



WCO news

n°91 | February 2020

Customs fostering Sustainability for People, Prosperity and the Planet



I.T SOLUTION READY



OUR PRODUCTS

 **Trade Hub**
Trade Hub Information Portal

 **PAAR**
Pre-Arrival Assessment Report

VIEW
Single Window Application Platform

 **NARP**
National Automotive Repository Portal

KPUIIS
Key Population Unique Identification System

IAISMP
Integrated Automation and Interactive Solid Minerals Portal

OFFERINGS

- ✦ ICT CONSULTING
- ✦ MANAGED SERVICES
- ✦ PORTAL DEVELOPMENT
- ✦ BUSINESS AUTOMATION
- ✦ KNOWLEDGE TRANSFER
- ✦ CAPACITY BUILDING & TRAINING
- ✦ TRADE FACILITATION SOLUTIONS

info@westblueconsulting.com

www.westblueconsulting.com



24 DOSSIER
**Shining a light
on dangerous
commodities**



37 DOSSIER **Illegal logging
under the microscope**



49 PANORAMA **Spotlight on
the Mexican Tax Administration
Service's internal communication
activities**



59 PANORAMA **Customs partners
with express carriers
in Hong Kong**



67 PANORAMA **Dubai introduces blockchain-based
platform to facilitate e-commerce**



TABLE OF CONTENTS

5 FLASH INFO

- 5 WCO Revised Arusha Declaration: putting integrity back in the spotlight
- 8 BACUDA: supporting Customs with data analytics
- 10 Career Development Programme marks its 10th year
- 11 WCO Environmental Scan: a strategic resource for Customs administrations

12 DOSSIER

- 13 Customs fostering Sustainability for People, Prosperity and the Planet: a few words about the theme of the year
- 16 Ensuring effective implementation of various environmental agreements is key to shaping a sustainable future
- 20 Environmental sustainability: gaging the level of engagement within the Customs community
- 24 Shining a light on dangerous commodities
- 28 Focus on the transboundary movements of wastes
- 32 The ozone layer and climate protection: Customs' essential role
- 36 Customs support Uruguay's energy revolution
- 37 Illegal logging under the microscope
- 44 How digitalization combined with artificial intelligence can increase sustainability in global supply chain operations

49 PANORAMA

- 49 Spotlight on the Mexican Tax Administration Service's internal communication activities
- 52 The role of the British Museum as a source of expert witness for UK law enforcement
- 57 Perspective on AEO programmes in South America
- 59 Customs partners with express carriers to fight illicit trade in Hong Kong
- 62 Shanghai Customs College opens to the world
- 65 Customs implements the WCO nCEN in Palestine
- 67 Dubai Customs introduces blockchain-based platform to facilitate cross-border e-commerce
- 70 Peru Customs reduces the time required to release goods

74 POINT OF VIEW

- 74 How machine learning can automate the determination of the valuation of goods

81 EVENTS

- 81 Highlights from the WCO Communication Strategies Conference
- 87 Calendar of Events

Editor / Writer Laure Tempier

Editorial Consultant Grant Busby

Publication Assistant Sylvie Degryse

Online subscriptions

<http://www.wcoomd.org/en/media/wco-news-magazine/subscriptions.aspx>

Advertising



Bernard Bessis bernard.bessis@bb-communication.com

Publisher

World Customs Organization

Rue du Marché, 30, B-1210 Brussels, Belgium

Tel.: +32 (0)2 209 94 41 - Fax: +32 (0)2 209 92 62

communication@wcoomd.org

www.wcoomd.org

Editorial note

WCO News is distributed free of charge in English and in French to Customs administrations, international organizations, non-governmental organizations, the business community, and other interested readers. Opinions expressed in WCO News are those of the contributors and do not necessarily reflect the official views of the World Customs Organization. Contributions in English or French are welcome, but should be submitted no later than 6 April 2020 for consideration. The WCO reserves the right to publish, not to publish, or to edit articles to ensure their conformity with the magazine's editorial policy and style. The WCO Communications Service is available to answer all requests for submission of contributions, subscriptions, and any other enquiries relating to WCO News. Please email communication@wcoomd.org.

Copyright © World Customs Organization

All rights reserved. Requests and enquiries concerning translation, reproduction and adaptation rights should be addressed to copyright@wcoomd.org.

Acknowledgements The Editorial Team wishes to express its sincere thanks to all who contributed to this publication.

Illustrations Our thanks also extend to all who provided photos, logos and drawings to illustrate this issue.

Photo cover © Juni Kriswanto / AFP

Design www.inextremis.be - mp6113



WCO Revised Arusha Declaration: putting integrity back in the spotlight

By the Capacity Building Directorate, WCO Secretariat

Since the late 1980s, WCO Members have been drawing and sharing lessons from their experiences in combating corruption and promoting integrity. They identified various factors that effective national Customs integrity programmes must address, and consolidated them into 12 and later 10 factors¹ in the Arusha Declaration Concerning Good Governance and Integrity in Customs, which was adopted in 1993 and revised in 2003.

This article highlights the relevance of the principles embedded in the Revised Arusha Declaration and how they enable Customs administrations to address the different drivers of corruption whilst ensuring compliance with other international integrity-related obligations. The main objective of this article is to put the issues of integrity and corruption back in the spotlight as well as remind readers of the need to anchor the fight against corruption in a policy of reform and to keep it a priority.

Different drivers of corruption

If the word “factor” is used in the Revised Arusha Declaration, it is done so generically, referring to work areas, principles and practices that must

be addressed or used to reduce or eliminate opportunities for corruption. Acknowledging that corruption is a human behaviour that is shaped by context, the Declaration lists specific areas where Customs must take action to change the context within which Customs officers operate.

While delivering activities under the WCO Anti-Corruption and Integrity Promotion (A-CIP) Programme, funded by the Norwegian Agency for Development Cooperation (Norad), experts confirmed how relevant the Arusha principles were for Customs administrations in the fight against the different drivers of corruption, in other words the causes, opportunities and incentives for corruption. They identified five drivers, which they called “functional,” “expected,” “opportunistic,” “desperate,” and “coercive.” These drivers are explained in more detail below, with examples drawn from experience on the ground in A-CIP partner administrations.

Functional drivers occur when difficult, opaque or burdensome procedures create incentives for people to cut corners. The Revised Arusha Declaration addresses these issues under the “Regulatory Framework” factor, requiring

¹ The 10 factors are: Leadership and Commitment, Regulatory Framework (harmonization and standardization), Transparency, Automation, Reform and Modernization (process efficiency and effectiveness), Audit and Investigation (internal controls), Code of Conduct, Human Resource Management, Morale and Organizational Culture, and Relationship with the Private Sector.

administrations to harmonize and simplify Customs laws and regulations by implementing internationally agreed conventions, other instruments and standards, as well as under the “Transparency” and “Modernization and Reform” factors, which deal with information availability, including the use of modern systems and procedures that specifically target process efficiency. Thus, the Declaration not only makes the fight against corruption a priority for Customs, it also establishes a concrete link between reforms and anti-corruption policies. Corruption in Afghanistan Customs, for example, has been clearly linked to the need for reforms; as such, the administration is currently working to modernize procedures and regulations in line with the provisions of the WCO Revised Kyoto Convention and the WTO Trade Facilitation Agreement.

Expected drivers relate to the social pressure that can foster corrupt behaviour. This behaviour can be derived from a sense that everyone expects Customs to be corrupt, or that Customs officers are not taking advantage of their position properly if they are not reaping off-the-book benefits. The Revised Arusha Declaration addresses these issues under the “Code of Conduct,” “Relationship with the Private Sector,” “Transparency,” “Human Resource Management,” and “Morale and Organizational Culture” factors. Corruption in Nepal Customs, for example, has been linked to these drivers; in response, the administration is working to improve its relationship with the private sector, the availability of its procedures, and communication with the public.

Opportunistic drivers are found when internal controls are weak or non-existent. Temptations to corruption simply happen because it is easy to do so. The Revised Arusha Declaration addresses these issues under the “Audit and Investigation,” “Automation,” “Leadership and Commitment” and “Transparency” factors. Corruption in Sierra Leone has been linked to these drivers; as such, the National Revenue Authority is setting up a new Internal Affairs Unit to strengthen internal oversight and control.

Desperate drivers are observed when personal circumstances, such as experiencing financial hardship or low morale force officers to supplement their income by other means. The Revised Arusha Declaration addresses these issues under the “Audit and Investigation,” “Human Resource Management,” and “Morale and Organizational Culture” factors. In Ethiopia, following a recent organizational restructuring process, the Customs administration is working to ensure that recent changes are understood by staff and do not affect their morale.

Coercive drivers happen when officers are forced by threat to engage in corrupt activities. Threats can either be direct (i.e. through violence or blackmail) or indirect (i.e. through political interference or pressure from managers). The Revised Arusha Declaration addresses these issues under the “Leadership and Commitment,” “Audit and Investigation,” “Transparency,” and “Automation” factors. In Liberia, the Revenue Authority is addressing political interference, resulting in exemptions and concessions being granted without justification, by strengthening

Context	Drivers of corruption in Customs	Key factors of the Revised Arusha Declaration that help combat specific drivers of corruption
Difficult, opaque, or burdensome procedures make people want to cut corners.	Functional	Regulatory framework / reform and modernization / transparency
Everyone expects Customs to be corrupt, “everyone else does it so why shouldn’t I?”	Expected	Code of conduct / transparency / relationship with the private sector / human resource management / morale and organizational culture
There are little to no controls, corruption is easy.	Opportunistic	Leadership and commitment / transparency / audit and investigation / automation
Experiencing financial hardship, need to make ends meet.	Desperate	Human resource management / audit and investigation / morale and organizational culture
Being threatened with harm by others, blackmailed or extorted, political interference.	Coercive	Leadership and commitment / audit and investigation / transparency / automation

management capacities through automation and transparency.

Meeting international anti-corruption obligations

Besides addressing today's drivers of corruption in Customs, the WCO Revised Arusha Declaration also helps countries to comply with their obligations under anti-corruption conventions and to meet UN Sustainable Development Goal (SDG) 16, which is related to "Peace, justice and strong institutions." SDG 16 includes commitments to fight corruption, increase transparency, tackle illicit financial flows, and improve access to information. As such, the goal is critical to the entire 2030 Agenda, because corruption undermines progress on all the other SDGs.

Among these international instruments is the 2005 UN Convention Against Corruption (UNCAC). Chapter II of UNCAC lists practical measures to prevent corruption, which are aligned with and encompass some of the Revised Arusha Declaration provisions. These measures include the development, introduction and implementation of conflict of interest regulations, measures to increase transparency of Customs services and strengthening whistleblower protection, as well as developing and introducing a strong control environment with proper oversight and accountability. To date, 135 WCO Members have ratified UNCAC, and thus are legally bound by it, and another 38 have made various degrees of commitments to this important instrument.

A transversal issue

Integrity is a transversal issue and the WCO Secretariat has been ensuring that discussions around corruption do not stay limited to the Capacity Building Committee or the Integrity Sub-Committee. As a result, the WCO

Information Management Sub-Committee regularly includes the topic on its meeting agendas with the aim of exploring the links between ICT and integrity matters.

Additionally, the WCO Secretariat marked International Anti-Corruption Day on 9 December 2019 by organizing an event for its staff aimed at building a common understanding of the various drivers and aspects of corruption, including the impact of corruption on Customs' work as well as ways in which integrity and anti-corruption issues could be integrated into the Secretariat's work streams and programmes.

Strategic priority

WCO Members have asked the Secretariat to include integrity among the Organization's strategic priority areas for 2019-2022. Many tools are available for Customs administrations wishing to review their existing practices, such as the Integrity Development Guide and the Guide to Corruption Risk Mapping.

Moreover, the WCO Secretariat remains at the disposal of any Customs administration requesting assistance in this area. Various types of activities are proposed, such as integrity assessment missions, missions to provide guidance on the introduction of performance measurement systems, and ad hoc missions to provide support in revising a code of conduct, an integrity strategy, a training plan or the mapping of corruption risks.

More information

Integrity@wcoomd.org

<http://www.wcoomd.org/en/topics/integrity.aspx>

<http://www.wcoomd.org/en/topics/capacity-building/activities-and-programmes/cooperation-programmes/acip-programme.aspx>

BACUDA: supporting Customs with data analytics

The BACUDA project team is ready to solve all kinds of puzzles for Customs administrations, not only issues related to enforcement per se. They could, for example, help to develop chatbots to advise importers on how to classify their goods, or how to calculate duties and taxes that apply to their trade operations.

WCO Members asked the Secretariat to place a new focus on the development of guidance and capacity to support the use of data analytics. As one of the responses, a team of experts was put in place under a project called BACUDA. The project's name is an acronym, which stands for "BAnd of CUstoms Data Analysts." It is also a Korean word that means "to change." Indeed, the aim of the project is to help Customs administrations in embracing analytical tools and methodologies, a major move for many.

BACUDA team members are all data experts with whom the Secretariat has been collaborating for some years. They are Customs officials in charge of risk management, statistics and IT systems, as well as professional economists and data scientists with an academic background in computer science. Data scientists of various nationalities from the Institute of Basic Science (IBS), the Korea Advanced Institute of Science and Technology (KAIST), and the National Cheng Kung University (NCKU) are involved in the project and leading the development of state-of-the-art algorithms. However, any qualified data experts working in Customs administrations or in academia may join the BACUDA team.

Objective

BACUDA is a collaborative research project between Customs and data scientists whose objective is to develop data analytics methodologies, including algorithms in open-source programming languages (R¹ or Python²). Methods and algorithms are explained and shared on the WCO website, where they are presented under "Series³" and categorized by objectives, enabling WCO Members to deploy the algorithms in their administrations in order to analyse their own data.

Working methods

To develop the algorithms, BACUDA analysts use Customs data at the most disaggregated level, i.e. the transaction level. Such data is collected from Customs administrations wishing to support the project, and is then anonymized to respect the confidentiality of the information that has been provided. Moreover, experts who access the anonymized data have to sign a confidentiality statement, and the preliminary results of any research are first released to the data owners who have to approve it before publication.

The potential success of the project lies with access to a huge amount of data at the transaction level, but BACUDA experts also work with open-source data. This data is not limited to macro-economic or geographical and spatial data sourced from international organizations. It also includes satellite images⁴ in the public domain published by some spatial and military agencies. In addition, experts also make use of some platforms that enable the movement of means of conveyances, such as planes,⁵ to be tracked as well as criminal activity or specific events⁶. Together, this data enables to gain a better understanding of border-related activities and supply chains.

Thanks to text-mining and web scraping tools, unstructured data can be extracted from web pages or social networking sites (SNS), and then analysed. For example, price data on online shopping platforms can be cross-referenced to assess the conformity of the declared value of an item for Customs valuation purposes.

Results and way forward

To develop and test the algorithms that they have designed, BACUDA analysts have at their disposal two powerful computers linked to a cloud server thanks to the generous support of the Korea Customs Service. This facility enables

1 <https://www.r-project.org/>

2 <https://www.python.org/>

3 <http://www.wcoomd.org/en/topics/research/data-analytics.aspx> (Access to this page is restricted, please make sure you are logged-in)

4 Refer to <https://eos.com/blog/7-top-free-satellite-imagery-sources-in-2019/>

5 <https://www.flightradar24.com/>

6 <https://www.crimemapping.com/>, <https://www.aclldata.com/>

them to work anywhere, at any time, so long as they can connect to the internet.

The project team has already developed basic methods and algorithms presented under “Series3” and categorized by the following objectives: Mirror Data Analysis with R and Shiny, Forecasting Customs Revenue, Revenue Gap Analysis, Web Scraping of Price Data, and Customs Fraud Detection by Machine Learning with Random Forest and Python. Access to this information is restricted and interested readers who do not have a user account for the WCO website are invited to submit an access request to the WCO if they are Customs officials or to contact the WCO Research Unit if they have another public or private function.

In conclusion, it should be stressed that the project team is ready to solve all kinds of puzzles for Customs administrations, not only issues related to enforcement per se. They could, for example, help to develop chatbots to advise importers on how to classify their goods, or how to calculate duties and taxes that apply to their trade operations. Another area where BACUDA experts could be of use is in measuring Customs performance by text-mining comments appearing on SNS, rather than using traditional surveys.

More information

<http://www.wcoomd.org/en/topics/research/data-analytics.aspx> (Make sure you are logged-in to access the page)
research@wcoomd.org

Data analysts wanted

BACUDA is open to officials from all WCO Member Customs administrations, including representatives from other sectors such as academia. Potential team members should be experienced and/or passionate data analysts. Anyone who wishes to join or has a suggestion is invited to contact the WCO Research Unit at research@wcoomd.org.

Career Development Programme marks its 10th year



The Career Development Programme (CDP) celebrated its 10th anniversary in 2019. Funded by Japan Customs, it offers on-the-job training to mid-managerial level Customs officers during a 10 month stint at the WCO Secretariat under the supervision of experts in different areas.

So far, 95 officials from 61 Customs administrations have participated in the initiative driven by the opportunity to enhance their professional skills and knowledge, in order to better serve their respective administrations, enabling them to efficiently achieve national goals in the area of international trade.

The CDP stands out among WCO capacity building initiatives. Indeed, the type of support provided by the Secretariat can be divided into two, with some activities focusing on human resource and organizational development,

and others focusing on the implementation of WCO instruments, tools and standards. The Programme is unique in the way it enables participants, known as Professional Associates (PAs), to address a multitude of areas related to human resource development at one time, while gaining a comprehensive insight into existing instruments, tools and standards, implementation of which would be useful for their administrations.

I am very grateful to the CDP. It provided me with the knowledge and skills I needed to advance in my career and contribute to the modernization of my administration. It also broadened my understanding of world trade, and enabled me to obtain a global perspective. After completing the Programme as a member of the WCO Valuation team, I was promoted and am now the Head of the Tariff Regulation Unit.

Mr Timur BEKTEMIROV, Kyrgyz Republic
CDP 2014/15 (TARIFF AND TRADE AFFAIRS DIRECTORATE)

Over the years, through the CDP, a large network of alumni from all over the world has been built. For the great majority of them, the Programme represents a stepping stone for the development of their career. The skills they acquired, the experience they gained, and the international networks they joined in the course of their stay at the Secretariat has enabled them to stand out professionally and become a better resource for their administration.

The knowledge and international experience that I acquired as a PA had a great impact on my performance at work and this did not go unnoticed as after my return, my administration entrusted me with a managerial position.

Ms Balness MDEZO, Malawi
CDP 2013/14 (COMPLIANCE AND FACILITATION DIRECTORATE)

Administrations greatly benefit from the Programme. Having, as part of their staff, a specialist who obtained first-hand experience of working at the international level and who attended meetings and working groups where experts develop standards and discuss critical issues is instrumental in building a more effective partnership with the WCO Secretariat, as well as with other administrations.

We are very grateful to the WCO and Japan Customs for designing such a useful Programme for developing countries and, in particular, for those that do not speak one of the WCO's official languages. Argentina's former PA Maria Fernanda Giordano now works on issues of international concern and follows all WCO related matters as a permanent liaison officer with the WCO Secretariat.

The Federal Administration of Public Revenue of Argentina,
CUSTOMS GENERAL DIRECTORATE

Today, with more than 10 years of insight, we can state with confidence that the success of the Programme is due to Japan Customs' financial contribution, the trust demonstrated by the administrations when nominating participants, the firm commitment of each PA during and after their stay to serve their administration as best they can, as well as to the dedication of the CDP coordination team and WCO Secretariat experts who spare no effort in ensuring that PAs make the best use of their stay.

Candidacies for the 2020-2021 edition of the Programme can be submitted until Monday, 9 March 2020. Please refer to the WCO website for more information on the CDP selection process.

More information

<http://www.wcoomd.org/en/topics/capacity-building/activities-and-programmes/career-development-programme.aspx>

WCO Environmental Scan: a strategic resource for Customs administrations

Taking stock of the global trends affecting trade is critical for Customs administrations who have to adapt constantly to industry and consumer practices as well as to emerging risks. To help WCO Members understand the social, political, economic, technological and legal developments as well as the impact that these developments could have on the way Customs operates, the WCO Secretariat has been producing a document for the last 10 years known as the "WCO Environmental Scan."

In 2019, a stronger focus was put on explaining how Customs could respond to the emerging trends, and linkages were made between the Environmental Scan and the WCO's Strategic Plan. This constituted a first step towards the transformation of the Scan into a more strategic resource that would better help WCO Members in determining the future direction of the Organization.

At the WCO Policy Commission meeting in December 2019, delegates unanimously acknowledged the strategic importance of the Environmental Scan, and agreed that the results of the Scan and the analyses drawn therefrom should guide the overall strategy of the WCO. Discussing the list of topics to be addressed in the document, delegates insisted on the need to include issues impacting not only Customs, but also other governmental agencies and the private sector.

The next Environmental Scan, taking on board the comments expressed by delegates to the WCO Policy Commission, will be published in June 2020.

More information

<http://www.wcoomd.org/en/about-us/what-is-the-wco/customs-environment.aspx>

Customs fostering Sustainability for People, Prosperity and the Planet



Juni Kriswanto / AFP

A few words about the theme of the year

By Kunio Mikuriya, Secretary General, WCO

Each year, the WCO Secretariat chooses a theme that is relevant to the international Customs community and its partners. The slogan chosen for 2020 is “Customs fostering Sustainability for People, Prosperity and the Planet.” An apt theme as 2019 was the year where issues such as sustainability and climate concerns dominated public debate, with Oxford Dictionaries declaring “climate emergency” the word of the year for 2019.

The United Nations 2030 Agenda for Sustainable Development recognizes international trade as an engine for inclusive economic growth and poverty reduction, and an important means to achieve the 17 Sustainable Development Goals (SDGs). Being the main enforcer of cross-border trade-related regulations, Customs can ensure that international trade contributes to accelerating progress in achieving these goals.

For example, fair revenue collection and the fight against commercial fraud and illicit financial flows support poverty reduction and health and social programmes by ensuring that national governments are not deprived of critical revenues necessary to fund public infrastructure and services. It also contributes to reducing unfair competition and to creating transparent and predictable conditions for trade, whilst facilitating legitimate business that will in turn contribute to economic growth and job opportunities.

Efficient enforcement of environmental regulations protects people, the planet and all its inhabitants, and is a key contributor to prosperity. Indeed, environmental crime is a threat to sustainable development. Poaching, wildlife trafficking and the illicit logging, fishing, mining and waste trades threaten international security as well as economic growth and development.

Implementation of efficient procedures and processes at borders can stimulate growth and prosperity, and lessen the impact of trade operations on the environment. Even though the way goods are produced often has a greater bearing on carbon emissions than their transport, the movement of goods has environmental consequences whose scale largely depends on the performance of all supply chain stakeholders.

By developing guidance and international standards that drive efficiency and by sharing expertise on how rules agreed internationally can be effectively applied, the WCO can ensure that trade fulfills its pro-growth and pro-development ambition in a sustainable way.

Under this year’s banner, WCO Members are, therefore, encouraged to put sustainability at the centre of their future improvements in practices and processes, not only at the operational level, but also at the internal level, as Customs, like any organization, uses natural resources and produces waste.

When it comes to minimizing our direct and indirect impact on the environment, administrations can apply simple practices such as ensuring that offices and facilities are using energy-efficient equipment, which is switched-off when not in use, banning single-use plastic items, separating biodegradable and non-degradable waste, and making water fountains available instead of disposable plastic water bottles. Some administrations have even switched to renewable energy in their various office buildings, and some have even installed solar photovoltaic (PV) systems on their roofs.

At the WCO Secretariat, we decided to eliminate disposable plastic bottles, which were supplied to delegates attending meetings and events.

An Indonesian Customs officer inspecting a container filled with rubbish. The shipment was supposed to contain waste paper only; however, the authorities also discovered hazardous material and household rubbish inside it.

Instead, staff and delegates must use refillable bottles, which they can fill with filtered water provided by water stations installed next to the main meeting rooms. Plastic cups and utensils have also been eliminated, ultimately reducing the organization's plastic footprint.

Customs administrations must also try to ensure that we apply environmental-friendly methods when disposing of seized goods, especially those containing toxic elements. Depending on the nature of the goods involved, this can be a costly and technically complex undertaking, requiring access to specialized facilities and expertise. We, therefore, invite those administrations wishing to review their environmental footprint to start a conversation with various stakeholders, such as the ministry responsible for the environment, and private companies active in this sector.

Besides adopting the right attitudes and practices, Customs has a critical role to play in ensuring the effective and efficient implementation of various environmental treaties, protocols, other agreements, and Multilateral Environmental Agreements (MEAs). Their objectives include addressing the illicit trade in hazardous waste and ozone-depleting substances, combating the illicit trade in endangered species, and preventing the spread of plant and animal diseases, as well as invasive alien species.

Customs can also contribute to building sustainable societies by facilitating legal logistics flows. International trade is both a contributor to global warming, and an intrinsic component in the many solutions that exist. Consequently, international trade and border management are being incorporated into the global warming policy framework. Customs' role here is to streamline procedures and use modern practices and tools to control trade transactions so that they can reduce the time and cost of moving goods across borders, including the environmental costs.

To take our annual theme forward, for the dossier of this edition of the magazine, we invited various people to share information on initiatives and related projects that contribute to fostering sustainability for people, prosperity and the planet. The idea is, as always, to highlight any challenges faced, to showcase those projects that

will inspire others, and, of course, to communicate best practices.

Let me now turn to the actual content of the dossier. It starts with two articles by the WCO Secretariat reminding administrations of the importance of implementing the various environmental agreements and Customs' role and responsibilities in this regard. Raising awareness on the MEAs is indeed necessary. As shown by the article presenting the results of a survey that the Secretariat conducted among Customs administrations, some of them still need to build knowledge and skills to implement the MEAs, and the Secretariat will look at this issue with its Green Customs partners.

This is followed by an article which looks at the role of the HS in supporting environmental control measures on goods of concern at the border as well as in implementing import and export incentives for goods that offer environmentally better alternatives. By bringing both types of goods into greater visibility in trade flows, goods nomenclatures enable import and export licensing systems to be enforced, the consumption and production of controlled substances to be calculated, and tax and facilitation benefits to be applied to environment-friendly products. I would like to highlight that the 2022 edition of the HS, that will come into force on 1 January 2022, goes much further than previous editions in regard to the environment and is the "greenest" HS to date.



Two articles then look at two specific MEAs, respectively the Basel Convention, which regulates trade flows in hazardous and other wastes, and the Montreal Protocol, which aims at protecting the ozone layer and preventing any further global warming of the planet.

To mitigate climate change, some governments have decided to shift energy sources from coal and petroleum to renewable energies: solar, wind, geothermal, and hydropower. In a short article, Uruguay Customs explains how it supported the country's energy revolution by facilitating the import of machines, material or large-volume parts, which are used to produce green energy.

Another way to reduce emissions of carbon dioxide and other greenhouse gases is to protect plants in the ocean and plants on land, and especially forests. Enforcing timber trade regulations is crucial to protect natural forests and the people dependent on them, and to ensure that the trade is sustainable and does not threaten the survival of species in the wild. In an article on the illegal timber trade, the Environmental Investigation Agency looks at various existing legal frameworks and explains its role and how its actions can support enforcement.

Despite the mode of production often prevailing over transport in terms of carbon emissions, it is crucial to minimize the environmental impact of transporting goods. This depends, to a large extent, on the performance of logistics systems. In particular, environmental performance over the last few miles before goods reach consumers is critical. In the last article of this dossier, MJC², a company providing scheduling systems and optimization software, explains how logistics flows can be improved by using a combination of artificial intelligence systems and digitalization, and how Customs could benefit from technology to enhance its monitoring of international trade.

In wrapping up, I would like to sincerely thank all the contributors to this dossier, as well as all the other contributors to the magazine who took the time to share their experiences with us on various Customs and international trade issues. It has been our pleasure to produce another edition of the WCO's flagship magazine, and we trust that you will enjoy reading all the insightful articles.

By developing guidance and international standards that drive efficiency and by sharing our expertise on how rules agreed internationally can be effectively applied, the WCO can ensure that trade fulfills its pro-growth and pro-development ambition in a sustainable way.

Ensuring effective implementation of various environmental agreements is key to shaping a sustainable future

By Roux Raath, WCO Environment Programme

The global Customs theme for 2020 reads “Customs Fostering Sustainability for People, Prosperity and the Planet,” and, although the three focus areas are inter-linked, each warrants separate consideration due to their wide-ranging scope.

It is thought-provoking to note that global GDP is estimated at 66.9 trillion US dollars, but the monetary value of nature, in other words the economic contribution of the natural world, at 145.1 trillion US dollars.¹

The earth and its resources are finite, and it is becoming exponentially more challenging “to meet the needs of the present without compromising the ability of future generations to meet their needs,”² the principle that lies at the heart of sustainability.

Sustainable Development Goals

World leaders committed, for the first time, to the goal of sustainable development at the Earth Summit in Rio de Janeiro in 1992. In 2000, 189 States signed a declaration to achieve eight Millennium Development Goals, achievement of which expired in 2015. As a result, new action was needed to lay a foundation for a more secure future and in order to meet environmental and development challenges until 2030. This led to the United Nations (UN) General Assembly agreeing to 17 Sustainable Development Goals³ (SDGs), and in 2020, the world has 10 years left to achieve them.

Environmental sustainability

Environmental sustainability lies at the heart of most of the SDGs, and cannot be detached from the SDGs and future prosperity. The UN acknowledges environmental sustainability as key to achieving its 2030 SDGs, and supports the integration of sustainable development principles and practices into a country’s policies and programmes.⁴

Unfortunately, threats to the environment have become prominent and are largely acknowledged as instrumental in jeopardizing the future of humanity. The view of what constitutes an environmental threat may vary, but most have anthropogenic or human intervention singled out as the key catalyst for the current state the world is in. Phrases such as ‘carbon footprint,’ ‘climate change,’ ‘global warming,’ ‘deforestation,’ ‘biodiversity loss,’ ‘melting polar ice-caps’ and ‘rising sea levels,’ seem to have become imbedded in modern day vernacular.⁵

According to Børge Brende, President of the World Economic Forum, “Environmental risks continue to dominate the results of our annual Global Risks Perception Survey (GRPS). This year,

The 17 SDGs focus on discrete challenges, but are all linked. They are: No Poverty; Zero Hunger; Good Health and Well-being; Quality Education; Gender Equality; Clean Water and Sanitation; Affordable and Clean Energy; Decent Work and Economic Growth; Industry, Innovation and Infrastructure; Reduced Inequality; Sustainable Cities and Communities; Responsible Consumption and Production; Climate Action; Life Below Water; Life on Land; Peace, Justice and Strong Institutions; and Partnerships (for the goals).

1 Juniper, T., 2016, *What's Really Happening to our world*, Dorling Kindersley Limited, London

2 Investopia, n.d., *Sustainability*, accessed 14 October 2019, <https://www.investopedia.com/terms/s/sustainability.asp>

3 Juniper (2016: 192). “The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. The Goals interconnect and in order to leave no one behind, it is important that we achieve each Goal and target by 2030”.

4 World leaders adopted seventeen Sustainable Development Goals to achieve certain objectives, or “several extraordinary things”, by 2030 such as end poverty, promote prosperity and well-being for all, and protect the planet. *The Sustainable Development Goals are a set of course to achieve these objectives*. United Nations Foundation (2013).

5 Kinhal, V 2018, ‘Seven Biggest Environmental Threats’, *Green Living*, viewed 18 September 2018, https://greenliving.lovetoknow.com/Seven_Biggest_Environmental_Threats. Also see Zimmer, L 2018, ‘7 biggest threats to the environment – why we still need Earth Day’, *inhabitat*, viewed 28 September 2018, <https://inhabitat.com/7-biggest-threats-to-the-environment-why-we-still-need-earth-day>

Some interesting facts

- Since 1950, the global population almost tripled to 7.4 billion in 2016.
- There has been a ten-fold expansion in the global economy since 1950.
- More than half of the world's population now live in towns and cities.
- Energy use has increased by five times since 1950.
- Fresh-water use has increased fivefold.
- A ten-fold rise in the consumption of natural resources has been witnessed.
- A record greenhouse gas concentration is present in the atmosphere.
- A more than four-fold increase in fish capture is evident.
- The mass extinction of animals and plants is gathering momentum.¹

¹ Juniper (2016: 10-13).

they accounted for three of the top five risks by likelihood and four by impact.”⁶

Environmental risks are topical, recent, acute and on the increase,⁷ and if the key drivers of change are considered, policy interventions and operational solutions should be developed and constantly refined, and compliance must be guaranteed.

There are various noticeable drivers that have changed the face of the earth, and include the population explosion; economic expansion; the ‘City Planet’ concept (i.e. urbanization); demand for fuel/energy; escalating appetite (for resources and products); demand on water sources; and consumerism.⁸

Working towards environmental sustainability

Various environmental and social treaties and goals have been adopted internationally, but more progress has been made in relation to social goals than environmental ones.⁹ The future will be shaped by many factors, such as prevailing attitudes, but also the effective implementation of various environmental treaties, protocol’s, other agreements, and Multilateral Environmental Agreements (MEAs).¹⁰ Essentially, these include important direction-giving goals and agreements such as the UN SDGs and the Paris Climate Change Agreement, as well as various MEAs that include:

- the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal;
- the Cartagena Protocol on Biosafety to the Convention on Biological Diversity;
- the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (CWC);
- the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);

- the Montreal Protocol on Substances that Deplete the Ozone Layer;
- the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade;
- the Stockholm Convention on Persistent Organic Pollutants.

Customs’ role

Effective enforcement of MEAs requires that law enforcement agencies know the provisions of the agreements and related regulations, and have the legal and technical capacity to enforce them. In this regard, Customs administrations are uniquely mandated and positioned at the borders of a country, or at critical ‘chokepoints’ in the supply chain, and their role in enforcing environmental regulations is crucial.

To understand the provisions of international agreements, the procedures they establish and the documentation they require, Customs has at its disposal a large variety of training material developed by the WCO and its international partners, including the various Secretariats of the MEAs mentioned above. Non-governmental organizations, such as the Environmental Investigation Agency, also undertake investigations and publish intelligence and analysis that directly support governmental enforcement activities.

Customs administrations should also make use of risk management methods and techniques, as well as take advantage of national, regional and global information and intelligence exchange networks that are in place and through which information, risk data, and intelligence are disseminated. It is also critical that they contribute to these networks by reporting seizure data and sending alerts. A rudimentary analysis of the WCO Customs Enforcement Network (CEN) database shows that a gap exists between the seizures performed and the seizures reported by WCO Members.

It is imperative for Customs administrations to acknowledge and respond to environmental risks and crimes, and to ensure that such crimes receive the strategic and policy recognition and operational attention they deserve.

6 World Economic Forum 2019, *The Global Risks Report 2019 – 14th Edition*, viewed 9 December 2019, http://www3.weforum.org/docs/WEF_Global_Risks_Report_2019

7 World Economic Forum 2018, *The Global Risks Report 2018 – 13th Edition*, viewed 18 September 2018, http://www3.weforum.org/docs/WEF_GRR18_Report.pdf

8 Juniper (2016: 5).

9 United Nations Environment Programme (2018: 188).

10 MEAs are treaties between multiple States and, in some cases, regional economic integration organizations such as the European Union to pursue specific objectives aimed at protecting the environment and conserving natural resources. The intention of the international community to develop a new MEA is often brought about by worldwide concerns about the actual or potential serious impacts of human activities on the Earth’s fragile environment and the need to address these through concerted efforts at the global level in order to ensure a safe future for coming generations. United Nations Environment Programme (2018: 1).

Lastly, they should also actively participate in enforcement operations organized by the WCO and its partners. These operations provide Customs with a unique opportunity to assess their enforcement capacities and the strength of their cooperation mechanisms, which must be in place between environmental agencies, other law enforcement agencies and any other additional partners.

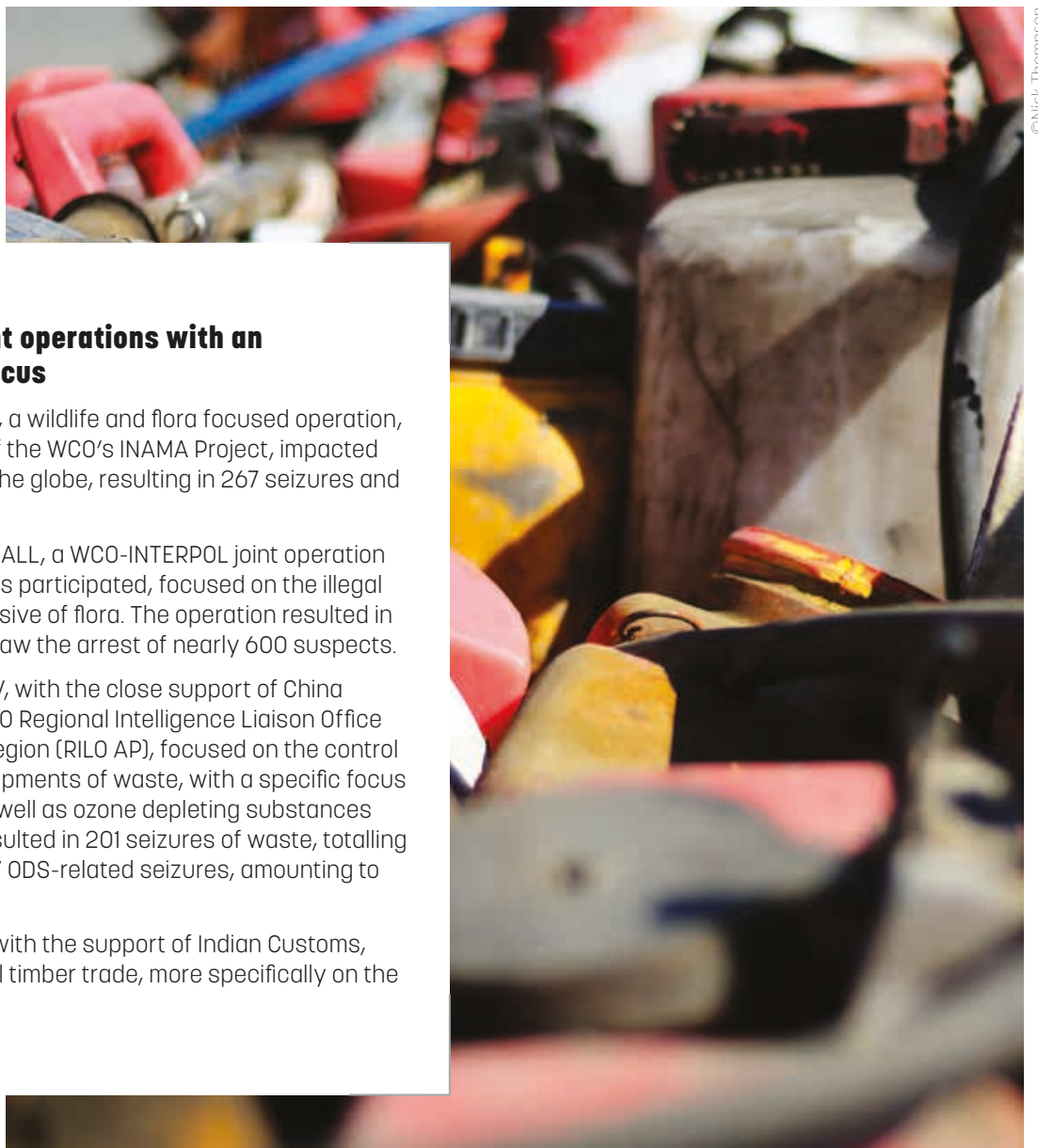
Some of the overarching lessons learned during such operations include the need, ahead of the operation, to assess risks, to strengthen Customs-Police coordination, and to ensure that proper and quality seizure data is reported to the WCO.

Conclusion

It is imperative for Customs administrations to acknowledge and respond to environmental risks and crimes, and to ensure that such crimes receive the strategic and policy recognition and operational attention they deserve. With 2020 having 'sustainability' at its core, Customs is encouraged to look into how it can improve the enforcement of environmental regulations while supporting the activities of the WCO Secretariat such as participating in Operation DEMETER (waste and ozone depleting substances) or the THUNDER operation series organized with INTERPOL (illegal wildlife trade).

More information

enforcement@wcoomd.org



©Nick Thompson

2019 enforcement operations with an environmental focus

Operation PRAESIDIO, a wildlife and flora focused operation, conducted as part of the WCO's INAMA Project, impacted 41 countries across the globe, resulting in 267 seizures and 125 arrests.

Operation THUNDERBALL, a WCO-INTERPOL joint operation in which 109 countries participated, focused on the illegal trade in wildlife, inclusive of flora. The operation resulted in 1,828 seizures, and saw the arrest of nearly 600 suspects.

Operation DEMETER V, with the close support of China Customs and the WCO Regional Intelligence Liaison Office for the Asia/Pacific region (RILO AP), focused on the control of transboundary shipments of waste, with a specific focus on plastic waste, as well as ozone depleting substances (ODS). The efforts resulted in 201 seizures of waste, totalling 4,584,733 kg, and 27 ODS-related seizures, amounting to 8,034 kg.

Operation SSHA III, with the support of Indian Customs, focused on the illegal timber trade, more specifically on the red sanders species.

Environmental sustainability: gaging the level of engagement within the Customs community

By Roux Raath, WCO Environment Programme

In pursuance of the WCO's objective to support global sustainability efforts, its Secretariat recently conducted a survey among Customs administrations to ascertain their level of engagement with regards to the implementation of Multilateral Environmental Agreements, or MEAs, as they are commonly referred to.

The survey covered the following eight MEAs:

- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (Basel Convention), 1992;
- Cartagena Protocol on Biosafety to the Convention on Biological Diversity (Cartagena Protocol), 2003;
- Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (CWC), 1997;
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES Convention), 1975;
- Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Protocol), 1989;
- Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention), 2004;
- Stockholm Convention on Persistent Organic Pollutants (Stockholm Convention), 2004;

- Minamata Convention on Mercury (Minamata Convention), 2017.

In total, 54 Customs administrations responded to the survey, which constitutes a 29.5% response rate.

Findings

Importance given to MEAs

Customs administrations were asked to rate the importance they attached to the implementation of each of the eight MEAs in their countries. They could choose between the following five categories: critically important; more important (than other MEAs); important; less important (than other MEAs); and not important.

It is interesting to note that the CITES Convention is the MEA that received the highest number of "critically important" responses (44%), followed by the Basel Convention (33%).

While most of the MEAs have been ratified in a large majority of the countries covered in the survey, their implementation does not receive the same level of importance from different Customs administrations. The "oldest" MEAs, in particular the CITES Convention, are deemed more important than more recent ones, such as the Minamata Convention and the Cartagena Protocol.

Graph 1 - Scale of MEA importance

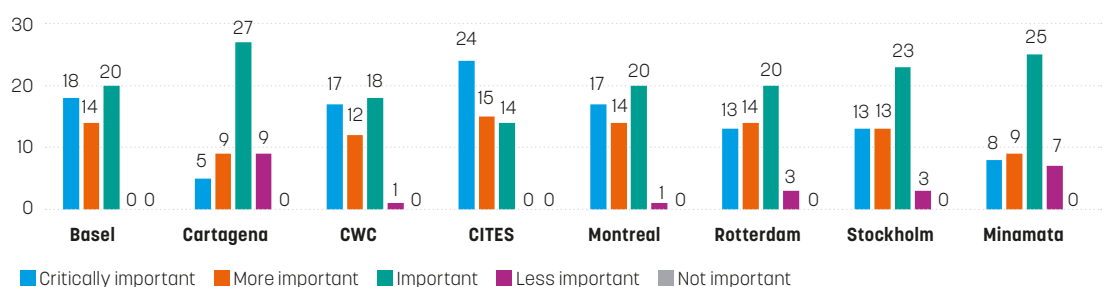


Table 1 - Importance given to MEAs

	Basel	Cartagena	CWC	CITES	Montreal	Rotterdam	Stockholm	Minamata
Number of administrations having ratified the MEA	50	46	45	53	49	48	49	39
Number of administrations for which implementation of the MEA is a priority	37	18	32	42	34	32	28	20
Number of administrations having developed specific risk management methods for the MEA	40	15	38	46	35	28	24	17
Number of administrations that will focus on the enforcement of the MEA in the near future, but currently do not do so	10	11	10	12	10	11	8	10
Number of administrations that report activities related to the MEA in their Annual Report	18	7	14	26	15	12	10	5

Capacity

With regards to enforcement capacity, which includes the availability of technical material, trainers and other resources, the CITES Convention once again stands out as the best covered MEA, while very few Customs administrations provide training on the Minamata Convention and the Cartagena Protocol. In general, many administrations are still in need of basic and, in some instances, advanced training.

It is interesting to link the information contained in Table 2, more specifically the first question on the availability of training on MEAs at a Customs school, with the second question contained in Table 1 related to the priority given to each MEA. Although many respondents regard the implementation of the MEAs as a priority, sufficient training is not always delivered to enforcement officers.

Table 2 - Training availability

	Basel	Cartagena	CWC	CITES	Montreal	Rotterdam	Stockholm	Minamata
Number of administrations having training on the MEA as part of the Customs school curriculum	25	10	24	38	30	20	18	13
Number of administrations providing training to officers joining enforcement units prior to operational deployment	17	7	15	27	16	13	12	8
Number of administrations providing advanced training to enforcement officers	19	12	20	28	22	17	14	11
Number of administrations having training material on the MEA available	19	9	20	29	24	15	13	10
Number of administrations having a specialized trainer on the MEA	13	5	16	17	16	10	9	6

Operational tools and inspection guidelines

When asked about the availability of operational tools and guidelines related to the identification and disposal of the commodities covered under each MEA, Customs administrations indicated, in many instances, that they lack both. The situation is worrisome when the materials being controlled are hazardous. When mismanaged, such material can compromise workers' safety and security.

A small minority of Customs administrations said that they have the necessary tools and guidelines enabling them to identify and properly handle goods covered under the CITES Convention, but some indicated that they have very few tools and guidelines for the goods covered under the Minamata Convention and the Cartagena Protocol.

Table 3 - Tools and guidelines

	Basel	Cartagena	CWC	CITES	Montreal	Rotterdam	Stockholm	Minamata
Number of Administrations having active profiles specifically related to the MEA	25	7	28	33	25	19	17	11
Number of Administrations having access to tools to perform analysis on commodities covered in the MEA	15	5	10	20	18	11	10	7
Number of Administrations having sufficient guidelines on how to handle/process commodities	27	9	26	35	24	20	14	12
Number of Administrations having sufficient guidelines on the disposal of commodities	15	7	13	25	16	13	11	8

Partnerships

Most of the respondents indicated that their administration had forged a functional working relationship with national competent authorities in charge of the CITES and Basel Conventions as well as the Montreal Protocol, but only a small minority had done so with those in charge of the CWC and of the Rotterdam and Stockholm Conventions, and very few with those in charge of the Cartagena Protocol and the Minamata Convention.

Table 4 - Partnerships

	Basel	Cartagena	CWC	CITES	Montreal	Rotterdam	Stockholm	Minamata
Number of administrations having a working relationship with the respective MEA's competent authority (e.g., frequent contact, data exchanges, process for import/export validation)	40	19	33	48	40	32	32	23
Number of administrations having access to an accredited laboratory that can analyse samples	11	9	12	15	13	11	12	10
Number of administrations wishing to work with one of the "Green Customs" partners ¹ to develop their enforcement capacities	31	19	22	29	26	23	20	20

Conclusion

There seems to be a need to close the gap between the perceived importance of the MEAs and enforcement capacities. Building such capacities would require access to technical training material and to trainers, as well as to proper identification equipment and guidelines related to the handling and disposal of commodities once detected/seized.

There seems to be a need to close the gap between the perceived importance of the MEAs and enforcement capacities.

¹ <https://www.greencustoms.org/who-we-are>

Although a number of tools to support law enforcement officers in the implementation of the MEAs are available, many administrations are not aware of these tools. More information and some of these tools can be found on the website of the respective MEAs as well as on the WCO CLiKC! Platform.

The results of the survey have been shared with the WCO's Green Customs partners and will be used when planning future diagnostic missions, training events, expert visits, and enforcement operations.

More information

enforcement@wcoomd.org

Where to find information material

The MEAs

- Green Customs website contains a lot of resources including the "Guide to Multilateral Environmental Agreements (MEAs)" at <https://www.greencustoms.org/resources>
- E-learning course on CLiKC! at <https://clikc.wcoomd.org/>

Basel Convention

The following material is available in Arabic, Chinese, English, French, Russian and Spanish at <http://www.basel.int/Implementation/Publications/GuidanceManuals> :

- Guidance on the implementation of the Basel Convention provisions dealing with illegal traffic (paragraphs 2, 3 and 4 of Article 9)
- Guidance Elements for Detection, Prevention and Control of Illegal Traffic in Hazardous Waste
- Instruction manual on the prosecution of illegal traffic of hazardous wastes or other wastes
- Basel Convention Training Manual on Illegal Traffic for Customs and Enforcement Agencies

Rotterdam Convention

<http://www.pic.int/Implementation/ResourceKit>

- Harmonized System Codes assigned to chemicals in Annex III to the Rotterdam Convention
- Case study of the Customs-related aspects of the Rotterdam Convention - Jamaica's experience
- E-learning Interactive Training on the Operation of the Rotterdam Convention
- E-learning Introductory Course to the Rotterdam Convention

- Correlation between the product coverage of selected international conventions and the harmonized system of the World Customs Organization

Basel, Rotterdam and Stockholm Conventions

<http://synergies.pops.int/Implementation/TechnicalAssistance/ToolsandMethodologies/ManualforCustomsOfficers/tabid/4457>

- The Interactive Manual for Customs on Hazardous Chemicals and Wastes under the Basel, Rotterdam and Stockholm Conventions
- E-learning module for law enforcement officers

Cartagena Protocol

- E-learning course available on CLiKC! at <https://clikc.wcoomd.org> or at <https://scbd.unssc.org/course/index.php?categoryid=39>
- Documents related to the Training of trainers' workshops on the identification and documentation of living modified organisms, and to workshops on developing capacity for national border controls on living modified organisms in small island developing countries available at https://bch.cbd.int/onlineconferences/portal_art18/hpi_pastactivities.shtml

CWC

- Training calendar at <https://www.opcw.org/calendar>
- E-learning course on CLiKC! at <https://clikc.wcoomd.org/>

CITES

- The CITES Virtual College at <https://cites.unia.es/cites/> contains

instruction and advanced courses for Customs as well as a great number of species identification material

- Other tools at <https://www.cites.org/eng/prog/iccwc.php/Toolsinclude>
 - The Wildlife and Forest Crime Analytic Toolkit
 - ICCWC indicator framework for wildlife and forest crime
 - Guidelines on methods and procedures for ivory sampling and laboratory analysis
 - Best Practice Guide for Forensic Timber Identification

Montreal Protocol

- E-learning course on CLiKC! at <https://clikc.wcoomd.org/>
- A special issue of the OzonAction Newsletter focusing on the causes and method of illegal trade in ODS and the "Training Manual for Customs Officers" are available at <https://www.greencustoms.org/resources>
- Publications, toolkits, manuals and guide for enforcement officers available at <https://www.unenvironment.org/ozonaction/resources?topic=257>
- Factsheet on HS Codes for HFCs at <https://www.unenvironment.org/ozonaction/resources/factsheet/hs-codes-hfcs-advice-countries-advance-2022-hs-code-update>

Minamata Convention

Material supporting the effective implementation of the Convention, including a factsheet on key control measures, available at <http://www.mercuryconvention.org/Resources/Information>

Shining a light on dangerous commodities

By the Tariff and Trade Affairs Directorate, WCO Secretariat

How the Harmonized System supports a safer, greener world by specifying goods of environmental concern or interest.

“Here be dragons”

Dragons and other mythological beasts were used to illustrate uncharted and potentially dangerous areas on some medieval maps. In regard to goods that pose environmental risks, there are Harmonized System (HS) provisions that could rightly bear dragon illustrations.

These are provisions where goods of concern are subsumed within a broader group of goods in the same classification. The goods of potential concern are effectively “uncharted,” hidden as an unknown quantity within the broader class of goods with which they share a classification. Lack of visibility makes monitoring and control of the legitimate trade in such goods far more problematic. This also affects environmentally-preferable goods. The options for providing import and export incentives for goods that offer environmentally better alternatives are constrained if the goods cannot be readily identified on border declarations.

To address this problem, the flow of goods of concern or of interest need to be made clearly visible to the authorities, statisticians, and policy makers. So, what has the WCO¹ been doing to make both goods with environmental risks and environmentally-preferable goods visible in trade? Actually, it has been doing a great deal of work on this.

Goods posing environmental risks

In every new edition of the HS, there are changes designed to make it simpler for administrations to monitor and control the trade in goods posing

an environmental risk. For example, goods newly controlled under the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and the Stockholm Convention on Persistent Organic Pollutants (POPs) are normally added as specified goods to the next edition of the HS.



¹ By WCO in this context, we are referring to the representatives of Customs administrations who meet at the Council, the Harmonized System Committee (HSC), the Harmonized System Review Sub-Committee (RSC) and the Scientific Sub-Committee (SSC), as well as the staff of the Tariff and Trade Affairs Directorate of the WCO Secretariat.

Goods which require monitoring for environmental sustainability purposes, or because they pose environmental risks are, therefore, frequently added to the HS. However, the development of HS 2022 went much further than previous editions in regard to the environment: environmental concerns were a major focus and one of the foremost drivers for its change agenda. HS 2022 is the 'greenest' HS to date. Indeed, one article is insufficient to go through all of the environment-related changes in this important new edition, so this article outlines just a few of the changes that will come into force on 1 January 2022.

Perhaps one of the most dramatic is the creation of an entirely new set of provisions for waste generated from electrical and electronic equipment, also known as "e-waste." This is one of the fastest-growing categories of waste and, as electronic products can contain substances that are hazardous to human health and the

environment, one that poses highly significant dangers, particularly where there are no formal systems in place to recycle and dispose of old devices. But, as key materials can be recovered from some of these devices, e-waste can have considerable economic value, making it a commodity that travels both in legitimate and illicit trade streams.

Of this large commodity stream, only the waste and scrap of accumulators and batteries is currently classified separately in the current version of the HS. The vast majority of the approximately 50 million tons of such waste and scrap produced last year has no dedicated classification, and can cross borders under various codes. This not only makes it extremely difficult to measure the volume of trade in these goods in or out of countries, but also makes it far more difficult to successfully implement controls or regulations to reduce the exposure of countries to hazards, or to more safely realize the economic benefits from recovery operations.

This situation was highly concerning for the work that had to be done under the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, so the Parties to the Convention, through the Basel Convention's Secretariat, presented the original proposal to add such wastes to the HS. As waste is a difficult commodity to define, many years of work followed within the HS Committee, the Review Sub-Committee, WCO Member administrations, and the WCO and Basel Secretariats to develop a workable solution.

HS 2022 provides a new heading, 85.49, for electronic scrap and waste suitable only for disposal or recovery operations, in order to give more visibility to cross-border movements of such waste. Importantly, the heading includes subheadings specific to waste containing primary cells, primary batteries, electric accumulators, mercury-switches, glass from cathode ray tubes or other activated glass, or electrical or electronic components containing cadmium, mercury, lead or polychlorinated biphenyls (PCBs).

The new measures will help to bring the legitimate trade in these goods more clearly into view, making necessary controls easier. While the HS is primarily concerned with legal trade, having a separate classification will also open



the prospect of new additional offences for the prosecution of illicit trade, given that attempts to avoid declaration and detection will require the misclassification of such goods.

Another of the major changes is the provision of new subheadings for goods falling under the Kigali Amendment to the Montreal Protocol on Substances that Deplete the Ozone Layer. This was again an occasion where WCO Members carried out extensive additional work on the HS in order to facilitate work under the Montreal Protocol. It was realized that while the Kigali Amendment named various gases as falling under its provisions, these gases are normally imported as mixes. So, in addition to the new subheadings under heading 29.03, a new Note 4 to Section VI and new heading 38.27 were created, providing specific provisions for mixes containing gases that fell under the Montreal Protocol.

The work in relation to the Montreal Protocol is also one of the best examples of the WCO Council's commitment to HS support for its Members' work on environmental issues. Provisions related to this Protocol are already reflected in the HS, but new commitments may come into force before a new edition of the HS can be released. So, to help its Members bridge the gap between the commencement of obligations under the Montreal Protocol and the implementation of the next HS edition, the WCO Council released Recommendations in 1995, 2011 and, most recently, in 2019 on the "insertion in national statistical nomenclatures of subheadings to facilitate the collection and comparison of data on the international movement of substances controlled by virtue of amendments to the Montreal Protocol on Substances that deplete the Ozone Layer."

These specific HS Recommendations contained lists of proposed seven and eight digit level domestic subheadings that could be used by countries to implement internationally consistent monitoring and data collection prior to the entry into force of a new HS. These HS Recommendations are essentially asking countries to enact legislative amendments to their tariffs outside of a new HS edition, so such Recommendations are rarely made. Provisions relating to the Montreal Protocol are the only matter on which the Council has made multiple HS Recommendations.

Environmentally-preferable goods

While waste and Montreal Protocol substances are two of the examples of work on goods of concern, there are also extensive changes in HS 2022 for environmentally-preferable goods. Some are the result of ad hoc requests, such as the new provision for catalytic converters and particulate filters for motor vehicles, while others result from the close cooperation established over the years with specific organizations in the framework of the HS updating process.

The International Renewable Energy Agency (IRENA) and the International Network for Bamboo and Rattan (INBAR) are examples of just two of the organizations that have been working closely within the HS change process over multiple editions to promote the visibility of both environmentally-preferable technologies, such as LEDs for lighting, or of products of materials that are capable of being produced more sustainably than those that they replace, such as bamboo. This work has continued, resulting in HS 2022 including several new subheadings in relation thereto.

Sustainable development

International trade policies for sustainable development set up objectives, and their monitoring requires the availability of good quality, detailed trade data. An example of ongoing cooperation in the updating of the HS to provide such data is the work being done with the Food and Agriculture Organization of the United Nations (FAO). The need to monitor trade against concerns around the depletion of natural resources and threats to food security is an ongoing source of amendments to highlight how much trade is occurring in vulnerable or regionally important food and wood products.

This is, of course, only a brief mention of some of the changes for HS 2022. The full set of amendments in the Recommendation for HS 2022 is on the WCO website, where the changes may be examined in full.

Going forward

The role of the HS in supporting the work of implementing environmental controls at the border, including those aimed at protecting human health and safety, is taken very seriously, and the WCO is proud of its work in this regard.

So, while HS 2022 is a major step forward, the work continues and the WCO has already started negotiations on HS 2027. Work relating to the new cycle has already begun in the Harmonized System Review Sub-Committee, including on environmentally-preferable goods, and important proposals on goods of environmental concern are in active preparation in other intergovernmental agencies.

Now is the time for WCO Members to look at what they need from the HS to facilitate their environmental commitments. Together we can reduce our unknowns, by bringing both goods of concern and goods that work for the environment into greater visibility in trade flows.

More information

hs@wcoomd.org

Work relating to the new revision cycle has already begun. Now is the time for WCO Members to look at what they need from the HS to facilitate their environmental commitments.



Efficient management of supplier declarations and correct use of free trade agreements – globally

There are already more than 400 ratified free trade agreements (FTAs) around the world to ease trade among the involved countries and offering savings potentials to companies with respect to customs duties, which results in competitive advantages.

However, companies can leverage such savings potentials and competitive advantages only by mandatory fulfilment of several complex rules of origin of goods as well as their detailed documentation.

This requires to establish a process for the calculation of the origin of goods which conforms to the law and auditing requirements to avoid possible fines and unplanned costs in advance.

www.mic-cust.com

This is where MIC OCS supports you! It provides the necessary tools for the entire process of managing the origin of goods for a multitude of FTAs: From automated obtaining of supplier's declarations using an innovative supplier web portal, to optimized calculation of the origin of goods based on multi-level bill of materials to the preparation of outbound supplier's declarations. MIC OCS ensures that you will actually benefit from the savings potentials offered by FTAs.

You want to know more about MIC OCS? Please contact us:

MIC

Tel.: +43(0)732-778496, sales@mic-cust.com

mic managing
international
customs & trade compliance

Focus on the transboundary movements of wastes

By the Secretariat of the Basel Convention

There is a long-standing concern that trade flows in hazardous and other wastes could lead to negative impacts on human health and the environment if such wastes end up in countries without capacities for their proper management. On the other hand, trade in waste is sometimes a necessity for countries not having the necessary infrastructure to manage their own wastes in an environmentally sound manner. Waste can also be a resource that can reduce the use of virgin materials and generate energy and a global market for (non-hazardous) waste materials has emerged. This article looks at the latest developments in the international rules managing the transboundary movement of wastes, and highlights some implementation challenges.

The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, which last year celebrated the 30th anniversary of its adoption, is one of the main outcomes of the global efforts taken by governments to control transboundary movements of waste. The Convention provides for a control system with regard to transboundary movements of hazardous and other wastes, thus ensuring transparency for their export, transit and import.

The Convention covers a wide range of wastes defined as “hazardous wastes” based on either their origin, composition or characteristics, as well as two types of wastes defined as “other wastes” – household waste and incinerator ash. Wastes considered as non-hazardous in the Convention, but which have been contaminated by constituents rendering them hazardous and wastes defined by national legislation as hazardous wastes also fall under the scope of the Convention.

With 187 Parties, it is a Convention with near universal application as transboundary

movements with non-Parties are usually prohibited. This means that all exports and imports of wastes covered by the Convention must abide by a common set of rules, making it far easier to control transboundary movements.

Parties to the Convention are required to strictly control international waste trade that does occur, doing this via a notification and consent procedure known as “prior informed consent” (PIC), which is operationalized through government-designated “competent authorities.” The Convention also obliges its Parties to ensure that such wastes are managed and disposed of in an environmentally sound manner, that quantities being transported are minimized, that treatment and disposal of wastes is done as close as possible to their place of generation, and that the generation of wastes is prevented and minimized at source.

Control of this international trade must also be seen as part of efforts to minimize the generation of wastes and to ensure their environmentally sound management. These are noble aims that directly contribute to a healthier planet, both now and in the future.

Latest developments

In May 2019, the Conference of the Parties to the Basel Convention, the Convention's decision-making body, adopted numerous decisions. They include the adoption of the Plastic Wastes Amendments, which aim at placing greater controls on the transboundary movements of plastic wastes across international borders by bringing additional types of plastics under the Basel control procedure.

As a result, as of 1 January 2021, the export and import of a broader range of plastic wastes will be subject to the PIC procedure. This means that the governments of exporting Parties will have to provide documentation to the governments of transit and destination countries on the intended movement of these wastes, and confirming that the waste in question will be managed in an environmentally sound manner. The movement can take place only upon receipt of consent from concerned countries of import and transit.

At that same meeting, a Plastic Waste Partnership was established under the Basel Convention to mobilize business, government, academic and civil society resources, interests and expertise to improve and promote the environmentally sound management of plastic waste at the global, regional and national levels, and to prevent and minimize its generation. Equally important was the launch of technical work that will provide countries and other stakeholders with the necessary guidance on how to develop an inventory of plastic wastes and on how to manage this waste stream without harming human health and the environment. Once adopted by the Conference of the Parties, this instrument will constitute authoritative guidance at the global level.

Another priority waste stream is waste in electrical and electronic equipment, also known as e-waste. One of the implementation challenges is the difficulty in distinguishing between waste and non-waste. To address this issue in particular, the Conference of the Parties adopted an improved version of the technical guidelines on transboundary movements of electrical and electronic waste, including used electrical and electronic equipment. The document lists criteria for defining waste and non-waste under the Basel Convention, and suggests the type

of documentation that should be required by authorities to prevent illegal traffic.

In addition to these important decisions, another significant development is the entry into force of the Ban Amendment on 5 December 2019. This Amendment requires Parties from the Organisation for Economic Co-operation and Development (OECD) and the European Union, as well as Liechtenstein, which have ratified the Ban Amendment, to prohibit transboundary movements of hazardous wastes, for final disposal, or for reuse, recycling or recovery operations in other countries.

The Amendment does not affect shipments of "other wastes" under the Convention, which currently includes household wastes and ashes from incineration, but will include a broader range of plastic wastes as of 21 January 2021 pursuant to the Plastic Wastes Amendments.

The entry into force of the Ban Amendment bears significant political weight as a flagship of international efforts to ensure that those countries with the capacity to manage their hazardous wastes in an environmentally sound manner take responsibility for them, while allowing Parties wishing to do so to receive wastes required as raw materials for recycling or recovery industries.

Indeed, the adoption of the Plastic Wastes Amendments and the entry into force of the Ban Amendment are milestones in the life of the Convention. They illustrate the success of the Basel Convention in bringing the international community together with the aim of tackling some of the most urgent global pollution challenges the world is facing.

Implementation challenges

As with most of the existing Multilateral Environmental Agreements (MEAs), implementation of the Basel Convention requires, among other things, the establishment of an appropriate legal framework at the national level as well as enforcement of their obligations by Parties to the Convention. All the actors involved in this global trade, namely the Basel Convention competent authorities and the stakeholders involved in a transboundary movement (e.g., waste generator transporter and disposer), need to be aware of the requirements as set out by

Two of the most commonly used polymers, PE and PP, do not have harmonized trade codes. However, in 2019 the Conference of Parties requested the Basel Convention Secretariat to submit to the WCO a proposal to specifically identify the several types of wastes, including plastic waste, in the HS nomenclature.

this global treaty and reflected in their national legal framework. When it comes to enforcement authorities, they should be trained, establish proper information-sharing and cooperation mechanisms, focus not only on import, but also export and transit control, and have access to laboratories as well as to appropriate storage and disposal sites. Corruption is, of course, also a reality that poses a separate challenge.

The environmentally sound management of wastes covered under the Convention also has its own specificities and implementation challenges. First of all, the definition and classification of waste, scrap and secondary materials can be different from country to country. The Convention specifies hazardous waste categories, however and as mentioned above, Parties can define additional waste types as hazardous under their national legislation, and introduce requirements concerning transboundary movement procedures applicable to those wastes. The distinction between end-of-life products, non-hazardous waste, and secondary raw materials may not be the same across different jurisdictions and, thus, not subject to further scrutiny. A striking example is the management of end-of-life equipment; it is the fastest growing waste stream, representing a huge problem in many developing countries. And one of the reasons this trade is happening is partly because the export of this waste can be disguised as functional equipment, thus circumventing the application of the Basel Convention procedures.

Moreover, a major hurdle for Customs services is to identify, based on the Harmonized System (HS) code, whether a good destined for export or import, could be a waste. This is further complicated by the fact that the HS focuses on the nature, composition and physical properties of a good in order to classify it, while the Basel Convention focuses on the intention to discard when defining waste, i.e. “substances or objects which are disposed of or are intended to be disposed of or are required to be disposed of by the provisions of national law.”

The Conference of Parties to the Basel Convention has underscored the importance of establishing, wherever possible, a one-to-one relationship between the Basel waste codes and the Harmonized System (HS) by defining specific codes in the HS for several waste streams

covered by the Basel Convention, thus drawing a line between waste and non-waste.

Of particular note, the 2022 edition of the HS includes specific provisions for the classification of e-waste to assist countries in carrying out their work and obligations under the Basel Convention. As for plastic waste, the HS provisions have remained unchanged over time. Two of the most commonly used polymers, PE and PP, do not have harmonized trade codes. However, in 2019 the Conference of Parties requested the Basel Convention Secretariat to submit to the WCO a proposal to specifically identify the several types of wastes, including plastic waste, in the HS nomenclature.

Other challenges include handling and safety procedures when it comes to dealing with hazardous wastes, complexity with implementation of the take back procedure in a case of illegal traffic linked to the initial detection of suspicious shipments, gathering evidence, and in preparing a case for prosecution. The overall implementation challenge is the lack of cooperation among relevant entities in the enforcement chain, as the enforcement of the Basel Convention requires effective cooperation between Basel Convention competent authorities, Customs, and law enforcement authorities.

Available support

Fourteen regional centres for training and technology transfers related to the management of hazardous wastes and other wastes and the minimization of their generation have been established to support the implementation of the Convention. They carry out training and capacity building activities in each of the regions where they are located, including for Customs officers, and complement the activities deployed directly by the Secretariat of the Basel Convention.

Capacity building activities include, among others, strengthening legal frameworks, enhancing trade control measures, and preventing and controlling illegal traffic. For example, in Bangladesh and Ghana, as part of a current project on “Promoting the environmentally sound management of plastic wastes and achieving the prevention and minimization of the generation of plastic wastes,” specific training is delivered to Customs and law enforcement authorities. Similar training



What is illegal traffic?

Any transboundary movements of wastes:

- without notification to all States concerned;
- without consent of a State concerned;
- with consent obtained from States concerned through falsification, misrepresentation, or fraud;
- that does not conform in a material way with documentation;
- that results in deliberate disposal (e.g., dumping) of wastes.

Commonly observed modi operandi

- Documentation
 - Non-compliance with the Basel Convention Prior Informed Procedure (no notification document and consent prior to the export, no movement document accompanying the shipment).
 - Deliberate or accidental mislabelling (e.g., miscellaneous, personal goods, second hand goods, non-hazardous material).
 - Use of incorrect HS codes or Basel codes.
 - Lack of conformity between the declared and actual content of a consignment (e.g. quantities of waste, degree of contamination, nature of waste).
 - Falsifying test certificates indicating the state of the goods.
- Packaging
 - Mixing legal and illegal goods.
 - Concealment.

workshops focusing on plastic waste will be organized by the regional centres in other countries during 2021 and 2022.

Illegal traffic and dumping of wastes not only pose a serious threat to human health and the natural environment, they also have a potentially adverse impact on the enjoyment of human rights and fundamental freedoms, like the UN High Commissioner for Human Rights explained¹: “including the rights to life, health, safe and healthy working conditions, adequate food, safe drinking water, access to information, public participation, and other human rights enshrined in the Universal Declaration of Human Rights and international and regional human rights treaties.”

The high uptake of the Basel Convention by countries clearly shows that the subject matter has global support. However, as the results of the recent WCO survey on MEAs show, more needs to be done to effectively implement the enforcement pillar of the Convention, thereby preventing the illegal traffic of wastes.

More information

Tatiana.Terekhova@un.org

Tatiana.Terekhova@brsmeas.org

www.brsmeas.org

¹ Adverse Effects of the Illicit Movement and Dumping of Toxic and Dangerous Products and Wastes on the Enjoyment of Human Rights, <https://www2.ohchr.org/english/issues/environment/waste/docs/StefanoSensiPresentation.pdf>

The ozone layer and climate protection: Customs' essential role

By Ezra Clark, OzonAction, United Nations Environment Programme

The ozone layer, which lies in the atmosphere high above our heads, is vital for protecting human health and the environment from dangerous ultraviolet radiation reaching the earth's surface. Without it, life on earth could not exist. Depletion of this thin layer of gas is caused by the emission of man-made ozone depleting substances (ODS) such as chlorofluorocarbons (CFCs) and hydrofluorocarbons (HCFCs) used primarily in refrigeration and air-conditioning as well as in the production of foams.

In October 2019, there were many optimistic media reports that the hole in the ozone layer, which forms every year over the Antarctic, was at its smallest on record. This was certainly welcome news, but does not indicate that the ozone layer has yet recovered. The small size of the ozone hole at this time was due to the somewhat abnormally warmer temperatures in the upper atmosphere, which prevented the usual development of the ozone hole. Nevertheless, the ozone layer is repairing itself, albeit slowly, with complete recovery expected in the latter part of this century.

Montreal Protocol

This environmental success story is testament to the achievements of the Montreal Protocol on Substances that Deplete the Ozone Layer, under which nations of the world have phased-out 99% of ODS. One may conclude, therefore, that a global environmental catastrophe has been averted and it is now just a case of waiting. However, the reality is more disquieting. Many of the alternatives to CFCs and HCFCs, while not ozone depleting, can have very high global warming potential – some are almost 15,000 times more powerful at warming the atmosphere than carbon dioxide.

Thankfully, in January 2019, the Kigali Amendment to the Montreal Protocol entered into force. This historic amendment has now brought hydrofluorocarbons (HFCs), the main

alternatives to CFCs and HCFCs, under the purview of the Protocol, committing countries to phase-down the production and consumption of these chemicals according to agreed schedules. Through this amendment, the Montreal Protocol is set to achieve a significant goal, i.e. contributing to combating climate change by avoiding up to a 0.4 °C global temperature rise by the end of the century.

By controlling the trade in these chemicals, and in doing so ensuring that the provisions of the Montreal Protocol are respected, is one of the best examples of Customs officers' contribution, among others, to environmental protection and the well-being of humanity. To ensure the continued success of the Protocol, Customs is required to facilitate legal trade and to prevent illegal trade.

The smuggling of CFCs, HCFCs and other ODS has been a significant problem since the entry into force of the Montreal Protocol, and there is currently growing evidence of the illegal production of CFCs, which should have been completely phased-out a decade ago. In addition, and arguably more importantly, Customs plays an indispensable role in the monitoring and reporting of detailed import and export data on which a country's compliance with their commitments under the Protocol is based. Customs is, therefore, at the front line of the enforcement of national regulations related to this important Protocol.

Next chapter

With the Kigali Amendment and what some refer to as the 'next chapter' of the Montreal Protocol, Customs officers will again be called upon to fill an essential role in monitoring and controlling the trade in HFCs. But to do so, they need national nomenclatures that differentiate between the most common HFCs and refrigerant mixtures using the HS.



Customs officials from countries of the East African region learning how to use refrigerant identifiers during an OzonAction workshop in Uganda



Through the Kigali amendment, the Montreal Protocol is set to achieve a significant goal, i.e. contributing to combating climate change by avoiding up to a 0.4 °C global temperature rise by the end of the century.

As the current HS Nomenclature, the 2017 edition, does not include specific codes for HFCs, the WCO recommended the creation of HS codes for HFCs in countries' individual national nomenclatures until the entry into force of the 2022 edition of the HS, which will include specific HS codes for the most commonly traded HFCs and mixtures.

In the above regard, without these national HS codes, it will be a great challenge for countries to enforce the import and export licencing system for HFCs that each country that is party to the Kigali Amendment should have put in place by 1 January 2019 (or two years later if required). Likewise, it will be very difficult to calculate the consumption of these substances, given that in the context of the Montreal Protocol, 'consumption' is calculated from data on imports and exports as well as any production and destruction of HFCs.

Ongoing cooperation

It is of utmost importance for Customs administrations that have not yet created HS codes for HFCs in their national nomenclature to look into this issue urgently and implement the WCO recommendation. OzonAction – a branch of the United Nations Environment Programme (UNEP) – and the WCO have published an information brief on the subject, in which detailed guidance on how to handle the matter is provided.

As a matter of fact, for many years, both organizations have been working closely together in developing and deploying innovative information material and training tools, in setting up enforcement operations, and in designing intelligence-sharing exercises, all aimed at facilitating the legal trade in ODS while preventing any illicit trade.

One of OzonAction's latest workshops took place in Uganda, where National Ozone Officers and Customs officials from countries of the East African region discussed the overall challenges in the region as well as best practices in ODS trade controls. The meeting also enabled these countries, in a confidential setting, to examine their import and export statistics, compare them with those of their trading partners, and explore any differences in reported data.

During the above-mentioned workshop, practical exercises were conducted on refrigerant identifiers. These identifiers are a very useful tool to assist Customs officers in identifying the ever-increasing range of refrigerants being traded. UNEP provides such identifiers to more than 100 countries through the Montreal Protocol projects it implements, and provides training and materials, including videos, on their use as well as more general guidance on options for dealing with seized consignments of refrigerants.

A demonstration of OzonAction's smartphone applications also took place. The applications include WhatGas?, a searchable database that allows to quickly find information on ODS, including trade names and related control measures.

Customs administrations interested in such a workshop or in need of further guidance may contact either the WCO Secretariat or OzonAction, as both stand ready to fully support Customs officers around the globe in ensuring the continued success of the Montreal Protocol both for the protection of the ozone layer and the prevention of any further global warming of the planet.

More information

www.unenvironment.org/ozonaction



Chlorofluorocarbons (CFCs) and hydrofluorocarbons (HFCs) are used primarily in refrigeration and air-conditioning as well as in the production of foams.



ODASCE

www.odasce.asso.fr

**CUSTOMS EXPERT
SINCE 1972**

INFORMATION

TRAINING

EVENTS

TAXES

CUSTOMS

**EXCISE
DUTY**

**EXPORT
CONTROL**

Customs support Uruguay's energy revolution

By Uruguay Customs

In the last decade Uruguay experienced a true energy revolution. Back at the turn of the century oil accounted for 27% of Uruguay's imports and a new pipeline was just about to begin supplying gas from Argentina. Today hydroelectric, biomass, solar and wind power plants provide 94.5% of the country's electricity. Wind turbines fill the country's ports on their way to installation and are one of the biggest item on import balance sheet.

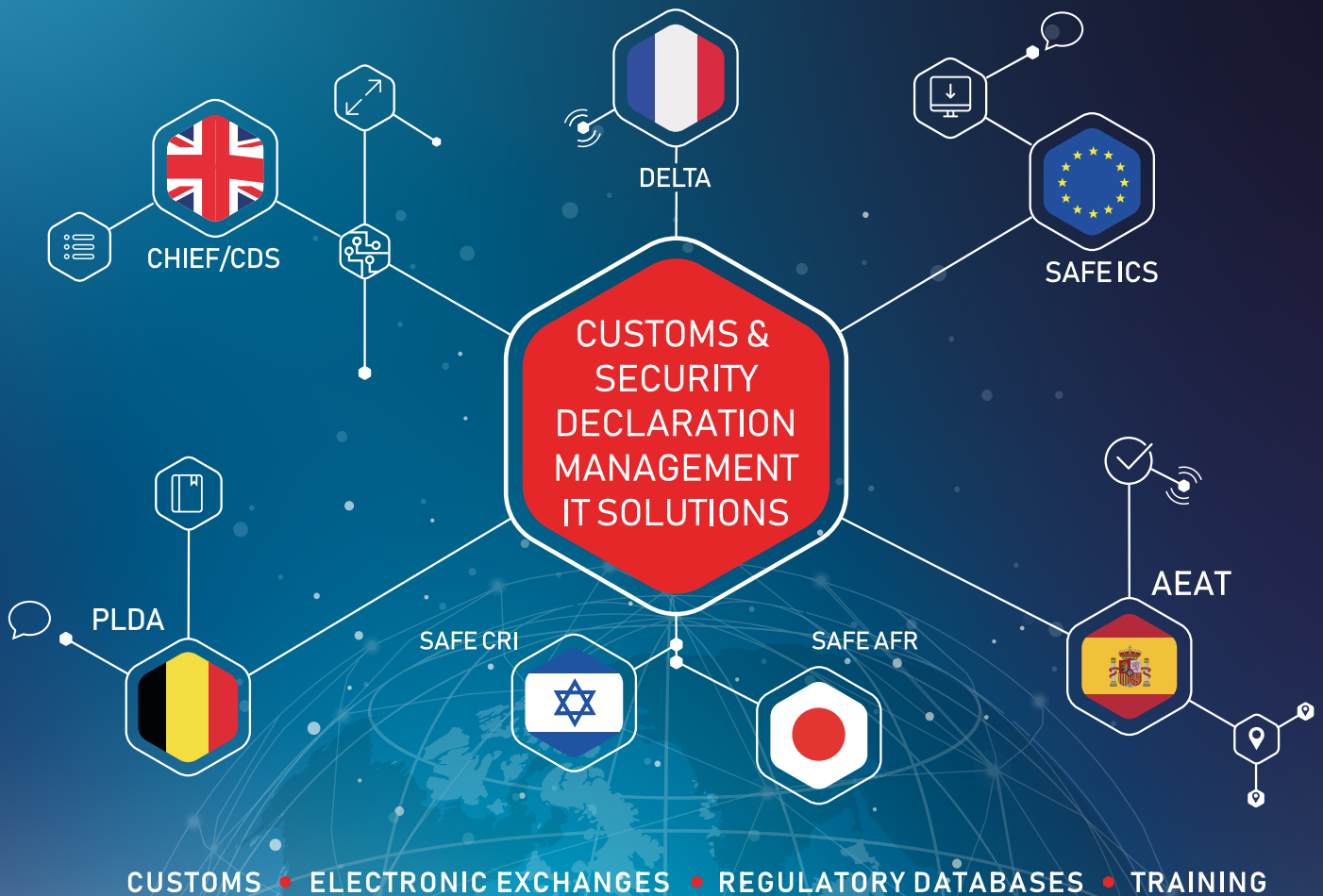
Customs supported this change. Control processes on imports of machines, materials or large-volume parts, which are used in wind farms, have in particular been adapted to allow rapid withdrawal of the goods. The Customs broker is liable in the event of subsequent regularization.

It also worked to resolve the logistical problems posed by the size and weight of some of the goods involved. In particular, it provided importers with specially rearranged premises to allow for the storage of such goods at the port and reviewed the working hours of customs officials.

In addition and in another area, Customs has also implemented energy saving and waste sorting measures. In particular, all paper waste is collected and delivered to a recycling company, which in turn provides the institution with recycled paper, which once used is sent back for new processing. Today, more than 60% of the paper used by Customs comes from this recycling system.

More information

www.aduanas.gub.uy



The EIA investigate and campaign against environmental crime and abuse. Its forest campaign aims to combat the illegal timber trade by investigating and exposing the actors responsible for sourcing and trading in illegal timber.

Illegal logging under the microscope

By Alec Dawson, Forests Campaigner, Environmental Investigation Agency

The global demand for timber, and its products, is only partly being met from legal sources. According to a 2012 report from INTERPOL and the UN Environment Programme (UNEP), illegal logging¹ accounts for between 15 and 30% of the volume of all forestry products. This share is even higher in tropical countries where 50 to 90% of timber is deemed to have been logged illegally.

Multiple implications and impact

The implications and impact of this trade are devastating on many levels as illegal logging cuts across borders and social lines:

- The economic impact leads to losses for state coffers through, for instance, the loss of tax revenue.
- The social impact includes the undermining of the rights and livelihoods of people, including indigenous peoples, living in and around forests (there are estimated to be 1.6 billion forest-dependent people around the world²).
- The environmental impact, to name a few, is seen in the loss of natural forests and habitats for wildlife (a major cause of the current climate crisis, especially as the conversion of forests to agricultural land, for example, accounts for roughly 12% of global greenhouse gas emissions), and in the increase in the number of natural disasters witnessed today.

It is expected that the appetite for timber will continue to grow, with the World Bank³, for example, forecasting that demand in 2050 will be four times higher than 2015 levels. In fact, it will be even more devastating if illegal timber continues to be a source, as this would signal a wholesale failure of governments, including Customs administrations, the private sector, and civil society to address this problem.

While the situation may seem somewhat bleak, significant efforts are, however, being made to address illegal logging and its trade. Such

efforts include global agreements, legal reforms, increased investment in enforcement, and cooperation within and between countries.

Legal framework

One of the key global agreements is the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) that came into force in 1975. CITES, which has 183 signature countries, aims to ensure that the international trade in wild plants and animals does not threaten the survival of the species in the wild. The Convention covers over 35,000 species, of which about 84% are plants. Under CITES, all importing countries are required to monitor this trade to ensure that shipments of CITES-protected animals and plants are accompanied by legitimate licences.

Although the list of species protected by CITES does not include many timber trees, it is growing. For example, the endangered Siamese rosewood (*Dalbergia cochinchinensis*) was added in 2016, along with over 250 other rosewood species. This follows many years of campaigning by the Environmental Investigation Agency (EIA), bolstered by the release of its report entitled “Routes of Extinction: The corruption and violence destroying Siamese rosewood in the Mekong,”⁴ which was translated into Chinese, Thai and Vietnamese.

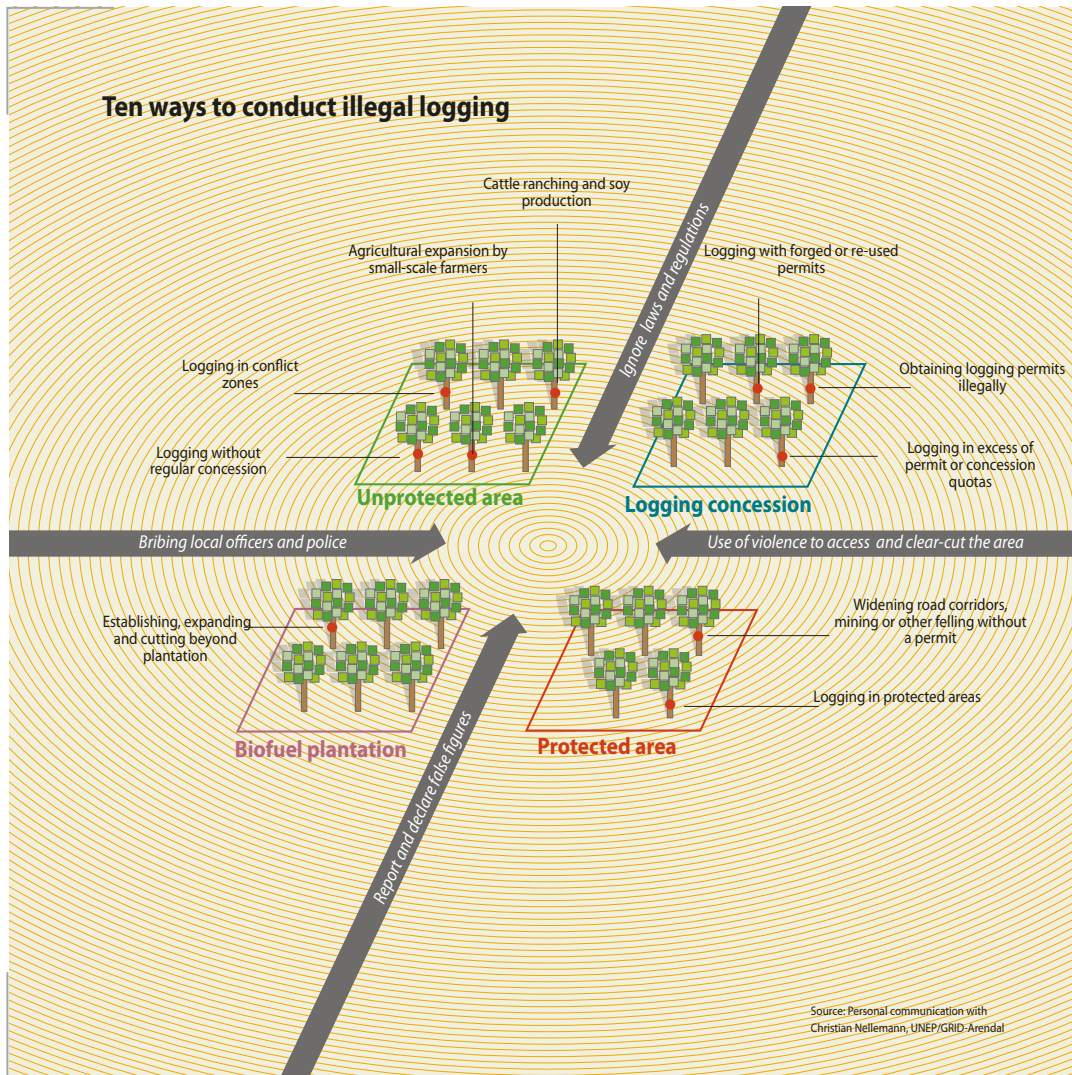
Many enforcement agencies primarily focus on CITES breaches, but, when we talk about illegal timber we refer to any wood that is harvested, transported, and traded in violation of national laws. It is acknowledged that there are various types of illegal logging that can be differentiated, although many of these activities are interrelated (See Graph “Ten ways to conduct illegal logging”). The restriction at the national level is given not least because there is neither an overarching international regulation against illegal logging

1 The Report can be downloaded from <https://www.interpol.int/content/download/5158/file/GreenCarbon,BlackTrade-IllegalLogging,TaxFraudandLaunderingintheWorld27sTropicalForestsEN.pdf>

2 http://www.forestpeoples.org/sites/fpp/files/publication/2012/05/forest-peoples-numbers-across-world-final_0.pdf

3 <http://documents.worldbank.org/curated/en/240231467291388831/pdf/106467-REVISED-v1-PUBLIC.pdf>

4 <https://eia-international.org/report/routes-of-extinction-the-corruption-and-violence-destroying-siamese-rosewood-in-the-mekong-2/>



Ten ways to conduct illegal logging

Illegal logging takes place in many forms, from logging in protected areas or large-scale logging without permits in remote areas, conflict zones and border areas, to advanced laundering operations mixing legal with illegal logs through bribery, re-definition of forest classification, forged permits, exceeding legal concessions and clearing or laundering through plantations, biofuel production and ranching establishments. Source: <http://www.grida.no/resources/8017>

nor an internationally-accepted definition of what illegal logging encompasses.

One of the gaps in many national laws is that it is entirely legal to import and market timber and timber products, produced in breach of the legislation in the country of origin – i.e. the country where the trees were harvested. However, some countries now require importers to ensure that the products they purchase have been legally harvested.

This is the case in the United States (US) under the Lacey Act, which makes it possible to prosecute anyone knowingly in possession of illegally sourced wood. The aim is to impose penalties on the possession or importation of illegal timber in order to suppress demand, thereby eliminating or reducing the profits derived from this traffic. Australia and the European Union (EU) have taken similar measures. More recently, the Chinese government also revised its Forest

Law, which now stipulates, in Article 65, that “no entities, nor individuals shall buy, process, nor transport illegally sourced timber.” This recent news coupled with, for example, efforts by the US and the EU, provides reasons to be optimistic.

EU regulation

The European Union Forest Law Enforcement Governance and Trade (FLEGT) Action Plan deserves specific mention. Adopted in 2003, the Plan is more than a piece of legislation. Rather, it was designed to address the root causes at the heart of illegal logging – rampant corruption, poor governance, lack of transparency, and much-needed accountability from those trusted with managing forests.

FLEGT sets out a range of measures available to the EU and its Member States to tackle illegal logging in the world's forests and supports improvement in the supply of legal timber as well as increased demand for timber from responsibly

managed forests. It includes seven measures that together prevent the importation of illegal timber into EU markets, one of which is the Voluntary Partnership Agreements (VPA).

The VPA is a legally binding treaty that the EU negotiates with a timber-producing country that exports timber and timber products to the region. Through multi-stakeholder consultations, a definition of legality is agreed upon that includes the reform of laws to ensure a transparent chain of custody, which is verified, including through civil society monitoring. Once agreement is reached, a FLEGT Licence is then issued for the export of timber from that country to the EU.

Another component of the Action Plan is the European Union Timber Regulation (EUTR) that includes due diligence requirements and a prohibition on illegally sourced timber entering the EU market. The EUTR places responsibility on the individual or organization placing the timber on the market to conduct due diligence, in order to ensure that the timber is in compliance with the laws of the country where it is harvested.

The first VPA to be signed was with Ghana, followed by the Republic of the Congo, Cameroon, Indonesia, the Central African Republic, Liberia and Vietnam. In addition, the EU has concluded negotiations and initialed VPAs with Honduras and Guyana. Currently Indonesia is the only country that issues FLEGT licences.

Enforcement agencies

Fundamental to the success of combating the trade in illegal timber, including through the EUTR, is enforcement. Cooperation is one important avenue to support enforcement. This cooperation can take many forms, with one key area being between Customs administrations of importing and exporting countries, as well as with other relevant government agencies. Also important is information from the ground that is collated and verified by third parties, including independent civil society monitors.

Organizations such as the WCO, working with its partners like INTERPOL, are investing a great deal in fostering collaboration among Customs administrations and relevant enforcement bodies to curb the illicit trade in various commodities, including through enforcement operations. One



of these, Operation Amazonas,⁵ focused on timber.

Set up in 2014 under the initiative of Peru Customs, Amazonas saw Customs and law enforcement authorities in various countries in Latin America, as well as China, working together to identify timber and timber products logged and traded illegally. One of the main lessons learned during the operation is that cooperation among all the government agencies responsible for supervising and checking legal titles is key to efficient enforcement as “without this cooperation, it is impossible to ensure the traceability of the trees that have been removed.”

In June 2019, the WCO and INTERPOL coordinated Operation Thunderball, with Customs and police officers carrying out joint enforcement action in 109 countries. Besides the wide range of seizures of wildlife and their

It is expected that the appetite for timber will continue to grow, with the World Bank, for example, forecasting that demand in 2050 will be four times higher than 2015 levels.

⁵ http://www.wcoomd.org/-/media/wco/public/global/pdf/media/wco-news-magazines/wconews_75.pdf

derivatives, the operation also saw the seizure of 2,551 cubic metres of timber (equivalent to 74 truckloads). Thunderball marked a new direction in the WCO/INTERPOL partnership, bringing them together to ensure that trafficking in wild fauna and flora is addressed comprehensively from detection to arrest, investigation and prosecution.

EIA's contribution

Civil society organizations, including the EIA, are also playing an important role in helping to address the trade in illegal timber. Their role includes acting as a watchdog and sharing information with relevant agencies, for instance with Customs administrations.

The EIA's forest campaign aims to combat the illegal timber trade by investigating and exposing the actors responsible for sourcing and trading in illegal timber. The organization's work includes conducting undercover investigations, as well as using data to identify patterns in illegal trade and the individuals and companies responsible, while lobbying the relevant authorities to take action.

One of the EIA's major campaigns is combating the trade in high risk Myanmar timber, particularly teak, into the EU. Myanmar has one of the world's highest rates of deforestation (e.g., according to government data⁶ forest cover fell from roughly 47% in 2010 to 43% in 2015 (equivalent to nearly the size of Belgium), and illegal logging is a major contributor to the problem, with timber harvesting massively overshooting legal harvest limits imposed by the country's Forest Department. At meetings of the competent authorities responsible for enforcing the EUTR, it was agreed that it is not possible to adequately mitigate the risk that Myanmar teak is illegal when importing it into the EU.

Since 2015, the EIA has laid complaints (called "substantiated concerns" in the EUTR), related to Myanmar teak importations against 15 companies across six different EU Member States. The vast majority of these complaints have resulted in enforcement action being taken against the companies concerned. Actions taken include warnings and injunctions preventing

companies from continuing to import Myanmar teak into the EU. For example, the German competent authority has issued a warning to all operators that Myanmar teak does not meet the requirements of the EUTR, and confiscated a shipment of timber in 2019, ordering it to be returned to the country of origin. Data obtained by the EIA indicates that in countries where there has been enforcement action, a substantial reduction in the inward trade of Myanmar teak has been observed.

Results and remaining challenges

Data collected by the UNEP's World Conservation Monitoring Centre⁷ which acts as a consultant to the European Commission and compiles overviews of the checks performed by EU Member States as well as of timber source countries to support the implementation of the EUTR, shows that competent authorities are fairly active in enforcing the EUTR. For instance, during the period December 2017 to December 2018, these authorities checked a total of 1,419 companies, finding 452 of them to be non-compliant with the EUTR's requirements, and issuing 240 notices of non-compliance and 76 penalties.

Although this suggests the competent authorities are engaging with the regulation, the proportion of penalties compared to companies in non-compliance is quite low. Financial penalties are also typically not very large by comparison to the value of timber being traded. Recently, a UK furniture company⁸ was fined 13,000 pounds sterling (roughly 17,000 US dollars) for failing to comply with the EUTR, having already been issued a notice of non-compliance. It is unlikely that this level of penalty is truly dissuasive for other importers of high risk timber.



6 <http://www.fao.org/3/a-i4808e.pdf>

7 <https://www.unep-wcmc.org/featured-projects/eu-timber-regulations-and-flegt>

8 <https://www.forest-trends.org/blog/uk-furniture-company-pleads-guilty-to-criminal-offences-under-the-eu-timber-regulation-as-european-enforcement-scales-up/>



While Customs are often not the competent authorities responsible for enforcing the EUTR, they can be at the “frontline” of ensuring companies are not importing high risk or illegal timber. Customs can identify if timber may be high risk and alert the competent authorities accordingly. They can also be responsible for enforcing injunctions placed on companies in violation, and seize or hold timber coming into the EU if that timber is potentially illegal. Recently, an enforcement action was conducted in Belgium against a company importing timber from Gabon with the assistance of Belgian Customs.

Violations of Customs offences can also render timber “illegally harvested” for the purposes of the EUTR, as the applicable laws for the EUTR include legislation related to trade and Customs. These include incorrect classification, declaration of one species in place of another, and undervaluation. For example, an enforcement action reported by the EIA⁹ in February 2019 in Trieste port in Italy involved the temporary seizure of Myanmar teak on the basis that a larger amount of timber was declared arriving in the port than the amount that had departed Yangon – suggesting a possible misdeclaration to avoid taxes in Myanmar. The scale of the problem in

Myanmar in only financial terms is demonstrated by the fact that, as reported by Forest Trends¹⁰, Myanmar government data recorded 29 million US dollars of timber exports to China during 2014 and 2015, whereas China reported more than 550 million dollars of timber imports from Myanmar for the same period.

Addressing illegal logging in Myanmar is a significant challenge as highlighted in the EIA’s 2019 report entitled “State of corruption: The top-level conspiracy behind the global trade in Myanmar’s stolen teak,” with the report recognizing the importance of enforcement agencies, including Customs administrations, in, for example, China, the US and Europe stepping up efforts to halt the trade in teak from Myanmar. The report also highlights the challenges of holding companies to account in an environment of poor governance. In this context the value of the work of Customs administrations cannot be over-emphasized when considering the scale of the illegal logging issue not only in Myanmar but throughout the world.

Companies can attempt to evade enforcement of the EUTR through two methods. Firstly, where an injunction has been placed on a company, they

In a recent article entitled “Fraud and misrepresentation in retail forest products exceeds U.S. forensic wood science capacity,” researchers found fraud and misrepresentation in 62% of tested retail forest products in the US.

⁹ <https://reports.eia-international.org/stateofcorruption/>

¹⁰ <https://www.forest-trends.org/wp-content/uploads/2019/02/MEITI-Handout-Final-A4.pdf>



Guidelines for verifying timber legality for Customs

Produced by TRAFFIC and the WCO, the publication provides information on illegal timber flows, how to carry out risk profiling, the harmonized Customs codes that should be used for timber and timber products (and how to identify them), and legislation pertaining to the timber trade and forest certification schemes.

One of the gaps in many national laws is that it is entirely legal to import and market timber and timber products, produced in breach of the legislation in the country of origin.

can use other companies or proxy companies to import timber instead, and then simply receive the timber once it has cleared Customs. Secondly, companies may use an entirely different country as a landing point for timber, on the basis that enforcement may be weaker in that country.

Although the EIA's data reveals a decline in imports of Myanmar teak in countries that have enforced the EUTR, this has been matched by an increase in imports in other countries. However, it is possible to identify this kind of evasion and take action against it. In December 2019, cooperation between the Dutch and Czech competent authorities led to a seizure of Myanmar teak that had landed in Slovenia and was travelling through the Czech Republic to eventually reach the Netherlands.

Customs can once again be the "frontline" in identifying all forms of circumvention. If the same people are importing timber with new company names, or if timber is landing to be immediately shipped to another country, Customs can identify situations where circumvention may be occurring.

While EUTR enforcement is an encouraging step in the fight against the illegal timber trade, challenges remain, including for Customs administrations. In particular, identifying shipments that are high risk is often problematic, additionally it is often difficult to effectively prosecute breaches of the law, and timber traders are also proving to be resourceful in attempting to circumvent enforcement.

The same challenges exist for the enforcement of wood products covered under the CITES. An additional difficulty is to appropriately identify

wood products (such as Siamese rosewood) to species level. In a recent article¹¹ entitled “Fraud and misrepresentation in retail forest products exceeds U.S. forensic wood science capacity,” researchers found fraud and misrepresentation in 62% of tested retail forest products in the US.

The authors emphasized the importance of technology in supporting compliance and law enforcement at a relevant, commercial scale, and highlighted the need to invest in a systematic capacity development programme, including hardware to achieve this. Again, efforts are being made, including through the Global Timber Tracking Network, which is developing a global database of DNA and stable isotope fingerprints of major commercial timber species. This database could be used by laboratories to help verify that the species listed in the documents attached to the timber is correct.

Conclusion

The financial value of the trade in illegal timber should be an argument strong enough to convince government agencies to invest in combating this type of crime. Adding the environmental and social implications should make these agencies realize that the stakes are so high that inaction or lack of progress is not an option.

Against such a background, Customs is urged to continue working with other authorities, especially to address the low level of penalties currently imposed, to support legal reforms when needed, to ensure laws are designed with enforcement in mind and cannot be easily circumvented, and to make sure enough investment in resources is made to shut down this lucrative and devastating illegal timber market.

More information

alecdawson@eia-international.org
<https://eia-international.org/forests/>

The financial value of the trade in illegal timber should be an argument strong enough to convince government agencies to invest in combating this type of crime. Adding the environmental and social implications should make these agencies realize that the stakes are so high that inaction or lack of progress is not an option.

¹¹ <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0219917>

How digitalization combined with artificial intelligence can increase sustainability in global supply chain operations

By Julian Stephens, Technical Development Manager, MJC²

Increasing the efficiency of transportation is key to reducing the impact of trade operations on the environment. To achieve significant results, Customs, border agencies, traders and logistics operators must digitalize their processes and share relevant data. However, such efforts will not bear fruit unless they go hand in hand with the use of computers that are able to exploit vast datasets thanks to innovative algorithms. In this article, MJC², a company providing scheduling systems and optimization software, explains how the combination of artificial intelligence systems and digitalization is more than just replacing paper by data centres, and how it leads to substantial efficiency improvements in transport.



There has been, in recent years, an increase in the digitalization of business operations and concepts, such as the emergence of Industry 4.0¹ and Digital Twins². Governments, regional and international bodies worldwide have also welcomed and embraced the trend. The WCO too has championed the concept of “Digital Customs,” and organizations such as the European Commission, IATA and the IMO have invested significant resources into e-Freight, Single Windows and other far-reaching initiatives.

This is occurring simultaneously with a resurgence of interest in Artificial Intelligence (AI) – a branch of computer science concerned with building machines capable of performing tasks by processing data, recognizing patterns in the data, and applying rules. In fact, AI is actually helping to accelerate the digitalization of the supply chain, and is creating many opportunities for businesses and logistics operators to innovate, increase agility and reduce any environmental impacts, as well as for regulatory authorities to improve visibility over trade and their enforcement capacities.

Working with industry leaders such as DHL, DPD, Cosco and Kuehne + Nagel, as well as with Customs administrations and other public authorities, MJC² has developed new AI-driven algorithms and optimization solutions, which address areas such as real-time logistics planning, manufacturing scheduling, supply chain optimization, workforce management, and employee scheduling and rostering. The involvement of Customs in these projects has been vital in terms of identifying opportunities to improve international freight flows, as well as providing the technical knowledge and experience to sense-check the results against real world requirements and constraints.

Collecting such an amount of diverse data is sometimes perceived as extremely expensive for a carrier, but this cost is compensated for many times over by increased efficiency. These solutions feed on data collected by the carrier from parties involved in a transaction as well as from the vast amount of data generated by sensors and devices installed on trucks,

containers and trailers. Sensors detect events such as door opening/closing, temperature/humidity changes, and unexpected movements. Advanced seal technology detects unauthorized access and possible tampering with goods or replacement by counterfeits.

The direct benefit to the shipper is the ability to dynamically route and reschedule shipments in response to anticipated problems with the quality of goods or their ETA, increasing supply chain resilience and reducing costs.

Virtuous circle

Many of these events are of interest to Customs also. Logistics and transport companies may, therefore, consider sharing some information automatically with Customs to increase efficiency in the supply chain. From the Customs perspective, the adoption by carriers of such solutions is beneficial for several reasons. The data they exploit is produced in real time and is of quality, as shippers and other industry operators use the data to feed the AI algorithms to gain efficiency as well as to detect errors and omissions much earlier in the transport process.

So, if at first sight solutions enabling transport and logistics providers to increase agility and fluidity might be expected to present Customs with additional challenges, they can actually lead to significant benefits for Customs and other border control agencies, including access to more and better data for improved risk assessments. For example, complete visibility of the route taken by a truck or container, augmented with a summary of unexpected stops or unusually long dwell times, and supported by high quality shipment information in electronic form, such as the information contained in the manifest and other documents and forms, can save a lot of time.

They also provide greater visibility, which reduces Customs' workload and allows for better planning of resources to achieve increased efficiency. This in turn leads to faster clearance and reduced costs and lead times that might encourage shippers to switch to greener, but less obvious modes of transport (e.g., rail instead of trucks),

1 The concept of Industry 4.0 refers to the widespread integration of information and communication technologies that converge the physical and digital environments of industrial manufacturing.

2 A Digital Twin is a virtual model of a service process or product. Components that use sensors to gather data on real-time status, working condition, or position are integrated with a physical item. The components are connected to a cloud-based system that receives and processes data that sensors monitor. This input can then be analysed.

and to increase the use of regional/secondary ports and multimodal hubs. Completing the loop, this takes the pressure off main international freight ports and terminals, making Customs and release processes easier to manage in those places.

E-commerce and linehaul networks

A sector where the application of this technology can truly improve logistics operations is e-commerce, as short lead times and fluctuating demands are usually a concern for operators.

Courier companies and postal operators rely on closely synchronised multimodal transport networks: air, rail, linehaul/trucking, and last-mile movements are tightly bound. Linehaul refers to the movement of freight with any mode of transport by land, air or waterway between distant cities. A carrier collects freight from various senders at a given depot. At that depot, freight with common destinations is consolidated into trailers for transport to a sorting facility (hub) or another depot type (e.g., distribution facilities). At a sorting facility, freight coming from different origins is sorted and consolidated again for further transport to its destination. The supporting infrastructure of hubs, depots, tractors, trailers, dockworkers, and drivers is collectively called the Line Haul Network. The freight transportation sector is able to run high volume operations efficiently via such a network.

Shipments surge on certain days of the week and during seasonal peak periods. Bottlenecks at main terminals and hubs are common, creating huge costs for operators, while putting Customs and security authorities under increasing pressure.

Logistics providers that have digitalized their processes can drive additional efficiencies by using AI to optimize their operation, and can, in addition, share evolving movement schedules with Customs in real time, allowing forward planning of activity to be adapted and refined.

For example, an operator moving freight to and from an airport can use MJC²¹'s real-time logistics optimization software to plan and optimize truck and driver movements to and from an airport. Optimization of load fills and minimizing empty running and wasted driver hours can lead to massive operational cost savings.

If a company has screening facilities at its main hub and has a fleet management system with connected devices gathering data on the location and operation of vehicles in real time, AI algorithms can be used to detect suspicious activity such as stopping at an unexpected location, or deviating from an expected route for no apparent reason. Such tracking information, and corresponding alerts, can be communicated automatically to a Customs system and form part of a risk assessment procedure. This allows Customs to consider fast-tracking shipments that have been screened and are being transported securely between "trusted" locations, in other words locations considered as fulfilling certain security criteria. This in turn allows the logistics operator to run more efficiently, reducing costs and any environmental impact.

De-stressed logistics

Containerized freight operations, although not subject to quite the same time constraints as the express courier industry, are still under considerable pressure in terms of customer service expectations and environmental impact considerations.

Synchromodality is a relatively new concept, referring to the dynamic re-routing of freight through a multimodal network in response to operational issues such as delays, congestion, and evolving customer requirements.

MJC²¹'s synchromodal logistics software uses optimization algorithms, analysing data from various parties as well as real-time datafeeds along the supply chain, to plan the route of each shipment based on the current state of the network. The benefits to the shipper and logistics operator are obvious: reduced costs and environmental footprint while increasing reliability.

Customs operations can also significantly benefit, and in keeping with the theme of this article, there is a mutual win-win to be achieved by stakeholders collaborating with one another. Synchromodality requires quality electronic data to be shared between shippers and logistics operators. All parties have an interest in providing high quality data as the resulting savings easily outweigh the cost of capturing this data, as long as the integrity and quality of the data is ensured.

Trade operations generate emissions of greenhouse gases through the transportation of goods. Even more crucially than the mode of transport and the mileage covered, the environmental impact of goods transport depends largely on the performance of the logistics system.

From the Customs perspective, this is the ideal scenario – accurate, timely information on the type of freight, where it has come from, the route it has taken, and its planned onward movement/destination. Furthermore, the synchronodal algorithms actively balance the flow of freight, smoothing the peaks and troughs through terminals and transport links to achieve more reliable transit times. This means the Customs workload is similarly balanced and more predictable.

This in turn allows Customs to offer a benefit to the logistics company, in terms of faster clearance of goods and to consider the corridors used by the company as “trusted trade lanes,” the integrity of which can be validated through the availability of real-time tracking data that is used by the synchronodal algorithms.

Work-life balance and sustainability

So far, the focus has been on sustainability from the environmental perspective. However, a growing concern for the logistics industry is the challenge of recruiting and retaining their workforce. Again, the combination of AI and digitalization helps tackle this issue.

The MJC² solution increases the intrinsic efficiency of the workforce through better forward planning and dynamic re-planning, based on demand. For example, an air cargo handler can use the real-time cargo handling optimization system to optimize the flow of freight through the handling process (unloading, documents, screening, loading, etc.), maximizing the use of equipment, warehouse space and people to deliver good service to the airline while reducing operational costs.

This results in a more balanced workload for employees, with less need for long hours or unplanned overtime. The same principle applies to all aspects of the supply chain, including Customs-related activities. Demand led rostering, i.e. scheduling employee shifts according to the workload, is becoming increasingly important, but can only be achieved with good visibility of demand, and appreciation of the regulations and processes that need to be followed, both of which result from synchronodality.

Conclusions

Trade operations generate emissions of greenhouse gases through the transportation of goods. Even more crucially than the mode of transport and the mileage covered, the environmental impact of goods transport depends largely on the performance of the logistics system. Improving logistics flows is, therefore, important not only to reduce companies' costs, but also to reduce the impact of trade on the environment.

This requires both digitalization of processes and the use of AI. Indeed, if collection of quality dematerialized information is key, from an operational perspective there is a danger of personnel becoming overwhelmed with information. The use of AI systems is, therefore, needed by logistics operators to optimize business. By enabling and catalyzing the capture and sharing of electronic data on transactions, AI systems also open doors to enforcement agencies, which could leverage the systems to monitor operations and receive alerts when suspicious or exceptional events are identified.

More Information

info@mjc2.com

www.mjc2.com

Rapiscan
systems

AS&E

Part of the OSI Systems family of security companies



CARGO SCANNING & SOLUTIONS

TO COMBAT TRADE FRAUD, SMUGGLING, & TERRORISM

Secure your port of entry and enhance operational efficiencies. Our industry-leading cargo inspection technology helps to uncover threats and contraband while our data integration platform collects and combines information from your operation to automate processes, control workflows, and deliver actionable intelligence. With decades of experience in cargo scanning and solutions, we can define and deliver the ideal screening program for your mission.



EAGLE

rapiscan-ase.com/eagle

Spotlight on the Mexican Tax Administration Service's internal communication activities

By the Mexican Tax Administration Service

The Mexican Tax Administration Service (Servicio de Administración Tributaria, or SAT) has acknowledged the value of its human capital, and has been putting great effort into motivating its staff and making sure that they are proud to belong to the institution. In this article, they place a spotlight on their internal communication activities and how they are using every means to reach out to their staff in order to build an inclusive organization with a single focus.

Having committed, enthusiastic, team-playing staff is crucial for any organization wishing to achieve its institutional goals. With this in mind, SAT has established an internal communication strategy based on four pillars which provide a foundation and guide for all the actions undertaken by the SAT communication department. These four important pillars are as follows:

- Identity: encompasses all activities that stimulate and encourage a sense of belonging.
- Ethics and Values: includes all actions related to the promotion of SAT's values and its notion of accountability.
- Professional Development: covers all initiatives that enable continuous improvement of skills and the efficient use of institutional resources.
- Human Development: deals with activities aimed at ensuring the integral wellbeing of staff, thus merging all the above-mentioned activities into one.

Throughout the year, we conceive, on average, 25 strategies aimed at influencing the behaviour and work ethic of more than 33,000 SAT employees, located in over 180 offices/representations across the country, including 55 tax payer "attention offices" and 49 Customs offices. We have also established eight

different communication channels to disseminate messages and information to our target audience:

- IntraSAT – the SAT intranet;
- SAT Avisá – a software that enables us to send email notifications to specific groups of people within the administration;
- Radio SAT – the SAT radio service, which covers the entire country;
- TVSAT screens – although we do not own a TV channel, we use a network of TV screens placed in all our offices across the country to disseminate videos, with the possibility to offer customized programmes to each office;
- A digital calendar and corporate wallpapers/screensavers – they enable us to transform all desktop screens into message boards.

Staff statistics

SAT staff is made up of people from diverse ages, academic backgrounds and work experience, having to perform very different functions. Building cohesion among such a variety of individuals is a major challenge, but is critical to the solidity of the institution.

According to information collected within the institution, out of 33,000 employees nationwide, 54% are women and 46% are men, clearly

SAT staff is made up of people from diverse ages, academic backgrounds and work experience, having to perform very different functions. Building cohesion among such a variety of individuals is a major challenge, but is critical to the solidity of the institution.



A poster developed as part of the first stage of the SAT December 2018 campaign, promoting “SAT’s community integration.” It reads: “We have a responsibility that demands the best of us: Transform Mexico. Let’s do it together!”



A poster developed as part of stage two of the campaign promoting “SAT’s community integration.” It reads: “With your commitment and engagement, we are the nation’s project forward. Let’s keep on transforming Mexico. Let’s do it together!”



A poster developed as part of stage three of the campaign, promoting “SAT’s community integration.” It reads: “#AchievementSAT. We collected 17,308 million pesos more thanks to tax control. We contribute to transformation!”

reflecting the importance of gender parity in our institution. It is worth noting that since 2019, SAT’s executive team comprises mainly women.

In terms of age, 23% of SAT’s staff are in their late 50’s and 60’s (Baby Boomers), while 56% are between 30 and their early 50’s (Generation X), with the remaining 21% of employees being under 30 (Millenials and Centennials).

The highest number of employees work in Mexico City, where 30% of SAT personnel are located. Another 30% work in the states of Mexico: Baja California, Jalisco, Nuevo León, Tamaulipas, and Veracruz. Nationwide, 25% of SAT staff work in the Customs and foreign trade areas, both at Headquarters and in the field.

When we develop communication strategies and messages, we have to take into account all this data to decide which message to convey

and which media channels to use for what type of personnel in order to maximize the impact of our activities.

Current context

Under the current administration, new goals were established for all government agencies. In December 2018, we launched an initiative to communicate the Presidency’s message to our personnel as a means of gathering every member of the institution around the common goal to transform Mexico.

Our strategy was divided into three stages: during the first stage, we focused on disseminating the Presidency’s official message on the need to work towards Mexico’s transformation; during the second stage, we focused on enhancing the value of our human capital; and during the third stage, we focused on promoting SAT’s achievements.



A poster developed as part of the "Yo soy SAT" campaign. It reads: "I am SAT and I love Mexico!"

Yo soy SAT (I am SAT)

SAT is a busy organization in constant evolution. Therefore, any campaign aimed at building community pride has to be adapted regularly to echo what is happening within the various services. To add to the difficulty and as mentioned earlier, SAT personnel work in many different areas that are crucial to the smooth running of the country, to the point that some departments or units might consider themselves as independent from others. Indeed, some individuals may even think that they are not part of the same institution.

The General Administration of Customs is part of SAT, but has specific functions. It has offices located throughout the country and employees with a unique profile. Building a sense of belonging within such a group of individuals represents a real challenge.

As we are responsible for institutional communication, we orient our efforts towards strengthening the sense of belonging within each one of SAT's units, while at the same time ensuring that their staff feel close to other SAT units and integrated into the organization in order to foster collaboration between all the entities that constitute it.

In the last months of 2019, we launched a campaign promoting the work carried out by the different services within SAT with a new institutional motto "Yo soy SAT," which translates

into "I am SAT." "Yo soy SAT" was used as the "signature phrase" for a series of videos posted on Twitter that showed SAT officers performing their activities. The objective was to show the human side of the institution and to illustrate how diverse our mission is.

SAT's motto is simple and conveys a sense of belonging. When SAT employees use it, the boundary between institutional goals and personal goals is erased, and these goals become even more important to achieve. The campaign also allows the public to identify SAT with real people, not as an abstract entity.

Building cohesion within the institution requires more than just communication and dissemination campaigns. We also have to get involved in the recruitment processes, and make sure that every new employee, especially those who are new to the Customs and trade areas, know the values of SAT, what makes up its identity, what the motto "I am SAT" means, and embody SAT culture into their psyche.

The objective for 2020 is to use the motto "I am SAT" to trigger a reflection on what SAT represents for all those who work for it: its history, its values, and its goals. This is not an easy task, but we will stand tall and meet this challenge.

More information

[@SATMX](https://www.facebook.com/satmexico)

Caught, identified, studied, returned!

The role of the British Museum as a source of expert witness for UK law enforcement

By St John Simpson, Department of the Middle East, British Museum

When enforcement authorities or players in the art market suspect that cultural goods have been acquired illegally, they need experts to determine the quality, origin and value of the objects. In the United Kingdom, the British Museum is the expert body they turn to in such cases. In this article, St John Simpson from the Museum's Department of the Middle East describes the Museum's role in combating antiquities trafficking and shares some of its success stories in returning antiquities to their rightful owners.

The British Museum is the main advisory body in the United Kingdom (UK) in the event of any enquiries concerning antiquities, and it works very closely with all enforcement agencies and market actors, including the UK Border Force, Her Majesty's Revenue and Customs, the National Crime Agency, the Metropolitan Police Service's Art and Antiques Unit, the Arts Council, the Art Loss Register, auction houses, dealers, and private collectors.

Protocol

Our expert advice is sought in confidence. If the items prove to be ancient and in breach of antiquities laws, national legislation and/or declaration, we notify the relevant national museum in the country where we believe these objects to have originated, request permission to proceed with the case at hand, and inform their diplomatic representation in London.

If we act at the request of a UK law enforcement agency, we then produce an official report, catalogue and photograph the objects, and in some cases scientifically analyse them in order to answer specific enquiries we may have that either help to support a case or which may have research value.

4,000-year-old cosmetic flask from a looted cemetery in Afghanistan



Our part is then done until we are notified that the objects have been forfeited or disclaimed and may be returned to the country in question. At that point, we prepare a “condition report” and a press release, brief interested arts correspondents in the media, work closely with the concerned museum and diplomatic representation to ensure a smooth handover within a schedule which is mutually convenient, and keep relevant government bodies updated.

This is a protocol we developed first with our colleagues in the National Museum of Afghanistan in Kabul, and since then with the State Board of Antiquities and Heritage in Baghdad and the Ministry of Culture in Uzbekistan. In every case the public impact has been huge and very positive, and we plan to unroll this process as a model for other countries in the future.

Afghanistan

Eleven years ago, in February 2009, we returned 22 crates to Kabul, which weighed over three tons and contained over 1,500 objects seized in Britain between 2003 and 2007. The logistics were complex because of the scale of the operation, and we are very grateful to the UK Foreign and Commonwealth Office and the International Red Cross for their generous assistance in physically returning the objects and at their expense.

The returned objects ranged from copper cosmetic flasks, mirrors and weapons looted from 4,000-year-old cemeteries in northern Afghanistan to objects of the Hellenistic, medieval and later periods. Pictures of a selection of the objects were used to illustrate the ICOM Red List of Afghan Antiquities at Risk. Some of the objects were put on display as part of a permanent exhibition in the now-restored National Museum of Afghanistan in Kabul.



Stolen Islamic tile from Uzbekistan being shown at an official handover ceremony at the British Museum

In July 2012, just before the London Olympics, we returned a second very large consignment to Kabul, this time with the generous assistance of the British Armed Forces as we routed them on military flights. This group included famous objects stolen from the museum in Kabul during the civil war that had ended up in private hands in Britain and Japan, and which were acquired on behalf of Kabul by John Eskenazi, a respected art dealer. In such cases, our role is that of a third party intermediary. The objects were conserved, scientifically analysed, published, and exhibited at the British Museum before being carefully packed for return.

The above consignment also included 821 looted antiquities of similar periods mentioned earlier, and were amalgamated from five different investigations by the UK Border Force and the Metropolitan Police Service. Some were typical Bronze Age cemetery finds, including copper alloy stamp-seals, cosmetic containers and chlorite vessels, but there were also objects of later periods, such as small stone bowls with coloured inlays, best-known from the heavily looted Hellenistic Greek city-site of Ai Khanum in northern Afghanistan.

Thanks to further scientific analyses, we were able to determine that ancient eye-liner in one



© British Museum

Babylonian monument seized by UK Border Force being shown to UK Government Ministers as part of a handover ceremony to the Embassy of Iraq

4,000-year-old container was white lead, to identify the species of wood inside the shaft-hole of a Bronze Age weapon and confirm its 19th-20th century BC date by radiocarbon dating, and that some puzzling miniature carved wooden heads were modern fakes, which we radiocarbon dated with a 91.7% probability that they date between 1988 and 1990. We are now finalizing the results and the catalogue of objects, which will be published as a book that also looks at the patterns of looting and illicit trafficking of antiquities from Afghanistan from the 1960s onwards.

The then UK Prime Minister David Cameron announced the return of the goods during the course of an official visit to Kabul. This was followed by a formal hand-over ceremony, and identical press releases in Dari and English were simultaneously issued by the National Museum of Afghanistan and the British Museum, and a number of local and international press articles soon followed.

On 9 May 2016, we were fortunate in being able to return another important object to Kabul, which had also been stolen from the National Museum during the civil war period of the 1990s. The object was an inscribed and dated Safavid tinned copper bowl that had been bought in good faith in Jeddah in 1994 by an expatriate couple then living in Saudi Arabia.

The vendor of the object was an Afghan antiques dealer, and it now looks likely that other stolen or

illegally exported Islamic items from Afghanistan were sold through the same route and may one day be successfully tracked down in Saudi Arabia or from other expatriates who worked there at that time.

The expatriate couple had brought the bowl to Christie's in London, where it was identified as coming from the museum in Kabul and, therefore, impossible to sell at auction: although understandably disappointed, the couple very generously agreed instead to gift it to Afghanistan and we acted as the third party.

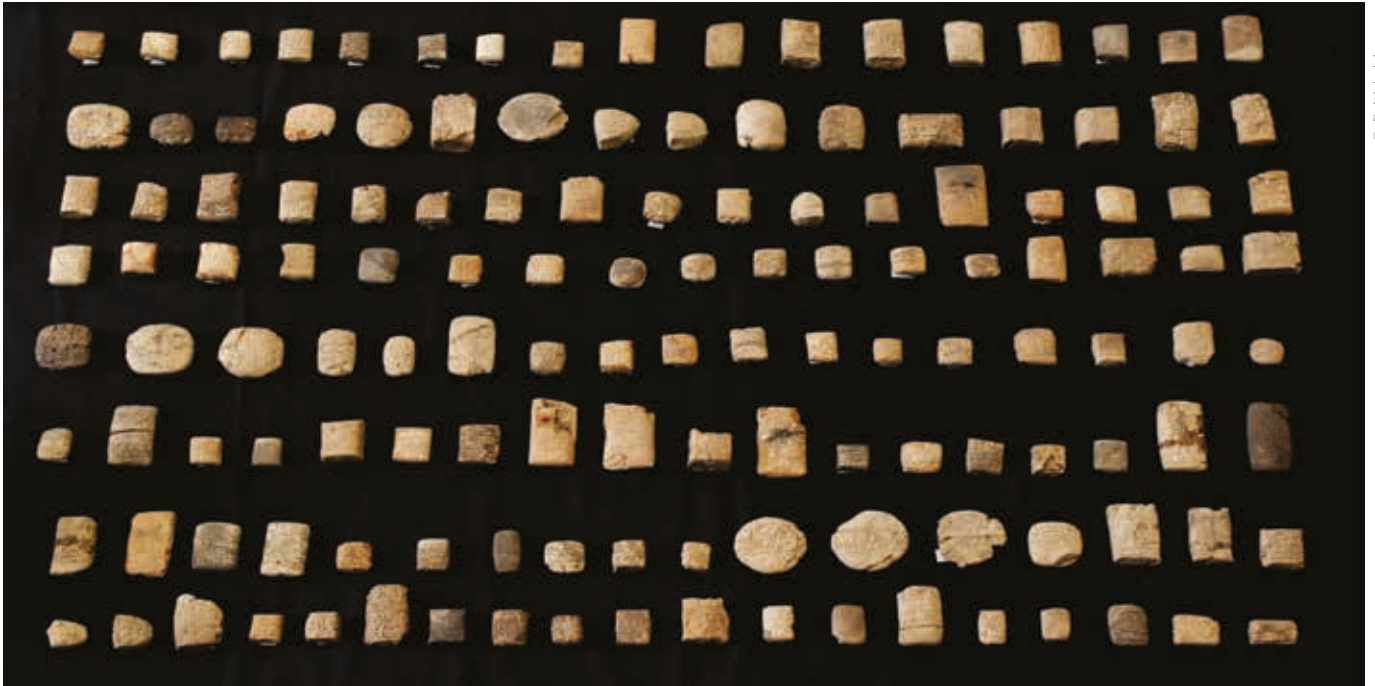
We carefully timed this handover to coincide with the arrival in London of President Ashraf Ghani and his predecessor, Hamid Karzai, and that very evening they were shown the bowl. A few days later we received an email saying that the Director of the museum in Kabul had received the bowl, which is now on display in the new Islamic Gallery at the National Museum of Afghanistan.

Uzbekistan

On 18 July 2017, a monumental glazed tile was handed over to Uzbekistan. The tile bore an inscription in "thuluth" script, a form of Islamic calligraphy, which read: "in the year five and six hundred," which translates to AH 605, or 1208/09 AD. It comes from an important Islamic monument known as the Chashma-i Ayub located in Vabkent, near Bukhara, in Uzbekistan.

The building to which this tile belongs is a special eastern Islamic structure, which served as commemorative monuments and consist of a tomb or memorial within an open enclosure with a monumental entrance. This is one of many in Central Asia that are dedicated to Job, a prophet in the Bible who was known in Islam as Ayyub. In Koranic tradition, Ayyub is regarded as a martyr and prophet who was rewarded with a source of water to soothe his skin afflictions, and in local Central Asian folklore he was viewed as a healer and a patron of silk farming, which was an important part of the economy of medieval Bukhara.

The monument was constructed in the 12th century, but later remodelled during a time when Bukhara was an important Silk Road centre and the provincial capital of the powerful Karakhanid Empire. It was during this phase that



a tall entrance was added with a magnificent high-relief turquoise glazed inscription along the top. This tile belongs to the end of this inscription, which reads: “The Prophet – peace be upon him – said: I had forbidden you to make pilgrimages to tombs. Now make pilgrimages. This monument was erected in the year five and six hundred.” The inscription illustrates an important tension within Islam as to whether visiting the shrines of saints was a form of idolatry and forbidden in society.

The construction of magnificent funerary monuments was a feature of Iran and Central Asia, and the combination of a colourful glazed turquoise tile section with relief brickwork is typical of these. This is one of the earliest surviving monuments in the region, and a particularly fine example of the architecture of the era.

This tile had been illegally removed from the building in about 2014 and offered for sale by the London dealer Simon Ray. Fortunately, a former Keeper of Eastern Art at the Ashmolean Museum, who had visited the Chashma-i Ayub, recognized the tile when visiting the dealer’s website. He informed the gallery, and its owner immediately contacted us for advice and brought the object to the British Museum within hours.

We then followed our normal process. The press release included statements by the Prime Minister of Uzbekistan, the Director of the

British Museum, and the dealer Simon Ray, with the Uzbek Embassy arranging for the crate containing the tile to be returned. The authorities in Uzbekistan conducted an official investigation and said that the tile would be temporarily held by the State Art Museum of Uzbekistan in Tashkent until it is restored on the original monument itself as part of a high-profile public ceremony.

Iraq

The effectiveness of our process has been noted in other countries and serves as a textbook model and precedent, including for returning goods to Iraq. Since 2018, a large number of Mesopotamian cuneiform tablets, some seals, and a carved Babylonian boundary stone, known as a kudurru, have been handed over to the Iraqi Embassy.

Some items were looted from the site of Tello (Sumerian Girsu), where we have been excavating as part of the UK Government-funded Iraq Emergency Heritage Management Training Scheme. They had been looted in April 2003 in the immediate aftermath of the American-led invasion of Iraq and had gone straight onto the market as they were seized in a raid by the Metropolitan Police Service in May that year, and later brought to us by their specialist Art and Antiques Unit.

The inscriptions on some of the objects not only refer to the site, but also the very temple

Cuneiform tablets looted in Iraq and investigated by Her Majesty’s Revenue and Customs

where they were installed and where we have been excavating. Like the case of the Uzbek tile, there is not a shadow of doubt as to where they were found and to which country they should be returned.

The other objects also came from looting in 2003 and were imports seized by the UK Border Force and investigated at length by Her Majesty's Revenue and Customs. They came from another archaeological site just over 100 km northwest of Tello, where satellite imagery shows a large number to have been systematically pitted.

One of these sites must be the early second millennium BC town of Irisagrig, the name of which was first recorded on tablets looted at that time: tablets from there were seized by the Jordanian Customs authorities in 2003/04, and others have been returned recently to Iraq by the American federal authorities. Wherever else such objects are identified, it is clear that they must have been looted and illegally exported, making them a successful case for repatriation.

Back to Afghanistan

Our latest story takes us back to Afghanistan. In September 2002, the Art and Antiques Unit of the Metropolitan Police Service began investigating another UK Border Force case. This time a group of nine stunningly beautiful painted clay heads and a large carved schist sculpture had been smuggled out of the country via Peshawar in Pakistan.

The objects were brought to us for identification and confirmation that they were of Afghan provenance. The pieces obviously came from one or more Buddhist monasteries and mostly represent men and women who sought to achieve the enlightened status of Buddha, and who were known as bodhisattvas. The women are depicted wearing elaborate diadems whereas the carver of the schist sculpture chose to highlight rich jewellery, in both cases underlining the high status of the individuals.

Photographs were taken of the pieces and circulated to Buddhist specialists who confirmed the similarity of many of the heads to pieces known from monasteries in the Hadda area of Afghanistan, near Jalalabad and on a major

ancient (and modern) route connecting Kabul to Peshawar, although the possibility that they came from the site of Mes Aynak, south of Kabul, cannot be discounted.

The Director of the National Museum in Kabul again agreed that we could scientifically analyse and display them before they were returned. Unfortunately, the objects were in a poor state as they had been badly packed and probably suffered in transit. Once more we are indebted to John Eskenazi for coming forward to generously cover the considerable costs of their conservation and mounting for display. Our own Department of Scientific Research also analysed the pigments used to colour the clay sculptures, and three were also CT-scanned so we have a record of how they were made.

We announced these pieces to the press at the launch of the British Museum Annual Review, where our Director, Dr Fischer, outlined the ways in which we work with other museums around the world. At the invitation of the Ambassador of the Islamic Republic of Afghanistan, we also showed a selection of the pieces to the media at an event he organized to celebrate Afghan Media for Democracy.

For the past three months we have exhibited these objects in a special showcase at the British Museum, where they have been admired by some of our six million visitors a year. This is the first of a series of planned rotations of such material. It is a new and free display designed to explain our role and close liaison with law enforcement agencies and national museums around the world, and show objects to the public prior to their return.

More information

<https://blog.britishmuseum.org/art-in-crisis-identifying-and-returning-looted-objects/>



Gandharan sculpture seized by the UK Border Force in 2002 and investigated by the Metropolitan Police Service's Art and Antiques Unit

Perspective on AEO programmes in South America

By Sebastian Galindo-Cantor, Junior Researcher, and Gloria Isabel Rodriguez-Lozano, Associate Professor, Universidad Nacional de Colombia

Embedded in the Framework of Standards to Secure and Facilitate Global Trade, which was adopted by the WCO in 2005, is the concept of an Authorized Economic Operator (AEO) that has been widely implemented by Customs administrations around the world. In the South American region, preparations for the implementation of AEO programmes began in early 2008 with the support of the Inter-American Development Bank (IADB) and the WCO, and today, 12 years later, nine of the 12 countries in the region have such programmes in operation, namely Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, and Uruguay.

About the programmes

Although all of them offer security-type certification as provisioned in the WCO SAFE Framework, the programmes are not totally alike and not all can be said to be successful yet. Brazil's AEO programme is the most consolidated in the region: launched in 2014, it is open to a large

variety of supply chain actors, and has the largest number of AEOs with 378 companies having been certified to date. In comparison, Paraguay's programme was only implemented in 2018, and currently has two certified companies. As for Chile's programme, although it was established in 2017, it did not have any certified companies at the end of the third quarter of 2019. Peru stands at 129, Colombia at 86, Uruguay at 63, Bolivia at 34, Ecuador at 5, and Argentina at 4.

These figures do not tell us much if not compared with the total number of importers. Let's do an exercise with Colombia. In this country, 920 companies are recognized as big importers and are already benefitting from a facilitation scheme. Given that most existing and potential AEOs are and would come from this category of importers, we can deduct that only 9.34% of them have adopted the programme. Moreover, of the 177 Customs brokerage companies in Colombia, only 3, i.e. 2.25%, are AEOs.



All the AEO programmes were implemented in phases: once enabling legislation was put in place, the programmes were deployed gradually, with different categories of actors being able to join at different times, mainly due to changing certification requirements that depended on the role each actor played in the supply chain. Some countries also decided to involve other agencies in their programmes, such as health authorities and phytosanitary regulators, following the idea that a cross-government AEO status would bring more benefits to traders.

Colombia's AEO programme is unique here as it was designed from the start as an inter-institutional programme involving all the authorities with direct control over foreign trade in the country, especially sanitary and phytosanitary agencies. However, to date, out of the 86 companies certified in Colombia, only five are involved in trading goods that are subject to phytosanitary and zoosanitary requirements.

Challenges faced

Countries in the region often face identical challenges. The first one is to provide companies that join the programme with tangible benefits, such as decreased transaction operating times and reduced trading costs. The existence of other facilitation schemes offering benefits to companies involved in foreign trade operations is also problematic. Some countries decided to remove some of the participation benefits associated with these programmes, such as deferred duty payment in Colombia, where the programme took time to gain traction until the national government decided to restrict the application of some benefits to AEOs only.

The second challenge is changing the mentality of entrepreneurs and other regulatory authorities, due to the fact that some entrepreneurs have a somewhat unfamiliar or even negative vision of the role of a Customs administration, and some regulatory authorities may not conceive the notion of risk management in the same manner as Customs.

Another challenge is enabling the exchange of information in an accurate and timely manner between countries in order to enforce Mutual Recognition Agreements (MRAs) properly. These MRAs take the form of "traditional" bilateral

agreements as well as multilateral agreements. An MRA of this nature was concluded in 2018 by the Customs administrations of Colombia, Chile, Mexico and Peru, the four countries that form the Pacific Alliance trade bloc. In 2019, two more multilateral MRAs were signed between the Andean Community countries (Bolivia, Colombia, Ecuador and Peru), and between the countries of the Mercosur trade bloc (Argentina, Brazil, Paraguay and Uruguay).

To solve issues related to the use of emails to exchange data on AEO certificates and establish a secure data exchange mechanism, AEO programme officers and information technology (IT) specialists from the Customs administrations of Costa Rica, Mexico and Peru have been working together with Microsoft and the IADB to develop the business functionalities and the technological architecture of an application called CADENA, which is based on blockchain technology. The solution is still in test phase.

There is also clearly a need in Colombia, Chile, Ecuador, Paraguay and Peru to open their AEO programmes to more categories of operators as a means to further enhance supply chain security. Most programmes are open first to exporters. As the WCO highlighted in its Framework of Standards on Cross-Border E-Commerce, one of the ways forward could be to expand AEO programmes in the e-commerce environment. Currently, most AEO programmes, in South America and beyond, are not open to e-commerce platforms or marketplaces and to postal operators.

In such a context, the expansion of AEO programmes in the region, in terms of the number of companies certified, regulatory authorities involved, and MRAs negotiated, is still work in progress. Consequently, there is a need to undertake studies aimed at measuring the efficiency of these programmes in the South American region and to share experiences on the challenges still faced in each country in order to come up with better provisions and practices, especially in those countries where the programme has not been very successful to date.

More information

sgalindo@unal.edu.co
girodriguez1@unal.edu.co

There is a need to undertake studies aimed at measuring the efficiency of AEO programmes in the South American region and to share experiences on the challenges still faced in each country in order to come up with better provisions and practices.

Customs partners with express carriers to fight illicit trade in Hong Kong

By Hong Kong Customs

Hong Kong Customs' enforcement strategy is multi-pronged. The administration attaches equal importance to developing efficient enforcement tactics, educating the public and engaging with it, maintaining close collaboration with its overseas enforcement counterparts, and fostering Customs-business partnerships. Partnering with the private sector is a domain in which Hong Kong Customs has been particularly proactive, in order to strengthen its enforcement capacities. This article looks at the cooperation established with express courier companies to detect illicit shipments.

Global trends

With the continuing growth of globalization and the prevailing trend of e-commerce, including online retailing, there has been a sharp increase in the number of shipments transported by express couriers or the postal service from across the border to consumers around the world. The goods shipped through such channels are small in size, but the sheer volume of the shipments and the fact that they must be delivered in a tight time frame poses challenges to enforcement authorities.

As the gate guard of Hong Kong responsible for the suppression of smuggling activities, both at import, export and transshipment, Hong Kong Customs is looking at how to effectively manage this time-sensitive flow of goods without straining control operations as well as the capacity of logistics service providers.

Fully aware that the development of online selling and related logistics solutions bring enormous benefits to legitimate traders, Hong Kong Customs decided to partner with the stakeholders involved in the cross-border

e-commerce chain, in particular express courier companies, to detect shipments containing illicit goods.

Memoranda of Understanding

After some discussions, in March 2015, Hong Kong Customs signed Memoranda of Understanding (MOUs) with five major express courier operators, namely DHL Express (Hong Kong) Limited, Federal Express (Hong Kong) Limited, S.F. Express (Hong Kong) Limited, TNT Express Worldwide (HK) Ltd, and UPS Parcel Delivery Service Limited. This endeavour is in line with Standard 11 on Public-Private Partnerships contained in the WCO Framework of Standards on Cross-Border E-Commerce.

Upon entering into the MOUs, the five operators pledged to strengthen their partnership with Hong Kong Customs in combating smuggling activities, while Hong Kong Customs committed to train the operators' employees on the latest modus operandi used by smugglers, on the type of information in the shipment documentation and other indications that could raise suspicions, and on how specific items appear on X-ray images.

Hong Kong Customs officers working on parcels at an express courier's processing hub



Results

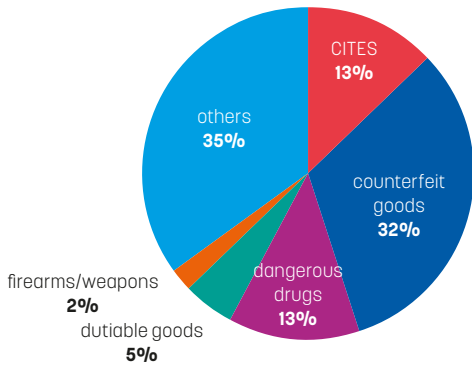
This training paid off. Having received relevant knowledge and being more alert, the staff of the express courier companies regularly spot suspicious parcels and refer them to Hong Kong Customs for follow-up actions. The number of shipments identified by courier staff and which were subsequently seized by Hong Kong Customs has increased significantly over the years as shown in Table 1.

Table 1 - Number of shipments identified by courier staff and which were subsequently seized by Customs

Year	2014	2015	2016	2017	2018
Number of illicit shipments	494	775	780	960	1079

These shipments contained various illicit items such as counterfeit goods, dangerous drugs, endangered species, dutiable goods, firearms and weapons, and pharmaceutical products.

Type of items seized in 2018 following the intervention of courier staff

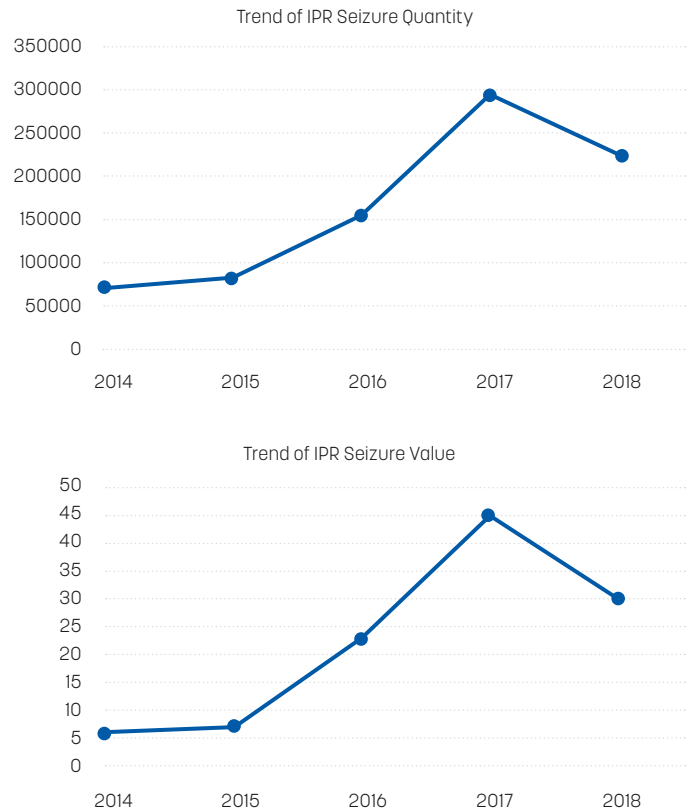


IPR infringements

Among the seizures made in 2018, about one third were related to the infringement of intellectual property rights (IPR). Before the MOUs were signed, in 2014, Hong Kong Customs seized about 70,000 pieces of IPR infringing goods being transported by express couriers. Over the succeeding years, after the signing of the MOUs, up until 2017, both the quantity and value of IPR infringing goods seized had increased (see Graphics 1 & 2). Although there was a decrease in 2018, this could probably be attributed to the deterrent effect accrued over the preceding years. The focus of the controls is not only on imports, but also on exports and transhipments. In 2018, 43% of the shipments were seized at export or in transhipment.

Compared with 2014, the quantity of seizures in 2018 increased by more than twofold; and the seizure value has increased by fourfold. These statistics clearly show the merit of Hong Kong Customs' decision to join hands with supply chain stakeholders.

Graphics 1 & 2 - Trends in IPR seizures



Partnership with express couriers

Express carriers are data driven companies and all their customers have a footprint in their IT system. They can, therefore, once a shipment has been identified as illicit, reconcile information and find other shipments originating from the same shipper. Upon request, the results of this analysis can then be shared with Hong Kong Customs, which can then take appropriate measures. Courier companies may also ban non-compliant shippers from their customer list.

Collaborating with the express courier industry is a very effective measure to curb smuggling. The partnership that Hong Kong Customs has built with these couriers can be considered a best practice that other Customs administrations may wish to adopt. With growing e-commerce transactions across the globe, all Customs agencies are facing, at different degrees, the same harsh challenges. Hong Kong Customs will continue to monitor the effectiveness of the mechanism that it has in place and may extend similar schemes to other stakeholders along the supply chain in the future, including to Hong Kong Post.

More information

www.customs.gov.hk

If not for the progress made in trade facilitation –

Spices might still be coveted and costly.

Trade facilitation empowers global trade,
propels economic growth & improves lives.



We support



Integration into value chains and markets

A universal, rules-based, open, non-discriminatory & equitable multilateral trading system

Economic productivity

Enhance capacity for revenue collection

Resource-use efficiency

Experience of public services

Effective, accountable & transparent institutions



Shanghai Customs College opens to the world

By YE Zhengqing, International Cooperation Department, Shanghai Customs College

Shanghai Customs College (SCC) was founded in 1953 to provide training in Customs technique and management to the staff of the General Administration of Customs of the People's Republic of China. In March 2007, with the approval of the Ministry of Education, the SCC became an institution of higher learning and opened its doors to students from outside of Customs. Today, the SCC trains middle and senior level Customs officials as well as Customs and trade professionals, offering them knowledge updates and advanced courses.

Over the past few years, the SCC has been developing an internationalization strategy, which integrates an intercultural, global dimension into a university's mission, objectives and actions. This required the adoption of international standards related to the knowledge requirements for Customs officers, encouraging and promoting research on international trade topics, implementing student and teacher exchange programmes, and organizing field visits abroad.

Meeting international standards

Many universities around the world have now launched educational programmes that focus specifically on Customs issues and how they link to the international trade landscape. To ensure that these programmes provide the knowledge and skills that the WCO deems necessary for Customs staff and other trade professionals to acquire, the Organization developed a formal recognition process for university curricula as part of its Partnership in Customs Academic Research and Development Programme, known as the PICARD Programme.

Universities that wish to have their bachelor and master degrees officially recognized as meeting "WCO Professional Standards" can do so by applying to the WCO Secretariat. The SCC did this for its undergraduate majors in Customs management, in order to ensure that its curriculum is better geared to meeting

the modern human resource requirements of Customs administrations. Certification was obtained in 2018 and, in 2019, the College applied for its Master in Public Administration to be recognized as meeting WCO requirements, a process that is still underway.

Encouraging research on Customs matters

Keen to promote research undertaken by academics on Customs and trade related issues and to enable Customs officers and academics to exchange views, the WCO Secretariat organizes the PICARD Conference annually. The SCC hosted the third PICARD Conference in 2008, and since then has been encouraging its teachers and students to respond to the call for papers issued by the WCO Secretariat ahead of each PICARD Conference. The papers submitted so far by SCC faculty staff and students cover a wide range of topics such as Customs modernization, cross-border e-commerce, big data analysis, and the concepts and practices implemented by China Customs. These papers also aim to introduce Customs practitioners to the latest developments in the Customs and trade world.

The participation of SCC faculty staff and students at events such as the PICARD Conference has enabled the College to network and establish relationships with other universities. Formal cooperation agreements, establishing undergraduate student exchange or cooperation mechanisms for international curriculum development and research, have been signed with the Customs and Consumption Tax Research Centre of Charles Sturt University in Australia, the Fontys University of Applied Sciences in the Netherlands, Münster University in Germany, and the North-West Institute of Management in Russia.

Student exchange programmes

In 2017, student exchange programmes were launched with Fontys University of Applied

Sciences, Münster University, and the North-West Institute of Management. As an example, during the first edition of the programme, the Department of Customs Management of the SCC and the Department of Customs Management and Security of the North-West Institute of Management exchanged nine students for a three-month period. Each covered the students' tuition and accommodation fees.

The students who participated in the programme had to complete a total of 12 credits over six courses during their stay. These courses dealt with supply chain management, international trade practice, international economic law, trade security and facilitation, and economic principles. This experience abroad also enabled the students to understand, respect and be more open to other cultures. In 2018, the number of exchange students increased to 30, and, in 2019, the exchange programme was expanded to the Departments of Economics of the two institutions, with the number of exchange students reaching 50.

Of particular note, the SCC tries to give foreign students the best experience possible. They can access all the resources available on campus, and can even participate in workshops and activities organized at the College by the WCO and the Chinese government. In addition, the SCC organizes visits for them to the Customs offices located at Yangshan Port, the largest

cargo port in the world, and in the city of Pujiang. The College also offers them opportunities to discover Chinese culture through Tai Chi training and cooking courses, for example.

Exchange of teachers

The cooperation agreements mentioned earlier also include the exchange of teachers, the objective being to offer students access to the best knowledge available as well as new and different teaching methods. In 2017, the SCC sent teachers to Münster University to deliver a course on China Customs' legal system to students following the Master of Customs Administration (MCA) in Customs, Taxation and International Trade Law.

Since 2018, experts from the SCC and the North-West Institute of Management visit each other's institutions to lecture on international topics and undertake joint academic research. As an example, experts from the SCC have given a course on modern law enforcement at ports, while professors from the Institute of Management have delivered a course on the Russian Customs tax system.

The SCC also maintains close cooperation with Charles Sturt University and Murdoch University in Australia, the Rotterdam School of Management and the Modern Logistics Institute in the Netherlands, and Aix-Marseille University in France. It invites experts from these institutions



to give courses at the College on topics as varied as indirect taxes, supply chain security, the evolution of Customs administrations, Brexit, the Customs clearance process, Customs supervision or the Single Window, shedding light on the latest practices in international trade and Customs for SCC students.

Fellowship programme

Under the framework of the cooperation activities that China Customs undertakes with other Customs administrations, the SCC organizes visits for SCC teachers and students abroad. So far, they have been sent to the Netherlands to learn about the management practices adopted by Dutch Customs. In 2017, the SCC organized a similar visit to New Zealand.

Future cooperation

The SCC is now planning to approach the Institute of Financial Management in Germany, the Konkuk University in Korea, and the University of Customs and Finance in Ukraine, in order to discuss the implementation of a student exchange programme, the joint development of an educational curriculum, joint teaching programmes, the granting of joint certificates, and the undertaking of joint research.

More information

www.shcc.edu.cn
yezhenqing@shcc.edu.cn



EXPERT SOFTWARES

Manage and monitor your flow
 Secure your customs clearance

+33 (0)9 72 72 23 62
 (Standard rate number)

Growth booster dedicated to Supply-Chain for over 30 years

www.akanea.com



Customs implements the WCO nCEN in Palestine

By Palestine Customs

Palestine Customs aims at creating an environment supportive of the national economy by preserving the security and safety of the community and combating smuggling, tax evasion, and commercial fraud in all its forms. All laudable activities for a territory that faces enormous daily challenges on many fronts.

Since it became a Member of the WCO in 2015, the administration has been keen to benefit from the WCO Secretariat's expertise, especially in the field of enforcement. One of the success stories of this partnership is the implementation of the WCO National Customs Enforcement Network (nCEN) application, enabling the collection, storage, analysis, and dissemination of law enforcement information efficiently, in order to establish robust intelligence capabilities within Customs.

The nCEN was installed at the beginning of 2018. In February of the same year, two Palestinian Customs officers working respectively in IT and in risk management participated in a workshop organized by the WCO, giving them the opportunity to learn:

- how to administer the tool;
- how to manage the user database (creation of new users, deactivation of users, password resets, etc.);
- how to manage the three databases that form part of the system (the principal database of national seizures and offences, and the two supplementary databases that comprise information on suspect persons, means of conveyance, and business entities of interest to Customs).

At the beginning of 2019, officers working at the Alkaramah Bridge border crossing between Jordan and the Palestinian territories,

the West Bank in particular, started feeding the database with cases of Customs regulation violations. All Customs units in charge of enforcement may access the nCEN, which currently counts approximately 15 active users having different authorizations according to their location and responsibility.

As the Palestinian territories are divided into two, the West Bank and the Gaza Strip, the nCEN enables officers situated not only in different departments, but also in each of the physically separated parts of the territories to share information.

Customs analysts use the nCEN data to identify risk criteria and set up the data analytics functionality such as automated searches on new data, and matching rules that allow users to identify connections between data elements in the application.

The fact that the latest version of CENcomm, the WCO's secure communication tool, enables seizure data collected during Customs operations to be transferred to the nCEN at the push of a button is another plus. During the latest regional enforcement operation, which focused on tobacco smuggling, this functionality enabled Palestine Customs to save time and resources.

Palestinian territories

The Palestinian territories comprise two sections: the West Bank and the Gaza Strip, which are physically separated from one another by the State of Israel. Jordan borders the West Bank on the east, while Egypt lies to the west of the Gaza Strip.

The international borders of the Palestinian territories are managed according to the provisions of the Paris Economic Protocol signed in 1994, in terms of which Israeli Customs performs clearance procedures, security checks, and tax collections at all entry points.

Data received through the Israeli electronic clearance system is transferred automatically to the equivalent system in the Palestinian territories to which all its existing 13 Customs offices are connected.

Palestine Customs officers check the data received from Israel and undertake post clearance audits when necessary, primarily to combat tax evasion through the undervaluation of imported goods and the infringement of rules of origin, as well as the incorrect declaration of goods, quantities, and tariff codes.

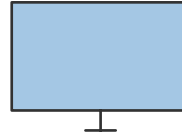
With the support of the WCO Secretariat and the technical team in charge of maintaining the application, implementation of the latest version of the nCEN has begun, and will be deployed in all Customs and tax revenue offices situated at the border and inland. Each of them will be requested to feed information into the system. Of particular importance is the fact that the application's interface is available in Arabic, among other languages.

The Palestinian nCEN team is now ready to fully participate in the future development of the tool by providing user feedback and ideas to improve it, as well as by sharing their experiences and best practices through the nCEN Global Network. Its operation can also be viewed by other interested Customs administrations of the region that wish to see how it works.

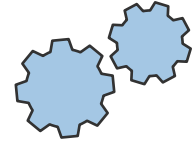
More information

Mohammad jarrad: jmohammad@customs.ps
 Nabhan Albaba: nabhan_customs@pmof.ps

Interested in joining the nCEN Global Network of 46 countries in 6 WCO regions?



HARDWARE



INSTALLATION

FAST TRACK



If an administration already has a server available, the WCO will confirm compatibility of existing hardware.

The WCO provides a software package for download. The local IT officer follows the installation guide with support from the WCO IT consultant.

REGULAR TRACK



If an administration needs to procure its own hardware, the WCO provides requested specifications.

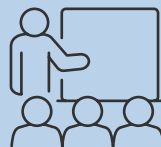
Once hardware is acquired, the WCO provides a software package for download. The local IT officer follows the installation guide with support from the WCO IT consultant.

ASSISTED TRACK



If an administration pays for an assistance package, the software is bought on their behalf by the WCO IT consultant and shipped to the administration.

The software is installed by the WCO IT consultant on hardware before shipment to the administration. Once delivered, the local IT officer follows the last configuration steps with support from the WCO IT consultant.



TRAINING

The WCO organizes a national train-the-trainer workshop in cooperation with each administration. The workshop is usually organized at the Customs training lab in order to guarantee adequate IT infrastructure and technical support. The administration selects workshop participants, and is responsible for any costs associated with their attendance.

Need more information?

Contact the WCO CEN Programme at ncen@wcoomd.org



Dubai Customs introduces blockchain-based platform to facilitate cross-border e-commerce

By Ahmed Mahboob Musabih, Director General, Dubai Customs

Dubai, the second largest emirate of the UAE, stands among the fastest growing e-commerce markets in the Middle East and North Africa (MENA), bearing the fruits of adopting incentivizing policies and “smart government” initiatives. Recently, the Government of Dubai rolled out the emirate’s e-commerce strategy that aims to strengthen Dubai’s status as a global logistics hub for cross-border e-commerce operations and accelerate trade growth in the region.

The strategy is primarily geared towards maximizing the contribution of e-commerce related activities in the local economy by 2023 (e-commerce to contribute AED 12 billion to Dubai’s GDP by 2023), and increasing the number of regional and global e-commerce companies operating in Dubai in the coming years. Thus, in order to motivate e-commerce companies to establish e-logistics distribution centres in Dubai, the government aims to reduce the total cost of e-commerce operations by 20% - including the costs of returned goods, storage, customs duties and VAT on transportation.

E-commerce challenges

With a 25% yearly growth rate, the MENA region is the world’s fastest growing e-commerce market. Dubai consumers and businesses are major contributors to this growth, which is expected to continue in the near future, with Expo 2020 being a key driver.

The increased number of e-commerce transactions, both in Dubai and in the UAE, translates into growing volumes of shipments, the management of which is presenting a number of challenges to Customs, other relevant government agencies and private sector stakeholders in terms of ensuring rapid release and clearance, while managing safety and security risks, efficient revenue collection, and statistical analysis.

Among the issues identified was the lack of full visibility and traceability over e-commerce supply chains and transactions of companies involved in e-commerce. As a result, until recently, Customs was not in a position to effectively communicate measures it had taken to stimulate their growth or to assess their compliance level, which impacts its law enforcement capacities.

The measures taken to boost the e-commerce business include simplifying and automating clearance procedures whilst also reducing or eliminating duty and service charges on certain items whose value is below a specific threshold, in a manner that helps minimize operating costs for concerned companies. This had initially been implemented for 'low value' shipments transported via courier companies.

When it comes to logistics companies, the main 'pain points' identified by Dubai Customs were related to inefficient returns management and inventory reconciliation, owing to limited tracking capacities.

To overcome these challenges, Dubai Customs saw the need to reinvent cross-border e-commerce business in partnership with all relevant stakeholders, and so examined the adoption of processes, technology and measures that will enable it to better control and facilitate B2C and B2B e-commerce transactions at import and export.

Blockchain-based platform

As a result, Dubai Customs developed an innovative Cross-Border E-Commerce Platform built on Blockchain technology. The platform is set to transform Dubai into a world-class e-commerce hub and attract more foreign direct investment into Dubai and the country. Among other benefits, the platform will enable us to:

- increase efficiency by eliminating declaration preparation time and reducing the cost of e-commerce transactions;
- consolidate clearance and easily reconcile inventory by optimizing information sharing;
- identify and certify e-commerce companies, enabling them to be served better;
- provide 100% visibility and traceability on e-commerce transactions to all stakeholders;
- regulate goods returns by linking trader and Customs systems;
- improve flexibility for companies engaged in e-commerce;
- reduce physical document submissions for imports into the mainland from bonded zones;
- provide duty exemptions and a reduction in service charges;

The platform is open to companies involved in the import and export of goods across

Dubai's borders, namely couriers, e-commerce companies and logistics companies, as well as for moving goods into Dubai from a free zone or a Customs warehouse located in the UAE. The idea is to allow each of the entities involved in a transaction – the shipper, the transporter and government authorities – to access the same data related to an e-commerce transaction and expedite goods movements.

Blockchain technology has been used to build the platform, and the IT systems of express couriers, e-commerce companies and logistics providers will be able to connect to the platform. When an e-commerce order is made online, data will be transmitted directly to the platform, which will create a Customs declaration automatically.

Not only will Customs have full visibility over goods movements from source to end consumer, it will also be able to enhance its enforcement capacities, save time in reviewing and approving declarations, and automate duty exemption requests following the return of goods.

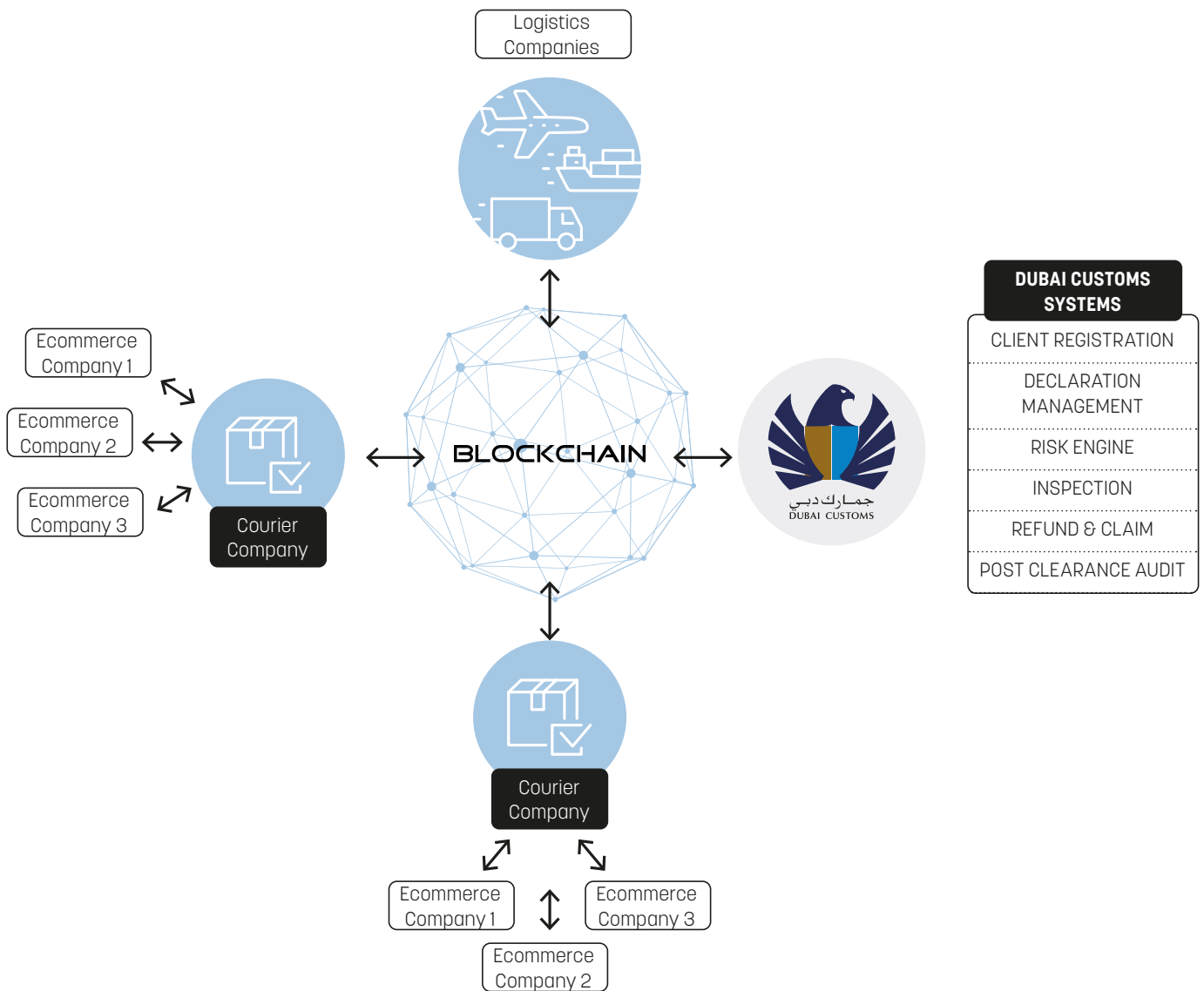
This blockchain will be the basis of a future, larger Customs blockchain, which will enable the administration to connect with other electronic trade ecosystems, including other blockchains like the ones managed by Maersk or DP World.

The e-commerce platform project falls within the scope of the implementation of the Emirates Blockchain Strategy 2021, a nationwide plan that aims to capitalize on blockchain technology. The objective is to have 50% of government transactions managed through blockchain platforms by 2021. According to a recent report, this would enable the UAE to save over 11 billion dirhams (approx. 3 billion US dollars). A paper by the Centre for the Fourth Industrial Revolution, Dubai Future Foundation, and the World Economic Forum says that the UAE government could avoid the printing of 398 million documents and save 77 million work hours a year through leveraging blockchain technology to manage routine transactions.

The Cross-Border E-Commerce Platform, which was piloted in September 2019, is to be deployed in two phases. In the first phase, in which DHL along with three well-known e-commerce companies participated, the blockchain platform was used to facilitate e-commerce export

This blockchain will be the basis of a future, larger Customs blockchain, which will enable the administration to connect with other electronic trade ecosystems, including other blockchains like the ones managed by Maersk or DP World.

Dubai Cross-Border E-Commerce Platform built on Blockchain technology



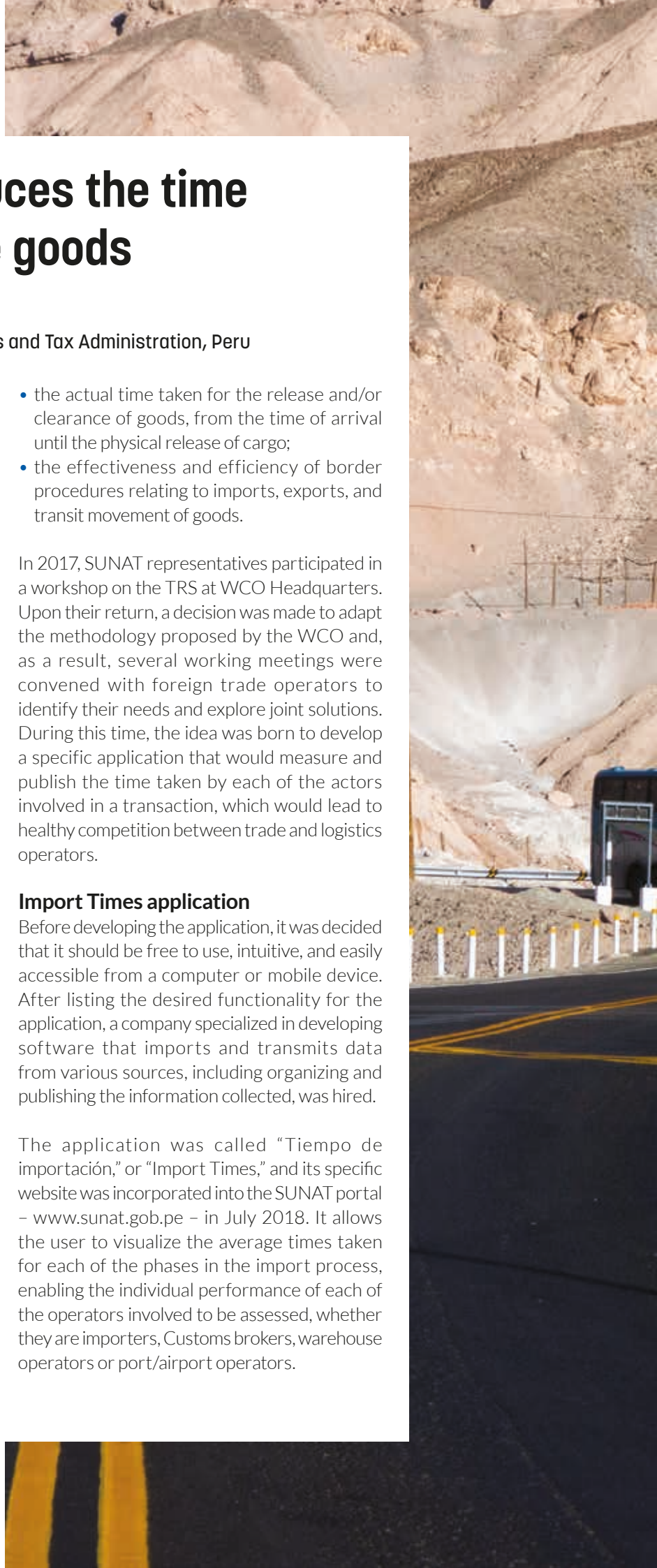
transactions transported by express couriers. During the second phase, which should start soon, operations related to imports, declaration consolidation, and automated refunds will also be processed through the platform, and more companies will be invited to join.

Indeed, Dubai Customs is currently working with other couriers and e-commerce companies to integrate their processes with the platform

as well as connect their IT systems to it. Access to the platform will also be extended to logistics companies, free zone operators and government stakeholders, including the national postal operator.

More information

external.relations@dubaicustoms.ae
www.dubaicustoms.gov.ae



Peru Customs reduces the time required to release goods

By the National Superintendency of Customs and Tax Administration, Peru

Peru's air and maritime ports of entry and exit are close to capacity, which creates a series of issues that affect the country's overall competitiveness, including making imports and exports more expensive in today's global market.

Among other difficulties, until 2018, any entrepreneur operating out of Peru could almost never anticipate with accuracy the release time of the goods they were importing and, thus, plan with a certain degree of predictability the availability of such goods in the market or in the factories.

This lack of certainty generated higher storage costs, delays in production, and sometimes led to companies losing business opportunities in the face of competition. As for end-users, they had to pay more for the goods as some of these extra costs were passed on to them.

If the country's infrastructure is to blame for this situation, existing processes and practices were also not optimized. Customs brokers used to attribute delays to Peru Customs. With no reliable information about the time taken for each operation during the import process, importers believed what they were told and did not consider that there was a need to look into how best they could manage their importations.

WCO Time Release Study

A few years ago, the National Superintendency of Customs and Tax Administration (SUNAT) started devising a plan to help these companies make better decisions when hiring Customs brokers, in order to reduce their costs. At the time, it was aware of the WCO Guide to Measure the Time Required for the Release of Goods, known as the Time Release Study (TRS). This WCO tool measures:

- the actual time taken for the release and/or clearance of goods, from the time of arrival until the physical release of cargo;
- the effectiveness and efficiency of border procedures relating to imports, exports, and transit movement of goods.

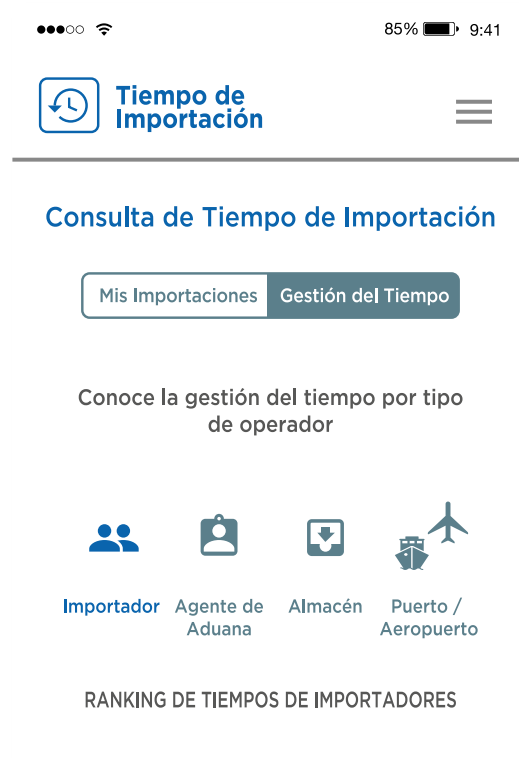
In 2017, SUNAT representatives participated in a workshop on the TRS at WCO Headquarters. Upon their return, a decision was made to adapt the methodology proposed by the WCO and, as a result, several working meetings were convened with foreign trade operators to identify their needs and explore joint solutions. During this time, the idea was born to develop a specific application that would measure and publish the time taken by each of the actors involved in a transaction, which would lead to healthy competition between trade and logistics operators.

Import Times application

Before developing the application, it was decided that it should be free to use, intuitive, and easily accessible from a computer or mobile device. After listing the desired functionality for the application, a company specialized in developing software that imports and transmits data from various sources, including organizing and publishing the information collected, was hired.

The application was called "Tiempo de importación," or "Import Times," and its specific website was incorporated into the SUNAT portal – www.sunat.gob.pe – in July 2018. It allows the user to visualize the average times taken for each of the phases in the import process, enabling the individual performance of each of the operators involved to be assessed, whether they are importers, Customs brokers, warehouse operators or port/airport operators.

Homepage of the “Import Times” application



The software collects data from five port terminals, 120 Customs warehouses, 341 Customs brokers, and approximately 30,000 importers at every step of the importation process: time of arrival at the port, time of unloading, time of submission of the declaration form, time of entrance to the warehouse, and time of payment of duties. Users can also access reports on each operator, enabling them to compare their performance. This has motivated the various actors that were being assessed to make changes for the better in their procedures.

Importers may choose operators that best suit their requirements, thereby optimizing logistics processes and reducing or avoiding storage costs. Ultimately, every citizen should benefit from the application, as reduced costs should translate into reduced prices and enhanced predictability in the availability of goods for end-users.

Operator outreach

Once the application was developed, SUNAT had to reach out to potential users. In 2018, it launched a campaign entitled “Together we can improve Customs clearance times” with the aim of starting a dialogue with importers, which would encourage them to not only use the “Import Times” web application, but also

“As a logistics service provider, we make good use of the “Import Times” application as it enables us to monitor our operations nationwide.”

CARLOS ABUID, GENERAL MANAGER, SCHARFF GROUP

the advance clearance procedure, as well as join the Authorized Economic Operator (AEO) Programme.

The largest importing companies with a high historic level of compliance with tax and Customs obligations, and, therefore, a low-risk profile, were identified and invited to participate in meetings, the objectives of which were to analyse the critical points that hindered or generated delays in the import process as well as to explain the functionality of the “Tiempo de importación” application. To SUNAT’s delight, 280 companies assigned a representative to attend the meetings and test the application.

At the end of the first five months, about 20% of the companies had decreased their import times to less than 50 hours, compared to, in some extreme cases, times of more than 175 hours previously. In addition, the use of the advance clearance scheme has increased, enabling importers to release foodstuff, on average, in less than 12 hours in comparison to more than 145 hours previously, and to cut or get rid of storage costs. The scheme also enables Customs to strengthen its risk management capacities while enabling ports to handle a much larger volume of cargo.

To encourage companies to do even more, a ceremony was held by SUNAT to award the ones with best results: highest reduction in import times (60% of weight), increased number of imports under the advance clearance scheme (30% of weight), and quantity of import declarations submitted/processed (10% of weight).

Positive results

With the development of the “Import Times” application, SUNAT has positioned itself as a pioneer. In September 2019, the “Import Times” website was recognized as a “Public Management Best Practice” by the organization “Ciudadanos al Día,” which recognizes and rewards innovations and cutting-edge projects developed and launched by public and private entities.

Of particular note, SUNAT is also contributing to the implementation of Peru’s Law on Transparency and Access to Public Information, which stipulates that public authorities should progressively introduce electronic means to disseminate data to the country’s citizens.

Going forward

Customs administrations in the region have requested SUNAT to share its experience with them in developing the “Import Times” application, as it is the only administration that measures the entire import process in a comprehensive and permanent manner. Consequently, SUNAT is currently busy planning such visits.

The administration also plans to develop a similar platform for measuring export times. This will require all the actors involved in the export process to get together, in order to develop an application that will potentially stimulate exports by enabling each of them to streamline their procedures.

More information

<https://tiempodeimportacion.sunat.gob.pe/>

“We are a supermarket chain and, thanks to the application, we can now ensure that products reach our shop shelves on time. We have also reduced demurrage expenses as our cargo no longer exceeds the time allotted for discharge whilst at the port terminal.”

CECILIA VEGA, FOREIGN
TRADE MANAGER,
TOTTUS



WCO Academy

Customs e-learning
for the private sector



about

WCO Academy, as private sector's point of access to the World Customs Organization's expertise, offers a wide range of Customs e-learning courses, real-time training via webinars and many other tools and features including Global Customs News and Forums

contact

<https://academy.wcoomd.org/>
academy@wcoomd.org

how



Learners access courses, certificates and forums directly through their dashboard



Companies and Universities provide access to their staff and students respectively through customized, co-branded environments



Associations, training centers and others, cooperate with WCO Academy to distribute Customs knowledge to the private sector globally

available courses

Harmonized System courses

- HS - Industry & Construction
- HS - Chemicals
- HS - Agriculture & Agrifood
- HS - Textiles
- HS - Art & Jewelry

WCO Data Model courses

- Course 1 - Managers
- Course 2 - Practitioners

Customs Valuation courses

- Course 1 - Valuation concepts and transaction value
- Course 2 - Advanced valuation methods

Revised Kyoto Convention Courses

- General Annex
- Specific Annexes

Single Window courses

- Course 1 - Practitioners
- Course 2 - Managers

More courses

- Rules of Origin
- Transfer Pricing
- Temporary Admission
- WTO Trade Facilitation Agreement
- SAFE & AEO
- Transit
- TIR System

How machine learning can automate the determination of the valuation of goods

By Mike Squirrel, Chief Technology Officer, TTEK Inc.

Machine learning, i.e. the process of teaching a computer system how to make accurate predictions when fed data, can help Customs administrations to identify revenue fraud or other illegal activities. In this article, TTEK, a technology solutions firm, explains how the technology works and introduces the analytical tool it has developed in this domain for Customs administrations.

It is now nearly 40 years since the WTO Valuation Agreement came into force, and the commercial world has changed radically since then. This has been recognized by the WCO Secretariat and by many Customs administrations that experience difficulties in the practical application of the Agreement. Commonly identified obstacles include updating valuation databases, establishing information-exchange between parties, identifying transfer pricing, managing vast volumes of poorly declared e-commerce transactions, and responding to the changing needs of the business sector with respect to trade facilitation.

At the time of writing, there are 164 countries that are members of the WTO; the most recent addition being Afghanistan in July 2016. In addition, several other countries have chosen voluntarily to adopt the Agreement as the basis for determining Customs value. To meet the terms of their international obligations, Customs officers generally apply up to six practical methods to determine the value of goods.

It is understood that the two most effective methods of valuation relate to comparing the shipment in question (if the transaction value is in dispute) to the transaction value of identical or similar goods entering the same economy. Construction of a valuation database has been the traditional way to ascertain a declared item's likely valuation as compared to the average declared value of identical or similar goods.

There are numerous administrative and technical complexities with respect to administering and applying a valuation database. Among other things, this requires:

- Categorizing and recording the CIF (Cost, Insurance and Freight) values of identical goods, and separating them based on country of origin.
- Augmenting the Harmonized System with 'Tariff Specific Codes' or similar methodology to select identical/comparable goods within a specific tariff code, and then communicating those codes to the broker/trading community, enforcing their usage of which is challenging, even when only implemented across a small section of the tariff where valuation concerns are perceived to be the most acute.
- Dynamically adjusting values based on traders obtaining bulk discounts, or accounting for rapid changes in market pricing of an underlying commodity, and ensuring the determined value is based on a consistent unit of measure based on the Harmonized Tariff Schedule.
- Recruiting and training local staff to keep a valuation database consistently up to date, a resource-intensive process.
- Purchasing goods valuation reference data from organizations such as Bloomberg, whose pricing baseline is rarely calculated based on the country of export or import and has minimal pricing accuracy to take into account the quality differences of similarly described goods.



Each of these practices has its own challenges. Customs valuation experts, for example, are rare, and updating a database is a resource-intensive process. Asking brokers to apply tariff specific codes is challenging, even if only across a small section of the tariff where valuation concerns are perceived to be the most acute. As price reference data is usually based on the country of import, one must find data that is relevant for its country (USA based price reference data will be of limited use elsewhere in the world).

Moreover, if the goods are misclassified, incorrect pricing reference data from a valuation database may be applied to the item in question. Experts in valuation may not be experts in commodity classification, although the common problems of undervaluation and misclassification are somewhat interwoven. It's hard to tackle one in isolation to the other.

Machine learning

Machine learning, i.e. the process of teaching a computer system how to make accurate predictions when fed data, can be of tremendous help here. It is, however, an area where we believe Customs administrations do not have enough information, and we would like in the following paragraphs to explain in more detail how machines, or in other words computers, incorporating a predictive modelling tool, can do it.

Today, predictive models can determine a goods tariff classification and value based on the inputs listed in Table 1. The models still work, even if some of the information is not provided, but they are most accurate when they are given as much information as possible.

Table 1 - Typical list of the inputs used in the analytical models developed to determine goods classification and value

Input	Reason for Usage
Declaration date	Helps adjust pricing algorithms for goods whose price depreciates rapidly over time.
Declared HS code (8+ digits)	Provides an indication of the goods type, and allows the algorithm to determine the taxes and duties that would be applied to the CIF value.
Goods description	This is the commercial description of the goods as provided by the importer; not the description of the tariff code. A natural language processing accurately parses the goods description (in any language). If a commodity description is especially poor or ambiguous, the model can flag this for review by declarant (even before the declaration has been lodged!).
Declared CIF value and currency	Used as one indication of the declared price per unit of measure. Also ensures that accurate currency conversion occurs if required, so that prices are compared in the national currency.
Routing information (country of origin, port of lading and discharge)	Used to determine the declared country of origin, and if the goods have been transshipped through known ports or countries with weak security. This information can sometimes act as an indicator for invoicing fraud.
Exporter's name, address and country	Used to link goods to exporters. Based on the exporter's name, address and country, the models have enough historical information to determine the set of valid tariff codes that are exported by nearly all companies worldwide; even if the goods themselves are poorly described. The models will also determine the typical export price of specific goods from the exporter and compare it to multiple importers in the country of import, based over time on a pricing decay curve that varies depending on the commodity type.
Consignee's name, address and country	Used to link historical importations of goods to the same or similar consignees. It's not uncommon for Customs to have multiple tax numbers for a single entity, or struggle to map parent/child relationships between related companies. See note related to TTEK's global trade database for more information about how this information is used.
The quantity and the unit of measure	It is common for units of measure to be used inconsistently, even though this should follow the global standard to HS 6 level. To ensure one is comparing 'apples with apples', a unit of measure stated on the declaration will be used, even if it is incorrect for the type of goods. The anomaly will be flagged so that a Customs agency can resolve any anomalies in its electronic tariff.
The weight of the shipment and the unit of weight	Particularly in relation to commodity purchases, or those commodities measured in kilos or litres; there is a strong relationship between the price and the weight. Anomalies are identified here. Particularly for those goods where specific duties are applied (based on quantity), the ratio between the quantity and the net weight will be compared with historical imports to ensure they fall within acceptable bounds.
The volume of the shipment and the unit of volume	For certain commodities, there is a relationship between the volume of the package and the price (and weight). The price/weight, price/volume and weight/volume ratio for all individually identifiable goods are looked at to identify significant deviations from the norm that may indicate a valuation or quantification issue.

As you can see in Table 1, the analytical models we are referring to take a lot more into consideration than simply a comparison of the declared value and the country of origin to determine an estimated true CIF value. Models can be trained in several languages and the algorithms used take so many discrete factors into account that they easily surpass the analytical capacities of the best valuation database or valuation expert when applied at scale.

Clusters of acceptable values for identical/comparable goods and the outlying values for goods that fall outside the acceptable range can be identified, and the results rendered in the form of an interactive graph or cluster diagram; such that a Customs inspector can easily visualize the analysis to determine any subsequent course of action.

What to look for in the goods description

There are a number of indicators that the models look at in a commodity description to help identify what the goods are, and any anomalies or attempts at obfuscation:

- Words that suggest the declarant does not trust or have accurate knowledge of the nature of the goods, such as: “Said to contain xxxx”, “This Shipment Contains No Wood”, “Not elsewhere specified”, “Scrap”, “General Merchandise”, “General Cargo”.
- Vague or misleading goods descriptions; such as “Iron”, “Ladies apparel”, “Machinery”, “Rods”, “Plastic goods”, “Polyurethane”.
- Words that typically increase or decrease the value of the goods: “used”, “2015” (may relate to the year of manufacture), “Disney” (various brand names).

The machine learning model looks at all the phrases and words in the goods description, and uses them to add or subtract an amount from the base cost based on previous importations of a similar good. What’s more, the models work across multiple languages, i.e. words, phrases or patterns in Spanish or Chinese can be compared against their English equivalents. A goods description containing two languages can be parsed as effectively as a description in just one language. The same multi-language matching

occurs when referencing exporter, importers and consignee names. i.e. ‘Honda Motor Co’ will match with “本田技研工業.”

The result

So, once a computer system has performed an analysis based on these models, what happens next?

Misclassification

The system will indicate a probability for each declared item, i.e. a number between zero and one, that the declared HS code is correct. It will also provide a list of up to five different HS codes that could apply to the goods concerned, with a probability measure. In other words, the officer looking at the information can make an accurate determination as to whether the declared code is correct or not, and, if not, what it should be. This is all well and good, but obviously Customs is most interested in cases of misclassification where the tax and duty rates that apply to the declared HS codes are different to the ones that apply to the code deemed more probable or correct. The system also automatically calculates the new taxes and duties that would apply if this code was used, so that Customs can quickly determine if it is financially cost effective to build a misclassification case against the importer.

Undervaluation

The system will also predict the CIF value of each declared item based on the information provided, including on the history of previous importations of such goods types. More recent transactions are more heavily weighted for those goods types where the price decay curve is steep, such as for products that quickly lose value through obsolescence, such as a recent mobile phone model. The system will also recalculate the duties and taxes payable, based on this “new” value. Optionally, the system can question both the declared CIF value and the declared HS code if it believes that both a case of undervaluation and misclassification have occurred.

Incorrect country of origin

As a byproduct, the system can accurately determine if the stated country of origin is likely to be correct or not, based on the country’s history of importations of such types of goods. If the country of origin is considered unusual, the system will list the top five most likely countries of origin, with a probability of each one being

Users of the analytical tools mentioned here report an accuracy rate of about 85%, which is improving all the time. If the results are not conclusive and raise uncertainties, the system will say so and Customs will then either discard the results or request the importers to provide less ambiguous information as uncertainty is generally indicative of a likely data quality issue with the underlying declaration.

correct. Traders may disguise the country of origin to take advantage of preferential duties or free trade agreements. It's another factor in valuation control.

So, for any transaction, the system can identify if the goods are likely to have been misclassified and/or undervalued, and/or if their origin has been misstated. The estimated revenue foregone is also calculated so that Customs can make a quick judgement as to whether it is worth expending the effort to build a case against an importer.

It gets better...

The system can also quickly determine the amount of security (bond/guarantee) that a trader should pay to Customs before they release the goods, should such a procedure be provided for in the Customs Code. Let's remember that this procedure is enshrined in the WCO Revised Kyoto Convention on the simplification and harmonization of Customs procedures in Section 3.43 (Clearance and other Customs Formalities):

“When an offence has been detected, the Customs shall not wait for the completion of administrative or legal action before they release the goods, provided that the goods are not liable to confiscation or forfeiture or to be needed as evidence at some later stage and that the declarant pays the duties and taxes and furnishes security to ensure collection of any additional duties and taxes and of any penalties which may be imposed.”

Accordingly, even if a revenue evasion offence may have been committed, the goods should be released if they are otherwise admissible, and administrative action shall be taken later to collect duties and taxes owed. However, in many countries, this procedure cannot be actioned as it takes Customs a long time to determine the amount of security that should be lodged before release pending a thorough investigation. Consequently, the valuation case is often finalized before the declaration is released; potentially taking a few days. This holds up the supply chain, including other goods that were part of the same shipment if a partial release is not supported by the administration.

Identifying honest mistakes

It is common for traders or brokers to make mistakes when entering values, weights and measures on a Customs declaration. Analytical models can identify that a declaration has been populated with incorrect information and/or an ambiguous or misleading goods description as well as flag the declaration for document review and possible amendment, listing the item(s) in question and the content that it believes have been mistyped.

At scale

It is a common scenario where a Customs post-clearance audit (PCA) team are somewhat understaffed, under-resourced, and without the analytical tools necessary to do their job. The machine learning models we are referring to in this article can be run against the last 2-3 years of Customs declaration data to determine those traders who are potentially the largest culprits with respect to undervaluation and misclassification, enabling the PCA team to work at their most efficient. They can target those traders and commodity types that will bring in the most amount of additional revenue to the treasury if prosecuted. This would also have a deterrent effect. The payback on such an initiative can be measured in days or weeks.

Accuracy

Users of the analytical tools mentioned here report an accuracy rate of about 85%, which is improving all the time. If the results are not conclusive and raise uncertainties, the system will say so and Customs will then either discard the results or request the importers to provide less ambiguous information as uncertainty is generally indicative of a likely data quality issue with the underlying declaration.

Transfer pricing and the related parties test

Evidence suggests that cross-border transactions between related parties contribute to approximately 30% of global trade. As per OECD Guidelines, a transaction between related parties should comply with the “Arm's Length Principle”: the conditions (prices, profit margins, etc.) in transactions between related parties should be the same as those that would have prevailed between two independent parties in a similar transaction under similar conditions.

Identifying the ultimate exporter and consignee of the goods is generally quite easy, as it should be listed on the goods declaration. However, Customs needs to evaluate all the different ways that a related exporter and importer could be described, in order to develop a related-parties map.

As an example, here's a list of some parties related to Honda Corp. in Malaysia:

- Boon Siew Honda Sdn.Bhd
- Honda Malaysia Sdn Bhd
- UMW Industrial Power Sdn. Bhd
- Hicom-Honda Mfg. Malaysia Sdn. Bhd
- VICTORMAX SDN.BHD
- Honda Assembly (Malaysia) Sdn. Bhd
- Honda Auto Parts Manufacturing (M) Sdn. Bhd

And in South Korea:

- Honda Korea Co.,Ltd
- SDN Company Ltd
- GS Global Corporation
- Seoul Motor Co., Ltd

Clearly, if the exporter and the importer both contain the name Honda, then a related party transaction is identifiable using language processing at the data level; but what if the transaction were between 'UMW Industrial Power' in Malaysia and 'SDN Company Ltd' in Korea? How can you identify if this is a related party transaction?

The Trade Data Network

Data is available on nearly 50% of the shipments transported across borders with the name of the companies involved in the transaction at export and import, as well as the list of their directors and shareholders obtained by creating a global company registration database. Acquiring such data was the first step, but exploiting the data required cleaning, connecting, and harmonizing datasets describing the transactions and travel networks. Parent-child relationships between related entities also had to be mapped. Public and commercially available data was then joined to create a reference set on global networks and flows that we called the Trade Data Network.

When the pertinent data encapsulated within a Customs declaration is overlaid on top of this data network, transactions from related parties

that are disguised as non-related exporters and importers appear. The Trade Data Network can identify shelf companies that may have been established to complete only a few shipments before being shut down, by looking at the name of their directors or at the modus operandi of the transaction. For example, the exporter just started trading in a commodity with a new country, and the importer ordered a quantity of goods that seems odd. Although the Trade Data Network is a rather new product, users are already obtaining encouraging results with respect to the mapping of transnational crime organizations.

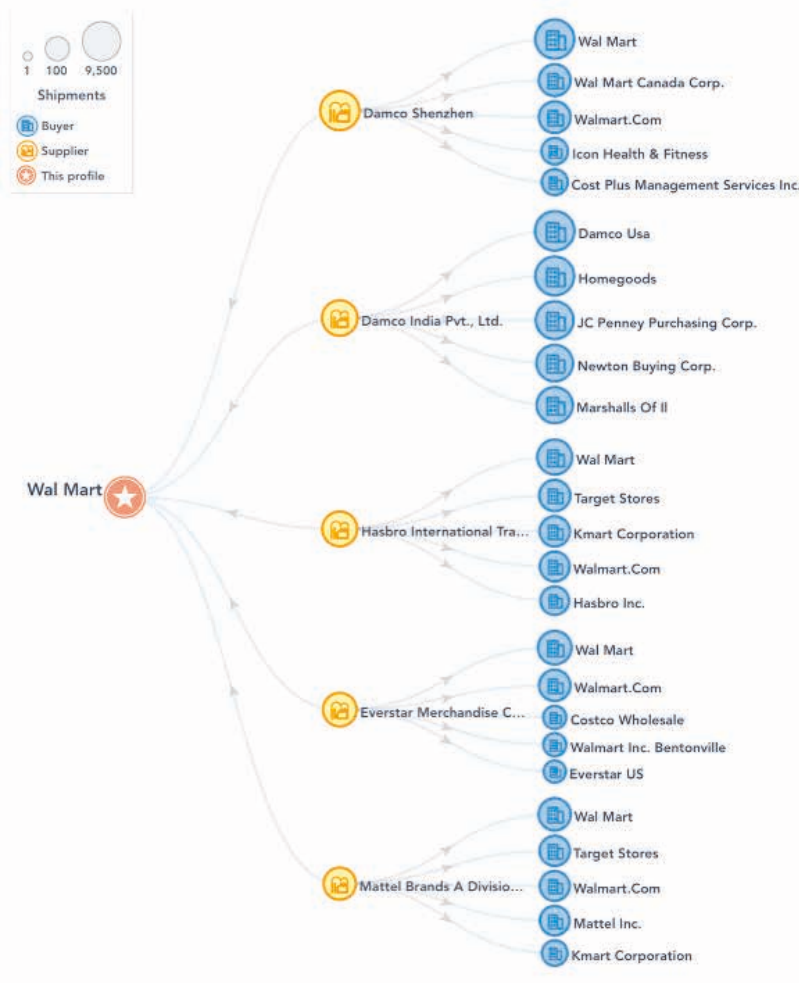
Added value

There are software applications on the market that fuse related data to provide a centralized, aggregated view of information from disparate sources, integrate with existing systems, and uncover connections and patterns in order to obtain intelligence. IBM I2 Analyze or Palantir are some of the environments developed to this end.

However, in order to use the tools listed above, Customs administrations must have suitable sources of reference and transactional data, or actionable intelligence to link data together and identify patterns, or the resources to transform the data that they do collect into a form that can be intelligently analysed by such systems. Even then, Customs may only have access to their own data and perhaps that of their neighbours; they don't generally have visibility of the full global trading landscape. Of course, Customs can pay a third-party to assist in this process of information capture, transformation and analysis, but it is expensive, error-prone, and time consuming. This approach can work effectively for States that have the necessary funds and resources to build large data lakes and contract in the expertise to build models linking datasets together, and train highly skilled analysts to navigate their way through this knowledge tree to identify insights.

The Trade Data Network is different in that it already contains a massive corpus of valuable worldwide intelligence that would be immensely challenging for one country to compile. By mapping a country's Customs data on top of well understood trade flows, Customs analysts can rapidly identify actionable anomalies in a shipment without requiring a copious amount of

Graphic 1 – Example of related-entities mapping



additional intelligence gathering and input into the system.

It is not just a product, it's an intelligence system that comes pre-loaded with statistically normal (and ab-normal) transactions. By comparing incoming transactions against what is normal, analysts can identify the few transactions that are abnormal. When automatically overlaying a new shipment on top of existing trading relationship networks like that shown below, we can identify related party transactions, or transactions between new parties; or just transactions that don't make logical sense. By automatically triaging the thousands of Customs declarations that a small to medium-sized country will receive in a typical day, the Trade Data Network analysis helps identify those small number of transactions that are truly anomalous.

Advances in cloud computation, natural language processing, and machine learning now make it

affordable to put this actionable intelligence in the hands of small and medium GDP nations, at a price that they can afford.

Learning from others

The WTO Valuation Agreement states that values should be compared with historical/comparable imports into the same country. Early evidence suggests that it may be possible to train a model based on data from one country, and apply the findings to a similar country in the region. This means that as more Customs administrations adopt this modern approach to the practical problem of valuation control, they have the potential to strengthen each other's ability to detect revenue leakage; not by sharing declaration information across borders, but by sharing some of the calculations and thresholds inherent in valuation models. Examples of clusters of nations where the data suggests that they may mutually benefit from each other's insights include:

- Groups of Caribbean or Pacific Island nations.
- Landlocked African nations.
- Most members of ASEAN, the Gulf Cooperation Council and the EU, as they use a unified and comparable tariff and have somewhat comparable transportation costs.

Next steps

Once it has been proven that an exporter or importer is not compliant, it is easy to map the trading relationships of the companies or persons of interest concerned, and to identify other potential fraud cases or other parties that may also be involved in systemic fraud or other illegal activities. We are currently working on the next-generation revenue leakage model that will facilitate this process.

We are also looking at how to combine valuation controls with scanned image detection algorithms to determine if the relative volumes of the commodities declared approximate that shown in the scanned image. We are currently looking for partners involved in supplying technology for non-intrusive inspections to work with us on the next generation of machine learning models incorporating the analysis of scanned images and comparing them to the information on the underlying declaration and bill of lading.

Deployment

We understand the sensitivities around Customs data, and that many countries have strict policies related to data sovereignty and data sharing. Fortunately, we can deploy our technology using application containers inside a Customs data centre, in the cloud, or as a hybrid solution where all misclassification and valuation models run on-premises, but small anonymized and codified consignee information is sent to our Trade Data Network using a secure encrypted connection to our private cloud service.

In addition, we can work with any Customs data, and can receive transaction data for analysis either via an application programming interface, or a direct read of the underlying database tables. Historical data provided by a Customs administration in csv or similar format can also be processed effectively.

Do not hesitate to contact us should you require any further information. We will be exhibiting at the next WCO IT Conference in Indonesia, so stop by our stand to discuss your needs and the solutions we have developed.

More information

www.ttekglobal.com



Highlights from the WCO Communication Strategies Conference

By Laure Tempier, WCO Communications Service

If the conferences organized by the WCO Secretariat usually address technical matters related to Customs and trade, such as information technology, authorized economic operators (AEOs), the Harmonized System, or security, one event was an exception last year: the Communication Strategies Conference.

Communication practices, tools and strategies have been discussed within various WCO working bodies before, but it has been a long time since communication practitioners from the public and private sector as well as representatives from various entities interacting with Customs were invited to attend a WCO event dedicated entirely to this topic. The objective of the conference was to provide them with an opportunity to meet and share ideas, and to even build strong and sustainable professional relationships.

We live in a communication age and it's time we start taking it seriously. As one speaker remarked, "Communication should not be seen as something that you can do when you have a bit of money, when you have time, later. Instead, it should be part of the core activities of an organization." Below are some of the ideas gleaned from the event, which took place over two days in October 2019.

Staff need to be informed and their voice heard

Internal communication can be defined as the way an organization interacts with its staff and the way they interact with it. Its purpose is to create a shared understanding of the organization's values and goals among employees. Also, it is notably important to announce changes and new projects timeously, to explain decisions transparently, including their advantages and disadvantages, and openly discuss the chances of success or failure of work projects to anticipate potential frustrations.

Several channels through which to communicate with employees were mentioned: holding monthly meetings between the management team and the staff to explain what is going within an administration and get everyone's feedback; organizing breakfasts and other occasions to gather staff for briefings; producing newsletters where both management and employees tell their stories; installing screens around office buildings to broadcast videos or messages; and setting up internal employee call centres. One speaker also explained that in her organization every newcomer received a welcome pack containing a card with the name of an employee on it, inviting him or her to contact the person for lunch or a coffee.

We should not solely be focused on one single channel; instead, we should rather mix them together in order to be sure to reach all employees, including remote workers and frontline staff with no set desks. Feedback should be collected from across an organization on how employees 'consume' corporate communications to better understand what's working now (or not, as the case may be) depending on their role – remote workers, frontline workers, managers, new hires, and even long-term employees.

Moreover, internal communication is a two-way process, but employees don't only need to be listened to, they need to know that their input was taken into account and acted upon, and, if not, why not; this is the essence of two-way communication, promoting both staff morale and interest within an organization.

External and internal communication are linked

If external and internal communication were separate disciplines before, the lines between the two are blurring today. Social media enables anybody to share their views about

an organization. Building a sense of belonging internally and a common understanding of key messages among all is, therefore, critical to maintaining or developing a good external image. And vice-versa: external communication enables an organization to increase its reputation and to instill pride among its employees. "Staff do not need a canteen or a magazine to work better, they need the organization to have a good image," highlighted a participant.

Various channels can be used depending on the target audience, and the budget. Some administrations have been very creative when communicating with the public by using comedians to play short scripts or even musicians during a road show. While traditional communication channels have their place, alternative means have a place too.

A critical question, however, is: what do you communicate about? Many administrations usually communicate proactively with the outside world on enforcement matters only, especially when important seizures are made. Content will depend on the country's situation, the culture of the public administration and the importance of Customs within the state apparatus, but it is generally limited to enforcement results, which go down well with the public and media agencies.

Several speakers underlined that Customs should also explain what they do and how, highlight its workforce's skills and the good work they do, how their actions impact society and peoples' life, and what they have achieved or not managed to achieve. One thing to keep in mind is to report activities and results in an honest way. "Honesty is key, or you will not have visibility," warned a speaker.

Using facts and figures is crucial as well as the capacity to communicate in a compelling way to

grab the attention of the audience, many of whom already face an information overload. Information should also be written in a way that the general public can understand and digest, using language that is simple and which avoids all jargon.

Compelling storytelling is critical

"It's no secret. Government writing is boring," said a speaker. The best way to communicate effectively is through storytelling. Psychology backs this approach up: when someone is telling you a story, and you're engaged in it, you match your brain waves to theirs.

Storytelling is using fact and narrative to communicate something to your audience. It is not a process, method, or technique, but an art that requires creativity, vision, skill, and practice. There's no doubt it's challenging, but also very rewarding. "The best part of storytelling is that you are perpetually learning, this is what makes the job of storytellers so interesting," explained a speaker.

Empower your communications team

Customs administrations may not have professionals at their disposal that can write stories in a way that will captivate readers. However, this is something that human resource and top management executives should consider when building a communications team.

Inclusive communication

Our languages are often structured in a way that uses **MALE** as a norm



The way we express ourselves has a direct impact on how we behave

Giving visibility to gender is an important way for public policy to positively affect all members of society even if the gender perspective may not immediately be obvious

Gender Biased Language

- Policeman
- Man-made
- Male nurse
- Spokesman

Gender Sensitive Language

- Police officer
- Of human origin
- Nurse
- Spokesperson

Challenge unconscious stereotypes

Don't forget other minorities. It is not only about gender issues

Inclusive language creates a respectful work environment

4 tools for better visual communication



Pictures & Videos

Timeless medium and the strongest medium. But do make an effort to tell your story that is **REAL** and **PERSONAL!**

Graphic elements

Geometric Forms
Typography
Arrows
Graphs
Icons



Illustration and...



Digital Stickers
Illustrations
Emojis

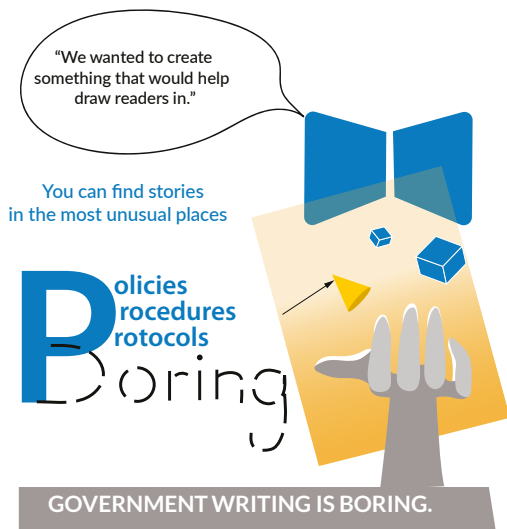
Gifs
Animations

Hand Drawings

Mind maps
Sketches
Doodles



Infographics
Data Visualizations



Use story-telling to make it engaging



Such a team can be small, but should be provided with leadership protection and autonomy. "Protection is necessary because communications officers are usually not the most popular people in an organization. Autonomy [is also necessary] because if you hire professionals, you can't tell them what to do, but need, instead, to give them space to operate," explained a speaker.

Apply behavioural insights when drafting messages and strategies

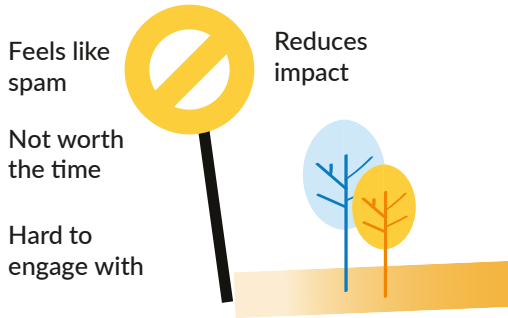
When establishing a media plan and especially when communicating through radio or TV, it is necessary to understand how people consume news and information: at which hours and in which situations they are most available. But when it comes to drafting messages and content, it is critical to understand how people behave and why.

We like to think of ourselves as rational beings who carefully consider all options when making decisions, but most human behaviour is, in fact, driven by automatic and intuitive thought processes. But if you want to influence behaviour through communication, you have to understand that you may encounter:

- Reaction: people do not want to be told how to act;
- Skepticism: people will question whether what you want them to do will really help, or will question anything that is not in line with what they believe;
- Inertia: even if they are convinced or agree, people may not take action, and intention will remain intention.
- Desire for conformity: the behaviour of other people also impacts our behaviour.

In order to avoid reaction, it is important to make an audience feel autonomous in its choice. Another technique is 'altercasting,' which consists of characterizing someone as a certain type of person in order to encourage him or her to behave in a desired manner. Thus, one must provide some options to choose or request some

Poorly designed communications

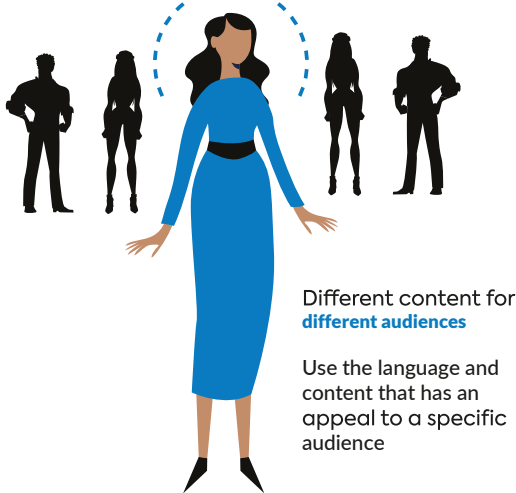


Be 'Instagramable' or be 'Old school' but find your way to stand out.

Spread your brand awareness by giving them beautiful, meaningful content to share and make them **look good and feel meaningful**



Era of personalization



form of reciprocity, i.e. first help and then ask for something – a method that often works well.

To deal with skepticism, it can be useful to give people the impression that they have some time to adapt and change. People are more willing to plan action for the future than to do it straight away. It also helps to ask them to come up with arguments, instead of serving them with ready-made information.

In dealing with inertia, solutions include rewarding people or helping them plan and get things started by sending reminders or providing “how to” advice. Some administrations, for example, make awards to their ‘best clients,’ recognizing their level of professionalism or the initiatives they have taken. This method leads to faster buy-in by those being targeted.

Different levels of stakeholder engagement

There are many reasons why effective communication mechanisms should exist with stakeholders: to ensure a high level of compliance with regulations, to ensure they participate in voluntary programmes such as AEOs, or to encourage them to use the tools developed for them by an administration.

However, representatives from the private sector expressed frustrations with Customs administrations when it comes to finding the right interlocutor to answer their questions. Many companies struggle to find relevant information on policies and procedures. Hence, the high level of companies using Customs brokers or not taking advantage of tax benefits provided by Free Trade Agreements.

Wake the audience up!

Be a little bit provocative

Evoke emotion

Raise awareness



Understanding the media landscape

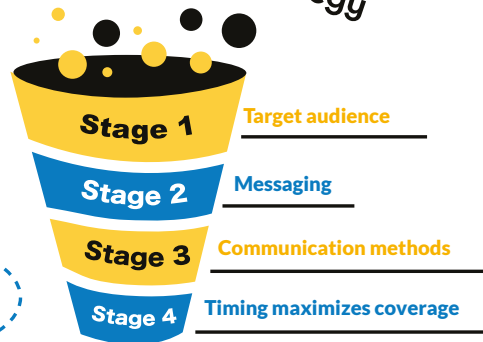
Zambia

Effective communication strategy:

Customer focus and collaborations

Know your Customers' needs and then address them directly

Planning and Executing Communication Strategy



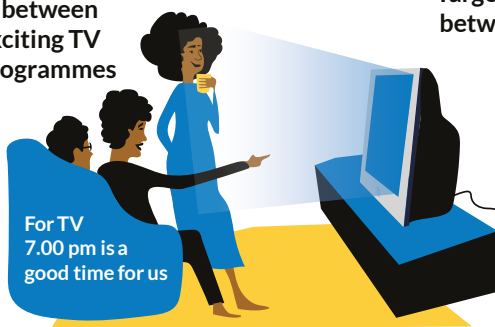
Message and timing is key!

WHO do we communicate with?

WHEN do we communicate?

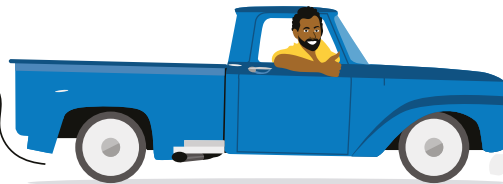
HOW do we communicate?

Target your audience in between exciting TV programmes



Targeting working class via RADIO between 6.30 am and 8.00 am is great.

People are driving to work.



The Organisation for Economic Co-operation and Development (OECD) identified three levels of stakeholder engagement:

- The first and most basic level is when information is provided on demand via call centres, open days, and proactively through websites and various media.
- The second level is when consultation is organized through forums and committees on specific and rather narrow issues. It is important here to communicate clearly about consultation processes to ensure that people know they exist.
- The third and most advanced level is when stakeholders are given the possibility to engage

with public officials to co-create policies. This last level illustrates the idea that communication should also be used strategically to develop policies. “Communication is too often limited to promoting the image of the government, or diffusing news, instead of being used to contribute to transparency and stakeholders’ participation. A culture shift has to be made to change this approach,” explained a speaker.

Use visuals, but in a smart way

Visual communication is the best way to catch people’s attention nowadays. Slides full of text don’t work anymore because people want more graphics and fewer words. But videos, images and infographics have to be of good quality. When it comes to graphic elements, it is necessary to keep them simple as people don’t have the time to analyse unfamiliar shapes. Images have to carry emotions or be strong in terms of concept. Developing videos, taking photos or designing visuals should be left to professionals. It takes skills to get quality.

Content on social media should be diverse, informative, emotional and personal

Social media is free, but requires skills to be used properly. Speakers explained that even if posts on policies or initiatives do not get many ‘likes’ or are often not shared, they are, nonetheless, important. However, social media should be used to engage with an audience, not just to push information such as a policy document. This might mean putting specific officers or a team in the spotlight (detectors dogs get a lot of likes) or joining the celebration of well-known events such as a special day, or asking people questions. Content should be diverse, informative, emotional, and personal.

Chatbots can be useful, but do not replace human interaction

Chatbots are computer programs that leverage machine learning and artificial intelligence to complete tasks while mimicking human conversation. More and more administrations are using them to cater to queries and complaints from their citizens. They can also be useful as some websites are hard to navigate and do not address simple questions. But many consider that chatbots can’t quite replace the human element, especially when it comes to providing information on complex regulations.

More information

communication@wcoomd.org

Marcy’s Storytelling Tips

Marcy Mason from US Customs and Border Protection shared a number of storytelling tips at the conference. Here they are:

Tip #1: Regardless of the topic you’re writing about, there’s always a story. You just have to find it. You can find stories in the most unlikely places. I have even found stories while having conversations with colleagues in the ‘bathroom.’

Tip #2: Remember your audience. You’re writing for your readers. My litmus test is: “Is this interesting to me?” If it’s not, then forget it. Always ask yourself: “What would interest me about this story?” And then follow your instincts.

Tip #3: Grab your readers’ attention immediately. Open your story with something interesting.

Tip #4: You need to reward readers. This means your story has to contain information of value.

Tip #5: Don’t sensationalize. It isn’t necessary. And it generally works against you.

Tip #6: Every source has his or her own perspective. So when you’re interviewing people, be aware that each person sees things through his or her own eyes. As the writer, you need to make sure that you stay focused on your story and don’t get sidetracked telling the story that others want to tell.

Tip #7: Do more than tell the facts. Tell a story that conveys the human side of your organization. Your messages will be remembered better that way.

Ms. Marcy Mason is a writer/editor in the Communication and Outreach Division of the Office of Public Affairs at US Customs and Border Protection

Calendar of Events

MARCH

Regional Offices for Capacity Building/ Regional Training Centres /Vice-Chairs Global Meeting	2 - 3
Joint Session Capacity Building Committee and Agreement on Trade Facilitation Working Group	4
Agreement on Trade Facilitation Working Group	4 - 5
Capacity Building Committee	4 - 6
Working Group on Accessions	9 - 10
Harmonized System Committee Working Party	9 - 10
Harmonized System Committee	11 - 20
Private Sector Consultative Group	23 - 24
SAFE Working Group	24 - 26
Revised Kyoto Convention Working Group	30 - 3 April

APRIL

Finance Committee	6 - 9
Global Conference on Origin, Santo Domingo (Dominican Republic)	15 - 16
Working Group on Performance Measurement	23 - 24
Permanent Technical Committee	27 - 30

MAY

4 - 8	Data Model Project Team
11 - 15	Technical Committee on Customs Valuation
19 - 20	ATA/Istanbul Administrative Committee
25 - 29	Harmonized System Review Sub-Committee

JUNE

3 - 5	Technology Conference, Bali (Indonesia)
8 - 10	Revised Kyoto Convention Working Group
11 - 12	Revised Kyoto Convention Management Committee
15 - 16	Information Management Sub-Committee
22 - 23	Private Sector Consultative Group
22 - 24	Policy Commission
25 - 27	Council
29	WCO Free Zone Conference
30 - 4 July	Knowledge Academy

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 website.



**Driving industry
wide change to
accelerate global
trade development.**

We're building something big
www.webbfontaine.com