacco Products Control Amendment Act.

The principles of the newly established SARS Preferred Trader programme, which is a foundation for full Authorized Economic Operator (AEO) implementation, are being extended to include excise manufacturing licensees. SARS has prioritized the tobacco industry to pilot the envisaged Excise Preferred Trader scheme.

On 'Tracking and tracing' (Article 8), SARS is reviewing the requirements of its current system, which involves the use of a so-called 'Diamond Stamp' to identify legitimately manufactured cigarettes. It is being aligned with a digital marking and verification system, in order to secure the supply chain against

illicit trade in tobacco products. This systems overhaul will also meet the requirements insofar as 'Record-keeping' (article 9) is concerned.

The SARS excise environment area will adopt a completely paperless principle; implementing existing Customs EDI and SARS E@syfile front-end solutions. SARS has already developed standards and concepts in this regard and has engaged service providers to collaborate on a possible solution.

Meeting the requirements around 'Security and preventive measures' (Article 10) will be achieved through the new Automated Cargo Management system (ACM) and the envisaged transit management system, which will serve to greatly minimize risk on an automated basis, supported by Customs and Excise legislation.

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These systems will also support implementation of the South African Financial Intelligence Centre Act, 2001 in order to maintain an effective policy and compliance framework and operational capacity to oversee compliance and provide high quality, financial intelligence to fight crime, money laundering and terrorist financing.

Although there are existing transit controls, the new ACM and transit management system will also strengthen SARS's capability to meet the requirements established for 'Free Zones and international transit' (Article 12).

Stringent requirements are also in place in South Africa with regard to 'Duty-free sales' (Article 13), with such sales being permitted only for transit (in bond) or for export, through duty-free shops on exit and ship chandlers.

The main objective of the Protocol is to provide a global solution to the global problem of illicit trade in tobacco products. SARS is confident that coordinated efforts among relevant agencies in South Africa have ensured its timely preparedness for the implementation of the Protocol.

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Revitalizing trade

US Centers of Excellence and Expertise signal sweeping changes

by Marcy Mason

MARCY MASON IS A WRITER WHO COVERS TRADE FOR US CUSTOMS AND BORDER PROTECTION.

After much anticipation, two new industry centres, known as the Centers of Excellence and Expertise, made their debut last autumn at US Customs and Border Protection (CBP). The new Centers, one for the pharmaceutical industry and the other for electronics, signaled a fundamental shift in how CBP works with the trade community.

THE TRADITIONAL METHOD of processing imports was being overhauled in favour of a new structure that would facilitate legitimate trade and at the same time enable CBP to concentrate its enforcement efforts on potential threats to national security and economic competitiveness. How and why these Centers came about and their value to the country has been a subject that has generated much interest.

The idea for the Centers of Excellence and Expertise was one of several suggestions proposed to CBP in a 2009 paper written by the congressionally mandated Advisory Committee on Commercial Operations of Customs and Border Protection (COAC). Most of the paper's suggestions centered on a "management by account" concept, which viewed companies as accounts rather than on a transaction by transaction basis where each shipment is reviewed separately. The trade community believed that the account-managed process would help products enter the country more quickly and that there would be more predictability on when merchandise would be on store shelves.

A CBP workgroup was formed to review the suggestions. Their first recommendation to CBP's Commissioner was to create industry-specific Centers that would take a broader

look at an entire industry to facilitate trade and increase the uniformity of CBP's practices at US ports nationwide. Then-Commissioner Alan D. Bersin decided to run a test pilot for the Centers. At the same time, he also wanted to conduct a separate account executive pilot that would focus on building relationships with companies that had a good compliance history with the agency and participated in CBP's trusted partnership programmes.

"If we realize that we know enough about trusted partner companies, we don't need to examine them time and time again. We can find an alternative method of processing their merchandise," said Leon Hayward, CBP Assistant Director for Trade Operations in New York City, who headed the account executive pilot.

Choosing the right industries

Before launching the pilots, specific industries needed to be chosen. Four industries – pharmaceuticals, electronics, petroleum, and automotive – were considered. "These industries were importing large quantities of high value goods, and they had a high percentage of importers that were already partnering with CBP," said Anne Maricich, CBP Assistant Director for Trade Operations in Los Angeles, who managed the Centers of Excellence and Expertise pilot.

For the industry center, pharmaceuticals were selected. "There were a couple of reasons," said Maricich. "It gave us the opportunity to work very closely with government partners because pharmaceuticals are highly regulated by other agencies. The Food and Drug Administration (FDA) is not the only one that

regulates pharmaceuticals. There's also the Drug Enforcement Administration (DEA), and the US Department of Agriculture (USDA) which regulates pharmaceuticals that contain animal byproducts." The other reason was to heighten CBP's focus on counterfeiting and intellectual property issues. "There is a growing problem with counterfeit pharmaceuticals," explained Maricich, "and we wanted to increase our enforcement efforts."

"We have small pockets of knowledge here and there within the agency, which the center is pulling together"

On the account executive side, electronics were chosen. "It's an industry sector where we have a lot of US-born ingenuity and technology," said Hayward. "It represents the future for US industry. That's where innovation takes place. We see products that nobody dreamt of two years ago all of sudden becoming what everyone has to have on his or her desk."

Pilot goals

After the pilots launched on 1 November 2010, Maricich and her team identified goals for the Centers, establishing three. The first was to develop agency knowledge and expertise concerning a specific industry. The second was to facilitate shipments for trusted partners, and the third was to develop quality enforcement operations that enabled CBP to go after high-risk companies or importers that the agency knew little, if anything, about.

Although CBP already had some subject matter expertise on pharmaceuticals, it was scattered throughout the agency. "We have small pockets of knowledge here and there within the agency, which the center is pulling together," said Maricich. "For example, we have national account managers who have worked with companies such as Pfizer, Eli Lilly, and Merck for years who have a very good sense of what these companies are importing, how compliant they are, and some of the challenges and issues they face," she said. "We also have national import specialists who are focused on providing classification rulings that impact the rate of duty. This is an industry where every year we have new products. The national import specialists work with companies to identify what the proper classification is."

The center also provided an opportunity for CBP to learn from industry. During the pilot, CBP and its partner agencies met with 22 of the largest pharmaceutical importers for a two-day workshop. The companies explained their business processes so that the agencies could understand why certain business decisions are made. They also shared how they interact with the FDA, what goes into developing and approving pharmaceuticals and why the companies make decisions about developing generics after patents expire.

"It was a real eye opener," said Maricich. "I was kind of naive to all of the research that goes into the development of new drugs. I didn't realize that from the time a new drug is researched until it's available to consumers takes an average of 10 years."

Right timing

Maricich also realized that the time to stop shipments to question them is in advance, not after commercial quantities of new drugs have been produced and companies are importing them to stock retailers' shelves. "It's taken 10 years to get to the point where a new drug is

"These are also products that are prone to theft. Even if someone doesn't know what's in a container, it may be targeted. So we never want our shipments sitting around a port. We always want to get them cleared as quickly as possible to have them under our own controls and in our warehouses."

"We know a lot about these companies. They're not fly by night. They're all well-established, and if we have questions, the companies will be able to provide answers."

ready to go on the market, so wouldn't it be great if CBP and all other government agencies could ensure that before these drugs are mass-produced and brought across our borders in commercial quantities that we have all of our questions answered? We have ample time to work with these corporations to ensure that everything is going to be fine when a shipment crosses the border. They don't need more hold-ups."

The predictability of when products enter the marketplace was another important point that was communicated. "When we hold cargo, the companies never know for how long or when they'll receive their goods," said Maricich. "We can't promise when products are going to be released and available to get to market, but we can minimize those kinds of interruptions."

For the pharmaceutical companies, predictable delivery of shipments is critical. "The quicker we can move our products through the border into our warehouses, the quicker those products are in the market," said Suzanne Hoeger, Abbot's Director of Global Trade Compliance and Policy. "A lot of times we're shipping 'cold chain products' that need to be kept under certain temperature storage conditions. The goods have to be delivered within a certain window; otherwise, they're lost. We basically have to destroy them," she said.

Delays add extra costs to the products. "Anything that's going to increase the company's costs could potentially increase the finished product cost," said Hoeger. "So whether that's a warehouse storage cost or a product that's destroyed, ultimately those expenses get worked back into the cost of the product."

Information exchange

The pilot also helped CBP learn more about partner agencies such as the FDA. "It helped us tremendously to understand the FDA perspective and what they are looking for," said Maricich.

As part of the pilot, which was based in Long Beach, California, a field investigator from the FDA's Los Angeles import operations office was assigned to work with the Center for 90 days. "He was able to access the FDA's network and exchange information on drug shipments with the Center of Excellence and Expertise staff," said Dan Solis, Director of Import Operations at the FDA's Los Angeles district office. In return, the Center's staff was able to provide information that had been transmitted from CBP's automated targeting system on incoming shipments.

"We discovered that some of the information submitted to CBP wasn't matching information provided to FDA – names of firms, addresses, information submitted by the Customs broker," said Solis. "We

were able to pinpoint shipments that were part of smuggling activities." Working together at the centre also helped facilitate the 'business process review' between agencies. "With legitimate trade, we were able to expedite our reviews much faster," said Solis.

While working on the pilot's goal of improving the facilitation of legitimate trade, the Center found that the bulk of pharmaceutical imports were being shipped by companies that belonged to CBP's trusted partnership programmes and were known entities. The companies were members of the Customs Trade Partnership Against Terrorism (C-TPAT) which focuses on the security of importers' supply chains, and the Importer Self-Assessment Program (ISA) which ensures that importers have internal controls in place for revenue purposes.

"We did some risk segmentation analysis where we took the universe of pharmaceutical imports and found that during the 2010 fiscal year, of the nearly 73 billion US dollars worth of pharmaceuticals that were imported, 90% of the value of those imports was brought in by just 2% of the pharmaceutical firms," said Maricich. "That 2% was made up of companies that are members of CBP's partnership programmes and that meant that we didn't have to focus our efforts on them," she said. "We know a lot about these companies. They're not fly by night. They're all well-established, and if we have questions, the companies will be able to provide answers."

Instead, Maricich and her team concentrated on the 10% of the pharmaceutical shipments that were being brought in by unknown importers that CBP did not know much about. But as they soon discovered, they could not move legitimate trade through the process as quickly as they had hoped. "We found we had a lot of things in the system that were caus-

ing us to continue to look at our trusted partners,” said Maricich, who explained, for example, that DEA and USDA require that a specific form be presented for certain shipments.

“If an importer is bringing in a drug that’s considered to be a narcotic, such as sleep medication, then the company needs a specific form that has been approved by DEA to bring the medication into the country,” said Maricich. “But if it’s a known importer that ships the medication into the US on a regular, recurring basis, it got us thinking – isn’t there a better way? Every time the company ships their sleep medication into the country we’re looking for a piece of paper, a form,” she said. “If we don’t have the form in hand, the cargo sits. So we started conversations with both DEA and USDA about

looking for a better alternative for our trusted partners with regular, recurring commercial shipments to facilitate the process.”

Enhanced enforcement

As part of the pilot’s enforcement goal, a two-day “blitz” or sting operation called Operation Pharma CEE was held in March 2011 at an international mail facility in Los Angeles. Prior to the blitz, CBP and other government agencies including the FDA, DEA, and US Immigration and Customs Enforcement (ICE) received training from three of the major pharmaceutical companies – Pfizer, Merck and Eli Lilly.

“We worked very closely with the companies’ brand security managers to understand what a legitimate supply chain looks like so that we could identify things

that fell out of the norm,” explained Maricich. “They gave us very specific training about their products and how to identify the authentic ones from fakes.” The pharmaceutical security managers were onsite during the blitz, but they were not privy to seeing the CBP’s examination processes. As suspect pharmaceuticals were pulled, CBP worked with the brand security managers to confirm that the products were actually counterfeit.

“We were able to get immediate determinations,” said Maricich. “Typically, we send suspect packages to the lab and it takes several days to get results. But with the pharmaceutical companies there, we were more effective. “It was a huge success,” she said. “We ended up with 34 seizures in just two days. We had several criminal investigations and three arrests.”





The value of the blitz was more far-reaching. “Through Operation Pharma CEE we actually got a glimpse into the security divisions of three major pharmaceutical companies,” said the FDA’s Solis. “There’s a lot of detail behind some of their advancements in technology. For example, the meaning behind their lot numbering systems – only the companies themselves would be able to define why they have lot numbering sequences the way they do,” he said. “By educating field officers on what to look for and why, it helps us to identify whether shipments are counterfeit or not.”

One of the tools introduced to the agencies was a ramen spectrometer, a portable hand-held device that can scientifically analyse the chemical content of medication in a matter of minutes. “It’s non-destructive and in some cases,

it can actually analyse a tablet without even opening blister packaging,” said Brian Donnelly, Pfizer’s Global Security Director for the Americas region, who is a registered pharmacist and retired FBI special agent. “We started using the ramen spectrometer about three years ago. We were looking at it as a technique for field use.”

Counterfeit intentions

According to Donnelly, participating in the blitz and sharing subject matter expertise with the centre helps communicate the dangers associated with counterfeiting. “When someone changes an ingredient to make a product cheaper, he or she doesn’t really care about health and safety. Counterfeit manufacturers, distributors, and sellers want the product to pass inspection. That’s their number one concern,” said Donnelly, who gave examples of counterfeiters using automobile paint to colour tablets and wallboard or sheetrock to hold pills together. “We don’t want anyone to get hurt with something that they think is a product of ours and it’s not,” he said.

“We needed to change the way we were doing things in order to keep up with the quantity of shipments and all the new security requirements”

Donnelly noted that in terms of counterfeiting, Viagra is a big problem for Pfizer. “It’s one of the drugs that is counterfeit the most of all our products,” he said. “Men don’t want to talk to their doctors about erectile dysfunction, so they go online and buy medications without a prescription and get them through the mail.” However, as Donnelly shared with the agencies participating in the blitz, “Pfizer doesn’t generally ship product into the US using express mail service.” Therefore, he cautioned, products sent through an international mail facility or express courier hub “are highly suspect.”

FDA data shows that 40% of the drug products in the US market are manufactured in foreign countries and that 80% of their active pharmaceutical ingredients come from sources outside of the country as well. “The advent of the internet has made purchasing counterfeit and unapproved drugs from fake online pharmacy stores readily available to naïve consumers,” said Solis.

Moving forward

With the success of both the industry Center and account executive pilots, the decision was made to permanently establish Centers of Excellence and Expertise for a variety of different industries. Initially, CBP opened two centres, one for the pharmaceutical industry and the other for electronics. Future Centers will open after the first two are fully functioning and have worked through operational issues. The account executive function was folded into the industry centers, which have now become a single point of processing for businesses that participate in CBP’s trusted shipper partnership programmes. With time, this might

expand to include all businesses within an industry sector.

The location of the Centers flip-flopped since the pilot days. The pharmaceutical Center is now based in New York City near the headquarters of 16 of the 22 largest pharmaceutical importers. The electronics industry Center was moved to the West Coast to Los Angeles, near the country’s hotbed for electronics innovation. The staffing, which is a mix of disciplines, is spread nationwide. “We are really working to embrace a virtual environment because we couldn’t move everyone to Los Angeles or New York,”

said Maricich. "But at the same time, we wanted to take advantage of the expertise that we have and can lend to our teams."

Validating the concepts

For CBP, the change will revolutionize the way the agency does business with the trade community. "It's a huge change in practice for CBP," said Maricich. "We've typically operated at ports of entry where locally import specialists have reviewed entries and made decisions as to whether the goods are classified properly rather than at a centralized location, and we need to see if it makes sense to do that." Other aspects such as testing the computer system also need to be done. "We're validating that the system can handle the type of volume it would take for an entire industry without a lot of hiccups," said Maricich.

But even if the concept of the Centers of Excellence and Expertise is still being fine-tuned, many agree that change was necessary. "We needed to change the way we were doing things in order to keep up with the quantity of shipments and all the new security requirements," said Hayward. "Our job at the agency has mushroomed and the staff has not, so we have to come up with innovative ways to be able to continue to meet those responsibilities."

The industry centres have the potential to answer that need. Because the processing of shipments is shifting to a centralized location, the Centers of Excellence and Expertise will help in two ways, according to Hayward. "First, the centres will enable CBP to better facilitate cargo because uniform decisions will be made. Second, the centres will reduce repetitive enquires," he said. For example, in the past, if an importer shipped goods through 10 different ports of entry, it wasn't coordinated. "The company might receive requests for information from 10 different ports and need to respond 10 different times," said Hayward. "And quite frankly, we could only hope that each of those 10 ports would make the same decision."

For the trade community, the benefits of facilitation are even more fundamental. "With an agency as large as CBP, finding the right person or group to answer a question can sometimes be a challenge," said Hoeger. "Now we have a hotline at the centre and call just one number. Either someone with the expertise is right there to answer or that person will track down the information and call us back."

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Global security: the dilemma posed by dual-use goods in the Customs tariff

by **Renaud Chatelus**

RENAUD CHATELUS WAS A CUSTOMS EXPORT CONTROL INVESTIGATOR BEFORE JOINING THE INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA) IN 2003 WHERE HE WORKED AS A WEAPONS INSPECTOR, NUCLEAR TRADE ANALYST AND TRAINER. SINCE MARCH 2011, HE HAS BEEN PROVIDING EXPERT SUPPORT TO VARIOUS ORGANIZATIONS ON EXPORT CONTROL, CONTAINER RISK PROFILING AND RELATED RESEARCH PROJECTS. FOR THE WCO AND THE UNITED NATIONS OFFICE ON DRUGS AND CRIME (UNODC), HE DEVELOPED THE CONTAINER CONTROL PROGRAM (CCP) TRAINING MANUAL ON STRATEGIC TRADE RISK PROFILING. HIS OTHER RECENT COLLABORATIONS INCLUDE WORK WITH THE EUROPEAN COMMISSION, THE US DEPARTMENT OF ENERGY AND THE UNITED NATIONS INTERREGIONAL CRIME AND JUSTICE RESEARCH INSTITUTE (UNICRI). HE IS A SENIOR FELLOW OF THE CENTER FOR INTERNATIONAL TRADE AND SECURITY (CITS) AT THE UNIVERSITY OF GEORGIA (USA).


Customs officers around the world are used to implementing a broad range of controls, and increasingly, security-related controls. Of these, controls of dual-use commodities may be some of the most difficult to understand and apply. After the terrorist attacks of 11 September 2001, a number of international initiatives were taken to improve the security of international movements of goods and persons. Amongst them, United Nations Security Council Resolution 1540 (UNSCR 1540) makes it obligatory for UN member States to put in place an export and transit control system to prevent the dissemination of weapons of mass destruction (WMD)-

related technology to unauthorized non-state organizations or people.

Until then, such controls were essentially applied by a limited number of industrialized countries – grouped around different export control regimes – that compile and update lists of items to control, and prepare implementation guidelines. For example, the Nuclear Supplier's Group (NSG) currently comprises 46 countries which exchange information and agree on which transfers of items should be controlled because they may significantly contribute to the manufacture of nuclear weapons. Most

of these goods are dual-use equipment or material also used in civilian industries. Other regimes exist, which deal separately with dual-use goods related to other WMD.

Today, however, formerly rare and sensitive technology is more common and accessible to many States, companies and individuals. At the same time, modern international supply routes include many countries which can become transit or transshipment points for this trade. UNSCR 1540, the multiplication of UN sanctions and embargoes, and generally speaking, the need to facilitate trade by



The same steel that can be used to manufacture missiles can be used to manufacture golf clubs

building confidence around converging global security views, has made export control a relevant topic for the global Customs community.

For convenience, this article uses the common term “export control” to cover regulations and any activities relating to the control of movements of strategic goods, especially dual-use commodities.

Implementing export control

UNSCR 1540 does not indicate specifically how to implement export control and does not adopt any specific list from one or other existing export control regime. However, it is fair to say that today many countries try to follow guidelines and item lists from established regimes, even if they are not members of them.

Export control is essentially about putting State authorities in control of trans-

Many controlled items are dual-use industrial and scientific equipment or material defined by technical specifications which are to be found in technical documents rather than on detector screens.

fers of listed strategic items and related technologies through a licensing process. Detection of chemical, biological, radiological and nuclear (CBRN) material at borders by radiation portal monitors, scanners and other detectors is relatively well known by many Customs services, but amounts to only part of it. Many controlled items are dual-use industrial and scientific equipment or material defined by technical specifications which are to be found in technical documents rather than on detector screens.

A good overview is provided by the European Union (EU) in Annex I of the

General European Dual Use Regulation 428/2009 which lists together items from the four main international export control regimes and serves as a model for many countries. It includes 1,687 items, from raw metal alloys to machine tools, and from chemicals to communication technologies. Export control may also include the enforcement of international embargoes and sanctions, the control of explosive precursors, of military equipment, and generally speaking of any trade a country wishes to control for strategic security reasons. An example of controlled item can be seen in Fig.1.

Example of NSG controls on certain cameras that can be used in nuclear weapons experiments (a. and b.) and nuclear installations (c.), as they appear in EU General European Dual Use Regulation 428/2009.

6A203 Cameras and components, other than those specified in 6A003, as follows:

- a. Mechanical rotating mirror cameras, as follows, and specially designed components therefore:
 1. Framing cameras with recording rates greater than 225 000 frames per second;
 2. Streak cameras with writing speeds greater than 0,5 mm per microsecond;

Note: In 6A203.a. Components of such cameras include their synchronizing electronics units and rotor assemblies consisting of turbines, mirrors and bearings.

- b. Electronic streak cameras, electronic framing cameras, tubes and devices, as follows:
 1. Electronic streak cameras capable of 50 ns or less time resolution;
 2. Streak tubes for cameras specified in 6A203.b.1.;

3. Electronic (or electronically shuttered) framing cameras capable of 50 ns or less frame exposure time;
4. Framing tubes and solid-state imaging devices for use with cameras specified in 6A203.b.3., as follows:
 - a. Proximity focused image intensifier tubes having the photocathode deposited on a transparent conductive coating to decrease photocathode sheet resistance;
 - b. Gate silicon intensifier target (SIT) videcon tubes, where a fast system allows gating the photoelectrons from the photocathode before they impinge on the SIT plate;
 - c. Kerr or Pockels cell electro-optical shuttering;
 - d. Other framing tubes and solid-state imaging devices having a fast-image gating time of less than 50 ns specially designed for cameras specified in 6A203.b.3.;

- c. Radiation-hardened TV cameras, or lenses therefore, specially designed or rated as radiation hardened to withstand a total radiation dose greater than 50×10^3 Gy(silicon) (5×10^6 rad (silicon)) without operational degradation.

Technical Note: The term Gy(silicon) refers to the energy in Joules per kilogram absorbed by an unshielded silicon sample when exposed to ionising radiation.

Fig.1

The Georgian case

Like many other countries, Georgia shaped its export control laws based on the European Union model, including its annexed control lists. On the government web portal designed for the import-export community (www.rs.ge), a list of items requiring an export permit is available. However, the list is not a list of controlled items but rather a list of relevant tariff codes which can easily be understood by operators and customs. The result is that at first sight, the user might think that, for example, all aluminum alloy tubes and pipes (Georgian tariff code 7608.20) are subject to export control. This of course is not the case and is illustrative of the difficulty that arises when the tariff code is used to describe dual use goods.

Fig.2

Customs' role

Although many guidelines and practices are shared internationally, implementation remains strictly in the hands of State authorities. Export licensing systems include many different State actors – for example, Foreign Affairs, Intelligence, Defence, Industry and Trade, Customs and regulatory bodies, such as Atomic Energy Commissions. Customs is only one stakeholder in the process, and in many countries, not a central one. But in the end, Customs is generally although not always, the main enforcement agency involved at the border.

Concretely, Customs services around the world face many common challenges when implementing export control. One of them, and not the smallest, is that definitions of export control lists do not correspond to tariff categories used by Customs. This is all the more important given that controlling exports is to a large extent about controlling the legality of commercial shipments, and not just detecting smuggled commodities. This difficulty is also heavily felt by the private sector which builds compliance practices around proper tariff classification. The case of Georgia is a good illustration of these difficulties (see fig.2).

Export control lists are defined independently from Customs tariff codes, by groups of countries and experts which do not always include Customs.

Use of the Customs tariff in export control

A better adapted tariff would be useful for export control in different ways:

- National Customs tariffs deriving from the international Harmonized System (HS) could be useful to facilitate the identification of controlled commodities by Customs services, by private operators, and by other legal bodies. Not being able to use the tariff and work processes built around it, means that companies as well as Customs must establish special parallel systems and expertise to deal with strategic commodities. This generates not only additional costs, but also significant shortcomings in the implementation of export control regulations. It may also create unnecessary legal difficulties for enforcement and prosecutions.
- The Customs tariff is also the basis for many international trade statistics. Both Customs and bodies establishing control lists constantly seek a good balance between effective controls and trade facilitation. The volume of trade of a particular commodity is an important parameter in understanding the economic

impact and the administrative cost of establishing export control obligations. Unfortunately, the trade statistics that could be used for that purpose are mostly based on Customs tariff codes.

- Finally, many Customs risk analysis, profiling and other anti-fraud techniques use HS categories in one way or another. The non-correspondence between Customs tariff and control lists means that these techniques cannot be directly applied to export control.

For all these reasons, many people in the export control community keep trying to bridge the gap between the two categorization systems, but never to the extent of reviewing international guidelines on control lists and the definition, structure and Explanatory Notes of HS codes.

The square peg and the round hole

This exercise remains very challenging because neither of them takes the other into account. Export control lists are defined independently from Customs tariff codes, by groups of countries and experts which do not always include Customs. At the regimes level and at the national level, technical experts, lawyers, diplomats and other non-proliferation experts gather regularly to establish and update control lists and guidelines with the aim of establishing controls that can be realistically implemented without impeding legitimate trade.

It is important to understand that lists are not absolute technical references. They are the result of a compromise between different technical experts, but also between different economic interests and global security concerns, and between countries which do not necessarily share the same views on these questions. Control lists generally do not take into account Customs tariff categories. Conversely, with few exceptions like nuclear reactors or some nuclear material, Customs tariffs generally do not take into account control list definitions.

The approaches to defining categories in both systems bear some similarities. They both take into account the commodity's function, physical/chemical/radiological properties, technical capability, physical composition, and form or manufacturing process. In rare instances, for examples some chemicals, definitions in the two systems may be compatible. Sometimes, one classification would be more precise than the other. But in many cases, categories are just defined differently, with different parameters or different ways to measure them. Also, different technical vocabularies are used.

To take a relatively simple example, nuclear grade graphite is defined in control

lists by a high density and a high purity (low level of boron), while Customs tariffs focus on the function (electrical or non-electrical use) or on the material origin (natural or artificial). Some definitions in control lists include very complex technical specifications (and exemptions) extending to several pages, much more than in the Customs tariff. The problem is obvious at the international HS level (6 digit categories). But it often persists at more detailed national levels of categorization, because in many cases, the matter is not just about creating more precise subcategories in the HS.

Additionally, an export licence may be issued for one controlled item but

cover many shipments using different tariff codes. To add to the confusion, both categorization systems include categories for complex items, as well as for each of their specific components. The authorized export of a chemical or nuclear plant is likely to involve many shipments, and the use of many different tariff codes. It is impossible to mention every specific case, but all in all, one specific controlled item may be found under many tariff codes and conversely, one tariff code might include many more items than controlled ones (see Fig. 3). The fact that various attempts to connect controlled items with tariff codes lead to diverging results, shows how complex the task is.

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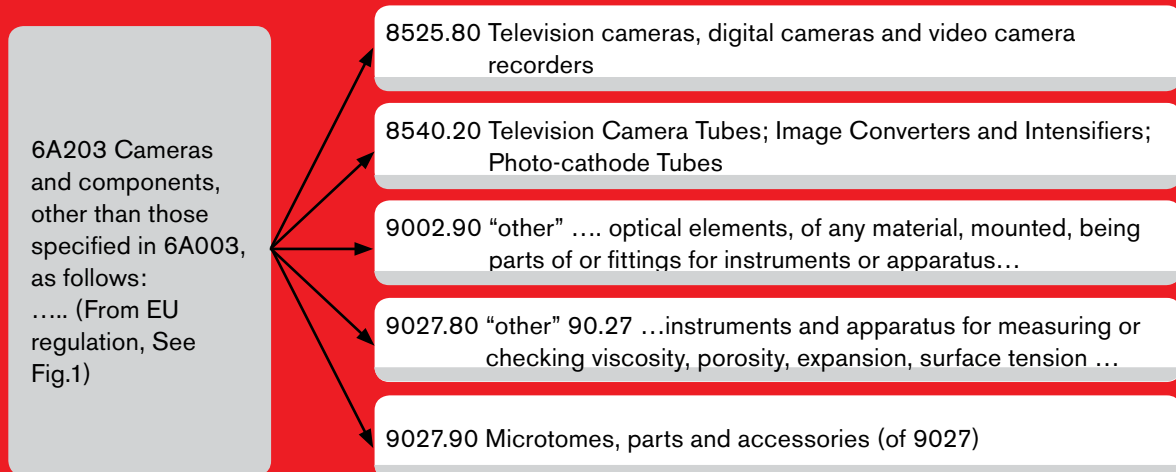
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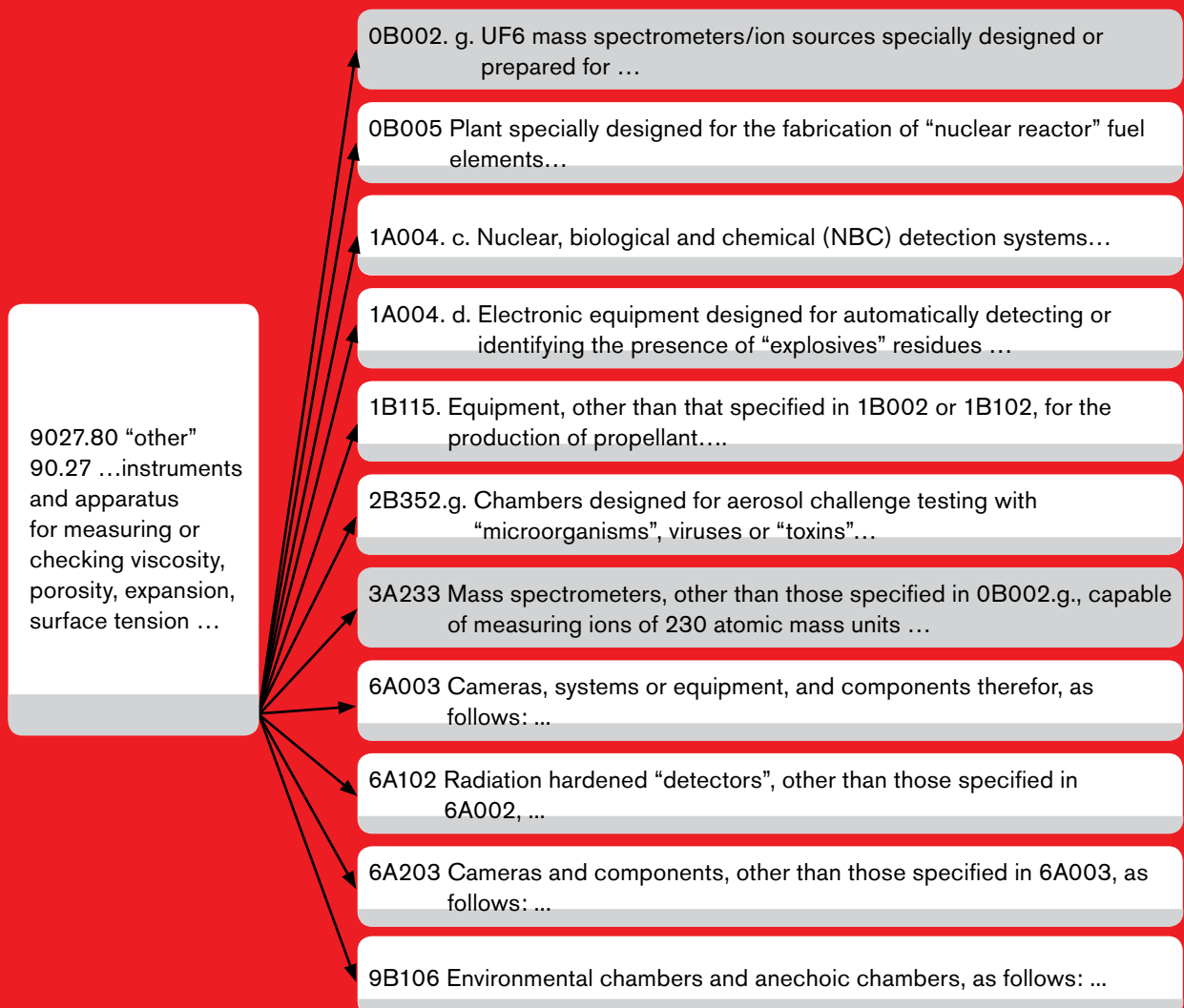
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Possible correlations between controlled items from the EU Dual Use Regulation and HS categories: nuclear related dual use cameras for example

One controlled item can be categorized in different HS codes...



...but one HS category can include many controlled and uncontrolled items



Share of relevant trade in the category

Fig.3

Proposals for improvements

Improvements in the correlation between control lists and tariff codes are possible. The square peg can be a bit rounded and the round hole a bit squared, to a certain extent.

At the international level

Much could be done in international regimes to bring control lists closer to HS codes, or at least incorporate better Customs operational considerations. This will come with the realization by other export control stakeholders, that Customs' work is complex and has specific constraints and requirements which must be taken into account upstream in the definitions of lists and guidelines.

On the Customs side, HS codes are not easily revisable. Streamlining HS codes with control lists will be a significant challenge, foremost because of the process. To start with, control lists are still not universal - WCO Members may not all share the same views on export control and control lists. Contracting Parties to the HS Convention would need to agree on which item from which international or national list can be taken into account. Lists are also not permanent - the Nuclear Suppliers Group dual-use list, for example, has been updated eight times since 1992, with items added or removed, and technical specifications also changed. The pace of control lists and HS updates would need to be aligned in one way or another.

International and national discussions around control lists are already complicated. Mixing them with HS specific issues will certainly not be simple! But at least Explanatory Notes for potentially relevant HS categories could be revisited to facilitate export control enforcement by Customs and compliance by the international trade community. They could, for example, say whether a HS category might include controlled items, and provide some indication of other information that should be taken into account when making a classification determination

At the national level

It is difficult to substantially change national control lists, because they are largely

embedded in international processes and guidelines. But on the tariff side, countries add subcategories to the six-digit HS code and additional explanatory notes to these subcategories. This offers a certain level of flexibility to get somewhat closer to a match between the two classification systems.

Customs and export control officials should also keep exploring the correlation between control lists and existing tariff numbers, not only at a normative level (i.e. in which tariff category a commodity should be legally categorized), but also at a practical level (i.e. which tariff category is used in practice by the industry, and which tariff code might be misused by operators to avoid controls).

Different countries and organizations have tried to develop such correlation tables between the two systems and should share this valuable experience with the rest of the Customs community.

In the current framework, even at the national level, many controlled items will not be perfectly matched with tariff codes. However, for Customs as for the private sector, being able to identify from explicit tariff documentation that a specific controlled item should be classified in one tariff code only or knowing that an item declared under one tariff code has a 30 or 50% chance of being a controlled one, would be a big improvement. Different countries and organizations have tried to develop such correlation tables between the two systems and should share this valuable experience with the rest of the Customs community. Nonetheless, a lot of work remains to be done, based on a serious study of industry practices and fraud patterns.

Aside from refining the tariff itself, Customs and the export control community must explore and exchange best practices on risk indicators that are useable by Customs. This includes combining possibly relevant tariff codes with other categories of information available from shipping and Customs documents. This can only

be achieved through close cooperation between countries and between government agencies.

It is important to note here that today, companies involved in international trade need to become trusted partners with respect to the global supply chain. For that, they are in any case, increasingly expected to go beyond the strict implementation of regulations, export procedures and tariff classification rules and get to know their clients, their products and how these products can be misused. This approach is even more present in export control policies, but Customs has also imbedded similar concepts through the WCO SAFE Framework of Standards to secure and facilitate global trade.

Essential role of the WCO

The WCO has a key role to play in this. It is in a unique position to adapt international tools like the HS Explanatory Notes, if not HS categories themselves, and to promote exchanges around national best practices, to help harmonize national approaches, as well as act as a much needed interface at the international level between the Customs community and the non-proliferation community.

Improving the tools available to Customs to enforce export control, like more appropriate tariff classification, will not only improve the efficacy of controls, it will also enhance the contribution of Customs and the private sector to global security and non-proliferation.

More information

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Egyptian Customs Authority



Vision

- Reinforcing economic growth in Egypt by increasing the competitiveness of national industries and the private sector.
- Achieving equilibrium between international trade facilitation and accurate control and protection.

Strategic objectives

- Providing a comprehensive Customs service through the development of a system that will enable trade facilitation and effective Customs control to be achieved.
- Ensuring equal tax treatment through efficient revenue collection.
- Establishing a transparent and credible partnership between the Egyptian Customs Authority (ECA) and the business and trade community, with the purpose of achieving trade compliance.
- Developing human resources through capacity building, training and the design of an organizational structure that supports effective decision-making and takes global best practices and standards into account.
- Continuous review of legislation to ensure that it fulfills the requirements of the ECA's changing environment, and suggesting amendments to the law subject to appropriate action by concerned bodies.
- Preparing the ECA to accommodate new economic and Customs changes, and providing the necessary infrastructure.

International cooperation

Egypt has been a Member of the WCO since 1956. The ECA is keen to interact with the WCO and other international organizations with a view to ensuring that experiences and best practices are transferred to Customs. In line with the WCO's promotion of partnerships with all economic

operators and international organizations, the ECA has played an active part in many events that encourage cooperation, such as the WCO International Customs Day and the United Nations International Day against Drug Abuse and Illicit Trafficking.

Capacity building

The National Customs Training Institute (NCTI), accredited by the WCO as a Regional Training Centre (RTC) for the Middle East and North Africa (MENA) region since 2006, presents various training courses in terms of the training plan adopted by regional Customs administrations. Courses cover technical subjects, computers and the English language among others, and include seminars on different areas of interest. In order to enhance the administrative skills of Customs employees and develop new managerial skills for the future, the ECA has provided about 500 grants to employees to study Masters degrees.

Egyptian Customs reform

Modern Customs Centres (MCAs): As part of the ECA's decision to implement a comprehensive Customs reform plan, MCAs to replace traditional Customs complexes were established with the following aims: to provide equal, unified treatment to stakeholders at all Customs locations; to reduce release times to no more than one day; to provide an appropriate work environment for Customs employees, as well as stakeholders; to ensure electronic links with other Customs offices and departments; and to serve as a 'one-stop shop' for Customs and other border agencies at the same location in order to save time and effort for Customs' stakeholders.

New organizational structure: Based on the ECA's strategic objectives that enable cus-

toms to play its new role in trade facilitation and build trust with the trade community, a new organizational structure was developed according to international best practices. The new structure includes a number of new functions contained in the WCO Customs in the 21st Century strategy, such as Customs-trade partnerships, post clearance audit, risk management, performance planning and measurement, and strategic planning.

Website and web-based services: The ECA launched its website in September 2004 – available in Arabic and English. It includes useful information and documents for stakeholders and visitors alike, with all procedures, decrees, international conventions and regulations published online. In May 2005, the ECA began providing online Customs services, including the lodging of Customs declarations, the lodging of manifest data, enquiries about tariff headings and central bank exchange rates, and other enquiries using the available database on the Customs website.

Account Management Service (AMS): This service was implemented in May 2005 and targets a number of importers that were selected, based on a set of criteria among which is that their importations exceed 5 million US dollars annually and that they do not commit any smuggling offences or infringe Customs law. Importers enjoy many benefits under this service, including the release of consignments in less than 24 hours. The service ensures the compliance of trusted importers through a set of transparent processes that include risk management and post clearance audit.

Risk management (RM): The ECA applies RM to its Customs controls, directed at a certain percentage of imports and exports. A RM General Directorate has been established using the ECA's own IT system, with the role of RM clearly defined by Customs law. Nevertheless, the ECA seeks to release more than 95% of imports via its 'green' channel; 60% being the average.

Post clearance audit (PCA): The ECA established a PCA Directorate to verify that data and documents submitted upon release are accurate. It comprises employees well-trained in the latest scientific and technical PCA procedures, in cooperation with the European Commission – 74 officers attended an 18 month course as a first step towards the implementation of international standards.

X-ray scanners: The ECA has started using x-ray devices for inspecting imported goods as they enable the contents of containers to be inspected without the need to open them or deal with packages in the traditional manual way. Customs now has 34 x-ray machines of different types at Egyptian ports.

Pre-arrival processing: This system was introduced to encourage Customs' stakeholders to start release procedures for imported goods before arrival at Egypt's ports. The processing of documents is finalized prior to the arrival of goods, and upon arrival goods are released in the appropriate 'red or green' channel, as decided by the system.

Deferred payment of Customs duties: An importer who removes his goods and finalizes release procedures within three days of the date of arrival of a vessel is granted this facility – goods are released and payment of Customs duties and taxes are deferred for 30 days from the date of release. The importer has to present a financial guarantee to cover the deferred payment of Customs duties. The system has led to the rapid removal of goods from ports and has accordingly reduced transaction costs. Advantages of the system include: encouraging importers' voluntary compliance in ensuring revenue collection; a high inventory turnover which provides support to small enterprises; and an increase in the speed and volume of foreign trade. In the future, the system will be applied to taxes as well, under the new facilitation measures for Customs' stakeholders.

Performance measurement (PM): The ECA started to apply a new PM system using a number of measures and indicators adopted by other countries: release time (monthly average); number of smuggling cases; abandoned goods (monthly average); release time for shipments released under specific regimes (monthly average); number of employees compared to Customs revenue/declarations; number of appeals referred for arbitration; and the volume of shipments.

Customs reform outcomes and effect on release times

In March 2003 the average Customs release time for commodities in Egyptian Ports was 22 days. This was reduced to less than six days in October 2006 according to the World Bank. ECA studies in March 2007 showed that steady progress was being made as the average release time was now four days, with release times at MCAs down to two hours. Doing Business 2008, an annual publication by the World Bank and the International Finance Corporation (IFC), lists Egypt as the top reformer for 2006/2007, showing improvements in five of the ten areas studied.

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“Customs and other law enforcement agencies are not always provided with adequate or appropriate resources to address the particular characteristics of diamond smuggling”



Gillian A. Milovanovic was appointed Chair of the Kimberley Process in January 2012, the first woman to hold this position. Since joining the US State Department in 1978, she has held various positions at home and at US diplomatic missions abroad, most recently as Ambassador to Mali (2008-2011) and Ambassador to the Former Yugoslav Republic of Macedonia (2005-2008). Ambassador Milovanovic holds a Bachelor of Arts degree (University of Pennsylvania), a Masters in Journalism (Temple University) and a Masters in Public Administration (Ecole Nationale d'Administration). She speaks French, Italian, Serbian and Macedonian, as well as some Spanish and Swedish.

In the 1990s, civil wars in Angola, Cote d'Ivoire, the Democratic Republic of Congo, Liberia, Rwanda and Sierra Leone spilled across borders and garnered worldwide attention. Early in the decade, a number of activists focused attention on how the market for natural resources financed war; providing funds to hire mercenaries and soldiers, and buy weapons.

In a series of reports by Global Witness in 1998 and 1999, this non-governmental organization (NGO) put oil companies and banks on notice for their culpability in facilitating the ongoing conflict in Angola. Ian Smillie of Partnership Africa Canada released a report in 2000 that linked diamonds to bloodshed in Sierra Leone. “Conflict diamonds” entered the political discourse shortly afterwards, propelled in part by highly effective campaigns by advocacy organizations that targeted consumer sentiment by re-labeling them “blood diamonds”.

The United Nations (UN) General Assembly responded by unanimously passing a resolution condemning the role of diamonds in financing conflict. It defines conflict diamonds as “diamonds that originate from areas controlled by forces or factions opposed to legitimate

and internationally recognized governments, and are used to fund military action in opposition to those governments or in contravention of the decisions of the Security Council”. The General Assembly also called for the development of policies that would prevent the sale of rough diamonds from financing conflict.

Spurred to action, in 2000 the South African government hosted the first UN-sponsored negotiations among industry representatives, Southern African diamond producing states and civil society organizations in Kimberley, South Africa. By the end of the year, the UN General Assembly had adopted a resolution supporting the establishment of a diamond certification system. Negotiations over the next two years concluded with an agreement to establish the Kimberley Process Certification Scheme (KPCS), which built upon industry proposals to implement export and import restrictions by States.

Launched in 2003, the KPCS requires traders to present certificates of origin. It also imposes trade controls, a ban on trade with countries not signatories to the Kimberley Process (KP) and the publication of statistics on diamond production



and trade. The KP now has 76 countries as members, including all major countries producing, trading and processing diamonds.

The system was praised for fostering a huge growth in legitimate trade in diamonds which indicated a reduction in the illicit exports that had been at the heart of the conflict diamond problem. However, concerns have been raised about the KPCS, some stating that weak controls and enforcement in major trading and manufacturing centres are undermining the effectiveness of the KP and allowing “conflict” and illicit diamonds to enter legitimate trade.

Diamonds by their very nature present tremendous challenges to governments who wish to ensure that the extraction and trade in this natural resource contributes to national and local economic development. Being a small, high value commodity they are easily smuggled by those who seek to avoid the formal market. As diamonds are easy to transport and market, those involved in illicit trade easily evade controls at national borders.

With the aim of raising awareness among the Customs community, WCO News asked the new Chairperson of the Kimberley Process, Ambassador Gillian A. Milovanovic of the United States, to shed some light on the diamond trade and its “dark” side.

What are the statistics available on the diamond trade?

The US Census Bureau, which is the Chair of the Working Group on Statistics, has made available to the public detailed statistics on the KP at <https://kimberleyprocessstatistics.org>. Final statistics for 2011 have just been posted, and they show that in the last calendar year approximately 14 billion US dollars of rough diamonds were mined and 52

Basic elements of the Kimberley Process Certification Scheme

- Each participating government undertakes to maintain internal controls over rough diamonds. For producers this means establishing an audit trail between mines and the point of export; for others, it means maintaining a chain of warranties between the point of import and either the cutting factory or the point of re-export.
- Each participant agrees that a Kimberley Certificate will accompany each export; certificates, to be designed and issued by each participating country, have certain common features and must also contain adequate security features. All international shipments of diamonds must be made in tamper-proof packages.
- No participant will permit the import of rough diamonds unless accompanied by a KP certificate from another participant. Penalties are provided in the case of breaches.
- Each parcel received will be acknowledged by the importing authority to the exporting authority.
- Each participant must submit quarterly trade statistics and semi-annual production statistics within 60 days of the reference period. A centrally-maintained statistical website allows participants and observers to compare and verify exports from one country with imports into another.

billion US dollars of diamonds were traded among KP participants.

Diamond experts estimate that conflict diamonds now represent a fraction of 1% of the international trade in diamonds, compared to estimates of up to 15% in the 1990s. Smuggling is still and will likely always be a worldwide problem, as it is in many other industries. We have seen specific problems in a number of areas, but have particular concerns regarding non-participant countries which border KP participants. These countries do not have internal controls designed to achieve the same level of oversight and control of the rough diamond trade as those of KP participants.

What are the main fraud and smuggling mechanisms?

Participants have reported on a variety of smuggling mechanisms. These include:

airline passengers smuggling diamonds in clothing, baggage, and even themselves; using fake certificates for shipments; labelling rough diamonds as ‘jewellery’; and manipulating import and export documents. It is likely that we are aware of only a fraction of the fraud mechanisms. However, better cooperation from industry sources at all levels will increase our knowledge and enforcement capacity. Customs and other law enforcement officials must continue their cross-border cooperation to identify suspicious activities in order to interdict the actors undermining legitimate trade.

What are the challenges involved in combating fraudulent trading practices?

One challenge stems from non-participant countries which border KP participants. Another challenge is that many countries lack the capacity necessary to deal comprehensively with the smuggling threat. For

example, porous, inadequately patrolled borders are a challenge even to the United States.

Additionally, Customs and other law enforcement agencies are not always provided with adequate or appropriate resources to address the particular characteristics of diamond smuggling given that the total value of diamonds traded is small compared to many other commodities. Diamonds, however, pose special challenges because they are small, very valuable, and can be moved in unique ways.

More consistent implementation of existing bilateral and multilateral agreements on judicial assistance, together with deeper cooperation between Customs and other law enforcement agencies in various countries, would assist in ensuring prosecutions are successful where warranted and add to the cost of doing illicit business.

An issue of increasing prominence too is revenue transparency. Following the money more closely will help ascertain whether fraud is occurring. While this issue is beyond the scope of the KP and not exclusive to diamonds, the KP is well-placed to be a forum for identifying, developing and committing to best practices on broader financial transparency and related development issues, in

order to benefit producers, the industry, citizens in the countries concerned, and consumers around the world.

What are the best and most practical next steps to strengthen enforcement measures and how can the WCO and Customs administrations support this process?

It is useful to note at the outset that all of these measures are as much about protecting and facilitating legitimate trade as they are about catching criminals. Millions of people around the world earn their living from this resource, and the KP seeks to improve enforcement as a way of protecting the work that they do. With this in mind, a key step to strengthening enforcement and protecting legitimate trade is to improve communication and develop regular habits of dialogue and exchange of information with industry.

Since establishing a formal relationship in 2010, the KP has enjoyed an excellent working partnership with the WCO. We have exchanged information and attended each other's meetings. This is a good start on which we need to build, seeking to expand and entrench the sharing of information between KP participants and observers, the WCO, and specific Customs authorities. Indeed strengthening enforcement is one of the priorities of the US KP Chairmanship this year.

At the most practical level, there is a need to identify which Customs or other authorities are the appropriate recipients of KP information, provide this information to KP participants and observers, and encourage reporting to these authorities on suspicious shipments. More accurate and timely information direct from those at the heart of the trade would enable Customs officials to take appropriate steps in real-time.

Among the initiatives being pursued by the US KP Chair is the development of a living document intended to be a comprehensive list of all companies engaged in smuggling and other illegal activities around the world that undermine KP implementation. Such a resource would enable the KP and Customs authorities to identify 'red flags' more effectively. Together we need to come up with an effective plan to curb illegal trading over the internet too.

To achieve progress on these goals, we need to encourage the participation of Customs and other law enforcement officials from all KP participant countries at the KP Enforcement Conference this November in Washington DC.

More information

www.kimberleyprocess.com



“In the 21st Century, economic globalization remains the main theme for world economic development”



Wu Hailong is the Ambassador of the People's Republic of China to the European Union, a position he assumed in 2012. Prior to his appointment, he was the Assistant Minister of Foreign Affairs responsible for international organizations and conferences, as well as arms control. With over 30 years service in China's Ministry of Foreign Affairs both at home and abroad, he is a highly experienced diplomat with extensive knowledge in arms control and international nuclear issues. Ambassador Wu is a graduate of Beijing Foreign Studies University.

INTERNATIONAL TRADE is a vital part of the Chinese economy, evidenced by China's remarkable success story on how trade can be used to promote growth and fast-track an economy in leaps and bounds. In an interview with WCO News, China's Ambassador to the European Union, H.E. Wu Hailong, provides us with his perspective on trade facilitation, as well as China's programmes to facilitate global trade and promote regional integration.

How would you evaluate the state of play in international trade today, with trade facilitation talks stalled at the WTO and more and more regional integration taking place across the globe?

In the 21st Century, economic globalization remains the main theme for world economic development, and profound changes have taken place with regard to the size and pattern of international trade. Trade facilitation is an important agenda for the Doha Round negotiations, the fundamental goal of which is to achieve notable improvement in trade transparency and to simplify trading procedures.

The result of the Doha Round will have a far-reaching impact on the administration of Customs authorities around the world. Due to international political influences, the Doha Round negotiations have become deadlocked. Nevertheless, I do not think that the talks have failed completely. Throughout history, we have experienced protracted talks in almost all multilateral trading negotiations. I hope that in the future, we will be able to achieve positive, reasonable, and balanced results for the Doha Round.

With China having benefitted over the last two decades from remarkable economic and trade growth, how much of this boom can be directly tied to the reform and modernization of China Customs?

Over the last two decades, thanks to the continued commitment to modernization and reform, China Customs has adapted itself well to the complicated and changing import and export environment, and has made important contributions to the

growth of the Chinese economy. Efforts have been made in four major aspects set out below:

First, we have introduced a new management concept, accelerated the reform of clearance supervision, and improved trade facilitation. Since the reforms, China Customs has been working towards the goal of establishing a modern Customs system that fits with the Chinese market economy. In order to promote trade facilitation, we have effectively upgraded our management model through a host of reform measures, including Customs clearance reform and risk management capacity building.

On the basis of effective risk management, we have introduced the system of “red and green channels” that has greatly reduced clearance time for travellers and facilitated international business movement. Using targeted management, we have divided businesses into different categories. Steady efforts have been made to provide faster clearance services to businesses with a good record. According to statistics, in 2011, the average waiting time for an export clearance was 1.5 hours. Just over 99% of goods are now released within 24 hours. The waiting time for an import clearance averages 17.9 hours, with 64% of goods being released within 24 hours. This improved efficiency has saved import and export companies nearly 80 billion Chinese Yuan (approximately 12.6 billion US dollars) in costs.

In order to grow an open economy in the central and western part of China, Customs has also introduced a practice which allows the declaration to be filed in the place of product origin for port clearance. This practice has ensured that companies in other parts of China can enjoy the same convenience as coastal cities; helping these companies to save both time and costs.

Second, we have optimized the management of the manufacturing business, which has spearheaded the growth of China's foreign trade. The manufacturing sector plays an important role in promoting China's exports and imports and in attracting foreign investment. As the

regulatory authority for the manufacturing business, China Customs has helped to enhance regional planning and mapping of manufacturing companies, and used policy tools to encourage the establishment of regional clusters of manufacturing bases in the central and western part of China. These measures have enabled us to gradually establish a bonded supervision system that both suits China's national conditions and facilitates business growth.

Third, we have introduced advanced technologies to accelerate clearance speed. China Customs is among the first government agencies that employed information technology. Since 1988, Customs has developed three clearance operating systems, namely H883, H2000, and H2010. It has also developed information processing systems for fast clearance, facilitated clearance, and paperless clearance. Today, Customs has fully integrated e-Administration, e-Customs and e-Port systems, significantly reducing the time and cost for Customs clearance.

Fourth, we have strengthened international cooperation and drawn best practices from abroad. China Customs has been very active in international cooperation and in taking on board experiences from other countries. It has worked closely with the WCO in the drafting and implementation of rules related to global trade security and facilitation. At the bilateral level, China Customs has carried out effective cooperation with other countries in joint supervision, mutual recognition of inspec-

tion results and Authorized Economic Operator (AEO) mutual recognition, making a positive contribution to the Chinese economy and global trade facilitation.

What is the strategy of China Customs towards improving the regulatory knowledge of small and medium-sized enterprises involved in cross-border trade, given the role they can play in growing an economy?

China Customs attaches great importance to supporting small and medium-sized enterprises (SMEs) to grow international business. Efforts have also been made to help them develop better knowledge of and stronger respect for laws and regulations. We have lowered the threshold for AA category businesses to allow more SMEs the benefit of AA management so that they can enjoy relevant facilitation measures.

We have moved forward with the reform of categorized clearance too, the purpose of which is to provide qualified SMEs with fast clearance. For instance, AA category SMEs enjoy advanced declaration, batch declaration, and clearance by appointment. In addition, Customs has put lots of effort into promoting public awareness of Customs laws and regulations by helping SMEs develop standardized internal management regimes and encouraging qualified companies to apply for AA or A category management approval. In a phased manner, China Customs has made trade facilitation measures available to an increasing number of SMEs.

Can you give us an insight into the role China plays in terms of regional integration and the type of cooperation China Customs has developed with neighbouring countries?

China Customs always attaches high importance to exchanges and cooperation with neighbouring countries and actively participates in and facilitates regional integration. In 2007, the Customs authorities of China, Japan and the Republic of Korea established a leadership meeting mechanism to serve as a coordination and co-operation platform for regional Customs affairs among the three parties.

In addition, China Customs has also established a cooperation committee with Russian Customs to carry out practical cooperation in clearance supervision, trade statistics and law enforcement, playing an important role in growing China-Russia trade. Mutual assistance and cooperation agreements with the governments or Customs authorities of Kazakhstan, Mongolia and other neighbouring countries have also been signed.

The Framework Agreement on Comprehensive Economic Co-operation between the Association of Southeast Asian Nations (ASEAN) and China, which took effect in 2002, marked Customs cooperation between China and ASEAN countries. The two sides have established the China-ASEAN Customs Level Consultation Mechanism and the Experts Committee Consultation Mechanism, identified priority areas for cooperation and concluded negotiations on the rules of origin for the China-ASEAN free trade area.

In the same year, China Customs continued to expand its cooperation under the framework of the Central Asia Regional Economic Cooperation (CAREC). After several years of efforts, the initiative has already grown from initial friendly exchange into substantive practical cooperation with capacity building initiatives and seven cooperation projects, including the simplification and coordination of Customs documents and procedures, and the development of supervision stations and facilities for bordering ports.



Calendar of Events

November

- 5 - 9 Permanent Technical Committee, 197th/198th Sessions
- 12 - 13 EastWest Institute Worldwide Security Conference
- 14 - 15 WCO Conference on Strategic Trade Controls Enforcement
- 14 - 16 Revised Kyoto Convention Management Committee, 11th Meeting
- 19 - 23 Harmonized System Review Sub-Committee, 44th Session
- 21 - 23 UNODC-WCO Container Control Programme Annual Meeting, 6th Meeting (Panama)

December

- 2 - 5 Private Sector Consultative Group
- 3 - 5 Policy Commission, 68th Session, Kyoto (Japan)
- 10 - 12 Working Group on Commercial Fraud, 8th Meeting

2013 January

- 7 - 10 Scientific Sub-Committee, 28th Session
- 22 - 23 Technical Committee on Rules of Origin, 31st Session
- 26 International Customs Day (official reception on 28 January)
- 28 - 29 Global RILO Meeting, 15th Meeting
- 30 - 31 CEN Management Team, 12th Meeting

February

- 11 - 13 Data Model Project Team
- 14 - 15 Information Management Sub-Committee, 64th Meeting
- 19 - 20 Audit Committee, 7th Meeting
- 21 - 22 Regional Offices for Capacity Building /Regional Training Centres, 8th Meeting
- 25 - 27 Capacity Building Committee, 4th Session
- 28 - 1/3 Integrity Sub-Committee, 12th Session
- 28 - 1/3 Harmonized System Committee, Working Party

March

- 4 - 15 Harmonized System Committee, 51st Session
- 11 - 15 Data Model Project Team
- 18 - 22 Enforcement Committee, 32nd Session
- 18 - 22 Permanent Technical Committee, 199th/200th Sessions
- 25 - 26 ATA/Istanbul Administrative Committee

April

- 8 - 11 Finance Committee, 94th Session
- 8 - 9 Administrative Committee for the Customs Convention on Containers, 1972, 14th Meeting
- 8 - 9 Private Sector Consultative Group
- 9 SAFE Members Only Meeting
- 10 - 12 SAFE Working Group, 11th Meeting
- 15 - 19 Technical Committee on Customs Valuation, 36th Session
- 24 - 26 Seventh Global Congress on Combating Counterfeiting and Piracy, Istanbul (Turkey)

It should be noted that WCO meetings are mentioned for information purposes and are not all open to the public. Unless otherwise indicated, all meetings are held in Brussels. Please note that these dates are indicative only and may be subject to change. The WCO meetings schedule is regularly updated on the WCO Members' website, under the "Information for delegates" section, and on the WCO public website – www.wcoomd.org – under the "Events" section.

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