Improving the Border Agency Cooperation Among the OIC Member States for Facilitating Trade

**COMCEC Coordination Office
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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
AEO	Authorized Economic Operator
AFAFGIT	ASEAN Framework Agreement on the Facilitation of Goods in Transit
AFAFIST	ASEAN Framework Agreement on Facilitation of Inter-State Transport
AFAMT	ASEAN Framework Agreement on Multimodal Transport
AfDB	African Development Bank
AFTA	ASEAN Free Trade Agreement/Area
ASEAN	Association of South East Asian Nations
ASYCUDA	Automated System for Customs Data
ATA	Admission Temporaire
ATIGA	ASEAN Trade in Goods Agreement
BAC	Border Agency Cooperation
BEST	Border Enforcement Security Taskforce
BCP	Border Crossing Point
BIP	Border Inspection Point
BOMCA	Border Management Program in Central Asia
BSEC	Organization of Black Sea Economic Cooperation
BTSF	Better Training for Safer Food
BVPP	Border Violence Prevention Protocols
CAEU	Council of Arab Economic Unity
CAR	Central African Republic
CAREC	Central Asia Regional Economic Cooperation
CBCI	Cross Border Coordination Initiative
CBI	Cross-Border Initiative
CBM	Collaborative/Comprehensive Border Management
CBRA	Cross-border Research Association
CBSA	Canada Border Services Agency
CBTA	Cross Border Transport Agreement
CCA	Common Control Area
CCP	Container Control Programme
CCTV	Closed Circuit Television
CCZ	Common Control Zone
CD	Compact Disc
CEDEAO	Communauté économique des États de l'Afrique de l'Ouest
CEFTA	Central European Free Trade Agreement
CEMAC	Communauté Économique et Monétaire des Etats de l'Afrique
CEN	Customs Enforcement Network
CEPT	Common Effective Preferential Tariff
CET	Common External Tariff
CIA	Central Intelligence Agency
CIQ	Customs Immigration Police and Quarantine
CIS	Commonwealth of Independent States
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CMAA	Customs Mutual Assistance Agreements
COMCEC	Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation

COMCIECO	Council of Ministers of Economic Integration
COMESA	Common Market for Eastern and Southern Africa
COMPETE	Competitiveness and Trade Expansion
COPE	Centre of Phytosanitary Excellence
CORE	Consistently Optimised Resilient Ecosystem
CPCM	Conseil Permanent Consultatif du Maghreb
CREATe	Customs for Regional East African Trade
CTC	Common Transit Convention
C-TPAT	Customs-Trade Partnership Against Terrorism
DFID	Department for International Development
DHS	Department of Homeland Security
DTF	Distance to Frontier
EAC	East African Community
EAPIC	East African Phytosanitary Information Committee
EBID	ECOWAS Bank for Investment and Development
ECCAS	Economic Community of Central African States
ECO	Economic Cooperation Organization
ECOWAS	Economic Community of West African States
ECTS	Electronic Cargo Tracking System
EDI	Electronic Data Interchange
EFTA	European Free Trade Association
EU	European Union
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
FEFFEA	East African Business Community
FGTAB	Focus Group on Trading Across Borders
FTA	Free Trade Agreement
GAFTA	Greater Arab Free Trade Area
GATT	General Agreement of Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GMP	Good Manufacturing Practice
GMS	Greater Mekong Sub-region
GNC	Globally Networked Customs
GPS	Global Positioning System
HARC	Hit and Run Cargo
HLED	High Level Economic Dialogue
HS	Harmonized System
HAS	Health Science Authority
IATA	International Air Transport Association
iBAC	International Border Agency Cooperation
IBM	Integrated Border Management
ICAO	International Civil Aviation Organisation
ICC	International Chamber of Commerce
ICS	Inter-Agency Control Station
ICT	Information and Communication Technologies
IDB	Inter-American Development Bank
IOC	Indian Ocean Commission
IP	Intellectual Property

IPA	Instrument for Pre-Accession Assistance
IPM	Interface Public Members
IPPC	International Plant Protection Convention
ISO	International Organization for Standardization
JICA	Japan International Co-operation Agency
JPCU	Joint Port Control Units
KC	Known Consignor
LPI	Logistics Performance Index
MADB	Market Access Database
MENA	Middle East and North Africa Region
MITI	Ministry of International Trade and Industry
MoU	Memorandum of Understanding
MRA	Mutual Recognition Arrangements
MRU	Mano River Union
NAFTA	North American Free Trade Agreement
NCTS	New Computerized Transit System
NEEC	Nuevo Esquema de Empresas Certificadas
NFA	National Food Authority
NGO	Non-Government Agency
NPRA	National Pharmaceutical Regulatory Agency
NSC	North South Corridor
NTB	Non-Tariff Barrier
OECD	Organization for Economic Cooperation and Development
OF	Mexican Federal Police
OIC	Organization of Islamic Cooperation
OIE	World Organization for Animal Health
OPEC	Organization of the Petroleum Exporting Countries
OSBP	One-Stop Border Post
OSCE	Organization for Security and Cooperation in Europe
PACIR	Programme d'Appui au Commerce et à l'Intégration Régionale
PEM	Pan-Europe Mediterranean
PLPA	Pakistan Land Port Authority
PSD	Pharmaceutical Services Division
PTA	Preferential Trade Area
PVC	Programa Viajero Confiable
RILO	Regional Intelligence Liaison Office
RKC	Revised Kyoto Convention
RMCD	Royal Malaysian Customs Department
ROCARS	Road Cargo System
RTP	Regional Trade Program
SAD	Single Administrative Document
SADC	Southern African Development Community
SAFE FoS	Framework of Standards to Secure and Facilitate Global Trade
SAARC	South Asian Association for Regional Cooperation
SCO	Simplified Certificate of Origin
SCT	Single Customs Territory
SEED	Systematic Electronic Exchange of Data
SENTRI	Secure Electronic Network for Travelers Rapid Inspection
SFI	Secure Freight Initiative

SIECA	Sistema de la Integración Económica Centroamericana
SME	Small and Medium Sized Enterprises
SOPs	Standard Operating Procedures
SPS	Sanitary and Phytosanitary
SSI	Streamlining of Single-Stop Inspection
SW	Single Window
TAIEX	Technical Assistance and Information Exchange
TBT	Technical Barriers to Trade
TFA	Trade Facilitation Agreement
TIS	Trade Information System
TMEA	TradeMark East Africa
TIR	Transports Internationaux Routier
TRS	Time Release Study
UAE	United Arab Emirates
UCC	Union Customs Code
UEMOA	Union Economique et Monétaire Ouest Africaine
UN	United Nations
UNBS	Uganda National Bureau of Standards
UN/CEFACT	UN Centre for Trade Facilitation and Electronic Business
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNMIK	United Nations Interim Administration Mission in Kosovo
UNODC	United Nations Office on Drugs and Crime
URA	Uganda Revenue Authority
USA	United States of America
USAID	United States Agency for International Development
USBP	United States Border Patrol
VNACCS	Vietnam Automated Cargo Clearance System
WAEMU	West African Economic and Monetary Union
WATIP	Promoting West African Trade Integration
WCO	World Customs Organization
WEF	World Economic Forum
WHO	World Health Organization
WTO	World Trade Organization

EXECUTIVE SUMMARY

International Border Agency Cooperation (iBAC) is a key element of the modern trade facilitation philosophy that seeks to make cross-border trade and logistics faster, cheaper and more predictable while ensuring adequate compliance and regulatory control over the traffic. This report studies international Border Agency Cooperation from the perspective of the fifty-seven member countries of the Organization of the Islamic Conference (OIC). The goal of this research is to raise awareness of international Border Agency Cooperation, and to highlight practical recommendations for advancing cross-border Border Agency Cooperation and trade facilitation, among the OIC members and their trading partners. To achieve this goal, this report provides a generic six-step roadmap that proposes and prioritises activities for simplifying, harmonising, rationalising, and standardising border management. This study is mandated by the OIC Standing Committee for Economic and Commercial Cooperation (COMCEC) and executed by the Cross-border Research Association (CBRA).

This study builds on multiple research methods. The authors have conducted a comprehensive review of academic and practitioner literature on Border Agency Cooperation and trade facilitation. The review also covered the most relevant international agreements, regulations, and projects. Seven case studies provide complementary evidence to support the review findings. Four comprehensive field-visit cases elaborate international Border Agency Cooperation activities in the OIC countries: Uganda, Abu Dhabi (as a part of the United Arab Emirates), Malaysia and Albania. The remaining cases illustrate innovative international Border Agency Cooperation activities in three non-OIC countries worldwide. To ensure high quality of research findings and recommendations, several external experts have reviewed the research done for this report.

Our research findings strongly suggest that international Border Agency Cooperation has already had a substantial positive impact on trade facilitation worldwide. Thanks to the ongoing efforts border control agencies are realising many benefits of inter-agency and international cooperation on border management matters. However, the research discovered several innovative activities that have not yet been exploited to there fullest potential, especially in the less developed parts of the world and the OIC community.

For example, One-Stop Border Posts (OSBPs) seem a promising solution for facilitating cross-border traffic at a local level between two neighbouring countries. Investments in training and education are suitable ways for increasing general awareness of the benefits of Border Agency Cooperation. Pursuing regional recognition of border controls (e.g., aviation security) and trusted trade programs (e.g., Authorised Economic Operators) and developing regional harmonisation of trade regulations were found to be the most powerful tools for advanced economies to pursue trade facilitation. Also the establishment of common e-customs declaration systems and legal frameworks were found to be promising ways to strengthen Border Agency Cooperation at the regional level.

There are several ongoing international Border Agency Cooperation initiatives. The international cooperation takes place at the bilateral, regional, and global levels. The research suggests that the regional (multi-lateral) cooperation has the biggest trade facilitation potential, over ad hoc bilateral arrangements and rather generic global initiatives. In any case, there is no best solution for promoting international Border Agency Cooperation: any national or regional strategy for BAC should consider the special characteristics and needs of the target contexts.

1. INTRODUCTION

1.1. Basic concepts

1.1.1. Border Agency Cooperation in trade facilitation

Trade facilitation is about removing and lowering non-tariff barriers to trade via simplification and harmonisation of formalities and procedures and includes the related exchange of information and documents between the various partners in the supply chain.[1] The overall goal of trade facilitation is to make cross-border trade faster, cheaper and more predictable while ensuring adequate compliance and regulatory control over the traffic. The concept of trade facilitation is broad and offers many interpretations, but in essence the trade facilitation philosophy rests on four principles – transparency, simplification, harmonisation and standardisation – that UNECE calls pillars of trade facilitation. These four pillars call for "full cooperation among government agencies that have an interest to monitor and control cross-border trade and travel".[2]

One key objective within trade facilitation is to make cross-border trade faster, cheaper and more predictable while ensuring adequate compliance and regulatory control over the traffic Border Agency Cooperation (BAC) is a key element in achieving this aim. The essence of BAC in trade facilitation has been translated into a series of collaborative policies, initiatives and projects. This does not mean that cooperation should be considered as a panacea for achieving high levels of facilitation and control simultaneously. It is rather a way of seeing efficient and effective border management as a common mission across all border control agencies, despite agency-level priorities and responsibilities. A cooperative mindset leads to agreements on common goals and commitment of various border control agencies to work together towards them.

The key thematic areas of Border Agency Cooperation include policy, process, people, technology, infrastructure and facilities.[3] UNECE argues that advancing BAC requires efforts at many fronts: legal reforms to create a clear and transparent legal framework; organisation to understand specific needs of different stakeholders; technology to enable electronic exchange of information; processes to make government and business processes more compatible; and people to train key personnel to implement the envisioned changes.[4] The figure below illustrates the key differences between an uncoordinated and coordinated approach to border management.

Figure 1. Differences between uncoordinated and coordinated border management

Uncoordinated	Coordinated
• Little or No communication	• Smooth flow of information
• Duplicative controls	• Streamlined controls
• Conflicting requirements	• Clarity in requirements
• Separate functional silos	• Cross-functional collaboration

Source: WCO 2014

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[1] Trade Facilitation Implementation Guide. http://tfig.unece.org/details.html (accessed 19 April 2016)
[2] Trade Facilitation Implementation Guide. http://tfig.unece.org/details.html (accessed 19 April 2016)
[3] Doyle, 2010
[4] Trade Facilitation Implementation Guide. http://tfig.unece.org/details.html (accessed 19 April 2016).

There is no standard definition of BAC, and the concept is in fact known by many headings as shown in Table below. The World Customs Organization talks about Coordinated Border Management (CBM), the European Union about Integrated Border Management (IBM), the World Bank about Collaborative Border Management (CBM) and the Organization for Security and Cooperation in Europe (OSCE) about Comprehensive Border Management (CBM). Common to all approaches is that they seek to coordinate activities across a range of border control agencies.[5] They might slightly differ in terms of scope and priorities, but these approaches align with the notion of Border Agency Cooperation, a term used in the WTO's Trade Facilitation Agreement.[6]

Table 1. Concepts similar to Border Agency Cooperation

Concept	Definition	Source
Coordinated Border Management (CBM)	"A coordinated approach by border control agencies, both domestic and international, in the context of seeking greater efficiencies over managing trade and trade flows, while maintaining a balance with compliance requirements."	WCO 2014
Integrated Border Management (IBM)	"Covers co-ordination and co-operation among the relevant authorities and agencies involved in border security and trade facilitation to establish effective, efficient and integrated border management systems, in order to reach the common goal of open but controlled and secure borders"	European Commission 2007
Collaborative Border Management (CBM)	"In collaborative border management a virtual border encompasses the entire transport and supply chain, assessing goods and passengers for admissibility and clearance in advance of arriving at the physical border. Border management agencies work together, sharing information. As they gather, collate, and share more data, a complete view of risks and opportunities emerges, encouraging a knowledge sharing culture and a border management strategy built on proactive decisionmaking."	McLinden et al. (2011) / World Bank
Comprehensive Border Management (CBM)	"OSCE uses the term Comprehensive Border Management, which does not embrace the totalities of either Integrated or Coordinated Border Management, although it does contain elements of both as they apply to all 56 participating States."	OSCE 2012

Source: WCO 2014, European Commission 2007, World Bank 2011, OSCE 2012

While BAC can take place at three levels, intra-agency, inter-agency and international, as will be discussed in chapter 1.2.2, the main focus of this report is on the last one, international BAC (iBAC).

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5 Polner, 2011
6 WTO TFA Article 8 on Border Agency Cooperation (BAC) -
https://www.wto.org/english/thewto_e/minist_e/mc9_e/desci36_e.htm (accessed 29 August2016).

1.1.2. Border control tasks and agencies

Regarding the tasks carried out at the border, the WCO's Revised Kyoto Convention defines customs formalities as "all the operations which must be carried out by the persons concerned and by the customs in order to comply with the customs law." The convention continues that customs law refers to customs related "statutory and regulative requirements relating to importation, exportation, movement or storage of goods, the administration and enforcement." Most developed and many emerging countries subscribe to the RKC, customs being the main agency with authority to control the importation and exportation of goods in any given country. However, other government agencies also have an interest in controlling trade operations, as will be outlined below.

In international trade, cross-border cargo goods movements are subject to basic customs procedures, regarding imports, transit and exports. Calculation and collection of customs duties and taxes typically cover all trade commodities, while there are many commodities that are subject to one or more special regulatory requirements (e.g. licensing), that come from outside the customs law. In fact, the list of special regulatory requirements that go beyond a typical customs law is rather long. Companies trading in hazardous goods, for instance, must comply with transport safety and security requirements that customs and other border control agencies enforce. Pharmaceutical imports must comply with safety requirements and laws protecting intellectual property (IP). Food and agricultural products may be subject to quality controls and certificates. Moreover, animal and plant species and related by-products are subject to phytosanitary and biosecurity controls that protect local environment and agriculture from unwanted organisms. Products and commodities that have military use in addition to civil use - so called dual-use goods - are subject to special export requirements. Also, clothes and toys must comply with (national) product safety requirements.

While the tasks performed at the border tend to be relatively generic, different countries vary in terms of how they have organised their border control. Many government agencies have an interest to monitor and control cross-border trade and travel. In most countries, customs administration is the primary, leading agency at the border. Other important agencies that are oftentimes present at the border include border guard and immigration agency. Besides these usual border control agencies, a broad array of other government agencies is responsible for regulatory control, law enforcement or other activities at borders. Many countries, for instance, have a specialised regulatory body to ensure that imported pharmaceuticals comply with safety and quality standards and do not violate intellectual property rights. These regulatory agencies belong to a broad range of ministries that manage their special policy areas, and include the ministries of agriculture, defence, finance, health, transport, environment, interior and foreign affairs.

According to a recent study, typical areas of customs-border guard inter-agency cooperation can include strategic planning, communication and information exchange, coordination of workflow of border crossing points, risk analysis, criminal investigations, joint operations, control outside border control points, mobile units, contingency and emergency, infrastructure and equipment sharing, and training and human resource management.[7] Furthermore, it is not uncommon that responsibilities of various border control agencies overlap to some extent.

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[7] CSD, 2011

Table below presents a set of common tasks – derived from the literature - performed at the border and the authority that is typically mandated with the role to perform the task in question. Furthermore, Annex A presents a more comprehensive and detailed list of border control tasks.[8]

Table 2. Typical tasks and responsibilities of border control agencies

Task	Typically responsible authority
Collection of taxes, duties and excise	Customs, taxation, treasury, energy (mineral tax)
Control of war material and dual-use goods	Customs and defence agency
Compilation of trade statistics	National statistics bureau and customs
Passport controls	Border guard, customs and police
Immigration	Immigration, foreign affair authorities, customs and police
Product safety	Customs, trading standards and health authorities
Enforcement of intellectual property rights	Customs and trading standards
Fight against drug trafficking	Police and customs
Transport safety	Transport safety authority, customs
Transport security	Transport security authority, customs, police and intelligence service
Control of CITES-products (endangered species)	Environmental authorities and customs
Controls of pests, plant diseases and extraneous species (i.e., phytosanitary controls)	Agriculture authorities and environmental authorities
Animal quarantine	Agriculture authorities and environmental authorities

Source: Table adapted from Poutiainen, M., WCO News 2015, and Aniszewski 2009

1.1.3.   Benefits of international Border Agency Cooperation

Prospective benefits of Border Agency Cooperation explain its increasing popularity at various policy-making arenas. Governments may expect Border Agency Cooperation to enhance tax collection, achieve higher trader compliance, and improve resource efficiency through elimination of duplicated and overlapping activities.[9] Wider exchange of trade information and intelligence between border agencies and across borders would improve accuracy of risk assessment of cargo movements and result in better targeted interventions. There might be benefits of international scale if border control agencies in neighbouring countries invested jointly in common screening equipment, information and communication technologies (ICT) / systems and facilities. Coordinated maintenance and staff training bring further cost savings. Also, if border control agencies coordinated their inspections, streamlined their operations

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[8] As a list produced by CBRA during the study.
[9] Trade Facilitation Implementation Guide. http://tfig.unece.org/details.html (accessed 19 April 2016).

and shared responsibilities both between different agencies and across the borders, there would be less need for staff that inspects cargo, vehicles and people at the borders. Cooperation also often simplifies and clarifies border procedures, and this way it reduces fraudulent and corrupt practices that are often found in opaque and complex trading environments.

In the broader picture, cooperation between border agencies and across borders makes cross-border trading faster, cheaper and more predictable (time- and cost-wise) – a significant trade facilitation benefit with positive implications to export-driven economic growth. Transparent and accountable government also helps attract direct foreign investments, a major incentive for developing countries to engage in BAC.[10] Higher throughput of border crossings also reduces pressure on infrastructure, especially on congested waiting areas at borders.

The extended cooperation across borders benefits particularly the trading community. In the globalising economy, many companies have adopted just-in-time manufacturing and synchronised logistics on international scale, as well as global sourcing strategies. Common to these management strategies is that they call for fast and predictable cross-border logistics and transport. For this reason, many trading companies are putting pressure on government agencies, which play a role in facilitating the cross-border trade – to provide fast, predictable and simple public services at borders.[11] Besides the shorter waiting times at borders[12], simplified border formalities save time and money that trading companies must spend to ensure their compliance with regulatory requirements. This benefits especially small and medium-sized enterprises (SMEs) that may be discouraged to export due to complicated regulatory requirements and customs formalities. BAC removes disincentives of these SMEs to expand their sales internationally, with obvious impact on the economic development worldwide.

Trade facilitation and border agency cooperation activities hold a huge potential in emerging and developing economies. According to McLinden, who refers to the World Bank's Doing Business data, "it takes three times as many days, nearly twice as many documents, and six times as many signatures to import goods in poor countries than it does in rich ones."[13] USAID reports that there are up to ten border control agencies operating at certain border posts in East-Africa, each agency conducting their own inspections and levying their own charges on the cross-border traffic.[14] Tan generalises that 40% of delay time in international supply chains can be attributed to administrative burden caused by paper-based documents and uncoordinated inspections.[15] Numerous further examples exist in trade facilitation literature, making the "baseline trade facilitation business case" a positive one.

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[10] Doyle, 2010
[11] Accenture, 2006
[12] Border Agency Cooperation often expedites border crossings of cargo and people. Reduction of waiting time is a rather important goal because each extra day to imported or exported goods wait at border decrease trade by around 4.5% (OECD 2011).
[13] McLinden, 2012
[14] USAID, 2012
[15] Tan, 2015

1.2. Conceptual framework on Border Agency Cooperation

1.2.1. Overview

The conceptual framework presented in this section captures the essential dimensions of Border Agency Cooperation: three levels of collaboration, four areas of integration and four objects for sharing. This framework helps the customs and other border agency communities to see all the main levels of Border Agency Cooperation (BAC) – so that they can move from isolated coexistence towards more active cooperation at the borders. Higher levels of cooperation are likely to simultaneously translate into higher levels of trade facilitation, control over cross-border cargo flows and resource efficiency.

Figure 2. CBRA conceptual framework for Border Agency Cooperation

Männistö, T., and Hintsa J., Theory of Border Agency Cooperation, CBRA working paper, 2015, Lausanne, Switzerland.

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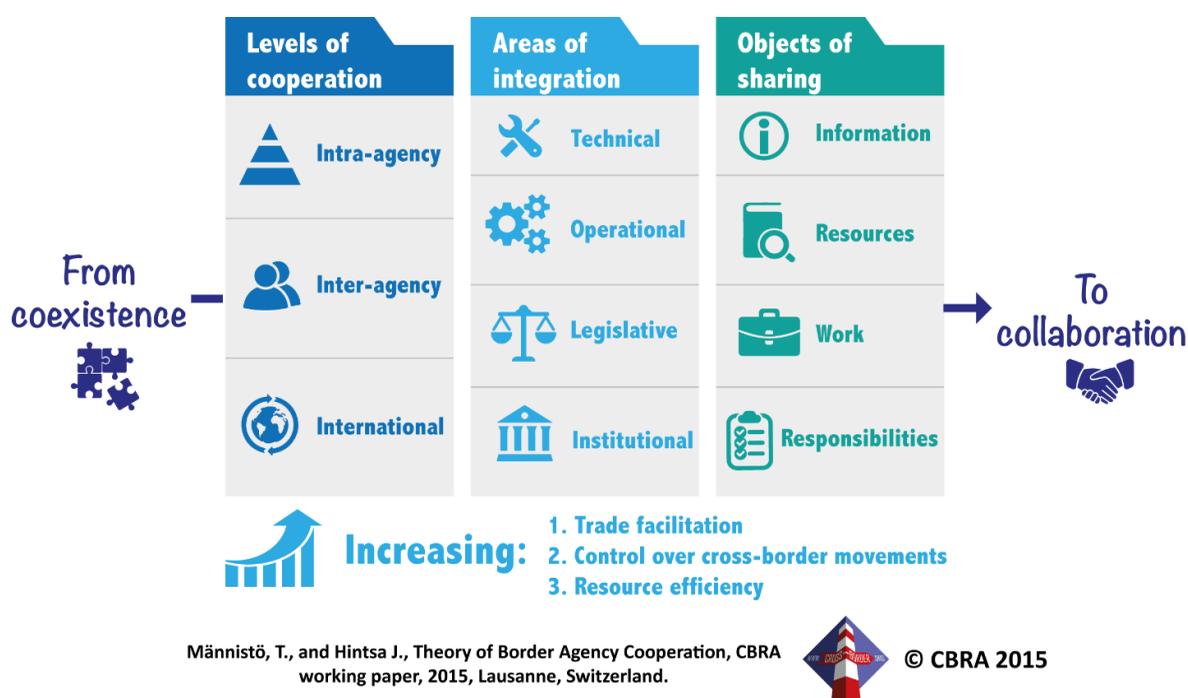
Source: Männistö, T., and Hintsa J., 2015; inspired by Polner, 2011 and by Institute of Policy Studies, 2008

1.2.2. Levels of cooperation

Intra-agency cooperation is about aligning goals and work within one organisation, either horizontally between departments or vertically between headquarters and local branches, in particular border-crossing posts.

Inter-agency cooperation, at the operational level, concerns relationships among a broad range of border agencies that play a role in controlling cross-border trade and travel. Governmental inter-agency cooperation occurs between border control agencies and

ministries and policy making bodies that are responsible for oversight and financing of border management activities.

International cooperation may take place locally at both sides of a border. One-Stop Border Posts (OSBPs) are border crossings managed jointly by two neighboring countries and key examples of such cooperation.[16][17]

1.2.3. Areas of integration

Technical integration often entails improving connectivity and interoperability of information and communication technology systems within and across organisations. Single Window solutions are typical outcomes of technical cooperation as they enable automatic exchange of electronic trade information among border control agencies. The UN Centre for Trade Facilitation and Electronic Business, UN/CEFACT, is an important international organisation helping to build connectivity across countries and between business and governmental stakeholders. UN/CEFACT, for instance, develops and maintains globally recognised standards for EDI messages[18].

Operational integration is largely about coordination of inspection and auditing activities among border control agencies. Benefits of synchronised activities are evident: organising necessary controls at one place and at the same time reduces delays and administrative burden that trading companies and travellers face at borders. A simple and powerful example of operational integration is coordination of opening hours and days of customs offices at both sides of a border. Operational integration also covers provision of mutual administrative assistance, joint criminal investigations and prosecution, and sharing of customs intelligence and other information.

Legislative integration seeks to remove legal barriers and ambiguities that prevent border control agencies from exchanging information, sharing responsibilities or otherwise deepening their cooperation. Essentially, most forms of Border Agency Coordination require some degree of legislative harmonisation and political commitment. For example, Article 8 of the WTO/TFA to the WTO Members requires that national authorities and agencies responsible for border controls and dealing with the importation, exportation and transit of goods must cooperate with one another and coordinate their activities in order to facilitate trade.

Institutional integration is about restructuring the roles and responsibilities of border control agencies. An example of a major restructuring is the annexing of US border control agencies – including the US Customs and Border Protection, Transportation Security Administration and Coast Guard – into the Department of Homeland Security, DHS, a body that took over the key governmental functions involved in the US non-military counter-terrorism efforts in the aftermath of the September 11th, 2001 terrorist attacks.

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[16] We will elaborate on such cross-border arrangements in Chapter 2 of this report.
[17] While all three levels of BAC are important, the focus of this report is on the international BAC (iBAC)
[18] EDI stands for electronic data interface, the computer-to-computer exchange of business documents in a standard electronic format.

1.2.4. Objects of sharing

Sharing of information – data, knowledge and intelligence – reduces duplicate work (e.g., sharing of audit findings), enables operational coordination (e.g., synchronised border controls) and facilitates development of common agenda for future border agency coordination. At the global level, the WCO's Customs Enforcement Network CEN is an example of a trusted communication system for exchanging information and intelligence – especially criminal modi operandi and seizure records – between customs officials worldwide. Another WCO initiative, the Globally Networked Customs, analyses potential to further "rationalise, harmonise and standardise the secure and efficient exchange of information between WCO Members".[19]

Resource sharing involves multi-agency joint investments in equipment, facilities, IT systems, databases, expertise and other common resources. The joint investment activities are likely to result in higher resource utilisation and bulk purchasing discounts. For example, national and regional Single Window solutions are often outcomes of joint development and investment activities of various government agencies.

Sharing of work is mostly about rationalisation of overlapping border control activities, controls and formalities. If two border control agencies, for instance, agree to recognise each other's controls, there is no need to control the same shipment / goods more than once. Combining forces to investigate and prosecute crime can also help border control agencies to use their limited resources more efficiently.

Sharing of responsibilities is about coordinating and streamlining administrative and control tasks among border control agencies. Norway sets a good example of sharing the responsibilities. The Norwegian customs represents all other border control agencies - except the veterinary office - at the frontier. Customs officers are responsible for routine border formalities, and they summon representatives of other border control agencies as and when the officers need assistance. Internationally, the Norwegian customs cooperates closely with Swedish and Finnish border control authorities at the Northern Scandinavian border posts. Bilateral agreements between its neighbours allow Norwegian customs officers' authority to perform most customs checks and formalities for and on behalf of their Swedish and Finnish colleagues. The coordination decreases border-crossing times and lowers administrative costs for trading companies and the border control agencies in the three countries.

1.3. Model of BAC 15 key activities

1.3.1. Overview

Building further from the Conceptual Framework for Border Agency Cooperation (as in the previous sub-chapter), next 15 key activities are presented to perform Border Agency Cooperation in practice. In Figure below these 15 activities are illustrated in a circle-diagram, which is cut to three sectors: on the left side, the supply chain companies are the primary beneficiaries of BAC actions; on the right side, the government agencies form the primary beneficiary group; and on the bottom area, both supply chain companies as well as government agencies benefit from BAC actions. Each of these three sectors contains five

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[19] WCO, 2015

examples of concrete border agency cooperation actions, explained below by using real examples, whenever available in the literature or by expert suggestions. In the centre of the diagram lies a circle with the more generic "smart cross-border improvement actions", applicable to virtually any work in global trade facilitation.

Figure 3. CBRA model on 15 key Border Agency Cooperation activities

Supply chain companies as primary beneficiary

Government agencies as primary beneficiary

Both parties benefit

- Synchronized border interventions & inspections
- Harmonized ´trusted trader´ & other certification programs
- Harmonized data filing requirements
- Coordinated company visits & audits
- Harmonized operating hours

- Sharing of agency intelligence, information & data
- Joint investments in common resource pools (equipment, facilities etc.)
- Collaborative criminal investigations & prosecutions
- Joint teams
- Joint operations

Overall simplification, harmonization, interoperability, synchronization, transparency and predictability of cross-border regulations, procedures, IT-systems & data

- 'Single window' –type import/ export/ transit data submissions and processing
- Joint public-private partnership arrangements, training sessions etc.
- Common risk indicators, risk profiles & targeting systems
- Cross-training & empowering manpower
- Mutual recognition of supply chain inspections

Hintsa J., Key Actions and Beneficiaries in Border Agency Cooperation, Chemical Security Program Workshop, Istanbul, Turkey, 14-17 December 2015

© CBRA 2015

Source: Hintsa, J, (2015)

To start with, the centre circle of the CBRA-BAC15 diagram highlights the basic, classical principles of trade facilitation – naturally in the context of multiple agencies dealing with cross-border regulations, procedures, IT-systems and data requirements:

- **Simplification & Harmonisation**: agencies work together with the first aim to streamline certification requirements and procedures, to minimise the number of data elements required from traders etc.; and with the second aim to unify the rules and requirements facing supply chain companies.
- **Interoperability & Synchronisation:** agencies invest in improving interoperability between their inspection technologies, IT-systems etc.; they also work together to better synchronise their supervision and control processes, particularly for the benefit of supply chain companies.
- **Transparency & Predictability:** agencies keep each other well informed of their current regulations, procedures, operations etc., as well as planned future changes – such proactive approach helps to minimise surprises and related hassles.

1.3.2. BAC activities with supply chain companies as the primary beneficiaries

The following five BAC activities can bring immediate benefits to the companies operating in supply chains, in terms of saving administrative costs and speeding up the supply chain – in particular less work dealing with various certifications and audit visits, less variation and IT costs with import/export data filing and less waiting times at the borders.

Harmonised ´trusted trader´ & other certification programs: In the European Union, the European Commission´s implementing regulation (No. 889/2014) updates the references to the aviation security legislation in force, including recognition of the Known Consignor (KC) status and its relevance to Authorised Economic Operator (AEO) [20], and framing the scope of recognition of the common requirements between the respective programs.

Coordinated company visits & audits: Closely linked to the previous BAC-action, in the Netherlands, the Dutch Customs executes joint audits on AEO security (customs) and known consignor/regulated agent (air cargo) with the Dutch Immigration and air-police agency – during the application phase, as well as during periodical audits.

Harmonised data filing requirements: Despite a global, harmonised data model on harmonised tariff codes and standards on clearance procedures, there are many differences in operational import, export and transit procedures and information requirements between countries. This results in additional complexity of IT systems for globally operating traders and logistic service providers. An example is the pre-arrival security declarations, where harmonisation would be most useful for example between the Importer Security Filing, "10+2" in the US and the Entry Summary Declaration in Europe - Multiple Filing, supported by Standard Trader Interface, under development within the Union Customs Code (UCC).

Synchronised border interventions & inspections: Article 4 of the Greater Mekong Sub-region Cross Border Transport Agreement on Facilitation of Border Crossing Formalities calls upon the contracting parties to progressively adopt measures to simplify and expedite border formalities by carrying out joint and simultaneous inspection of goods and people by respective competent authorities of agencies such as customs, immigration, trade, agriculture,

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[20] The AEO concept is based on the Customs-to-Business partnership introduced by the World Customs Organisation (WCO). Traders who voluntarily meet a wide range of criteria work in close cooperation with customs authorities to assure the common objective of supply chain security and are entitled to enjoy benefits (as defined in their national and/or regional regulations)   -   http://ec.europa.eu/taxation_customs/general-information-customs/customs-security/authorised-economic-operator-aeo/authorised-economic-operator-aeo_en (accessed 31 August 2016)

and health. It further provides for single-stop inspection and urges the national authorities of adjacent countries to carry out joint and simultaneous inspections.

Harmonised operating hours: This applies particularly in the context of two neighboring country customs offices – having same opening hours across the border helps to maximise the daily throughput volumes. As Article 8 of the World Trade Organization´s Trade Facilitation Agreement puts it, "Each Member shall, to the extent possible and practicable, cooperate on mutually agreed terms with other Members with whom it shares a common border with a view to coordinating procedures at border crossings to facilitate cross-border trade. Such cooperation and coordination may include: … alignment of working days and hours … ". In addition, in the ASEAN region, Article 7 of the ASEAN Framework Agreement on the Facilitation of Goods in Transit urges the contracting parties to "coordinate working hours of the adjacent border posts".

1.3.3. BAC activities with government agencies as the primary beneficiary

The following five BAC actions can provide instant benefits for the cooperating government agencies, in terms of cost savings and improved efficiency – or, in other words, "identifying more violations and catching more bad guys with less total spending".

Sharing of agency intelligence, information & data: Customs Mutual Assistance Agreements (CMAAS), signed bilaterally by Canada Border Services Agency (CBSA) and eight counterparties during years 1979-2010 (European Community, France, Germany, Mexico, the Netherlands, South Africa, South Korea and the United States) provide Canada with a legal basis to share customs information to prevent, investigate and combat customs offences, particularly customs fraud, and to provide reciprocal mutual assistance to ensure the proper application of customs laws. Under CMAAs Canada may share customs information pertaining to: persons, goods and means of transport; activities planned, on-going, or completed, that constitute or appear to constitute a customs offence in the territory of the country requesting the data; proven law enforcement techniques; new and emerging trends, means or methods of committing customs offences; and facilitation of risk assessment activities, within the mandate and authority of the CBSA.

Joint investments in common resource pools (equipment, facilities etc.): In Finland the Customs Administration and the Border Guard share common premises and equipment. Each authority has a designated role in the servicing and maintenance of the equipment. X-ray machines are largely the responsibility of Customs. Road-testing equipment, such as lorry brake-testing pads, is also maintained by Customs. All equipment can be shared and operated by each agency upon request. Thus, although the equipment belongs to one agency, it can be easily relocated to the other agency, enabling smoother processing of the workflow without unnecessary and lengthy administrative procedures, thereby reducing costs.

Joint teams: In the Netherlands, "HARC" - Hit and Run Cargo Rotterdam team, is a joint operation of Dutch Maritime Police, Dutch Customs, the Fiscal and Economic Crime Agency and the Ministry of Justice collaborating operationally in narcotics enforcement. Joint teams differ from joint operations below by being a long-term or permanent set-up, while joint operations are carried out on an ad-hoc basis.

Joint operations: Joint operation Meerkat, (23-27 July 2012) involving the World Customs Organization and INTERPOL against the illicit trafficking of cigarettes, tobacco and alcohol in East and Southern Africa resulted in the seizure of tons of illicitly traded products in seven countries. Operation Meerkat saw Customs and police authorities carry out some 40 raids at seaports, inland border crossing points, markets and shops in Angola, Kenya, Mozambique, Namibia, South Africa, Tanzania and Zimbabwe. More than 32 million cigarettes – equivalent to 1.6 million packets, 134 tons of raw tobacco and almost 3,000 litres of alcohol were seized, resulting in national authorities initiating a number of administrative investigations into tax evasion and other potential criminal offences.

Collaborative criminal investigations & prosecutions: In the United States, the Border Enforcement Security Task Force (BEST) units gather officers from more than 100 different law enforcement agencies under one roof. The objective is to identify, investigate, disrupt and dismantle transnational organisations posing the greatest threat to border security, public safety and national security. To achieve that objective, the full range of federal, state, local, tribal and international law enforcement resources is employed. Over the years, the BEST has become a successful interagency law enforcement collaboration model that's keeping the US safer.

1.3.4. BAC activities with supply chain companies as well as government agencies as beneficiaries

The final five BAC actions can bring instant benefits to all parties in cross-border supply chains, in terms of lowering costs and improving performance – both from the perspective of supply chain companies as well as that of governmental agencies.

'Single window' -type import/ export/ transit data submissions: In the Netherlands, the authorities have designed government's 'electronic post office' for businesses, called Digipoort. It provides the communication infrastructure for the exchange of digital information between companies and government authorities. Digipoort enables companies to submit import and export information at a single entry point aimed at multiple government authorities.

Common risk indicators, risk profiles & targeting systems: In Finland, common databases are linked to the different agencies' operational and risk management databases, leading to a common approach when a 'signal' is recorded. Some control and enforcement officers have access to each other's systems on a need-to-know basis, with levels of restricted access determined by rank and functional responsibility.

Mutual recognition of supply chain inspection procedures & outcomes: As part of the European Union funded research and development project, FP7-CORE[21], the phytosanitary and customs administrations in Kenya and the Netherlands are working towards mutual recognition of controls carried out by Kenyan authorities, as well as the exploitation of digital phytosanitary certificates and other trade documents, between the two countries. Outside of the research and development projects (like FP7-CORE), mutual recognitions (MR) of customs inspections are being explored for example in the context of EU MR Agreements, for example with Japan.

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[21] http://www.coreproject.eu/

Cross-training and empowering manpower: In Finland, Customs officers have been trained by the Border Guard to inspect identification documents and visas, among other procedures. Border guards have, in turn, received basic Customs training, which includes the search of vehicles and the recognition of prohibited and restricted goods, such as drugs, alcohol, and counterfeit items.

Joint public-private partnership arrangements, training sessions etc.: In 2011 in Hong Kong, the Customs and Excise Department established a Joint Liaison Group with the representatives of shippers, freight forwarders and truck drivers for exchanging operational views and comments on the Road Cargo System "ROCARS". Moreover, Customs also launched an extensive publicity program and established outreach teams to assist the industry stakeholders to get used to the ROCARS. The following other government departments are listed on the ROCARS web-site at www.rocars.gov.hk: Commerce and Economic Development Bureau, Census and Statistics Department, and Transport Department.

1.4. One-Stop Border Posts

A One-Stop Border Post (OSBP) is "where persons, vehicles and goods make a single stop to exit one country and enter another." In other words, it can be described as an arrangement where neighbouring countries coordinate import, export and transit procedures, so that traders need not duplicate regulatory formalities on both sides of a border. The implementation of OSBP commonly includes the simplification of documents and procedures and greater use of ICT.[22][23]

Broadly speaking, OSBPs are of two types. In the first case, two separate border stations are located side by side and are treated as one geographical entity. In the second case, the border stations of both countries are consolidated into one unit and there are efforts to integrate the processes to the fullest extent. Joint facilities enable economies of scale, enhanced cooperation, simplified formalities, improved control over fraud, and informal data and intelligence exchanges. Importantly, joint infrastructures and operations avoid long border waiting times, reflecting positive economic implications.

Recent years have demonstrated an emerging international standard for bilateral or multilateral agreements for OSBP facilities, usually comprising:
- the establishment in the immediate vicinity of the borderline, whenever possible,
- symmetrical arrangement, with one-way facilities in each country,
- all checks in the destination country,
- a common control area where officials of both countries conduct checks, along with exclusive control areas for each country.

Joint border facilities can benefit most from the sharing of equipment and data, such as 1) the use of scanners; 2) following the same control procedures and mutually recognising the results of controls; and 3) exchanging electronic data on transit procedures and customs declarations, and possibly immigration data, all in real time.

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[22] McLinden, G., Fanta, E., Widdowson, D. and Doyle, T. (eds) (2011), *Border Management Modernization*. World Bank
[23] http://www.gtkp.com/themepage.php&themepgid=252 (accessed 29 August 2016).

Joint operations can be encouraged in five different ways. First, documents for customs declarations may be processed by customs officials of both countries working side by side. When one country has finished processing an international document, such as a transit form, it can be passed to the foreign counterpart without the driver or import agent having to lodge it again somewhere new. Second, the interface between the two customs computer systems can be used to send messages closing export files, logging reliable and standardised data into the declaration processing system of the destination country, and logging the transaction.[24] Third, immigration officers could sit in the same booth and process the same passport information in a collaborative and seamless manner. Fourth, customs officers from both countries can jointly process all fast-track commercial traffic, such as empty trucks, in a single booth. Fifth, in the case of road administrations at the border, some controls can be carried out jointly (e.g. weighing).

The idea of joint inspections has increasingly found a place in discussions between customs authorities from neighbouring countries with the objectives of saving time, avoiding fraud, creating synergy between the two agencies, reducing parking space requirements, and possibly storing temporarily unloaded goods under verification and thereby driving down transaction costs of moving people and goods across borders.

Norway, Finland and Sweden

The cooperation between these three countries is built on the division of labour, where the national border authorities of each country are allowed to provide services and exercise the legal powers of their home country and the neighbouring countries. For instance, when goods are exported from Norway, all paperwork related to both exports and imports may be attended by either Swedish, Finnish or Norwegian customs officers.[25]

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[24] This includes establishing the precise time when the virtual border was crossed and the goods handed over from one country to the other.
[25] Norwegian Customs, 2011

2. INTERNATIONAL LEGAL FRAMEWORKS AND GLOBAL TRENDS IN iBAC

In this chapter we first present the international legal framework relevant for BAC and international BAC specifically. We will then discuss the current global trends in international BAC through three illustrative case studies from different parts of the world: Mexico – the United States, Zambia – Zimbabwe and Vietnam – Laos.

2.1. International legal framework for BAC

There are a number of key conventions and agreements that form the international legal framework for BAC. Among the major ones are the World Trade Organization (WTO) Agreements, the World Customs Organization's (WCO) Revised Kyoto Convention (RKC) and SAFE Framework of Standards, as well as the United Nations Economic Commission for Europe (UNECE) International Convention on the Harmonization of Frontier Controls of Goods. These and other key conventions and agreements are introduced below. OIC member states are members of a number of them. Annex C presents a table giving a complete picture of each OIC member state's membership for each convention and agreement.

2.1.1. World Trade Organization, WTO

World Trade Organization Agreement on Trade Facilitation

The WTO Agreement on Trade Facilitation (TFA) was concluded in 2013 and is considered the first major agreement among WTO members since its inception in 1995. The overarching objective of this seminal agreement is to increase cooperation between customs and other public authorities and to expedite the movement, release and clearance of goods. It also sets requirements for increasing cooperation between customs and other public authorities on trade facilitation and customs compliance issues. In addition, the agreement contains provisions for technical assistance and capacity building for trade facilitation and customs compliance, especially in developing countries.

Border agency cooperation is a key commitment included in the WTO Agreement on Trade Facilitation (WTO/TFA) of 2014. According to Article 8 of the WTO/TFA, WTO members are required to "ensure that national authorities and agencies responsible for border controls and dealing with the importation, exportation and transit of goods cooperate with one another and coordinate their activities to facilitate trade." It also specifies that "Members shall, to the extent possible and practicable, cooperate with other Members with whom they share a common border with a view to coordinating procedures at border crossings." Article 8 refers to cooperation between WTO members with examples such as alignment of working days and hours, alignment of procedures and formalities, development and sharing of common facilities, joint controls, and the establishment of one-stop border post controls.[26]

WTO Valuation Agreement

The WTO Valuation Agreement is a key enabler for international BAC when agencies operating at the border can follow a harmonised system that is already available. It lays down the rules

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[26] https://www.wto.org/english/thewto_e/minist_e/mc9_e/desci36_e.htm

on establishing the value of goods for the assessment of customs duties and taxes applicable during import.

2.1.2. World Customs Organization, WCO

The WCO has 180 members and almost all OIC member states have acceded to the organisation. The WCO covers a number of conventions, tools, standards and instruments that are relevant to BAC. One of the main tenets of these standards is to establish cooperative mechanisms between customs administrations to develop plans and processes that ensure trade continuity in the event of a disruption and outline explicit guidance on the use of technology and adherence to procedures stated in other relevant international standards.

Revised Kyoto Convention

The International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention) entered into force in 1974. A revised version of the Kyoto Convention (RKC) was adopted in June 1999 and entered into force in 2006. The RKC has 103 contracting parties, of which 30 constitute OIC member states. It is one of the major international instruments developed by the WCO providing for the simplification, harmonisation and modernisation of customs procedures. It sets global standards for modern and efficient customs procedures for facilitating international trade. Box below highlights those basic principles of RKC that are relevant for BAC.

Chapter 3 of the RKC General Annex provides standards that link directly to BAC:
- For instance, Standard 3.1 recommends that the location of the offices and the opening hours of the customs offices and other cross border regulatory agencies should follow a holistic approach and facilitate the processing of goods.
- Standard 3.11 reinforces this holistic approach by advising the paper format of the Goods Declaration to conform to the UN-layout key and the electronically lodged Customs Declaration to follow the Customs Co-operation Council Recommendations on information technology. Conforming to the UN-layout key ensures a certain level of harmonization between customs and other cross border regulatory agencies and across customs administrations in different countries.
- According to Standard 3.35 if the goods are to be inspected by the competent authorities as well as customs, then it is customs' responsibility to ensure that the inspections are well coordinated and if possible, conducted at the same time.
- Standard 3.3 explicitly states that customs offices located at a common border crossing should align their operating hours and competences.
- Standard 3.4 recommends joint controls for customs agencies at common border crossings.
- According to Standard 3.5 customs should cooperate with neighboring customs to establish a juxtaposed customs office and facilitate joint border controls instead of setting up a new customs office.

RKC Chapter 6 refers to the need to establish formal agreements with foreign customs agencies:
- For instance, concluding mutual administrative assistance agreements with other customs authorities is indicated in Standard 6.7 and cooperating with the trading community to establish Memoranda of Understanding is provided in Standard 6.8.
- These standards are designed to ensure inter-agency as well as cross-border agency cooperation and to enhance customs control.

The Harmonized Systems Convention

The Harmonized Commodity Description and Coding System, commonly known as the Harmonized System (HS), is an internationally standardised product nomenclature developed by the WCO to classify traded products. The HS Convention aimed at facilitating international trade and information exchange by harmonising the description, classification and coding of goods. As of June 2015, around 207 countries, territories and economic or customs unions used HS and over 90% of the internationally traded merchandise was classified under this system. Most of the OIC members (all except Iraq, Palestine and Somalia) are either contracting parties or applicants to the convention.

WCO SAFE Framework of Standards

The SAFE Framework of Standards (SAFE FoS) is a suite of best security practices for customs administrations worldwide and is highly relevant to BAC. The overall objective of this instrument is to enhance supply chain security and facilitation standards in the international trade of goods It facilitates an integrated approach in the supply chain management for all modes of transport, improves networking between customs authorities to enhance capabilities in the detection of high-risk shipments, and promotes cooperation between customs and the business sector through the Authorized Economic Operator (AEO) concept – all this with the ultimate aim of expediting the seamless movement of goods in secure international supply chains.

Originally, SAFE FoS was built on two pillars of collaboration: customs-to-customs (pillar 1) and customs-to-business (pillar 2). The inter-customs pillar – among several other objectives – strives for the regulatory harmonisation of customs security legislation on advance cargo information. The second pillar of customs-to-business collaboration promotes the AEO concept – the idea that customs would grant trade facilitation benefits for companies that voluntarily implement a set of security standards and controls into their supply chain. In 2015 the WCO Council adopted a third pillar: customs-to-other government agency collaboration, with the overall objective of ensuring that government responses to supply chain security challenges is efficient and effective by avoiding the duplication of requirements and inspections, by streamlining processes, and by setting global standards for the seamless and secure movement of goods.

Mutual Recognition of AEOs

The objective of Mutual Recognition of AEOs is the recognition of the validation findings and AEO authorisations of one customs administration by another. A "Mutual Recognition Agreement" or a "Mutual Recognition Arrangement" (MRA), an official document between customs administrations, lays down the benefits mutually provided to the AEOs and the practical implementation by customs authorities. As a key element to strengthening supply chains, facilitating trade and multiplying benefits for traders, Mutual Recognition of AEO is an important vehicle for BAC. A total of 72 countries around the world have fully developed national AEO programmes, and several countries are in the process of establishing or implementing them. Egypt, Jordan, Morocco, Indonesia, Malaysia, Turkey and Uganda are the OIC members with fully operational national AEO programmes. A number of OIC nations like Tunisia, Bangladesh and Cote d'Ivoire are in the process of developing their AEO programmes, which will be launched in the near future.

The ATA System (ATA and Istanbul Conventions)

The acronym ATA stands for the French words "Admission Temporaire" or "Temporary Admission" in English. It is a system that allows for the temporary tax and duty-free admission of goods into a customs territory, being jointly administered by the WCO and the International Chamber of Commerce (ICC). As of 2013, there was a total of 63 contracting parties to the ATA Convention, of which 11 are OIC member states. In the ATA system the goods are covered by one single document called the ATA carnet, which is secured by an international guarantee chain whereby the business community enjoys considerable simplification of customs formalities. The ATA carnet serves as a goods declaration at export, transit and import, and is currently the business community's most commonly used document for international operations involving the temporary admission of goods.

Interface Public Members

The Interface Public Members (IPM) is an anti-counterfeiting tool developed by the WCO to assist customs and other agencies to scrutinise suspicious products and verify their authenticity, as well as to promote communication. Through this system, users can search for the products by using either the product name or by scanning the barcode found on the product, and receive detailed information about the product, including the product description, packaging and characteristics, and information about real and previously detected examples of fake products. The IPM facilitates BAC as it enables swift communication between various stakeholders.

Customs Enforcement Network

The Customs Enforcement Network (CEN) is a global system developed by the WCO to assist in data gathering and the storage of information at the national level. The CEN is a database for assisting in the use and exchange of information and intelligence. The database contains non-nominal information on customs seizures and violations to facilitate the analysis of illegal flows over a wide range of areas.

Globally Networked Customs

Globally Networked Customs (GNC) is the first of the ten building blocks of customs in the 21st century strategic vision. GNC lays the groundwork for WCO members to apply a common methodology to develop strategic and operational blueprints based on WCO tools and instruments. It is a useful tool for facilitating interconnectedness among customs authorities through the exchange of information. The GNC concept is comprised of the legal toolkit, the Utility Block and the Proof-of-Concept.

WCO Data Model

The WCO Data Model consists of a set of carefully selected items of information that are standardised and organised in order to minimise trading efforts and costs. They are intended to meet the procedural and legal needs of various border agencies controlling export, import and transit transactions. The WCO Data Model is of great relevance for BAC in terms of increasing communication and consultation between administrations and establishing interoperability between systems used by different administrations.

The Electronic Single Window

The Electronic Single Window (SW) system is a single point of entry for international traders to submit information to governments. The SW is a critically important tool for BAC as it enables the expedited processing of goods while complying with the law and ensuring national security, which is at the heart of the BAC concept. The submitted documents typically include customs declarations, applications for import/export permits, and other supporting documents like certificates of origin and trading invoices. National SWs have already been established or are in the process of being implemented by the majority of OIC member states and are in the planning stages in a number of other countries.

2.1.3. United Nations treaties

Harmonized Frontiers Controls Convention

The International Convention on the Harmonization of Frontier Controls of Goods is a United Nations Economic Commission for Europe (UNECE) treaty that was concluded in Geneva in 1982 and amended twice in 2008 and 2011. Currently there are 57 parties and 13 signatories in total, The objective of this convention is to facilitate the seamless movement of goods by reducing the number of requirements for completing formalities as well as the number and duration of controls, through the national and cross-border coordination of control procedures and of their practical implementation. Several BAC principles lie at the core of the Harmonization Convention and several provisions make direct references to BAC, including inter-agency and cross-border cooperation. For instance, Article 7 provides for cooperation between adjacent countries and urges the parties to set up joint controls for goods and documents through shared facilities. Moreover, it calls upon adjacent countries to align with each other in terms of timings of operation of frontier posts, control services and related procedures.[27]

TIR Convention

The objective of the TIR Convention is to facilitate international transit operations through simplified customs transit procedures and an international guarantee system. The TIR system rests on five pillars: a common customs document, the TIR carnet, a common guarantee system, the mutual recognition of customs controls, and secured vehicle containers. Only authorised operators can use the TIR system. As of July 2015, the TIR Convention had 69 contracting parties, of which 20 constitute OIC member nations.

2.1.4. International standards on plant and animal health and protection

There are a number of important international standards that provide an area of convergence of standards and equivalence of rules between customs and other agencies relating to plant and animal protection:
- The Agreement on the Application of Sanitary and Phytosanitary Measures, commonly known as the SPS Agreement, sets out the basic rules for food safety and animal and plant health standards.

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[27] Jain, S.R. (2011), "Coordinated border management: the experience of Asia and the Pacific region", *World Customs Journal*, Vol. 6 No. 1. CBM25.

- The International Plant Protection Convention (IPPC) is an international plant health agreement designed for protecting cultivated and wild plants from pests while minimising interventions in the international movement of goods and people. Currently there are 182 contracting parties to the convention, with around 50 of them OIC member states.
- The World Organisation for Animal Health (OIE) is the intergovernmental organisation responsible for protecting animal health worldwide. It serves as a coordinating body for disseminating information on veterinary diseases and develops standards (e.g. *the Terrestrial Code* and *the Aquatic Code*) for the international trade in animals and their products. Currently, in 2016, the organisation has a total of 180 member countries. With the exception of Palestine, all the OIC countries are members of the OIE.
- The Codex Alimentarius, commonly known as the *Food Code*, was jointly developed by the World Health Organization (WHO) and the Food and Agriculture Organization of the United Nations (FAO). It provides a framework of international food standards, guidelines and codes of practice to provide greater assurance to consumers on the safety and quality of food and to ensure fairness in the international food trade. As of mid-2016, the Codex Alimentarius Commission had 188 members.

2.1.5. Bilateral and multilateral arrangements

Customs Mutual Assistance Agreements (CMAAs) are powerful tools for wide-ranging cooperation among customs authorities. The agreements allow for the exchange of information, intelligence, and documents that supports countries in the prevention and investigation of customs violations. As an example, the USA has established CMAAs with more than 50 countries, including some OIC member states such as Algeria, Ghana, Kenya, Morocco, Senegal, Turkey and Azerbaijan.[28]

In recent years, several trusted trader programmes have been established that mark a new era for BAC. For instance, in 2014 the US and Singapore arrived at a mutual recognition deal between their respective customs administrations for trusted trader programmes.[29] As another example, the US and Mexico are currently working towards a Mutual Recognition of Trusted Traders for faster cargo processing.

2.2. Case Mexico – the United States

Highlights:
- *Mexico and the US have a long history of border agency cooperation. The cooperation builds mainly on the NAFTA agreement (1994) and actions taken in the aftermath of the 9/11 terrorist attacks in 2001. Current high-level initiatives include the 21st Century Border Management, the High Level Economic Dialogue, and the Merida Initiative.*
- *Mexican and US border control authorities collaborate in many ways, including joint border patrolling, and training and awareness building.*
- *Reaching agreements over priorities of joint border control activities at the US–Mexican border is one of the main challenges for the future.*

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[28] http://www.cbp.gov/border-security/international-initiatives/international-agreements/cmaa
[29] http://www.joc.com/regulation-policy/customs-regulations/us-customs-regulations/us-singapore-reach-mutual-recognition-deal-trusted-trader-programs_20141202.html

2.2.1. Setting the scene for iBAC

The border between Mexico and the United States is the most frequently crossed boundary in the world, with approximately 350 million crossings and over five million cars and trucks traversing the border annually. The boundary is 3,142 km long and along the border there are ten states, four in the US and six in Mexico (see Figure below).

The border area is of critical economic importance for both. Being Mexico the second largest destination of US goods and services after Canada[30], nearly 500 BUSD worth of goods cross between the countries each year.[31] Approximately 80% of this trade crosses the border via road and rail.[32] In addition, the US imports from Mexico contain as much as 40% US content, which means that the goods often cross the border multiple times in the course of being turned into the final product. Such volumes mean that highly efficient ways of managing the border are compulsory.

Figure 4. The US – Mexican border region

Source: Lee & Wilson, 2014

2.2.2. Tangible iBAC activities

Three key initiatives

The border region between the US and Mexico is an area where both countries have to deal daily with more than 1.0 BUSD worth of bilateral commerce that crosses through their land borders.[33] Because of the amount of goods crossing between both countries, many delays in border producers as well as illicit trade activities take place in the region. In this context, border agency cooperation becomes crucially important because it can provide the proper

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[30] http://consulmex.sre.gob.mx/mcallen/images/stories/2013/commonborder.pdf
[31] http://trade.gov/hled/(accessed 5 June 2016)
[32] www.dhs.gov/news/2016/02/04/us-and-mexican-officials-celebrate-inauguration-port-entry-and-international-bridge (accessed 5 June 2016).
[33] http://consulmex.sre.gob.mx/mcallen/images/stories/2013/commonborder.pdf

tools for joining efforts and resources to achieve objectives from different agencies that work along this border. With this, border officers can facilitate trade, share information, develop response protocols, plan coordinated inspection operations, jointly assess potential threats, and perform any other important tasks that the agencies deem necessary.

The American and Mexican border agencies have cooperated with each other for several decades, while real actions moving towards further integration were developed following two major events: (i) the signing of the North American Free Trade Agreement (NAFTA) in 1994 and (ii) the 9/11 terrorist attacks in 2001. With NAFTA, trade and people flows have increased rapidly, but so have illicit drug trafficking and labour migration. Regarding the 9/11 event, border security with Mexico, Canada and the rest of world became top priority on the US Government agenda. Therefore, new efforts were required in order to facilitate trade without compromising security.

In this scenario, many initiatives related to BAC took place, the most relevant ones being the following three:

- **21st Century Border Management**: the Joint Declaration on 21st Century Border Management between the US and Mexico was signed in 2010. Its main objectives are: (i) enhancing economic competitiveness by expediting lawful trade, while preventing the transit of illegal merchandise between the two countries; (ii) facilitating lawful travel in a manner that also prevents the illegal movement of people between the two countries; (iii) sharing information that enhances secure flows of goods and people; and (iv) disrupting and dismantling transnational criminal organisations and penalising their members and supporters.
- **High Level Economic Dialogue (HLED):** In 2013, President Barack Obama and President Enrique Peña Nieto established the US–Mexico HLED. 'This mechanism will focus on strategic economic and commercial priorities central to promoting economic growth, job creation, and competitiveness. It will reinforce and avoid duplicating existing bilateral dialogues and will provide a flexible theme-based approach to facilitate the elevation of a range of issues, as appropriate.'[34]
- **The Merida Initiative** 'is an unprecedented partnership between the United Stated and Mexico to fight organised crime and associated violence while furthering respect for human rights and the rule of law. Based on principles of common and shared responsibility, mutual trust, and respect for sovereign independence, the two countries' efforts have built confidence that is transforming the bilateral relationship'.[35]

Single entry of trade data and single cargo inspections

The 21st Century Border Management initiative is focused on expediting the process of migration and movement of all goods that pass through the US–Mexican border. Both governments expect to collaborate and coordinate in the pre-screening, clearance and inspection of people, goods and products. The objective is to intercept dangerous individuals, goods and contraband while alleviating congestion. Furthermore, under this initiative, the standardisation of a single entry of trade data is expected (importers and exporters only provide information once), reducing the administrative burden and the cost of trade.

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[34] http://trade.gov/hled/hled_fact_sheet.asp (accessed 5 June 2016)
[35] The Merida Initiative is a partnership between the U.S. and Mexico to fight organized crime and associated violence while furthering respect for human rights and the rule of law. An abstract of this initiative can be accessed by the following link: www.state.gov/j/inl/merida/ (accessed 1 June 2016).)

Under the HLED,[36] both countries have launched cargo pre-inspection pilots at Laredo, Texas International Airport and at the Mesa de Otay, Baja California customs facilities. With this, most of the shipments will be inspected only once in the exporting country, thus reducing the number of inspections, resulting in less waiting time and reduced costs.[37] During 2016, HLED has the priority to continue with the implementation of single cargo manifests in the rail, air and maritime modes of transportation and initiate the development and implementation of the truck single manifest (currently they have two cargo pre-inspection pilots and soon a third will be launched), as well as work towards the mutual recognition of commercial and federal driver's licences and commercial truck inspection standards.[38]

Agricultural products and food safety

In June 2015, the Mexican Secretariat of Agriculture, through the National Health Service, Food Safety and Quality and the US Department of Agriculture signed a letter of intent to formalise cooperation for developing mutually compatible electronic certification systems for plants and animals. This arrangement aims to provide increased compliance for the import and export of agricultural products and enhance food safety and bilateral trade.[39]

Risk management and information sharing

The 21st Century Border Management Joint Declaration establishes several areas for collaboration and coordination in risk management: (i) joint assessments of threats, development of a common understanding of the operating environment, and joint identification of geographical areas of focus for law enforcement operations; and (ii) the development of complementary risk management strategies aimed at separating high-risk and low-risk shipments and individuals[40].

Infrastructure development

Equipment and tools: the Merida Initiative has donated different equipment with the aim of facilitating work in the borders, such as the detection of illicit trade goods. This equipment includes: (i) scanners, X-ray machines and other non-intrusive inspection equipment that will enhance the Mexican government's ability to detect illicit goods at internal checkpoints and ports of entry; and (ii) nearly 400 dogs trained in the detection of narcotics, weapons, explosives, ammunition, currency and human remains to the federal police, the Office of the Attorney General and customs[41].

Public works infrastructure: both countries also have joint investment in infrastructure. For example, the West Rail Bypass Bridge at Brownsville-Matamoros between Texas and

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[36] http://trade.gov/hled/(accessed 5 June 2016)

[37] www.usembassy-mexico.gov/pdf/fronteriza-eng.pdf (accessed 1 July 2016)

[38] White House (2016) https://www.whitehouse.gov/the-press-office/2016/02/25/joint-statement-2016-us-mexico-high-level-economic-dialogue

[39] www.whitehouse.gov/the-press-office/2016/02/25/joint-statement-2016-us-mexico-high-level-economic-dialogue (accessed 1 July 2016)

[40] www.whitehouse.gov/the-press-office/declaration-government-united-states-america-and-government-united-mexican-states-c (accessed 2 August 2016)

[41] www.state.gov/j/inl/merida/(accessed 2 July 2016)

Tamaulipas was opened in August 2015, being the first international railway bridge between the two nations in 100 years.

Telecommunication infrastructure: also under the Merida Initiative, a secure, cross-border telecommunications system between ten border cities has been established. This system provides the capability on both sides of the border to request and exchange information regarding active criminal investigations.

Trusted trader programmes

In 2014, the US and Mexico signed a mutual recognition of trusted traders document. The objective is to grant special privileges to those companies that are certified by the corresponding authority in order to have their trucks at the front line at border crossings. The two governments will continue to operate separate programmes, but if a company is admitted to the US C-TPAT programme, it will obtain 'bonus points' to get into NEEC, the Mexican AEO programme, and vice versa[42].

Other relevant cross-border initiatives

US-Mexico cooperation is not solely focused on facilitating trade in goods. They also collaborate in areas related to speed up the clearance process for passengers travelling between the two countries. In 2013, Mexico implemented the *Programa Viajero Confiable (PVC), and US* created the *Secure Electronic Network for Travelers Rapid Inspection* (SENTRI) and the Global Entry Program. Those programs allow expedited clearance for pre-approved, low-risk travellers upon arrival to the corresponding country. Also, infrastructure has been improved for pedestrian, in August 2015, the 'Puerta Este' pedestrian crossing was opened to decongests the busiest land port of entry in the Western Hemisphere and the San Diego-Tijuana International Airport Cross Border Xpress opened in December 2015, is a pedestrian bridge connecting San Diego with Tijuana Airport, giving passengers access to more international connections.[43]

Furthermore, the US and Mexico also collaborate in improving security and reducing violence. For example, they have developed the Cross Border Coordination Initiative (CBCI) that coordinates law enforcement patrols between the United States Border Patrol (USBP) and the Mexican Federal Police (OF) in South Texas/Coahuila, South Texas/Tamaulipas, and Arizona/Sonora.[44]

In addition, the two countries have implemented what are termed Border Violence Prevention Protocols (BVPP), which include patrolling on either side of the border in high-risk areas, among other activities.[45] Under the BVPP, the US and Mexico can improve situational awareness through sharing information regarding investigations and their results.[46] These actions improve their abilities to jointly identify trends and cooperatively target high-risk

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[42] www.sandiegouniontribune.com/news/2014/oct/18/trusted-trader-c-tpat-customs-mexico/ (accessed 1 July 2016).

[43] www.usembassy-mexico.gov/pdf/fronteriza-eng.pdf (accessed 1 July 2016)

[44] U.S. – Mexico 21st Century Border Management, 2013

[45] www.usembassy-mexico.gov/pdf/fronteriza-eng.pdf (accessed 1 July 2016)

[46] www.usembassy-mexico.gov/pdf/fronteriza-eng.pdf (accessed 1 July 2016)

areas along the border. The latter also facilitates collaborative enforcement operations, improves communication and supports joint assessments and planning.[47]

2.2.3. Summary and discussions

The three main initiatives were created for different reasons but with similar objectives. One of the objectives is the achievement of the 21st Century Border. The initiatives all have different tasks and scope. For instance, the 21st Century Border initiative is more operational in comparison to the HLED, which is a political forum that discusses various matters, including trade facilitation across the border, deepening of regulatory cooperation, education, energy cooperation, investment and innovation, among other initiatives. The Merida Initiative is considered to be a partnership to disrupt organised criminal groups in order to achieve shared objectives.

A major challenge for BAC on the border between the US and Mexico is the large number of federal, state and local government agencies that work in this zone, as well as the number of stakeholders and their interests, especially from the Mexican side. Within the federal system in Mexico, there are several local authorities that deal with federal and transnational problems and threats, but which lack the resources to address them.[48]

According to an interview conducted with the attaché at the American Embassy in Mexico, the main obstacle to expanding BAC activities on the border is the lack of prioritisation of all the activities and objectives which have to be accomplished. The border area and the number of points of entry makes it more difficult to determine the project priorities. Added to this, the HLED can change, cancel and include different initiatives that improve the border, but make it even more difficult to administer at the same time. Lack of trust between the agencies across the border is another obstacle. Some border agencies have preconceptions about others, which reduces the effectiveness of the cooperation. Another obstacle to the BAC process is insecurity. According to the above-mentioned attaché, there are regions along the border in which the US agencies have concerns about getting close to, since law enforcement is difficult in some areas.

Furthermore, there are some issues that need to be resolved to improve the BAC:[49]
- investment in border security and the Merida Initiative,[50]
- engagement of the private sector to improve supply chain security and trade facilitation,
- investment in infrastructure,
- the pursuit of meaningful immigration reform.

The tangible benefits of the initiatives explained above result from the unprecedented cooperation between the two countries, and this cooperation is likely to continue to grow. Problems do not arise from a single source, and therefore solutions should be tackled by both parties. Both the US and Mexico are concerned about same issues, such as dismantling criminal organisations and reducing the cost of transactions and trade for their exporters. Based on this case, it is evident that political discussion has to be involved in order to get things moving. The

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[47] U.S. – Mexico 21st Century Border Management, 2013
[48] Ramos (2002)
[49] U.S. Chamber of Commerce, 2011
[50] http://www.state.gov/j/inl/merida/ (accessed 1 June 2016)

HLED allows critical issues to be taken into consideration seriously and later to mandate the corresponding authority to execute the necessary measures.

2.3. Case Zambia – Zimbabwe

Highlights:
- *The Chirundu One-Stop Border Post (OSBP) between Zambia and Zimbabwe is considered to be the leading OSBP in Africa, with a high-degree of practical cooperation in place.*
- *Reported OSBP benefits in Chirundu include (i) improved clearance time of less than a day, (ii) reduced cost of doing business, (iii) information sharing among border agencies and (iv) drastic reduction of fraud, among several other benefits.*
- *A major challenge when implementing the Chirundu OSPB appears to have been erratic and bureaucratic disbursement of funds for the project.*

2.3.1. Setting the scene for iBAC

There is an important trade flow between Zambia and Zimbabwe, Zambia being the fourth biggest export destination for Zimbabwe, and Zimbabwe being the sixth biggest export destination for Zambia. In 2015 the export value from Zambia to Zimbabwe was 267 MUSD (3.8% of total exports from Zambia), the top five export products being: cereals; soaps, lubricants, waxes, candles and modelling pastes; residues, wastes of food industry; articles of iron or steel; and beverages, spirits and vinegar. During the same year, the export value from Zimbabwe to Zambia was 92 MUSD (3.4% of total exports from Zimbabwe), the top five export products being: wood and articles from wood; fish, crustaceans, molluscs, aquatic invertebrates; paper and paperboard, articles of pulp, paper and board; electrical and electronic equipment; and fertilisers.[51]

The main border crossing between the two countries is called Chirundu Border Post, which is located 140 km east of Lusaka, the capital of Zambia, over the Zambezi River. This border post receives traffic not only from Zambia to Zimbabwe, but it also serves as a trade gateway for Zambia with other African countries and as a gateway to the sea ports in South Africa. In the past, Chirundu Border Post used to have a poor infrastructure. It also had more than twenty Government agencies present – from both countries – enforcing various pieces of legislation in an isolated manner. All in all, the high costs and long lead-times associated with the management of this border were a major problem for the trade.

In this context, the Chirundu One-Stop Border Post, OSBP, was launched in December 2009, as a pilot of a trade facilitation project under the North South Corridor (NSC), which is conjunct joint initiative by the Southern Africa Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA) and East Africa Community (EAC) regions. This OSBP pilot project was implemented through the Regional Trade Program (RTFP), with the financial support of the Department for International Development (DFID), the Japan International Co-operation Agency (JICA) and the World Bank.[52]

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[51] www.trademap.org/Index.aspx (accessed 15 April 2016).
[52] Ministry of Industry and Commerce of Zimbabwe, 2011

The main objective of the Chirundu OSBP is to improve efficiency in border management and operations, thus reducing the time and cost of crossing the border. Its specific objectives are the following:

- To combine the activities of Zambian and Zimbabwean border agencies at a single location by redesigning the border infrastructure and establishing a Common Control Zone (CCZ);
- To reduce the number of stops and period of stopping in cross-border trade and transit transactions;
- To streamline procedures and systems and establish a framework for joint processing, thereby enhancing trade facilitation and reducing the waiting time and cost of passing through the Chirundu border; and
- To simplify traffic flow and facilitate easy movement of both commercial and passenger traffic, thereby preventing traffic jams.

The Figure below pinpoints the geographical location of the Chirundu OSBP at the border between Zambia and Zimbabwe.

Figure 5. Map of the Zambia-Zimbabwe border region, with the location of the Chirundu OSBP
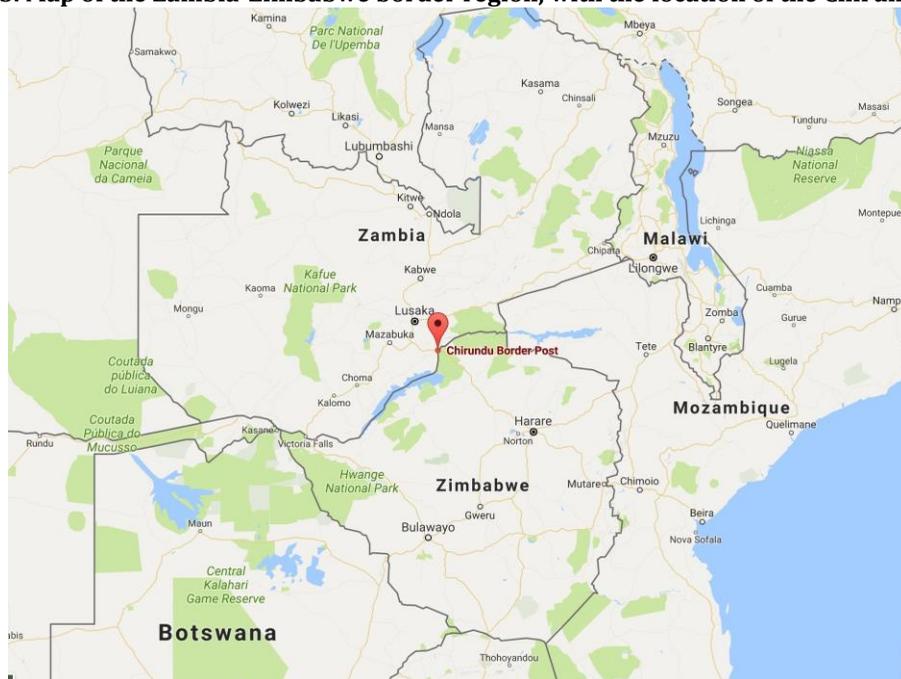
Source: Google maps 2016

2.3.2.   Tangible iBAC activities

OSBP set-up

Africa's first One-Stop Border Post is located at the Chirundu border crossing across the Zambezi River between Zambia and Zimbabwe. At the border post, officials in both countries inspect inbound traffic, share some procedures and work together as a good example of border agency cooperation.

Regarding this OSBP set-up – first from the legal perspective – the following three key legal documents were established to mandate and govern the operation at Chirundu[53]:

- The Zimbabwe One Stop Border Posts Control Act. No. 21 of 2007 (enabling act),
- The Zambia One Stop Border Control Act. No. 8 of 2009 (enabling act), and
- The Bilateral Agreement between the Government of the Republic of Zambia and Government of the Republic of Zimbabwe concerning the Establishment and Implementation of a One-Stop Border Post at Chirundu (agreement for Chirundu).[54]

Second, in terms of the technology, facility and infrastructural investments, the following were the main actions taken when making the Chirundu OSBP a reality:[55]

- Adaptation of border facilities to suit the OSBP framework,
- Construction of a perimeter fence to define the common control zone,
- Construction of a new dual-carriage-way bridge over the Zambezi River with support from JICA,
- Construction of additional houses for the staff at the border,
- Procurement of new operational equipment such as container scanners,
- Inclusion of bank facilities in the control zone,
- Provision of office accommodation for clearing and forwarding agents in the control zone (available on rental basis),
- Provision of signage at the OSBP to guide travellers and users, and
- Installation of a fibre cable to link the Zambian and Zimbabwean sides to facilitate the extension of ICT systems and to facilitate exchange of information.

Third, the following three actions took place in the context of human resource management and public awareness raising: joint training of public sector and staff at the border, joint training of private sector officials at the border and national sensitisation activities to inform the public.[56]

Fourth, from the governance perspective, the Chirundu OSBP included the establishment of a project steering committee, national committees in the two countries and four sub-committees dealing with procedures, legal matters, facilities and information and communication technology. Also, inter-agency committees between both countries to deepen the implementation of the project were established recently. These committees also include representatives from the private sector.

Operating principles

Zambia and Zimbabwe have implemented procedures in the Chirundu OSBP initiative, with actions in the following areas: infrastructure and process flow; southbound traffic (passengers and pedestrians, coaches and other passenger vehicles, commercial traffic -fast track traffic and other traffic cargo); southbound terminal; northbound traffic (passenger cars and pedestrians, coaches and other passenger vehicles, commercial traffic -fast track traffic and other traffic cargo); northbound freight terminal; scanning and physical inspections;

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[53] OSBP, 2010

[54] It is important to highlight that it took more than two years to pass the OSBP law in Zambia, while that period was much shorter in Zimbabwe (AfDB 2016, Expert interview).

[55] AfDB *Expert interview,* 2016*.*

[56] AfDB Expert interview, 2016

interventions of other border agencies; and border ICT system. The key operating principles today at the Chirundu OSBP can be summarised as follows:[57]

For southbound traffic, all procedures for persons, vehicles and goods to exit Zambia and enter Zimbabwe are carried out in the Zimbabwe terminal – as visualised in the Figure below.

Figure 6. Southbound traffic diagram at the Chirundu OSBP
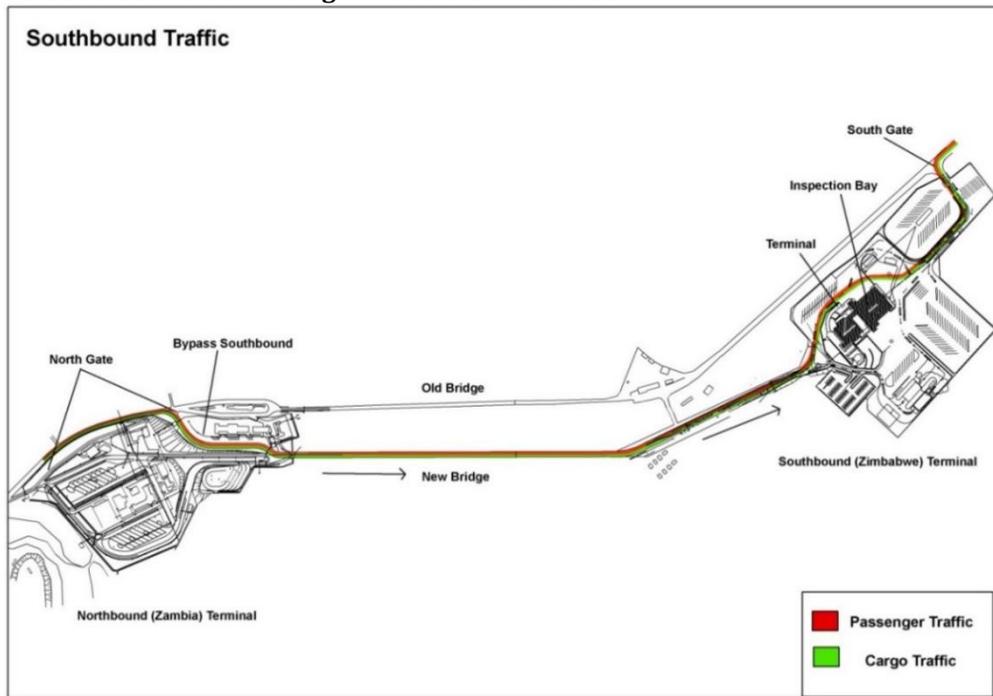
Source: AfDB expert interview, 2016

For northbound traffic, all procedures for the persons, vehicles and goods to exit Zimbabwe and enter Zambia will take place in the Zambian terminal – as illustrated in Figure below. Besides that, entry procedures cannot begin until all exit procedures are completed and jurisdiction has formally passed from the exit state to the entry state except in cases where goods are pre-cleared. This is to avoid any conflict over national jurisdiction within the OSBP.

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[57] OSBP, 2010

Figure 7. Northbound traffic diagram at the Chirundu OSBP
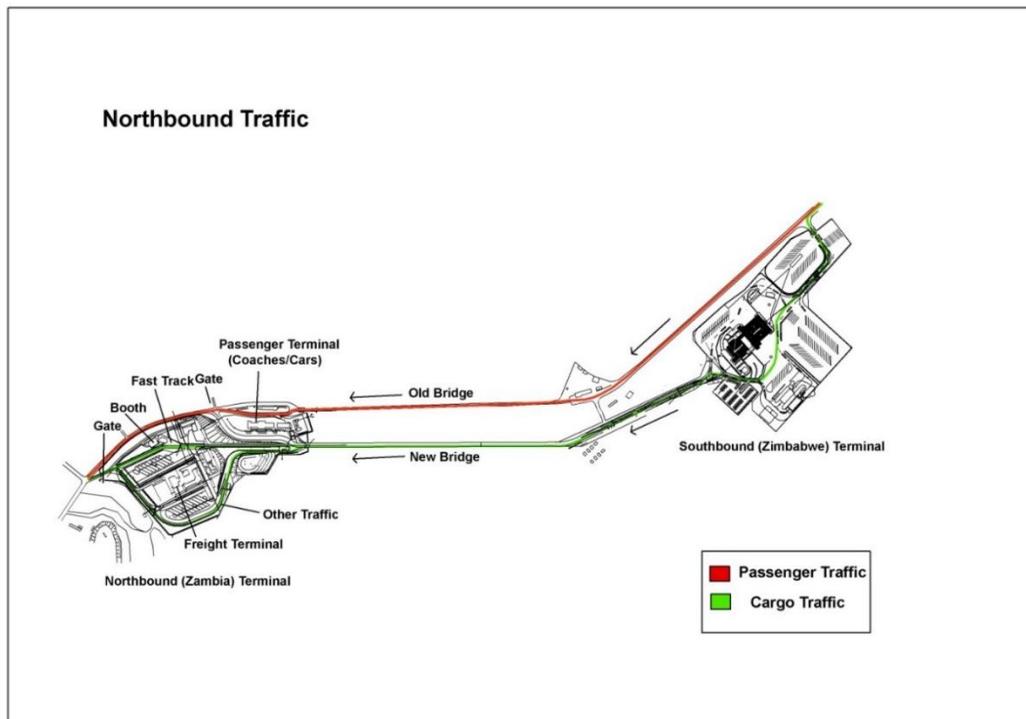
Source: AfDB, 2016

The next two figures below illustrate in more detail the layout of the public hall at the Chirundu OSBP. The first Figure below shows the layout and process flow for southbound traffic, while the second Figure below illustrates the layout and process flow for the northbound traffic.

Figure 8. Public hall for all southbound traffic at the Chirundu OSBP
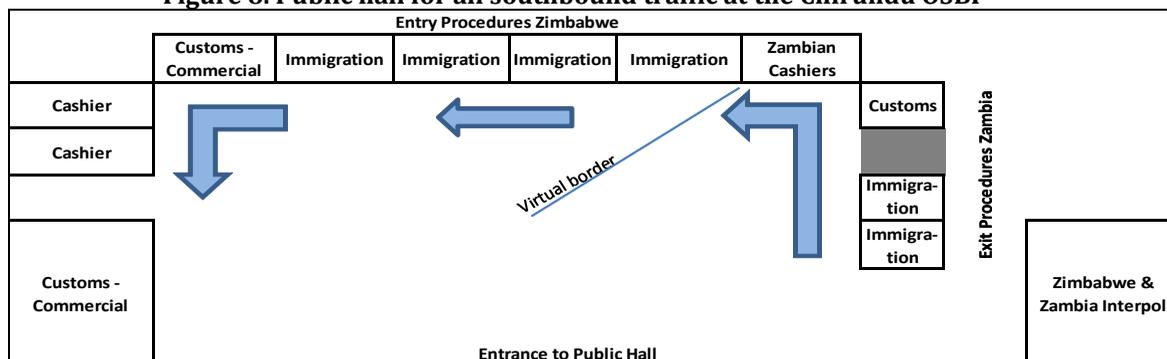
Source: AfDB expert interview, 2016

Figure 9. Passenger hall for northbound traffic at the Chirundu OSBP
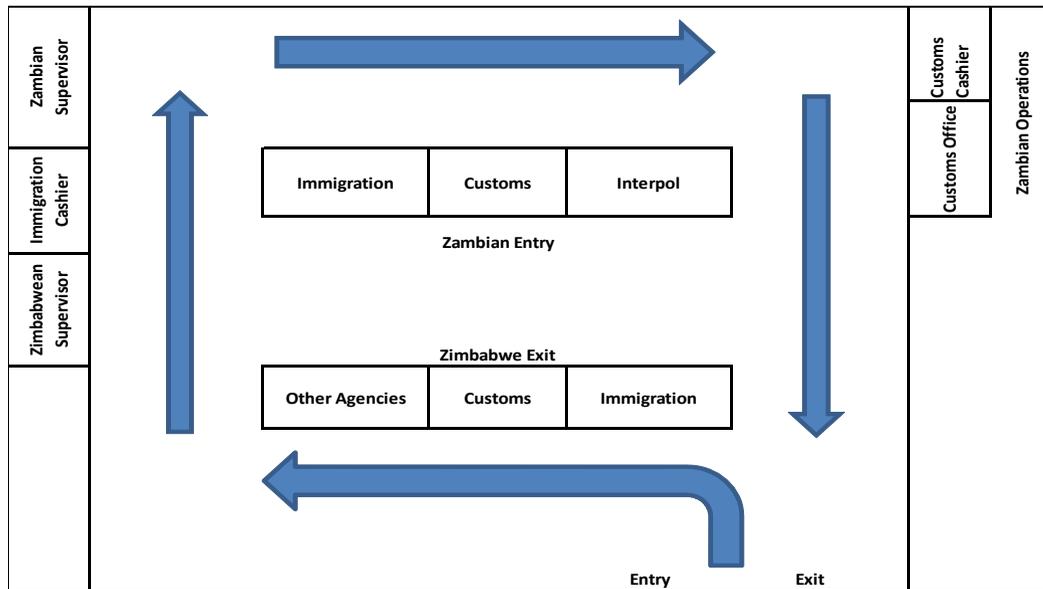
Source: AfDB expert interview, 2016

Jurisdiction at the OSBP is exercised by the officer performing the controls, instead of being based on the jurisdiction of the national territory in which the controls are performed. Also, officers enforce their own border control laws even when acting in the adjoining country, but only within the common control zone established by the Bilateral Agreement between Zambia and Zimbabwe. Wherever possible, inspections and other procedures are carried out jointly to increase the effectiveness and to save in total time spent.

In addition, cross-border risk assessment of persons and goods is employed to the extent possible, and, if at any point in the processing persons are denied exit or entry or an arrest is made or goods are confiscated, return of said persons or goods is allowed. Finally, national police addresses any law and order offenses that occur on national territory. Any regulatory infringements that occur in the performance of border control duties is referred to the agency management to which the officer reports.

State-of-play today

Chirundu – with the Zambezi River as a natural boundary – is the only functioning OSBP in Zambia at the moment. Other OSBPs are currently being developed at other major entry points. The Chirundu OSBP, with separate terminals for the clearance of passengers and cargo, operates from 6am to 10pm every day – while other border crossings have different operating times on the two sides of the border. The Chirundu OSBP handles the following volumes, with the traffic peaks occurring from October to December each year: commercial traffic averages 250 trucks per day north- and southbound, passenger buses average 12 per day each with 70 passengers and passenger cars average 30 per day. Thus the Chirundu OSBP is the busiest entry point for Zambia.[58]

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[58] AfDB *Expert interview, 2016.*

According to an AfDB expert, multiple OSBP-benefits have been reported by trade, logistics and governmental agencies, including the following ones: improved clearance time to less than a day, quick truck turnaround time increasing business, reduced cost of doing business, joint operations such as inspections by INTERPOL, information sharing among border agencies, drastic reduction of fraud, enhanced interaction of officers, and sharing of facilities.[59]

The implementation of the OSBP project at Chirundu has resulted in substantial time and cost savings for traders and border agencies. The final cargo clearance into Zambia, which used to average three days, was reduced to one day by 2014, despite a 65% increase in traffic volumes. Since the fixed daily truck cost was estimated at 250-500 USD, the savings generated amounted to 500-1,000 USD per truck. The commercial terminal that cleared 150 trucks a day (8 hours) prior to the opening of the Chirundu OSBP, cleared 400 a day in 2013, achieving significant efficiency gains. The resulting savings in time values of border delays at Chirundu have been estimated to be as high as 600,000 USD a day. The average savings for the private sector were estimated to be as high as 20 MUSD a month, by mid 2012, as a result of faster transit times.[60] According to an earlier report of 2010, the time taken by a truck to cross the border reduced from 2–3 days to just 2 hours, and the fast-track pre-clearance process took only 15 minutes. In addition, the reduced transaction costs taking into account fixed costs and truck driver's time, resulted in increased volume of goods traded across the border, triggering an approximate 30% increase in revenues for the Government of Zambia.[61] The monthly tax revenue on the Zambia side of Chirundu increased by over 100%, from an average of 10 MUSD a month in 2009 to 20.3 MUSD in 2012.

Lastly, the key bottlenecks and obstacles during the Chirundu OSBP set-up and implementation include:
- Poor information and communication technology (ICT) connectivity outside the Common Control Zone (CCZ),
- Lack of ICT equipment by other government agencies,
- Inadequate signage within the CCZ,
- Commercial facilities in the CCZ -security challenge on the Zambian side,
- Inappropriateness of infrastructure[62],
- Multiplicity of government agencies based at the border[63],
- Lack of coordinates defining the common control zone,
- Lack of a performance evaluation mechanism,
- Higher performance expectations from stakeholders,
- Poor lighting in the CCY at the bridge and
- Frequent power outages.

2.3.3. Summary and discussions

This case study has focused on the set-up, implementation and current status of the leading edge OSBP between Zambia and Zimbabwe in South-East Africa. While the Chirundu OSBP has

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[59] AfDB *Expert interview, 2016*
[60] JICA, 2014; TradeMark Southern Africa. www.trademarksa.org/about_us/programme_news/chirundu-one-stop-border-post-saves-us600-000-day (accessed 7 August 2016)
[61] Kwaranda, 2010
[62] Scanner on wrong side, no shed, no secure counter on Zambian side.
[63] 15 agencies in Zambia and nine in Zimbabwe

been a major success, the implementation was not straightforward and the operation has also experienced challenges. All of these will be discussed next.

Strong political drivers at the highest levels are necessary for achieving something as ambitious as the Chirundu OSBP, and there must be a formal agreement on its implementation. Such an agreement must be accompanied by a legal framework providing extraterritorial authority to implement the OSBP. Development of appropriate legal framework takes a long time. Establishment of leadership at all levels is cardinal, and importance of well-structured committees and subcommittees has become evident. The Chirundu OSBP benefitted from a steering committee that included permanent secretaries from the parent ministries of government agencies at the border and representatives of the private sector from both countries. Results-oriented subcommittees were established including (i) a procedures subcommittee to develop OSBP procedures to coordinate the activities of border agencies, (ii) a legal subcommittee to develop the OSBP legal framework, (iii) a facilities subcommittee to ensure that facilities at the border are adequate and properly shared between the two countries and (iv) an ICT subcommittee to develop IT solutions.[64]

In addition, it was considered important to first reach a consensus on the OSBP concept and functions at the national level before issues were addressed at the bilateral level. Also, site visits during stakeholders' meetings were found to be useful for giving participants the opportunity to better understand the challenges at the border. The role of donor and funding agencies was critical for the establishment of the Chirundu OSBP. The donors provided funds for the development of both soft and hard infrastructures for which donor coordination was important.[65] A regional approach to infrastructure projects with involvement of regional blocs seems to be more effective, especially when it comes to unlocking external funds.

Ultimately, a major challenge implementing the Chirundu OSPB was the erratic and bureaucratic disbursement of funds for the project.[66] One of the main problems was convincing all the stakeholders and ensuring they bought into the initiative and supported it.[67] There are thus a number of challenges in implementing an OSBP on a border that was not designed for that from the outset. Therefore, some modifications to physical infrastructure should be done in order to adjust the procedures to take into account the limitations of the physical infrastructure. Another challenge was that the procedures anchored on high utilisation of unavailable technology that was not available delayed the signing off the procedures.[68] Also, there were incompatible clearance procedures for the multiple border agencies at the border and lack of comparable facilities. Furthermore, various change management challenges were encountered since OSBP is a new concept in Africa. Sensitisation and change management programs through the electronic and paper media are important for the successful implementation of OSBPs.

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[64] AfDB Expert interview, 2016
[65] AfDB Expert interview, 2016
[66] Ministry of Industry and Commerce of Zimbabwe, 2011
[67] Republic of Zambia, 2011
[68] Ministry of Industry and Commerce of Zimbabwe, 2011

2.4. Case Vietnam – Laos BAC

Highlights
- *The cooperation in Laobao-Dansavanh border crossing point builds on the Greater Mekong Sub-region Economic Cooperation Program – Trade and Transport Facilitation initiatives – The Cross Border Transport Agreement (GMS CBTA) – since the year 2005.*
- *Key achievements until today include: (i) advanced participation of key border enforcement agencies in the two countries including customs, border guard, police, immigration and quarantine, (ii) improved enforcement and faster and easier clearance and (iii) increased inbound and outbound volumes of trade in goods and traffic in vehicles.*
- *Unresolved issues today include: (i) low interconnectivity and synchronisation of the legal and institutional frameworks, (ii) lack of transparency and availability on legal documents, (iii) lack of common language and (iv) inadequate infrastructure, among few other issues.*

2.4.1. Setting the scene for iBAC

As a landlocked country Laos is dependent on the transit traffic from and to Vietnamese ports. Also the Vietnamese industry relies on a variety of raw materials and mining products originating in Laos. In fact, the trade between the countries has increased significantly over the past years. The two countries form part of the East-West Economic Corridor of the Greater Mekong Subregion (GMS). The corridor which is illustrated on the map in the Figure below connects Vietnam and Laos with Thailand and Myanmar.

The border crossing point (BCP) Laobao-Dansavanh connects the provinces of Quang Tri in Vietnam and Savanakhet in Laos. These border crossings play a very important role in enhancing trade and investment flows between Vietnam and Laos and also between Thailand and Myanmar. It is important for both Laos and Vietnam to improve the cross-border control cooperation at the Laobao-Dansavanh BCP in order to promote the flow of goods transiting via Vietnam.

Figure 10. Position of the Laobao border gate in Vietnam and the Dansavanh border gate in Laos

Source: ADB

2.4.2. Tangible iBAC activities

Legal framework

The cooperation in the Laobao-Dansavanh border crossing point builds on the Greater Mekong Sub-region (GMS) Economic Cooperation Program, which is a key initiative of the Asian Development Bank (ADB), initiated already in 1992. The GMS Cross Border Transport Agreement (CBTA) is one of the pillars of the Trade and Transport Facilitation initiatives under the GMS program. The GMS CBTA provides a single legal instrument for facilitating cross-border movement of goods and people and was implemented in the Laobao-Dansavanh border crossing point (BCP) in 2005. In addition to the GMS CBTA, the legal framework of the Laobao-Dansavanh BCP constitutes a wide range of agreements and MoUs between the national and functional agencies implemented between years 2005 and 2014.

Operational set-up

The model started operations on 25 December 2014 and was officially launched on 6 February 2015. Each party established an inter-agency control station (ICS) and a common control area (CCA) for conducting documentary and physical inspections of goods, passengers and vehicles crossing the shared border. Personnel from the two countries assigned to work at CCA includes personnel from (i) Coast Guard, Customs, Plant Guarantee and Animal Guarantee for Vietnam and (ii) Customs, Immigration Police and Quarantine Officers (CIQ) for Laos. For the goods and vehicles inbound to Vietnam, joint inspections are conducted by the Vietnamese Customs, border guard officers, the Laos' customs and immigration police officers. On the Laos border, these inspections are carried out by the Vietnamese Customs, border guard and the Laos customs officers (see the Figure below)..

Figure 11. At Laobao checkpoints, Vietnam

Source: Vietnam Customs, 2015

Submission, lodgement of customs declaration form and other supporting documents and conducting of customs clearance procedures of customs administrations are to be done at the inter-agency control station (ICS) in the country of entry, instead of the ICS in the country of exit. If goods and vehicles are subjected to physical inspection by customs administration of one party, the customs administration of the other party will conduct the joint physical inspection simultaneously or almost simultaneously at the Common Control Area (CCA)

located at ICS in the country of entry. The detailed procedures are illustrated in the Figure below.

Figure 12. Customs procedure: Step 1 (left) and Steps 2 and 3 (right)
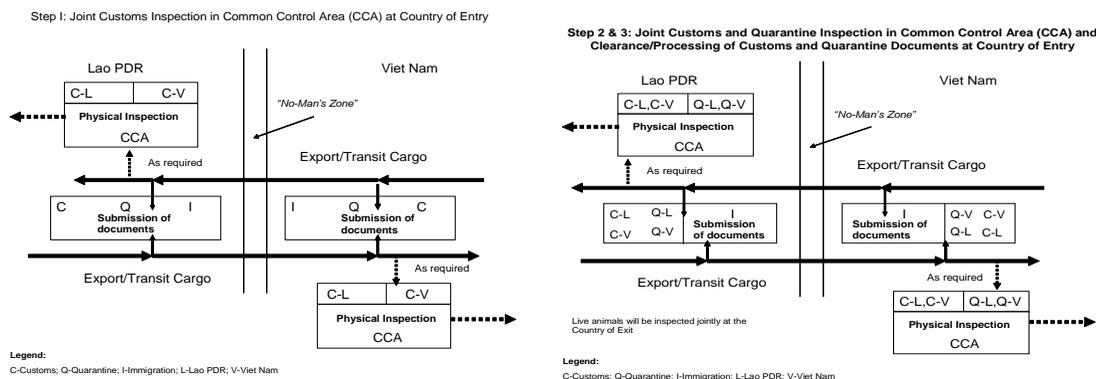
Source: ADB

Figure 13. Customs procedure with Single Window
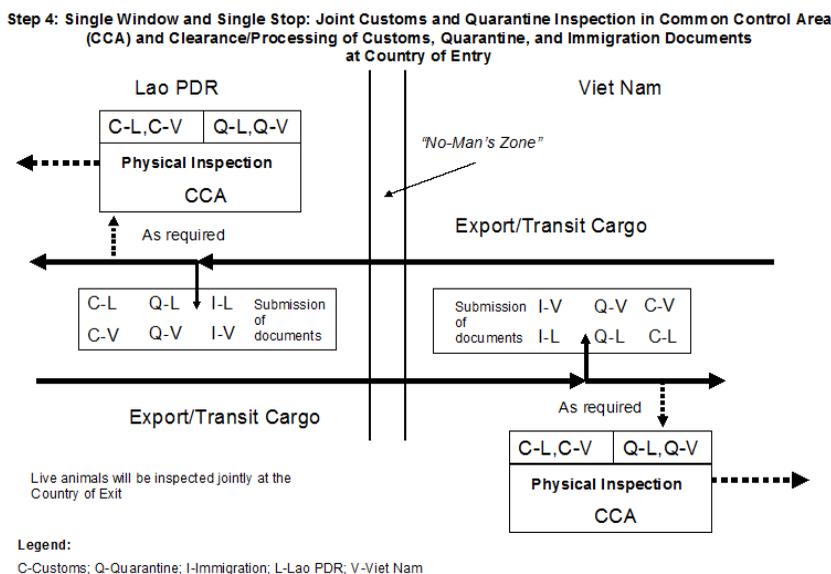
Source: ADB

Vehicles and passengers leaving Savannakhet province and entering Vietnam's Quang Tri province are inspected by Lao and Vietnam customs and immigration officials in Quang Tri, while those entering Laos from Vietnam are checked in Savannakhet.[69]

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[69] Lao Customs*Expert interview*, 2016

Facilities and equipment

At the CCA in Laobao, the equipment and instruments such as scanners and electric measurement systems for physical inspections are adequate and in good condition (see Figure below). However, these are known to be supplied and maintained only for the Vietnamese officials but not for the officials in Laos. Moreover, there is not enough working space and proper facilities for the Laos officials assigned at the CCA Laobao. The Vietnamese officials who are working at the CCA Dansavanh face a similar situation. In Laos, most of the physical inspections for goods and vehicles are conducted manually.

Figure 14. Facilities and equipment

Source: Sinpaseuth, 2016

According to the ADB report on the implementation of the SSI model at Laobao-Dansavanh border crossing point, Lao Customs has a vehicle and cargo imaging system available in the Dansavanh examination warehouse, but it was found to be non-functional and in need of repair. There are no cargo scanners on the Vietnamese side. Cargo examination facilities on both sides of the border are inadequate, not enclosed and too close to the inbound traffic.[70]

Figure 15. Scanning equipment at the CCA Dansavanh check point, Laos

Source: Nguyen, 2016

Organisation and Personnel

The Vietnamese and Lao customs, Vietnamese border guards, the Lao police, quarantine and immigration appoint officials to work at both the common control area (CCA) of Laobao and

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[70] ADB, 2015

Dansavanh. For example, the sub-department of the Laobao customs assigns a competent team of customs officers cooperating with the Laos customs officers to conduct joint physical inspections as well as to execute customs clearance procedures for goods and vehicles coming into Laos from Vietnam. Regulations on task divisions, working hours, labour policies and legal organisations are stipulated fully in an arrangement between the Vietnamese and Lao Ministries of Finance dated 26 October 2014.

Figure 16. Joint inspections

Source: Nguyen, 2016

Information Technology and Automated Customs System

In general terms, the customs clearance procedures are applied for goods and vehicles in the country of entry. In particular, the procedures are carried out with the Vietnam Automated cargo clearance system (VNACCS) for the goods and vehicles declared by the Vietnamese owner and with the ASYCUDA for the Laos declarations. It has been noted that the two systems – ASYCUDA for Laos Customs and VNACCS/VCIS for Vietnam Customs – do not interface.[71]

2.4.3.   Summary and discussions

To date, a number of achievements have been reached in the cooperation at the Laobao-Dansavanh border crossing point. A close BAC between Vietnam and Laos is in place with advanced participation of the two countries' key border enforcement agencies including customs, border guard, police, immigration and quarantine. The progress has been relatively fast, providing tangible benefits for the public, among them improved enforcement and faster and easier clearance. The passenger traffic is 50% more efficient and, according to the ADB report, there has been a 30% decrease in cargo clearance time. As a result, both inbound and outbound volumes of trade in goods haveincreased.

However, there are still a number of unresolved issues. Low interconnectivity and synchronisation of the legal and institutional frameworks are slowing down the progress. So do the lack of transparency and availability of legal documents, laws and regulations, statistics database, technical assistance, and so forth. There are also difficulties in working

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[71] GDVC, 2016

communication due to language issues: many Lao officers can speak Vietnamese, but very few Vietnamese officers can speak Lao. Inadequate infrastructure (vehicle channels, signage, offices) and working equipment (scanners, CCTV, etc.) is hampering further development of this border crossing point. Vietnam and Laos have separately financed, built-up and supplied infrastructure and facilities of ICS and CCA for their working officers.[72]

With positive experiences thus far, the cooperation is set to continue and widen. A number of activities have been planned for the foreseeable future. There will be an analysis of the type of language training appropriate for the border crossing point personnel, and the training is to be arranged already in 2016. Also technical assistance training is planned and common examination standards for agencies working at the Laobao-Dansavanh border crossing point will be drafted. Under consideration is the viability of rationalising the current legal framework to create a complete, consolidated set of inter-agency agreements, as is the support for the development of an inter-agency arrangement on human health inspection and quarantine.

2.5. Examples of current trends in iBAC globally

Above three highly illustrative case studies of international BAC on three continents are discussed. However, there are many more examples of the current BAC trends across the world, therefore brief examples that highlight various key aspects of international BAC are presented here. An example of Kenya and the Netherlands illustrates the opportunities with remote iBAC, and an example of SIECA in Central America illustrates a comprehensive regional approach to iBAC.

2.5.1. Overseas iBAC

Cross-border arrangements can also be made between countries that do not share a common border. An illustrative example comes from a specific commodity, namely fresh flowers exported from Kenya to the Netherlands. Details are given below.

Kenya–Netherlands

This example is about the time-sensitive air transport of fresh cut flowers from Kenya to the Netherlands, from where the flowers are sold to the European markets. The air trade lane from Kenya to the Netherlands runs from farms in various regions in Kenya, via Nairobi Airport and Amsterdam Schiphol Airport in the Netherlands, to FloraHolland in Aalsmeer, and transports flowers for commercial partners in the FloraHolland cooperation. It takes on average four days to ship the flowers from Kenyan growers to European customers.

Many government agencies, both in Kenya and the Netherlands, are interested in the flower trade and carry out various controls and inspections along the supply chain. In Kenya, local phytosanitary authorities inspect flowers due for export for plant diseases and pests. Then the exported flowers undergo aviation security screening, with X-ray and other suitable methods. As soon as the flowers arrive in the Netherlands, at Schiphol Airport, Dutch customs sometimes control the flower shipments to ensure that they do not contain hidden contraband, such as illegal drugs or doping substances. Then the Dutch phytosanitary authorities inspect the compliance of the Kenyan flowers using the EU's plant health regulations. The Dutch customs, concerned mainly with general compliance, may later still ensure that the flower shipments comply with various fiscal requirements. The table below lists different border controls in the end-to-end Kenya–Netherlands air trade lane.

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[72] ADB, 2015

Control	Location	Target threat	Control agency	Control frequency
Plant health inspection	Farms/Nairobi Airport	*Plant diseases and pests*	Kenyan phytosanitary agency	100%
Aviation security screening	Nairobi Airport	*Assembled explosive and incendiary devices*	Freight forwarder	100%
Entry customs control	Schiphol Airport or FloraHolland premises	*Threats to safety, security, health, economy and the environment*	Dutch customs	≈ 4%
Plant health inspection	Schiphol Airport or FloraHolland premises	*Plant diseases and pests*	FloraHolland/ Dutch phytosanitary agency	≈ 5%
Import customs control	Schiphol Airport or FloraHolland premises	*Tax & duty fraud and threats to safety, security, health, economy and environment*	Dutch customs	≈ 1%

Source FP7-CORE, CBRA

The Kenya–Netherlands example demonstrates a set of innovations that are designed to increase the speed of the flower supply chain. One pilot introduced new-generation GPS tracking and tracing devices, container sensors and seals into the flower supply chain. These trackers and sensors are designed to record and report any inexplicable anomalies that might happen to the flower shipments during transportation, for example when and where the shipment has been opened for no apparent reason. The demonstration also trials new electronic phytosanitary certificates that enable fast and automated exchange of information between the Kenyan and Dutch phytosanitary authorities. The demo also seeks to find ways to arrange customs and plant health controls at the same time and in the same location, in a synchronised manner. The demonstration also looks for ways to improve government-to-government and business-to-government information exchange. One expected benefit of this would be more accurate risk-based targeting of flower shipments for customs control.
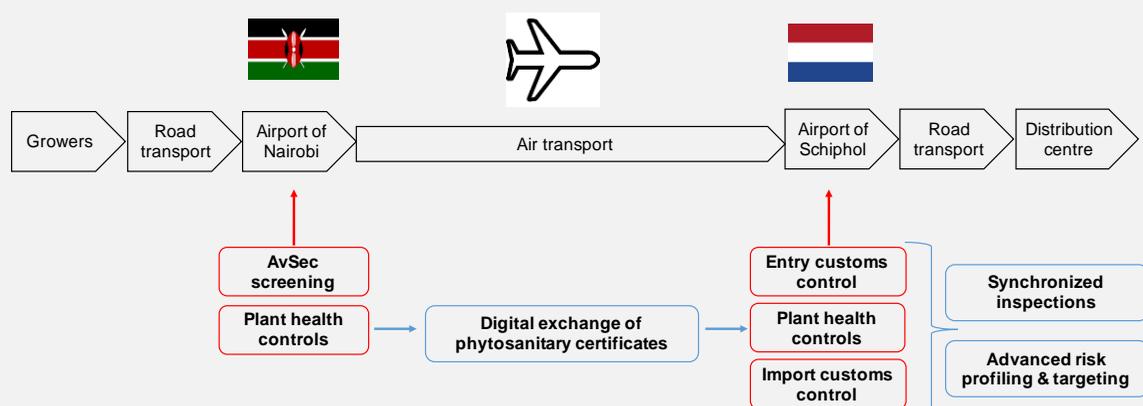
Source: FP7-CORE, CBRA

2.5.2.   Regional iBAC

The cross-border arrangements of international BAC often originate from regional initiatives. This is useful, since a group of countries may have shared interests in advancing international BAC, but may lack the resources and knowledge to progress. External funding partners may also play a role in accelerating such cooperation. An illustrative example of a regional initiative comes from Central America, where SIECA, *Sistema de la Integración Económica Centroamericana*, shows promising progress.

SIECA – Sistema de la Integración Económica Centroamericana

The economic subsystem of Central America is comprised of six countries: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. Some 32% of the intra-regional trade takes place between these countries.[73] Despite the increasing importance of trade in this region, some issues have cropped up that need to be tackled in order to facilitate this trade. According to the World Bank, the average speed of goods in circulation in Central America is 17 km/h.[74] It takes 14 days to import and 13 days to export goods, and the average customs administration cost is about 12% of the value of the goods. Furthermore, the World Bank has also identified five issues that decrease the competitiveness of the region, which are travel times, backhaul problems, prices and fuel consumption, security costs and access to credit.[75] This information suggests there is an evident need for reform to improve trade.

In June 2014, the presidential mandate of Punta Cana instructed "the Council of Ministers of Economic Integration (COMIECO, in Spanish) to adopt and implement a Central American Strategy for Trade Facilitation and Competitiveness, emphasizing the Coordinated Border Management, in coordination with sectorial councils and competent authorities."[76] Soon after the mandate was established, COMIECO, with the support of the Secretariat for the Economic Integration of Central America (SIECA) started the work. In December 2014, COMIECO was instructed to create a roadmap towards a Central American Customs Union, which was approved in June 2015, and COMIECO was given the mandate to implement such a roadmap. Central America is well aware of the importance of getting donors for the implementation of its strategy; so far USAID and IDB have provided financial assistance.

This strategy intends, amongst other things, to create a BAC model adjusted to the Central American context. It aims to promote coordination between the public and the private sectors in order to improve tax collection procedures, control, border security and facilitation of transit of goods and people. This Central American BAC model is based on the following eight pillars that need to be achieved in the medium and long term:

- **Adoption of international standards** that aim to improve information exchange between the authorities by implementing international standards.
- **Information interoperability**, where the objective is to improve control, institutional coordination and reduction of trade procedures by exchanging information between the

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[73] SIECA. (2016a). Comercio de Centroamérica se desacelera, mejora saldo de la balanza comercial en Primer Trimestre de 2016. Monitor de Comercio de Centroamérica

[74] Banco Mundial. (2012). Logistics in Central America, the path to competitiveness. [pdf]. Retrieved from http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/02/05/000333037_20130205101024/Rendered/PDF/750980WP0Logis00Box374299B00PUBLIC0.pdf [viewed 19 July 2016].

[75] Banco Mundial. (2012). Logistics in Central America, the path to competitiveness. [pdf]. Retrieved from http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/02/05/000333037_20130205101024/Rendered/PDF/750980WP0Logis00Box374299B00PUBLIC0.pdf [viewed 19 July 2016].

[76] Declaración de Punta Cana. (2014). XLIII Reunión ordinaria de Jefes de Estado y de Gobierno de los países miembros del Sistema de la Integración Centroamericana (SICA) Retrieved from
http://www.cancilleria.gov.co/sites/default/files/declaracion-punta-cana-xliii-reunion-ordinaria-jefes-estado-y-gobierno-los-paises-miembros-del.pdf [viewed 19 July 2016].

corresponding authorities.

- **Comprehensive risk management** that aims to reduce physical intervention by improving and using risk analysis involving the participation and cooperation of all the customs control institutions and the private sector.
- **Reliable operators** have the objective of reducing the fiscal risk and increasing supply chain security by certifying reliable operators and mutually recognising their AEOs.
- **Quarantine control** that reduces time and cost at borders and increases commercial flow through the region.
- **Integration procedures and control** aim to implement a border control process that defines the sequence and mode of action and compulsory intervention of control institutions of both countries, following a management based on risk profiles, advance electronic information and joint inspection at the border.
- **Infrastructure and equipment** that respond to the operational demands of each border post.
- **Border community and security**, which would ensure that the areas surrounding border crossings have an economic and social environment that facilitate proper functioning and sustainability.

The latter pillars are accompanied by three cross-cutting activities. The first one is the creation of a Central American Digital Trade Platform, which aims to integrate the information and process related to customs, migration and single windows. The second activity is to diagnose and implement reforms by pairs of countries and pairs of borders in order to efficiently develop the BAC with the available resources. The third cross-cutting activity is the strengthening of the National Trade Facilitation Committees.

In addition, five short-term measures were established: 1) through the anticipated transmission of documents for cargo, the objective is to eliminate additional procedures in border crossings; 2) the one-off processing of migration controls in the country of departure in order to accelerate driver clearance; 3) the development of an electronic system for the emission and transmission of phytosanitary and zoosanitary certificates, with the objective of accelerating the management of sanitary controls; 4) the development of a registry of cargo units with RFID devices in order to obtain reliable information about border crossing times; and 5) the installation of cameras at border crossings to increase transparency in border management.

According to SIECA, there are multiple benefits for governments, the private sector and citizens. Governments will benefit from more efficient use of resources, an increase in tariff revenues, reduced levels of smuggling, a higher level of compliance by merchants, increased security at border crossings and their surrounding areas, and greater levels of integrity and transparency. The private sector will undergo a reduction in the number of steps in border clearance procedures, resulting in lower costs due to a more rapid response to their needs, the application of rules with consistency and predictability, more efficient use of resources, greater transparency, and improved security in the supply chain. As for the citizens, they will see a price reduction in goods, access to a wider array of products, more job opportunities due to an increase in private investment, as well as faster border rossing procedures.[77]

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[77] SIECA. (2016b). Central American Strategy for Trade Facilitation and Competitiveness with Emphasis on Coordinated Border Management. WTO Presentation

3. BAC ACTIVITIES ACROSS OIC REGIONS AND COUNTRIES

This chapter gives an overview of the BAC activities in OIC Member States and provides the relevant context for understanding the current status of regional and other initiatives. Since many of the BAC related activities and initiatives and particularly their underlying legal frameworks are regional, the acitivities on the basis of the three geographic regions of OIC: Arab, Asian and African will be explored. In the following subchapters a deeper analysis of the status in the three OIC regions are presented.

This chapter builds on our research, taking benefit of extensive data collection and large studies performed by international organisations such as World Bank and OECD, as well as our literature review. For this purpose, a dataset across all OIC Member States is have been collected. In the following chapters, some key indicators for BAC activities in OIC Member States with the help of summary tables are provided. The indicators are described in Table below.

Table 3. Cross-border performance and iBAC indicators

The number of affiliations in the international organisations, conventions and agreements constituting the BAC legal framework (see Annex C)	This indicator reflects the compliance to existing international agreements and standards in the field and the level of adoption of international cooperation mechanisms, including technical cooperation, mutual recognition, mutual assistance agreements and memorandums of understanding.
The exports and imports per capita (USD in 2014).	These two indicators reflect the member state's dependence on foreign trade and thus on smooth and efficient border activities. Vice versa, the level of foreign trade may be constrained by inefficient border activities. The export and import values as well as population figures are from CIA World Fact Book[78]
The Customs indicator from World Bank's Logistics Performance Index (2014).	This indicator measures the efficiency of the clearance process (i.e., speed, simplicity and predictability of formalities) by border control agencies, including customs. The indicator values are originally derived from a specific LPI survey.[79]
The Trading Across Borders indicator from World Bank's Doing Business study.	The indicator is expressed as a 'Distance-to-Frontier' percentage, which indicates the level of each country compared to the top performance. The indicator measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods.[80]
The BAC indicators from OECD's Trade Facilitation study.	The Internal border agency cooperation measures the co-operation between various border agencies of the country and control delegation to customs authorities. The External border agency cooperation measures the co-operation with neighbouring and third countries.[81]

Sources: CIA World Factbook, World Bank, OECD

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[78] www.cia.gov/library/publications/the-world-factbook/(accessed 25 April 2016)
[79] lpi.worldbank.org/ (accessed 2 May 2016)
[80] www.doingbusiness.org/methodology/trading-across-borders (accessed 2 May 2016)
[81] www.oecd.org/tad/facilitation/TFIs-overview-available-tools-september-2015.pdf (accessed 2 August 2016)

We also describe interesting developments in a number of countries in short country case vignettes. Importantly, OIC countries have established regional cooperation partnerships with other OIC and non-OIC states with varying levels of integration that reflect many elements of BAC in the strategic framework and practical implementation of the specific programs. Ample space for discussing these regional initiatives will be provided.

3.1. BAC activities in the countries in the Arab geographic region

3.1.1. Country indicators

The Arab region consists of 22 OIC member states in the Middle East and North Africa. These countries vary significantly in size, with their population stretching from below one million to 88.5 million in Egypt. The total population of the region is significant, 370 million people. The countries cover a vast geographical area, over 13.1 million square kilometres. In terms of their geography, the Arab countries also typically have a relatively high number of neighbouring countries (3.5 on average), of which most (2.6 on average) are also OIC member states, implying significant potential for BAC activities.

The Arab countries are relatively competitive economies. Their average overall World Economic Forum global competitiveness index is 4.3, which would put them on the 52nd place in the country ranks. Within the Arab region, the UAE and Qatar have the highest overall logistics performance indices, putting them on the 27th and 29th positions in the global ranking. The Arab country average is 2.64, which would give the 97th place in the ranking. Table below shows the key indicators for the 22 Arab countries in regards to BAC activities.

Regarding their foreign trade, the Arab countries have a large export surplus in total. However, this is produced by only 8 out of 22 countries. In fact, the region includes a number of countries - such as the UAE, Qatar and Kuwait - among the top in terms of their exports per capita. In the Doing Business study, the UAE has the shortest overall distance to frontier (DTF) at 75.1%. The average for the Arab countries is 54.5%. In the trading across borders indicator, Jordan scores highest with 86.7%, while the average remains at 53.6% due to a high variation in the scores. This means that there is significant potential for learning within the OIC community.

Table 4. Key indicators related to BAC activities in the OIC member states in the Arab region

Country	Group	Number of international agreements affiliated	Imports per capita (USD)	Exports per capita (USD)	Customs indicator / World Bank Logistics Performance Index (0-5)	Trading Across Borders DTF (% points) / World Bank Doing Business study	Co-operation – External / OECD Trade Facilitation Indicators (0-2)	Co-operation – Internal / OECD Trade Facilitation Indicators (0-2)
Algeria	Arab	10	1 509	1 517	2,71	24,15 %	0,50	1,00
Bahrain	Arab	10	9 891	15 409	3,29	72,06 %	data n/a	data n/a
Comoros	Arab	7	277	23	2,58	75,30 %	1,74	0,00
Djibouti	Arab	7	1 171	157	2,20	42,64 %	0,00	0,00
Egypt	Arab	11	727	285	2,85	44,92 %	1,00	0,67
Iraq	Arab	7	1 220	2 266	1,98	23,51 %	data n/a	data n/a
Jordan	Arab	13	2 486	1 033	2,60	86,73 %	1,25	2,00
Kuwait	Arab	9	9 819	37 080	2,69	49,85 %	0,50	1,50
Lebanon	Arab	10	3 070	612	2,29	50,61 %	0,50	0,00
Libya	Arab	7	3 186	2 567	2,41	64,66 %	data n/a	data n/a
Mauritania	Arab	8	762	630	1,92	43,08 %	data n/a	data n/a
Morocco	Arab	14	1 208	599	data n/a	65,64 %	1,00	1,50
Oman	Arab	10	8 269	16 191	2,63	79,35 %	1,74	1,00
Palestine	Arab	2	data n/a	data n/a	data n/a	data n/a	data n/a	data n/a
Qatar	Arab	10	17 418	59 959	3,21	61,41 %	1,75	2,00
Saudi Arabia	Arab	10	5 711	12 334	2,86	49,62 %	1,74	1,00
Somalia	Arab	4	119	49	2,00	data n/a	data n/a	data n/a
Sudan	Arab	10	224	120	1,87	17,50 %	1,74	0,67
Syria	Arab	8	470	177	2,07	29,83 %	data n/a	data n/a
Tunisia	Arab	12	2 120	1 526	2,02	70,50 %	0,00	1,33
UAE	Arab	12	41 490	64 120	3,42	66,27 %	2,00	1,00
Yemen	Arab	9	381	310	1,62	data n/a	1,74	0,33

Sources: CIA World Factbook, World Bank, OECD

The average for the Customs index of World Bank's LPI is 2.46, with the UAE having the top score of 3.42 (25th in global rankings), and also Bahrain and Qatar score over 3. In the OECD Trade facilitation indicators, the Arab region average for external BAC is 1.15 and for internal cooperation 0.93. The top scorers are the UAE for external BAC and Jordan and Qatar for internal BAC, all with the full score of 2.00. These results indicate that there is both potential and knowledge within the Arab countries for mutual cooperation to improve BAC.

3.1.2. Regional initiatives

Gulf Cooperation Council

Perhaps the most relevant regional initiative within the Arab region is the Gulf Cooperation Council (GCC). The GCC provides a highly relevant platform for BAC, with some best demonstrated practices and important achievements. The Cooperation Council for the Arab States of the Gulf, more commonly known as the Gulf Cooperation Council, is a regional economic and political union established in 1981. It comprises six Arab states on the Persian Gulf, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE. The GCC has taken steps to establish a monetary union and has launched economic projects to promote integration.

In the field of trade cooperation, there have been important achievements such as adopting several laws and regulations, enhancing economic citizenship, and setting up mutual commissions. Efforts are geared towards converting a number of reference trade laws and regulations into binding GCC laws. Other new draft laws are being concluded, including the Common Trade law, Unified law of Commercial Agencies, Common Commercial Registration Law, GCC Commercial Fraud Control, GCC Consumer Protection law, GCC Competition Law, GCC Commercial Secrets Law, Unified Law for Supervision and Control of Insurance Activities, Unified Law of Auditing and Common Electronic Transactions law.

The GCC demonstrates advanced collaborative arrangements between customs administrations under the GCC Customs Union that was established in 2003 and has been operational since 2015. The Customs Union demonstrates many forms of cooperation, such as a single entry point system for imported goods, common customs regulations and procedures, common rules for calculation of customs value of foreign goods, and so forth. In addition, there are provisions for sharing customs expertise through the exchange of customs officers and through common training programs.[82]

Other regional initiatives

Table 5. Other regional initiatives in Arab region

The Arab Maghreb Union	The Conseil Permanent Consultatif du Maghreb (CPCM) was established in 1964 between the five Maghreb states Algeria, Libya, Mauritania, Morocco, and Tunisia, which are all OIC member states. The main objective was to coordinate and harmonise the development plans of the five countries and foster interregional trade and relations with the EU. Since this is essentially a trade agreement, customs cooperation is a key element for increasing the effectiveness of customs controls and facilitating trade. However, at this stage it is not possible to indicate the exact dynamics of BAC due to unsatisfactory progress in the integration process.
Council of Arab Economic Unity	The Council of Arab Economic Unity (CAEU) is an economic organisation that was established in June 1957. As the name suggests, the focus of this organisation, economic integration, is to be achieved within a framework of economic and social development to promote freedom of movement for labor, capital, and services. Today, the members include 12 OIC countries, namely Egypt, Iraq, Jordan, Kuwait, Libya, Mauritania, Palestine, Somalia, Sudan, Syria, the UAE, and Yemen.
Common Market for Eastern and Southern Africa	The main focus of the Common Market for Eastern and Southern Africa (COMESA) is on the formation of a large economic and trading unit that is strong enough to overcome several barriers faced by individual states. COMESA forms a major market hub for both internal and external trading, spanning an impressive geographical area of 12 million sq. km. Currently it has 19 member states, including six OIC members. The OIC countries are Comoros, Djibouti, Egypt, Libya, Sudan and Uganda. COMESA has set itself ambitious goals in a number of areas, and the ultimate objective of cooperation in trade, customs and monetary affairs is the creation of a fully integrated, unified single economic space allowing the free movement of goods, services, capital and labour across national frontiers.

Source: Organization websites and documents

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[82] The relevance of GCC in BAC-context is explored further in our Abu Dhabi / UAE case study (Chapter 4).

3.1.3. Country initiatives

There are a number of country specific BAC initiatives within the Arab region. However, the current activities seemed to be predominantly in the area national (inter-agency) BAC rather than international BAC. Therefore, on those initiatives will not be go into detail. It is important to note, though, that national BAC activities often provide a useful stepping stone to international BAC activities. An interesting country initiative in Abu Dhabi and the United Arab Emirates will be presented as a full case study in Chapter 4 of this report.

3.2. BAC activities in the countries in the Asian Region

3.2.1. Country indicators

The Asian region consists of 18 OIC member states that are relatively scattered geographically, not forming a continuous area. However, as a region, they are very significant. The total population is tremendous, 930 million people, and they cover a vast geographical area, almost 10.8 million square kilometres. In terms of their geography, the Asian countries also have many neighbouring countries (3.9 on average), but slightly fewer (2.4 on average) are other OIC member states.

Also the Asian region is formed of relatively competitive economies. Their average overall World Economic Forum global competitiveness index is 4.2, which would mean the 62nd place in the country ranks. Within the Asian region, the LPI is at a similar level than in the Arab countries. Malaysia and Turkey have the highest overall LPIs, taking the 25th and 30th positions in the global ranking. The Asian country average is 2.67, which would put them on the 92nd place in the ranking. Table below shows the key indicators for the 18 Asian countries in regards to BAC activities.

The Asian countries have a relatively balanced foreign trade, with only a slight export surplus and with a half of the countries having a deficit. The average exports and imports per capita are relatively low, significantly lower than in the Arab countries. In the Doing Business study, Malaysia has the shortest distance to frontier (DTF) at 79.1%. The average for the Asian countries is 58.9%. In the trading across borders indicator, Albania scores highest with 91.6% and the average is also slightly higher at 59.8%. In the Asian region, there are other countries that have high scores, namely Malaysia (86.7 %) and Turkey (81.0 %).

Table 6. Key indicators related to BAC activities in the OIC member states in the Asian region

Country	Group	Number of international agreements affiliated	Imports per capita (USD)	Exports per capita (USD)	Customs indicator / World Bank Logistics Performance Index (0-5)	Trading Across Borders DTF (% points) / World Bank Doing Business study	Co-operation – External / OECD Trade Facilitation Indicators (0-2)	Co-operation – Internal / OECD Trade Facilitation Indicators (0-2)
Afghanistan	Asian	9	374	82	2,16	28,90 %	data n/a	data n/a
Albania	Asian	13	1 733	803	data n/a	91,61 %	1,67	1,00
Azerbaijan	Asian	11	953	2 887	2,57	69,59 %	1,50	1,33
Bangladesh	Asian	10	237	177	2,09	34,86 %	1,67	1,00
Brunei	Asian	8	9 848	24 788	data n/a	60,65 %	1,74	2,00
Indonesia	Asian	12	658	685	2,87	64,75 %	1,74	1,00
Iran	Asian	11	795	1 057	data n/a	39,38 %	data n/a	data n/a
Kazakhstan	Asian	13	2 400	4 421	2,33	60,39 %	1,74	0,67
Kyrgyzstan	Asian	10	934	334	2,03	72,25 %	1,00	2,00
Malaysia	Asian	12	6 220	7 370	3,37	86,74 %	0,50	1,33
Maldives	Asian	7	4 394	422	2,95	55,87 %	1,74	0,67
Pakistan	Asian	12	214	125	2,84	38,11 %	0,25	1,67
Tajikistan	Asian	11	550	64	2,35	57,05 %	1,25	2,00
Turkey	Asian	14	2 928	2 127	3,23	81,00 %	0,00	1,25
Turkmenistan	Asian	6	3 043	3 984	2,31	data n/a	data n/a	data n/a
Uzbekistan	Asian	9	442	456	1,80	44,31 %	0,75	1,00
Guyana	Asian	8	2 494	1 701	2,46	55,60 %	data n/a	data n/a
Suriname	Asian	6	3 392	3 708	data n/a	75,37 %	0,00	0,00

Sources: CBRA analytics, data from CIA World Factbook, World Bank, OECD

The average for the Customs index of World Bank's LPI is 2.53, with Malaysia's top score of 3.37 (27th in global rankings). Also Turkey scores high with 3.23. In the OECD Trade facilitation measure, the average for external cooperation is 1.11 and for internal cooperation 1.21, which is higher than in the Arab region. The highest scores are with Brunei, Indonesia, Kazakstan and Maldives for external BAC (all at 1.74/2.00) and Brunei, Kyrgyz Republic and Tajikistan for internal BAC, all with the full score of 2.00. These results indicate that there is both potential and knowledge within the Asian countries for mutual cooperation to improve BAC.

3.2.2. Regional initiatives

Association of South East Asian Nations

The Association of Southeast Asian Nations, or ASEAN, is a well-established economic and political organisation founded in 1967. ASEAN's key objectives are to accelerate economic growth, social progress, and sociocultural evolution among its members. From ASEAN's ten members, three belong to OIC nations, namely Indonesia, Malaysia and Brunei.

The fundamental objectives of ASEAN include the creation of a single market and strengthening cross-border security. Effective cooperative arrangements and enhanced information exchange across border control authorities will enable the realisation of these

ambitious goals. ASEAN has already geared efforts towards the harmonisation of standards, and transparency, amongst other things. In the framework of the ASEAN Free Trade Agreement (AFTA), there is focus on customs modernisation and standards, as well as technical regulations. Other trade facilitation measures include the establishment of the ASEAN Customs Agreement, the ASEAN Framework Agreement on the Facilitation of Goods in Transit, the ASEAN Framework Agreement on Multimodal Transport, the implementation of the ASEAN Framework Agreement on Mutual Recognition Arrangements, and the ASEAN Single Window Agreement.[83][84]

Central Asia Regional Economic Cooperation

An important initiative within the Asian region is the Central Asia Regional Economic Cooperation (CAREC) Program. It is an initiative of 10 countries and 6 partners, which promotes regional cooperation in the fields of trade facilitation, transport, trade policy and energy. There are eight OIC members, namely Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkmenistan and Uzbekistan. The non-OIC partners are China and Mongolia. As of 2015, 166 CAREC-related projects worth around 27.7 BUSD have been implemented in the four core areas of cooperation: transport, trade facilitation, trade policy, and energy.

In trade and transport, the first priority is to improve infrastructure by construction of roads, railways, transport corridors, multimodal hubs, and border crossings, for seamless regional trade and logistics. Another focus area is the modernisation of customs, sanitary and plant health (phytosanitary) controls mainly through further BAC and integration of national single window systems. The third focal area is the better management of the transport and border crossing infrastructure.

Trade facilitation is one of the fundamental objectives of CAREC. In this context, there is a strong focus on faster and more efficient movement of goods across borders. In order to achieve this goal, CAREC has undertaken a number of major initiatives such as putting in place simplified regulations and automated procedures for harmonising customs procedures; adopting standard international custom codes; improving infrastructure at border crossing points; and introducing effective risk-management systems to shorten customs procedures. In order to facilitate customs cooperation, CAREC has also set up a Customs Cooperation Committee that meets on a regular basis. The priority areas are joint customs control, customs modernisation, improved data exchange, faster clearance times, simplification and harmonisation of customs procedures, regional transit development and risk management strategy.[85]

Research suggests that border crossings slow down regional trade in the CAREC countries and undermine efficiency of cross-border logistics. Based on more detailed time release studies, WCO recommended the CAREC countries to set up joint customs controls to synchronise inspections at borders for faster border crossing. So far, new joint customs control arrangements have been piloted at border crossings between China, Kazakhstan and Mongolia, along two trade lanes. The pilots follow a three-phased approach: 1) document harmonisation

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[83] UNCTAD, 2011
[84] We will discuss ASEAN and its effects on BAC more profoundly in Case Malaysia in Chapter 4 of this report.

[85] http://carecprogram.org/ (accessed 1 June 2016)

(importer and exporter use the same customs declaration on both sides of the border), 2) mutual recognition of inspections and 3) coordinated, joint border operations between customs authorities in both sides of the border.

Several CAREC countries are in the process of developing single-window facilities that will eventually allow traders to lodge information just one time via a single portal to fulfil all import and export related regulatory requirements. Ultimately, national single windows will exchange information regionally, expediting transnational journeys on CAREC corridors.

The Border Management Program in Central Asia - BOMCA

The Border Management Program in Central Asia **(**BOMCA) is one of the largest EU-UNDP assistance schemes in the region, covering five Central Asian economies – Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan (all OIC member states). Launched in 2003, the ultimate objective of BOMCA is to assist the Central Asian states to manage their borders with the right balance of security and openness through BAC and regional cooperation. This was a much-needed initiative as some countries were struggling with border controls along their frontiers with problems related to trafficking, cross-border terrorism, undocumented migration and so forth.

The strategic intent of BOMCA is to strengthen institutional development through focus on training programs for Central Asian border and customs leadership and exposure to European best practices in border management. The building block of BOMCA is capacity development for the pursuit of BAC in approximately twenty critical border crossing points across the region. The assistance also extends to providing equipment and infrastructure and modernising training facilities. Additionally, BOMCA contributes towards regional economic development in Central Asia and trade facilitation with neighbouring countries, and between Central Asia and the EU member states.

BOMCA has implemented several phases in targeting capacity building and institutional reform, developing trade corridors, enhancing border management systems and eliminating drug trafficking across the Central Asia region. Each new phase of BOMCA is built upon the actions implemented during the preceding phases of the program. During the earlier phases, the focus was on resource building and modernising border management infrastructure. Gradually the scope of BOMCA's activities widened to include border guards and other authorities involved in customs, migration, drug control, agriculture, health, etc. The concept and principles of BAC that were built on EU best practices were introduced with the view to improving cooperation and communication channels among border agencies and consolidating actions of the Central Asian border management institutions.

During the 8th phase of BOMCA, several hundred members of Central Asian border authorities were trained on a wide range of subjects, including BAC, document security, stolen vehicle identification, intelligence gathering and analysis, border control procedures, supply chain security, international shipment of strategic goods, post-clearance control, customs valuation, modern technologies in border control, irregular migration and trafficking of human beings, counter-terrorism and organised crime, anti-corruption, and training of trainers. Steps were taken towards the establishment of a consortium of training centres whereby border guards and customs training institutions launched partnerships for the purpose of unifying training

curricula, strengthening capacities of neighbouring countries and collaborating with EU border management training institutes.

The 9th phase of BOMCA has been running since June 2015, while the practical implementation started on January 2016, with continuing interventions in the areas of institutional development, migration governance, mobility and trade facilitation policies, and capacity building of border and migration authorities. The overall objective for the 9th phase of BOMCA is to increase the effectiveness and efficiency of border management in Central Asia by introducing advanced elements of BAC.[86]

Other regional initiatives

Table 7. Other regional initiatives in Asian region

Commonwealth of Independent States - CIS	The Commonwealth of Independent States (CIS) came into existence in 1991, and in 1993 an agreement was signed on the creation of an economic union based on the free movement of goods, services, labour force and capital. Currently the CIS brings together Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine. From the union of twelve members, six belong to the OIC.[87]
Economic Cooperation Organization - ECO	Economic Cooperation Organization (ECO), an intergovernmental regional organization, was established in 1985 for the purpose of promoting economic, technical and cultural cooperation among the member states. The 10 current members are all OIC countries, namely Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkey, Turkmenistan and Uzbekistan. ECO has embarked on several projects in priority sectors of its cooperation including energy, trade, transportation, agriculture and drug control.[88]
Organization of the Black Sea Economic Co-operation - BSEC	The Black Sea Economic Cooperation (BSEC) has diverse areas of cooperation including customs and trade. The mission is to identify opportunities for cooperation among the BSEC Member States in the field of customs and consider joint actions towards harmonising border crossing and customs regulations. BSEC has 12 member countries and 16 observers. Three OIC countries are members (Albania, Azerbaijan and Turkey) and two are observers (Egypt and Tunisia) in BSEC.[89]
South Asian Association for Regional Cooperation - SAARC	The South Asian Association for Regional Cooperation (SAARC) is an economic and geopolitical organisation of eight countries that are mainly located in South Asia or the Indian subcontinent. Bangladesh, Maldives, Pakistan and Afghanistan are the four OIC countries participating in SAARC, and Iran is an observer. SAARC promotes welfare economics, developing collective self-reliance among the countries of South Asia, and accelerating socio-cultural development in the region. Cooperation in the field of customs is one of the main areas of cooperation in trade and economic development. The Group on Customs Cooperation has been established to facilitate discussions on mutual administrative assistance in customs matters, Harmonised System, commercial fraud and capacity building.[90]

Source Organization websites and documents

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[86] www.bomca-eu.org/en/ (accessed 1 June 2016)

[87] www.cisstat.com/eng/cis.htm; http://www.e-cis.info/index.php?id=8 (accessed 25 February 2016)

[88] http://www.ecosecretariat.org/detail_info/about_eco_d.htm (accessed 25 February 2016)

[89] www.bsec-organization.org/Pages/homepage.aspx (accessed 4 April 2016)

[90] www.saarc-sec.org/areaofcooperation/detail.php?activity_id=42 (accessed 7 April 2016)

Country initiatives

There are a number of country-specific initiatives within the Asian Region. In the following examples from seven countries: Afghanistan, Azerbaijan, Iran, Kazakstan, Kyrgyz Republic and Pakistan will be presented. Furthermore, in Chapter 4 of this report, a full case study on Malaysia is presented. Also our non-OIC case study on Vietnam and Laos (Chapter 2) is relevant for the region.

BAC in Afghanistan: Joint benefits for taking control of the border

Since December 2010, Afghanistan has been working with Tajikistan and Uzbekistan to regain control over its Northern border. Border control authorities in the three countries have cooperated to fight drug trafficking and facilitate regional trade and travel across the Northern Afghan border. Afghan Border Police and Afghan Customs Department and their counterparts in Tajikistan and Uzbekistan are the main stakeholders in the project that fosters international and inter-agency communication and coordination.

Training plays a central role in this collaboration: officers at the Afghan Border Police receive regular training on driving, first aid, navigation, border formalities and other practical skills. In the spirit of cooperation, the Tajik Border Force is also invited to participate in these trainings. The Afghan authorities have also started to exchange customs data with the Tajik Customs Services, and the Afghans are planning to expand this customs collaboration to its other major trading partners as well.

There has also been substantial investment in infrastructure, equipment and ICT tools (e.g., the installation of the Asycuda customs declaration software) at the border posts at the Northern border. The Afghan customs reports considerable achievements in the areas of automation, legislation, capacity development, control, infrastructure development and enforcement over the past few years (UNDP 2016). In the long term, the cooperation is expected to build trust among the countries and this way set a basis for further regional development.[91]

BAC in Azerbaijan: Modernisation instigated by the legal framework

Azerbaijan customs has been active in the international collaboration especially in the field of customs security. Since the accession to the Revised Kyoto Convention (RKC) in 2006, Azerbaijan has been closely collaborating with its important trading partners, Turkey and Kazakhstan, to exchange advance information on cross-border movements of cargo and vehicles. Azerbaijan has already signed similar agreements with Uzbekistan, Georgia, Russia, Ukraine and Moldova.[92] The customs in Azerbaijan has also been working with the Ukrainian customs on the mutual development of single window systems and other information technology that would help the customs to fight smuggling and coordinate inspections at the borders. As a result of the customs modernization program, today around 95% of customs activities in Azerbaijan are supported by modern information and communication technology.[93]

[91] Afghan Customs, 2016. http://mof.gov.af/en/page/421 (accessed 7 April 2016);
UNDP, 2016. Border Management in Northern Afghanistan.
www.tj.undp.org/content/tajikistan/en/home/operations/projects/democratic_governance/bomnaf.html (accessed 2 May 2016)
[92] Azerbaijan Customs, 2015. Cooperation between customs services of Azerbaijan and Ukraine is progressing.
www.customs.gov.az/en/news-158.htmlk (accessed 7 April 2016)
[93] AzerNews, 2016. Azerbaijan eyes expanding customs cooperation. www.azernews.az/business/92991.html (accessed 7 April 2016)

BAC in Iran: Information exchange

Iran and Armenia have recently launched a new initiative on border agency cooperation. The new initiative facilitates exchange of information regarding private vehicle traffic across the Iranian-Armenian border. This project builds on the previous Iranian efforts to modernise the customs clearance process by employing modern information and communication technology.[94]

BAC in Kazakhstan: Taking benefit of regional cooperation

Border Agency Cooperation efforts in Kazakhstan build on the cooperation among the Eurasian Customs Union, a single market alliance between five former Soviet states: Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia.[95] The same way as the EU Customs Union, the Eurasian Customs Union seeks to strengthen the Eurasian single market by removing barriers for free regional movement of goods, services, capital and people. Operational since 2015, the Eurasian Customs Union imposes a common external tariff on goods from third countries. There are no customs posts between the members of the Union, and the members have agreed on common rules regarding sanitary and phytosanitary standards for food and agricultural products. The recent economic downturn, however, has slowed down the pace of integration and trade facilitation in the Union.[96]

BAC in Kyrgyz Republic: Modernisation improving the efficiency

Kyrgyzstan is harmonising its customs operations with its neighbour Tajikistan. The regional harmonisation efforts build on two main development areas: 1) modernisation of information systems and 2) increasing efficiency of border crossing posts. Training and awareness building support the adoption of the new technologies and associated operating principles, customs officers commonly receiving training on computer skills, system maintenance and computer-aided risk management. In the adoption process, the Kyrgyzstan customs consults businesses to ensure the buy-in of the private sector to the new customs operations and practices

The modernisation of the information systems includes the introduction of a unified automated information system, an application for managing customs procedures among the border service, customs, health, transport, and agriculture, the five main border control agencies in Kyrgyzstan. The system features satellite-based communications – at 37 border-crossings – that enable regional customs offices to communicate with the headquarters and local border posts in real time. Three border crossings are equipped with power generators and modern inspections equipment.

Increasing efficiency at the border posts involves investments in infrastructure, inspection equipment (and power generators and inverters in remote sites) and extensive training of border control officers on new border control practices. The new customs ICT system is capable of automatically assessing risk levels of cross-border movements and guiding inspection activities at the border.

The entire modernisation program is supported by a legislative reform: the Kyrgyzstan customs advocates eight major legal changes that are designed to streamline foreign trade-related administrative procedures and customs controls. Besides the legal reform, also the overall organisational structure of the customs administration is subject to change.

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[94] Armenian Customs, 2015. Armenian-Iranian cooperation expanded.
www.customs.am/csMD_News.aspx?ntname=csIRInterNews&nid=2007 (accessed 7 April 2016)
[95] Ministry of Foreign Affairs Republic of Kazakhstan, 2014. Customs Union, Single Economic Space and Eurasian Economic Union. www.mfa.kz/index.php/en/foreign-policy/integration-processes/customs-union (accessed 2 May 2016)
[96] Tarr, 2015.

The results of the modernisation project are quite impressive. Average time for processing a customs declaration has shortened from 60 to 10 minutes between 2005 and 2012. The Kyrgyzstan customs also reports less corruption as a result of automated declaration process and risk targeting that requires less human interference. The customs also collects more taxes and duties today, largely thanks to the modernisation efforts.[97]

BAC in Pakistan: Integration on the busiest border crossing with India

Pakistan and India share a 2,900 km long land border that stretches from the Arabian sea to the Himalayas. The busiest border crossing along the Indo-Pakistani border is located at the Attari-Wagah in Punjab, Northern India and Pakistan. The Attari-Wagah border crossing is exceptional because of its high traffic volumes and unique border crossing arrangements. The border features integrated check points at the Indian and Pakistan side. The check points have dedicated cargo handling terminals, import warehouses, export warehouses, parking areas for trucks and dormitories for drivers. There are also special, integrated facilities for quarantine and vehicle weighing. Further plans include integration of the Indian and Pakistani railways to enable smooth cross-border rail traffic across the Attari-Wagah border.

Since the introduction of the integrated border posts, Indian customs authorities have recorded a substantial growth in cross-border traffic – vehicles, imports and exports – at the Attari-Wagah border station. Trading companies report faster and less expensive cross-border clearance. The authorities attribute the growing traffic to the integrated check points and longer opening hours at the border posts (12 hours instead of earlier 8 hours). The authorities also report that the improved trade has improved living conditions, created employment opportunities and boosted commercial activity of people at both sides of the border.

Pakistan has also made significant progress in establishing appropriate institutional mechanisms aimed towards greater coordination between border agencies. The Pakistan Land Port Authority (PLPA) is in the process of being established and is envisaged to be the main coordinating body for addressing infrastructural, procedural and other border issues. PLPA is expected to be instrumental in improving cross-border trade activities with COMCEC countries in the South and Central Asian Regions.[98]

3.3. BAC activities in the countries in the African Region

3.3.1. Country indicators

The African region consists of 17 OIC member states and is similar in size with the Arab region with 412 million people. While Nigeria alone makes almost half of the population, the rest of the countries are relatively similar in size. The African region covers a significant geographical area of 7.8 million square kilometres. Of all three regions, the African countries have the highest number of neighbouring countries (4.6 on average), of which almost all (3.6 on average) are also OIC member states. This implies there would be significant potential for cooperation through BAC activities.

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[97]ADB, 2014
[98] OECD/WTO , 2014a.; http://indianexpress.com/article/explained/cpec-pakistan-china-nawaz-sharif-xi-jinping-2758111/; Email exchange Feb2016 with the expert NN

Countries in the African region have a relatively low level of competitiveness. Their average overall World Economic Forum global competitiveness index is only 3.4, which would make them the 126th in the country ranks (among the 140 countries). Among the African region, Nigeria has the highest overall logistics performance index, but takes only the 75th place in the global ranking. The African country average is 2.47, which is slightly lower than in the other two regions. Table below shows the key indicators for the 17 African countries in regards to BAC activities.

Regarding their foreign trade, the African countries are much behind the other two regions. The average export and import per capita are very low, only 515 USD and 352 USD, respectively. In fact, the export per capita exceeds 1,000 USD in only one country, Gabon. However, there is an export surplus driven by Nigeria and a few other countries. Also the average GDP per capita is significantly lower in the African countries when compared to the Arab and Asian regions. In the Doing Business study, Uganda has the shortest distance to frontier (DTF) at 56.6%. The average for the African countries is 47.8%. In the trading across borders indicator, Mali scores highest with 74.0%, while the average remains at 50.0%.

Table 8. Key indicators related to BAC activities in the OIC member states in the African region

Country	Group	Number of international agreements affiliated	Imports per capita (USD)	Exports per capita (USD)	Customs indicator / World Bank Logistics Performance Index (0-5)	Trading Across Borders DTF (% points) / World Bank Doing Business study	Co-operation – External / OECD Trade Facilitation Indicators (0-2)	Co-operation – Internal / OECD Trade Facilitation Indicators (0-2)
Afghanistan	Asian	9	374	82	2,16	28,90 %	data n/a	data n/a
Albania	Asian	13	1 733	803	data n/a	91,61 %	1,67	1,00
Azerbaijan	Asian	11	953	2 887	2,57	69,59 %	1,50	1,33
Benin	African	8	262	205	2,64	61,54 %	1,74	0,00
Burkina Faso	African	8	139	126	2,50	65,31 %	0,00	2,00
Cameroon	African	9	273	254	1,86	15,99 %	1,33	0,67
Chad	African	7	380	431	2,46	38,19 %	1,74	2,00
Cote d'Ivoire	African	12	426	549	2,33	54,42 %	0,00	1,00
Gabon	African	8	1 811	5 202	2,00	39,84 %	0,00	1,00
Gambia	African	7	170	63	2,06	65,27 %	0,00	2,00
Guinea	African	7	185	150	2,34	43,02 %	data n/a	data n/a
Guinea-Bissau	African	7	132	100	2,43	50,58 %	data n/a	data n/a
Mali	African	11	185	133	2,08	73,98 %	0,00	2,00
Mozambique	African	9	315	155	2,26	58,20 %	2,00	1,00
Niger	African	12	120	81	2,49	44,35 %	0,00	0,00
Nigeria	African	11	339	455	2,35	18,05 %	1,00	0,67
Senegal	African	10	408	192	2,61	62,05 %	1,00	1,00
Sierra Leone	African	9	311	355	data n/a	42,07 %	0,00	1,00
Togo	African	9	398	240	2,09	59,33 %	1,74	1,00
Uganda	African	10	138	74	data n/a	58,60 %	1,75	1,00

Sources CIA World Factbook, World Bank, OECD

The average for the Customs index of World Bank's LPI is 2.30, with Benin having the top score of 2.64 and Senegal following close behind at 2.61. In the OECD Trade facilitation indicator, the average for external cooperation is 0.82, which is lowest of the three COMCEC regions. The

average of internal cooperation is somewhat better at 1.09. Interestingly, in external BAC Mozambique achieves the full score of 2.00, while there are as many as seven countries scoring 0. For internal BAC, Burkina Faso, Chad, Gambia and Mali all achieve the full score of 2.00.

3.3.2. Regional initiatives

East African Community (EAC)

The East African Community (EAC) is a regional intergovernmental organization comprising six partner countries: Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda. The EAC Treaty was signed in 1999. The EAC is deepening cooperation among partner states in political, economic and social spheres. It is based on four integration pillars, namely customs union, common market, monetary union and political federation. The regional economic bloc is rapidly advancing its integration process as reflected by the encouraging progress of the four building blocks.

The customs union has been in force since 2005, whereby the member countries have agreed to establish a free trade zone and a common external tariff (CET), with imports from third countries being subject to the same tariff when sold to any EAC state. The common market has been in force since 2010, meaning that the partner states have agreed on the free movement of persons, workers, goods, services and capital. The East African monetary union was signed in 2013, laying the foundation for a monetary union within ten years. In addition, the EAC members aim to harmonize monetary and fiscal policies; financial payment and settlement systems; financial accounting and reporting practices; policies and standards on statistical information; and establish an East African Central Bank.[99]

Economic Community of West African States - ECOWAS

The Economic Community of West African States (ECOWAS) or Communauté économique des États de l'Afrique de l'Ouest (CEDEAO) is a regional group comprising 15 West African economies. It was founded with the aim of promoting economic integration across the region. In more concrete terms, it intended to create a single large trading bloc through an economic and trading union in order to achieve "collective self-sufficiency" for its member states. Peacekeeping is also another key mission of the community. The ECOWAS consists of two institutions to implement policies: the ECOWAS Commission and the ECOWAS Bank for Investment and Development (EBID). The 15 ECOWAS members are: Benin, Burkina Faso, Cabo Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo – and 12 of them are OIC member states.

ECOWAS has established a solid base for coordination arrangements between inter-agency cross-border collaboration across the region. ECOWAS is currently implementing a project "Promoting West African Trade Integration" (WATIP) that aims at better implementation and coordination of the regional economic integration process, increasing trade and establishing a customs union in West Africa. The project accelerates the process of achieving an effective customs union in West Africa and establishing a Trade Information System (TIS), which would help to manage trade-related information efficiently and to make the information available to all relevant stakeholders on one platform. It helps in drafting a common trade policy for

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[99] http://www.eac.int/ (accessed 30 August 2016).

harmonisation and coordination of trade policies across all member states. The project also improves gathering and analysing regional trade and economic statistical data. The intent is to promote cooperation between member states to harmonise statistical data on import and export activities. In practice this means closer customs cooperation, as customs administrations are usually the competent authorities in charge of data collection on imports and exports. WATIP also assists in the establishment of a monitoring system with indicators to measure the level of harmonisation of statistics on trade and assess the data collection methods of ECOWAS and member states.[100]

Other regional initiatives

Table 9. Other regional initiatives in African region

Central African Economic and Monetary Community - CEMAC	The roots of the Central African Economic and Monetary Community or Communauté Économique et Monétaire des Etats de l'Afrique Centrale (CEMAC) go back as far as 1919, and the current CEMAC was established in 1994. The main objectives of the Community are to converge and monitor national economic policies, to coordinate sectoral policies and to progressively create a single market. CEMAC is made up of six members: Gabon, Cameroon, the Central African Republic (CAR), Chad, the Republic of the Congo and Equatorial Guinea. Three of these are OIC members.[101]
Cross-Border Initiative - CBI	The Cross-Border Initiative (CBI) represents a common policy framework developed by 14 countries in Eastern and Southern Africa and the Indian Ocean (including two OIC member states: Comoros and Uganda), with the support of four co-sponsors: the International Monetary Fund, the World Bank, the European Union and the African Development Bank. Some of the CBI sub-initiatives, such as the creation of a single goods customs declaration form that has been introduced by most countries, pave the way for BAC. A single goods declaration facilitates cooperation between customs administrations in the region and improves information exchange in order to achieve better coordination among the various governmental agencies involved in international trade.[102]
Economic Community of Central African States – ECCAS	The Economic Community of Central African States (ECCAS) was established 1983 but remained inactive for a long period, due to financial difficulties and the conflict in the Great Lakes area. The objective of the Community is to promote balanced and self-sustaining development in all areas of economic and social activity in order to achieve collective self-reliance and raise the standard of living of the population. ECCAS comprises 10 member countries in Central Africa. Three of these, Cameroon, Chad and Gabon, are OIC member states.[103]
Indian Ocean Commission – IOC	The Indian Ocean Commission (IOC) is an intergovernmental organisation consisting of five countries along the Indian Ocean (Comoros, Reunion, Madagascar, Mauritius and Seychelles). One of the four building blocks of the OIC is economic and commercial cooperation.[104]
Mano River Union - MRU	The Mano River Union (MRU) is an intergovernmental organisation of four members: Cote d'Ivoire, Guinea, Liberia and Sierra Leone. Three of these are OIC countries. The key mission of this organisation is to integrate their economies and

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[100] www.ecowas.int/; www.giz.de/en/worldwide/20759.html
www.bidc-ebid.com/en/index.php (accessed 2 June 2016)
[101] www.internationaldemocracywatch.org/index.php/central-african-economic-and-monetary-community (accessed 5 June 2016)
[102]www.imf.org/external/np/cross/ (accessed 5 June 2016)
[103] http://au.int/en/recs/eccas (accessed 10 June 2016)
[104] http://eeas.europa.eu/delegations/mauritius/regional_integration/indian_ocean_commission/index_en.htm (accessed 7 May 2016)

	coordinate development programs in all aspects of economic and social development.[105]
Southern African Development Community – SADC	The Southern African Development Community (SADC) is an inter-governmental organisation with headquarters in Gaborone, Botswana. The main goals are to achieve development, peace and security and economic growth, to alleviate poverty and to enhance the standard and quality of life of the peoples of Southern Africa. While there are 15 members in SADC, Mozambique is the only OIC country involved. One of the SADC integration milestones is the establishment of a Customs Union, implying future cooperation on customs and trade. SADC also established a free trade area in 2008, and 12 of its member states have signed free trade agreements.[106]
West African Economic and Monetary Union - WAEMU	The West African Economic and Monetary Union (WAEMU), also known by its French acronym, UEMOA, was founded in 1994. Today it comprises eight OIC members, namely Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo. It aims towards greater regional integration and creation of a unified external tariff. It has established a common accounting system, periodic reviews of member states' macroeconomic policies based on convergence criteria, a regional stock exchange and the legal and regulatory framework for a regional banking system.[107]

Source: Organization websites and documents

3.3.3.   Country initiatives

There are a number of country-specific initiatives within the African Region. In the following, examples from five countries: Burkina Faso, Cote d'Ivoire, Mali, Senegal and Togo, as well as an incerpt of the West Africa Joint Border Post Program will be presented. Furthermore, a full case study on Uganda in Chapter 4 of this report is presented. Also our non-OIC case on Zambia and Zimbabwe (Chapter 2) is highly relevant for the region.

BAC in Burkina Faso: Building the capabilities with the help of global solutions

Burkina Faso has been actively building their customs capabilities over the past ten years. The country is currently in the process of upgrading the Asycuda++ software to the most recent Asycuda World edition. The Asycuda World helps border control agencies in Burkina Faso to further automate and control cross-border formalities and traffic. The country is also implementing a new digital platform for all public and private government agencies to handle documents and information related to the cross-border trade. This new single window solution is expected to accelerate the cross-border traffic and make it more cost-efficient for the private sector. Burkina Faso customs is also implementing the key standards of the WCO's Revised Kyoto Convention and the SAFE Framework of Standards, and the country is committed to establish a national AEO program.[108]

BAC in Cote d'Ivoire: Improving the regional connectivity

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[105] http://manoriverunion.int/(accessed 7 May 2016)
[106] www.sadc.int/ (accessed 8 May 2016)
[107]https://ustr.gov/countries-regions/africa/regional-economic-communities-rec/west-african-economic-and-monetary-union-uemoa (accessed 8 May 2016)
[108] National workshop on the implementation of the Revised Kyoto Convention and the SAFE Framework of Standards. www.wcoomd.org/en/media/newsroom/2016/april/national-workshop-on-the-implementation-of-the-revised-kyoto-convention-and-the-safe-framework.aspx (accessed 5 April 2016)

Cote d'Ivoire participates in many regional customs collaboration projects in West Africa. The country contributes, for example, to the Trade Support and Regional Integration Programme (PACIR, in French: Programme d'Appui au Commerce et à l'Intégration Régionale) initiative that seeks to build connectivity across customs IT systems in Cote d'Ivoire, Burkina Faso, Mali and Senegal. Cote d'Ivoire has also initiated similar, bilateral programs with Benin, Togo and Ghana.[109] Stronger customs connectivity across the West Africa is expected to help border control agencies to monitor cross-border operations in the region, streamline border inspections and guarantee protocols, and reduce administrative burden for the trading community. The connectivity facilitates access to data and information. This in turn makes it easier for customs to carry out risk-based border controls, profile trading companies by criteria for AEO programs and to combat customs fraud.[110]

BAC in Mali: Building transit capabilities with Guinea

Customs administrations in Mali and Guinea are working together to facilitate bilateral trade and transit between the two Western African countries. As a landlocked country, Mali relies on access to the sea through ports of its neighbouring countries, especially Abidjan in Côte d'Ivoire and Conakry in Guinea. There have been continuing negotiations for locating Malinese customs officers in the port of Conakry, Guinea, to control Mali-bound imports as soon as they embark on the African continent. Seeking to establish a fast and reliable coast-hinterland transport corridor, Malinese and Guinean customs have pledged to provide mutual administrative support, strengthen interconnectedness between their respective customs ICT systems, build capability for non-intrusive scanning and to enable electronic tracking of goods in transit.[111]

BAC in Senegal: Implementing a regional single window

The African Alliance for Electronic Commerce, a group of ten African countries, seeks to optimise trading procedures and expand the regional markets through adoption of modern ICT technologies and single window solutions.[112]

BAC in Togo: Improving system connectivity with the neighbours

As part of the national e-government program, the customs administration of Togo is modernising its ICT infrastructure and procedures.[113] The Togolese customs modernisation program has an international dimension as well: four Western African countries, Burkina Faso, Mali, Niger and Togo

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[109] Protocole d'accord entre le Ghana et la Cote d'Ivoire: les Douanes ivoiriennes et ghanéennes, désormais interconnectées. www.douanes.ci/?page=Infos.Actualite.News&id=283&rub=actualite&typrub=srub;
Cérémonie d'ouverture de la rencontre régionale sur le projet d'interconnexion des Administrations des Douanes du Burkina Faso, de la Côte d'Ivoire et du Mali.
www.douanes.ci/?page=Infos.Actualite.News&id=297&rub=actualite&typrub=srub (accessed 7 April 2016)
[110] . Directors General of Customs of Côte d'Ivoire, Burkina Faso, Mali and Senegal "Connect".
www.wcoomd.org/en/media/newsroom/2015/april/directors-general-of-customs-of-cote-divoire-burkina-faso.aspx (accessed 25 May 2016)
[111] Mali-Guinée: la cooperation douaniere se renforce. http://douanes.gouv.ml/voir_actu.aspx?lactu=67(accessed 27 May 2016)
[112] 6ème assemblée générale de l'AACE : Les performances des guichets uniques magnifiées. www.douanes.sn/fr/node/330 (accessed 28 May 2016).
[113] Visite de la ministre des postes et de l'economie numerique a l'OTR. http://otr.tg/otrtest/index.php/fr/439-visite-de-la-ministre-des-postes-et-de-l-economie-numerique-a-l-otr.html (accessed 30 May 2016)

are building together connectivity with their customs systems to enable automated exchange of digital information.[114] The digitalisation and better connectivity supports collection of duties and taxes at the borders, a key priority for the governments of these countries. The digital customs information also creates further capabilities for monitoring transit traffic, while reducing opportunities for customs fraud. The four countries have also agreed to provide one another with administrative assistance. The outcomes of the enhanced customs cooperation benefit particularly operations at juxtaposed border posts, such as the Cincassé border crossing between Togo and Burkina Faso. The Togolese customs has also recently deployed the new national Single Window (Asycuda World) that will further facilitate trader-customs interaction along the Togolese border.[115] The Togolese customs personnel are also providing technical assistance for their colleagues in Burkina Faso, who are also considering adopting the most recent World version of the Asycuda customs declaration software.[116]

West Africa Joint Border Post Program

Many West African countries have recently established Joint Border Posts, arrangements that enable authorities at both sides of the border to control cross-border traffic simultaneously. Located along the land borders, the new Joint Border Posts are expected to reduce costs of cross-border logistics by 20% or more, stimulate intra-regional trade, boost collection of duties and taxes, fight corruption, support intelligence sharing and to reduce delays and operating costs at the border crossings.

Specific accomplishments of the Joint Border Post include deployment of new scanning equipment, weighbridges, customs warehouses and other border control infrastructure. Besides a harmonised legal framework, the recent collaboration has also produced a common guidebook and a compendium of practices for managing cross-border traffic in the region. Besides, the collaboration has built trust and connectivity between border control agencies and provided means and funds for cross-agency training of customs officers. Main challenges the Joint Border Post initiative face include insufficient funds, inadequate expertise and knowledge on BAC and long procurement process for purchasing border control equipment.[117]

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[114] Vers une interconnexion des systemes informatiques douaniers du Burkina-Faso, du Mali, du Niger et du Togo. http://otr.tg/otrtest/index.php/fr/384-vers-une-interconnexion-des-systemes-informatiques-douaniers-du-burkina-faso-du-mali-du-niger-et-du-togo.html (accessed 7 April 2016)

[115] Togo: Ministerial launch of the Trade Single Window at Cinkassé border post and Lomé airport. www.soget.fr/en/soget-siege-3/news/item/togo-ministerial-launch-of-the-trade-single-window-at-cinkasse-border-post-and-lome-airport.html (accessed 10 April)

[116] Sydonia world: le Burkina Faso s'impregne de l'experience du Togo. http://otr.tg/otrtest/index.php/fr/218-sydonia-world-le-burkina-faso-s-impregne-de-l-experience-du-togo.html (accessed 28 May 2016)

[117] OECD/WTO,2014b

4. INTERNATIONAL BAC CASE STUDIES IN FOUR OIC MEMBER STATES

4.1. Case Abu Dhabi / United Arab Emirates[118]

Highlights
- *The GCC countries follow a common customs law that obliges the member countries to use the same harmonised dataset for customs declaration. The common customs law also facilitates exchange of intelligence and deeper collaboration on customs training and education.*
- *There are some special arrangements to synchronise and coordinate inspections at the Oman-UAE and Saudi-UAE land border crossings.*
- *Countries of the Gulf Cooperation Council (GCC) are working towards regional AEO programs and e-clearance (Single Window) systems. These initiatives are, however, at an early stage at the moment.*

4.1.1. Setting the scene for iBAC IN Abu Dhabi

Abu Dhabi overview

Abu Dhabi is one of the seven emirates that form the Constitutional Federation of the United Arab Emirates (UAE), a wealthy country located on the southern coast of the Arabian Gulf, west of the Gulf of Oman. The territory of Abu Dhabi lies in the south of the six other emirates: Ajman, Dubai, Fujairah, Ras al-Khaimah, Sharjah and Umm al-Quwain. Abu Dhabi covers 87% of the land area of the entire UAE, being by far the largest of the seven emirates. Abu Dhabi shares comparatively long land borders with Saudi Arabia (457km) and Oman (≈250km).

Abu Dhabi is a major global hub of international trade, logistics and tourism, largely thanks to its advanced infrastructure, central location and liberal trade policies. The Abu Dhabi International Airport, the UAE's second busiest airport after the Dubai International Airport, handled 827,000 metric tonnes of cargo and over 23 million passengers in 2015. There are major sea ports at the outskirt of the city of Abu Dhabi: Port Khalifa (mainly containers), Port Zayed (break bulk and cruise ships), and Port Musaffah (break bulk). The Khalifa Port's semi-automated container terminals handle currently all the emirate's container traffic. Abu Dhabi has land-border connections to Oman through the city of Al Ain and to Saudi Arabia through Ghuwaifat-Al Bat'ha border crossing. The map below presents the main border crossings and international logistics hubs in Abu Dhabi.

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[118] Dubai Customs, 2002
Abu Dhabi Customs Administration, Expert interview, 2016
Interview with Mr. Marwan Gharaibeh, the strategic Advisor to Customs DG in Abu Dhabi, Abu Dhabi, UAE
The Peninsula Qatar. http://thepeninsulaqatar.com/news/middle-east/314466/gcc-customs-union-fully-operational
(accessed 24 July 2016)
Oxford Business Group, 2016
World Bank, 2016

Figure 17. Main border crossings and logistics hubs in Abu Dhabi

Major border crossing or international logistics hub

Border between the Emirate of Abu Dhabi and other emirates
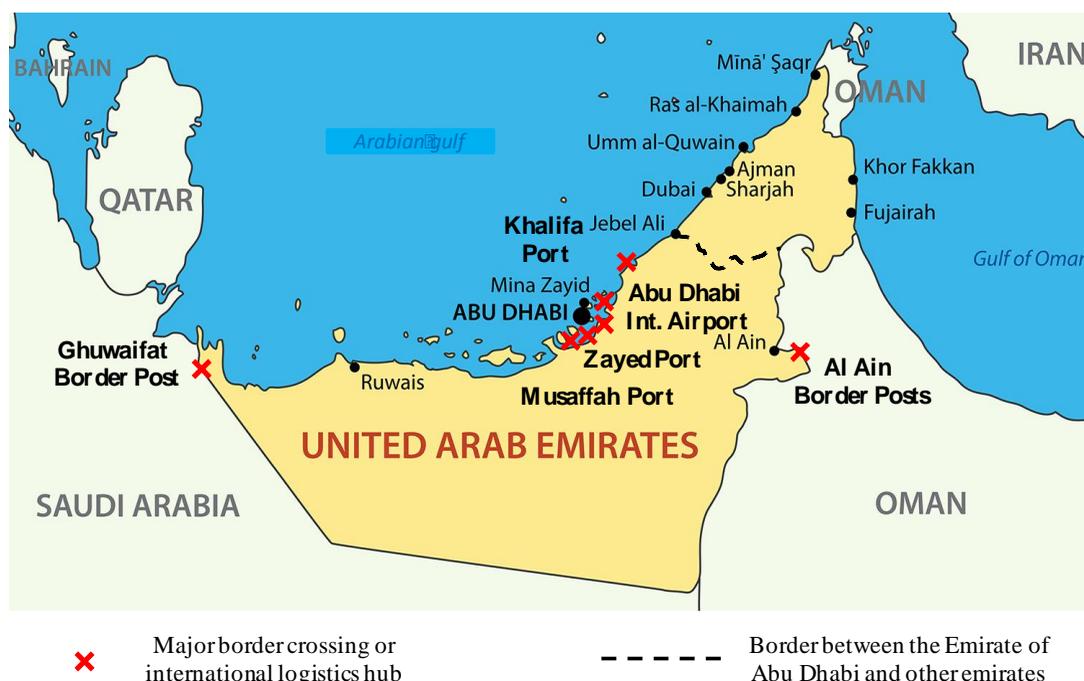
Source: Wikimedia and CBRA analysis[119]

Regional initiatives

The UAE is a member of the Gulf Cooperation Council for the Arab States of the Gulf (GCC), a regional economic and political union comprising six Arab States of the Arabian Gulf: the UAE, Bahrain, Kuwait, Oman, Qatar and Saudi Arabia. Originally, in 1981, the Gulf Cooperation Council was established to confront security challenges arising from the Iraq-Iran war. Today, 35 years later, the GCC cooperation covers many policy areas beyond security, including finance, tourism and trade. The GCC countries share a common market for labour[120], allowing GCC citizens to travel and work freely in the region. The GCC states have also taken steps towards a monetary union and launched numerous other projects to promote further economic integration.

The countries of the Gulf Cooperation Council have a common customs union in place. The countries agreed on the terms for the customs union already in 2003, but it became operational only in 2015. The customs union introduced a common external customs tariff (CET) for goods imported from the outside of the customs union. All GCC countries levy a common external ad-valorem tariff of 5% on the value, insurance and freight cost of imported goods[121]. The imported goods enter the GCC customs union through a single point of entry (airports, seaports or land borders), after which additional customs duties are no longer collected. At the same time, goods produced in any GCC country benefit from the tariff-free

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[119] https://commons.wikimedia.org/wiki/المتحدة العربية الإمارات#/media/File:Tc-map.png (accessed 31.8.2016)
[120] This common market does not yet allow full free movement of services and goods.
[121] There are some country-specific exemptions, though.

intra-GCC trade. Importantly, the customs union follows the GCC common customs law that sets uniform customs rules and procedures throughout the union,[122] for example rules for calculating customs value for foreign goods. The common customs law sets a solid basis for the elimination of tariff and non-tariff barriers for the intra-GCC trade.

One of the key benefits of the GCC customs union is that it allows the member countries to negotiate trade agreements with third countries at the GCC level[123]. The UAE and Abu Dhabi used to have bilateral trade agreements between different GCC member states and other countries around the world. It was the UAE that entered trade talks with other countries and negotiated terms of trade agreements. Today, however, GCC negotiates trade deals for its six member states collectively: the GCC members no longer sign bilateral agreements on their own. For example, in January 2015, the free trade agreement between GCC and Singapore entered into force. The new agreement lowered tariffs by 93.3% and granted a zero-tariff entry for goods from GCC into Singapore. When negotiating with Singapore, Abu Dhabi customs provided information to the UAE Federal Customs Authority, a body entitled to negotiate at the GCC level.

Figure 18. Institutional setting for international Border Agency Cooperation
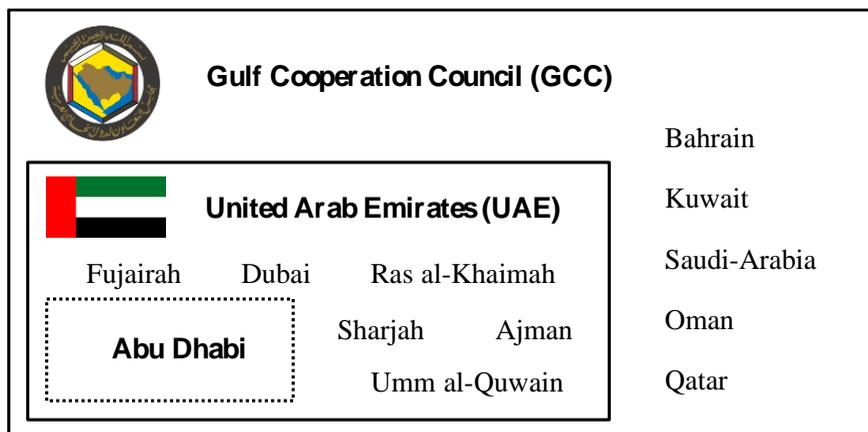
Source: CBRA (public domain info)

Abu Dhabi and the UAE are members of other important intergovernmental organisations and trade blocks. As a major oil exporter, the UAE is a member of the Organization of the Petroleum Exporting Countries (OPEC). The UAE is also member of the Greater Arab Free Trade Area (GAFTA), a regional free trade zone between 17 Arab countries. The UAE takes part in the Arab League that contributes to the commercial relations and customs matters in its 22 member states. The UAE is also an active member of the World Trade Organization and the World Customs Organization (WCO). The UAE has signed, for example, the WTO's General Agreement on Tariffs and Trade (GATT), the WCO's Revised Kyoto Convention (The International Convention on the Simplification and Harmonization of Customs procedures)

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[122] Though the customs law may be the same in GCC countries, interpretation and therefore practice of these rules differ from country-to-country.
[123] Since 2002, when the GCC member states signed the Economic Agreement, the unified trade policy of the GCC has defined the trade policy in the UAE, and in Abu Dhabi in particular.

and the Convention on International Transport of Goods Under Cover of TIR Carnets (TIR Convention) of the United Nations Economic Commission for Europe (UNECE).

Exports of Abu Dhabi and the UAE rely heavily on oil and gas products. As of 2014, the UAE oil industry accounted for two-thirds of the country's total exports. Gold, jewelry and diamonds are other important export commodities. However, despite the oil- and gas-driven exports, the UAE has the most diversified economy among its peers in the Gulf Cooperation Council, largely thanks to massive strategic investments in infrastructure and other economic development projects over the past ten plus years. Main import commodities into Abu Dhabi and the UAE include jewelry and gold, broadcasting equipment, computers and cars.

In 2014, Abu Dhabi and the UAE exported mainly to Japan (20%), India (13%), South Korea (7.9%), China (7.7%), Singapore (7.5%) and Thailand (6.2%). There are three OIC member states among the top ten export destinations: Oman, Pakistan and Malaysia (≈ 10% of total exports). The main origins of imports into Abu Dhabi and the UAE were China (18%), India (14%), the United States (7.2%), Germany (6.8%), the United Kingdom (4.9%) and Japan (4.4%). There are no OIC member states among the top 10 import origins, the highest ranking OIC country being Turkey (13th). The Intra-GCC is worth over 100 BUSD, and it is expected to grow[124].

Key indicators for Abu Dhabi

Abu Dhabi and the UAE rank comparatively high on indexes measuring performance of cross-border trading. In the Global Competitiveness Index of the World Economic Forum, the UAE ranks number 17 among 140 countries, and number two among all GCC and OIC countries (after Qatar). In the OECD Trade Facilitation Indicators, the UAE outperforms its regional peers and its income group peers, getting the perfect score on the external border cooperation (measured as the degree of co-operation with neighbouring and third countries). However, the UAE fares rather poorly in internal border agency cooperation, perhaps because of high level of sovereignty that the seven emirates still have in terms of government functions and services.

Abu Dhabi also performs well on the World Bank's Doing Business ranking that measures the ease of doing business in 189 economies worldwide. The UAE ranks number 31, but a more granular, subnational analysis reveals that Abu Dhabi outperforms other emirates and the rest of the GCC economies on the Trading Across Border Indicator. This means that companies, on average, face fewer regulatory hurdles (number of documents), benefit from lower costs (USD) and enjoy faster border-crossing times (hours) in Abu Dhabi than elsewhere in the Gulf region. The report recommends, however, that Abu Dhabi should look for ways to further reduce the cost of border compliance procedures, for example by improving the electronic Dhabi customs clearance system.

Border control agencies

There are seven independent customs administrations in the UAE, one for each emirate. There is also the Federal Customs Authority that coordinates customs activities over the entire UAE and manages foreign customs relations. Although a recent reform increased the power of the Federal Customs Authority, the seven customs administrations still wield considerable

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[124] The Peninsula Qatar. http://thepeninsulaqatar.com/news/middle-east/314466/gcc-customs-union-fully-operational (accessed 24 July 2016)

authority over customs operations in their respective territories and jurisdictions. The directors of the seven emirate customs also govern the Federal Customs Authority in monthly meetings and in this way contribute to the customs-related decision-making at the UAE-level.

The Abu Dhabi customs, one of the independent emirate customs, manages thirteen customs houses. The government agencies present at different customs houses depend on the cargo type, traffic volume, and transport modality of the customs house in question. Customs and police officers commonly work at every customs house, but often also people from the Abu Dhabi Food Control Authority, the Immigration Agency and other government agencies are present (see Table belowfor further details). Land border posts have typically a strong presence of customs, police and immigration officers. At the Abu Dhabi International Airport, civil aviation authorities play a key role as does the Abu Dhabi Airport Company, a government body providing airport services with the private-sector. At the sea ports of Khalifa and Zayed, the customs and other border control agencies collaborate with the Abu Dhabi Ports Company. Collaboration between different government agencies is generally effective. Some agencies have signed memoranda of agreements to facilitate the collaboration, but oftentimes different agencies work together when needed, without official mandates or protocols.

Table 10. Main government agencies present at the Abu Dhabi international airport

Border agency	Role
Abu Dhabi Customs Administration	Collection of customs duties
Abu Dhabi Airports Company	Provision of airport services
General Civil Aviation Authority	Oversight of aviation security and safety
Abu Dhabi Police	Security and safety of the emirate / crime control in general, including fight against drug trafficking
Abu Dhabi Food Control Authority	Food quality, animal and plant health

Source: CBRA analysis and expert interview in Abu Dhabi[125]

The Abu Dhabi customs has some degree of cooperation with the customs of the two neighbouring countries, Saudi Arabia and Oman. Local managers at both sides of the border have often personal relations that facilitate operational cooperation and exchange of information at a border post. The correspondence is, however, often ad hoc and not yet formalised, let alone automated. The authorities want to exchange information with one other, to get advance cargo information about goods coming and going out, for example.[126] Advance electronic cargo information helps coordination of cargo inspection and in this way facilitates cross-border traffic.

To promote customs-to-trade collaboration, the Abu Dhabi customs chairs two important councils. The brokers' council convenes two to three times a year, with relevant people from customs administrations, courier companies and broker agents. The traders' council meets two to three times a year, most often at the premises of the chamber of commerce. This council has

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[125] Abu Dhabi Customs Administration expert interview, 2016
[126] Abu Dhabi Customs Administration expert interview, 2016

a strong focus on trade facilitation. There is also a strategic planning council for strengthening cooperation across various border control agencies. In this council, the customs collaborates with the Abu Dhabi police, the department of economic development and other relevant government bodies to define priorities of border enforcement and trade facilitation.[127]

4.1.2. Tangible iBAC activities in Abu Dhabi

Joint border controls

Abu Dhabi customs has special border control arrangements with the closest neighbours, Oman and Saudi Arabia. Every day, ten to fifteen thousand cars cross the UAE-Oman border at Al Ain city at the Eastern frontier. To deal with this heavy traffic of mainly cross-border commuters, Abu Dhabi customs and Omani customs officers synchronise operations and coordinate inspection of cars to ensure smooth border crossing and to get the most out of their limited inspection resources at the border.

Besides the above mentioned bilateral arrangements, the GCC countries also collaborate in the field of fiscal controls. For example, automated reconciliation of customs duties means that if one GCC country imported a car, the duty would be paid in the country of the first entry. After the car gets exported to another GCC state, the country of the first entry should send the customs duties to the country of the car's final destination. So if one pays duties in Jeddah and the car is going to UAE, the Saudi customs sends the collected duties to the UAE customs.[128]

International exchange of intelligence

Abu Dhabi customs contributes to and benefits from international exchange of customs-relevant intelligence. The risk management directorate of the Abu Dhabi customs receives intelligence from many sources. This improves profiling and targeting of cross-border cargo and passenger movements.[129] At the emirate and national level, the risk management directorate exchanges information and intelligence with other border control agencies in Abu Dhabi and elsewhere in the UAE, especially with police forces. Internationally, the Abu Dhabi risk management directorate is also well connected to the WCO Regional Intelligence Liaison Office (RILO) in Riyadh, Saudi Arabia, via a liaison office.

Abu Dhabi customs has a good relationship also with the Saudi Arabian customs at the UAE-Saudi border. At the Ghuwaifat-Al Bat'ha border crossing, at the North-West corner of the Abu Dhabi, directors at both sides of the border exchange information and intelligence on a regular basis. If there is a suspicious shipment about to cross the border, the Saudi customs alert their colleagues at the Abu Dhabi side of the border, and the other way round. Information gets also exchanged higher up in the organisational hierarchy, at a more strategic level, at customs meetings with other GCC countries in Riyadh and also at various WCO meetings around the world.

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[127] Abu Dhabi Customs Administration expert interview, 2016
[128] Abu Dhabi Customs Administration expert interview, 2016
[129] The risk management system calculates risk scores of cross-border cargo movements and categorises them into green, yellow, and red channels. Customs officers at the border inspect cargo based on this colour coding.

At the UAE level, the Federal Customs Authority is building a UAE-level risk management engine for security purposes. The engine will eventually connect to the WCO Regional Intelligence Liaison Office (RILO), INTERPOL and to other sources of law enforcement intelligence around the world. So far, the Abu Dhabi customs has signed bilateral agreements on exchange of information and intelligence with countries like Jordan.

Cross-border collaboration in customs training

Abu Dhabi customs is strongly committed to continuous education and training, with a special training academy and a training directorate. There is also an own customs bachelor program in collaboration with a local university.[130] Training is taking place around the year, at three levels: basic, medium and advanced. New recruits join a basic training course. People coming from abroad, mainly from GCC countries[131], participate in medium-level and advanced courses on inspection, investigation, risk management and related subjects. Training activities have a prominent international dimension in Abu Dhabi. Abu Dhabi has the WCO's Regional Office for Capacity Building for Middle East and North Africa (MENA region). The office helps customs in the MENA countries to implement WCO conventions, guidelines and tools. Also the Federal Customs Authority seeks to transfer knowledge and best practices from one customs to another and to contribute to the international customs collaboration, especially at the GCC and WCO levels.

GCC standard for customs declaration data

The common GCC customs law introduced a single administrative document (SAD), a standard customs declaration dossier that all GCC countries use. The single administrative document incorporates around fifty common data elements that traders must send to customs when importing, transiting or exporting goods across the borders of the GCC customs union. Though there are local variants of the single administrative document, the common data requirements significantly reduce administrative burden for the trading community, customs and other border control agencies. The single administrative document, and the associated common dataset, also improves connectivity between different e-clearing systems[132] in the GCC customs union, paving the road towards a regional single window and the GCC-level common customs risk assessment.

Towards regional e-clearance systems

Abu Dhabi has a modern semi-automated e-clearance system in place in the Port of Khalifa. The system offers a single point of access for companies and government agencies to deal with all matters concerning cross-border trade. Data is available for other border agencies, so they can monitor the traffic and give their approvals in the system. Because the declaration system is electronic and largely automated, customs brokers can declare goods at their own premises through a single digital interface. The Abu Dhabi customs is in the process of implementing similar e-clearance systems at other customs houses, as well. The system is expected to accelerate the clearance process, in this way speeding up the release of goods and reducing

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[130] Abu Dhabi Customs Administration expert interview, 2016
[131] Cross-training and staff exchange programs are stipulated also in the GCC common customs law.
[132] Abu Dhabi uses a locally designed Dhabi e-clearance system, Dubai E-Mirsal, and Ras Al-Kaimah a tailored version of Dhabi. In Bahrain, local customs use the ASYCUDA (Automated SYstem for CUstoms DAtasystem), a global e-clearance system designed by the United Nations Conference on Trade and Development (UNCTAD). Oman uses the TradeNet system developed by the Singapore customs.

truck and vessel turnaround time. The aim is to reduce clearance times at ports from around 50 minutes in 2014 to 10 minutes in 2020 and from 30 minutes to eight minutes at land borders.[133]

In recent years, all GCC countries have adopted national e-clearance systems. Abu Dhabi and the UAE are looking for ways to build connectivity between the e-clearance systems of their trading partners. The Abu Dhabi customs are, for example, negotiating with Jordan, a Middle East country that sends goods into Abu Dhabi through Saudi Arabia, to receive advance customs cargo information for customs and security purposes. Customs houses at the Omani border are under a modernisation process that will enable quick online communications between Abu Dhabi and Omani customs authorities. At the GCC-level in general, there is a huge potential for regional Single Window implementation, but so far there have been only tentative negotiations on this matter. Even so, the customs administrations in the Gulf region have recently been exchanging quite a lot experiences regarding e-clearance systems.

Towards regional AEO (within GCC)

The Abu Dhabi customs manages a local trusted trader program similar to Authorised Economic Operator (AEO) initiatives that grant customs simplifications for certified companies. "We have around 47 companies with the trusted trader status," an Abu Dhabi customs specialist explains. "We make customs formalities easier for these companies." The UAE has taken some steps towards a national AEO program, but the progress is rather slow. "We are discussing with local emirates and the Federal Customs Authority," the specialist continues. "But the emirates have different criteria for AEO certification, and settling the differences takes time." Meanwhile at the GCC level, there have been talks about a regional AEO program, or mutual recognition of national programs. Establishing a regional AEO scheme, however, is not going to become operational over the following years.[134]

4.1.3. Summary and discussions

Abu Dhabi and the UAE have already implemented some important elements of international BAC. There are some special arrangements to synchronise and coordinate inspections at the Oman-UAE and Saudi-UAE land border crossings. The GCC countries follow the common customs law that obliges the member countries to use the same harmonised dataset for customs declaration. The common customs law also facilitates exchange of intelligence and deeper collaboration on customs training and education.

At the same time, there is a great potential to strengthen further international BAC in the GCC customs union. GCC countries could connect their national e-clearance systems for a regional single window system. The countries could also establish a regional AEO program by harmonizing their national programs – including the security requirements, audit practices and granted benefits. More locally at the borders, neighbouring GCC countries could establish joint customs houses, share inspection equipment, and organize more joint operations as well as intelligence sharing.

Good news is that the customs union provides a solid legal basis for strengthening the regional BAC. Three main barriers, nevertheless, hinder further development of BAC in the GCC

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[133] Abu Dhabi Customs Administration expert interview, 2016
[134] Abu Dhabi Customs Administration expert interview, 2016

customs union. First, securing political support for international customs reforms is the most pressing issue. A typical supranational political process requires a great deal of meetings, formal correspondence, and patience. Second, lack of funding is another major challenge. Since 2008, the UAE and other GCC members have suffered from the downturn of global markets and exceptionally low oil prices. As the flow of money to the Gulf region has slowed down, customs and other government agencies have faced budget cuts. The lack of funds reduces resources that customs can dedicate to international collaboration, development projects, and deployment of new technologies. Before another economic turnaround, the development of a regional AEO program, GCC Single Window, joint customs houses, and broader mutual recognition of border controls is expected to be rather slow. The third challenge is technical: government agencies are using a broad array of clearing systems, some of which are still manual, and this complicates exchange of information among the relevant government agencies.

Finally, the main international BAC activities are summarised in the Table below. It shows that most cross-border BAC activities in Abu Dhabi (and the UAE in more general) take place at the GCC level. However, there are also some bilateral arrangements between UAE and Oman as well as between UAE and Saudi Arabia, although these initiatives are still under development. Abu Dhabi and other customs administrations of the UAE exchange intelligence on customs matters with foreign customs administrations either bilaterall or through the WCO, and especially its regional intelligence liaison office.

Table 11. Summary of international BAC activities in Abu Dhabi

Report sub-headings	Status	Related international arrangements
Joint border controls	Under development	UAE-Oman and UAE-Saudi Arabia
International exchange of intelligence	Operational	WCO, Gulf Cooperation Council
Cross-border collaboration in customs training	Operational	Gulf Cooperation Council
GCC standard for customs declaration data	Operational	Gulf Cooperation Council
Towards regional e-clearance systems	Under development	Gulf Cooperation Council
Towards regional AEO-program	Under development	Gulf Cooperation Council

Source CBRA case analysis

4.2. Case Uganda

> *Highlights:*
> - *Recently-established One-Stop Border Post (OSBP) at the Uganda-Kenya border makes cross-border trade and travel faster, more reliable and cost-effective.*
> - *Uganda and countries of the East African Community (EAC) have reduced the complexity of cross-border trade and logistics by harmonising regulations concerning food and agricultural products, simplifying certificates of origin and by establishing a trade helpdesk.*
> - *The World Customs Organisation supports Uganda and other EAC countries in launching a regional Authorised Economic Operator Program (AEO)*

4.2.1. Setting the scene for iBAC in Uganda

Economic and trade overview

In the past decades the Ugandan economy has experienced a positive development. While the global economic downturn of 2008 hit the economy through exports, it is among one of the strongest in Africa. The GDP is currently 24.7 BUSD (2015, official exchange rate). The growth rate has remained at 4-5 % during the past three years. The GDP per capita remains at a relatively low level of 2,000 USD per capita. However, the level is similar to other non-oil producing countries in the OIC African region.

The economic outlook for Uganda looks promising due to its relative stability, a number of positive developments and investments, and due to the fact that the country has been able to sustain GDP per capita growth despite the population growth rate (3,2 % in 2015), which is one of the highest in the world. As a consequence, the median age of the Ugandan population is only 15.6 years, which makes the population the second youngest in the world. In fact, the Ugandan population is expected to exceed 100 million by 2050, which would make it more populous than e.g. Turkey, Japan or any Western European country.

Such a tremendous growth calls for massive investments in the infrastructure and developments in the economy. A lot of promise comes from the recent discovery of oil and natural gas, which currently remain unutilized. The country is rich in other natural resources too, such as copper and gold, but particularly its fertile soil, regular waterfall and abundant water resources provide excellent conditions for agriculture.

Overview of the regional trade facilitation agenda

The Customs Management Act of the East African Community (EAC) Customs Union sets the basis for customs operations in Uganda. The East African Community comprises Uganda, Kenya, Tanzania, Rwanda, Burundi and South Sudan (since April 2016). The Customs Management Act provides the baseline for cooperation of the respective authorities in customs matters – including trade facilitation issues, standards, plant and animal health, human health, statistics and security – in the six member countries.

Over the past two years, customs administrations of Rwanda, Uganda and Kenya have successfully strengthened their collaboration, especially regarding cross-border movement of

goods and customs clearances.[135] Customs authorities in these countries have launched common customs modernisation programs, common electronic cargo tracking systems and regional Authorized Economic Operators (AEO) programs. They are also working on elimination of duplicate security checks and on operationalisation of One-Stop Border Posts (OSBP). These initiatives have lowered trade barriers between these countries, through reduction of customs bureaucracy and security-related road blocks along the Northern Corridor, for example. To realise further trade facilitation benefits, the countries have also harmonised axle road control measures at weigh bridges, removed cash bonds, as well as arranged 24/7 opening hours at all border crossings. These initiatives have resulted in reduction in cost of transporting a container from Mombasa to Uganda from about 3,375 USD to about 2,300 USD (saving of 1,075 USD). Besides, the time of moving a container from Mombasa to Kampala has shorted to four days, from earlier 18 days. The initiatives have also facilitated collection of trade statistics.[136]

Uganda has been implementing a program on elimination of non-tariff barriers (NTB). The program which started in 2012 is coordinated by the Ministry of Trade, Industry and Cooperatives, involving all key border agencies, with a "stake in trade facilitation". Strategic aspects of this cooperation include the following:

- Establishment of an information exchange facility,
- Development and implementation of a communication and advocacy strategy for eliminating non-tariff barriers to trade,
- Institutional coordination for removal of NTBs – an EAC NTB elimination Act/law has been enacted and is under development in Uganda,
- Re-alignment of national laws and regulations, and
- Initiatives for introduction of a Single Window system.[137]

4.2.2. Tangible iBAC activities in Uganda

The Malaba One-Stop Border Post (OSBP)[138]

Introduction: The Malaba One-Stop Border Post (OSBP) has been operational since early May 2016. Since then, there is an increase from approximately 850 trucks to 1,000 trucks a day. The legal base for this post is the EAC One Stop Border Bill from 2012. All border posts within the EAC are planned to be built on the basis of this bill. In total, there are already five OSBPs realised in Uganda, while one is under construction and another eight under the planning stage. The next OSBP will be realised at the border between Uganda and South Sudan, which joined the EAC on 15 April 2016 – creating this and other OSBPs depends naturally on political, technical and financial aspects.

Control Zone: The Malaba OSBP contains a so-called control zone, which stays open seven days a week, 24 hours a day, with two Customs Buildings in it. The one in the western part of the zone is the Uganda Customs Building, while the other one in the eastern part of the zone is the Kenyan Customs Building. Both buildings are operated by Customs officers from the two

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[135] Ministry of Trade expert interview, 2016

[136] Ministry of Tradeexpert interview, 2016

[137] The single window system will enable international traders to submit regulatory documents (i.e., customs declarations, applications for import/export permits, certificates of origin, trading invoices, etc.) at a single location and/or single entity. The single window is expected to increase the efficiency through reduction of time and cost for traders for moving cargoes across borders.

[138] Ruyter's visit to Uganda, 2016.

countries. Cargo traffic stops only once: for the traffic from Uganda towards Kenya they stop at the Kenya Building, while for traffic from Kenya towards Uganda the only stop is at the Uganda Building. For passengers, the situation is somewhat different: for persons from Uganda to Kenya and from Kenya to Uganda the only stop is on a separate traffic lane at the Customs building in Uganda.

The infrastructure in the control zone is not finished yet but will be ready by the end of 2016. A new bridge between Uganda and Kenya is under construction. After finishing the construction work, the traffic will be guided in an optimised way through the control zone – however, the renewal of the control zone will not have an influence on the processes and procedures. Multiple other government agencies, including Immigration, National Bureau of Standards, Agriculture, Plants, Veterinarian, Fishery and National Drugs Authority, are working in the two Customs Buildings. In addition, insurance companies, banks and cross-border trade associations have their offices in the buildings. The OSBP concept is not completely new for the Malaba Border Post, as some of the OSBP elements were introduced there already in 2005, due to the high workloads at both sides of the border.[139]

Working principles and practices: To realise the cooperation between Ugandan and Kenyan Customs as well as with other authorities in the two countries, multiple approaches to organise the work have been introduced and implemented:

- **Placing officers from all authorities physically together to handle the work**. The most visible example can be seen at the two immigration counters: one for Uganda (with a Ugandan officer) and one for Kenya (with a Kenyan officer). The two officers see each other and can communicate with each other. Between the two desks there is a way leading out of the building; thus no-one can leave without been seen by the officers.
- **Joint examinations and accepting each other's work.** An example is the way of working between the Ugandan National Bureau of Standards and the Kenyan Bureau of Standards. In a MoU, both national authorities agreed on joint examinations and accepting each other's work. Documentation and certificates marked by one of them after examinations are accepted by the other authority. This is enabled by the harmonised legislation within the EAC.
- **Automating the work.** For the clearance process, Uganda uses the ASYCUDA World system. Next to Customs, all other agencies are linked to the system, with the aim to cover all aspects from different legislations in the treatment of declarations. Also the banks are linked to the system to guarantee that the border taxes are paid in full before releasing the goods. For the treatment of declarations, the system distinguishes the following four channels:
  - Green channel. No action / Release of goods.
  - Red channel. Physical examination of goods before release. In case there is the need of a physical examination, these examinations are done by a team composed of Customs from Uganda and Kenya and all other agencies that are needed.
  - Blue channel. Release of goods, followed by post-clearance audits.
  - Yellow channel. Some documentation has to be completed before release of the goods.

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[139] Ruyter's visit to Uganda, 2016.

- **Granting access to the IT-systems**. Kenya uses for its declarations an own system called Simba, while Uganda uses the ASYCUDA-system. Both countries provide direct IT-system access to the neighbouring officers.[140]
- **Centralised clearance in Mombasa, Kenya:** Next to the clearance at the borders, EAC introduced from 2015 a new way of clearance, the Single Customs Territory (SCT) system. Goods that are entering the EAC in Mombasa, Kenya are cleared in there even if the goods are destined for Uganda. To make this happen, Ugandan officers are working in Mombasa side-by-side with their Kenyan counterparts. In addition, the Ugandan Bureau of Standards, Veterinary and agricultural authority, and the Drugs authority, among others, are present in Mombasa.[141] Goods that are cleared and released in Mombasa can be monitored in a regional cargo tracking system. The tracking system comprises of satellite connections, a central monitoring centre and special electronic seals fitted on cargo containers and trucks, which give the precise location of goods in real time. Finally, regarding the procedures at the Kenyan-Ugandan border: trucks with centrally-cleared shipments don't have to stop at the border to fulfil any formalities. Next to Uganda and Kenya, also Rwanda is using this system today.[142]

Authorised Economic Operators: For cargo from regional AEOs crossing the border, there is a non-stop procedure in place. Corresponding to a cargo having had a central clearance in Mombasa, there is in fact a stop that does not require filling in any documentation. For national AEOs importing goods in Uganda, there are no physical examinations at the border; instead, all checks are done as Post Clearance Audits. These benefits are based on the risk analysis done in the validation process for getting the status of AEO.

Sensitive goods: Uganda Customs is using a list of sensitive goods – e.g., cigarettes in the past were escorted by Uganda Customs to their final destination. Now there is an electronic cargo tracking system, and electronic seals together with GPS technology are used for monitoring purposes. The plan is that this system will be used across the EAC in the future.

Cross-border communities: Uganda Customs is facilitating the cross-border communities by the following means:
- A national ID is accepted as a sufficient document for cross-border travel,
- A simplified certificate of origin for goods below a value of 2,000 USD is in use,
- A simplified declaration can be produced, entered in the ASYCUDA system by the Customs officers and
- Meeting space is being offered at the Customs building.

Cross-border trade associations: Uganda Customs is facilitating the work of the trade associations by:
- Offering space in the OSBP Buildings,
- Providing information that is needed by traders and
- Delivering training on how to complete customs declarations.[143]

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[140] Note: the RADDEx system is no more in use.
[141] Ministry of Tradeexpert interview, 2016
[142] Ruyter's visit to Uganda, 2016.
[143] Ruyter's visit to Uganda, 2016.

Harmonisation of import regulations of food and agricultural products

With the help of the the United States Agency for International Development (USAID) supported Competitiveness and Trade Expansion (COMPETE) program, extensive consultations took place between the EAC, national level bureaus of standards and the private sector to harmonise standards for 22 staple foods. A platform was created for establishing a common language for assessing quality and grade of foods to stimulate inter-regional trade. COMPETE worked towards building networks of national implementing partners to promote the adoption of the EAC's Harmonized Staple Foods Quality Standards at national level in Uganda. The progress of drafting and implementing regional standards is being followed up closely and action is taken where gaps remain.[144]

Efforts will continue to collaborate with USAID in Uganda to identify and build partnerships with such organisations. COMPETE is working with the Centre of Phytosanitary Excellence (COPE) and the East African Phytosanitary Information Committee (EAPIC) to create regional pest lists for select staple commodities to help streamline and shorten the SPS inspection process at borders.

EAC Simplified Certificate of Origin

The EAC Simplified Certificate of Origin (SCO) is a customs document that is used to clear goods, duty free, that have been grown or made in neighbouring partner states and whose commercial value is not more than 2,000 USD. COMPETE provided technical guidance to the EAC on raising the threshold of the SCO from 500 USD to 2,000 USD. COMPETE supports SCO's waiver of duties as a way to reduce the price of goods in the region and to support small cross-border traders to clear their goods formally. SCO will lead to more accurate formal trade statistics and ease of trade across borders.[145]

Trade Helpdesks / Information Desks

In collaboration with the EAC, COMPETE developed the EAC Trade Helpdesk, a web-based tool that allows users to query EAC trade statistics (imports and exports) by country of origin and destination as well as applicable tariff and trade regulatory requirements (such as rules of origin and non-tariff requirements). Data from 2004 to present is available and is updated monthly and annually based on submissions from EAC partner states. COMPETE continues to work with the EAC to improve data quality.[146]

The Ugandan government has also established a number of Trade Information Desks at Malaba, Busia, Katuna, Elegu and Mutukula, among other things to facilitate clearance of goods for small scale traders through customs. For each of these borders, there are counterpart desks on the opposing side of the border, and the two parties work hand in hand in processing exports and imports. The desks record the NTBs encountered by small scale traders, and they are also a great source of market information.[147]

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[144] EAC Secretariat (2016ᵃ, 2016b)
[145] USAID/COMPETE, 2013
[146] USAID/COMPETE, 2013
[147] Ministry of Trade, Expert interview, 2016

Towards a regional AEO program (WCO-EAC CREATe Project[148])

First, the box below presents some background information on the CREATe project, from a news release by the WCO. [149]

Under the auspices of the WCO-EAC CREATe project on 9-10 June 2016, customs representatives from EAC member administrations met with regional Authorized Economic Operators from Burundi, Kenya, Rwanda, Tanzania and Uganda to identify ways to intensify cooperation and to discuss main challenges in the roll-out of the regional AEO program. The consultations led to the agreement that a regional AEO working group shall be established, which will include representatives of Customs, regional AEOs, regional associations (East African Business Community, FEFFEA) as well as the EAC Secretariat. The parties were also able to develop and agree on draft Terms of Reference for this regional working group and decided that the regional working group's launch and first official session shall take place no later than the end of October 2016. The consultations also allowed represented Customs to take note of the challenges experienced by the regional AEOs at key border posts. Customs and the regional AEOs agreed to address these key challenges through a collaborative and results-oriented approach in the upcoming weeks. A critical issue identified was the absence of a specific identifier in Customs IT systems in the region for the "Regional AEOs". This working session, which took place in Kampala, Uganda, was opened by the Assistant-Commissioner Customs from the Uganda Revenue Authority and was funded by the Government of Sweden.[150]

The current progress and status of the regional AEO programs is the following:[151]
- There are 13 operators with the regional AEO status today, three of them Ugandan; the target is to have a minimum of 50 regional AEOs by 2018.
- Customs AEO validation teams are on national level (e.g., Ugandan customs is doing the validations for Ugandan companies), using regional AEO schemes in their validations.
- The five countries are finalising standard operating procedures (SOPs) for the detailed functioning of the common AEO program.
- One of the main gaps observed during the pilot phase (2013-14) was that IT systems had no regional AEO identifier – this will be solved by March 2017.
- The second gap identified during the pilot phase is about missing self-assessment explanatory notes – this is also being addressed now.
- Benefits of the regional AEO status include the following (with some country level discrepancies – the goal is to have a full harmonisation by 2018):
  - Priority treatment in the clearance systems and at the borders and dedicated service at release points,
  - Exemptions from physical and documents examination (except random inspections),
  - Waiver of ECTS requirements,
  - Waiver of movement bonds (only when transporters, importers and brokers all are regional AEOs) and
  - Priority to participate in any customs modernisation activity, e.g., single window system launch.

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[148] WCO-EAC CREATe project is implemented by the WCO and EAC Secretariats jointly - project being funded by the Government of Sweden.
[149] www.wcoomd.org/en/media/newsroom/2016/june/successful-customs-to-business-engagement-on-the-rollout.aspx (accessed 10 June 2016).
[150] www.wcoomd.org/en/media/newsroom/2016/june/successful-customs-to-business-engagement-on-the-rollout.aspx (accessed 10 June 2016).
[151] WCO expert interview, 2016

Finally, linked to the future developments of the regional AEO program, the EAC has a put in place a regional compliance and enforcement action plan, which contains a regional risk management strategy pack. WCO has been requested to support the implementation of this action plan, thus linking it to the on-going CREATe-project.[152] [153]

4.2.3.   Summary and discussions

The Uganda case sets an example on how a country can take the first critical steps in international BAC. Uganda and other members of the East African Community (EAC) have succeeded in simplifying the overwhelming complexity that has long slowed down the trade and logistics in the region. The most significant recent regional trade facilitation activities include harmonization of food and agricultural staples, simplification of certificates of origin, and the establishment of a helpdesk to cater for the information needs of the trading community. Such relatively straight-forward measures have accelerated border formalities and resulted in a significant boost in trade.

A notable feature of the Ugandan approach to BAC is the Malaba One-Stop Border Post (OSBP) at the Uganda-Kenya border: the OSBP makes cross-border trade and travel faster, more reliable and cost-effective between these two countries. With the establishment of the OSBP facilities at Malaba, a significant reduction in crossing time was noted by 2012. Trucks loaded with goods that used to take over 48 hours dropped to less than six hours, and average border-crossing time dropped from 24 hours to 4 hours. The total annual savings resulting from the improved situation have been estimated at approximately 70 MUSD.[154] Since OSBP operations are being introduced incrementally, further benefits may be expected in the future.

There are also some challenges that slow down the progress of BAC in Uganda. The most obvious challenges are the lack of funding, as well as basic infrastructure and equipment that the Ugandan border control agencies have access to. The lack of resources is a major challenge especially at remote border crossings and borderlands. To overcome these problems, the Ugandan BAC activities require substantial and continuous financial support and capacity building efforts. Without these investments, the continuity and further development of the promising Ugandan BAC approach may be in jeopardy.

Finally, the Table below provides a summary of the key international BAC activities in Uganda. Several BAC activities are currently operational in Uganda, but further work is required in order to achieve the full potential of the BAC opportunities.

Table 12. Summary of international BAC activities in Uganda

Report sub-headings	Status	Related international arrangements
The Malaba One-Stop Border Post (OSBP)	Operational	Bi-lateral Uganda-Kenya
Harmonization of import regulations of food and agriculture products	Operational	East African Community
EAC Simplified Certificate of Origin	Operational	East African Community
Trade Helpdesks / Information Desks	Operational	East African Community
Towards regional AEO program	Under development	WCO CREATe project in East African Community

Source CBRA analysis

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[152] WCOexpert interview, 2016
[153] Note: the CREATe- project is in line with the WTO TFA and the SAFE Framework of Standards
[154] JICA, 2014

4.3. Case Malaysia

Highlights:
- *Malaysia has a powerful national government-industry body, Special Task Force to Facilitate Business (PEMUDAH), to promote trade facilitation. The body provides an open forum for interactive discussion and a platform for pilot projects.*
- *Malaysia has strengthened collaboration across different border control agencies to step up the fight against cross-border drug trafficking and people smuggling as well as to improve enforcement of the country's territorial waters*
- *Malaysia would benefit from a broader international recognition of its national AEO program and air cargo security regime.*

4.3.1. Setting the scene for iBAC @ Malaysia

Malaysia overview

Malaysia is a South East Asian federal parliamentary monarchy that comprises 13 states. Geographically Malaysia consists of two parts separated by 500 kilometres of the South China Sea: The Malaysian Peninsula and East Malaysia located on the island of Borneo. On the mainland, where the country's capital Kuala Lumpur is located, Malaysia shares a 646km long land border with its northern neighbour Thailand along the Malay Peninsula. On the Island of Borneo, the Malaysian states of Sarawak and Sabah share a long 2019km land border with Indonesia. Sarawak also has a 481km wide border with Brunei, a small oil-rich sultanate at the North-western coast of Borneo.

Largely thanks to its advanced logistics capabilities, Malaysia has emerged one of the Southeast Asian powerhouses of regional trade and tourism over the past decade. The mainland Malaysia has two large sea ports, Port Klang near Kuala Lumpur and Port Tanjung Pelepas in the state of Johor at the tip of the Malay Peninsula. Both ports rank among the top 20 of the busiest container ports in the world. Kuala Lumpur International Airport is by far the busiest airport in Malaysia in terms of passenger and cargo traffic. The airport ranks the 23rd in the world in passenger traffic, and it is also a major global hub for air cargo. Malaysia has a land connection with four neighbouring countries. There are two rail crossings and eight major road crossings along the Malay-Thai border in the North[155]. Several road crossings connect East Malaysia with Brunei and Indonesia on the island of Borneo. There are also a busy rail and road connection to the island country Singapore at the end of the Malay Peninsula.

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[155] Lord and Tangtrongjita, 2014

Figure 19. Map of Malaysia with major border crossing points

Source Wikimedia and CBRA analysis [156]

Trade statistics and key indicators

Malaysia has a rather diversified export-driven economy characterised by strong high-tech and tourism industries. In 2015, Malaysia had GDP of 296 BUSD that puts the country on the 35th place among the world's nations. Malaysian GDP per capita is 25,100 USD, which is the second highest among the Asian OIC member states (after Brunei). Malaysia has large oil and gas reserves, and the country is a net exporter with a substantial trade surplus: in 2014, exports totalled 224 BUSD and imports 189 BUSD.

The Malaysian economy relies heavily on exports that account for over 80% of the GDP. Malaysia is the 19th largest exporter in the world and the third largest among the OIC member states. In 2014, the most important Malaysian export commodities were integrated circuits (40.7 BUSD), refined petroleum (24.7 BUSD), petroleum gas (21.3 BUSD), palm oil (12.3 BUSD), and telephones (11.6 BUSD). In total, machinery made 43% of the exports and mineral products like petroleum accounted for 22%. Malaysia's main export destinations are Singapore (14 % of exports, 2014), China (12 %), the United States (10 %), Japan (10 %), Thailand (4.6 %), and Hong Kong (4.5 %).

The main import commodities into Malaysia in 2014 included integrated circuits (28.2 BUSD), refined petroleum (22.2 BUSD), crude petroleum (7.3 BUSD), gold (3.2 BUSD), and planes, helicopters and spacecraft (3.2 BUSD). The main origins of the imports to Malaysia are China (18 % of imports, 2014), Singapore (13 %), Japan (7.2 %), the United States (7.1 %), Thailand (6.0 %), and South Korea (4.2 %). The most important trading partner among the OIC member states is the neighbouring Indonesia, which accounts for 3.9 % of Malaysian exports and 4.0 % of imports. Malaysian trade has a heavy focus on Asia, since 67 % of exports and 71 % of imports are with Asian partners.

Malaysia fares relatively well in global competitiveness rankings. The country ranks number 18 in the World Economic Forum's Global Competitiveness Index (among 140 countries), and number three among the OIC member states, after Qatar and the United Arab Emirates. In the

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[156] https://commons.wikimedia.org/wiki/File:Malaysia_location_map.svg (accessed 31.8.2016)

World Bank's Doing Business Ranking, Malaysia is the best OIC country and 18th in the overall ranking (189 countries). Even so, Malaysia performs poorly on "trading across borders" sub-indicator (49th) that measures mainly the range and scope of international trade facilitation efforts. On the Trade Facilitation Indicator of the Organisation for Economic Co-operation and Development (OECD), Malaysia generally outperforms its regional and income level peer groups, except for a sub-index measuring the external border cooperation.

Participation in regional initiatives

Malaysia is one of the founding members of the Association of Southeast Asian Nations (ASEAN), a regional inter-governmental organisation of economic and political cooperation. Today, the ASEAN charter provides a legal and institutional basis for the regional collaboration among all ten ASEAN member countries: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam. The charter seeks to create a single free-trade region among the ASEAN group and its 600 million inhabitants: the vision is to move economic integration towards an EU-style single market. The ASEAN Agreement on Customs set the fundamental principles for the regional customs cooperation[157].

The ASEAN Free Trade Area (AFTA) does not impose a common external tariff (CET) on imported goods, unlike the European Union, the countries of the Gulf Cooperation Council (GCC), and many other customs unions. Instead, every ASEAN member levy tariffs on imported goods from outside ASEAN based on national tariff schedules. On the other hand, the ASEAN Trade in Goods Agreement (ATIGA) sets common tariff schemes for the intra-ASEAN trade. A large majority of goods originating from ASEAN benefit from a Common Effective Preferential Tariff (CEPT) (0-5%) inside the ASEAN Free Trade Area.

Trade facilitation has been one of the focal areas of the ASEAN collaboration since its inception in 1967, and especially since the entry of the ASEAN charter into force in 2008. The ASEAN countries have concluded three agreements for facilitating regional cross-border trade and transport. ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT) sets basic requirements – procedures and documentation – for intra-ASEAN land transportation. The ASEAN Framework Agreement on Facilitation of Inter-State Transport (AFAFIST), an advanced version of the previous agreement, seeks to simplify and harmonise transport and customs procedures for intra-ASEAN transit cargo. The framework involves three pilot studies that will demonstrate a new electronic customs transit system, and single electronic transit declaration, in Malaysia, Singapore, Thailand in late 2016 and early 2017. The new e-customs system aims to facilitate regional transit traffic by road through reduction of checks at the border. When operational, the system will enable free movement for trucks and drivers and this way get rid of burdensome transshipments arrangements for transit goods (i.e. a change of trucks and drivers at a border crossing). The third agreement, the ASEAN Framework Agreement on Multimodal Transport (AFAMT), sets common requirements, for example, for registration of intermodal carriers.

Malaysian foreign and trade policies are closely linked with activities and decision-making at the ASEAN level. The economic integration is progressing towards a regional single market that would enable a free flow of goods and services and facilitate movement of labour and

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[157] http://asean.org/?static_post=asean-agreement-on-customs (accessed 20 June 2016)

capital in ASEAN countries. ASEAN has negotiated and concluded free trade agreements with the main regional economies China, Korea, Japan Australia, New Zealand, and India.

Malaysia is a member of the World Trade Organization, and the country has ratified the WTO's General Agreement on Tariffs and Trade (GATT). Since late 2013, Malaysia has also been compliant with the WTO Trade Facilitation Agreement (TFA), except for articles regarding expedited shipments (Art. 7.8) and for advance filing and processing of transit documentation and data prior to the arrival of goods (Art. 11.9)[158]. Malaysia is also an active member of the World Customs Organization, and the country has signed the Revised Kyoto Convention (RKC) and expressed its intention to implement the WCO Framework of Standards to Secure and Facilitate Global Trade (WCO SAFE).

Border Control Agencies

The Malaysian Royal Customs is the frontline border control authority in Malaysia. Customs officers at the Malaysian borders enforce not only the customs law but also numerous other regulations on behalf of other government agencies[159]. For example, customs officers control pharmaceutical goods at the border for the Malaysian Ministry of Health: when the customs officers encounter suspicious shipments of pharmaceuticals, they typically contact subject matter experts at the Ministry of Health. In total, there are more than 20 permit issuing authorities in Malaysia that regulate and control imports and exports of pharmaceutical, weapons, animals, food, and many other commodities. All Malaysian authorities that have interest in cross-border traffic follow their standard operational procedures and have their own priorities. Malaysian government sources assure, however, that the government agencies are collaborating to expedite flows of cargo and passengers across the border. The table presents some important Malaysian government agencies that have an interest in cross-border traffic.

Table 13. Malaysian government agencies that have an interest in cross-border traffic.

Border agency	Role
Royal Malaysian Customs Department (RMCD)	Collection of customs duties, border enforcement, and narcotics offences.
Malaysian Civil Aviation Authority	Oversight of aviation security & safety
Malaysian Police forces	Security and safety of the emirate / crime control in general, including the fight against drug trafficking
Malaysian Health Control authority	Food quality, animal and plant health
Malaysian Maritime Enforcement Agency	Enforcement of Malaysian territorial waters

Source CBRA analysis

At the policymaking level, the Ministry of International Trade and Industry (MITI) sets general directions for achieving goals of International Trade and Industries. MITI also co-manages many important working groups on trade facilitation, including the Focus Group on Trading Across Borders (FGTAB) and the National Logistics Task Force with Customs. FGTAB has three focus areas that need improvement: reduce the number of documents and clearance times,

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158 https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=126077&CurrentCatalogueIdIndex=0&FullTextHash= (accessed 10 June 2016)
159 Especially rules pertaining to the enforcing of Poisons Act 1952, Dangerous Drugs Act 1952, Sales of Drugs Act 1952 and its regulations which regulate importation and exportation of all scheduled substances/chemicals under these Acts, pharmaceutical products and cosmetics into Malaysia.

reduce the cost of international trade, and computerise all processes related to trade. Focus Group on Trading Across Borders (FGTAB) has facilitated several important initiatives over the past few years:

- The design of new Standard Operating Procedures to help customs inspection systems and to expedite the import-export
- The establishment of the Malaysian Authorized Economic Operator (AEO) program
- The launch of the Customer-Centric Service Delivery initiative that seeks to reduce the administrative burden of customs clearance and to improve quality of the overall customs service.
- The setting up of a program for identifying reliable customs brokers and forwarding agents.

The Malaysian government engages also the private sector in trade facilitation discussions and initiatives. Much of this government-industry collaboration takes place at the Focus Group on Trading Across Borders (FGTAB), a form of public-private partnership coordinated by the Special Task Force to Facilitate Business (PEMUDAH). PEMUDAH involves many working groups (e.g., on efficiency and trading across borders) that provide a forum for an open interactive discussion.

4.3.2. Tangible iBAC activities in Malaysia[160]

Risk-based controls and international exchange of intelligence

Trade facilitation efforts are in the heart of border management at the Malaysia-Singapore frontier in Johor, the southernmost tip of Malaysian mainland. There is a strong incentive to accelerate the traffic, since the long queuing times at the border are costly and ineffective. To speed up the traffic without lowering control over cross-border traffic, the Malaysian customs follow a risk-based approach to border controls: they use information and intelligence to identify and target cross-border movements of the highest risk.

The risk-based approach builds largely on the Malaysian customs' exchange of information and intelligence with international law enforcement agencies. At the ASEAN level, there is a customs enforcement committee that facilitates regional exchange of intelligence. Then there is also the Regional Intelligence Liaison Offices (RILO) of the World Customs Organisation (WCO) that relay intelligence between customs authorities worldwide. A great deal of intelligence exchange takes place with INTERPOL as well, especially in relation to cross-border drug trafficking. In some cases, non-government agencies (NGOs) supply intelligence on specific criminal activities, for example on illegal trade in CITES-protected commodities.

Bilateral exchange of tactical intelligence is common, as well. For example, some months ago, Thai authorities notified the Malaysian customs about flight passengers en route to Kuala Lumpur via Bangkok. These passengers had a record of drug trafficking and smuggling of CITES-protected products, so the Malaysian customs controlled them as soon as they arrived. In another case, there was a consignment of chewing tobacco declared as spices coming from India to Australia trough Malaysia. The Malaysian customs informed their Australian colleagues about this shipment. In another case, traffickers tried to smuggle a consignment of liquor into Malaysia. In that case, the traffickers declared their goods as liquor at the Singapore

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[160] Based on interviews with seven experts of the Royal Malaysian Customs Department, two experts of the Malaysian Civil Aviation authority, and e-mail correspondence with the Malaysian Ministry of Health.

side of the border but as chemicals at the Malaysian side. Singapore customs found out that the traffickers exported liquor from Singapore under a name of a chemical company that did not quite match with the exported liquor. The Singapore customs officers tipped their Malaysian colleagues about this suspicious liquor shipment. This piece of intelligence allowed the Malaysian customs officers to intercept the smuggling attempt and seize the contraband liquor.

Malaysia also participates in the UNODC-WCO Container Control Programme (CCP). The programme involves Inter-agency Joint Port Control Units (JPCUs), the purpose of which is to facilitate exchange of intelligence for risk assessment of maritime shipping containers. The exchanged intelligence is compared against cargo manifests to identify and target high-risk containers. Due to limited resources, prioritisation of customs controls is crucial for ensuring adequate security in maritime supply chains. At the Malaysian sea ports, customs inspect physically only 1 % of cargo that the risk assessment system flags as high-risk. Around 15 % of shipments are subject to document checks. The remaining 85 % goes to the green lane.

Cooperative fight against trafficking in pharmaceuticals and controlled substances

Malaysia requires permits for imports and exports of pharmaceuticals and other controlled substances[161]. The Malaysian border control agencies take the enforcement of unregistered pharmaceuticals and controlled substances seriously, and they are continuously looking for better techniques to detect false customs declarations, licenses and other documentation that traffickers use to beat border controls.

Malaysian and Thai health authorities cooperate mainly at the annual meeting of the Malaysia-Thailand Border Health Goodwill Committee. The meeting typically concerns harmonisation of control measures at both sides of the border as well as exchange of information and best practices. At the Southern border, Malaysian and Singapore health authorities cooperate under a bilateral Memorandum of Understanding (MoU)[162] and the three main UN conventions (1961/1971/1988) that require sharing of import and export approvals of controlled substances. This sharing seeks to ensure the legitimacy of trade and prevent the diversion of controlled substances into unregulated black markets. Moreover, the Malaysian National Pharmaceutical Regulatory Agency is currently negotiating MoU's with the Drug Administration of Vietnam, SwissMedic, China State Food and Drug Administration and the Korean Ministry of Food and Drug Safety in efforts to enhance technical cooperation in pharmaceutical regulatory affairs.[163]

Malaysian health authorities are currently engaged in projects for strengthening domestic and cross-border cooperation. One of the projects seeks to upgrade the existing ICT infrastructure for faster electronic information exchange between competent authorities, both locally and internationally. The health authorities are also looking for ways to share responsibilities, to establish a single point of contact for faster and more efficient communication and to support investigation and prosecution of cross-border crimes. Critical to better performance is further collaboration between the Royal Malaysian Customs and the Pharmaceutical Services Division

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161 As defined by three main UN conventions: the Single Convention on Narcotic Drugs of 1961, the Convention on Psychotropic Substances of 1971, and the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988.
162 The Memorandum of Understanding For Cooperation in the field of Pharmaceutical Regulatory Affairs (2011) is signed by the Malaysian National Pharmaceutical Regulatory Agency (NPRA) and the Health Science Authority (HSA) of Singapore.
163 E-mail correspondence with the Malaysian Ministry of Health

(PSD) of Ministry of Health on regulating and controlling imports, exports and transits of pharmaceutical products.

International training

In Malaysia, there is one WCO regional training centre in Malacca. In a typical year, Malaysia organises six to seven training courses for both Malaysian customs people and visiting customs experts from other countries. Participation of foreign people in the training events is always a good opportunity for exchanging intelligence and best practices. The international training and educational activities increase common understanding over topical customs challenges and provides a solid practical platform for building and fostering customs-to-customs relationships in the ASEAN and global settings. Although there would be more demand for international training and educational activities, recent budget cuts have reduced the number of annual training courses available for foreign customs people.

Harmonisation of licensing and product safety rules

The Malaysian health authorities follow the ASEAN Mutual Recognition Arrangement (MRA) for Good Manufacturing Practice (GMP) of Medicinal Products. This agreement sets regional quality criteria for medical products, in this way facilitating cross-border trade, distribution, and marketing of pharmaceuticals. The Malaysian National Pharmaceutical Regulatory Agency of the Ministry of Health contributes to several other regional harmonisation initiatives that aim to minimise technical barriers to trade. There are active ASEAN-level product-specific working groups at least for pharmaceuticals, traditional medicines and health supplements, and cosmetics. These product-specific working groups develop technical guidelines, promote common standards and disseminate information about common best practices to product quality and safety in the region. Further regulatory harmonisation, however, faces certain challenges. Although the guidelines and standards are set regionally, interpretation and commitment to implementation differ from country to country. To overcome this obstacle, health authorities in ASEAN have launched capacity building programs that seek to ensure that all countries understand the common rules and achieve necessary quality.

International collaboration on air cargo security

Air cargo security is a key consideration of international air operations: uncoordinated security procedures put air traffic at a risk and slow down the flow of time-critical air freight. Currently, the most important air cargo security initiative in Malaysia is the Secure Freight program of the International Air Transport Association (IATA)[164]. The program seeks to establish a supply chain where air cargo is secured early on, at the upstream supply chain, and then protected from tampering all the way to the final destination. The program helps countries to meet (and go beyond) requirements of the Annex 17 and 9 of the International Civil Aviation Organisation's (ICAO) Chicago Convention, a treaty binding 191 countries. At the time being, there is no ASEAN-level collaboration on air cargo security.[165]

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[164] The IATA Secure Freight should not to be confused with the Secure Freight Initiative (SFI) of the US Department of Homeland Security. The latter initiative is about screening of US-bound *maritime* containers for nuclear and radiological threats in foreign, non-US ports.

[165] Air cargo security is only one of many important areas of civil aviation. Beyond security matters, ASEAN has been actively promoting liberalization and consolidation of the single South-east Asian civil aviation market (e.g., the ASEAN Open Sky Agreement Policy).

Malaysia is the first country to pilot the IATA Secure Freight program. The country's main motive for participating the program is the lack of international mutual recognition of air cargo security controls. Some countries require extra security for air freight flying into their territory. These measures go beyond the requirements of the ICAO Annex 17, so Malaysian operators must comply with the more stringent requirements of these countries. If there were agreements on mutual recognition of air cargo security regimes, international air cargo logistics could be made much faster and less complicated. The Malaysian participation in the IATA's Secure Freight program is a way to demonstrate that the Malaysian government is committed to pursue high levels of air cargo security. This demonstrated commitment is likely to facilitate negotiations when Malaysia enters bilateral discussions regarding establishing mutual recognition arrangements.

Towards regional e-clearance systems

Malaysia is currently developing a new electronic single window system called "uCustoms." This national single window will connect all relevant Malaysian border control agencies, providing trading companies a single-point access to government services. The Malaysian national single window paves the road towards a future regional ASEAN single window. The ASEAN member countries are developing some elements of the regional single window, but the project is at an early state. Capacity building efforts of the World Customs Organization (WCO) are strongly supporting the development of the ASEAN single window.

Mutual recognition (MRAs) of Authorized Economic Operator (AEO) programs

The Malaysia customs has run a fully operational Authorized Economic Operator (AEO) program since January 2010. Currently, there are 56 AEO-compliant companies: exporters, importers, and manufacturers. The current Malaysian AEO focuses exclusively on customs matters, not on security that is a part of many AEO programs worldwide (e.g., the US Customs-Trade Partnership Against Terrorism and the EU AEO-S). At the ASEAN level, many member countries already have operational national AEO programs, and those few countries without AEOs have pledged to launch their own programs soon[166]. Although there are no practical projects pursuing regional recognition (MRA) of these AEO programmes, the ASEAN countries are, in principle, committed to promoting mutual recognition of AEO status and customs controls[167]. So far, however, the Malaysian customs does not have MRAs with any ASEAN country. Even so, Malaysia signed MRAs with Japan[168] in 2014 and Hong Kong[169] in 2016. Malaysian customs expect to have more MRAs soon, with Thailand for example, and they are also negotiating with the US, China and the EU.

4.3.3. Summary and discussions

The Malaysian approach to BAC has many interesting elements. The Malaysian authorities put a great emphasis on government-industry cooperation on trade facilitation matters. A special task force to facilitate business (PEMUDAH) provides a platform for communication between the Malaysian government and the local private sector. As another key element in the BAC

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166 http://arise.asean.org/asean-arise-workshop-on-authorised-economic-operator-aeo-programmes/ (accessed 1 June 2016)

167 Article 35 of the ASEAN Agreement on Customs 2012, ASEAN Strategic Plan of Customs Development (SPCD) 2010-2015 on AEO Programmes

168 www.customs.gov.my/en/mp/Pages/mp_mra.aspx (accessed 25 July 2016)

169 www.info.gov.hk/gia/general/201603/17/P201603170270.htm (accessed 25 July 2016)

approach, Malaysia also organizes training courses for foreign customs officials. Such international training events help building and fostering relations with foreign customs people, while also facilitating sharing of best practices. Moreover, Malaysia is advocating harmonization of licensing and product safety rules at the ASEAN level. Although at an early stage, such collaboration sets an example for other countries that seek to lower technical non-tariff barriers to international trade. Malaysia demonstrates its strong commitment to air cargo security by participating in the IATA's Secure Freight pilot. The primary motive for participating in the program is to assure other countries that Malaysia is a secure source of air cargo. Many practical BAC arrangements take place at specific border crossings where customs officers at the both sides of the border know each other and share information informally for the mutual benefit. Perhaps the main lesson learned from the Malaysian case is that local BAC projects at specific border crossings often have the biggest positive impact on trade facilitation and border management.

The Malaysian BAC activities face some challenges, too. Unfortunately, recent budget cuts have resulted in reduced training activity in the past few years. Moreover, the development of the ASEAN level regional AEO is progressing slowly because some countries lack resources or political commitment to support the program. It is also a major challenge that at local border crossings - where the benefits of BAC activities seem to be most important - there are considerable differences between neighbouring border states in terms of development levels, infrastructure, culture, among some other factors. Finally, in the long run, the informal, ad hoc way of sharing intelligence at the Malaysian border posts might block further development of more sophisticated automatic risk assessment systems.

Finally, the Table below summarizes the main international BAC activities in Malaysia. Many of these activities are up and running, but there is little evidence available regarding their impact on the speed, cost-efficiency or security of cross-border logistics.

Table 14. Summary on the key international BAC activities in Malaysia

Report sub-headings	Status	Related international arrangements
Risk-based controls and international exchange of intelligence	Operational	Mainly Ad hoc bilateral exchange / WCO RILO
Cooperative fight against trafficking in pharmaceuticals and controlled substances	Operational	Malaysia-Thailand & Malaysia-Indonesia
International training	Operational	WCO Capacity building
Harmonisation of licensing and product safety rules	Under development	ASEAN
International collaboration on air cargo security	Pilot phase	ICAO Chicago convention Annex 17
Towards regional e-clearance systems	Under development	ASEAN
Mutual recognition (MRAs) of Authorized Economic Operator (AEO) programs	Under development	Multiple bilateral agreements

Source: Case interviews and CBRA analysis

4.4. Case Albania

Highlights:
- *The Central European Free Trade Agreement (CEFTA) provides a regional platform for BAC improvements in Albania, especially with respect to risk management and elimination of non-tariff barriers to trade (e.g., harmonization of technical measures and rules of origin)*
- *The European Union supports Albania in customs modernization efforts that seek to upgrade the country's ICT capability, establish a EU-compliant regulatory framework, as well as train customs and other border control agencies*
- *Albania has two important bilateral BAC arrangements with its neighbor Kosovo: simplified transit program and mutual recognition of import/ export certificates*

4.4.1. Setting the scene for iBAC in Albania

Overview

Albania is a developing economy, which is geographically located in South Eastern Europe, while it is part of Asian region of OIC member states. Since the end of the World War II, Albania was a very closed country under a communist rule, and only started opening up in the early 1990s after the collapse of the communist regime. The development since then has been significant but in many ways the level of the economy lags behind its peers due to a difficult starting point. It has taken time to build up the infrastructure, renew the legislation and enforce it, in order to create a modern business environment.

The Albanian GDP is currently 11.5 BUSD (2015, official exchange rate), but it should be noted that the informal economy is estimated to be significant. The economy experienced a period of rapid growth between 1997 (after the collapse of the pyramid schemes) and 2008 during which time the GDP more than quintupled. Since then the economy has been stagnant. However, the inward FDI is in the rise and the economic outlook looks slightly more promising again, at least in European terms. The GDP per capita remains at 11,400 USD per capita, which is one of the lowest in Europe, and it is also below the Asian region median.

Albania has a large foreign trade deficit. The exports were 2,431 MUSD (2015), while the imports amounted to 5,250 MUSD (2015). Following the HS classification, the most important export commodities (2014) are footwear and footwear parts (456 MUSD), crude petroleum (444 MUSD), textiles (418 MUSD), and chromium (99 MUSD). The exports have been growing relatively steadily over the past 20 years, except for smaller slow-downs in 2008-09 and 2015-16. The main import commodities include (2014) refined petroleum (547 MUSD), cars (198 MUSD), and packaged medicaments (129 MUSD).

Italy dominates as the major partner in Albania's foreign trade. It accounts for 50 % of the Albanian exports and 33 % of the imports. The other main export destinations are Spain (7.2 % of exports, 2014), China (5.6 %), Turkey (4.0 %), India (3.8 %), and France (3.6 %). The other main origins of the imports to Albania are Greece (10 % of imports, 2014), Turkey (7.5 %), China (6.6 %), Germany (5.6 %), and Malta (3.4 %). In both categories there is one OIC member state, Turkey.

In the World Economic Forum's Global Competitiveness Index Albania ranks number 93 among 140 countries, which puts it below the median in the Asian region. Albania also lags

behind its peers in logistics capabilities. In the World Bank's Logistics Performance Index, Albania ranks number 117 among the 160 countries. It falls behind its regional and income group peers in practically all indicators. In another World Bank index, Doing Business Ranking, Albania ranks slightly better, being number 97 among 189 countries. In one of the sub-indicators most relevant to this study, Trading Across Borders, Albania is on the 37th place, with a Distance-to-Frontier score of 91.6 %. This score makes it the best among all OIC member states. In the OECD Trade Facilitation Indicators Albania performs better than its regional and income level peer groups. It trades well in most of the indicators and is among the top three OIC member states overall. In the measure most relevant to this study, External Border Agency Cooperation, Albania gets a score of 1.74/2.00, leaving only three OIC member states with a higher score.

Central European Free Trade Agreement (CEFTA), and additional Protocol 5

On 19 December 2006, Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia and the United Nations Interim Administration Mission in Kosovo (UNMIK) on behalf of Kosovo signed an Agreement to amend and enlarge the Central European Free Trade – **CEFTA 2006 that entered into force in 2007**. The Agreement's main objectives are:

- Expand trade in goods and services and foster investment by means of fair, stable and predictable rules.
- Eliminate barriers to trade between the Parties.
- Provide appropriate protection of intellectual property rights in accordance with international standards.
- Harmonize provisions on modern trade policy issues such as competition rules and state aid.

The new CEFTA 2006 is a comprehensive free trade agreement (FTA) that aims for full liberalization of trade in the region and to address various non-tariff barriers to trade. It replaces the network of 32 bilateral free trade agreements in the region, and introduces fully liberalized trade of manufacturing products and largely free trade of agricultural products. The objectives of CEFTA are to expand trade (and transit) in goods and services and to strengthen cooperation in other trade related areas like investment, services, public procurement, and intellectual property rights. CEFTA 2006 incudes in its framework issues that are not typically covered under an FTA. Some examples are sanitary and phytosanitary standards, which are major technical, non-tariff barriers to trade. It also includes competition rules (e.g. state aid, investment, government procurement, and Intellectual Property Rights). Finally, the Agreement drafts a framework for collaboration and arbitration system for dispute settlements. The Agreement fully conforms to the WTO provisions and EU regulations. Effectively implemented, the Agreement provides an excellent framework for the interested Parties to prepare for EU accession.[170]

Currently, a Protocol on Trade Facilitation called the **Additional Protocol 5** is under negotiation among the CEFTA parties. This is primarily based on the WTO TFA Agreement but its scope goes beyond what is laid down in the TFA Agreement. A few articles of the Protocol regulate BAC activities. The essentials are briefly outlined below:

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[170] www.cefta.int/ (accessed 7 June 2016)

- All CEFTA parties must have a national border agency MoU on cooperation signed to ensure data exchange between them.
- Border inspection agencies may transfer the responsibilities of conducting inspections to other border inspection agencies (preferably to Customs) to carry them out on their behalf.
- Issued documents and certificates and inspections performed by the border inspection agencies of one CEFTA party shall be automatically recognized and accepted by the other CEFTA party without performing additional, national controls of documents and goods. The precondition of this unilateral and mutual recognition of border inspection certificates and controls is full harmonization of national legislation of the CEFTA party in question with the relevant EU acquis and compliance of inspections (conducting controls, methodology, testing, etc.) with the one in the EU.

Apart of the stipulated area of national and regional cooperation of border agencies in CEFTA, there are subparagraphs in the Protocol that regulate some technicalities related to the working hours, possibility to ask for the inspection to be performed outside business hours of border inspection agencies and so forth. Protocol 5 is expected to be adopted in November 2016 and ready to be implemented towards the end of the following year.[171] To pave the way for international cooperation, a national agreement on BAC is expected to be signed by September 2016. This agreement should include customs authorities, food safety authorities, state inspectorates, national agencies for information society, and other administrations.[172]

Twinning project with the EU

The Twinning project, funded by the EU through the Instrument for Pre-Accession Assistance (IPA) is a vehicle for institutional cooperation that aims to provide support for the transposition, implementation and enforcement of the EU legislation (EU acquis). The beneficiary countries of IPA include Albania, Bosnia and Herzegovina, Croatia, Macedonia, Kosovo, Montenegro, Serbia and Turkey. Twinning develops the capacities of the public administrations of the beneficiary states throughout the accession process in order to bring about positive developments in the region. It strives to share EU good practices with beneficiary public administrations and to foster long-term relationships between administrations of existing and future EU countries.[173]

IPA 2012 program is essentially a customs modernization initiative and as all Twinning projects it must yield "mandatory results" that are prerequisites for EU accession. It aims at supporting the Albania to reach certain objectives in customs transit procedure with special focus on legislation, procedures, systems and anti-fraud. The project purpose is aligning customs transit legislation and procedures with the EU acquis, also with regard to the interoperability of IT systems with the EU – NCTS system. This Twinning project has two main components: 1) Customs legislation and procedures related to interoperability of IT systems with the EU-NCTS System[174]; and 2) Enforcement and intelligence of customs transit.
The main expected outcomes of Component 1 of the project are as follows:

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[171] CEFTA expert interview, 2016
[172] Ministry of Economy expert interview, 2016
[173] http://ec.europa.eu/enlargement/tenders/twinning/index_en.htm (accessed 15 June 2016).
[174] The NCTS (New Computerised Transit Systems) is a system that enables traders to submit Common transit declarations electronically and allows customs administrations to exchange messages containing relevant information for managing the entire life cycle of transit operations.

- Producing a gaps and needs analysis of the customs legislation and procedures related to interoperability of IT system with the EU-NCTS system, including a set of recommendations.
- Creation of a NCTS IT business team.
- Development of business process models.
- Training of Albania Customs Administration officers in controlling and testing the national transit application for certain and drafting related instructions.
- Organizing trade awareness actions and producing appropriate material.

The main objective of Component 2 is to assist the Albanian Customs Administration to improve its administrative capacity and bring into line with the EU Customs practices, in the area of Customs transit, and to bolster technical and operational capacities in enforcement and intelligence. The effective implementation of transit procedures through NCTS system is crucial for Albanian Customs as the country's geographical location welcomes large volumes of transit goods. The anticipated outputs are:

- Producing a gaps and needs analysis on Albanian enforcement system including appropriate recommendations.
- Conducting training on enforcement of Customs Transit for customs managers and staff along with the production of training modules and related materials.
- Providing guidelines on the collection and processing of intelligence and data.
- Organizing and conducting Joint Pilot exercises. (Modernisation of Albanian Customs, 2016 and European Commission, 2012).

One of the recent outcomes of IPA 2012 was the development of the "New Albanian Customs Code" that entered into force on 1 January 2015. It aims to harmonize Albanian Customs Legislation with EU Regulation no. 952/2013, dated 09 October 2013 "Union Customs Code". The "New Albanian Customs Code" is designed to simplify legislative and procedural complexity for customs authorities and economic operators in order to facilitate and secure trade. It will also set forth the legislative framework to adopt secondary and tertiary legislation to allow accession to the Common Transit Convention (CTC). The computerization and simplification of procedures is expected to enable companies established in Albania to better tackle the customs-related challenges of economic globalization and increasing trade volumes. With regard to customs transit, Albania currently has the status of an Observer of the Common Transit Convention (CTC) of which the EU is a party. Albania is expected to join as a full member still during 2016.[175]

4.4.2. Tangible iBAC activities in Albania

Pre-arrival information exchange SEED

The Customs Administration of Albania is a beneficiary of the Systematic Electronic Exchange of Data (SEED) project. The other beneficiaries are the Indirect Tax Authority of Bosnia and Herzegovina, the Macedonian Customs Administration, the Montenegrin Customs Administration, the Customs Administration of Serbia, and the Kosovo Customs Service. The project mission is to support the customs administrations in their efforts to implement the SEED system for the exchange of pre-arrival information – ultimately between the six

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[175] Modernisation of Albanian Customs Annex C1, n.d.

beneficiary states. The following benefits can be derived when the information is correctly applied to risk analysis and post-clearance controls:

- Facilitation of legitimate trade where the reliable trader should be subjected to reduced customs controls;
- Better results in the fight against illicit trade, namely through more targeted customs controls where the customs will be able to identify changes in customs declaration between border crossing points;
- Prevention of corruption and strengthening the fight against organized crime as the automatic exchange of pre-arrival information will limit the scope for manipulation of customs procedures at the border;
- Improvement of post clearance control efficiency as the exchanged pre-arrival information will remain available on the SEED database;
- Improvement of overall technical capacity of the customs administrations;
- Improved cross border procedures;
- Increased regional cooperation; and
- Promotion of BAC.[176]

The SEED project has already resulted in a number of data exchanges, e.g. the Single Administrative Document (SAD), information related to transit procedures and the TIR Carnet. Moreover, the future SEED projects (SEED+) will target the inclusion of additional agencies in the information exchange system, besides customs authorities.[177]

Transit arrangements and mutual recognition of import/ export certificates

Albania has cooperation mechanisms with other authorities across the border. For example, Albania has a bilateral agreement on trade facilitation with Kosovo and no transit controls take place between the two countries, except in the case of suspicious shipments. If a truck comes loaded on a ship from Durres to Kosovo, previously they had to undergo a series of transit procedures. Now goods will come from the Durres customs or from anywhere in Albania and the procedure will not last for more than five minutes. Efforts are also taking place in connection with the simplification of procedures for perishable goods and for the mutual recognition of certificates for import and export activities between the two countries.[178]

Risk management and risk profiling

The task of the CEFTA Working Group on Risk Management is to develop and broaden cooperation among CEFTA Parties in accordance with the Articles 12, 13, and 14 of CEFTA 2006, especially with a view to propose the possibilities of taking joint actions related to the management of public authorities and agencies involved in clearance of goods at the regional level, with the overall intent of facilitating the regional trade and improving the quality and deterrence of customs, security, and safety controls and inspections. The specific functions of this Working Group are the following two:

1) Cooperation in the area of risk management of customs authorities and other governmental authorities involved in clearance of goods:

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[176] EU SEED – Project Information.
[177] Albanian Ministry of Economy, *Expert interview 2016*
[178] The General Albanian Customs Directorate expert interview, 2016

- • To exchange information on the existing or any amendment adopted in the national rules and regulations on risk management, and its implementation.
- • To collect and exchange statistical data on the performance of the application of their risk analysis, results of their inspections and of selection criteria in the clearance of goods.
- • To share best practices in risk management, especially in relation to its implementation, training of staff, administrative organization and decision making processes, intra-agency, inter-agency and cross-border cooperation.
- • To cooperate, assist and discuss experiences on legal reform to be adopted by the CEFTA parties in the context of relevant EU integration process.
- • To discuss the implementation of regional or national projects in the field of or which may have a direct impact on customs risks management, in particular EU financed project on Systematic Electronic Exchange of Data (SEED), with an aim to develop common regional positions regarding the issues deemed to increase the relevance, efficiency, effectiveness, and impact of the projects concerned for risk management.
- • To cooperate and exchange information regarding the smooth implementation of trade facilitation related provisions of CEFTA.

2) Explore possibilities for creating and applying joint risk profiles:
- • To prepare a work program for activities to create and apply joint risk profiles for risks which are deemed common throughout the region.
- • To discuss common risks in the field of customs, and suitable action to cope with those common risks.
- • If justified according to the point above, to initiate the preparation process for developing joint profiles.
- • Give priority to developing non-risk areas on which a number of low risk profiles could be created in order to facilitate the regional trade through simplification of procedures and reduce the formalities.
- • To encourage the widespread implementation of risk analysis based inspections throughout the CEFTA region by all governmental authorities involved in clearance of goods.[179]

The Protocol 5 on Trade Facilitation makes explicit reference to the analysis that includes joint operation of controls and mutual exchange of risk analysis results. The provision for cooperation with other agencies under Protocol 5 will be implemented in national level first before proceeding to the regional or international level.[180]

Sharing of customs intelligence

As part of the association and stabilization agreements - the protocol 6 on customs matters - Albania exchanges information with the European Union officials on customs invoices and consignments, in the context of "suspicious shipments".[181]

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[179] Decision of the Joint Committee of CEFTA 2006, 2015.
[180] Albanian Customs expert interview, 2016
[181] The General Albanian Customs Directorate expert interview, 2016

Rules of origin

The task of the CEFTA Sub-committee on Customs and Rules of Origin is to ensure the implementation of simplification and facilitation of customs procedures in accordance with Article 14.4. of CEFTA 2006 and to report to the Committee of Trade Facilitation about implementation in this matter. The specific functions of the Sub-committee are the following two:

1) Exchange and discuss the implementation of the relevant provisions of CEFTA 2006 regarding simplification and facilitating customs procedures in the region.

2) Ensure harmonized implementation of common rules of origin with a view to inter alia enabling diagonal cumulation of origin[182], within the region, and without delay – focusing specifically to:
- Exchange information on a regular basis on the implementation of rules of origin.
- Monitor and discuss how the parties implement provisions regarding rules of origin and administrative co-operation.
- Discuss measures to control and ensure the validity of certificates of origin.
- Improve dialogue with relevant business organizations so that traders are informed of procedures involved in obtaining certificates of origin.
- Consider what measures to take at the regional level in order to ensure participation of CEFTA parties in cumulation zones under the Pan-Europe Mediterranean Convention (PEM Convention) and to extend their benefits in preferential treatment from the rules of origin.
- Elaborate joint positions for CEFTA parties which are to be presented in the revision process of the PEM Convention.
- Notify the Joint Committee of the PEM Convention on the decision taken by CEFTA parties which derogates from the PEM Convention.
- To coordinate technical assistance to be provided to CEFTA parties through regional programs in the relevant areas under the mandate of the Subcommittee.[183]

Harmonization of technical measures

The main task of the CEFTA Working Group on Technical Measures is to initiate discussions to conclude mutual recognition agreements in the relevant areas of technical measures as foreseen by Article 12.3 and Article 13.4 of CEFTA 2006 Agreement that aligned with the relevant EU acquis and with WTO and with other international agreements. Furthermore, the

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[182] In relation to this topic, it is worth mentioning about the Pan-Euro-Mediterranean cumulation and the PEM Convention. The system of Pan-Euro-Mediterranean cumulation of origin allows for the application of diagonal cumulation between the EU, EFTA States (Iceland, Liechtenstein, Norway Switzerland), the signatories of the Barcelona Declaration (Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Palestine, Syria, Tunisia and Turkey), the Western Balkans and the Faroe Islands. Diagonal cumulation means that "materials which have obtained originating status in one of the contracting parties may be incorporated in products manufactured in another contracting party without those products losing their originating status when exported to a third contracting party within the pan-Euro-Med zone". The application of diagonal cumulation of origin within the Pan-Euro-Med zone is based on a network of FTAs having identical origin protocols. The protocols of the rules of origin are currently in the process of being replaced by the rules of origin laid down in the PEM Convention. The PEM Convention will eventually replace the network of about 60 bilateral protocols on rules of origin in force in the pan-Euro-Med zone with a single legal instrument. The main objective of the PEM Convention is to enable a more effective management of the system of pan-Euro-Med cumulation of origin by allowing the contracting parties to better react to the rapidly changing economic environment (Expert Twinning Project, Albania Customs administration, 2016).
[183] Decision of the Joint Committee of CEFTA 2006, 2015.

Working Group has had exploratory talks on two main issues, namely 1) To begin negotiations to conclude agreements on harmonization or mutual recognition agreement of sanitary and phytosanitary measures in accordance with the relevant provisions of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures and other relevant international agreement in accordance with Article 12.3 of CEFTA 2006; and 2) To initiate negotiations to conclude plurilateral agreements on harmonization of technical regulations and standards, and the mutual recognition of conformity assessment procedures in accordance with the relevant provisions of the WTO Agreement on Technical Barriers to Trade and other relevant international agreements in accordance with CEFTA Article 13.4. The Working Group is also entrusted with the responsibility to enhance transparency on all kinds of documents, certificates, permits and formalities imposed on trade by technical agencies for the clearance of goods, and exchange of information about change in those formalities, preferably through using CEFTA Transparency Pack tools.[184]

Training and awareness building

The CEFTA parties established the "**Transparency Pack**" with the purpose of enhancing transparency to add long-term value for data management on information related to trade measures. The Transparency Pack is a web-based tool consisting of a set of interlinked databases via a search engine having the overall objective to enhance transparency on all kinds of trade measures of the CEFTA parties. The Transparency Pack comprises following four databases: Technical Barriers to Trade (TBT) Platform, Sanitary and Phytosanitary (SPS) Database, Market Access Database (MADB) and CEFTA Trade Portal in which the CEFTA Parties' notifications of trade related measures can be recorded, stored and analyzed. This new electronic tool enables the CEFTA parties to notify each other on all types of measures, and analyze the impact of regional trade. It is available to the relevant authorities of CEFTA parties with partial access to the public.[185]

The National Food Authority (NFA), established with assistance from the EU, is the main institution responsible for ensuring a high level of food safety as well as consumer protection in Albania, reporting to the Minister of Agriculture, Food and Consumer Protection.[186] NFA is in continuous cooperation with the EU. For example, there are ongoing discussions regarding capacity building in improving efficiency of the inspectors in BIPs. NFA is currently working in close collaboration with the European Commission under the initiative "Better Training for Safer Food" (BTSF), covering food and feed law, animal health and welfare and plant health rules. Training sessions have been launched since 2006 for staff mainly dealing with control checks at BIPs.[187] Another instrument of support along these lines comes from the Technical

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[184] Decision of the Joint Committee of CEFTA 2006, 2015

[185] www.cefta.int/ (accessed 1 July 2016).

[186] The NFA office consists of three directorates at central level and twelve regional directorates. Thirteen Border Inspection Points (BIPs) under NFA Regional Directorates are in charge for the control of plant and plant products, livestock, animal by-products and food of animal and non-animal origin at the borders. They are also responsible for quality control of imported food products, manufactured and marketed in the country and raw materials used in the food industry. At the borders there are three inspectors in charge of for phytosanitary, veterinary, and non-animal food certificates. A central unit called the Sector of Inspections Coordination in the NFA headquarters conducts periodic monitoring of preliminary and factual data from inspections carried out in the BIP and the information provided from all border posts to the Regional Directorates. It is responsible for sending this updated information to the relevant Directorate, as well as responsible for the implementation of the existing legislation, regulations and trade agreements in cooperation with the line ministry. (note: specific difficulties have been noted regarding the issue of non-animal food certificates: for instance, there is no export certificate for non-animal food due to a gap in the national legislation).

[187] http://ec.europa.eu/food/safety/btsf/index_en.htm (accessed 8 August 2016).

Assistance and Information Exchange (TAIEX) project of the European Commission which offers technical assistance and capacity building through trainings on the approximation, application and enforcement of EU legislation as well the facilitation and sharing of EU best practices.[188] Trainings have been conducted with regard to the import of plants.[189]

4.4.3.   Summary and discussions

There are several ongoing BAC initiatives in Albania, but many of them are still at an early stage. The country benefits largely from the Central European Free Trade Agreement (CEFTA) that is advancing full liberalization of trade in the region through elimination of non-tariff barriers to trade. Another highly beneficial international BAC arrangement is connected to the Instrument for Pre-Accession Assistance (IPA) of the European Union: the Instrument is a powerful driving force of the customs modernization in Albania in terms of legal reforms, ICT development, training, and other areas customs capacity building. Outside these two regional BAC arrangements, Albania also has agreed on bilateral arrangements for transit traffic with its neighbor Kosovo: a large majority of transit shipments need no longer to stop at the border for customs inspections. Kosovo and Albania have also agreed on mutual recognition of import and export certificates, but implementation of this agreement is still in progress. The country also participates in a regional program called Systematic Electronic Exchange of Data (SEED) that aims to improve performance of risk assessment systems through systematic regional exchange of information and intelligence that help customs to identify and target cross-border movements of highest risk.

There are a few challenges that Albania needs to overcome if the country wants to achieve higher levels of Border Agency Cooperation and trade facilitation. The country lacks funds and expertise to carry more advanced, resource-intensive BAC activities such as ICT development and legislative reform. The financial and technical support of the European Union is helping, but the progress of the international BAC initiatives could be accelerated with stronger foreign support. There is also large potential to increase risk management cooperation at the CEFTA level. However, connectivity problems undermine a fully functional regional approach to customs risk management

Finally, the Table below summarizes the main cross-border BAC activities in Albania. The country already has several BAC initiatives operational; a few projects are under way. Many of the international BAC arrangements have a regional scope within the CEFTA agreement. However, Albania has agreed on two important bilateral BAC activities with Kosovo: transit arrangements and mutual recognition of import/ export certificates. Albania also collaborates closely with the European Union on customs modernization matters.

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[188] http://ec.europa.eu/enlargement/tenders/taiex/index_en.htm (accessed 8 August 2016).
[189] NFA, expert interview, 2016

Table 15. Summary of international BAC activities in Albania

Report sub-headings	Status	Related international arrangements
Pre-arrival information exchange SEED	Operational	Multi-lateral (six parties): Bosnia and Herzegovina, Macedonia, Montenegro, Serbia, Kosovo and Albania
Transit arrangements	Pilot-phase	Bi-lateral with Kosovo
Mutual recognition of import/ export certificates	Under development	Bi-lateral with Kosovo
Risk management and risk profiling	Working group / Under development	Central European Free Trade Agreement (CEFTA)
Sharing of customs intelligence	Operational	Bi-lateral with the EU
Rules of origin	Working group / Under development	CEFTA
Harmonization of technical measures	Under development	CEFTA
Training and awareness building	Operational	CEFTA (Transparency Pack) EU (BTSF and TAIEX)

Source CBRA analysis

4.5. Summary

To conclude this chapter, the Table below summarizes the lessons that can be learnt from the four OIC case studies in Abu Dhabi, Uganda, Malaysia and Albania. In particular, it summarises the specific activities that these countries have taken to promote BAC, with their current status. It also highlights institutional settings where these activities have been embedded.

Table 16. Summary of activities to promote BAC in the four OIC case countries

BAC area	BAC instances within the four OIC case studies
Cooperation at border crossing points: joint controls, transit arrangements, OSBPs etc.	- Abu Dhabi: joint border controls / under development / UAE-Oman and UAE-Saudi Arabia - Uganda: The Malaba One-Stop Border Post (OSBP) / operational / bi-lateral Uganda-Kenya - Albania: Transit arrangements / pilot-phase / bi-lateral with Kosovo
Risk management & intelligence sharing	- Abu Dhabi: International exchange of intelligence / operational / WCO and GCC - Malaysia: Risk-based controls and international exchange of intelligence / operational / Ad-hoc bi-laterals and WCO RILO - Albania: Risk management and risk profiling / working group, under development / CEFTA - Albania: International exchange of intelligence / operational / with EU
Pre-arrival information, clearance	- Abu Dhabi: Regional standard for customs declaration data / operational / GCC - Abu Dhabi: Towards a regional e-clearance system / under

systems & declaration data	development / GCC • Malaysia: Towards regional e-clearance systems / under development / ASEAN • Albania: Pre-arrival information exchange SEED / operational / Multilateral (six parties): Bosnia and Herzegovina, Macedonia, Montenegro, Serbia, Kosovo and Albania
Rules of origin & Origin certifications	• Uganda: Regional Simplified Certificate of Origin / operational / EAC • Albania: Mutual recognition of import/ export certificates / under development / bi-lateral with Kosovo • Albania: Harmonization of rules of origin / working group, under development / CEFTA
Commodity focus	• Uganda: Harmonization of import regulations of food and agriculture products / operational / EAC • Malaysia: Cooperative fight against trafficking in pharmaceuticals and controlled substances / operational / Bilateral Malaysia-Thailand and Malaysia-Indonesia • Malaysia: Harmonisation of licensing and product safety rules / under development / ASEAN • Albania: Harmonization of technical measures / under development / CEFTA
Transport mode focus	• Malaysia: International collaboration on air cargo security / pilot/phase / ICAO and WCO
Training & awareness building	• Abu Dhabi: Cross-border collaboration in customs training / operational / GCC • Uganda: Regional Trade Helpdesks / operational / EAC • Malaysia: international training. / operational / WCO • Albania: Training and awareness building / operational / CEFTA (Transparency Pack) & EU (BTSF and TAIEX)
Trusted trader / AEO programs / Mutual Recognition Agreements (MRAs)	• Abu Dhabi: Towards a regional AEO-programme / under development / GCC • Uganda: Towards a regional AEO rpogramme / under development / EAC and WCO • Malaysia: Towards Mutual recognition (MRAs) of Authorized Economic Operator (AEO) programs / under development / multiple bi-lateral agreements • Albania: towards regional AEO...

Source CBRA case analysis

5. BAC RECOMMENDATIONS AND ROADMAP FOR THE OIC 57

Promoting cross-border economic activity is usually in the core of those regional integration initiatives where trade facilitation plays a key role. Facilitating the free flow of goods (and people) and the expedited processing of shipments is given high priority that can be achieved through a coordinated and collaborative approach between border agencies. BAC becomes a fundamental component that is often strengthened by simplifying, harmonizing and standardizing customs procedures in order to achieve a high degree of trade facilitation - all in the pursuit of promoting economic prosperity in the region. Achieving political integration and confronting security challenges may be other goals of regional partnership initiatives. BAC may manifest itself in various forms such as the provision of technical assistance; sharing of best practices; participating in international forums; sharing of equipment and human resources; and the mutual exchange of information to combat smuggling, fraud and other customs infringements.

World Bank's Logistics Performance Index (LPI) data shows that logistics professionals are often more satisfied with customs administrations than with other border agencies. In fact, according to McLinden (2012), customs are responsible for "no more than one-third of regulatory delays" at the border. So, even if customs procedures are becoming increasingly harmonized, many companies face delays and complex procedures at the borders due to other border control agencies.[190] Mounting evidence also shows that delays at the borders are strongly associated with the performance of the slowest border agency.[191] Because cargo remains stuck at the border as long as all competent border control agencies have released goods, benefits of fast customs clearance are lost if, for example, health authorities delay their controls and withhold the release decision.

There are many ways to advance Border Agency Cooperation. Some of the ways, however, are more suitable for many OIC member countries to pursue trade facilitation and economic integration. This chapter presents a six-step roadmap towards further BAC from the perspective of the 57 OIC member states. This roadmap builds on and summarizes the research and analysis of the earlier chapters of this report.

Step 1. The first step in any border agency cooperation initiative is to identify and analyze factors that currently slow down the cross-border flow of goods or drive additional costs for supply chain operators and governmental agencies. It is important to understand where and why these bottlenecks and extra costs exist in the cross-border operations. The first step can be best achieved by addressing the following points:
- Identify the improvement potential both for international BAC and for national BAC;
- Analyze the identified improvement potential both from the government agency perspective as well as from the perspective of companies involved in the cross-border operations;
- Prioritize identified improvement solutions in a follow-up implementation plan;
- Establish a national trade facilitation body that engages both government agencies and private sector operators in a constructive dialogue (e.g. case Malaysia); and
- Ensure necessary secretary services to support smooth decision-making process within the context of the national trade facilitation body.

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[190] World Bank LPI, 2012. http://lpi.worldbank.org/international/global/2012 (accessed 20 August 2016)
[191] McLinden 2012

Step 2. The most significant benefits of BAC can be achieved from stronger collaboration with neighboring countries. As a consequence, it is often reasonable to explore first how to speed up the trade and logistics flows, and cut down the administrative and other costs, with one or more of the neighboring countries:

- Establish One-Stop Border Posts (OSBPs), starting with a "light version", and moving later to a "full version" (e.g. cases Uganda-Kenya versus Zambia-Zimbabwe);
- Strengthen the transit arrangements and practices; consider using e-seal and tracking technologies (e.g. cases Albania and Uganda);
- Harmonize and simplify rules relating to weighing, weight certificates, technical conformity of vehicles, goods, registrations, drivers licenses, insurances, and other issues of cross-border logistics operations (e.g. case Vietnam-Laos);
- Launch small-scale pilots that focus on specific commodities, a single border crossing, and a selected group of trusted transport operators; and
- Establish a joint task force to plan, implement and monitor BAC in various areas of border management.

Step 3. The third step of the BAC-roadmap focuses on daily practicalities that have a tremendous impact on the speed and predictability of cross-border traffic. Neighboring countries should agree and implement the following practical solutions to ensure effective and efficient border management:

- Harmonize operating hours at border crossings;
- Look for opportunities for mutual recognition of border controls (e.g., security checks and phytosanitary and product safety controls);
- Collect systematic feedback about bottlenecks, complexities and other problems that companies face when managing their cross-border supply chains; and
- Set up communication channels for reporting mismanagement and negligence of border control officers at the border.

Step 4. The fourth step is to consider various modes of collaboration that are not clearly visible for supply chain operators but that have nevertheless a significant impact on the speed and predictability of cross-border logistics. Again, these measures should be arranged between neighboring countries first:

- Build connectivity between the IT systems of customs administrations at the both sides of the border to enable fast and cost-efficient exchange of data and intelligence (e.g. case Uganda);
- Agree on protocols for exchanging law enforcement sensitive information between border control foreign authorities (e.g. case Albania and the EU);
- Enable collaborative procurement, maintenance and use of detection technologies and other equipment at border-crossings;
- Establish a continuous and systematic program for cross-training personnel of customs and other border agencies at both sides of the border;
- Agree on rules for empowering personnel of customs and other border control agencies to carry out a broader range of border controls (e.g., Norway and Sweden); and
- Establish a legal framework and operational capability to support collaborative criminal investigation and prosecution procedures (e.g. case Mexico-US).

Step 5. After building and fostering BAC with neighboring countries, the focus of BAC efforts should be shifted to regional cross-border trade and customs programs. The following points below illustrate the main activities that should be implemented to achieve high levels of regional BAC:

- Establish protocols for centralized, regional customs clearance (e.g. case Uganda and EAC);
- Develop and maintain regional risk management systems, including common risk profiles, databases, and risk assessment and targeting tools (e.g. case Albania);
- Pursue harmonization of national AEO programs to pave the road towards a regional program (e.g. cases Uganda, Malaysia, and Abu Dhabi);
- Harmonize rules concerning imports of food and pesticides (e.g. case Uganda);
- Create common, simplified regional certificates of origin (e.g. case Uganda);
- Set up trade and customs helpdesks to provide guidance and information for the trading community (e.g. case Uganda);
- Design and provide regional customs education programs to build common understanding and trust, as well as to bridge cultural, linguistic and other gaps between border control agencies in different countries; and
- Establish a regional trade facilitation body or working group to plan, implement and monitor progress of regional BAC activities.

Step 6. The last and often the most challenging step in BAC, is to extend the cooperation to cover large regions, even the entire world. The main steps for the global BAC include the following points:

- Ratify relevant international agreements, conventions, and treaties related to BAC;
- Pursue mutual recognition agreements on AEO programs, air cargo security and other areas of border management with the key trading partners (e.g. case Malaysia);
- Start collecting pre-departure and pre-arrival shipment data from all trading partners to improve accuracy of risk management; and
- Participate in active supranational policymaking that has an impact on global BAC (especially WCO and WTO).

These six general steps on the road towards higher levels of BAC provide a viable plan for developing BAC within the OIC context. It should be noted, however, that different OIC countries currently have different levels of BAC in place. While more advanced countries may focus primarily on steps 5 and 6, less advanced countries, that may lack physical infrastructure, legal framework or funding, should start building BAC first nationally across different border control agencies and then with their neighboring countries and the most important trading partners. Broader regional as well as global cooperation follows naturally when BAC already exists at the national level. Even so, all BAC efforts should consider the unique context of each country where border operations take place. The different settings imply different challenges that must be addressed on a case-by-case basis. The six-step roadmap above provides general guidelines, as there is no best solution that would fit any country or border-crossing everywhere.

Implementing all six steps might take a great deal of time and effort for the less developed countries. Therefore, OIC and COMCEC might choose to introduce their own capacity building program to educate and train people in these countries on the theory and practice of BAC. These activities should be aligned with and complementary to the ongoing capacity building

efforts of the WCO, World Bank, and other international organizations. Also the expectations about the speed and impact of the capacity building efforts should reflect the reality: building necessary trust and infrastructure for a well-functioning BAC will be a long road that may be hampered by various political, economical, cultural and legal obstacles.

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ANNEX A. BORDER CONTROL TASKS (BY CBRA)

Border control tasks typically relevant for all trade commodities:
- Calculation and collection of indirect border taxes
  - customs duties
  - sales / value added taxes
  - excise taxes
- Calculation and collection of other import, transit and export fees and taxes (e.g. environmental fee at export)
- Compilation of trade statistics

Border control tasks relevant for specific commodities:
- Control of import quota restricted products
- Calculation and granting of export subsidies
- Control of product safety, conformity of goods and trading standards
- Control of food, drinks, cigarettes, pharmaceuticals (including for general health and safety purposes)
- Control of energy related materials and products (e.g. oil and coal, could be for export taxation purposes etc.)
- Enforcement of intellectual property rights and fight against copyright infringements and anti-counterfeit
- Control of plant diseases, pests and extraneous species (i.e., phytosanitary controls)
- Animal quarantine and controls (i.e. veterinary controls, including pet controls)
- Control of any biohazards (including deliberate ones)
- Control of CITES protected species (i.e. endangered fauna and flora)
- Control of natural resources under license requirements, harvesting quotas etc. (including specific fish, wood, minerals, diamonds etc.)
- Control of cultural artifacts (stolen / looted, and/or illicitly traded)
- Control of any stolen goods (including vehicles, machinery, cargo etc.)
- Fight against drugs and illicit narcotics trafficking (including pre-cursors)
- Control of waste flows (including those in the Basel Convention on transboundary movements)
- Control of dual use and strategic goods
- Control of dangerous goods / hazardous materials
- Control of explosives and weapons:
  - explosives (including pre-cursors)
  - small arms and light weapons
  - defense / war materials
- Control of nuclear and radioactive materials

Other border agency control areas:
- Conveyance and cargo transport security and safety controls:
  - for maritime, including sea ports
  - for aviation, including airports
  - other modes: road, rail, inland waterways etc.
- Traveler, crew and immigration controls:
  - visa and passport controls
  - trafficking of human beings and people smuggling

- o asylum seekers
- o passenger cars and vehicles in terms of temporary admission
- Control of weight of cargo (including for road safety purposes)
- Cash controls (cash smuggling and counterfeit currency)
- Cyber security (customs and supply chain IT systems, critical infrastructure IT etc.)

ANNEX B. CASE STUDY QUESTIONS (BY CBRA)

- Please provide an overview of the international BAC activities between the two countries. Which ministries and which agencies play a role? Are there specific commodity and/or transport modality focus areas? Is one specific agency empowered to carry out the BAC work on behalf of other(s)?
- Which of the following specific BAC activities are covered today? Streamlining of working hours/days; Harmonising procedures; Mutual recognition of controls; Mutual recognition of AEO (or other trusted trader certifications); Sharing of information and intelligence; Common use of ICT systems and their development; Cross-training of human resources; Provision of technical assistance; Coordinating company visits & audits; Harmonising data filing requirements; Synchronising border interventions & inspections; Joint investments in common resource pools (equipment, facilities etc.); Joint teams and joint operations; Collaborative criminal investigations & prosecutions; Common risk indicators, risk profiles & targeting systems; Empowering manpower; Joint public-private partnership arrangements, training sessions etc.; and so forth.
- In case information sharing is involved in your BAC activities, please elaborate on which information is being shared, how, why, when etc. Please consider both generic information as well as specific information.
- Please elaborate on any aspects of sharing resources, sharing work and/or sharing responsibilities, between the two countries.
- Please elaborate on any aspects of integration – including technical, operational, legislative and/or institutional / between the two countries.
- When and where exactly (border crossing points) did these BAC activities start, which transport modes were covered, and what have been the main steps and the main costs since then to develop and to enhance the BAC activities? Have international donor agencies been involved in the process?
- Which border crossing points are covered by the BAC arrangements today? Please share also annual data on border crossing flow values, volumes and number of customs transactions, per transport mode.
- What are the main tangible benefits of BAC for the participating government agencies and for the companies in the cross-border supply chains? (please think in terms of resource usage, efficiency and effectiveness; supply chain speed and predictability, etc.)
- What have been main obstacles or bottlenecks during the BAC process? What has been done to overcome them, and what else could be done in the future?
- Please share details on your national legislation – including customs, trade, national security etc. laws – which have enabled the BAC activities and improvements so far. Have any updates been done to facilitate BAC developments? Which laws / regulations have formed the main obstacles while aiming to improve BAC activities?
- Please share details on your bilateral or regional agreements / instruments which have enabled the BAC activities and improvements so far. Have any updates been done to facilitate BAC developments? Which have been the main obstacles while aiming to improve BAC activities?
- Please share details on the global agreements / conventions / instruments which have enabled the BAC activities and improvements so far. Have any updates been done to facilitate BAC developments? Which have been the main obstacles while aiming to improve BAC activities?

- What needs to be done to improve international BAC in the future, and what are the priorities? What would be the possible gains from improved BAC for government, private sector and border agencies?
- Does your country get/need any technical/ financial assistance to improve BAC further in the future?

ANNEX C. AFFILIATION OF OIC MEMBER STATES IN BAC-RELATED GLOBAL CONVENTIONS AND AGREEMENTS (TABLES COLLATED BY CBRA)

Country	Region	World Trade Organization, WTO (Members)	WTO Agreement on Trade Facilitation	WTO TFA declarations / asking for assistance	WTO (Observers)	World Customs Organization, WCO	Revised Kyoto Convention	The Harmonized System Convention	Applicants for the Harmonized System Convention	WCO SAFE Framework of Standards	AEO programs (operational)	AEO Programs (to be launched)	The ATA System (ATA Convention)	The ATA System (Istanbul Convention)	Harmonized Frontiers Controls Convention	TIR Convention	International Plant Protection Convention (IPPC)	World Organization for Animal Health (OIE)	Codex Alimentarius Commission	International Standards Organization, ISO (Full Members)	ISO (Correspondent Members)
Algeria	Arab				x	x	x	x						x		x	x	x	x	x	
Bahrain	Arab	x				x	x	x		x				x			x	x	x	x	
Comoros	Arab				x	x		x		x							x	x	x		
Djibouti	Arab	x				x		x		x							x	x	x		
Egypt	Arab	x				x	x	x		x	x		x				x	x	x	x	
Iraq	Arab				x	x				x							x	x	x	x	
Jordan	Arab	x				x	x	x		x	x			x	x	x	x	x	x	x	
Kuwait	Arab	x				x		x		x						x	x	x	x		
Lebanon	Arab				x	x		x		x				x		x	x	x	x		x
Libya	Arab				x	x		x		x							x	x	x		
Mauritania	Arab	x				x		x		x							x	x	x		x
Morocco	Arab	x				x	x	x		x	x		x	x	x	x	x	x	x	x	
Oman	Arab	x				x	x	x		x				x			x	x	x	x	
Palestine	Arab					x															x
Qatar	Arab	x				x	x	x		x				x			x	x	x	x	
Saudi Arabia	Arab	x				x	x	x		x				x			x	x	x	x	
Somalia	Arab					x				x								x	x		
Sudan	Arab	x				x	x	x		x				x			x	x	x	x	
Syria	Arab				x	x		x		x					x		x	x	x		
Tunisia	Arab	x				x		x		x		x	x		x	x	x	x	x	x	
United Arab Emirates	Arab	x	x			x	x	x		x				x		x	x	x	x	x	
Yemen	Arab	x				x	x	x		x							x	x	x	x	

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Country	Region	World Trade Organization, WTO (Members)	WTO Agreement on Trade Facilitation	WTO TFA declarations / asking for assistance	WTO (Observers)	World Customs Organization, WCO	Revised Kyoto Convention	The Harmonized System Convention	Applicants for the Harmonized System Convention	WCO SAFE Framework of Standards	AEO programs (operational)	AEO Programs (to be launched)	The ATA System (ATA Convention)	The ATA System (Istanbul Convention)	Harmonized Frontiers Controls Convention	TIR Convention	International Plant Protection Convention (IPPC)	World Organization for Animal Health (OIE)	Codex Alimentarius Commission	International Standards Organization, ISO (Full Members)	ISO (Correspondent Members)
Afghanistan	Asian				x	x			x	x						x	x	x	x	x	
Albania	Asian	x	x			x	x	x		x				x	x	x	x	x	x		x
Azerbaijan	Asian				x	x	x	x		x					x	x	x	x	x	x	
Bangladesh	Asian	x				x	x	x		x		x					x	x	x	x	
Brunei Darussalam	Asian	x	x			x		x		x							x	x	x		x
Indonesia	Asian	x				x	x	x		x	x			x		x	x	x	x	x	
Iran	Asian				x	x		x		x			x		x	x	x	x	x	x	
Kazakhstan	Asian	x	x			x	x	x		x				x	x	x	x	x	x	
Kyrgyz Republic	Asian	x				x		x		x					x	x	x	x	x		x
Malaysia	Asian	x	x			x	x	x		x	x		x				x	x	x	x	
Maldives	Asian	x				x		x		x							x	x	x		
Pakistan	Asian	x	x			x	x	x		x			x			x	x	x	x	x	
Tajikistan	Asian	x				x		x		x			x	x	x		x	x	x		x
Turkey	Asian	x	x			x	x	x		x	x		x	x	x	x	x	x	x	x	
Turkmenistan	Asian					x			x							x		x	x		x
Uzbekistan	Asian				x	x		x		x					x	x		x	x	x	
Guyana	Asian	x	x			x			x								x	x	x		x
Suriname	Asian	x							x								x	x	x		x

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Country	Region	World Trade Organization, WTO (Members)	WTO Agreement on Trade Facilitation	WTO TFA declarations / asking for assistance	WTO (Observers)	World Customs Organization, WCO	Revised Kyoto Convention	The Harmonized System Convention	Applicants for the Harmonized System Convention	WCO SAFE Framework of Standards	AEO programs (operational)	AEO Programs (to be launched)	The ATA System (ATA Convention)	The ATA System (Istanbul Convention)	Harmonized Frontiers Controls Convention	TIR Convention	International Plant Protection Convention (IPPC)	World Organization for Animal Health (OIE)	Codex Alimentarius Commission	International Standards Organization, ISO (Full Members)	ISO (Correspondent Members)
Benin	African	x				x		x		x							x	x	x	x	
Burkina Faso	African	x				x		x		x							x	x	x	x	
Cameroon	African	x				x	x	x		x							x	x	x	x	
Chad	African	x				x		x		x							x	x	x		
Cote d'Ivoire	African	x	x			x	x	x		x			x	x			x	x	x	x	
Gabon	African	x				x	x	x		x							x	x	x		
Gambia	African	x				x			x	x								x	x		x
Guinea	African	x				x		x		x							x	x	x		
Guinea-Bissau	African	x				x		x		x							x	x	x		
Mali	African	x	x			x	x	x		x				x			x	x	x	x	
Mozambique	African	x				x	x	x		x							x	x	x		x
Niger	African	x	x			x	x	x		x			x	x			x	x	x		x
Nigeria	African	x				x	x	x		x			x	x			x	x	x	x	
Senegal	African	x				x	x	x		x			x				x	x	x	x	
Sierra Leone	African	x				x	x	x		x							x	x	x		x
Togo	African	x	x			x	x	x		x							x	x	x		
Uganda	African	x				x	x	x		x	x						x	x	x	x	

ANNEX D. FACE-TO-FACE, PHONE AND EMAIL INTERVIEWS WITH KEY EXPERTS

- Abu Dhabi Customs Administration: Mr. Marwan Gharaibeh
- African Development Bank (AfDB): Mr. Gerald and Mr. Sidney Chibbabbuka
- Albanian Directorate General of Customs: Ms. Mirela Meko and eight other customs experts
- Albanian Ministry of Agriculture, Rural Development and Water Administration: Ms. Sonila Najdeni
- Albanian Ministry of Economy: Ms. Pranvera Kastrati (PhD) and Ms. Nevin Omuri
- Albanian Ministry of Energy and Industry: Ms. Eda Koshovari
- Albanian Ministry of Health: Ms. Barjola Hodaj
- Albanian National Agency for Pharmaceutical products and medical devices: Ms. Alma Skendera
- Albanian National Food Authority: Ms. Elda Cuka
- Asian Development Bank (ADB): Mr. Nguyen Ba Hung and Mr. Jeff Procak
- C21 Associates, Belgium: Mr. Joe Kelly
- Central European Free Trade Agreement (CEFTA) Secretariat: Ms. Dijana Djindjić
- Dietmar Jost Consulting, Germany: Mr. Dietmar Jost
- Dutch Customs Administration: Mr. Frank Heijmann
- Finnish Customs Administration: Mr. Jyrki Linna
- Intra-American Development Bank (IADB): Mr. Jaime Granados and Mr. Alvaro Sarmiento
- Japan Customs Administration: Mr. Tadatsugu Matsudaira
- Lao Customs Administration: Mr. Canda Sinpaseuth
- Malaysian Department of Civil Aviation: Mr. Abdul Rahman Bin Mahat
- Malaysian Ministry of Health
- Organisation for Security and Cooperation in Europe (OSCE): Mr. Roel Janssens
- Royal Malaysian Customs Department: Dr. Hosni Hussen Md Saat and Dr. Mirza Mohamed,
- Secretariat for Central American Economic Integration (SIECA): Mr. Javier Gutierrez
- Swiss Customs Administration: Mr. Roman Stoll
- TDAF Consulting. Switzerland: Mr. Tom Butterly
- Trade Facilitation Consulting, United Kingdom: Dr. Andrew Grainger
- Trusted Trade Alliance, United States: Mr. Bryce Blegen
- TTEK Global, Barbados: Mr. Chris Thibadeau
- Ugandan Export Promotion Board: Ms. Brenda Opus
- Ugandan Ministry of Agriculture, Animal Industry and Fisheries: Mr Charles Mukama
- Ugandan Ministry of Trade, Industry and Co-operatives: Mr. Steven Kamukama and Mr Emmanuel Mutahunga
- Ugandan Revenue Authority / Headquarters in Kampala: Mrs Annet Ogwapus Kasirye and Mrs Peace Hadoto Perepetwa
- Ugandan Revenue Authority / Malaba border post: Mr Canon Milton Rahuka, Mr Jonathan Itale and Mr Sylvester Kiwanuka
- United Nations Conference on Trade and Development (UNCTAD): Mr. Jan Hoffmann, Ms. Arantzazu Sanchez, Ms. Cecilia Viscarra
- United Nations Economic Commission for Europe (UNECE): Ms. Maria Ceccarelli and Mr. Mario Apostolov
- United Nations Office for Drugs and Crime (UNODC): Ms. Nicole Quijano-Evans and Mr. Ketil Ottersen
- United States Customs and Border Protection: Mr. Shawn C. Beddows

- United States Agency for International Development (USAID): Ms. Jeanah Lacey, Mr. Jose Maciel, Mr. Protase Echessa, Ms. Katie Moulton
- United States Embassy in Mexico: Ms. Amy Cloud
- Vietnam General Department of Customs: Mr. Nguyen Anh Tai
- World Bank: Mr. Gerard McLinden
- World Customs Organization (WCO): Mr. Mourad Arfaoui, Mr. Yoshiro Baba, Mr. Ernani Checcucci, Mr. Richard Chopra, Mr. Theo Hesselink, Mr. Robert Ireland, Ms. Asha Menon, Ms. Mariya Polner

ANNEX E. RESEARCH METHODOLOGY

This report was produced by using the agile CBRA method which builds on continuous data search and iterative rounds of development of the final deliverable. This approach allows flexibility in following unexpected, interesting new openings that may offer novel insights.

Methods applied

We performed an extensive literature review taking benefit of CBRA's existing conceptual frameworks on Border Agency Cooperation (BAC) and other trade facilitation activities. The literature review investigated academic studies, industry reports, governmental white papers, and legislation. We put special emphasis on supranational trade instruments and policies (e.g., WCO, WTO, UNECE, OSCE and World Bank), including regional organisations and arrangements relevant to the OIC member states. The literature review allowed identifying and discussing key trends, challenges and opportunities that characterise modern thinking and practice of international border agency cooperation.

In support of identifying and describing the current trends in BAC, we made an extensive search for current practices. This was carried out as a desk research into websites anddocuments, while being facilitated by discussions with numerous experts in WCO, UN bodies, national customs bodies and other international and national organisations. As a result, we identified a long list of best practices across the globe. Ultimately, we selected three non-OIC cases that were investigated in more depth and presented in this report (Mexico – the United States, Zambia – Zimbabwe, and Vietnam – Laos). To collect necessary information, the CBRA team conducted telephone and email interviews, and complemented this firsthand data with literature and document reviews.

We also collected information related to BAC and its constituent factors in the OIC member states. We collected an extensive database of country indicators from various sources, including the CIA World Factbook, World Bank, OECD and World Economic Forum. We also collected information on the affiliation of all OIC member states in the key supranational and regional organisations and agreements. Furthermore, through searching websites, reports and other documents and discussing with experts, we collected information on the past, ongoing and future BAC activities in OIC member states.

Field case studies

A key part of this report are the four field case studies describing interesting developments and best practices in selected OIC member states. The literature review, the OIC specific data collection and particularly extensive discussions with international BAC experts provided the basis for selecting these case countries among many equally interesting options. As part of the process, the research team, advised by COMCEC experts, set the scope for each case study, and defined their principal themes. As a result, each of the cases – Uganda, Abu Dhabi / the UAE, Malaysia and Albania - also has a specific focus, thus serving the interests of the entire report.

In the field case studies, we used a combination of methods to collect case-specific data, the most important being face-to-face expert interviews and on-site observations during the field visits. The CBRA team interviewed a large number and variety of stakeholders, including customs administrations and other border control agencies, both in the field and remotely. We also took benefit of project reports and other documents provided by the interviewees and other experts. Primary data was complemented with secondary data regarding the BAC activities in these countries as well as the constituent factors, such as trade patterns and economic indicators.