Customs Initiatives for Securing Global Trade

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- **1 Jan 1993: Maastricht Treaty**

  → abolition of controls at internal EU borders

- **11 Sept 2001: New York**

  → security becomes core-business

- **1 Dec 2009: Treaty of Lisbon**

  → Abolition of pillar structure

  → Efficient cooperation

- **1 July 2013 :MCC-IP coming into force**

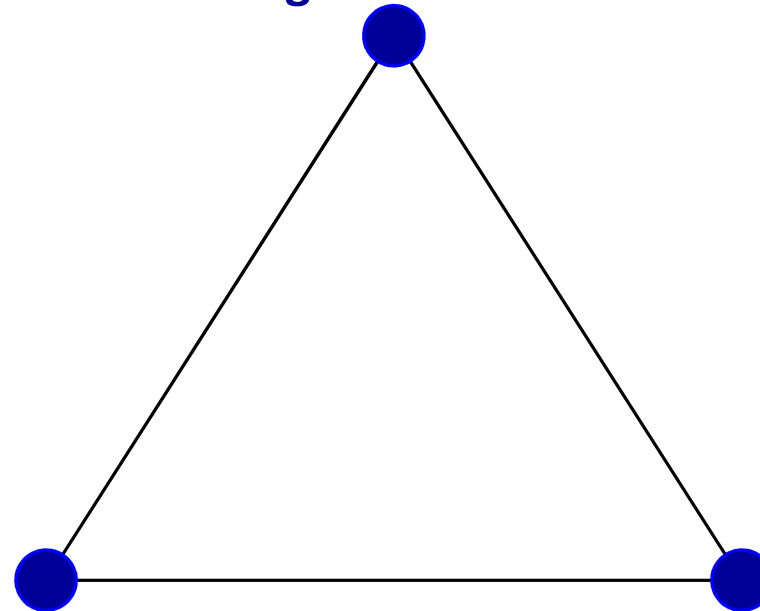- **... 2020 : Globally Networked Customs (GNC)**

Customs' diabolical triangle

Strong increase in trade volumes and complexity of logistical chains

Trigger 9/11 : Society asks more attention for security

"High speed logistics"

"just in time" : More facilitation

More control

Less control

Contradiction ?

Paradox if approach of control is changed :

- Enlarge *focus* from external borders towards *supply chain as a whole*
- Focus of customs control shifts *from import to export* : each import starts with export in country of export
- Introduction of **pre – arrival** and **pre – departure** declarations
- Legal initiatives : Commission Communication 2003, *Security Amendments* (648/2005,1875/2006), *Modernised Customs Code* (450/2008) and Implementing provisions (2013)

- **Partnership** is crucial :

  ➢ With other customs administrations (EU and non-EU)

  ➢ With other governmental agencies (one stop shop – single window)

  ➢ With trade (national forum – pillar customer management)

3. Traditional supervision : proces

1 **Layer 1 :** Surveillance/control at start of supply chain in country of export (pre-arrival, monitoring of movements, distinction certified vs non-certified, CSP-bis,..)

2 **Layer 2:** Surveillance/detection of all incoming transport by sea/river/land/train (boat, camera's, detection radioactivity,…)

3 **Layer 3:** Vertical transaction-based control : Stop and inspect goods if selected by risk analysis (PLDA, CSP-bis, scanning,…)

4 **Layer 4:** Administrative control / audit a posteriori

- Today's organisational model

  - •REACTIF CONTROLS
  - •BASED ON **DISTRUST**

  Transaction-based
  CONTROL model

  Expand with
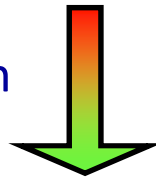
- Tomorrow's organisational model

  - •PRO ACTIVE
  - •BASED ON **CONFIDENCE**

  Sytem-based
  FACILITATION model

volume

**Certified supply chains :
20% major companies responsible
for 80% goods flow**

systembased facilitation model

transactionbased control model

time

AS IS :

5 % "traditional" control on the entire flow of goods

TO BE :

25 % "traditional" control on the

Non-Certified

supply chains

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"Smart Container Management" (http://www.smart-cm.eu)

- Project of EU - Framework Programme 7

- Consortium of authorities and private partners: CtoC , BtoC and BtoB

- Smart-CM overall objectives:

  ➢ create a **SMART-CM service platform** for all actors in supply chain

  ➢ designs a concept for *"**single-window**"* access to container and cargo security independently of the CSD technology used

31 partners, 11 countries, broad mix of industrial key actors
(forwarders, port autorities, shipping lines, terminal operators and customs, scientific support of universities and consultants)

	Participant organization name	Country
	Centre of Research and Technology Hellas/Hellenic Institute of Transport (CERTH/HIT)	Greece
	Fraunhofer Institut for Material Flow and Logistics (FhG)	Germany
	BPV	Germany
	DHL Global Forwarding – DHL Management Ltd. (DHL)	Switzerland
	COSCO Network e-logistics	China
	COSCO Container Lines	China
	EDC	Belgium
	TNO	Netherlands
	EIA	EU
	VTT	Finland
	TREDIT SA	Greece
	Planet SA	Greece
	PTV	Germany
	University of Rome	Italy
	TIFFA	Thailand

	Participant organization name	Country
	TIFFA – EDI	Thailand
	Ningbo Port Group Information & Communication Ltd (NPIC)	China
	Thessaloniki Port Authority	Greece
	Kuehne&Nagel	Austria
	PSA HNN	Belgium
	Belgian customs	Belgium
	Port Authority of Antwerp	Belgium
	Sequoyah International Restructuring N.V.	Belgium
	VIL (Flemish Institute of Logistics)	Belgium
	Porthus	Belgium
	PROODOS SA	Greece
	European Committee for Standardization (CEN)	Belgium
	International Cargo Security Association (ICSO)	Belgium
	Hellenic Ministry of Finance (Greek Customs)	Greece
	The peninsular & OPriental Steam Navigation Company-P&OSNCO (DP World)	England
	Maritime Association for Research and Innovation	Italy

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Customs' participation perspective: Test green lane concept

AEO — AEO — AEO — AEO
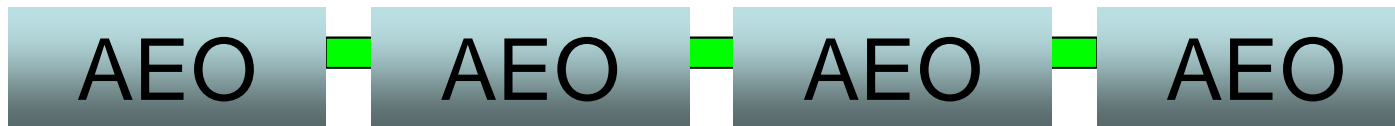
Traditional EU approach

Customs' participation perspective: Test green lane concept
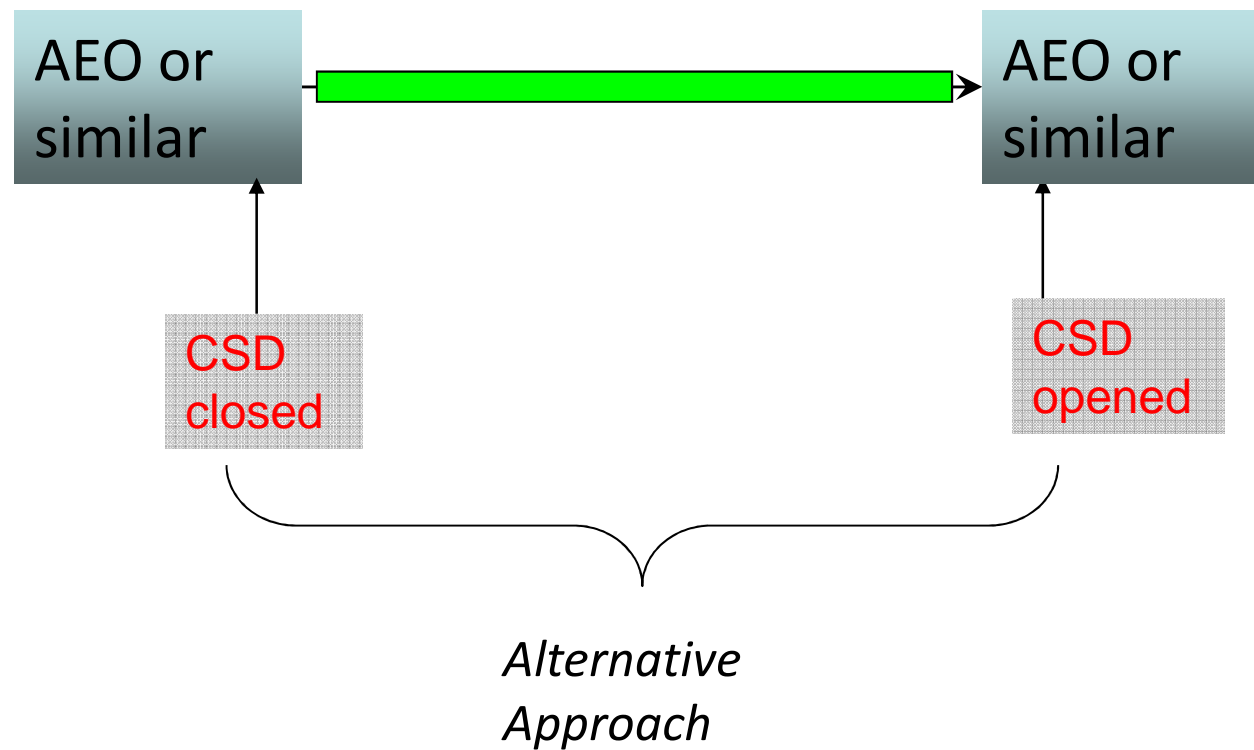
In order to create green lanes: **Customs' main requirements** for Smart-CM platform :

- Container integrity **status information**: Alert message in case of unauthorised opening or "breach"

- Assign **cargo data** (consignment) to container: follow up

- **Authorised opening/closing** procedure for control purposes

6. Projects : Smart-CM (6)
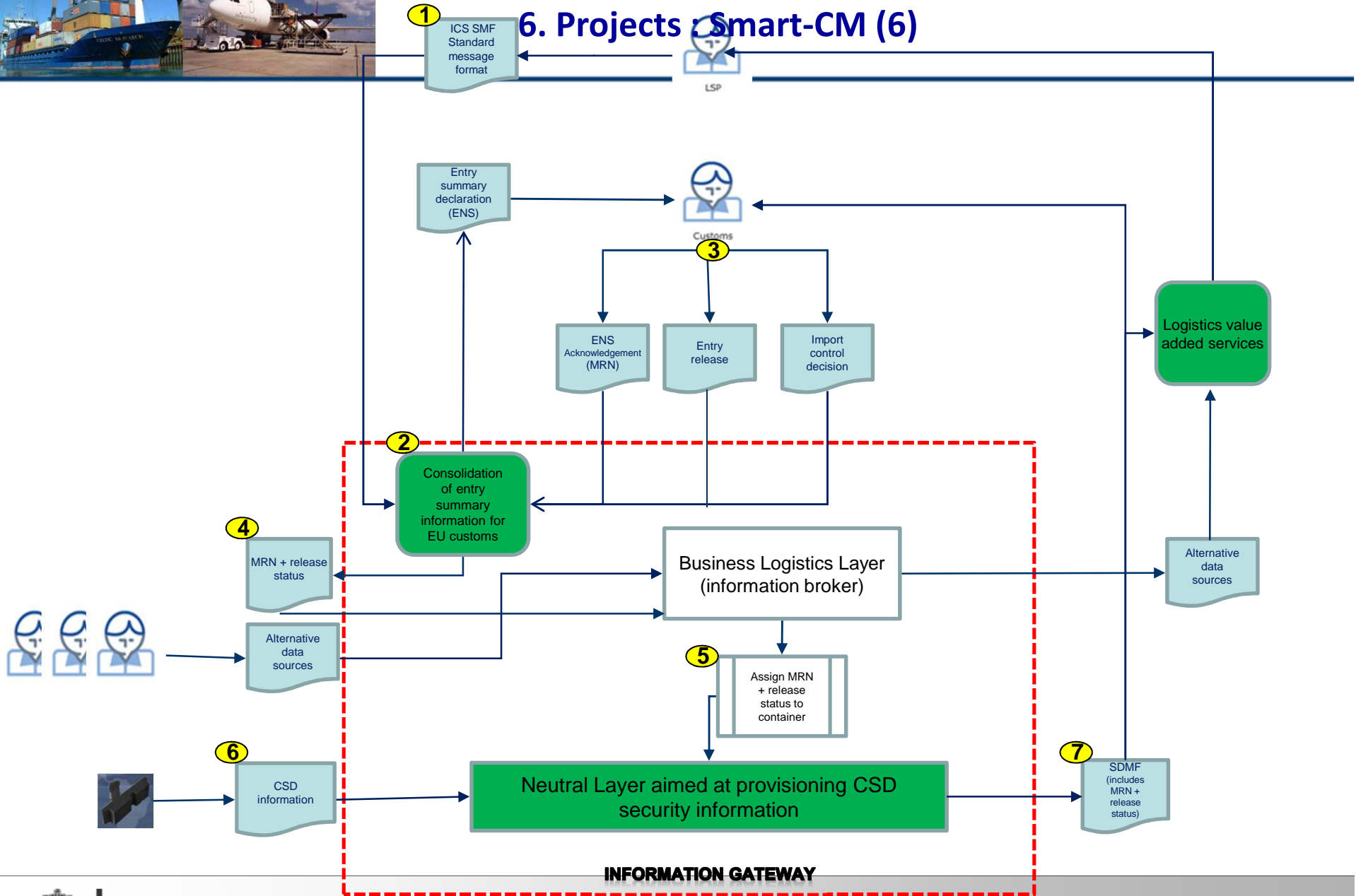
World Customs Organisation (WCO-OMD) :

- International *intergovernmental* organization that deals with Customs procedures governing trade between countries

- Improve effectiveness and efficiency of Customs administrations

- Fulfil dual role of *facilitating* trade whilst ensuring its *security*

- Born after Second World War to re-launch world trade, and to provide a platform for Customs issues

- Officially established in *1952* as "Customs Co-operation Council"

- Original 17 founding members now 177

- ***21 st century policy document*** of the WCO defines the role and missions for customs in the 21 st century

- 10 ***building blocks***

- 1st building block is Globally Networked Customs:

  > ***Globally Networked Customs*** : enabler of the 9 other building blocks of WCO's "Customs - 21 document", started November 2009.

  > Mr. COLPIN, Administrator-General of Belgian Customs is chairman of WCO's ***Ad hoc high level working group*** on Globally Networked Customs.

- **Extract from C21 policy document.** *"There is a need for closer real-time collaboration between Customs administrations and between Customs and business in facilitating legitimate trade and undertaking Customs controls. The new requirement is to create, in partnership between the various stakeholders of the public and the private sectors, a global Customs network in support of the international trading system. The vision of this network implies the **creation of an international e-Customs network that will ensure seamless, real-time and paperless flows of information and connectivity."***

- Priority is to link CtoC and confine a feasibility study to constructing a model that could be interpreted and implemented in a flexible way, that is "*a systemised approach rather than an IT system*"

- Currently looking for *PoC pilots* and developing *utility blocks*

- Utility blocks break up massive scope of GNC into "digestable peaces" of information exchange

GNC Library Utility Blocks

AEO

Supply Chain Integrity

Risk Evaluation Engine

Commercial Fraud

Single window

Others...

Secured Inland Terminals

- Project of Flemish Institute for Logistics (VIL)

- Create a framework for inland terminals in order to become secured partners in the future facilitated supply chain

- *Assist Inland terminals* with developing the security policy which is most appropriate for them (type of AEO certificate)

- Tangible deliverables: generic decision tree, inland terminal security toolkit & business case instrument

- Terminals now fully preparing for **AEO-certification**

Smart and Secure Trade Lanes

- phase 2 started – ongoing

- EU project (DG TAXUD) in which

    →6 (7) MS (incl. BE) & China participate

    →Trade candidates have to fulfil certain criteria

- **C2C data exchange on simple & complex trade lanes**

- WCO platform *CenComm*

- Mutual recognition of AEO & security standards

- Mutual recognition of controls

- Joint Risk Rules applied

- Testing & evaluating *smart boxes, e-seals, CSD's*

Green Train Lane

- with China

- Cooperation project between BE & CN, based on experiences gained from other EU projects (SMART-CM, SSTL)

- Similar to SMART-CM & SSTL, create a secured and safe trade lane for cargo transported by rail

- Intensified cooperation with transiting countries

- Different partners involved

Collaborative Information Services for Container Management

- FP7 project of private partners and BE customs

- ***Integration & Interoperability between systems***, developed in previous EU projects & commercial developments

  ➢ Freightwise & DiSCwise , e-Freight, SMART-CM, Integrity, Eurodice, ….

  ➢ Efficient Interfaces, under developement in CCS

- start: 1 September 2011 – duration : 2 years

It is still a long way to go and we'll need time

but together a lot is achievable ......