Economic Commission for Europe  
Steering Committee on Trade Capacity and Standards  
Working Party on Regulatory Cooperation and Standardization Policies (WP.6)  
Thirty-fourth session  
Geneva, 26(pm)–28 August 2024  
Item 3 of the provisional agenda  
Group of Experts on Risk Management in Regulatory Systems

Initial findings on the survey on integrated risk management in single window systems

Submitted by the subgroup Chair*

Summary

This informal document provides the initial findings from the questionnaire on integrated risk management in single window systems (see document ECE/CTCS/WP.6/2024/5). The project team will build upon these initial findings and plans to reach out to more stakeholders (potential French- and Russian-speaking) in order to supplement these and develop a final best practice guideline.

Mandate:


* This document is submitted under the responsibility of the subgroup Chair. This document has not been edited by a professional editor.
I. Introduction

1. Regulatory authorities at the border deal with a diverse group of risks associated with traded goods. These risks include customs-related risks (e.g., smuggling, misdeclaration, etc.) and risks within the responsibility of non-customs border agencies (e.g., pests in agricultural products, pesticides in food, consumer products that do not meet the requirements of relevant regulations).

2. Ensuring safety and security requires proportionate and appropriate regulatory intervention and management of all types of non-compliance risk at the border. Setting priorities in border control based on the evaluation of non-compliance risk requires evaluating the probability of non-compliance as well as the consequences of non-compliance of each incoming shipment.

3. The need for implementing risk management in trade procedures is widely recognized; inter alia, risk management is a cornerstone of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA), Technical Barriers to Trade Agreement (TBT), and Sanitary and Phytosanitary Agreement (SPS).

4. Implementation of risk management in trade and border-control procedures is associated with a number of challenges, which can be characterized as:

   (a) Agency-level (individual) challenges;
   (b) Integration-related challenges.

5. The individual risk management capacity challenge stems from the fact that regulatory authorities involved in border control often lack risk management methodologies, information technology systems for risk evaluation, as well as necessary competences. Applying risk management tools when no risk criteria are established are equivalent to evaluating incoming shipments based on biases or incomplete information; this results in regulatory interventions that are not proportionate to risks.

6. Integrated risk management at the border can be only as good as its weakest link; if one regulatory is inefficient, it will make the entire management inefficient. The integration-related challenge is associated with difficulties in building and running a border control system as a single entity. If just one regulatory agency lacks the IT or human resources, the entire system will be inefficient; even differences in approaches to risk evaluation can compromise the entire system. It is often the case, as risk management efforts in many countries seem to have stalled within individual agencies instead of working collaboratively.

7. The Working Party on Regulatory Cooperation and Standardization Policies (WP.6) Recommendation V on Addressing product non-compliance risk in international trade\(^1\) describes a comprehensive strategy for optimizing border compliance time and costs while maintaining regulatory requirements. It provides guidance on building the individual risk management capacity of each border control agency and sets out an approach for integrating the risk management systems of non-customs border control agencies and the customs authorities.

8. It provides guidance on:

   (a) Developing a system for targeting non-compliance at the border (the recommendation contains a reference model of a targeting system);
   (b) Building an integrated risk management (IRM) system for border control, focusing on integration of risk management systems of product regulators and customs in terms of methodology, data exchange, information technology (IT) resources, and risk management resources and expertise.

9. Recommendation V provides a reference model of an IRM system, which is built on the following principles:

\(^1\) Supported by the UNECE/ITC Guide “Managing Risk for Safe, Efficient Trade: Guide for Border Regulators”.
(a) All non-compliance risks are managed within one system;
(b) Overall border compliance time and costs are used as metrics of the border control system;
(c) Harmonized – cross agency – criteria for evaluating different non-compliance risks are established;
(d) Every regulatory agency implements its enforcement policy.

10. An IRM system based on these principles allows for:
(a) Strengthening the role of import compliance in market surveillance;
(b) Implementing the risk management principles of the WTO’s SPS, TBT and TFA agreements.

11. Implementation of the IRM system requires:
(a) Applying formal and standardized methodologies to manage non-compliance risk in border control agencies;
(b) Strengthening the role of import compliance procedures in product compliance;
(c) Integrating import compliance processes applied at the border with other building blocks of regulatory systems (support all regulatory goals and respective sustainable development goals [SDG]);
(d) Ensuring efficient IRM processes of all regulatory agencies involved in border control (when appropriate on the basis of existing risk management frameworks of the customs authorities);
(e) Integrating risk management in border control with other trade facilitation tools, such as the single window (SW).

II. Objectives of the project

12. To support the member States in the implementation of the strategy described in Recommendation V, the project aims at developing a guideline to describe the best practices of coordinated risk management among multiple government agencies through a SW.

13. A SW can assist in bringing together all government agencies and their risk management needs. And risk management can be enhanced through a SW facility and an integral part of clearance procedures.

14. The project should be based on a practical example of applying the principles of WP.6 Recommendation V (and preceding recommendations), as well as the principles of the Recommendation 33 on Single Window of the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) (and subsequent SW recommendations).

III. Plan of work and progress in 2023–2024

15. The project was started in March 2023; the launch meeting was held on 6 March 2023. The agreed project plan was to:
(a) Develop a questionnaire on applying the principles of WP.6 Rec. V in a SW;
(b) Identify relevant stakeholders: SW operators and customs authorities (at the first stage of the project, with other stakeholders within the next stages) in a number of countries;
(c) Get the WP.6 Bureau approval of the questionnaire;
(d) Conduct interviews to get the responses to the questionnaire in the most efficient way;
16. The draft questionnaire was presented at the project meeting on 2 August 2023. The questionnaire covers the following areas:

(a) Strategy of SW and IRM participating government agencies involvement;
(b) Risk management cooperation among regulatory agencies common risk criteria and the SW;
(c) Historic data and integrated database overall border compliance time as a metric;
(d) Data/assistance for building profiling system by regulatory agencies;
(e) Risk criteria testing;
(f) Integration of compliance rules of product regulators into a single system;
(g) Data on incoming shipments;
(h) Assessment of incoming shipments;
(i) Shipment clearance.

17. After the comments on the draft had been received, the final version of the questionnaire was developed and approved by the WP.6 Bureau in November 2023 (see ECE/CTCS/WP.6/2024/5).

18. The questionnaire was sent out to potential respondents in December 2023 and January 2024. Four interviews with respondents were conducted in January 2024, one interview in March 2024 and one interview in May 2024.

19. Respondents included experts from Cameroon, Georgia, Morocco, Nigeria, Singapore and the European Union (EU), representing SW operators, customs authorities, and a SW developer.

20. Respondents were not requested to provide any objective evidence supporting the statements made during interviews.

21. To ensure the anonymity of the answers, it was agreed that the project report would present the review of the current practices in IRM in SW systems in a generic way and would not refer to any country/system.

IV. Review of the current status: Summary

22. A detailed review of the answers and preliminary conclusions can be found in the annex. A summary of the key findings is provided in the next paragraphs.

23. There is a gap between the methodological and technological capacity of regulatory authorities in risk management application. A SW developed for various countries includes a risk management module for assessments, but not all countries/authorities use it.

24. SW systems do not conduct risk assessments of incoming shipments but provide essential information for risk assessment.

25. There are no separate IRM systems within the countries interviewed, but they are being implemented or there are plans to implement them.

26. The key role of SW within an IRM is recognized by all stakeholders. A SW is perceived as a center for risk management cooperation, even if there is no IRM in place.

27. Most commonly, SW systems are not operated by an external entity, which could be an important factor in data integration and building an IRM.

28. A SW is or can be a platform for storing historic data, which is extremely important for running an IRM. At the same time, data should be stored in a format which allows
performing risk assessment against non-compliance risks within the scope, which is not always possible within the reviewed systems.

29. The legal framework is not a major issue hampering IRM.

30. Many risk management functions – on the regulatory agency or system level – are not performed as a part of a systemic process. For example, in many systems, the evaluation of a risk is substituted by a risk factor.

31. Countries analyze overall border compliance time, but there is no evidence that such analysis is linked to other functions of the risk management process and is used for evaluating and fine-tuning compliance rules of individual agencies.

32. SW systems allow for performing an integrated overview of the targeting systems implemented in border control; however, there is no evidence that such review is performed.

33. No evidence has been found regarding an integrated analysis of non-compliance risks and risk factors; also, there is no evidence of systemic assistance of customs or SW operator in risk management to other authorities.

V. Preliminary Conclusions

34. Customs authorities are playing the leading role in building an IRM system, there are fewer cases in which SW is the lead agency. The key role of SW in IRM is recognized by all stakeholders and IRM can be optimized when combined with a SW. Building an IRM system with the SW requires a national strategy that would ensure efficient cooperation among customs authority, SW operator and other regulatory agencies.

35. Except for one case, IRM systems are not yet implemented in the countries that operate SW systems and were included in the scope of the project. At the same time, on many occasions, IRMs are being implemented or are planned to be implemented in the future. Countries lack methodological guidance on building an IRM in general, including integration with SW systems.

36. Individual risk management capacity of border control agencies remains a challenge: there are cases in which the technological capacity of regulatory agencies in risk management is higher than methodological capacity. Building the methodological capacity of non-customs border control agencies in risk management (in the context of SW systems) is essential for building IRM systems.

VI. Proposed Next Steps

37. For 2024-2025, the following action plan is proposed:
   (a) Gathering information on best practices in IRM in countries that do not operate a SW;
   (b) Adding non-customs border control agencies, as well as other regulatory stakeholders into the scope of the project;
   (c) Interviewing stakeholders in countries that do not operate a SW but have elements of IRM;
   (d) Developing a guidance document with the focus on leveraging SW to implement an IRM framework for border control (to be approved at the WP.6 annual session in 2025).
Annex

A detailed review of responses

1. Does your SW conduct risk assessment of incoming shipments?
   (a) In country 1 (C1), a SW does not and was not planned to undertake the risk assessment of incoming shipments.
   (b) In country 2 (C2), a SW while not directly assessing risk is connected with customs and other regulatory bodies that conduct risk assessments with up to 25 per cent physical inspection at the border.
   (c) In country 4 (C4), a SW provides data to customs which performs the risk assessment with plans to build an IRM system.
   (d) In country 3 (C3), a SW conducts risk assessments with data input from importers reaching customs risk management system and the market surveillance agency and SPS.

2. Conclusions:
   (a) SW systems developed in various countries includes a risk management module for assessments but not all countries/authorities use it.
   (b) There is a gap between methodological and technological capacity of regulatory authorities.
   (c) SW systems do not conduct risk assessments of incoming shipments.

3. Is there a separate system for an IRM system for border control?
   (a) C1 has no separate IRM system (only customs risks) with plans for the SW to lead IRM in the future.
   (b) C3 has an IRM system for border control involving various ministries and agencies while.
   (c) C4 is working on creating a platform for risk assessment by multiple agencies with the SW being responsible.
   (d) Country 5 (C5) claimed to have a separate IRM system for border control involving 10 agencies.

4. Conclusions:
   (a) There are no separate IRM systems but they are being implemented (or there are plans to implement them), expect for one case.
   (b) The key role of SW within an IRM is recognized.

5. Is the SW operated by an external entity?
   (a) SW systems in general, including in C2 and C3, are not operated by an external entity.
   (b) There is a trend of even small countries establishing their own operating entities.
   (c) In C1, a SW is operated by an external entity.

6. Conclusions: most commonly SW systems are not operated by an external entity.

7. Do databases storing historic data of SW operations exist?
   (a) SW systems provide historic data including inspection results which can be used for risk assessment.
   (b) C2 maintains databases with some agencies storing inspection data.
   (c) In C3 the specifics about databases storing inspection results are not clear.
(d) C4 stores all data from the inception of its SW including inspection results since 2016.

(e) In C5, SW database store historic data for customs risk management system, which contains results of inspections.

8. Conclusions:
(a) SW is/can be a platform for storing historic data.
(b) Data should be stored in a format which allows performing risk assessment against non-compliance risks within the scope.

9. What kind of risk management cooperation exists among regulatory agencies?
(a) The SW in the C1 C2 and C3 acts as an information conduit to relevant regulatory agencies for risk analysis.
(b) In C4 a single form will collect data for risk analysis across agencies.
(c) In C5, the SW acts as a bridge of information which is transferred to the relevant agencies and the risk analysis is performed agencies’ risk management systems.

10. Conclusions:
(a) A SW is perceived as a center for risk management cooperation even if there is no IRM in place.
(b) A SW is an essential basis for risk management cooperation among regulatory agencies.

11. Is there a legal framework in place that enables the exchange of information between regulatory agencies?
(a) The C1 has a legal framework for information exchange between regulatory agencies.
(b) Both C3 and C4 have legal frameworks in place facilitating information exchange through protocols with the SW.
(c) C2 lacks a legal framework yet conducts joint inspections.
(d) C5 has a memorandum of understanding in this area.

12. Conclusions: the legal framework does not seem to be a major issue hampering IRM.

13. Is there a mechanism for reviewing and updating risk criteria of different regulatory agencies?
(a) The C1 reviews risk criteria at both the national and regional level.
(b) C2 aims to centralize risk criteria at the SW level.
(c) No mechanism for reviewing and updating risk criteria is mentioned for C3.
(d) For C4’s SPS updates happen per shipment.
(e) In C5, individual agencies update their risk criteria in cooperation with the lead agency responsible for the IRM.

14. Conclusions: even if risk criteria are regularly updated there is no evidence that it is performed as a part of a systemic process.

15. Are risks ranked according to their severity?
(a) SW systems allow for risk ranking configuration.
(b) In C1 no information available on risk ranking.
(c) Risks are ranked by severity for incoming shipments in C2.
(d) C3 does not rank risks by severity and C4 has not made a decision on ranking yet.
8

(c) C5 ranks risks according to their severity.

16. Conclusions: it is possible that the answers reflect a situation in which evaluation of a risk is substituted by a risk factor (product from country A = high risk product).

17. How often (annually, quarterly, monthly) is overall border compliance time analyzed? Is historic data used?
   (a) The C1 and C5 analyse overall border compliance time annually using historic data.
   (b) C2 conducts monthly analyses with a business intelligence tool which provides duration data for various steps.
   (c) Time release studies are used in C3 while in C4 the trade facilitation body analyses compliance time quarterly including factors affecting compliance time.

18. Conclusions:
   (a) Overall border compliance time is analysed.
   (b) There is no evidence that analysis of border compliance time is always linked to other functions of the risk management process.

19. Which agency analyses correlations among various non-compliance risks?
   (a) SW systems allow for such analyses, but implementation varies.
   (b) Correlation analysis among non-compliance risks is performed within relevant regulatory authorities in C1.
   (c) This analysis is not yet applied in C2.
   (d) In C3 risk analysts might query on correlations and C4 plans to implement an AI-based component for this analysis.
   (e) In C5, customs are performing the evaluation and take into account the correlations when conducting inspections.

20. Conclusions: the integrated analysis of non-compliance risks and risk factors is – most commonly – not performed.

21. Does the SW operator or customs authority assist other regulatory agencies in developing tools for targeting non-compliance?
   (a) The C1’s SW operator do not assist other regulatory agencies in developing tools for targeting non-compliance.
   (b) C2 is developing an assistance framework but details are unclear.
   (c) C4 operates independent risk management systems and C3 has plans to assist in tool development.
   (d) In C5, the customs authority provides assistance to other agencies, including historic data (there are plans for building a targeting center).

22. Conclusions: there is no evidence of systemic assistance, but there are plans to build such a process.

23. Does the system perform an integrated overview of the targeting system (simulations) and harmonize risk tolerance levels?
   (a) Simulations are used to harmonize risk tolerance levels before profile activation in some countries.
   (b) There is no integrated overview or harmonization of risk tolerance levels within the C1’s SW.
   (c) C4 also lacks a system for performing an integrated overview.
   (d) C2 approach is unclear while C3 is planning to implement an integrated overview.
(e) C5 conducts simulations on all risk profiles, including those of other agencies.

24. Conclusions:

(a) SW systems allow for performing an integrated overview of the targeting systems.

(b) There is no evidence that such review is performed.