

WORLD CUSTOMS ORGANIZATION



ICT Supporting WTOTFA Implementation



WCO Revised Kyoto Convention



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- International Convention on the Simplification & Harmonization of Customs Procedures 1999
 - Chapter 7 of RKC specifically address “applications of ICT”
 - **7.1. Standard**
 - The Customs shall apply information technology to support Customs operations, where it is cost-effective and efficient for the Customs and for the trade. The Customs shall specify the conditions for its application.
 - **7.2. Standard**
 - When introducing computer applications, the Customs shall use relevant internationally accepted standards.
 - **7.3. Standard**
 - The introduction of information technology shall be carried out in consultation with all relevant parties directly affected, to the greatest extent possible.
 - **7.4. Standard**
 - New or revised national legislation shall provide for:
 - electronic commerce methods as an alternative to paper-based documentary requirements;
 - electronic as well as paper-based authentication methods;
 - the right of the Customs to retain information for their own use and, as appropriate, to exchange such information with other Customs administrations and all other legally approved parties by means of electronic commerce techniques.
 - **RKC ICT Guidelines**
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ICT Supporting the implementation of RKC



- **1.3:** Establishment of formal consultative relationships with trade
- **3.11:** Use of UN Layout Key & relevant international standards
- **3.18:** Lodging of supporting documents by electronic means
- **3.21:** Lodging of goods declaration by electronic means
- **6.8:** Cooperation with trade
- **6.9:** Use of IT and e-commerce to enhance Customs control
- **6.10:** Evaluating traders' commercial systems to ensure compliance with Customs requirements
- **9.1:** Public availability of relevant information on Customs laws
- **9.3:** Use of IT to enhance provision of information

Many other RKC standards have ICT implications

RKC Guidelines on Application of ICT provides holistic guidance on these issues

How ICT supports Customs



- **More Effective Customs Control**
 - The availability of electronic data allows for risk management to be deployed in a more consistent and reliable way, so that shipments that meet specific risk parameters can be highlighted for further checks.
- **More Efficient Customs Clearance**
 - The consistent and reliable processing of electronic declarations also provides opportunities for automation, so that routine transactions that are not flagged for further checks can be cleared immediately, while allowing officials at the border to focus on higher-risk shipments.
- **Uniform Application of Customs Law**
 - Ensuring that the same types of transactions are always processed in the same way, without the subjectivity of human intervention. In this way, all trading entities benefit from a consistent and predictable regulatory process.
- **More Efficient Revenue Collection**
 - An electronic system can include electronic payment functionalities to make it easier for taxpayers to pay the correct amount of duties and fees assessed. Additionally, having clear and timely information on outstanding amounts and bad debts also allows Customs to take action more quickly.
- **More Effective Data Analysis**
 - Trade statistics are important to governments for economic analysis and trade policy negotiations. Businesses also benefit from having clear trade statistics for market research.
- **Improved Data Quality**
 - By including data validation checks at the point of input, systems also ensure that only information in the correct format, or information that is cross-checked against an internal database can be submitted.

WCO Implementation Guidance Supporting the Implementation of TFA



Implementation Guidance

The World Customs Organization (WCO), an intergovernmental organization specially mentioned in the Bali Ministerial Declarations, is highlighting its role in the implementation and administration of the WTO Agreement on Trade Facilitation (ATF). The WCO, the centre of excellence on Customs matters world wide, is committed to the efficient implementation of the ATF.

Select an article below to view more information

TRADE FACILITATION



WCO IMPLEMENTING WTO ATF

Search articles:



Article 1

Publication and availability of information



Article 2

Opportunity to comment, information before entry into force and consultation



Article 3

Advance rulings



Article 4

Appeal or review procedures



Article 5

Other measures to enhance impartiality, non discrimination and transparency



Article 6

Disciplines on fees and charges imposed on or in connection with importation and exportation



Article 7

Release and clearance of goods



Article 8

Border agency cooperation



Article 9

Movement of goods under customs control intended for import



Article 10

Formalities connected with importation and exportation and transit



Article 11

Freedom of transit



Article 12

Customs cooperation



Article 1 & 2: IT Implications



- Not about agency process and requirements, but BORDER REGULATORY process and requirements
 - “One-stop shop” for information?
 - Publication of clear, consistent, easily accessed information = Greater data quality and higher levels of compliance
 - More active, dynamic engagement = Higher quality feedback and trader engagement
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Article 3: Advance Rulings – I.T Implications



- Publication of decision
 - Article 3.8 encourages Customs to make information on advance rulings publicly available
 - Dematerializing the decision
 - Benefits of advance rulings diminished if trader has to present hard copy of ruling and attest to its validity each time
 - Integrating advance rulings into Automated Customs Systems
 - Enhances objectivity and defensibility of decision making, reduces discretionary decision making
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Article 3: Advance Rulings – I.T Implications



- WCO Data Model
 - International standard in cross-border regulatory IT systems
 - WCO ID Class 03A: Additional Information
 - WCO ID 225, WCO ID 226 (Additional Statement Text, Code)
 - WCO ID 448 (Binding Tariff Reference)
 - Structured information on advance binding rulings provides transparent basis for trader to claim coverage under the ruling.
 - Structured information facilitates application of the rulings in automated systems – ease of processing
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Article 4: Appeal or Review

I.T Implications



- No specific obligations to put in place an ICT solution, but...
 - Quick and effective resolution of disputes hinges on bringing together and presenting the material facts of the cases, technical details and legal commentary and analyses.
 - Can benefit from implementation of a workflow engine – either purpose built or commercially off the shelf
 - Not just about customer facing systems – backend systems need to be developed as well
 - Case management
 - Capturing facts of the case
 - Statements of offenders
 - Inventory of evidence / samples taken / exhibits seized
 - Trader's compliance records
 - Decision making matrix based on laws, guidelines, precedence
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Article 5: I.T Implications



- In processing declarations and imposing controls, ICT also important in the issuing of responses for targeted shipments to traders
 - Inspection required?
 - More supporting documents / information needed?
 - Detained?
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Article 6: I.T Implications



- Logical, transparent, predictable and reasonable method of calculation
 - Enables automated computation of fees
 - “fees calculator” function or app to allow traders to query actual fees payable
 - Electronic payment (under Art 7)
 - If already enabled for duties, can also extend it for fees
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Article 7: I.T Implications



- Article 7 is **HEAVILY** IT dependant
 - Extensively covered in RKC Chapter 7 and accompanying Guidelines
 - Pre-arrival processing
 - Capturing of Data
 - Data validation
 - Classification & origin
 - Declaration => Intergov => Response
 - WCO Data Model provides standard for ease of implementation
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Article 7: Release & Clearance of Goods I.T Implications



- Expedited Shipments
 - WCO Immediate Release Guidelines
 - Correspondence & documents
 - Low value, low duty goods
 - Goods that meets specified conditions
 - Simplified goods declaration, specified timeframe / conditions
 - Perishable Goods
 - Priority in handling perishable goods and live animals already part of RKC Std 3.34
 - Key is in **IDENTIFYING** such shipments and predictable workflow
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Article 8: I.T Implications



- Data / Information is key to modern border operations
 - Essential for joint decision making, including selectivity and risk management
 - Essential for joint operational controls, including inspections and clearance

 - Effective Coordinated Border Management alignment between
 - Physical flow of goods
 - Virtual flow of information
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Article 9: Movement of Goods under Customs Control for Import



- Allowing movement of goods imported to be moved from 1 customs office, to another, within the same Customs territory

Article 9: I.T Implications

- Also known as “internal transit”
 - Re-use of manifest and / or declaration information avoids need for separate declaration
 - Use of security
 - Cargo tracking
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Article 10: I.T Implications



- Deep, structural reforms needed
 - I.T as integral part of strategic planning, so that change can be managed and implemented
 - Analyzing and realigning business processes, simplifying and reducing docs and info requirements, standardizing data elements.
 - WCO Data Model developed specifically for this purpose
 - Use of “copies”
 - In paperless supply chain environment, what is an “original”?
 - Only through IT-based solutions that uniformed procedures can be applied consistently and predictably
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Article 11: Transit



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- Reiterates right of transit established under GATT
 - ICT systems enhances effectiveness of transit regime and enables dynamic sharing of information to all Customs offices
 - Matching of entry and exit information for transit consignments
 - Management of transit guarantees
 - Reduces administrative burden, speeds up processing, reduces fraud
 - Leveraging on technology – geo-tagging, augmented reality
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Article 12: I.T Implications



- Exchange of information between countries remains highly sensitive and TFA provisions reflects cautious approach taken by countries
 - Neighboring countries with high volumes of bilateral trade may find it useful to establish a secured electronic infrastructure to request for information, and for responding to requests
 - Regional blocs are already active in exchanging information with one-another to enhance trade facilitation and control, especially if they had established a common customs territory.
 - Key issue is inter-operability, so that when called for, countries can share the data in a mutually accessible format
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Article 23.2: National Committee on Trade Facilitation (NCTF)



- Monitoring of implementation will be the task of National Trade Facilitation Committee, but actual implementation will be a whole of government effort involving all cross border regulatory agencies
 - Provisions cannot be implemented in isolation, without regard for the inter-linkages and multiple stakeholders involved
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The WTO TFA



- Taken as a whole, Trade Facilitation can only be achieved through:
 - Rethinking existing border management functions
 - Collaborating and coordinating with partner government agencies at the border
 - Pursuing simplification and harmonization through the use of international standards
 - Making use of modern customs techniques (ICT, RM, PCA, etc) in an integrated way to achieve better control and to better facilitate trade
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E-learning Module

The screenshot shows a woman in a grey blazer standing in front of a blurred background of flags. To her right is a white box containing text and a diagram. The text reads: 'Our story is about a Journey. A company in the country of Arganda (the destination country) has ordered a cargo of industrial supplies from the producers in a nearby country, Banda (the origin country). To get the supplies to their destination, the lorry needs to cross another country, Ruritainia (the transit country). The Ruritianian government has recently been a focus of attention at the WTO and the UN and is working to improve its out-of-date Customs Procedures.'

The diagram shows three stylized maps of countries: Banda (origin country, red), Ruritainia (transit country, green), and Arganda (destination country, blue). Arrows indicate the flow of goods from Banda to Ruritainia to Arganda.

Transit of Goods - An Introduction » Introduction
Setting the Scene - The Journey



- **The WCO opened a new e-learning course for transit at the CLiCK platform in May 2016.**
- **New Developments in Transit**

Thank you for your attention



MORE INFORMATION

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