

WCO Global Trade Facilitation and Compliance Updates

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World Customs Organization

- Established in 1952, as the Customs Cooperation Council (CCC)
- Headquartered in Brussels, Belgium;
- Renamed to WCO in 1994 to reflect membership
- Only international organization focused exclusively on Customs matters and cross border processing



- WCO Members are responsible for > 98% of global trade
- The WCO mission is to help improve the efficiency of the Member administrations and to help them fulfill their dual role of facilitating trade, while ensuring the safety and security of their countries against illicit merchandise and other risks.



Theme of the Year = 2018

*A secure business environment
for economic development*



Topics for Discussion

WCO Perspectives on the following

Topic 1– SAFE Framework and AEO

Topic 2– TFA Implementation

Topic 3– *Tsunami of packages*- -
(aka: E-Commerce)

Topic 4– Economy & Security



Latest Update on SAFE Framework of Standards and Tools

- SAFE Framework 2018
- AEO Package
- MRA Package
- Guidance on Advance Cargo Information
- Trader Identification Number (TIN)
- AEO & AO Frequently Asked Questions (FAQ)



AEO Programmes in Operation (77)

Americas & Caribbean	Middle East & North Africa	East & South Africa	Asia Pacific	Europe
Argentina Bolivia Brazil Canada Colombia Costa Rica Dom. Republic Ecuador Guatemala Jamaica Mexico Nicaragua Panama Paraguay Peru Uruguay USA	Azerbaijan Egypt Jordan Morocco Oman Saudi Arabia Tunisia	Burundi Kenya Mauritius Uganda	Australia China Hong Kong, China India Indonesia Japan Korea Malaysia New Zealand Singapore Thailand Vietnam	Andorra Azerbaijan EU (28 Members) Israel Moldova, Rep. of The Former Yugoslav Rep. of Macedonia Norway Serbia Switzerland Turkey

AEO Programmes being Developed (17)

Americas & Caribbean	West & Central Africa	Middle East & N. Africa	East & South Africa	Asia Pacific	Europe
Chile El Salvador	Cote d'Ivoire Democratic Republic of Congo	Bahrain	Angola Botswana Ghana Seychelles South Africa	Bangladesh Philippines	Armenia Georgia Iceland Montenegro Russian Federation

Concluded MRAs (57 + 4)

Date	Country	Date	Country
June 2007	New Zealand – USA	October 2014	USA - Mexico
May 2008	Japan – New Zealand	December 2014	USA - Singapore
June 2008	Canada – USA	March 2015	Israel – Korea
June 2008	Jordan – USA	April 2015	Korea – Dominican Republic
June 2009	Japan – USA	June 2015	Hong Kong, China - Thailand
July 2009	EU – Norway**	October 2015	India-South Korea
July 2009	EU – Switzerland**	November 2015	Switzerland- Norway
June 2010	Canada – Japan	December 2015	USA – Dominican Republic
June 2010	Canada – Korea	April 2016	Agadir Agreement Member States (Tunisia, Egypt, Morocco, Jordan)
June 2010	Canada – Singapore	March 2016	Hong Kong, China - Malaysia
June 2010	EU – Japan	May 2016	Mexico - Canada
June 2010	Korea – Singapore	July 2016	Australia- New Zealand
June 2010	Korea – USA	August 2016	Hong Kong, China - Japan
January 2011	Andorra – EU**	December 2016	Brazil - Uruguay
May 2011	Japan – Korea	December 2016	Thailand - Korea
June 2011	Korea – New Zealand	January 2017	China- Switzerland
June 2011	Japan – Singapore	July 2017	Canada-Australia
May 2012	EU-USA	July 2017	Korea - Australia
June 2012	China - Singapore	July 2017	Korea - UAE
July 2013	Korea - China	July 2017	Canada-Israel
October 2013	China - Hong Kong	July 2017	Hong Kong, China - Australia
November 2013	India- Hong Kong, China	October 2017	Korea - Malaysia
February 2014	Hong Kong, China – Korea	November 2017	Israel - China
March 2014	Korea - Mexico	November 2017	Australia - China
May 2014	EU - China	November 2017	New-Zealand - China
June 2014	Korea - Turkey	December 2017	Uruguay - Korea
June 2014	Hong Kong, China - Singapore	December 2017	Peru - Korea
June 2014	Malaysia - Japan	March 2018	Uruguay - Peru
June 2014	USA - Israel		

Chinese Taipei - as Non Member

USA-Chinese Taipei (May 2012); Israel-Chinese Taipei (Dec 2013); China-Chinese Taipei (Oct 2016)

**The agreements between the EU and Switzerland, EU and Norway, and EU and Andorra, are not traditional MRAs of AEO. The mutual recognition aspect of those agreements applies only to indirect export cases, as Customs security measures in relation to the movement of goods do not exist between them

MRAs being negotiated 36 + 4 (multilateral)

Countries		Countries
China - Japan		Switzerland - Japan
EU - Canada		Mexico - Israel
Malaysia-Thailand		Kazakhstan- Turkey
Malaysia - China		Kazakhstan-Korea
USA-Brazil		Hong Kong, China - Canada
China - Kazakhstan		Colombia - Costa Rica
Australia- Thailand		USA -Peru
Mexico - Hong Kong, China		Bolivia - Uruguay
Bolivia - Brazil		China -Brazil
India - USA		Thailand - Japan
Hong Kong, China - EU		Costa Rica - Mexico
Australia- USA		Saudi Arabia - UAE
Thailand -Singapore		Korea - Vietnam
Brazil - Argentina		Korea - Mongolia
Hong Kong, China - New Zealand		Australia - Japan
Australia-Singapore		Hong Kong, China - Israel
Iran - Russia		CEFTA (Albania, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro, Serbia and Kosovo (United Nations Interim Administration Mission in Kosovo on behalf of Kosovo)).
China - USA		Pacific Alliance (Mexico, Chile, Colombia, Peru)
USA-Uruguay		ANDEAN Community (Bolivia, Colombia, Ecuador, Peru)
EAC (Burundi, Kenya, Rwanda, Tanzania and Uganda) - Korea		Southern Africa Customs Union - Negotiations with all Member States within the Southern Africa Customs Union are still ongoing.



TRADE FACILITATION

Trade Facilitation Agreement

Important Implementation Considerations:

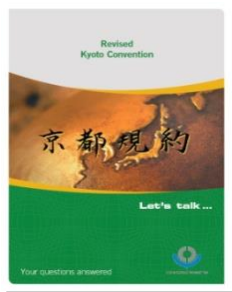
- Trade Facilitation requires coordination...
- Coordination requires communication...
- Effective Communication requires :
 - Understanding the different perspectives/sides on a topic
 - Mutual respect/professional engagement
 - Regular and routine interaction
- The best strategy= a shared visión
- The National Committees on Trade Facilitation (NCTF) can serve as the platform



WCO Tools Supporting TFA

- Implementation Guidance
- Mercator Programme

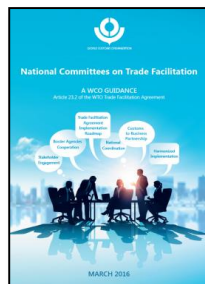
Examples of WCO tools



Revised Kyoto Convention



SAFE Framework



NCTF Guidance



Study Report on Customs Brokers



Time Release Study Guide



Single Window Compendium



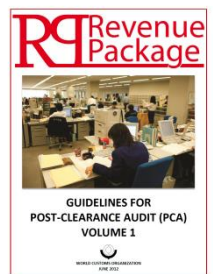
Data Model



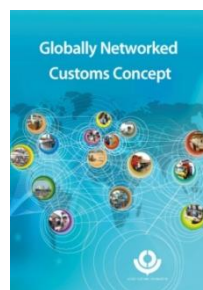
Transparency and Predictability Guidelines



Risk Management Compendium



Post Clearance Audit Guidelines



Globally Networked Customs



CLiKC



Project Map Database



Capacity Building Development Compendium

Tsunami of Packages



Opportunities

- ✓ Exponential growth in e-commerce
- ✓ 24x7 market
- ✓ Wider choices for consumers
- ✓ Advanced shipping and payment options
- ✓ Efficient delivery services
- ✓ Key driver in value preservation and economic growth
- ✓ Few intermediaries
- ✓ Supports MSMEs for overseas trade



Challenges

○ Trade facilitation and security

- Increasing volumes – Speed and efficiency
- Few Large/bulk shipments -large number of low-value small shipments
- B2C & C2C – Security risks: Limited knowledge on importers and supply chain
- Data Quality: Accuracy and adequacy



○ Fair and efficient collection of duties and taxes

- Splitting, under-invoicing and mis-declaration
- *De minimis* – Revenue loss and Distortionary impact
- Classification and origin



○ Society Protection - Criminal exploitation of e-commerce

- Illicit trade and smuggling
- Drug trafficking
- Counterfeited and pirated goods
- Illicit financial flows & Money laundering



De minimis

✓ Why

- Administrative costs of processing the imported low-value items outweigh the revenue gained
- RKC and WTO provisions

✓ Challenges

- Revenue implications
- Distortionary impact on domestically produced goods
- Lack of harmonization of *de minimis* thresholds for Customs duties and taxes



✓ Principle

- Balance between revenue collection from a large number of low-value shipments and the processing costs
- Simplified risk-based e-processing - lower *de minimis*

- ✓ 14th RKC/MC's decision – a flexible approach towards the implementation of 'de minimis' provisions

Areas of Ongoing Work by the WGEC

I. Trade Facilitation & Simplification	II. Safety & Security
<ul style="list-style-type: none">• Definitions• Legislation• Automated systems - Single Window (OGAs)• Exchange of advance electronic data (<i>interoperability, minimum data sets, data quality, data privacy</i>)• Trusted Trader/AEO programme for e-vendors marketplaces and intermediaries - enhanced facilitation• Framework/guidelines/standards - harmonization and support to MSMEs• Return/refund (drawback) processes• Implementation and review/update of the WCO Immediate Release Guidelines and other related tools	<ul style="list-style-type: none">• Product safety• Illicit trade• Quarantine/bio-security• Dark web/net• Cyber security• Illicit Financial Flows - tracking financial trails• Cooperation and information exchange between Customs administrations• Smuggling of high-value items and environmentally sensitive goods• Non-intrusive inspection (NII) technologies• Review/update of relevant tools• Case studies
III. Revenue Collection	IV. Measurement & Analysis
<ul style="list-style-type: none">• <i>De minimis</i>• Simplified entry threshold• Classification, valuation, origin issues• HS Navigator, integrated tariff database• Transactional approach vs account-based approach• Alternate models of revenue collection (including impact analysis on the industry and government)• Fees and charges• Cooperation amongst authorities (Customs and Tax)	<ul style="list-style-type: none">• Big Data• Stocktake and analysis of work currently being undertaken by international bodies• Research and analysis of various e-commerce business models - case studies• Measuring e-commerce flows and economic benefits• Capacity building, awareness, and education - implementation support

Where we are ?

- WCO Study Report on E-Commerce
- Key Considerations
- Case Studies
- Expert's Articles
- Alternate Models of Revenue Collection
- E-Commerce webpage :
 - <http://www.wcoomd.org/en/topics/facilitation/activities-and-programmes/ecommerce.aspx>

**** More to come...**

- Engagements with other IOs
 - » WTO
 - » UNCTD
 - » UPU
 - » OECD
 - » WEF
 - » CITES
 - » IPPC
 - »



COMPLIANCE AND ENFORCEMENT

The Other Side of Globalization

❑ Security Concerns



❑ Illicit Trade

- Cultural Heritage
- CITES
- Drugs
- Weapons
- Piracy & Counterfeiting
- Financial Flows for Terrorism





CEP

Compliance & Enforcement Package

TOOLS

SAFE
Framework of
Standards

Risk
Management
Compendium

Post-Clearance
Audit
Guidelines

Globally
Networked
Customs

COPES

Risk Area-
Specific
Tools

NETWORKS & TECHNOLOGY

RILOs

CEN

CENcomm

nCEN

CTS

TeN

IPM

Iris

HIGH-RISK AREAS FOR CUSTOMS ENFORCEMENT

Revenue

Security

IPR, Health
and Safety

Drugs

Environment

Emerging
Risks

PARTNERSHIPS

Customs-to-
Customs

Customs-to-
Business

Other Border
Agencies

International
Partners

OPERATIONS

Strategic goods

Cosmo

Fake medicines

Tiger 3, Biyela 2

Cocaine

Cocair IV

Waste

Demeter III

Tobacco

Gryphon

Sports goods

Gol 14

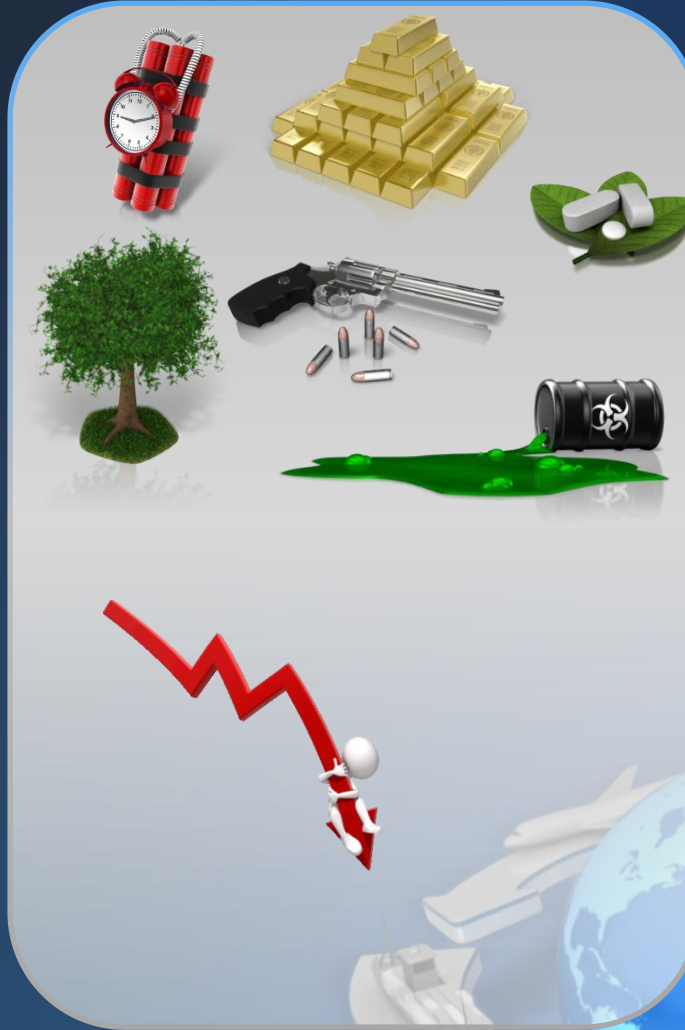
Methamphetamine

Westerlies 2

Timber

Amazonas

Economy & Safety - Security



Thank you very much.



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