



# Electronization of Customs Procedures

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**International Conference on Facilitation and  
Standardization of Customs Procedures  
Istanbul, Turkey, 5 December 2017**



# Driver for border management modernization and reform

- Rapid globalization and continued growth in trade volume.
  - » Industry is growing impatient with inefficient and outdated border procedures
  - » Made in the world: Industry 2.0
  - » Demand for modern logistics practices
  - » E-Commerce and sharEconomy
  - » predictable flows in the international supply chain
- concern about supply chain security



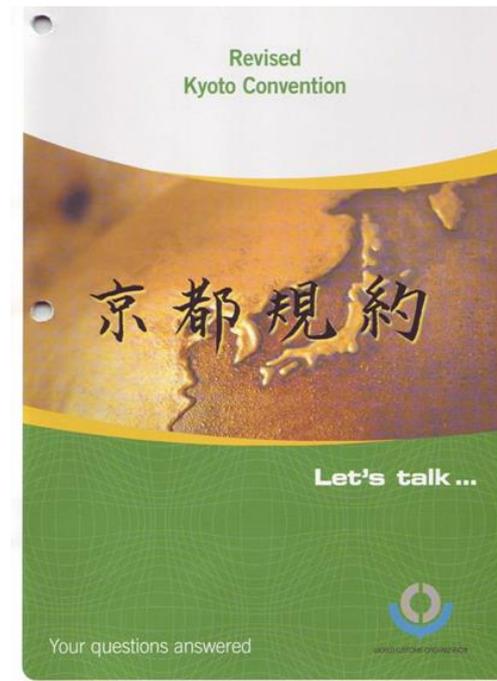
# The Role of Customs

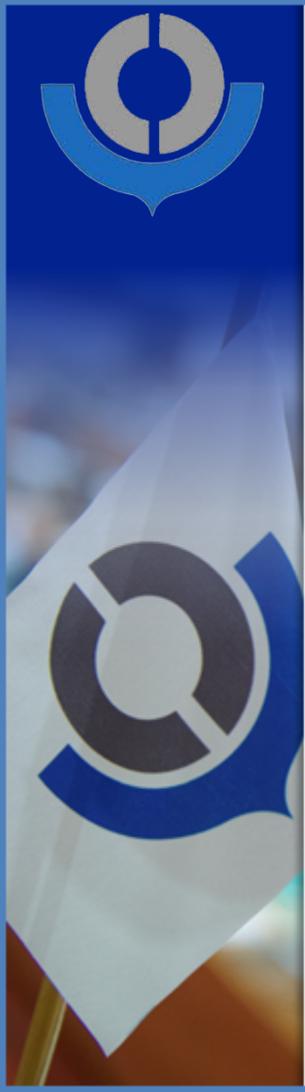
- Revenue Collection of Import Taxes (duties & excise)
- Protection of Economic Interests (domestic industry)
- Economic Development <trade, investment> (trade facilitation)
- Protection of Society <health, safety> (drug trafficking, firearms, environment, etc.)
- Security <counter terrorism>



# ICT Related Tools

- » Promotes trade facilitation and effective controls
- » Simplified and harmonized Customs procedures;
- » Transparency and predictability
- » Standardization and simplification of the goods declaration and supporting documents;
- » Simplified procedures for authorized persons;
- » Minimum necessary Customs control to ensure compliance with regulations;
- » Coordinated interventions with other border agencies;
- » Partnership with the trade.
- » **Maximum use of information technology and modern technique**
  - risk management,
  - pre - arrival information and
  - post clearance audit)



The image shows a vertical blue bar on the left side of the slide. At the top of this bar is the WCO logo, which consists of a stylized 'C' and 'W' in white and blue. Below the logo is a white flag with the same WCO logo on it. The rest of the blue bar is a blurred background.

# Benefit of the use of ICT for Customs

- » Improved compliance through increased accessibility to regulatory information and functions, as well as services, by those engaged in international trade;
- » Faster clearance times for legitimate trade;
- » Enhanced coordination between Customs units, as well as between Customs and other border regulatory agencies at the national and international level;
- » Increased transparency in regulatory processes and decision-making;
- » The use of performance measurement to improve Customs procedures and integrity, such as through the techniques presented in the WCO Performance Measurement Contracts (PMC) Guide;
- » Enhanced detection of irregularities and illicit consignments through effective collection and analysis of data



# WCO Digital Customs

## Digital Customs

"Any automated or electronic activity that contributes to the effectiveness, efficiency, and coordination of Customs activities, such as automated Customs clearance systems, the Single Window concept, electronic exchange of information, Web sites to communicate information and promote transparency, and the use of smartphones."

In the Digital Age today, information and communication technology (ICT) is ubiquitous. It has transformed the way how governments, in general, and Customs, specifically, operate. When ICT is utilized effectively, it has the potential to produce positive outcomes, including but not limited to the following:

- Enhanced trade facilitation through, for example, the harmonized and efficient implementation of the WTO Trade Facilitation Agreement (TFA).
- Improved supply chain security, and efficient revenue collection.
- Improved compliance through increased accessibility to regulatory information, functions, and services.
- Improved coordination between and among Customs, other border regulatory agencies, and private sector stakeholders at the national, regional and international level.
- Improved objectivity and transparency in the regulatory process, and in decision-making.
- Enhanced detection of irregularities and Risk concerns through effective synthesis and sense-making of available data.
- Efficient human resource management, and enhanced capacity building.
- Improved performance management of specific processes, field stations, and staff functions through the application of business intelligence and analytics.

## Digital Strategy

Governments, and Customs in particular, should have a clear strategic approach backed by strong political will and executive commitment to ICT implementation or consolidation as an enabler to support organizational objectives.

## Legal Basis

There should be a sound legal basis for ICT-enabled Customs processing and related submissions and services, such as e-transactions, e-signature, e-payment, e-inspection, and e-exchange of information. This should also include data privacy and protection provisions. The WCO Revised Kyoto Convention (PKC) – Chapter 7 of the General Annex and its Guidelines – provides a good reference point for creating these legal enablers.

## Governance Structure

A good governance structure with a clear mandate and adequate resources should be in place for the implementation, maintenance, and continuous improvement of ICT systems.

## ICT Infrastructure

A robust ICT infrastructure is a prerequisite not only for the implementation of ICT solutions in Customs, but also to enable all stakeholders and users to access and utilize ICT-enabled process services in an efficient manner.

## WCO Instruments and Tools Supporting Digital Customs

- Strategic – Strategic Plan, IT Guide for Executives, and Single Window Compendium Vol. 1.
- Policy/Legal – PKC, SAFE Framework of Standards, Data Model, Nairobi Convention, Model Bilateral Agreement on Mutual Administrative Assistance in Customs Matters, Globally Networked Customs (GNC) Feasibility Study Report, GNC Handbook, and Integrated Supply Chain Management (ISCM) Guidelines.
- Operational – PKC ICT Guidelines, Dematerialization of Supporting Documents, Coordinated Border Management Compendium, Single Window Compendium Vol. 2, Supplement to Single Window Compendium, Risk Management Compendium, Unique Consignment Reference (UCR) Guidelines, OENVOEW/ENCOM/Comm, Advance Cargo Information (ACI) Systems, Advance Passenger Information (API)/Passenger Name Record (PNR) Guidelines, Non Invasive Inspection (NI) Guidelines, Cargo Targeting System (CTS), Technology Network (TN), Interface Public Members (IPM), IIS Application, Information & Intelligence Centre (IC2), and GNC Utility Blocks (UBs).



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# WCO TFA Implementation Guide

<b>Article 1</b> Publication and availability of information 	<b>Article 2</b> Opportunity to comment, information before entry into force and consultations 	<b>Article 3</b> Advance rulings 
<b>Article 4</b> Procedures for appeal or review 	<b>Article 5</b> Other measures to enhance impartiality, non discrimination and transparency 	<b>Article 6</b> Disciplines on fees and charges imposed on or in connection with importation and exportation and penalties 
<b>Article 7</b> Release and clearance of goods 	<b>Article 8</b> Border agency cooperation 	<b>Article 9</b> Movement of Goods Intended for Import Under Customs Control 
<b>Article 10</b> Formalities connected with importation and exportation and transit 	<b>Article 11</b> Freedom of transit 	<b>Article 12</b> Customs cooperation 

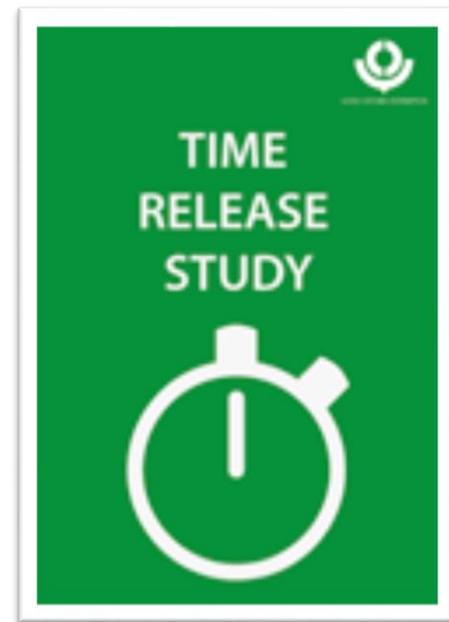
- » Analysis Section I
- » Contain element on the ICT consideration, where applicable.
- » Google keyword: wco tfa guidelines



# Priority setup:

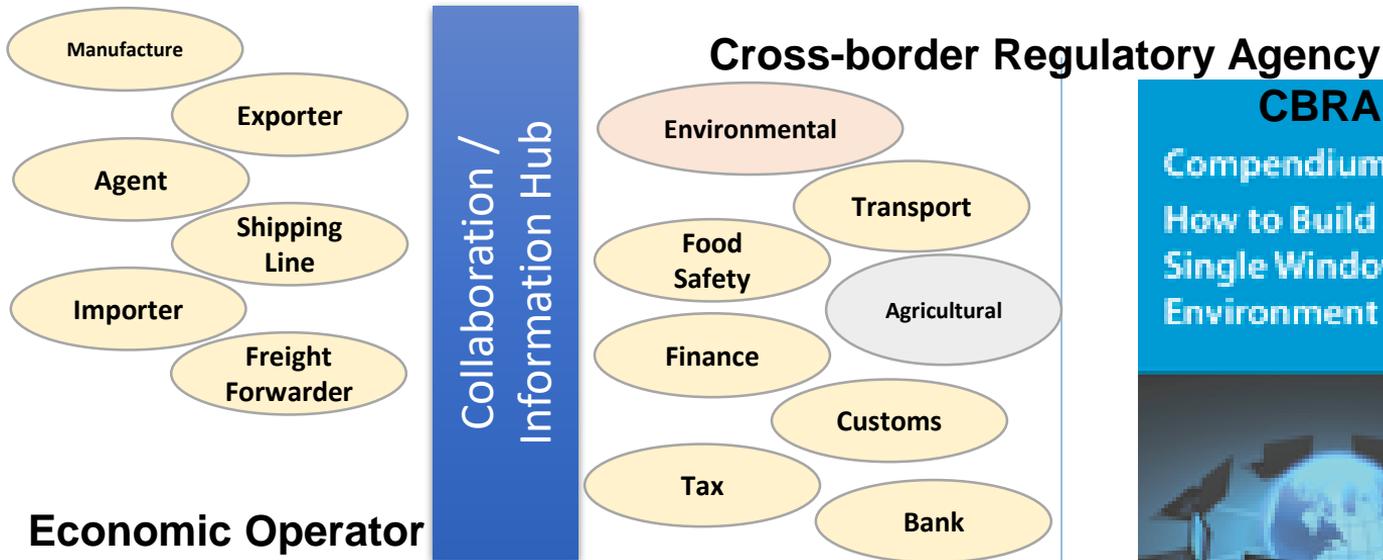
## Understanding where are the bottlenecks

- » No single solution for Single Window;
- » Each Country has its unique needs, requirements and objectives;
- » Time Release Study
  - A unique tool and method for measuring the actual time required from arrival of goods to its release
  - to access the efficiency and effectiveness of each actors in the flow process of cargo
  - To Identify bottleneck processes affecting release of goods
  - To obtain empirical evidence for re-engineering existing procedures.
  - To identify opportunities for border management improvement
  - To establishing baseline for border management performance measurement





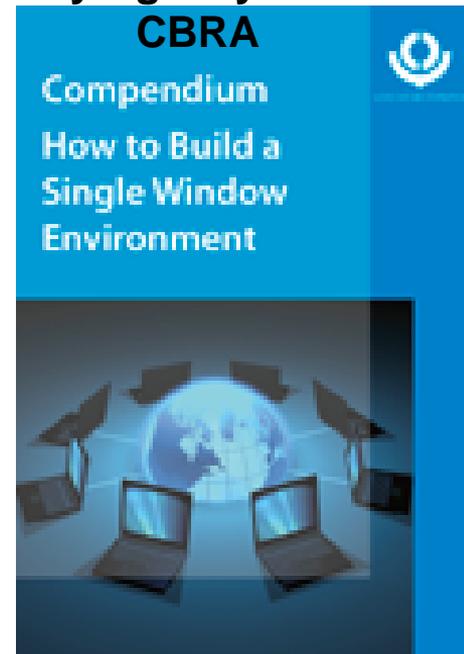
# Single Window Compendium

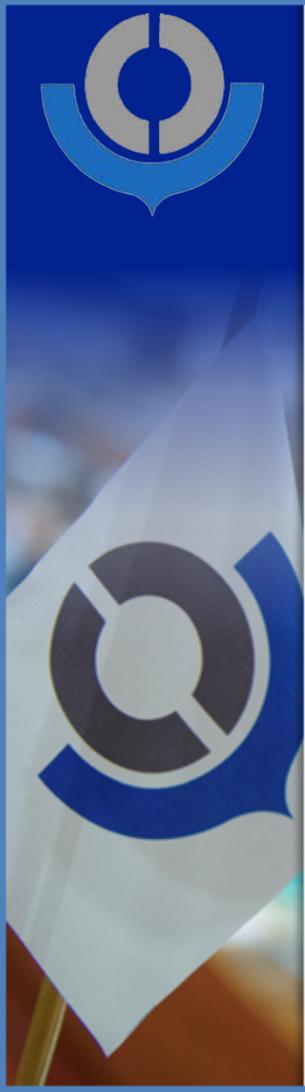


**Economic Operator**

**Cross-border Regulatory Agency**

- » Single Window: Electronic collaboration platform for Border Management Agencies;
- » Has the role as Information Hub;



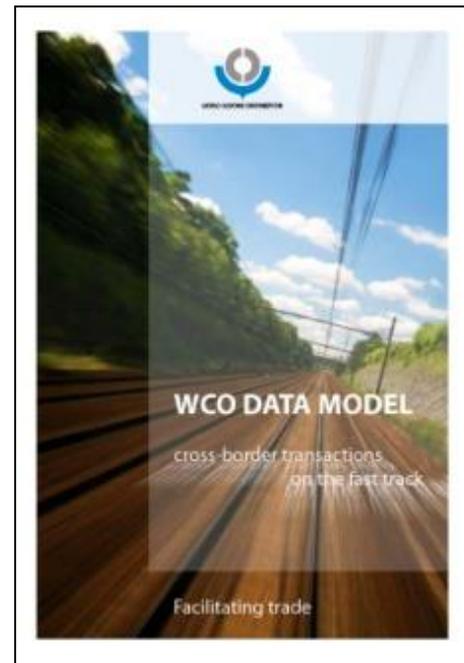
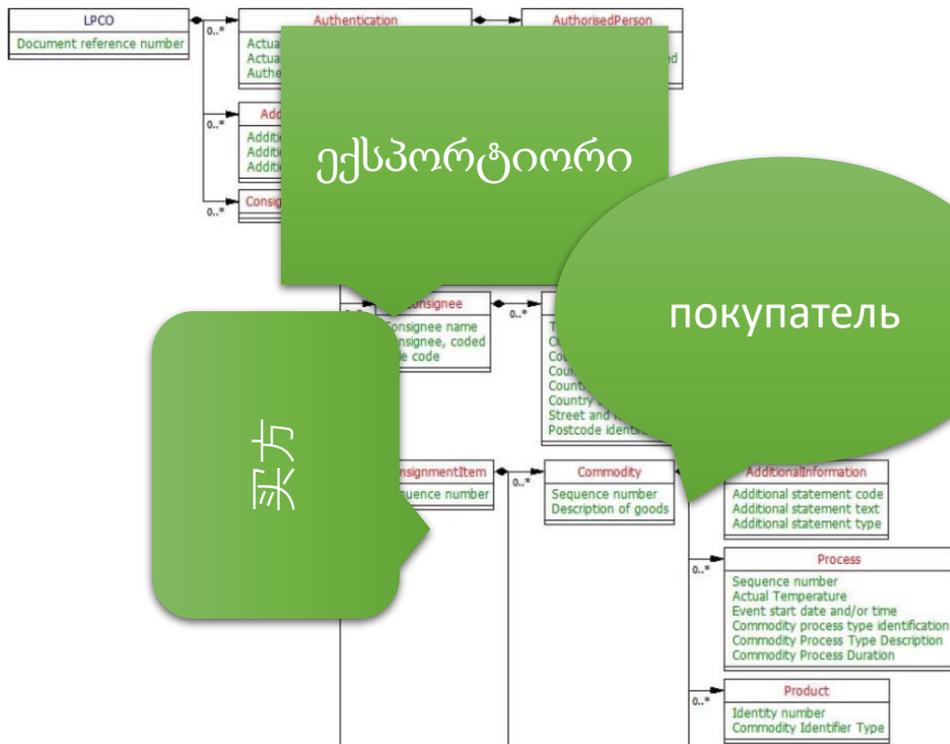
The image features a vertical blue banner on the left side. At the top of the banner is the WCO logo, a stylized circular emblem with a blue and grey color scheme. Below the logo is a white flag with a blue border and the same WCO logo in the center. The main title 'Customs Electronic Services' is positioned to the right of the banner.

# Customs Electronic Services

- » Paperless environment
- » E-processing and validations
- » Acceptance of e - copies – dematerialization of supporting documents
- » 24\*7 Clearance
- » E - payment of duty and taxes – Integrated Payment System
- » E - duty calculator
- » E - appeal and decision making
- » E - refund
- » Mobile - enabled services

# WCO Data Model:

Universal Language for effective border management collaboration





# Cross border e-commerce

- **Characteristic:**
  - » online initiation;
  - » Cross-border transaction/shipment;
  - » Physical goods; and
  - » Destined to a consumer (B2C and C2C)
- **Customs response**
  - » Non intrusive inspection
  - » Big Data analytics
  - » Advance electronic information

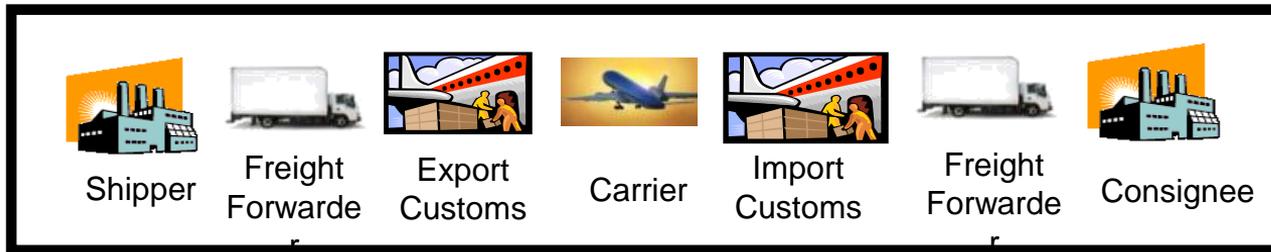




# Supply chain security



Item undesirable introduced:  
Bomb, weapons, contraband  
items



Item of value removed:  
Cargo theft, Information theft  
etc.



# Standard setting activities

- » WCO Information Management Sub Committee (IMSC), Meet twice a year, discuss subjects relating to the implementation of ICT to enhance the work of Customs
- » The 73<sup>rd</sup> Session, 30 and 31 Oct 2017
  - Setup the scope of the work of the Data Model Project team;
  - Trader Identification Number
  - Electronic exchange of e-CoO
  - E-Commerce direct data exchange
  - Discussed about the re-use of supply chain (big) data;
  - Breakout session on the development of data analysis handbook;
  - Discussion on Block chain.

WCO Governing  
Bodies

Permanent Technical  
Committee (PTC)

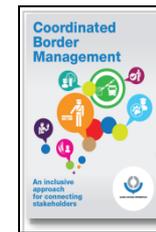
Information  
Management Sub  
Committee (IMSC)

Data Model Project  
Team (DMPT)



# ICT Related Tools

- » **WCO Data Model**
- » a compilation of clearly structured, harmonized, standardized and reusable sets of data definitions and electronic messages to meet operational and legal requirements of cross-border regulatory agencies, including Customs, which are responsible for border management.
- » **Coordinated Border Management**
- » An approach to manage border control agencies to achieve a shared goal and a cohesive government response, by inclusively involve all stakeholders
- » **Single Window Compendium**
- » Volume 1: Executive Guide
- » Volume 2: Practitioners handbook
- » Single Window Supplement
- » **Globally Networked Customs**
- » The voluntary arrangement between two or more Members for a seamless exchange of cross border information at a Customs to Customs level using a standardized approach based on existing WCO instruments
- » **IT Guide for Executives**
- » The Guide provides information and insights into the strategic management process concerning the use of Information & Communication Technologies (ICT) in Customs. ICT can contribute to improvements in a wide range of Customs operations, and a Customs administration must prioritize based on its strategic goals and resource constraints. Aligning strategic goals with key performance indicators (KPIs) helps in developing sound planning for ICT projects
- » **Passenger Reporting Standards**
- » API Guidelines – for Passenger Biographic Information
- » PNRGOV Standard – for Reservation related Information
- » Physical inspection of a traveller and a travel document is nowadays only a small part of border controls on passengers arriving by air. The rest of the border control process relies on secure electronic data, some being provided at the time the passenger buys a ticket and some at the time the passenger boards an aircraft





**Thank you**

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