

**POLICY RECOMMENDATIONS OF THE EXCHANGE OF VIEWS
SESSION OF 33RD COMCEC SESSION ON “FACILITATING TRADE:
IMPROVING CUSTOMS RISK MANAGEMENT SYSTEMS IN THE
OIC MEMBER STATES”**

The 33rd COMCEC Session agreed on “Facilitating Trade: Improving Customs Risk Management Systems in the OIC Member States” as the theme for the Exchange of Views Session at the 34th Session of the COMCEC and requested the COMCEC Trade Working Group (TWG) to come up with concrete policy recommendations on this topic and report it to the 34th COMCEC Ministerial Session. Along with the issues related to customs risk management, the WG also considered the challenges and possible policy options related to various aspects of trade facilitation. In this framework, the Working Group, come up with the following challenges and problems as well as the policy options for facilitating trade and improving customs risk management in the member countries.

Challenges and Problems:

In addition to the challenges related to high trade costs; non-tariff barriers and limited awareness of relevant stakeholders about the economic gains from trade facilitation; the Trade Working Group highlighted the following possible challenges and problems in trade facilitation and CRM:

Simplification and Harmonization of Trade Procedures

- Cumbersome trade procedures and documentation;
- Harmonization challenges in trade procedures and documentation;
- Need to simplify procedures for authorized traders with high compliance;
- Complex and outdated import and export requirements;
- Special case of Palestinian Customs- as they have no control on clearance procedures due to the absence of ports and borders, and their efforts for simplification of customs clearance procedures and trade facilitation confront major hindrances from the Israeli side

Customs Risk Management

- Limited coordination among the relevant stakeholders with respect to customs risk management
- Need for a sound risk management strategy for improving the CRM performances and modernization efforts;
- Inadequate IT infrastructure required for customs risk management
- Insufficient use of audit-based controls and risk assessment techniques;

- Lack of integrated customs risk management system

Legal and Institutional Framework

- Lack of strategic framework which will enable concerting efforts between public and private stakeholders for the national trade facilitation reform;
- Need for better national coordination
- Inadequate legal framework;
- Inadequate information and transparency on trade-related laws; regulations, procedures and inadequate public availability;
- Low level of co-ordination and communication among the relevant border agencies;

Infrastructure and Modernization

- Inadequate transport infrastructure (roads, posts, border points etc.)
- Limited physical infrastructure (buildings, equipment, etc.);
- Inadequate customs administrative capacity (technical, financial and human capacity);
- Limited use of information technology and automation as well as inter-operable data-sharing system;

Harmonization and alignment of product standards and conformity

- Need for the alignment of product standards with international standards;
- Need for the development of “quality infrastructure”¹ (e.g. insufficient number of accredited laboratories at the national level)

Transit Trade

- Inadequate transit systems
- Limited cooperation between agencies of countries involved in transit trade
- Insufficient pre-arrival processing for transit facilitation

International Cooperation

- Unaligned operating hours at Customs offices across countries;
- Need for an information exchange mechanism which allows electronic exchange of data between and among OIC customs administrations

Policy Recommendations

¹ “A quality infrastructure is the totality of the institutional framework (whether public or private) put in place to formulate, issue, and implement standards and the associated evidence of compliance (i.e., the relevant mix of inspection, testing, certification, metrology, and accreditation) in order to improve the suitability of products, processes, and services for their intended purposes; prevent barriers to trade; and facilitate technological cooperation.” (UNECE, designing and implementing trade facilitation in Asia and Pacific, 2013)

In light of the above-mentioned challenges and problems, TWG came up with a set of policy recommendations:

1. Simplifying trade procedures and documentation

- Conducting needs assessments by national authorities and the relevant international organizations to highlight the challenges and obstacles in ensuring the efficiency of customs procedures
- Promoting the adoption of international standards in customs procedures and related matters for harmonizing and simplifying data, documents and procedures related to the cross border trade and logistics operations consistent with national rules and regulations
- Streamlining customs law, regulations and procedures in line with the international standards to facilitate trade.
- Enhancing supportive IT infrastructure for automation of customs and other border agency procedures for imports, exports and transit formalities.
- Developing interoperable Single Window Systems² as a trade facilitation tool to simplify and expedite import, export and transit formalities in the interested member countries.

Improving Customs Risk Management

- Developing/upgrading customs risk management (CRM) systems used by customs authorities to identify high risk areas while facilitating the legitimate trade;
- Establishing a risk management committee and developing an efficient and effective risk management strategy for improving the CRM performances and modernization efforts;
- Exchange of information in real-time with national and international agencies;
- Maintaining adequate IT support for the electronic submission of pre-arrival/pre-departure information for risk assessment;
- Using advanced techniques and tools for risk assessment; such as usage of appropriate statistical models etc.
- Utilizing Integrated CRM system including Data Warehouse, Business Intelligence, and Data Mining;
- Enhancing customs audit based controls; including post-clearance
- Developing integrated customs risk management system
- Promoting authorized economic operators program to facilitate the cross border movement of goods treated by low-risk operators;

² “A Single Window is a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements.” (UNECE Recommendation No 33)

- Implementing joint or coordinated controls at border posts where appropriate, in consultation with other Customs administrations to facilitate trade (e.g. one stop shop);

2. Legal and Regulatory Framework

- Calling for strong political and stakeholder support for the effective implementation of trade facilitation measures
- Developing a strategic planning framework and preparing a National Strategic Plan with a view to ensure coordination and collaboration among public and private stakeholders
- Establishing well-functioning national trade facilitation bodies for enhancing coordination among the relevant stakeholders through effective communication systems
- Encouraging national trade facilitation monitoring mechanisms in order to measure the progress in trade facilitation over time and take the necessary measures accordingly.
- Encouraging the governments to access to the relevant international conventions for standardizing the customs-related procedures
- Enhancing effective publication of trade rules and regulations (such as laws, decrees, changes in regulations, tariffs, fees and charges, working hours and announcements) through establishing trade portals and websites for allowing more transparent dissemination of import, export, and transit requirements and issuance of advance ruling.

3. Physical Infrastructure and Modernization

- Supporting customs modernization efforts through improving customs related infrastructure with information and communication technology and non-intrusive inspection technology to enhance the effectiveness and efficiency of customs
- Enhancing human resources via training and continuous capacity building the existing staff and employing new staff having digital skills.
- Encouraging Public-Private Partnerships for improving customs infrastructure as well as enhancing customs modernization

4. Harmonization and alignment of standards and conformity

- Strengthening harmonization, alignment of standards and conformity assessment procedures with international standards.
- Participating actively in the work of international standards bodies so that the resulting norms can be applicable to the particular circumstances of the Member Countries, as appropriate
- Developing/Strengthening National “Quality Infrastructure” in order to facilitate access to the international markets.

5. Adopting Measures to facilitate Transit Trade

- Improving the usage of risk assessment to facilitate transit trade
- Considering transit agreements with neighboring countries, as appropriate
- Encouraging pre-arrival processing for transit facilitation
- Strengthening cooperation between agencies of countries involved in transit trade

6. Regional/International Cooperation

- Enhancing information exchange among the border agencies of the Member Countries with a view to facilitating trade
- Promoting mutual recognition agreements for border controls and authorized economic operators,
- Promoting cross-border interconnectivity and interoperability of the national Single Window Systems towards establishing sub-regional Single Window Systems in the OIC Member Countries.
- Conducting experience sharing programmes in the field of trade facilitation (expert exchange or trainings and best practices etc.) among the Member Countries especially by the relevant OIC Institutions.
- Improving the infrastructure of land border crossing points such as reciprocal modernization and automation of customs and transport connectivity through the joint efforts of the interested neighboring countries.
- Supporting the efforts aiming to acquire Palestinian’s right to establish their own customs warehouses and clearance centers.

