



WORLD CUSTOMS ORGANIZATION

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CUSTOMS RISK MANAGEMENT Conceptual Framework and Global Trends

COMCEC TRADE WORKING GROUP
11th MEETING
7-8 March 2018, Ankara, Turkey



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OUTLINE

- I. World Customs Organization**
- II. Risk Management: Conceptual Framework**
- III. WTO Trade Facilitation Agreement and WCO tools**
- IV. Global Trends and Good Practices (Essential Elements of an Effective RM System)**
- V. What WCO Offers: Risk Management Programme Activities**



I. World Customs Organization -1

WORLD CUSTOMS ORGANIZATION



- Sole Intergovernmental Organization specialized in Customs matters
- Established in 1952 as Customs Cooperation Council (CCC)
- Adopted WCO name in 1994
- Headquarters in Brussels, Belgium



I. World Customs Organization -2

Membership

An organization with global reach

182* Members divided into 6 regions, responsible for processing 98% of international trade (* plus the European Union which, since July 2007, has rights akin to those of a WCO Member for matters falling within its competences as an interim measure.)



South America, North America, Central America and the Caribbean

Europe

Far East, South and South East Asia, Australia and the Pacific Islands

North of Africa, Near and Middle East

West and Central Africa

East and Southern Africa

II. Risk Management: Conceptual Framework -1

What is **RISK** Management?

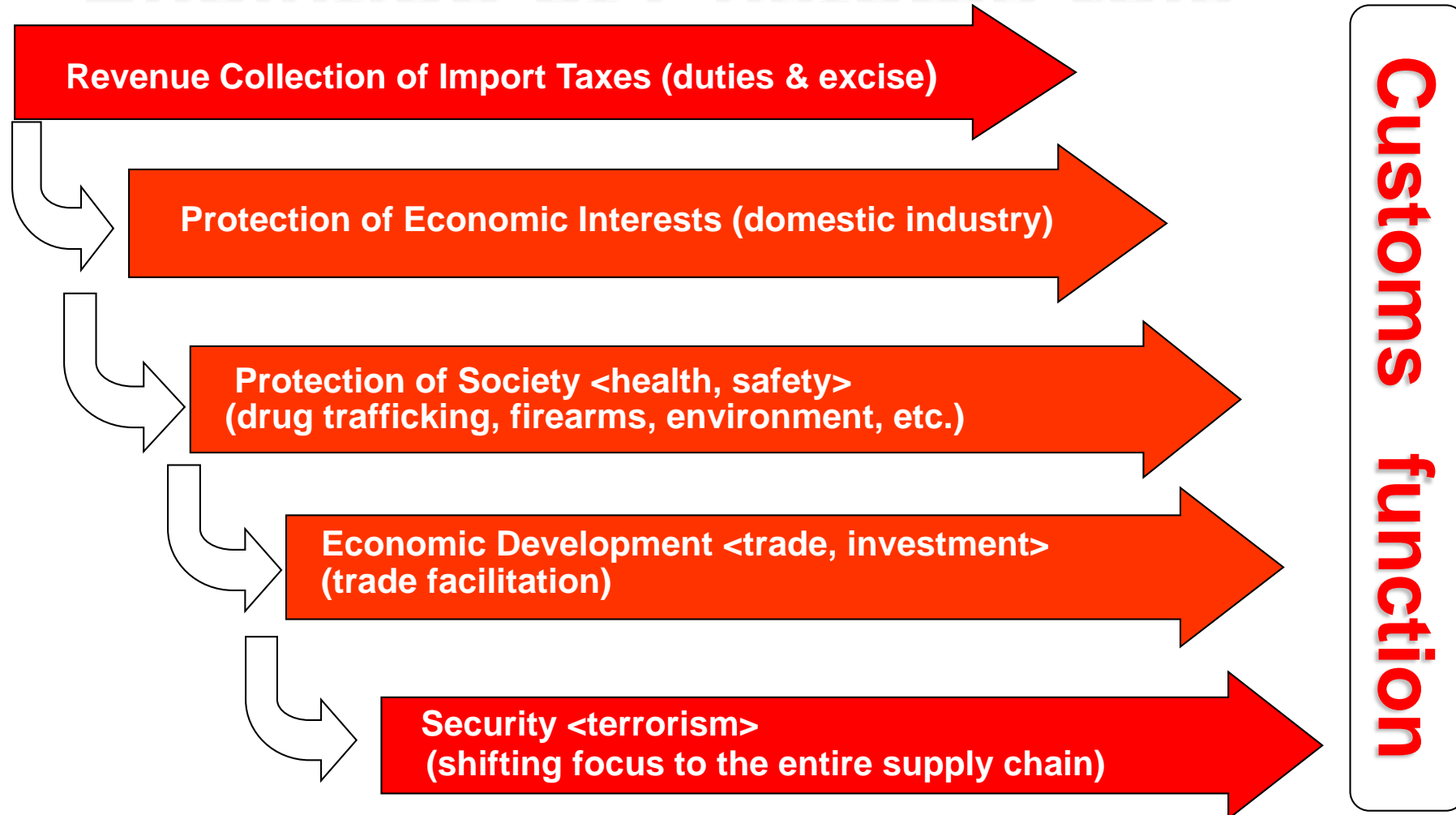
Risk: Effect of uncertainty on objectives

Risk management: Coordinated activities by administrations to direct and control risk

- Ensuring optimal balance between trade facilitation and Customs control
- Powerful tool for trade facilitation

II. Risk Management: Conceptual Framework -2

Evolution of Customs role



II. Risk Management: Conceptual Framework -3

Challenges and Benefits

Challenges -why RM

- Changes in operating environment
- High volume of trade / number of passengers
- Business expectations for facilitation/simplification
- Governments revenue collection considerations
- Deliver better results with the same or fewer resources

Benefits

- Enhanced political and community support
- Trade facilitation
- Focusing high-risk areas: risk-based selectivity
- Allocate resources more effectively and efficiently
- Efficiency in Customs operations/objectives
- Enhanced decision-making

II. Risk Management: Conceptual Framework -4

Risk Management Context

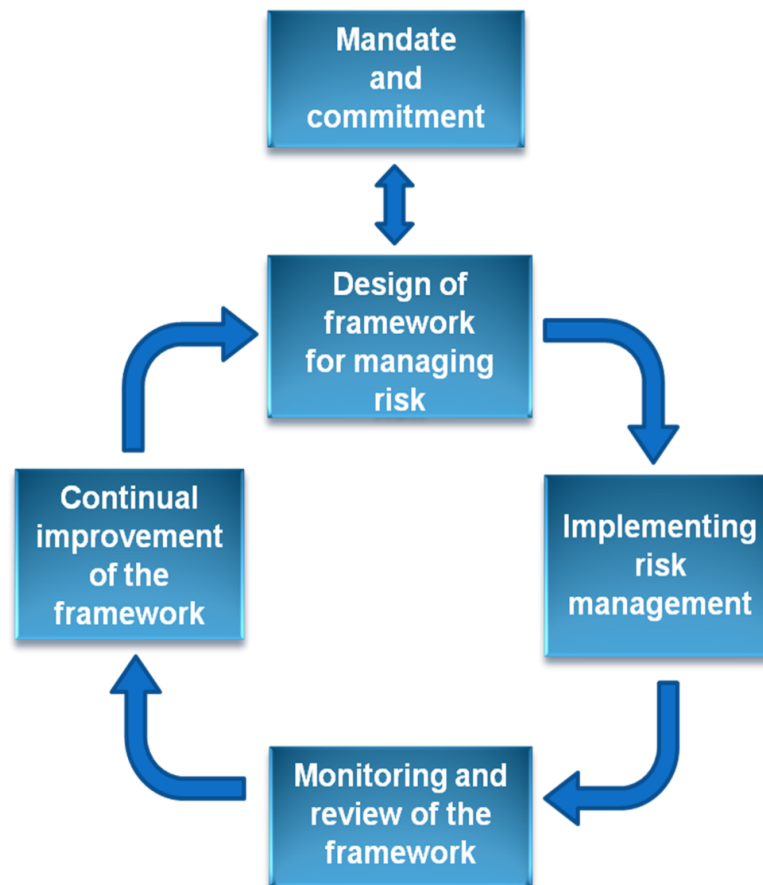
- Holistic approach (organizational/operational)
- Whole of supply-chain / routing
- Multi-Layered
- Intelligence Driven
- Risk Owners



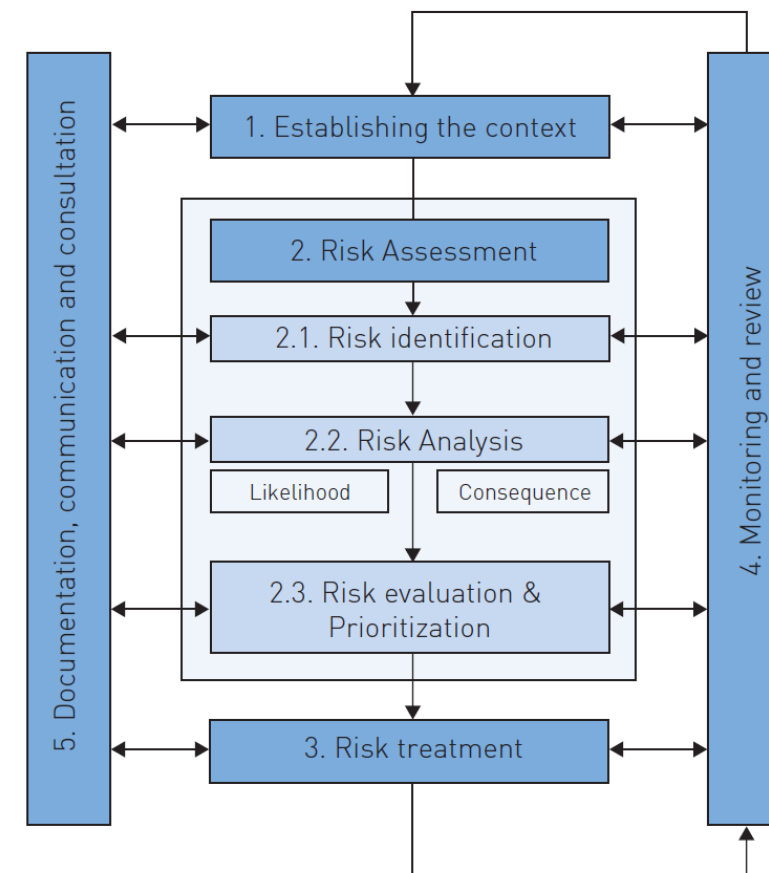
II. Risk Management: Conceptual Framework -5

RISK MANAGEMENT

Framework

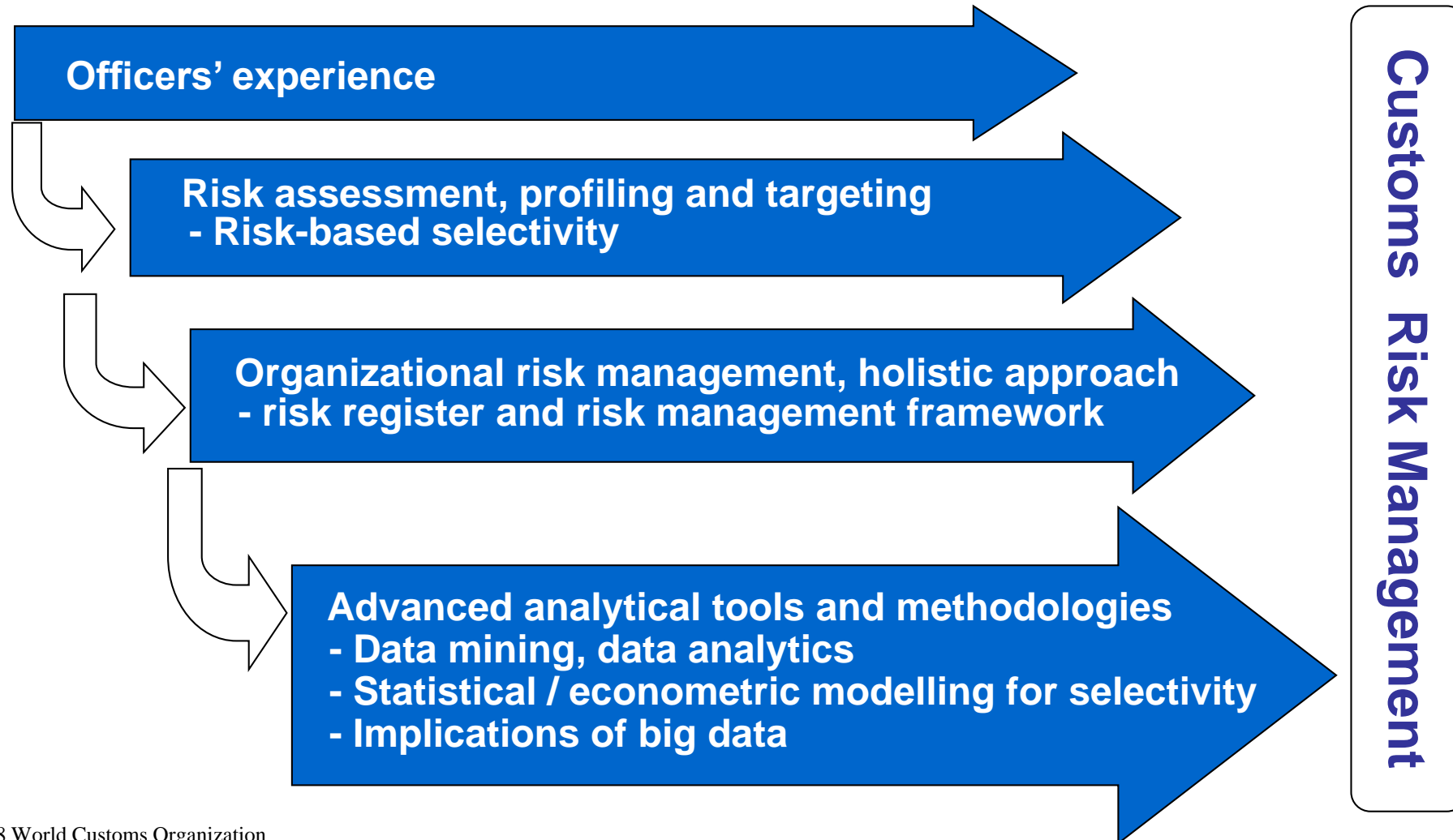


Process



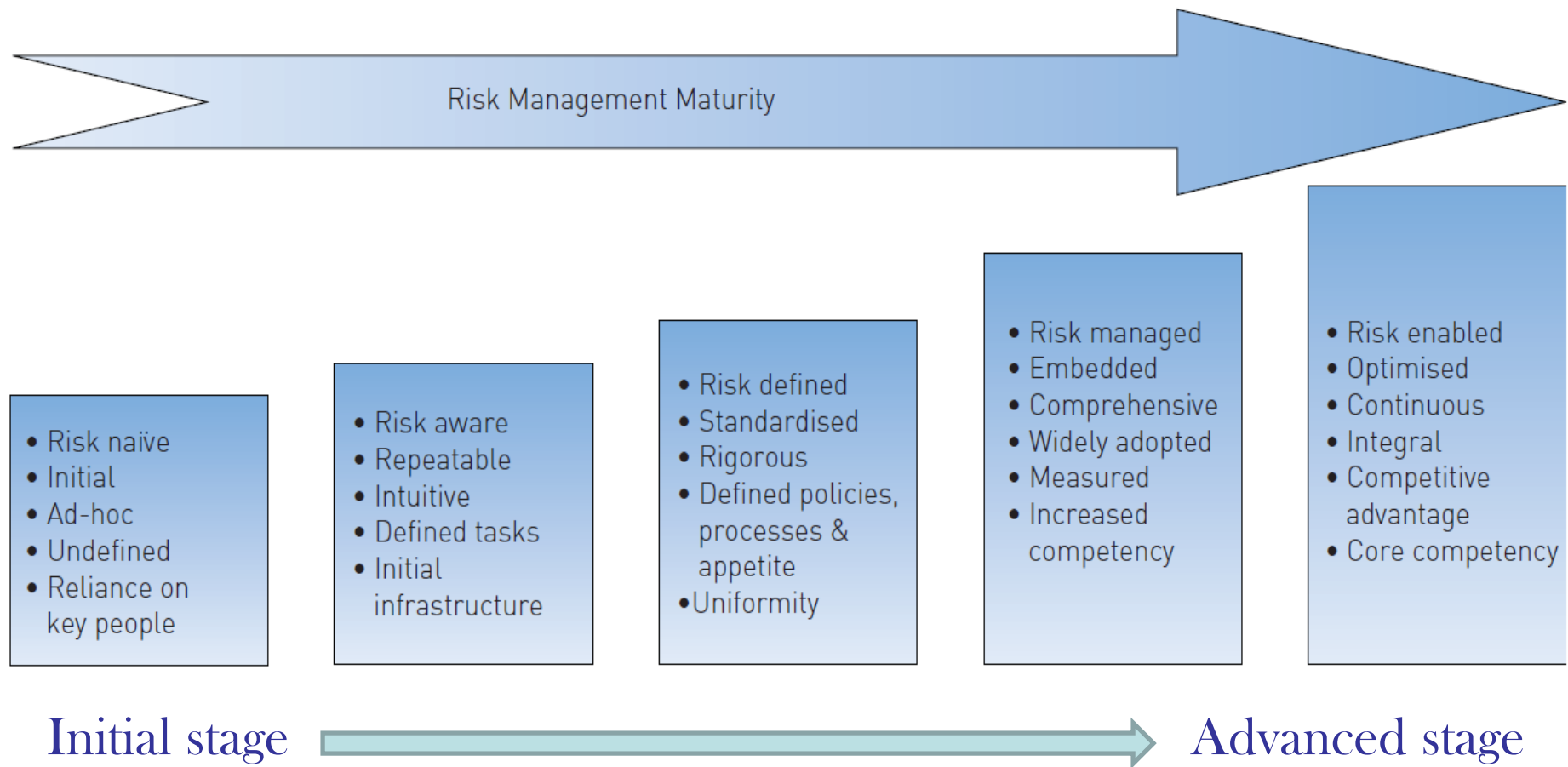
II. Risk Management: Conceptual Framework -6

EVOLUTION OF RISK MANAGEMENT IN CUSTOMS



II. Risk Management: Conceptual Framework -7

RISK MANAGEMENT MATURITY LEVELS





III. WTO Trade Facilitation Agreement and WCO tools -1

RISK MANAGEMENT



The TFA obliges Members, to the extent possible, to adopt or maintain a risk management system for Customs control.



The RKC sets out principles of Customs risk management and the RKC Guidelines cover technical aspects of risk management and Customs control.



The Risk Management Compendium introduces detailed and technical information on risk management, based on practices and experiences of WCO Members.

Other WCO tools



III. WTO Trade Facilitation Agreement and WCO tools -2

WCO IMPLEMENTATION GUIDANCE WTO TFA - Article 7.4. Risk Management

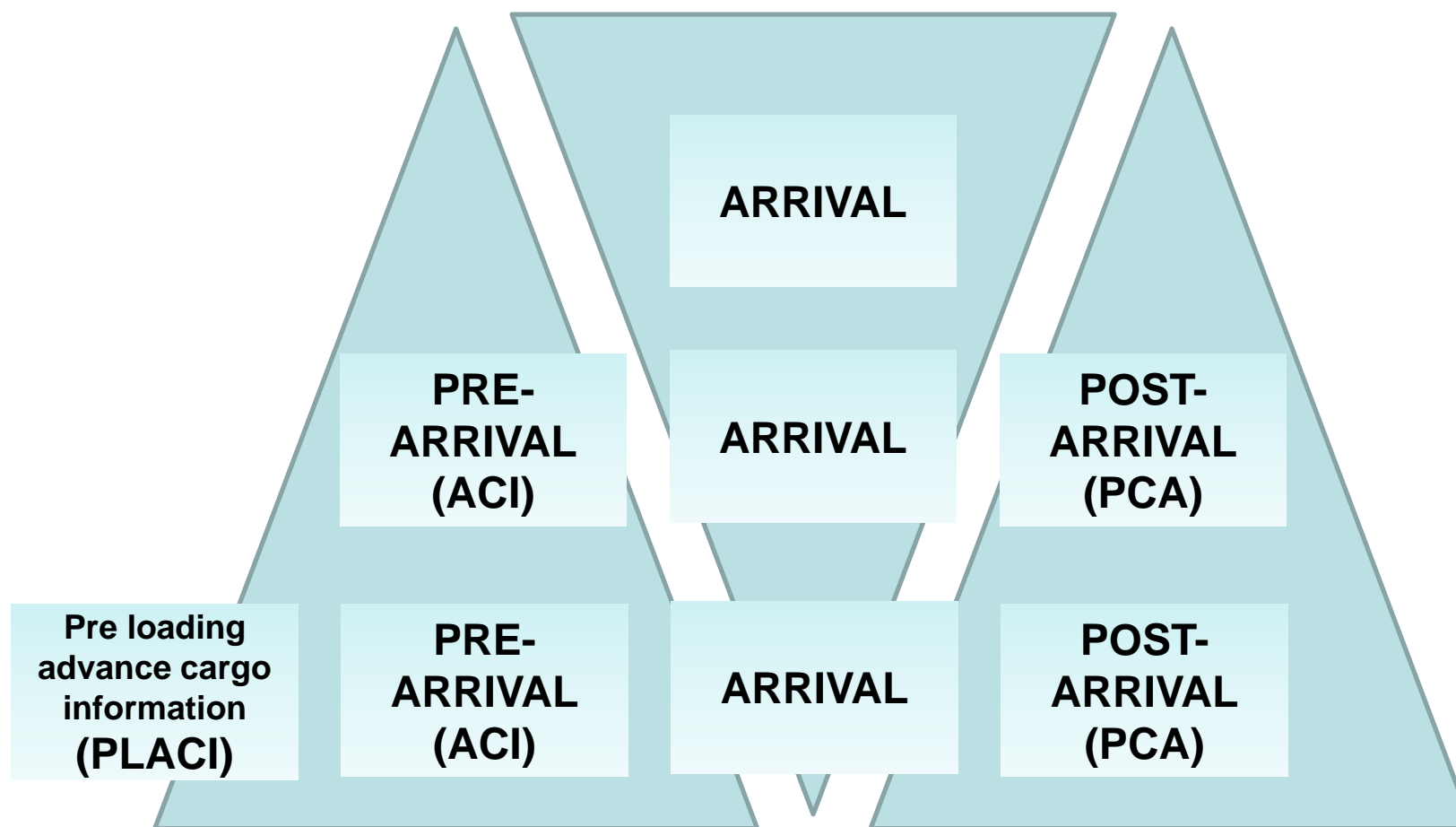
- OVERVIEW
- WTO TFA
- REVISED KYOTO CONVENTION
- OTHER WCO TOOLS
 - CUSTOMS RISK MANAGEMENT COMPENDIUM
 - SAFE
- MEMBERS PRACTICES
- PERFORMANCE INDICATORS

<http://www.wcoomd.org/en/topics/wco-implementing-the-wto-atf/atf/release-and-clearance-of-goods.aspx>



IV. Global Trends and Good Practices -1

Evolution of Risk-based Selectivity



IV. Global Trends and Good Practices -2

RISK MANAGEMENT ESSENTIALS

- *INSTITUTIONAL* -

- Legislative framework
- Organizational framework
- Risk Management framework
- Human resource and training
- Technology support
- Other programs supporting risk management



IV. Global Trends and Good Practices -3

RISK MANAGEMENT ESSENTIALS

- OPERATIONAL -

- Information, Database, Data Quality
- Risk Assessment and Profiling
- Analytical Capability
- Statistical/Econometric Model for Selectivity
- Trader Segmentation
- Post Seizure Analysis
- Mirror Analysis
- Sectoral Trend Analysis
- Advance cargo and passenger information
- Performance Measurement (i.e. TRS, revenue, seizure)
- Holistic approach, and

V. WHAT WCO OFFERS -1

WCO Customs Risk Management Compendium

Adopted by the WCO Council in June 2011

- *“Our approach to Risk Management”*

Available through WCO Web site

- *Common Part, Volume 1*
- *Volume 2 restricted to WCO Members only*

Remains a living document



<http://www.wcoomd.org/en/topics/enforcement-and-compliance/instruments-and-tools/compendiums/rmc.aspx>

V. WHAT WCO OFFERS -2

WCO RISK MANAGEMENT PROGRAMME ACTIVITIES

- Risk Management Diagnostic Mission
- Risk Management Framework Workshop
- Regional Workshop/Training
- National Workshop/Training
- Technical Assistance

Questions & comments



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