



**COMCEC**

**Standing Committee  
for Economic and Commercial Cooperation  
of the Organization of Islamic Cooperation (COMCEC)**

## **Proceedings of the 11<sup>th</sup> Meeting of the COMCEC Trade Working Group**

**“Facilitating Trade: Improving Customs Risk  
Management in the OIC Member States”**



**COMCEC COORDINATION OFFICE  
March 2018**



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**PROCEEDINGS OF THE 11<sup>TH</sup> MEETING OF THE  
COMCEC TRADE WORKING GROUP  
ON**

**“Facilitating Trade: Improving Customs Risk Management in the  
OIC Member States”**

(7-8 March 2018, Ankara, Turkey)

**COMCEC COORDINATION OFFICE**

**March 2018**

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## Introduction

The 11<sup>th</sup> Meeting of the COMCEC Trade Working Group was held on 7-8 March 2018 in Ankara, Turkey with the theme of "Facilitating Trade: Improving Customs Risk Management in the OIC Member States" The Meeting was attended by the representatives of 29 Member States. Moreover, representatives of COMCEC Coordination Office, ICCIA, ICDT, ITFC, SMIIC, GCC, WTO, WCO, UNECE and ITC have also attended the Meeting.

At the outset, the representative of the COMCEC Coordination Office informed the participants about the trade outlook of the Member Countries. Then the participants considered Trade Facilitation and Customs Risk Management through focusing on the Research Report titled "Facilitating Trade: Improving Customs Risk Management in the OIC Member States." commissioned by the COMCEC Coordination Office specifically for the Meeting with a view to enriching the discussions.

The Representatives of the Member States have shared their experiences, achievements, and challenges regarding Customs Risk Management in their respective countries. The participants had the chance to discuss the policy options for enhancing the cooperation in this important field. The Draft Policy Recommendations document based on the findings of the Research Report submitted to the Trade Working Group Meeting and the answers of the Member Countries to the policy questions were the main inputs for the discussions during policy debate session.



## 1. Opening Session

In line with the tradition of the Organization of the Islamic Cooperation (OIC), the Meeting started with the recitation from the Holy Quran. At the outset, Mr. Selçuk KOÇ, Director in the COMCEC Coordination Office introduced the COMCEC and its activities briefly.

Mr. Bilal Khan PASHA, Consul General from Consulate General of Pakistan in İstanbul was elected as the Chairman of the Meeting. Mr. PASHA introduced himself and thanked all the participants for electing him as the Chairman of the Meeting.

## 2. The COMCEC Trade Outlook

Prof. Halis AKDER, consultant from the COMCEC Coordination Office, has presented some of the key findings of the COMCEC Trade Outlook 2017.

In his presentation, Prof. AKDER focused on the recent trends and main characteristics of the trade between the OIC Member States and the world, recent trends in intra-OIC trade and trade facilitation in the OIC Member States.

Concerning the trade between OIC Member states and the world, Prof. AKDER stated that total OIC exports decreased by 9.2 per cent to 1.4 trillion \$ in 2016. He mentioned that total OIC imports declined by 6.6 per cent and 1.6 trillion \$. Thus, he expressed, the total OIC trade decreased to 3.0 trillion \$ in 2016, down from 3.2 trillion \$ in 2015. This represents 25 per cent fall in OIC trade volume compared to 2014.

Prof. AKDER also pointed out that due to increasing supply especially in fuels, the total OIC exports volume terms increased by 6.2 per cent in 2016.

. Prof. AKDER also shared figures about total OIC trade, the share of OIC trade in global trade and the breakdown of total OIC exports and imports by countries and sectors.

He continued his presentation by stating that high country and product concentration in total OIC exports makes the OIC member states vulnerable to external shocks. He also stated that recent oil price slump and falling prices for other commodities underlie the importance of policies aiming to enhance export diversification.

He stated that top performers in total OIC exports were United Arab Emirates, Malaysia, Saudi Arabia, Indonesia and Turkey which recorded for 61 per cent of total OIC exports. Mineral fuels, oils, electrical machinery and equipment, pearls, precious stones, mechanical appliance and plastics represent 63 percent of the total OIC exports.

He also elaborated on intra-OIC trade. He shared figures about intra-OIC trade and commodity composition of intra-OIC exports. He pointed out that intra-OIC trade fell markedly by 20.2 per cent in 2015 and 5.8 in 2016. Thus, intra-OIC trade receded to 275 billion dollars in 2016 which was 25 per cent dollars down from its peak levels.

Prof. AKDER concluded his presentation by sharing figures on border compliance costs and times for exports in the OIC Member States. He stated that border compliance costs and times vary immensely across the member countries and reducing trade costs in the OIC member states is important to be more competitive in the international markets.



**Question:** In Trade Outlook documents, is it always be continued with the trade of goods or in next years the trade of services will be reflected in the outlooks?

**Answer:** Regarding trade in services, data and statistics is the main problem for all countries. However, it can be considered to add a new section in the trade outlook documents to present the state of trade in services in the member countries

### 3. Customs Risk Management Systems: Conceptual Framework and Global Trends/Practices

Mr. Oğuz ÖNAL, Risk Management Programme Manager of the World Customs Organization (WCO), made a presentation on “Customs Risk Management Systems: Conceptual Framework and Global Trends/Practices”.

His presentation consisted of five sections: Brief information on the WCO, Customs Risk Management, WTO Trade Facilitation Agreement and related WCO tools, global trends and good practices, and WCO Risk Management Program activities.

He started his presentation by mentioning the changing operating environment, which has affected the way Customs administrations do their business as well as the role of Customs. According to the Mr. ÖNAL, while the traditional role of Customs is revenue collection, in time, the issues such as protection of domestic industry, protection of public health and safety, trade facilitation, and supply chain security are considered in the Customs functions.

Then, he briefly explained why risk management is needed in Customs' daily activities and benefits of implementing an effective risk management system. Accordingly, he highlighted that in order to ensure optimal balance between trade facilitation and regulatory control, risk management should be considered in all the activities of the Customs administration, since all decisions and activities carry some level of risk.

Mr. ÖNAL also mentioned about the benefits of risk management approach in customs activities as follows:

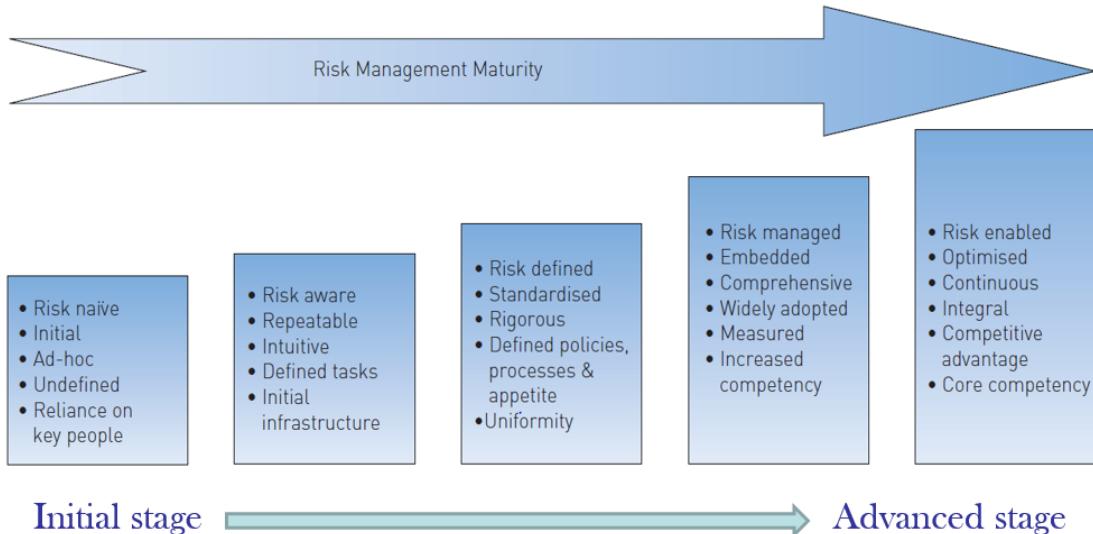
- Enhanced political and community support
- Trade facilitation
- Focusing high-risk areas: risk-based selectivity
- Allocate resources more effectively and efficiently
- Efficiency in Customs operations/objectives
- Enhanced decision-making

He also pointed out the importance of considering the entire supply chain, multi-layered approach, intelligence-driven risk management and risk owner concepts in implementing risk management system. He added that to implement all these essential elements, a risk management framework and a clear risk management process are needed.

Mr. ÖNAL then summarized the evolution of risk management in Customs. (1) risk assessment based on officers' experiences; (2) risk assessment, profiling and targeting techniques; (3) organizational risk management, holistic approach; and (4) utilization of advanced analytical tools and methodologies (such as data analytics, statistical and econometric modeling etc.).

Moreover, he gave information on the risk management maturity levels by explaining five levels of maturity from the initial stage to the advanced stage: (1) naïve, (2) aware, (3) defined, (4) managed, and (5) enabled. The features of each maturity stage are demonstrated in Figure 1.

**Figure 1: Risk Management Maturity Levels**



According to Mr. ÖNAL, Customs should adopt new ways of operation in order to meet new and emerging trends, needs and risks. In this context, he mentioned that Customs should focus on pre-arrival and post-arrival phases rather than focusing on arrival phase only. He added that pre-loading advance cargo information is now under consideration.

Furthermore, Mr. ÖNAL explained the risk management essentials. From an institutional point of view, the customs need to have the legislative framework to allow them to implement risk management system and risk-based selectivity. Moreover, risk management units are important instruments for operating effective risk management system. Furthermore, human resource and training and technology support should not be underestimated while establishing risk management systems.

Finally, he briefly informed the participants that WCO Risk Management Programme Activities. Accordingly, the programme includes:

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

#### 4. Customs Risk Management in the OIC: Current Situation, Selected Case Studies and Recommendations

Mr. Andreja ZIVKOVIC made a presentation on Customs Risk Management in the OIC Member Countries based research report titled “Facilitating Trade: Improving Customs Risk Management (CRM) Systems in the OIC Member States.”

At the beginning of his presentation, Mr. ZIVKOVIC informed the participants regarding the methodology of the Study, explaining the stages that the study was conducted. Accordingly, the desk research considers the literature review, analysis of the CRM Systems in three non-OIC MS and development of the lessons learned and critical success factors/challenges. Moreover, the data collection stage was implemented in order to document the current status of CRM systems in the OIC Member States and develop benchmarking criteria to compare global trends with the OIC Member States. The data analysis was performed by using statistical tools and descriptive statistics by comparing the different variables and correlation analysis of the different aspects that influence the CRM development. The field visit to the three OIC Member States was used to identify the major steps necessary to achieve an efficient and effective CRM in these countries and draw a series of conclusions and for further improvement of CRM across the OIC MS.

He continued the presentation by explaining the objectives of the Study. Accordingly, the study was prepared in order to improve awareness of the CRM and its benefits for facilitating trade and to share information on the best practices of CRM implementation. Moreover, the study presents the analysis of the state of play of CRM in the OIC countries, including CRM implementation, performance, and trade facilitation impacts, and development of policy options and guidelines for establishing/improving effective CRM.

Mr. ZIVKOVIC explained the developed benchmarking criteria, which is used to compare global trends and analysis of the CRM systems in three non-OIC countries with OIC Member States current status of CRM. The Benchmark Criteria of the Study is divided into five criteria: CRM Strategy/Policy, the organization and management of the CRM, Risk Management Cycle, Monitor and Review and the final criteria, Technology.

He continued his presentation with the explanation of the benchmark criteria:

- The implementation level and CRM Strategy criteria that describe at what stage of the process of implementation of CRM the Member States is from a strategic point of view;
- Risk Management Cycle coverage is concerned with the extent to which CRM support risk identification, customs control, and trade facilitation at the same time;
- Monitor and Review aim to capture to what extent customs authorities use monitoring and reviewing processes to support the effectiveness of their risk control management cycle on a regular basis;
- The organization and management criteria cover aspects that describe how customs authorities have integrated their CRM inside organizational and managerial level in the organization;

- The final criteria, the technology, is a broad criterion that aims to describe in non-technical language the CRM tools (inspection equipment) and IT Architecture of the Risk management module in the Customs Declaration Processing Systems, Customs Law Enforcement IT Systems and supportive systems – data warehouse, business intelligence and data mining.

Mr. ZIVKOVIC also explained the assessment method of the OIC Member States during the preparation of the research report. Accordingly, cross-country comparison was divided into three steps: data collection, desk research and interviews (collection of information for the three case studies - Turkey, Senegal and Albania customs administrations) and cross-country comparison that relies on WCO Risk Management Cycle.

In the second part of the presentation, Mr. ZIVKOVIC presented the main findings and analysis results level of coverage of the CRM cycle in the OIC Member States. According to the research, 17 of the 57 OIC Member States have implemented full CRM performances. 4 OIC Member States have advances coverage of the CRM cycle, and 25 of the OIC MS have medium CRM cycle coverage. Regarding three OIC regional groupings, the Arab Group has the most and the African Group the least customs administrations with CRM coverage.

Moreover, Mr. ZIVKOVIC presented results of the analysis and findings of UN Global Survey on Trade Facilitation, and Paperless Trade Implementation performed in 2017. Accordingly, 34 OIC Member States participated in the above-mentioned survey. 13 OIC Member States (38.24%) reported that they have fully implemented CRM; 15 (41.42%) reported partial implementation stage; 2 (5.88%) in the planning stage and 7 OIC Member States have not implemented CRM.

The data from the World Bank Doing Business Trade Across Border data was used for comparative analysis of the trade costs and time to import, and export on OIC Member States average level with developed countries such as EU MS shows that the average of OIC Member States has higher costs and time based on border and documentary compliance. The similar results are for the CEFTA Member States that sign the pre-accession Agreement with EU, due to the implementation of the EU acquis related to the common EU customs domain.

Furthermore, Mr. ZIVKOVIC presented the results of the level of implementation of the Authorized Economic Operator concept in the OIC Member States. According to the WCO Compendium of AEO Programme (2017) and the information publicly available, 26 out of 57 OIC MS have not implemented AEO, 4 Member States have the legal framework for authorized traders programme adopted, 3 MS are under development, and 24 MS have implemented the AEO or similar simplification measures concepts. The Total number of the AEO operators in OIC MS is 606, or in average, 25 operators per M. Turkey is the leader in the OIC MS with 225 AEO operators, and Morocco with 180 AEO operators.

Next point was the presentations of the three non-OIC case studies, Kosovo, Australia and New Zealand and their critical success factors for implementation of the CRM.

In 2015, Australian Customs and Protection of Borders Service were merged with the Department of Immigration and Border Protection to establish the Australian Border Force

(ABF). The ABF reform is aligned with ABF Strategy 2020 and the Corporate Plan 2015-19. ABF has a common CRM repository/CRM management system with border agencies and other government agencies. On the national level, ABF is exchanging the information with Federal Police, Australian Quarantine and Inspection Service, Department of Immigration and the Defense Department. Australian Integrated Cargo IT System (ICS) is fully covering the CRM Cycle and allows evaluation of the effectiveness of CRM in line with the ABF Cargo Intervention Strategy (CIS) and Differentiated Risk Response Model (DRRM).

The New Zealand Customs Service (NZCS) CRM is intelligence-led, risk-based streamline, focusing on simplification of trade processes, and other border-related risks through an integrated risk management approach. NZCS has established an Integrated Targeting Operations Centre (ITOC). ITOC is the agencies' common CRM platform (NZCS, Immigration Agency Police, and the Ministry of Primary Industries) according to the AS/NZS ISO 31000:2009 standard. In 2016, a Joint Border Management System (JBMS) was introduced that consists of two integrated sub-systems; risk targeting and customs declaration processing components (including the Trade Single Window), and passenger processing system. Integration of the business intelligence and data mining in the JBMS allows further enhancement of the CRM functionalities.

Kosovo is analyzed as a non-OIC county case due to the recent development of CRM supportive systems: data warehouse/business intelligence and integrated Law Enforcement (LE) IT System. The LE IT covers the entire customs law enforcement lifecycle from the initial generation to its completion and provides valuable support to CRM. Kosovo Customs is exchanging pre-arrival customs data with neighboring countries in real time (SEED).

After the non-OIC countries, Mr. ZIVKOVIC presented the CRM Systems of three OIC Member States; Turkey, Senegal, and Albania. Accordingly, Turkey is one of the most advanced OIC Member State. This is based on several factors; CRM is in line with the overall objectives of the Turkish Customs Strategy, the continued improvement of the CRM supportive legal, technical and administrative infrastructure, and the decentralized organization of the CRM in which the risk analysis activities are delegated on the regional level. Another important factor is the integrated customs IT system that fully covers the CRM cycle, allowing continuous monitoring of the CRM performances. Turkey has the highest number of AEO operators among the OIC Member States.

Moreover, Senegalese Customs has developed predictive analytics CRM IT system that allows risk calculation on the level of the risk indicators and dynamic targeting of the customs declarations. The short-term plan is the integration of the existing customs IT systems with the CRM system and extends the risk management scope with the tax authority and other government agencies through the Single Window.

Albanian Customs is exchanging data with neighboring countries in real time, allowing risk assessment to be performed on a pre-arrival basis through the SEED integrated "alert" system. The pre-arrival data is automatically matched with the customs declaration lodged by the

traders. Albania has established an Integrated Border Management concept (one stop shop) with Montenegro; short-term plans are to implement the IBM concept with Kosovo and Serbia.

The success factors from the non-OIC, OIC case studies and global trends were used to identify the challenges in the implementation of the CRM in the OIC Member States and policy options for improving the CRM status in the OIC Member States.

Mr. ZIVKOVIC summarized the recommendations as the following:

- Aligning legislation with International Conventions, Standards, and Recommendations and overcome possible legal barriers to International Cooperation and exchange of information;
- Improving Customs-to-Business Cooperation to facilitate legal trade and establishment of the legal basis for customs and trade partnership programmes for Authorized Economic Operators;
- Developing appropriate key performance indicators that are linked to the customs administrations' vision, goals, objectives and key performance areas;
- Definition of responsibility for monitoring process to the entire CRM implementation and improvement process;
- Integration from partial to full coverage of the CRM cycle using business process re-engineering, development and review CRM processes and integration into the other processes of customs administrations;
- Utilizing advanced risk assessment techniques and tools (identification, analysis and evaluation and prioritization) and regular and ad-hoc review and updating of the risk profiles/indicators;
- Enhancing IT support for the electronic submission of pre-arrival/pre-departure information for risk assessment;
- Developing Customs Law Enforcement IT System;
- Integrated Customs Risk Management System;
- Enhancing data integration for effective CRM: Data Warehouse; Business intelligence and Data mining.

## Questions and Answers

**Question:** What methodology was used in the research to determine the level of implementation of the CRM Study?

**Answer:** The cross-country comparison relies on the coverage of the Risk Management Cycle. Information on the remaining criteria, however, obtained through the surveys and from desk research was used for the in-depth analysis at the country level.

## 5. Utilizing the COMCEC Project Funding

Mr. Burak KARAGÖL, Director at the COMCEC Coordination Office made a presentation on the COMCEC Project Funding introduced by the COMCEC Strategy. At the outset, Mr. KARAGÖL informed the participants about where the COMCEC Project Funding stands in the COMCEC Strategy. He underlined the basic qualifications of the COMCEC Project Funding as “simple and clearly defined procedures and financial framework”, and mentioned that CCO provided continuous support to the Member Countries during all stages of the COMCEC Project Funding Mechanism. With respect to the financial framework, Mr. KARAGÖL emphasized that the funds are grant in nature and would be provided by the CCO.

After briefly explaining the COMCEC Project Funding, the director highlighted the potential project owners. It was emphasized that relevant ministries and other public institutions of the Member Countries and the OIC Institutions operating in the field of economic and commercial cooperation could submit projects. He also underlined that Member Countries have to be registered to the respective working group in order to submit their project proposals.

During the presentation, three key actors and their responsibilities under the COMCEC Project Funding were identified; Project Owner (Project Submission and Implementation); the CCO (Program Management) and the Development Bank of Turkey (Project Monitoring and Financing). Moreover, steps and roles of these key actors throughout the project application process were defined.

He continued his presentation by explaining the “Project Selection Criteria” namely, compliance with Strategy’s Principles, and targeting strategic objectives of the Strategy, focusing on output areas and pursuing multilateral cooperation among the OIC Member Countries. Mr. KARAGÖL also emphasized that project proposals submitted by the Member Countries should be compliant with the sectoral themes for the fourth call stated in the Program Implementation Guidelines. Mr. KARAGÖL pointed out the importance of the multilateralism for project appraisal and stated that project proposals should focus on common problems of at least two Member Countries and also should offer joint solutions for these problems.

Mr. KARAGÖL also gave information on 2017 and 2018 projects. He also stated that totally eight trade projects were implemented under the COMCEC Project Funding between 2014 and 2017. 2017 projects were titled, “Strengthening SME Support Services in Suriname and Guyana to Enhance Participation in Global Value Chains” and “Facilitating Trade: Identifying Non-Tariff Barriers (NTBs) among the OIC Member States” were proposed by Suriname and ICDT respectively. The Director also informed the participants about the projects in 2018 titled as “The Feasibility Study on the Interoperability of Selected Single Window Systems in the OIC Region”, “Boosting Intra-OIC Trade-Through Improvement of Trade Facilitation Measures in the OIC Region”, “Strengthening Institutional Capacity for Single Window Systems in the OIC Member States” and “Harmonization of National Halal Standards with the OIC/SMIIC Halal Standards” which were submitted by Morocco, Nigeria, Sudan and SMIIC respectively.



Mr. KARAGÖL shared brief information with participants regarding common characteristics of successful project proposals and stated that “sufficient and informative project summary”, “sound project activities and relevant details about them”, “qualified human resources in line with Program Implementation Guidelines requirements”, “detailed and well-designed work plan”, “realistic cost estimations in the budget and sufficient explanations for them”, “Project Owner’s cooperation and communication with CCO” and “active participation to the relevant Working Group” are key success factors.

## 6. Success Stories of the Member States

### 6.1. Bahrain

Ms. Zain ALSHOMELI from Bahrain Customs Affairs made a presentation in Customs Risk Management outlining the Kingdom of Bahrain experience in CRM.

At the beginning of the presentation, she listed the main objectives of Bahrain CRM. Risk management is done by specialized department in customs that aims to achieve the required customs control in the borders and maintain trade facilitation for legitimate trade as well as continuous improvement and capacity building.

She explained how electronic CRM works in Bahrain customs. The output of the CRM is either control or facilitation. The selection operation is done through preconfigured risk criteria and risk lists, which have been configured based on international, economic and security bases. Accordingly, CRM works on balancing between control and facilitation.

Ms. ALSHOMELI continued her presentation by demonstrating the stages of clearing a shipment, where the process is centered on selectivity operation. The clearing process starts with shipping the goods in the export country. In the second stage, the customs declaration including the SAD data is located in the customs electronic system. The third stage is the payment of customs duties and taxes. In the fourth stage, the risk engine processes the declaration data according to the risk criteria and risk lists. The result of selectivity process is selecting the processing channel for each declaration.

In addition, she expressed the three risk processing channels (lanes), which are used in Bahrain Customs. The RED channel used for high-risk shipments and required physical inspection and any supportive tools. The YELLOW channel used for mid risk shipment that required documentary check. While the GREEN channel used for the low-risk shipments, which means accepting the declared data and documents.

Also, she pointed the main benefits of Bahrain CRM. These benefits include first, focusing on high-risk areas. Second, improving compliance. Third, improving Customs- Business relationship. Fourth, minimizing release time. Finally, the better allocation of human resources.

Afterwards, she gave an overview of the risk criteria which cover all customs offices, and all customs declarations. These criteria are the result of extensive data analysis on data from multiple data sources.

She also mentioned the criterion life cycle. The life cycle starts with data analysis. Then the result of the analysis must be stated by filling standardized forms. These forms require the approval from managements. The approved forms are delivered for the data entry where the criteria and

lists are configured. The final stage in the cycle is following-up and evaluation of the criteria. When the criterion requires more studying and analysis the cycle turns around again.

She concluded her presentation with some real criteria examples such as criteria for “Importing Communication Devises”, “Targeting Based on Warnings and Notifications”, “Tax Suspended”, “Transparency Report”, and others.

## 6.2. Bangladesh

Dr. Nahida FARIDY, Additional Commissioner of Customs, National Board of Revenue from Bangladesh made a presentation about “Risk Management in Bangladesh Customs”.

She started her presentation with introducing Bangladesh’s economy briefly. Then, Ms. FARIDY gave some information about policies and legislations. She emphasized that rules and regulations must be aligned with Customs Act to ensure that targeting activities are suitably enabled. She suggested that Customs Leaders must adopt a risk management policy, develop risk management indicators, and identify key roles and responsibilities of staff.

Ms. FARIDY also highlighted the importance of organizational readiness. She emphasized that the organization should be well-structured to support the goals. She stated that hiring the right employees based on character, experience and education and providing them a comprehensive training and specialized knowledge play significant role in the organization. She added that equipment such as uniforms, defensive equipment, if necessary, communication tools, inspection tools etc. are also very important for an organization.

In addition, Ms. FARIDY mentioned about risks. She stated after describing the strategic institutional objectives, the Customs Authorities should identify the risks that threaten each objective. After that, she emphasized that the risks should be analyzed to assess their consequences and rank them by degree of importance. Defining tolerance level for the risk and assigning a priority level is another step she added. Lastly, she stated that Customs Authorities should define treatment for each risk identified.

At the end of the presentation, she gave some information about current status of Risk Management Committee in Bangladesh. She informed the participants regarding the activities, procedures and operations of the Committee.

## 6.3. Indonesia

On behalf of Indonesia, Mr. Lupi HARTONO, Customs Attache, the Republic of Indonesian Embassy in Singapore made a presentation on Customs Risk Management in Indonesia.

At the outset, he gave some information about duties and goals of a customs authority. These are facilitating trade, protecting border and people from illegal trade, securing supply chain and

collecting revenue for public services. Then, Mr. HARTONO explained customs from perspective of stakeholders, customers, internal process, learning and growth.

Mr. HARTONO continued his presentation with emphasizing risks includes strategic ones with four categories as risk of organizational structure, human resources risk, risk from budget management and risk from operation. Then, he gave some information about these categories. After that, he shortly explained commodity related risk profile.

He concluded his presentation with a short information about regular operational targeting, random targeting, tactical targeting and post-clearance controls in customs.

#### **6.4. Iran**

Ms. Haydeh BAGHERIPOUR, Director General of Information Management & Planning Department in Iran delivered a presentation her Country's experiences on this subject. She shared some information about Digital Customs, Single Window and Risk Management System in Iran.

Ms. BAGHERIPOUR firstly mentioned about strategic goals of Iran Customs Authority. These are trade facilitation, protection of health & security of society, support of natural production capability, revenue collection and enhancing stakeholders' satisfaction. Then she gave information about ASYCUDA System. She pointed out that according to United Nations Trade and Development (UNCTAD) report Iranian Customs is one of five top countries among the 85 to implement ASYCUDA System.

She continued her presentation by giving some information about the main challenges faced mainly. These challenges are regulations, inappropriate strategies and control regime, inefficient systems and procedures, incapability of delivering services properly. Then she explained how to cope with these challenges. She compared "as is" and "to be" vision and emphasized that what to achieve with "to be" vision.

Ms. BAGHERIPOUR then shared some information about digital customs work plan in Iran. As the initial phase, she mentioned about the improvement of infrastructure and security. Second phase is implementing the integrated comprehensive customs systems. Phase 3 is implementing of single window system. The last phase is implementing of risk management. Then she informed the participants about Single Window System in Iran.

She continued her presentation by mentioning about Risk Management System and gave some information about procedures and customs technology in this system. Then, she pointed out achievements in risk management such as providing daily statistics on foreign trade and clearance time. Regarding clearance time, she emphasized that import clearance time reduced from 26 days to 3 days and export clearance time reduced from 7 days to 1 day.

In her closing remarks she pointed out achievements in smuggling and drug discovery. According to her presentation, there was a growth of 711% discoveries of seizures with the launch of Customs Single Window.

### **6.5. Kazakhstan**

On behalf of Kazakhstan, Ms. Lazzat DANIYAROVA, delivered a presentation regrading Customs Administration of the Republic of Kazakhstan.

At the beginning of her presentation, she shared some information about Kazakhstan and customs. She briefly mentioned about location of Kazakhstan and customs ports. She expressed that there are 37 customs ports in Kazakhstan.

She continued her presentation by mentioning about the performance of customs. She stated that the total number of customs declarations is 396.313 and the declarations under risk management system are around 64.026. Then, she informed participants about organizational structure of customs in Kazakhstan. She mentioned about administrative and strategic goals such as promoting trade by reducing barriers, improvement of foreign trade administration and security of the customs border, ensuring completeness of income taxes, fees and other mandatory payments, the adoption of effective measures to minimize shadow economy and increasing public satisfaction with government revenue bodies. After that, she shared information about vision and mission of customs authorities in her country.

Ms. DANIYAROVA stated the major challenges in customs are oil crisis, smuggling, importation of counterfeits/IPR violations, frequent changes in departmental policies and corruption. She shared some data on foreign trade, the commodity structure of imports and exports for 2017. Then, she mentioned about top 5 foreign trade partners of Kazakhstan for imports and exports.

She also informed participants about customs reform and modernization program in Kazakhstan. Next, she gave some information about human resources, legal basis and HS Classification in Kazakhstan. Besides, she expressed the importance of post-clearance audit and underlined the importance of desk and field audits.

At the end of the presentation, she highlighted the measures to protect the rights of intellectual property.

### **6.6. Turkey**

Mr. Ayhan TURNA, Head of Risk Analysis Department at Turkish Customs Administration (TCA) made a presentation and shared Turkish Customs' experiences about risk management, AEO and single window system.

In the first part of the presentation, Mr. Ayhan TURNA gave a general view of risk management and analysis in the Turkish Customs Administration. He stated that TCA has been actively improving the system for electronic Risk Analysis in order to target the increasing number of declarations in all customs procedures and to deal with the requirements of the Risk Analysis processes for both fiscal and safety and security purposes. He also added that as a result of the risk analysis and assessment, declarations are directed to red, yellow, blue and green lines. Mr. TURNA put emphasize on “random” controls by saying in addition to the risk-based controls that are applied deliberately, “random” controls are also conducted.

Mr. TURNA also mentioned about Risk analysis activities are performed at both central and local level. It was asserted that, at the central level, risk profiles targeting risky shipments or declarations are set by Department of Risk Analysis which is overseen by the DG of Risk Management and Control based in Ankara. It was also mentioned that the risk profiles are revised as needed and if necessary certain profiles are extended for an agreed time period. According to Mr. Turna; currently, more than 1.300 risk profiles are deployed on the system. He also shared the information that local risk analysis tasks on the regional level are implemented by the Risk Analysis Units which are established in 2012 under each Regional Directorates, and they have created more than 1.250 profiles.

Mr. Turna also talked about the programs which are used for risk analysis activities such as BİLGE system, GÜVAS-Customs Data Warehouse System, Anti-Smuggling Databank, TIR/Transit Tracking Program, Land Border Gates Program.

At the second part of his presentation, Mr. Turna gave information about Authorized Economic Operators in Turkish Customs Administration. It was mentioned that Turkey has launched its AEO Program on January 10th, 2013 (the second version which includes import facilitations was published on May 21st, 2014) T his program's aim is to facilitate the foreign trade operations of its traders by minimizing the required lead times and costs. It will also illuminate already extensively skilled and reliable traders.

He emphasized that companies which are reliable, have adequate traceable documentation, have financial solvency, practice the necessary safety and security measures, are in operation for at least three years, are established in Turkey can apply for the AEO Certificate. He also emphasized that the AEO system and the risk analysis system are closely related to each other. He pointed out that increasing AEO numbers means less physical controls in Customs. Thus, risk management is more selective and effective with lower red line points.

He expressed that the green line does not mean there is no control or cross-checks for those companies. AEO hold companies are not wild horses running on the grass. On the contrary, the system has many checks and balances, such as local control mechanisms, periodic checks and central inspections.

In the concluding remarks, Mr. Turna shared some information about Single Window System and E-Application System in Turkey and thanked the participants.

## 7. The Efforts of the International Institutions / Private Sector

### 7.1. Trade Facilitation and the Efforts of the WTO for Facilitating Trade

Mr. Xiaobing TANG, Senior Counsellor in Market Access Division, World Trade Organization (WTO), made a presentation on “Trade Facilitation and the Efforts of the WTO for Facilitating Trade”

In his presentation, Mr. TANG presented WTO approach to trade facilitation. Firstly, he answered the question that why new rules on trade facilitation? He pointed out that the main reason is increased attention on the elimination of remaining (non-tariff) obstacles to trade which briefly are excessive documentation requirements, inefficient border-crossing procedures, transport and transit impediments, lack of transparency and predictability, lack of cooperation and coordination and lack of automated processes. He emphasized that these obstacles also have negative impact on trade transaction costs, competitiveness, consumer prices, trade flows and government revenue.

Mr. TANG, then, mentioned about the answer to the question that why trade facilitation at WTO? He expressed that there are 159 member countries and the organization has the power to dispute settlement. He highlighted briefly the history of Trade Facilitation Agreement of which working groups were started in 1996 and negotiations were continued between 2004 and 2013.

Next, Mr. TANG informed participants regarding the measures contained in the Trade Facilitation Agreement. He expressed these measures in 5 categories. These categories are transparency, fees and formalities, transit, other issues and S&D Treatment. He mentioned about these categories briefly. Then he mentioned other articles in the Agreement such as border agency cooperation. He emphasized that it's very important to encourage border authorities and agencies for cooperation. This cooperation could be possible with alignment of working days, hours, procedures and development and sharing of common facilities. According the presentation, another important article is allowing goods intended for import to be moved Mr. Tang also mentioned about freedom of transit, customs cooperation, institutional arrangements, national committee and preamble cross-cutting matters.

Mr. TANG, emphasized that Trade Facilitation Agreement came into force in 2017 when the WTO obtained the two-thirds acceptance from its all members. In this regard, he said, there are 132 ratifications received which is 80.5% per cent of all members. There is an implementation support for the Agreement, he added. According this, each member shall establish a national trade facilitation committee to facilitate domestic coordination and implementation of the provisions of the TFA.

In his closing remarks, Mr. TANG mentioned about WTO Trade Facilitation Committee, which was established with the operationalization of the TFA to provide a forum to raise issues on its implementation as well as to solve the issues between the Members to avoid disputes.

## 7.2. *Economic Impacts of Trade Facilitation: Costs and Benefits*

Mr. Mohammad SAEED, Senior Adviser from International Trade Center (ITC), delivered a presentation on the subject of “Economic Impacts of Trade Facilitation: Costs and Benefits”

Mr. SAAED started his presentation with defining Trade Facilitation. He stated that Trade Facilitation (TF) consists of simplification, harmonization, standardization and automation of trade procedures. He also mentioned that WTO Trade Facilitation Agreement (WTO TFA) in particular addresses the border regulatory activities, practices and formalities. Countries, which ratified the Agreement, are currently implementing the reforms to reduce their time and cost of trade and create a more conducive business environment for traders.

He continued his words by stressing that OIC countries' performance in the area of TF varies significantly. According to the World Bank Doing Business report, the difference in cost to export between top 3 performers in the region and 3 bottom performers is more than 22 times. He highlighted that average performance of the region, the cost of importation and exportation of a 20ft container, which includes only border compliance and documentary compliance, amounts to 673\$ and 900\$ respectively. This is by 1.3 times and by 1.7 times more expensive than in the 5 top performing countries of the world.

He also mentioned about reforms on trade facilitation. According to him, TF reforms are the main tool to decrease the time and cost to trade. However, the reforms themselves are associated with various costs, including diagnostic and needs assessment costs, regulatory and legislative costs, institutional and organizational costs, human resources and training costs, etc. He underlined the significance of these costs varies depending on the area of the TF reforms. For example, he continued, costs of implementing TF measures related to transparency and predictability as well as to release and clearance of goods seem to be relatively low compared to other measures as customs automation, customs reform and modernization or transport facilitation.

He suggested that the TF measure should be assessed as an investment rather than an expenditure considering the costs of TF reforms. He stated that economic impact, which will be achieved through a reform implementation, shall be taken into account. Mr. SAEED gave an example that it is estimated that the implementation of the WTO TFA will result in the reduction of trade costs in all the regions equivalent to the decrease by 14% of ad valorem tariff. Most studies estimate that implementation of the TFA will also lead to export boost (750 to 1,000 billions \$) and GDP growth (0.35% to 0.55%). It is worth noting that TF also has a larger effect on trade than removing tariffs. He emphasized that TF reforms could increase GDP up to 6 times more and boost trade up to 40% more than removing tariffs. Trade costs are also key decision criteria used by multinational companies when relocating in Global Value Chains (GVC), that is why reducing time and cost of the trade is an important success factors associated with a country's participation in GVCs.

In order to ensure successful implementation of the reforms and achieve tangible impact, he pointed out that it is important to understand that countries can seldom implement all their TF

obligations simultaneously. Limited financial resources, lack of political and administrative will, lack of human resources and absorption capacity are just some of the factors, which make it crucial to prioritize the TF reforms. In the process of prioritization, he explained it is crucial to assess the expected impacts of TA measure such as reduced time and cost of trade transactions, increased predictability of the cross-border environment, Increased trader compliance, enhanced supply chain security, etc. He continued his words with expressing that at the same time it is necessary to look at the expected implementation complexity, including financial resources required for the implementation, number of implementing agencies, level of capacity building required, and political will required for implementation, etc. This exercise will allow defining prioritization matrix for the implementation of the TF measures to progressively advance on the reform implementation.

In his closing remarks he expressed that ITC, a joint technical assistance Agency of UN and WTO, is recognized as a key player in the trade facilitation arena, within the Annex D+ organizations and an important development partner as it has provided support to over 50 countries in the implementation of the TFA.

He briefly mentioned that ITC unique technical assistance offer for TFA implementation includes:

- Promoting business perspective in diagnosis, design and implementation of trade facilitation reforms
- Applying “whole of the supply chain” approach tackling quality for trade – SPS, TBT - and logistics services
- Leveraging unique trade support institution network for supporting NTFC work and to ensure country ownership for sustainable impacts
- Using ICT innovative approach for trade facilitation, including Trade Facilitation Portal, Enquiry points, Digitization of Certificate of Origin.

### **7.3. Main Challenges and Success Factors for Facilitating Trade in the OIC**

On behalf of UNECE, Mr. Khan SALEHIN, Information Officer from UNECE, presented on ‘Challenges and Success Factors in Trade Facilitation for OIC Countries’ based on the global survey results for the OIC member countries. The joint ECE-ESCAP-UNNExT Report on Trade Facilitation and Paperless Trade Implementation in OIC 2017 was published.

Mr. SALEHIN firstly introduced the survey briefly and stated that the global survey is the effort led by the United Nations Regional Commissions, in cooperation with other interested international organizations, to provide reliable and sufficiently detailed data on the implementation of trade facilitation in general, and single window and paperless trade in particular, at the global level. He emphasized that the survey covers 47 main trade facilitation measures which are categorized into seven main groups, namely general trade facilitation measures, paperless trade, cross-border paperless trade, transit facilitation, trade facilitation for SMEs, trade facilitation for agricultural trade and participation of women in trade facilitation.

He pointed out that measures featured in the WTO TFA are essentially included in the general trade facilitation and transit facilitation. However, he added, most paperless trade and, in particular, cross-border paperless trade measures, are not specifically featured in the WTO TFA, although their implementation in many cases would support the better and digital implementation of TFA.

He continued his words with mentioning that the overall implementation levels of 34 OIC members based on a common set of 31 trade facilitation and paperless trade measures were included in the survey. He stressed that the average OIC implementation rate of the measures considered in 2017 stood at 53 per cent. The global average is 60%. Qatar and United Arab Emirates had the highest implementation rate, exceeding 90 per cent; while Afghanistan, Gabon, and Palestine had relatively low level of implementation, at 16 per cent, 24 per cent, and 30 per cent respectively. Southeast Asia, Westerns Asia and the group of Albania, Azerbaijan and Turkey have achieved more than 60 percent of average trade facilitation implementation which is slightly higher than the global average. However, he continued, in the Western Asia sub-region, there is a lot of variation in terms of implementation. African countries have an average implementation rate of 49%. He pointed out that while a few countries fare very well for example, Benin topping the list, others do not. At least three countries (Gabon, Guinea, Sierra Leone) fall below the 40% implementation.

Mr. SALEHIN mentioned some specific and generic challenges in his presentation. Then for closing remarks, he pointed out some potential success factors point by point.

#### Specific challenges:

- Major reforms required in paperless trade and cross-border paperless trade categories including on:
  - Actual implementation of the measures while legal framework is partially in place.
  - Electronic issuance and submission of certificates, single window, e-payments of customs duties, manifests and licenses, (paperless trade)
  - Electronic exchange of certificate of origin, SPS certificate, trade – related cross border data, electronic letter of credit, recognized certification authority (cross border paperless trade)
- Transit facilitation (e.g. pre-arrival processing)
- Trade facilitation for SMEs and agriculture sector, facilitate women participation

#### Generic challenges:

- Lack of robust institutional arrangement e.g. on government agencies delegating control to Customs at borders (partially implemented) and cooperation between border agencies.
- Lack of human resources capacity
- Insufficient cooperation between government agencies
- Lack of clear lead agencies

#### Potential Success Factors:

- Institutional arrangement for prioritizing policy reforms (national trade facilitation roadmap, clear role of NTFCs, private sector engagement)
- Transparent trade processes
- Simpler formalities
- Paperless systems
- Gradual uptake or application of international standards
- Towards 2030 Sustainable Development Agenda: Inclusive and sustainable Trade Facilitation – SMEs, agriculture sector, women participation
- Further deep analysis at a country level is required

## **8. Policy Options for Trade Facilitation and Customs Risk Management in the OIC Member Countries**

The 33<sup>rd</sup> COMCEC Session decided on “Facilitating Trade: Improving Customs Risk Management in the OIC Member States” as the theme of the Exchange of Views of 34<sup>th</sup> Session of the COMCEC and requested the COMCEC Trade Working Group to come up with policy recommendations on the aforementioned topic and report it to the 34<sup>th</sup> COMCEC Session.

In this regard, a moderation session was held under the moderation of Mr. Fatih ÜNLÜ, Senior Expert from COMCEC Coordination Office. At the outset, Mr. ÜNLÜ opened the Session by highlighting the importance of trade facilitation for increasing the trade among the Member States.

The session continued with the presentation made by Mr. Selçuk KOÇ, Director in the COMCEC Coordination Office, made a presentation titled “Member Countries’ Feedbacks on the Policy Environment Concerning Trade Facilitation and Customs Risk Management Systems” concerning the responses of the Member Countries to the policy questions on Trade Facilitation and Customs Risk Management Systems sent to the focal points by the CCO.

The participants, in light of the discussions took place and the main findings of the research report prepared specifically for this Meeting, have come up with a set of draft policy recommendations to be submitted to the 34<sup>th</sup> Session of the COMCEC. The draft policy recommendations have been formulated in six main topics of trade facilitation as follows:

1. Simplifying trade procedures and documentation
2. Legal and Regulatory Framework
3. Physical Infrastructure and Modernization
4. Harmonization and alignment of standards and conformity
5. Adopting Measures to facilitate Transit Trade
6. Regional/International Cooperation

The policy recommendations are attached to this report as Annex 3.

## 9. Closing Remarks

The Meeting ended with closing remarks of Mr. Bilal Khan PASHA, Consul General from Consulate General of Pakistan in İstanbul and Chairperson of the Meeting and Mr. Selçuk KOÇ, Director in the COMCEC Coordination Office.

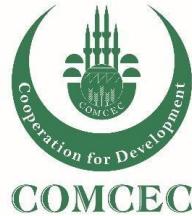
In his remarks, Mr. PASHA, thanked all the Member Countries for giving him the opportunity to chair this session. He also thanked all the participants, presenters for their invaluable contributions, comments and ideas presented during the discussions.

Mr. KOÇ also thanked all the participants for their invaluable contributions. He underlined that the observations, comments and critiques of the participants on the analytical study prepared specifically for the Trade Working Group Meetings would be welcomed in order to improve its quality. He also stated that feedbacks are of particular importance since they the draft policy recommendations which will be presented to the 34<sup>th</sup> Session of the COMCEC for consideration. Mr. KOÇ also highlighted the importance of COMCEC Project Funding and invited the Member Countries as well as the relevant OIC Institutions to submit project proposals to benefit from this important facility.

Mr. KOÇ informed the participants that the next (12th) Meeting of the Trade Working Group will be held on November 1st, 2018 in Ankara with the theme of "*Authorized Economic Operators in OIC Member States.*"

Before concluding, Mr. KOÇ thanked again all the participants and wished them a safe trip back home.

## Annex 1: Agenda of the Meeting



### 11<sup>th</sup> MEETING OF THE COMCEC TRADE WORKING GROUP (7-8 March 2018, Ankara)

*"Facilitating Trade: Improving Customs Risk Management Systems  
in the OIC Member States"*

#### DRAFT AGENDA

##### March 7<sup>th</sup>, 2018

###### Opening Remarks

1. The COMCEC Trade Outlook
2. Customs Risk Management Systems: Conceptual Framework and Global Trends/ Practices
3. Customs Risk Management in the OIC: Current Situation, Selected Case Studies and Recommendations
4. Member State Presentations
5. The Efforts of the International Institutions/Private Sector
6. Utilizing the COMCEC Project Funding

##### March 8<sup>th</sup>, 2018

7. Economic Impacts of Trade Facilitation: Costs and Benefits
8. Main Challenges and Success Factors for Facilitating Trade in the OIC
9. Policy Recommendations for the Exchange of Views Session of the 34<sup>th</sup> COMCEC Ministerial Meeting

###### Closing Remarks



## Annex 2: Program of the Meeting



### 11<sup>th</sup> MEETING OF THE COMCEC TRADE WORKING GROUP

7-8 March 2018, Ankara

*“Facilitating Trade: Improving Customs Risk Management Systems in the OIC Member States”*

### DRAFT PROGRAMME

#### March 7<sup>th</sup>, 2018

08.30-09.00      **Registration**

09.00-09.05      **Recitation from the Holy Quran**

09.05-09.15      **Opening Remarks**

#### **COMCEC Trade Outlook**

09.15-09.40      -      *Presentation: Prof. Dr. Halis AKDER  
Consultant  
COMCEC Coordination Office (CCO)*

                        -      *Discussion*

#### **Customs Risk Management Systems: Conceptual Framework and Global Trends/ Practices**

09.50-10.20      -      *Presentation: Mr. Oğuz ONAL  
Senior Technical Officer  
World Customs Organization*

10.20-10.45      -      *Discussion*

10.45-11.00      *Coffee Break*

## **Customs Risk Management in the OIC: Current Situation, Selected Case Studies and Recommendations**

11.00-11.45 - *Presentation: Mr. Andreja ZIVKOVIC  
Consultant*

11.45-12.30 - *Discussion*

12.30-14.00 *Lunch*

14.00- 15.30 **Member State Presentations**

15.30-15.45 **Utilizing the COMCEC Project Funding**

- *Presentation: Mr. Burak KARAGÖL  
Director  
COMCEC Coordination Office*

15.45-16.00 - *Discussion*

16.00-16.15 *Coffee Break*

## **The Efforts of the International Institutions on Trade Facilitation and Customs Risk Management**

16.15-16.45 - *Presentation: "Trade Facilitation and the Efforts of the WTO for Facilitating Trade"  
Mr. Xiaobing TANG  
Senior Counsellor  
World Trade Organization (WTO)*

16:45-17.00 - *Discussion*

## **March 8<sup>th</sup>, 2018**

### **Economic Impacts of Trade Facilitation: Costs and Benefits**

09.00-9.30 - *Presentation: Mr. Mohammad SAEED  
Senior Adviser  
International Trade Center (ITC)*

9.30-9.45 - *Discussion*



## Main Challenges and Success Factors for Facilitating Trade in the OIC

- 9.45-10.15      - *Presentation: "Main Challenges and Success Factors for Facilitating Trade"*  
*Mr. Salehin KHAN*  
*Information Officer*  
*UNECE*
- 10.15-10.30      - *Discussion*
- 10.30-10.45      - *Coffee Break*

10.45-12.30      **Moderated Session: Policy Recommendations for the Exchange of Views Session of the 34<sup>th</sup> COMCEC Ministerial Meeting**

During the 34<sup>th</sup> COMCEC Ministerial Session, a Ministerial Exchange of Views Session will be organized with the theme of “Facilitating Trade: Improving Customs Risk Management Systems in the OIC Member States”. In this moderated session, the participants will extensively deliberate on the theme with a view to come up with concrete policy recommendations for submission to the 34<sup>th</sup> COMCEC Session.

- 10.45-11.00      - *Presentation: "Member Countries' Feedbacks on the Policy Environment Concerning Trade Facilitation and Customs Risk Management Systems"*  
*Mr. Selçuk KOÇ*  
*Director, CCO*
- 11.00-12.30      - *Discussion*
- 12.30-12.45      **Closing Remarks**
- 13.00              **Lunch**

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## Annex 3: The Draft Policy Recommendations

### DRAFT POLICY RECOMMENDATIONS OF THE 11<sup>th</sup> MEETING OF THE TRADE WORKING GROUP TO BE SUBMITTED TO THE EXCHANGE OF VIEWS SESSION OF THE 34<sup>TH</sup> COMCEC SESSION

The 33<sup>rd</sup> 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 34<sup>th</sup> 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”<sup>1</sup> (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

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 Systems<sup>2</sup> 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;

<sup>1</sup> “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)

<sup>2</sup> “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)

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

### **3. 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.

### **4. 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

### **5. 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.

## **6. 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

## **7. 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 Regional Single Window Systems.
- 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.

## Annex 4: List of Participants

**LIST OF PARTICIPANTS**  
**11<sup>TH</sup> MEETING OF THE TRADE WORKING GROUP**  
**(7-8 March 2018, Ankara)**

### A. MEMBER COUNTRIES OF THE OIC

#### PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA

- Mr. TAREK ALLOUNE  
Chief of Bureau, Ministry of Commerce
- Mr. MAHMOUD AOUDIA  
Director, Ministry of Finance

#### REPUBLIC OF AZERBAIJAN

- Mr. ZIYA AGHAYEV  
Chief, State Customs Committee

#### KINGDOM OF BAHRAIN

- Mr. AHMED SHARIDA  
Head of Information Analysis Department, Ministry of Interior
- Ms. ZAIN ALSHOMELI  
Chief of Risk Management Department, Ministry of Interior
- Ms. NADA EBRAHIM  
Senior Customs Specialist, Ministry of Interior
- Mr. SALMAN ALBALUSHI  
Customs Officer, Ministry of Interior

#### PEOPLE'S REPUBLIC OF BANGLADESH

- Mr. MD JOBAYEDUR RAHMAN  
Deputy Secretary, Ministry of Commerce
- Dr. NAHIDA FARIDY  
Additional Commissioner of Customs, National Board of Revenue

#### ARAB REPUBLIC OF EGYPT

- Mr. EHAB FATHY  
Head of Department, Ministry of Trade and Industry
- Ms. AMANY FAHMY  
Ambassador, Ministry of Foreign Affairs
- Mr. AMR SELIM  
Deputy Head of Mission, Embassy of Egypt in Ankara

#### REPUBLIC OF GAMBIA

- Ms. AMIE BALDEH  
Trade Economist, Ministry of Trade, Industry, Regional Integration and Employment

#### REPUBLIC OF INDONESIA

- Mr. LUPI HARTONO  
Customs Attaché, the Republic of Indonesian Embassy in Singapore
- Ms. YENNI HERNAWATI  
Assistant Deputy Director, Ministry of Trade



#### **ISLAMIC REPUBLIC OF IRAN**

- Mr. HAMID ZADBOOM  
Commercial Counsellor, Embassy of Iran in Ankara
- Ms. HAYDEH BANGERIPOUR  
Director General, Iran Customs Administration

#### **REPUBLIC OF IRAQ**

- Mr. THARWAT SALMAN  
Commercial Attaché, Embassy of Iraq in Ankara

#### **HASHEMITE KINGDOM OF JORDAN**

- Mr. TARIQ SHBAIL  
Risk Analyst, Jordan Customs
- Mr. YAZAN ADAYLEH  
Assistant Director, Jordan Customs

#### **REPUBLIC OF KAZAKHSTAN**

- Mr. KAIRAT TOREBAYEV  
Director, Ministry of National Economy
- Ms. LAZZAT DANIYAROVA  
Senior Expert, State Revenue Committee
- Mr. AYAN KOLBAY  
Counsellor, Embassy of the Republic of Kazakhstan

#### **THE STATE OF KUWAIT**

- Ms. JAMANAH AHMAD  
Researcher Foreign Relations, Ministry of Finance
- Mr. SALEM ALBATHER  
Economic Researcher, Ministry of Finance

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