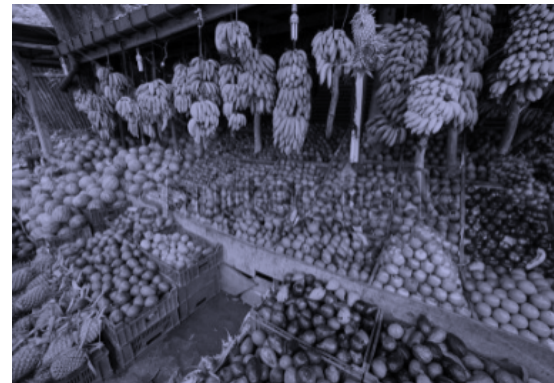


Managing risks for ‘seamless’ international trade – an integrated approach



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Governments have legitimate policy objectives to implement border controls

Revenue collection

- In developing countries duties and taxes can account up to 50% of government revenues



Prevent smuggling and entry of banned products

- The increasing security threats (e. g. terrorism) and booming drug trafficking requires adequate response from border authorities



Answer new demands for protection from society

- Concern about public health, fauna and flora and the environment
- Protection from unfair international practices



And businesses have legitimate reasons to expect efficient borders

Business performance

Inefficient borders lead to direct and indirect costs that jeopardize businesses' financial and operational performances



Inputs prices

Inefficient borders pushes the prices of imported inputs up and reduces business competitiveness

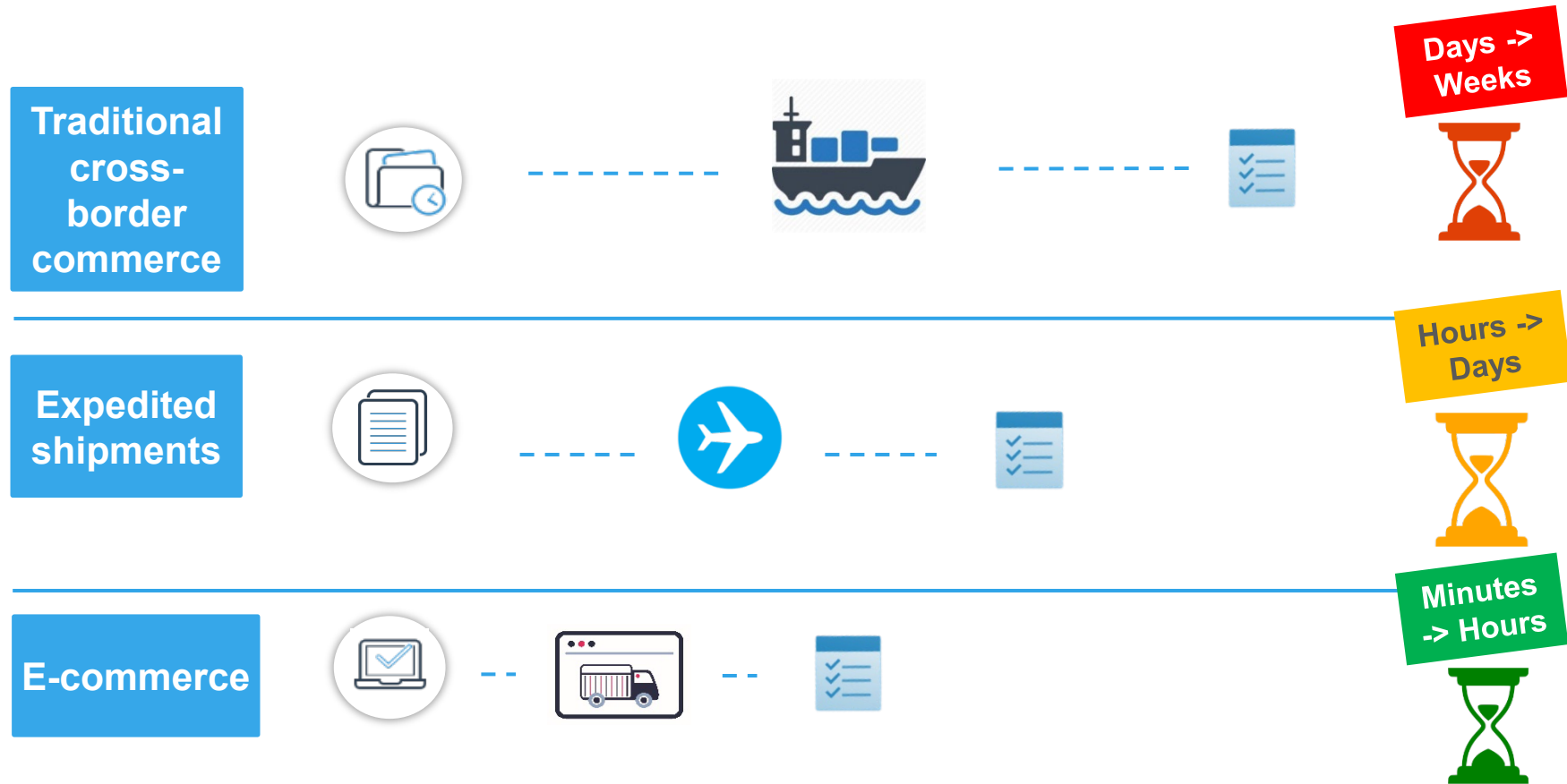


Business environment

Inefficient borders drive out foreign direct investment that are critical to create a dynamic business environment



Fast-paced international trade strains 'traditional' border control



Exponential growth in the volume of shipments and need for express delivery has put a strain on border officials to manage risks and expedite goods rapidly

Risk management is a policy management response for facilitating international trade



Risk management consists in dealing with both positive and negative outcomes of trade transactions

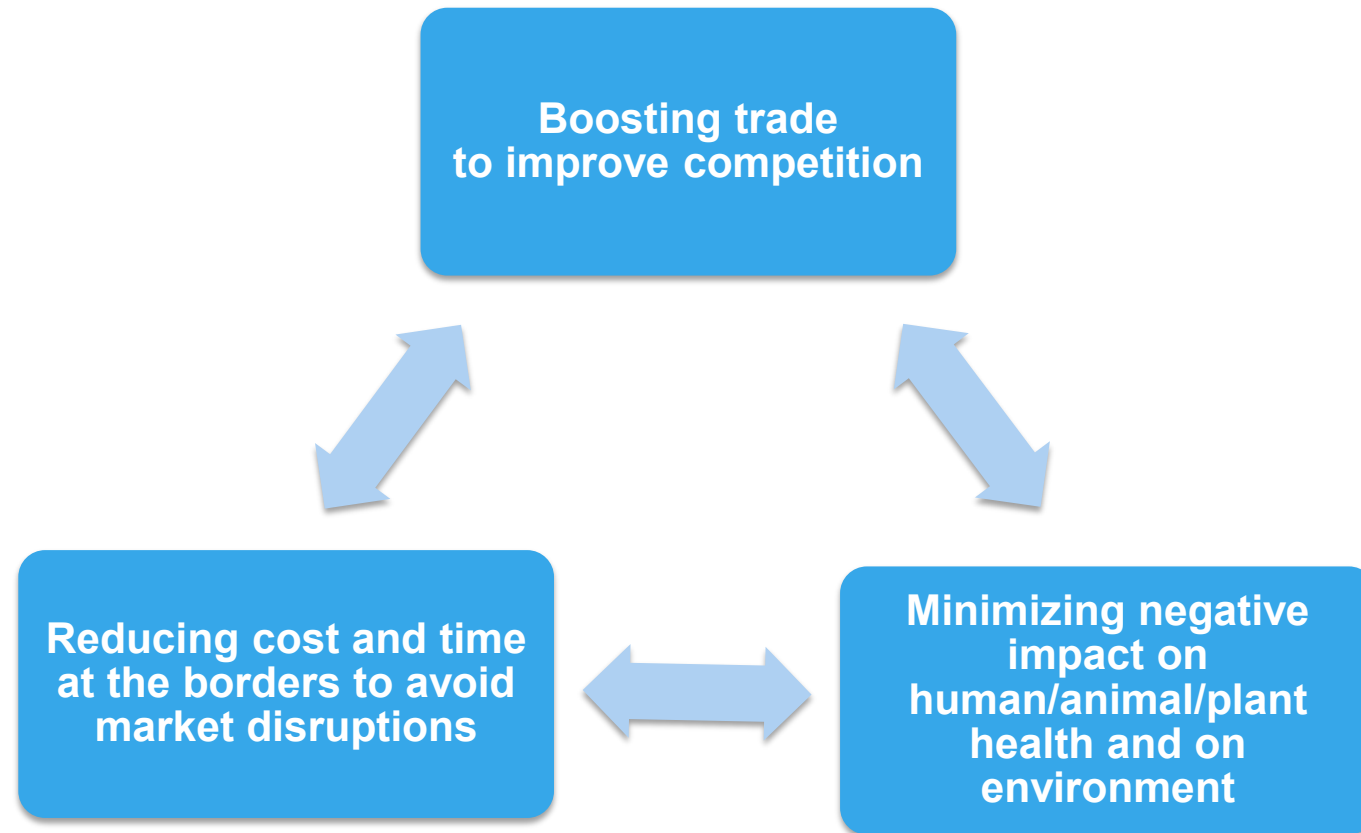


Risk management brings the negatives to acceptable levels and increases the profitability and impact of their positive counterparts.



Weak facilitation performance leads to a higher degree of internal and external compliance issues and higher risks

Risk management – striking a balance between different policy objectives



Critical factors of a modern, efficient risk management system

Holistic perspective (use all data in the transit and import process)

User segmentation (e.g. AEOs, PCA)

Use of AI and machine learning

Combination of different system and non-IT data

Automatic classification and valuation

Document authenticity

Computerised commercial and transit document processing

Robustness- Constantly up to date system



Modern risk management must be integrated to deliver real benefits

Risk management systems should be integrated so that border regulatory agencies can carry out their mandate in a synchronised and coordinated way. (Integrated) risk management systems lead to:



Optimal use and allocation of human and financial resources in resource-constrained developing countries



Better resource utilisation through investments in ICT solutions in risk management systems

What is ITC doing in the risk management area?

Modernization of risk management systems

Review of current systems vis-à-vis TFA requirements and international standards and development of strategies to mainstream new ICT technologies (AI, IoT, blockchain) in risk management

Enhancement of integrated risk management

Support to border agencies to **integrate their risk management operations** and system and implementation of frameworks for **border agency collaboration** in single window environments

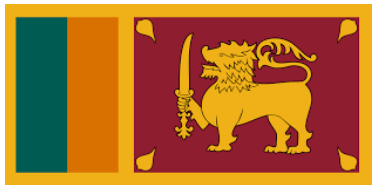
Capacity-building and experience-sharing

Capacity-building and training on different risk management topics, design of dedicated curricula for border officials, experience-sharing among countries for mutual learning

What is ITC doing in the risk management area? Countries experiences



Alignment of Pakistan Customs risk management system to international best practices, development of a **blueprint to adopt AI techniques** for better risk profiling and assessment and **improvement of border agency coordination**



Recommendations to develop an **integrated risk management framework in a single window environment**, **capacity-building and experience-sharing** with countries in the region



Assessment of risk management practices in high-traffic border agencies, development of a **blueprint for integrated risk management** to align border agencies' operations and setting up of a **modern post-clearance audit system**

ITC-UNECE thought leadership: new publication on integrated management of risks in post-pandemic trade

“Managing Risk for Post-Pandemic Trade: Guide for Border Regulators”



- A guide developed jointly by **ITC and UNECE**, to be launched in August 2022 (TBC)
- Presents innovatively **principles, strategy and a roadmap** for a modern, **integrated** risk management system; **TFA, SPS & TBT**
- **Toolkit for policymakers, border agencies and business** alike to **think and act** in coordination at the border
- Paving the way for **resilience of supply chains beyond the COVID-19 pandemic** and future crises

Why is this publication unique?



It sets forth concepts and methodological principles of integrated risk management **from a developing country perspective**



It provides a **first-of-its-kind roadmap** to design and implement a framework for a modern, efficient and **interconnected** risk management system



It articulates **tailored messages and strategies for a wider audience** – from policymakers and border agencies to businesses and international organizations and donors

Concluding thoughts

- **Risk management** is key for effective resource optimization and ensuring regulatory compliance, **while facilitating trade**
- Border regulatory compliance can be achieved through **regulatory standards, advance sharing of information and smart approach to inspections**
- **Surveillance authorities and border agencies** need to **work closely** together for setting up risk profiles for **risk assessment** and establishment of **risk management** system
- **Integrated risk management system** with **trained HR, coordination among border agencies** and **investment in ICT** is key for a successful risk management strategy

Thank you for your attention!

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