

60th Session of the WCO Policy Commission, 9 - 11 December 2008, Buenos Aires

Communiqué from the International Customs Community

The Global Financial Crisis of 2008

1. The Policy Commission of the World Customs Organization (WCO) held its 60th Session in Buenos Aires, Argentina, from 9 to 11 December 2008. We meet at a time of great financial crisis that is beginning to affect international trade and Customs operations. As an essential part of the international trade supply chain, Customs administrations are well placed to observe the effect of the financial crisis on the ground at border crossings.
2. We see a deteriorating market for trade finance; declining exports/imports for some countries; projections that aggregate international trade will decline; and Customs administrations under pressure to continue to meet revenue forecasts despite the current conditions. Moreover, there is growing concern about a possible new wave of protectionism that would exacerbate rather than alleviate the crisis.
3. WCO Members are reporting a slight decrease in revenue collection in November 2008. There are indications of companies having problems securing export credit insurance. Our partners in the WCO Private Sector Consultative Group (PSCG), which consists of companies or associations which have a financial or ownership interest in the manufacture or delivery of goods, are also seeing the crisis beginning to affect international trade. PSCG members are seeing fewer purchases by consumers, leading to declining exports causing ripple effects through the supply chain. They have also observed cargo transport shifting from air to land and sea as a way of reducing costs and this could lead to longer clearance and release times.
4. Customs administrations have the mission to ensure increased safety, security and efficient revenue collection, and to strive for increased trade facilitation for legitimate operators to promote investment and reduce poverty. Revenue collection can be harmed by commercial fraud and in a financial crisis there is a heightened risk of tax avoidance. Accordingly, Customs should ensure that revenue collection, trade facilitation, and commercial fraud are addressed during the crisis.
5. The Customs community believes it needs to be responsive to the financial crisis and join global efforts to sustain confidence in the trading system. It is important to avoid the introduction of new barriers to trade, or measures which will increase costs and generate additional delays at the border. The use of risk management is a key element in this connection. The WCO is therefore taking a series of measures as follows. The WCO will :
 - support security, safety and revenue collection efforts without hindering trade by developing a package of instruments and technical assistance, which support risk management and audit-based control and use of technology;
 - continue to support the World Trade Organization (WTO) in its trade facilitation work;
 - strengthen Customs modernization through expanded capacity building;

- continue to work on the Authorized Economic Operator (AEO) system and mutual recognition arrangements, with the objective of maintaining consistency to ensure that they are implemented broadly worldwide;
 - take account of the need for the costs and benefits of supply chain security arrangements to be consistent with the current financial climate and also - at a time of falling revenues - to recognize the importance of budget security for the developing countries in particular;
 - promote enforcement of intellectual property rights to ensure public health and safety, and facilitate legitimate trade.
6. All of the aforementioned measures are embodied in the WCO's Revised Kyoto Convention (RKC). The WCO will continue to promote accessions to the RKC as well as the implementation and application of that instrument.
 7. To achieve all of this, there is a pressing need for extensive capacity building. Consequently, the WCO needs the support of donors, national administrations and international organizations. The WCO is ready to work with the relevant stakeholders to build an effective response to the threats faced in international trade.
 8. Customs-to-business partnership is also a crucial element for responding to the financial crisis. Effective partnerships allow both parties to understand each other and lead to mutually beneficial outcomes. The WCO benefits from its partnership with business by gaining insight into business concerns. In particular, care needs to be taken to address the special challenges of small and medium sized enterprises (SMEs).
 9. Accordingly, we the members of the WCO Policy Commission :
 - a. express concern at the impact of the global financial crisis on international trade and Customs operations;
 - b. advocate that donors, national administrations and international organizations strengthen Customs capacity building for developing countries;
 - c. urge all Customs administrations to seek ways of reducing the administrative burden on legitimate trade;
 - d. look forward to the completion of a Doha Development Round agreement;
 - e. caution against national, regional or global moves towards protectionism;
 - f. further promote trade facilitation activities of the WCO;
 - g. urge that the impact of the financial crisis be retained on the WCO's agenda for ongoing discussions, including at the regional level;
 - h. direct the WCO Secretariat to co-ordinate further research on the impact of the financial crisis on Customs administrations; and

- i. request the WCO Secretariat to facilitate the exchange of information on measures taken by Members to assist compliant traders in the light of the global financial crisis.
