

WCO news

n°95 | June 2021

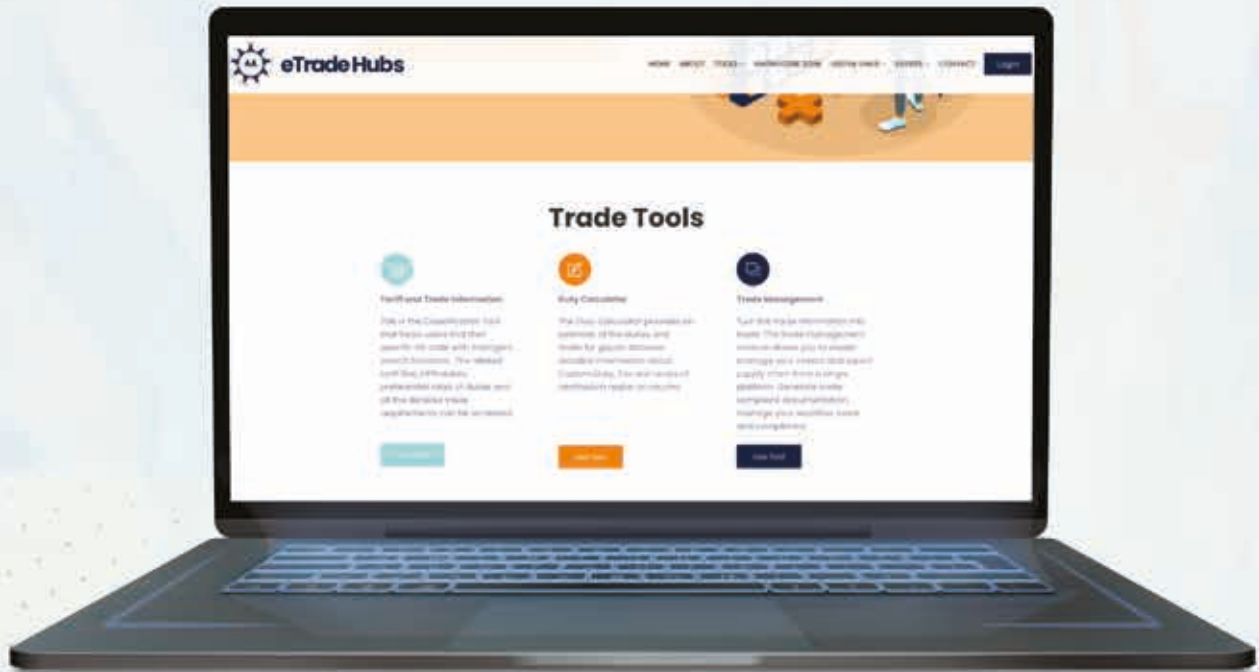
A people-focused edition





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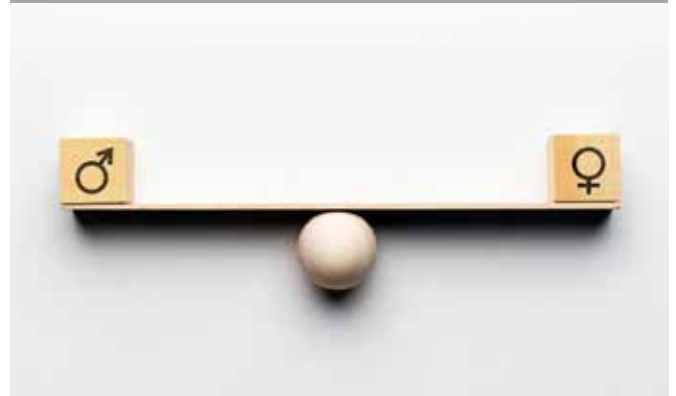
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Online subscriptions

<http://www.wcoomd.org/en/media/wco-news-magazine/subscriptions.aspx>

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Editorial note

WCO News is distributed free of charge in English and in French to Customs administrations, international organizations, non-governmental organizations, the business community, and other interested readers. Opinions expressed in WCO News are those of the contributors and do not necessarily reflect the official views of the World Customs Organization. Contributions in English or French are welcome, but should be submitted no later than **15 August 2021** for consideration. The WCO reserves the right to publish, not to publish, or to edit articles to ensure their conformity with the magazine's editorial policy and style. The WCO Communications Service is available to answer all requests for submission of contributions, subscriptions, and any other enquiries relating to WCO News. Please email communication@wcoomd.org.

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Acknowledgements The Editorial Team wishes to express its sincere thanks to all who contributed to this publication.

Illustrations Our thanks also extend to all who provided photos, logos and drawings to illustrate this issue.

Photos cover (from top to bottom and left to right): Canada Border Services Agency, Indonesia Customs, Australia Border Force, Angola Customs

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Distinctive Communication

WCO launches new IPR-related tools

The WCO recently developed two new intellectual property right (IPR)-related tools: the *Training Handbook on Legal and Practical Measures Against Offences Relating to Intellectual Property Rights* and the *IPR Self-Assessment Tool*. They supplement the *Model Legislation*, the *IPR Diagnostic Tool* and the *Handbook for Customs Officers on Risk Indicators: Factors for Intellectual Property Infringement*.

The Training Handbook aims to provide a comprehensive overview of legal and practical measures that can be taken to identify, deal with and stop IPR-related offences at borders.

It comprises four sections covering:

- the legal framework for IPRs and related terminology;
- risk management and targeting in the field of IPRs, with a particular focus on sources of information and intelligence, fraud routes and geographical specializations, and the setting up of a risk management and targeting system that incorporates IPRs;
- measures to be taken to protect IPRs (reviews of declarations and documents, visual inspections of packaging, examinations of goods) and to control the environment at different borders (sea, land and air); and
- cross-cutting issues such as awareness-raising to reduce demand, post-seizure investigations,

and environmentally sustainable storage and destruction of seized goods.

The Self-Assessment Tool takes the form of an Excel sheet divided into four sections, each listing a series of questions covering:

- the legal scope of IPRs, application for suspension, the detention of counterfeit goods, *de minimis* exemptions, inspections, elimination of counterfeit goods (destruction), costs of storage and distribution, penalties, etc.;
- issues relating to risk management and intelligence, including risk analysis criteria, risk assessment, use of information technologies, targeting/selection techniques, use of summary declarations, cooperation with Regional Intelligence Liaison Offices and other Customs administrations, exchange of information, and use of WCO tools;
- ways in which Members can cooperate with the private sector, procedures for maintaining compliance, and information exchange between Customs and the private sector; and
- capacity building for Customs officials and international cooperation, such as cooperation with the private sector and with other Customs administrations.

More information

IPRTeam@wcoomd.org





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BODATA: a new platform for Customs data analysts

Niger Customs has developed, with the support of the World Bank, an online collaborative platform for use solely by Customs staff with expertise in the field of Customs data analysis.

The platform, called "BODATA", aims to create a network of professionals who support each other, collaborate and discuss their experience of using data analysis tools within their respective administrations, thus strengthening their knowledge.

Following its launch in March 2021, the platform creates a framework in which participants can assist each other in the development of computer programs, by sharing analyses, suggestions, and questions and answers.

Customs officers wishing to participate in this initiative are invited to make themselves known by consulting the www.bodata.net webpage, where they will find all the information on registration procedures.

More information
www.bodata.net

WCO launches new online services

The WCO recently launched a new online platform, WCO Trade Tools (www.wcotradetools.org), which offers a single point of access to:

- the 2002, 2007, 2012 and 2017 Editions of the Harmonized System (HS), together with their Legal Notes, Explanatory Notes and Classification Opinions;
- more than 350 Free Trade Agreements (FTAs) along with their Preferential Rules of Origin and Product-Specific Rules of Origin; and
- instruments developed by the Technical Committee on Customs Valuation, such as Decisions, Commentaries, Explanatory Notes, Case Studies and Advisory Opinions.

In addition to a user-friendly interface design and efficient search engines, the platform enables users to:

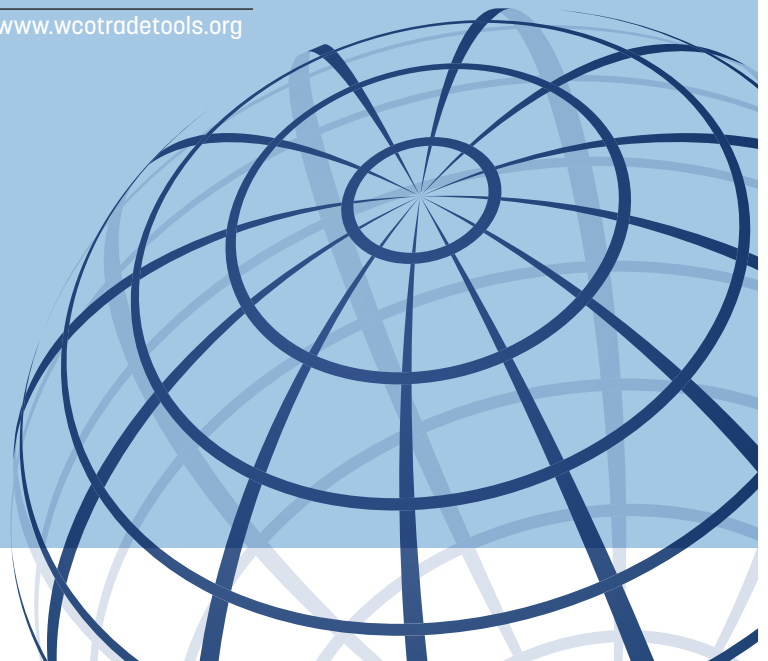
- cross-reference information using a comparison tool for the HS and Preferential Rules of Origin;
- gain a direct overview of the latest HS updates, highlighting the changes introduced;
- track the progression of HS codes across different editions, thanks to the "History" tool; and
- search through Product-Specific Rules of Origin from over 350 regional and international FTAs and access the corresponding HS entry.

Some of the features are available free of charge, for example access to the different HS editions, while others are subject to payment of a subscription fee.

More information

www.wcotradetools.org

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For the safe and secure customs control



Health Screening



Disinfection



Contactless Operation



A people-focused edition



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Putting people first

By Dr. Kunio Mikuriya, WCO Secretary General

The WCO has long been promoting Customs as a highly professional body, with specific knowledge, competencies and skills, which is fully committed to meeting the needs of governments and trade operators in terms of productivity, efficiency and quality of services. A key characteristic of such an organization is that it is people-centric. In other words, it takes care of its employees and values their happiness and well-being.

The challenge is not only to ensure that Customs administrations have the right person in the right job at the right time. Attracting talented people, enabling employees to gain new skills and advance their careers, ensuring that there is a free flow of information between staff at all levels of the organization, aligning their performance and behaviour with the administration's missions and values, proactively shaping the future workforce, and retaining the top performers are some of the strategic issues that must be addressed by human resource (HR) departments. As the current health crisis reminds us, HR departments also play a critical strategic role in coping with disruption to services.

Given their role in dealing with such vital issues, HR departments should be considered as strategic players within administrations. The WCO Secretariat experts who, since 2014, have delivered over 90 diagnostic missions across all continents

point out that, in many countries, such Customs professionals are still confined to an administrative role where they focus on handling HR matters. The experts' main findings are presented in an article in this edition of WCO News, together with the tools and assistance programmes developed by the WCO to support HR departments. I will therefore not spend too much time on this issue, though I would like to encourage Directors General of Customs to ensure that their HR department acts effectively as a strategic partner and change agent in their administration and that they make use of the available tools and assistance programmes to that end.

We cannot talk about HR practices without mentioning leadership. Corporate culture, after all, starts at the top. According to experts, positive efforts and outcomes are largely the result of internal motivation. This raises the question of how leaders can truly motivate their teams. Some HR specialists question the use of the verb "manage" when referring to HR practices, instead advocating the use of "serve". Leadership is about service. Such an approach requires a clear agreement on what each party must do, so that stakeholders share their leaders' sense of commitment and back their plans.

During the most recent session of the Capacity Building Committee in February 2021, the WCO

Secretariat presented a paper entitled “Leadership in challenging times and beyond”. To effectively lead, according to the paper’s authors, leaders must learn to implement three main elements: lead yourself, lead the organization and lead others (team and stakeholders).

To “lead oneself in times of crisis”, the authors recommend implementing the approaches and acquiring the skills identified by Dean John Quelch of the University of Miami Herbert Business School¹:

- **Calm:** Show command of the situation by staying calm and projecting composure that instills trust in employees and customers.
- **Confidence:** Add credibility to a calm demeanor and project a managerial bearing that boosts stakeholder reassurance.
- **Communication:** Communicate relentlessly, but with strategy to cascade decisions in an appropriate order and promptly. Keeping all parties informed reduces misinformation or rumors and avoids silence that may hinder cooperation and engender discontent.
- **Collaboration:** Tap into all resources and employee capabilities to extract best solutions. Managers best exemplify leadership when they allow team members to contribute their strengths.
- **Community:** Recognize an organization’s existence as part of a greater association of social units. Leading by example in the community, beyond the company, initiates a greater overall response and transmits a sense of humanity during a time of shared risk.
- **Compassion:** Look out for members of the organization or community that require extra accommodation. Show empathy and openness to adjust to their needs, be it by allowing remote work or extra time to look after their family members.
- **Cash:** Give financial prudence as much attention as emotional guidance. Cash is king, especially

during a crisis in which the leader must preserve funds and ensure the continuation of timely employee paychecks.

When it comes to “leading one’s organization”, the paper’s authors note that even though, prior to the COVID-19 crisis, focus used to be placed on redesigning the organization to increase efficiency, the pandemic has clearly demonstrated the need for “Organizational Resilience”, namely the capacity to react in a proactive manner to unexpected and challenging situations and to develop the ability to recover quickly from a state of uncertainty, discontinuity and emergency. Such an approach requires the drafting of a crisis plan and a communication strategy.

The third point, “leading others”, means building a human-centric leadership culture within an organization and empowering local leaders to shape greater cohesion and build trust among employees. Current leaders should even encourage “emergent leadership”, a type of leadership in which a group member is not appointed or elected to a leadership role, but rather develops a leadership role over time as a result of the group’s interaction.

These concepts and practices are explained in a new e-learning module called “Leading Customs Administrations in Crisis Times” developed as part of the WCO Leadership and Management Development Programme (LMDP). Those wishing to enhance their leadership skills can also participate in one of the three LMDP activities: (i) Top Executive Retreat (TER), (ii) LMD Workshop for Senior Managers and (iii) Middle Management Development (MMD) Training. All these activities are still being held despite the situation caused by the COVID-19 pandemic, albeit it in virtual mode.

For this edition’s “Dossier”, we invited various administrations and organizations to discuss HR-related experiences, tools and practices. I hope this will inspire readers to take action and contribute to creating a work environment which enables people to continue growing professionally and learn new skills that will benefit their organization and the national and global community.

Leading others means building a human-centric leadership culture within an organization and empowering local leaders to shape greater cohesion and build trust among employees.

¹ <https://news.miami.edu/miamih Herbert/stories/2020/03/leadership.html>

Untapping the potential of human resource management in Customs

By Dr. Si Mohamed El Hail, People Development Programme Manager, WCO Secretariat

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Customs administrations, due to the nature of their missions and to the fact that they are operating in an environment marked by complex interactions, have to constantly engage in modernization efforts. In other words, they need to regularly update and upgrade their operating models and working methods. While strategies, systems, processes and tools are key in this endeavour, the driving force behind the performance of Customs operations remains Customs' human capital.

As we have been reminded during the current health pandemic, an adaptive workforce is a Customs administration's greatest asset. The Customs officers in operational and support functions are the main contributors to business continuity and organizational resilience.

Human Resource Management and Development (HRMD) professionals in Customs should hence play a vital role in their organization, especially in order to influence the adaptive capabilities of their workforce. In a practical way, HRMD professionals are, more than ever, called to provide innovative responses to emerging trade, security and health challenges by repositioning their contribution and ensuring that their recommendations are aligned to corporate strategic priorities.

Findings from WCO People Development Diagnostics

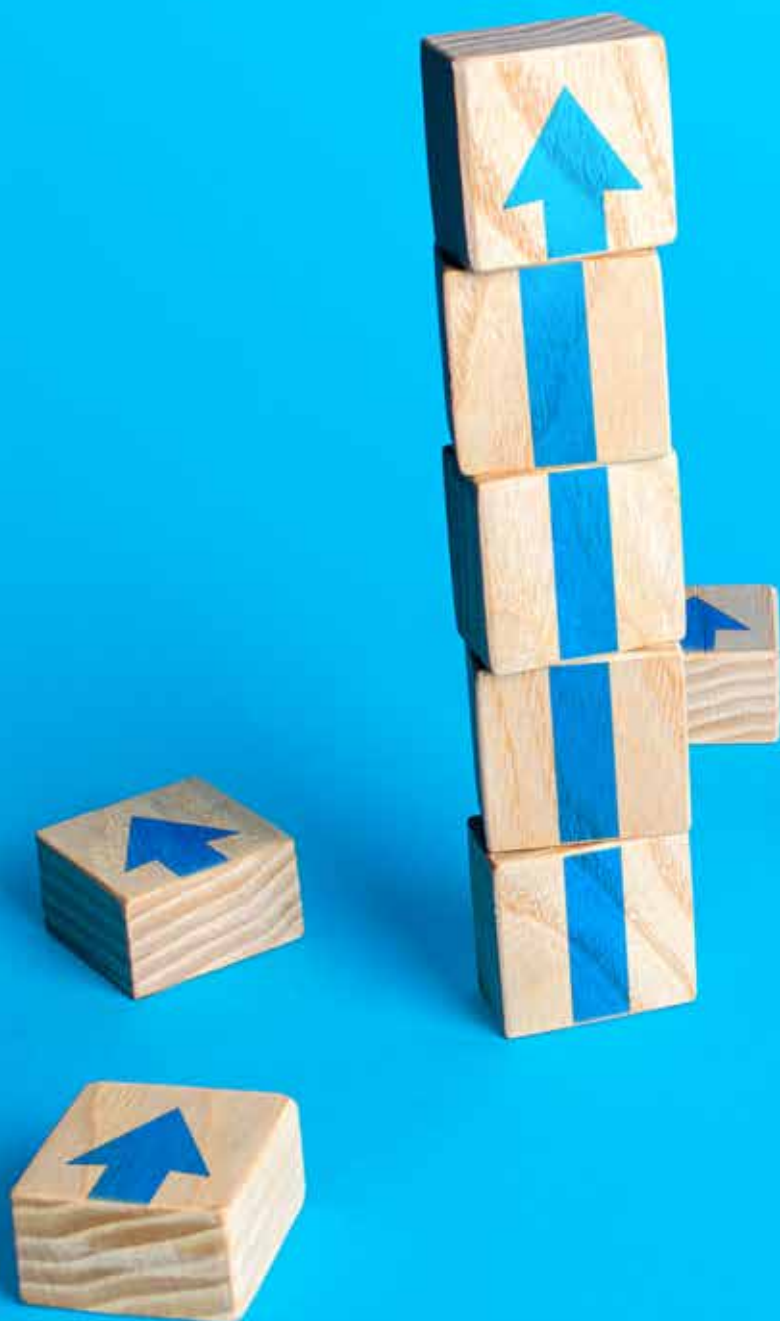
The WCO has been promoting a vision of Customs as a coherent professional body with unique operating models, and which consists of individuals who share specific and graduated knowledge, skills and attitudes, and who are committed and competent to respond to today's economic and social challenges. In 2016, it endorsed a competency-based approach to HRM as an international best practice.

To enable Customs administrations to assess their level of maturity in this area, the WCO has developed the *People Development Diagnostic Tool (PDDT)*, which is aligned with the norms and guidelines laid down in the *Framework of Principles and Practices on Customs Professionalism*, as well as with the *Professional Standards*.¹

The tool comprises:

- a form for entering the reference documents for an HR strategy, aimed at identifying the

¹ <http://www.wcoomd.org/en/topics/capacity-building/activities-and-programmes/people-development.aspx>



fundamental components of an HR strategy and, by default, elementary failures;

- a diagnostic questionnaire focusing on the existence and efficiency of the main HR practices and processes, and the legal and ethical framework of an HR strategy;
- a value creation matrix setting out the perceptions of key HR players regarding shortcomings in implementing best practices in their experience of HR management in their administration.

Although the tool can be used autonomously in its simplified form by teams in charge of HR modernization within their administrations, WCO Members may benefit from a series of accompanying measures to support their HR capabilities, including a WCO mission. These missions are facilitated by HR experts, either from the WCO Secretariat or from a Customs administration with HR expertise recognized by the Secretariat.

Through the delivery of over 90 People Development Diagnostic missions since 2014 across the continents, the WCO Secretariat has identified common challenges, as well as success factors.

Common challenges

- **There is a clear deficiency in the positioning of HRMD units within their Customs administrations**

The missions pointed out that HRMD professionals within Customs are confined to an administrative role where they focus on the processing of human resource transactions. They are usually struggling to effectively manage their workload, and their positioning in terms of all aspects of HRM practice tends to be only reactive. They should instead have the ability to be proactive and transcend the traditional role of administrative management so that they can support the strategic choices of their administrations.

- **There is a gap in the effective implementation of the WCO's HRMD tools and instruments**

Notwithstanding the development of an extensive set of tools and guidance for implementing a competency-based approach to HRM in the Customs environment, the extensive assessments conducted by the Secretariat throughout the

world have pointed to a competency gap in HRM teams that leads to a limited performance. This gap is inhibiting Customs administrations from realizing the full benefits of competency-based HRM. Rather than adopting an integrated approach that addresses the full spectrum of HR matters, numerous Customs administrations have resorted to "quick-fix" solutions to HR challenges, largely by hiring international management consulting firms without specialized expertise or knowledge of the Customs profession/environment. These solutions generally focus on one HR "problem", such as performance management, organizational restructuring or training, and use generalist approaches that are not specific or adapted to the Customs environment. As these efforts are led by external stakeholders with less of a vested interest in the organization's health or in individual employees' concerns, such "quick fixes" often fall short of expectations. Meanwhile, the competency of staff in HR units to approach HR matters from anything other than an administrative/procedural perspective remains low.

- **The role of HR within Customs is not valued by Customs management and Customs staff**

An emerging observation from interviews carried out with Customs' HRM teams is that the HR role is often seen in a negative light as one that does not create value for the organization or enable career growth. Many Customs officers therefore dread joining HR services and see it as a career stop. To change the perception both of Customs management and staff, the only solution is to really ensure that the HR department effectively plays the role of a strategic partner and change agent.

Identified success factors

The WCO Secretariat's engagement with Customs administrations on HR issues has demonstrated that the most efficient administrations are those that maintain a keen awareness of the value of their staff and invest in their development. Hence, the department responsible for human resource management and development should adopt a performance-based approach aimed at valuing and adding value to the competencies of Customs staff as a whole.

In order to enable it to fulfil this strategic role and actively contribute to the achievement of priorities and objectives, the WCO recommends that Customs administrations fully integrate human

"Abu Dhabi Customs engaged reputable international partners to achieve the many milestones required for its HR transformation journey, however, it is the WCO Secretariat, with its HRM approach, which showed its effectiveness to respond to our requirements and expectations and therefore remains the most vital partner in our endeavours to implement a world class HRM system."

Dr. Ebrahim Hasan Alkhajeh, Director of HR Division, Abu Dhabi Customs Administration

resource considerations into organization-wide strategy planning. This approach supports better functional linkages between the organization’s goals and all the human resource processes outlined above.

People at the heart of the WCO Capacity Building Strategy

The WCO’s own Capacity Building Strategy embeds a people-centric approach, in which the human element is at the heart of all actions. Capacity building programmes are conducted under the principle that people development and investment in Customs professionalism are among the foundational pillars for successful Customs reform and modernization, including the implementation of the measures in the World Trade Organization Trade Facilitation Agreement. Without investment in people and Customs professionalism, reform and modernization efforts cannot succeed.

From the outset, it should be noted that the role of HRMD leaders in modern-day Customs administrations has changed profoundly to accommodate various developments and needs in the workplace. Figure 1 illustrates the WCO Capacity Building HRM Value Chain. The WCO promotes the adoption of a systematic multi-layered approach to organizational development and people management. It articulates horizontal stakes (such as integrity, performance management and measurement), lifelong learning and a wide range of HR technical challenges (including succession planning, delegation and empowerment of people,

reward-based systems, recruitment policies, identification of talents and rotation policies).

Since a few years now, the WCO Secretariat has been helping the structures in charge of human resource management to prioritize actions which enhance individual and collective competencies, based on a suite of capacity building tools (see table 1). Support was first delivered as part of the West African Customs Administrations Modernization (WACAM) Project. Funded by the Swedish Government, the Project was designed to bolster Customs modernization in West Africa, particularly in the fields of strategic management, human resource management, and stakeholder engagement.

Supplementing the initial training programme for HR officers developed in the framework of the WACAM Project, the WCO recently developed a state-of-the-art programme entitled the “Executive and Professional Competency-Based HRM Programme” (EPCB-HRMP). Designed to follow a tiered approach, it is targeted at those administrations whose senior leadership has embraced the WCO’s “competency-based HR management” approach, and aims to equip and empower HR managers with competencies and tools to strategically manage HR. It therefore also attempts to equip and empower HR managers in Customs administrations to become strategic players in HR modernization and organizational performance.

“The WCO through its various capacity development programmes has contributed immensely to the achievement of our domestic resource mobilization. The modernization of our Human Resource Management practices and our transition to a competency-based human resource management with support from the WCO-WACAM project, helped enhance the competencies of our staff, thereby contributing to the increase in revenue generation.”

Mr. Thomas Doe Nah, CG, Liberia Revenue Authority

Figure 1 – WCO Capacity Building HRM Value Chain

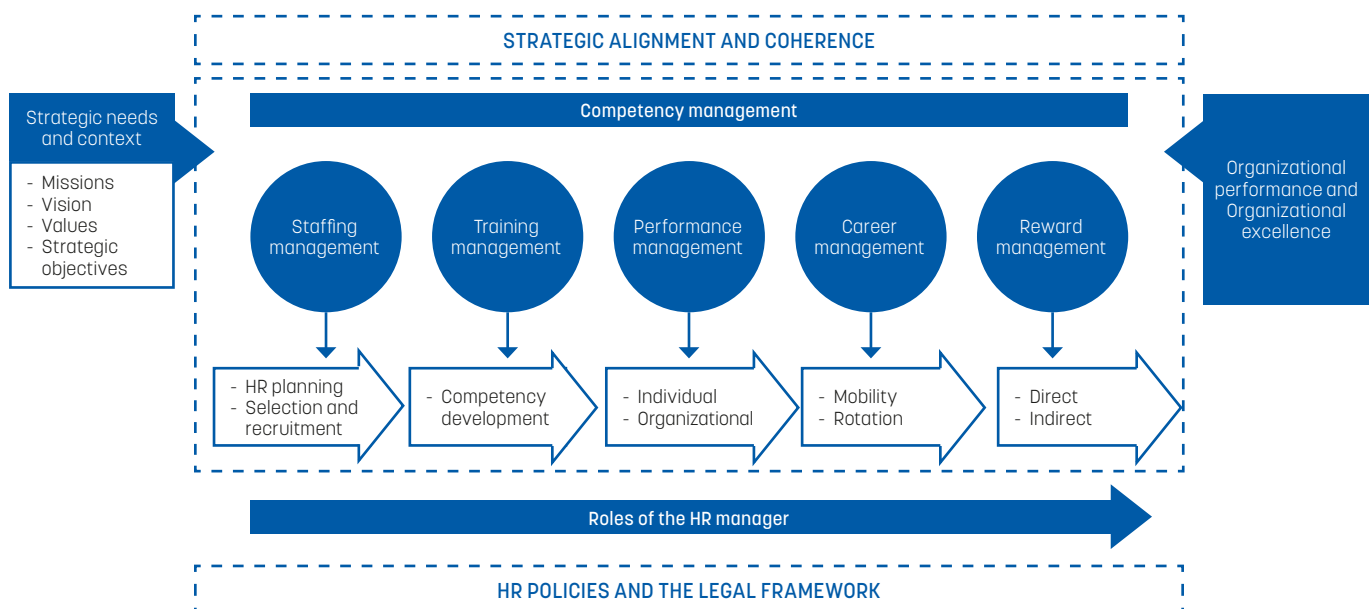






Table 1 - WCO HR tools

The Framework of Principles and Practices on Customs Professionalism	Competency-based Train the Trainer Programme
 <p>This tool sets out principles and methods related to the implementation of workforce development programmes, by examining the approaches and practices which have been adopted or are being developed by Customs administrations, academia and the business community. It also highlights research gaps and missing elements, and adapts theoretical concepts and academic findings to Customs operating models.</p>	 <p>This Programme is aimed at enabling Customs administrations to build a pool of expert trainers tasked with supporting the competency development process of staff. We call them "competency builders". Once accredited, these experts should be capable of preparing, designing, facilitating and evaluating training sessions in their respective fields of expertise (technical, support or management).</p>
Guide to Implementing Competency-Based Human Resource Management in a Customs Environment	People development in times of crisis: Guide for a successful transition to live virtual training
 <p>Developed in the framework of the West African Customs Administrations Modernization (WACAM) Project funded by Sweden, this Guide details the various stages to be followed by Customs administrations and/or umbrella authorities (for example, revenue authorities and border surveillance agencies) in order to establish a competency-based human resource management system. It is aimed at project teams in charge of human resource modernization efforts and at structures in charge of human resource management.</p>	 <p>This Guide provides a set of strategies and techniques to support all Customs training professionals in making an effective and successful transition to virtual training and in incorporating this mode of delivery into the training operating model appropriately.</p>

Conclusion

To raise awareness of tools and techniques surrounding HRMD, the WCO organized a conference in January 2021 and two webinars in June 2021. These enabled HR professionals to share best practices and tools, and to highlight the strategic role of HRMD units.

Through such events, the WCO Secretariat wishes to convince Customs administrations that focusing on individual and organizational competencies will facilitate the re-engineering of the roles and responsibilities of staff, and enable them to ensure

that officers are carefully selected, deployed and trained to respond to the organization's strategic needs, thereby ultimately guaranteeing organizational performance. Those administrations wishing to benefit from the EPCB-HRMP, or wishing to adopt a competency-based HRM system or enhance their existing one, should contact the Secretariat's Capacity Building Directorate using the contact details below.

More information

Capacity.building@wcoomd.org

Enhancing performance lies in helping employees to be aware of who they are and what drives them

By Allan Miller, Managing Director, IMX International

How can you make an impact as a leader on the performance of your organization, especially in a time of crisis? Part of the answer lies in ensuring that your human resource (HR) managers are taken seriously and have the tools at their disposal to make the best decisions for your biggest resource, your people. This article introduces the notion of self-awareness and existing tools to measure talents and non-talents, and to help individuals find what makes them successful.

Take HR seriously

Everyone agrees that talent is what separates a good organization from a great organization. However, in many organizations, human resources – the team in charge of managing and developing talent – get less respect than other core business functions. Your HR manager should be the first person invited to boardroom meetings. Only by understanding the organization's operating plan will he or she be able to align HR strategies to set objectives. HR also plays a key role in reinforcing the corporate culture, transmitting the company's concern for employees, and communicating in a more transparent, fluid and people-oriented way.

The importance of soft skills

LinkedIn recently ran an article about interpersonal skills, highlighting the fact that executives may not realize that soft skills, also known as “people skills” or “interpersonal skills”, are where the biggest imbalance is. It reported that Tesla CEO, Elon Musk, cut back on his production expectations after automation efforts failed, and said: “It turns out human beings are underrated.”

LinkedIn also ran a survey on the critical skills gap over 2000 business leaders, which identified these four skills as critical to a company's performance:

- Leadership,
- Collaboration,

- Time management,
- People engagement/communication.

Why are some people more successful than others

At Innermetrix UK Ltd, we conducted a seven-year study on what really drives individual performance and success. We looked at 75 PhDs and 900 consultants who are specialists in helping people develop and thrive – in total, 197,000 individuals across 23 countries.


Of course, defining success can differ, depending on background and culture, and it may not be all about money. However, two major qualities came up that can explain why some people are considered as being successful and others are not:

1. Self-awareness, that is, your level of awareness for your natural “mental” talents, in other words, the particular way you think and make decisions.
2. Authenticity, that is, how “true” you are to your greatest natural talents, how well you incorporate them into what you do and how you do it.

Being authentic to your self-awareness is the key to your individual excellence and to defining what your success could be. People who consider themselves as successful share the attribute of self-awareness. They are acutely aware of who they are

People who consider themselves as successful share the attribute of self-awareness.

They are acutely aware of who they are and what drives them, and as a result, they are able to recognize those situations in which their intrinsic values can lead to success.



and what drives them, and, as a result, they are able to recognize those situations in which their intrinsic values can lead to success. They also understand their limitations. Because they know what does not inspire or motivate them, they can avoid those circumstances where they recognize that their inherent values will not be conducive to success. People who understand their natural motivators are far more likely to pursue the right opportunities, for the right reasons, and get the results they desire.

WHAT, WHY, HOW

How can HR professionals help their employees to achieve better awareness? By developing their profiles using the WHAT, WHY and HOW triad. The WHAT corresponds to talents, in other words, how an individual thinks and makes decisions. The WHY corresponds to values, that is, what drives and motivates an individual in life. The HOW corresponds to behaviour, that is, how an individual does things and uses their talents.

Let's stress that there are no "good" or "bad" profiles. The objective of the method proposed here is to identify how an individual can be his or her most authentic self, and to show that person where they are adapting their behaviours. We have developed three indexes in order to help individuals to find their WHAT, WHY and HOW, and to help

them maximize performance and find what makes them successful.

The Attribute Index – the WHAT

The Attribute Index is based upon the work of Robert S. Hartman, a philosopher, professor and business person who pioneered the science of values ("axiology") as a field of study¹. It is used to measure the way in which a person thinks and makes decisions, to help them understand their soft skills. It identifies an individual's dominant and secondary way of thinking, and then his or her potential blind spot. This understanding translates into the ability to quantify a person's aptitude in the various capacities that are measured.

A few examples of some of the 77 competencies that are measured include the desire for self-improvement, role awareness, attitudes towards others, attention to detail, practical thinking, problem solving, results orientation, persistence, sense of mission and personal drive.

The results are critical to understanding why a person can engage with people, systems or tasks easily or not, and identify why in certain situations

1 <https://www.hartmaninstitute.org/>

there is cooperation, and in others there is not. The Attribute Index also identifies how best to manage that person.

The DISC Index – the HOW

The DISC Index is based upon the lifetime's work of William Molten Marston, who mapped out four quadrants in a person's behaviour. The DISC Index is used to measure a person's observable behaviour in both natural and adapted environments. A person's natural style is seen when they behave naturally, when that person is authentic and true to themselves. One is stress-free when operating under a natural style. This style brings out the maximum potential of a person. A person's adaptive style is shown when they feel that they are being watched. Prolonged exposure can lead to a person's becoming stressed and less effective.

The Innermetrix DISC Index measures four dimensions of a person's behaviour:

- Decisiveness – measures problem solving ability and ability to get results,
- Interactiveness – measures interaction with others and show of emotion,
- Stability – measures pacing, persistence and steadiness,
- Cautiousness – measures preference for procedures, standards and protocols.

In summary, it measures “How” a person will go about their work and personal areas. The tool makes it possible to understand how to communicate with this individual and how not to, what is his or her ideal environment “behaviourally”, and what is the best form of training style or methodology for that person. The DISC Index can be used when hiring a new employee to understand their compatibility, what motivates them, their communication skills, and whether they have the temperament for the job.

The Values Index – the WHY

The Values Index combines the seven dimensions of value discovered by Dr Eduard Spranger and Gordon Allport, and is used to measure what really drives an individual, what their values, beliefs and personal interests are. This knowledge enables

a person to achieve improved performance and satisfaction through better alignment between what they passionately believe, and their daily actions and interactions.

Seven dimensions of motivation are assessed:

- Aesthetic – a drive for balance, harmony, beauty and form,
- Economic – a drive for financial or practical return on effort,
- Individualistic – a drive to stand out as independent and unique,
- Political – a drive to possess power, control or influence,
- Altruistic – a drive for humanitarian results and service to others,
- Regulatory – a drive for order, structure and routine,
- Theoretical – a drive for knowledge, learning and understanding.

Conclusion

A personal debrief session is organized at the end of every assessment, during which results are reviewed in detail with the participant. You must qualify as a Certified Innermetrix Consultant in order to use our assessment tools and build your employees' profiles.

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Ensuring Staff Wellbeing and Psychological Health: Jamaica shares its experience

By the Human Resource Management and Development Division, Jamaica Customs Agency

The Jamaica Customs Agency considers its human capital to be its most valued resource and, as such, its staff has a place of pride within the Administration. In this article, the Human Resource Management and Development (HRMD) Division introduces some of the programmes it has developed to ensure staff wellbeing and psychological health.

Resilience, a person's ability to bounce back from, grow and thrive during challenge, change, and adversity, is currently quite a buzzword. It is widely recognized that, while organizations might rely on managers to protect their staff from undue stress or personal risk, they also need to build employee resilience in order to function properly.

With just over 1,300 team members, here at the Jamaica Customs Agency (hereinafter "the Agency") we recognize that the support needed to facilitate staff resilience cannot be provided using a "one-size-fits-all" approach. We have therefore developed a strong framework which guides the

implementation of the relevant programmes while taking into account the realities of diversity.

Wellbeing and the psychological health framework

At the core of our staff resilience strategy is the development and management of a framework and associated structures to answer the needs identified through staff surveys and SWOT (strengths, weaknesses, opportunities, and threats) analyses.

Over the years, and particularly in the last two and a half years, we have made significant progress in enhancing this framework, including a wide range



of policies, programmes and initiatives supporting staff in four areas: spiritual, psychological, physical and social.

Spiritual wellbeing

Religion and spiritual wellbeing are important to many of the employees of the Agency, whether or not they are practising Christians. Being cognizant of this fact, we create opportunities for those who wish to express their faith and pray as part of what we call a Spiritual Programme. Customary activities include the annual Christmas and Easter Services, as well as the Spiritual Wellness Fest. Staff are at liberty to pray as a team before they start the workday – an opportunity which many capitalize on weekly – and to practice their religion individually.

Staying connected to one's spirituality is paramount in bringing harmony to life, and this is even more true in times of crises. During the pandemic, we organized online intercessory prayers, sermons and short commentaries on biblical texts under the theme "Covered in Crisis". These sessions allowed practising and non-practising Christian employees to gather virtually and pray together for their colleagues, the organization, the nation, our leaders and the vulnerable in society.

Psychological health

The importance of psychological health and its impact on organizational success cannot be

overstated. With this in mind, the Agency has established an Employee Assistance Programme (EAP) through which employees and their immediate family members can seek and receive confidential counselling. All consultations are fully sponsored by the Agency.

The Agency saw an uptick in enrolment during the pandemic, which shows that some staff needed expert assistance to cope with grief and psychological issues. Group counselling sessions were held with teams that had been directly impacted by COVID-19. The objective was to provide them with a safe space where they could share their concerns and fears and find expert advice on how to cope.

To enhance the EAP, the Agency launched a Peer Support Network (PSN) consisting of a group of 30 employees from across the Agency who were trained to assist employees with accessing the counselling and other support initiatives provided by the Agency and other government bodies.

At the HRMD Division, we have also diversified our communication modalities to ensure that staff receive accurate information in a timely manner. Besides a quarterly magazine called HR Buzz, we developed bite-sized information e-mails called "Did you know" containing interesting news and/or advice presented in the form of infographics. As part of the "HR on Di Move" Programme, we visited the different Customs offices before COVID-19 hit the country to talk to employees concerning the benefits they can obtain, the code of conduct and other rules they must follow, and general ways in which the Agency can help them navigate their employment tenure. Through the Programme, staff members are given a chance to have their questions answered on the spot, receive clarity on a number of issues and use this as an opportunity to obtain a private consultation on personal matters with us. Since the start of the COVID-19 pandemic, these "visits" have been replaced by regular online conference calls.

The establishment of a special e-mail account (jcacaes@jca.gov.jm) for employees to share their concerns and ideas during the pandemic was also a recent move. We were very deliberate about the name of the e-mail address which even became an Agency moniker over time - #jcacaes.

As the Employee Work Arrangements were reviewed during the pandemic to facilitate

"Leading in the New Normal" puts the spotlight on leading with empathy and paying attention to the wellbeing of staff. This is crucial in maintaining a psychologically healthy workforce, able to cope with the changing work environment.

telecommuting and curtail the spread of the virus, a number of staff were working from home. They were also given the option of arranging flexible work schedules to meet their employment and family obligations. This new way of living was found to be challenging for some staff, and they needed guidance to understand how to be productive, solve their own problems, resolve their conflicts, manage their own learning, and navigate through changes.

A specific HRMD COVID-19 Response Team was also set up within the HRMD Division to encourage staff engagement and interactions; and help to build positive virtual working relationships. Activities throughout the year took many forms. Additionally, online discussions were organized on various topics such as:

- Coping in COVID- 19: Preserving my Mental Health
- Surviving COVID-19 and the Hurricane Season
- Being Vigilant in COVID-19 and the Christmas Season
- The Balancing Act: Parenting, Home-schooling and Telecommuting
- Overcoming Domestic Violence: Finding your Safe Space

Supervisors had to change the way that they supported employees. As some expressed difficulties in managing teams in a blended mode (remote and face-to-face working), a series of development sessions called “Leading in the New Normal” was implemented under the HRMPOWERMENT Programme. The objective was to enable supervisors to learn how to prioritize, improve communication and build better relationships with their team members in order to further appreciate their realities and provide the requisite support; as well as to motivate and create a safe working environment. “Leading in the New Normal” puts the spotlight on leading with empathy and paying attention to the wellbeing of staff. This is crucial in maintaining a psychologically healthy workforce, able to cope with the changing work environment. Fundamental to this is supervisors’ mental health, as one cannot properly lead without being aware of one’s own feelings and thoughts. Another key point to note is that “Leading in the New Normal” places emphasis on productivity, rather than accounting for the number of hours spent at in the office, and requires supervisors to adopt a new way of target setting in managing performance.

Another way of supporting staff morale is through the Employee Rewards and Recognition Programme. When employees feel appreciated, they usually perform better. Each year, several employees receive an award for the work they have accomplished in a specific area. In 2021, all employees received a plaque in recognition of their service in 2020, a period that we consider to be unprecedented times.

Creating a safe working environment is also key to preserving psychological health. Through the implementation of Anti-Sexual Harassment and Anti-Gender-Based Violence in the Workplace and Workplace Relationship Policies, and other related measures, the Agency ensures that all staff have access to equal opportunities in the workplace, and work in a safe, inclusive and respectful environment; free from discrimination, coercion, harassment and intimidation, and with impartiality on grounds of gender or sex.

On this last point, it is worth mentioning that the Agency’s Gender Action Plan (GAP) aims at ensuring that all employees understand gender issues and the importance of equality and equity as well as fostering the adoption of gender mainstreaming, which is a strategy for making women’s as well as men’s concerns and experiences an integral dimension of the policies and programmes of an institution. The GAP identifies the areas where behavioural change is necessary and the guidelines and policies to be introduced to engender such a change, and minimize gender stereotypes and exclusion. It presents the use of sex-disaggregated data to reform existing policies and inform new procedures and explains how to conduct sensitization and awareness-raising sessions with staff. As part of the GAP implementation process, an assessment of the Administration is to be conducted using the *WCO Gender Equality Organizational Assessment Tool (GEOAT)*.

For each policy and programme, standard operating procedures, in other words step-by-step instructions, have been developed, and a dedicated committee has been set up to oversee their implementation and provide direction when needed. The HRMD Division obviously also has a big role to play in monitoring worksites and ensuring that the policies are enforced. Based on visits and observations, recommendations are made to ensure that the best working conditions are provided for staff.



Physical wellbeing

Under its Physical Wellbeing Programme, the Agency offers its staff the opportunity to participate in physical activities, including the Agency's own initiative, called #Customsmoves, -an aerobics and strength training programme. To have an effective programme, professional trainers were hired. The Agency also actively encourages staff to participate in the National Netball and Football league competitions, and 5K runs. It covers all the costs incurred and offer participants some flexibility in their work schedules to train and participate. During the peak of the pandemic, the exercise sessions were moved online as government restrictions prohibited gatherings.

Each year, the Agency dedicates an entire month to the concept of wellness. The theme of 2020 was: "Nutrition: Eat Right, Bite by Bite". Weekly educational courses led by medical practitioners and mental health experts were conducted online with the aim of giving employees the right information about what to eat and how to boost their immune system. In addition, staff were invited to participate in a "Garden to Plate Challenge" and to a "Recipe Challenge" to close out the activities of the month.

In 2019, the Month of Wellness was observed under the theme "Safeguarding your Mental Health in the Workplace". Activities were implemented in partnership with our health insurance provider and included health screenings, with a mobile van visiting all Customs offices.

To bolster the wellbeing of our employees and to enhance the feeling of safety in the work environment, we have trained some of our employees in First Aid and Cardiopulmonary

Resuscitation (CPR), and also as safety wardens. These individuals act as first responders in the event of accidents at the workplace.

The Agency intends to establish an Occupational Health Monitoring and Surveillance programme as a proactive risk-based approach to managing health amongst employees. Hearing, lung function, heart health, blood, physical fitness and vision will be tested, among other things. This will enable the rapid identification of health risks and allow medical and psychological issues to be treated at an early stage.

Social wellbeing

The Agency is known for playing an active role in the social life of its employees. Over the years it has organized several social gatherings such as an annual Sports Day, a Family Fun Day, the Christmas Party and the Customs Week. These events give staff an opportunity to bond with each other and "let their hair down". They go a long way in boosting staff morale.

During the pandemic, social gatherings being prohibited, the Agency organized an online fundraising event to support a community outreach effort and adapted all of the Customs Week activities to an online format, including the musical competition ("Sound Clash") which in 2021 featured the Customs Chief Executive Officer and the two Deputies.

While we cannot host a birthday party for each member of staff, we send an electronic birthday card to all employees on their birthday. Special calendar events are usually celebrated as well, such as International Men's and Women's days, in a bid to engender a culture of appreciation for matters



relating to gender awareness and sensitivity. These activities also help to foster a spirit of camaraderie and fun amongst employees.

Towards Human Experience Management

At the HRMD Division, we are fully cognizant of the fact that the success of the Agency's operations

depends on its human resources. Therefore, our key aim is to make the great HR reset by transitioning from Human Resource Management to Human Experience Management, an expression which refers to an employee-centric approach to human resource functions. Gone are the days where employee behaviour and performance were influenced by single factors such as pay. The idea is to proactively listen to employees to understand how they feel or think about things such as career progression and teams, and to put healthcare and wellbeing at the heart of the Agency's priorities in order to get the most out of each employee.

The objective is to continue building resilience in employees, empowering them to "bounce forward" from a crisis and to adapt quickly to the changing environment in which they are required to operate and deliver an essential national service.

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Qatar Customs invests in staff development

By Qatar General Authority of Customs

Qatar Customs is offering its staff new opportunities to further their education and ensure they are well equipped to take on complex projects or managerial positions. This article introduces these new educational programmes and reveals some of the lessons learned in establishing them.

Until recently, staff working for Qatar's General Authority of Customs (hereafter referred to as Qatar Customs) could enhance their knowledge and skills only by following training provided by the Customs Training Centre and the WCO Secretariat. Although an induction programme was in place for new recruits and a career development path was defined for each employee, the Administration decided that this approach was no longer sufficient to satisfy the demands of the Government and of traders.

In Qatar, Customs is seen as having an important role to play in ensuring sustainable economic development and in achieving the Qatar National Vision 2030 and the Qatar National Development Strategy. This Strategy explores ways to improve the performance of public sector institutions, i.e., ways to be more efficient, innovative, relevant, transparent, accountable, results-orientated and customer-focused. It also underlines that Customs not only ensures traders' compliance with regulatory requirements, but also plays an

important part in supporting inward investment and fostering international trade and travel.

Qatar Customs realized that to meet the requirements of the Strategy, it needed professionals with a broad knowledge of the environment in which they operate, a deep understanding not only of Customs matters but also of other disciplines, and the ability to recognize new and emerging trends, identify opportunities and translate them into practice.

In order to offer its employees the opportunity to acquire such knowledge and skills, Qatar Customs established a partnership with the Community College of Qatar (CCQ) and the Centre for Customs and Excise Studies (CCES) at Charles Sturt University, Australia. CCES had already partnered with a number of educational institutions around the world to jointly develop and deliver tailor-made educational programmes that meet the WCO Professional Standards requirements, while CCQ is acknowledged as a leading institution for educating public sector officials in the Middle East.



In 2010, Qatar Customs, CCQ and CCES together conceived a development pathway for Customs officers, with two basic aims. The first was to introduce a two-year Associate degree – Associate of Applied Science in Customs Management – which would serve the dual purpose of providing new recruits with a formal introduction to Customs theory and practice, and providing existing staff with a means of gaining formal educational qualifications that were relevant to their careers. The second aim was to introduce a four-year Bachelor degree – Bachelor of Border Management (Customs) – which would ultimately become the higher educational benchmark for Customs officers.

Associate degree in Customs Management

The Associate of Applied Science in Customs Management was introduced in 2012. This degree, which is awarded by CCQ, is jointly delivered by CCQ and CCES, with the CCQ faculty delivering foundation subjects such as Communications, Accounting, Mathematics and English, while the CCES faculty delivers Customs-specific subjects such as Introduction to Border Control, International Trade Documentation, Customs Inspection and GCC Common Customs Law.

This two-year programme equips students with vital knowledge and skills in the field of Customs and border protection, and is designed to prepare future recruits, as well as experienced Customs employees seeking to apply for specific positions within the Administration and advance their careers. The language of instruction is English.

Enrolment in the Associate degree is fully funded by Qatar Customs. It is limited to 20 Customs officers per semester who undertake the program on a full-time basis. The selection is based on job-related criteria and is restricted to officers who hold specialized positions. Applicants are interviewed by a Joint Advisory Committee who assess their commitment to the code of conduct, their desire to complete their education and a drive toward excellence.

The degree does not replace the induction programme, which is a six month programme that newly recruited Customs officers must follow prior to their placement within the administration. However, currently, work is underway in cooperation with relevant State Ministries to attract high school graduates to the Associate

degree programme. Graduated students will then be appointed to positions within the GAC.

To date, some 95 officers have graduated from this degree course and are now working on refining and improving Qatar Customs' policies and procedures in areas as diverse as border operations, risk analysis, compliance management, HR management, procurement, investigation and intelligence. Ten of these graduates have been appointed to leadership positions.

Students who successfully complete the Associate of Applied Science in Customs Management course can continue their learning pathway by enrolling in the Bachelor of Border Management (Customs) course.

Bachelor of Border Management (Customs)

The Bachelor degree, which was introduced in 2017, is based on an existing three-year Bachelor course – the Bachelor of Border Management – which was being offered by CCES through Charles Sturt University, and which has been formally recognized by the WCO as meeting its Professional Standards requirements. This educational programme has been extended to include a fourth year of study focusing on Qatar Customs' specific policies, practices and requirements, including those related to planning and leadership methods. During the final year, students are also asked to work on a project to improve the workplace. They must identify a workplace issue, and over the course of the final year conduct a situation analysis, develop solutions, and prepare and present an implementation plan for Qatar Customs' executive management.

The Bachelor of Border Management (Customs) degree, awarded by Charles Sturt University, provides students with the skills and knowledge needed to help their Administration remain dynamic and forward thinking. The course draws on the latest theories and practices in Customs, border management, international trade and revenue management, including ongoing CCES research activities. CCES strives to ensure that the course reflects contemporary and emerging issues that impact on the international trading environment and, more specifically, on the business of Customs.

Enrolment in the Bachelor degree, which is fully funded by Qatar Customs, is open only to officers who have graduated from the Associate of Applied Science in Customs Management degree with

Officers are able to attend classes on full pay, which represents a major investment over a period of four years. This is why the Administration has sought to ensure that the right people are selected for the Bachelor programme.

high grades (Minimum Grade Point Average of 2 out of 4 in all the subjects of the Associate degree). Applicants are interviewed by the Joint Advisory Committee who assess their potential to become future leaders. The students undertake the programme on a part-time basis.

Prior to 2020, all lectures and tutorials were classroom-based at CCQ's Lusail Campus in Doha. However, due to COVID-19 restrictions, courses are currently being delivered online by CCES faculties based in Australia, Canada and South Africa.

All 40 officers from the original cohort graduated in 2020, with 50% of them achieving the prestigious Executive Dean's Award (awarded to students who achieve a grade point average of 6.0 or higher), thereby reinforcing Qatar Customs' view that this is a truly worthwhile investment in its employees.

His Excellency the Chairman of Qatar Customs, Ahmad Abdullah Al Jamal, congratulated all the Border Administration graduates during Qatar's celebration of International Customs Day on 26 January 2021, in the presence of His Excellency the Chairman of the Community College of Qatar. Recognizing the graduates' success, he acknowledged the example they had set for future students, highlighting the role they played in paving the way for their colleagues to follow in their footsteps and further strengthen not only Customs but the State of Qatar as a whole.

Lessons learned

Qatar Customs is the first administration in the WCO's North of Africa, Near and Middle East Region to offer selected candidates the opportunity to study for a WCO-recognized degree. However, this has not been without its challenges.

As well as ensuring that the Bachelor of Border Management degree met the WCO's Professional Standards requirements, the partners also had to satisfy the stringent requirements of Qatar's Ministry for Education and Higher Education. The objectives of the course had to be clearly formulated, and its relevance to Qatar Customs'

career structure clearly explained. Detailed information had to be provided about, among others, the curriculum (both theory and practical), the Customs administration's involvement in its development, its relationship to other higher education programmes, and the delivery method. This required considerable time and human resource commitment by all parties. However, the fact that the Bachelor degree was based on a programme that already had WCO recognition assisted in demonstrating its relevance and professional standing, which in turn helped to facilitate the approval process.

Throughout the development and accreditation process, Qatar Customs never lost sight of the fact that this was a long-term investment in the future of its people, its Administration and its country, rather than a "quick fix".

The impact on financial resources has also been significant, as officers are able to attend classes on full pay, which represents a major investment over a period of four years. This is why the Administration has sought to ensure that the right people are selected for the Bachelor programme. Those who are selected must be prepared to work hard, have the ability to complete their studies successfully, and be willing and able to make a meaningful contribution on their return to the administration.

Conclusion

In order to face the challenges of the future, Customs administrations must be prepared to invest in meaningful staff development and review their educational programmes to encompass a broader knowledge of the environment in which they execute their work. Qatar Customs hopes that its experience will inspire other Customs administrations to explore opportunities to engage with WCO-recognized universities, and welcomes enquiries from those who would like to find out more.

More information

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Managing organizational performance in a crisis period

By Erich Kieck and William John Gain



This article is based on the presentation by the authors at the WCO webinar “Managing HR through a crisis and beyond”. It looks at how to maintain effective performance in a severely disruptive crisis situation, and explores practical strategies for combining performance and staff wellbeing at work. It considers some general leadership and management practices, as well as the adoption of a learning and leadership framework for organizational learning to build capacity and sustainability.

The COVID-19 pandemic has had, and continues to have, a tremendous impact on our societies and economies. Individuals and organizations around the world have had to adjust very quickly to new ways of working. “Zoom” became a household name overnight. The vaccination roll-out has started in some countries, and restrictions have been eased in others. Yet there is still significant uncertainty and a long road to recovery ahead of us. From an organizational perspective, the future of how we work will be different, and we will not be going back to what we had before March 2020.

Many leaders and managers had to change how they worked with their organizations and teams, during a very difficult time. For many, very little guidance was available and they had to adapt rapidly as the situation progressed, including managing teams which were working remotely. A massive obstacle for many was how to mobilize people to

perform when they were coping with deaths or serious illness within their immediate families, or with the challenges of working from home while simultaneously caring for children because of school closures. In a survey by SAP, the IT firm, 75% of people felt more socially isolated, 67% reported higher stress levels, 57% suffered greater anxiety and 53% felt more emotionally exhausted. Shockingly, nearly 40% said their company had not even asked them how they had been doing since the pandemic started.¹

According to an article published by the management consulting firm Gallup²: “Leaders don’t need to predict the future. What followers need most are trust, compassion, stability and hope.”

The COVID-19 pandemic is dramatically increasing the demand for leadership and management capacity. To lead our organizations and people

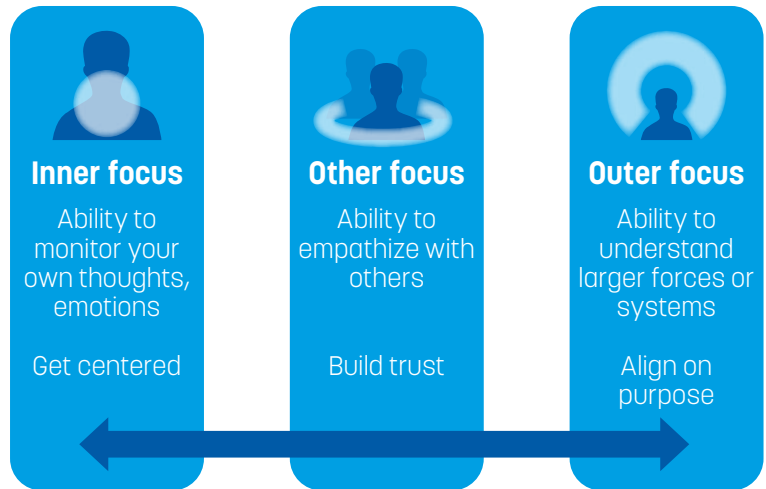
1 Smith R., *How CEOs Can Support Employee Mental Health in a Crisis*, Harvard Business Review, 1 May 2020.
2 Berg P., *Remember the Needs of Followers During COVID-19*, Gallup Workplace, 30 March 2020.

through this historic moment effectively, leaders and managers need to show the very best versions of themselves. The ISO Leadership and Management Development (LMD) programme (which itself had to be adapted for virtual delivery in 2020) uses the concept of “Grip” to remind leaders and managers of a few basics when working with teams and individuals. “Grip” is defined as keeping a firm hold, and providing safety and support. It consists of three connected parts: Self, Team, and Task³. This concept is fully aligned with the triple focus areas for leaders defined by Daniel Goleman⁴ and depicted in Figure 1: Inner focus, Other focus and Outer focus.

Goleman also refers to the one “meta”⁵ ability that emerges from research on leadership: self-awareness. According to him, “chief executives need self-awareness to assess their own strengths and weaknesses, and so surround themselves with a team of people whose strengths in those core abilities complement their own. This means inner focus”. This is the “Self” part of the “Grip” concept. Before the pandemic all but halted flights, one of the first announcements, in the safety demonstration before the flight commenced, called on travellers to put their own mask on first before helping others. The same applies to leaders. Even experienced leaders have their limits and need to invest in themselves and build their inner focus. They can only support their teams and achieve their goals if they show up fully centred. Leaders have to look after themselves in order to look after others. Adopting a daily practice, such as mindfulness, meditation or a walk, can be helpful here.

The second element of the “Grip” concept, maintaining a grip on your Team, or the “other focus” in Goleman’s triple focus model, is about rallying people behind a shared purpose and keeping your team together and focused during tough times. A key ingredient here is empathy. This is the ability to understand the members of your team. What is important for them, what fears and concerns do they have, what do they need from you to perform? This is essential to build trust. Real teamwork begins and ends with building trust. Patrick Lencioni, in his book *The Five Dysfunctions of a Team*, regards trust as the most important ingredient for teamwork.

Figure 1 - The triple focus areas for leaders defined by Daniel Goleman



Some practical tips are to have regular calls if possible, to listen carefully to tone, body language and facial expressions, and deliberately ask each person for input, even on something as basic as how they are coping. In other words, there should be no “invisible” team members.

As for the third part of the “Grip” concept, maintaining a grip on the Task, or Goleman’s “outer focus”, the management consulting firm McKinsey advocates a re-think to improve performance⁶. According to them, “the current crisis has dramatically affected goals and performance plans, with the added wrinkle of making the people who are working remotely even more reliant on performance management to tell them how they are doing”. It is essential for managers to have regular conversations with their teams around priorities that may be changing frequently as a result of the pandemic. This ensures transparency, and also signals flexibility. In addition to these regular conversations, managers need to connect priorities with individual tasks and activities. This will hopefully contribute to teams staying focused during challenging times. However, all of this need to be underpinned by a strong sense of direction and focus (“It starts with Why”)⁷. In difficult times, we need to remind our teams (and ourselves!): Why does this matter? What are our goals? How do you contribute? Another key issue that McKinsey recognizes is continuous learning and adaptation.

³ Adapted from Liz Richardson, *The Bridge*, 7 October 2020.

⁴ Goleman D., *Why Leaders Need a Triple Focus*, University of Berkeley, *Greater Good magazine*, 21 January 2014.

⁵ “A meta-ability is an underlying, learned ability which plays an important role in allowing a wider range of management knowledge and skills to be used effectively.” *Meta-ability development: a new concept for career management*, David Butcher, Penny Harvey, *Career Development International*, 1 April 1998.

⁶ McKinsey Insights, *HR says talent is crucial for performance—and the pandemic proves it*, 27 July 2020.

⁷ Sinek S., *Start with Why*, 2009.

Table 1 - Five Building Blocks of OL (Garvin, 1993)

Building block	Description
Systematic problem solving	Decisions are based on scientific methods to diagnose problems. Accuracy and precision are critical.
Experimentation	Experimentation with new approaches includes the systematic search for and systematic testing of new knowledge. This activity comprises both one time (e.g. demonstration projects) and continuous (e.g. research and development) experiments.
Learning from past experience	Learning from individual experience and history requires constant reflection upon successes and failures to provide implications applicable to all individuals. Learning should result from careful planning (e.g. postmortem evaluations) rather than chance.
Learning from others	Learning from the experiences and best practices of others comprises benchmarking with clients or other external organizations to develop new ideas. Managers need to be open to criticism and new ideas.
Transferring knowledge	Transferring knowledge quickly and efficiently throughout the organization through written or oral reports, personnel rotations, or training.

For Customs administrations, managing staff performance in a crisis period and beyond necessitates active leadership and extensive deployment of learning tools, underpinned by consistent application of feedback loops and active dialogue across and between teams. Adopting a learning and leadership framework provides a pathway for organizations to develop their most precious people resource and cement a learning and innovation culture in which teams can continually learn together, and where creativity and innovation are encouraged and celebrated at all levels.

Peter Senge⁸, in his publication *The Fifth Discipline: the Art and Practice of the Learning Organization*, describes an organization adopting such an approach as follows: “*Learning organizations are places where people continually expand their capacity to create results... patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together*”.

Senge⁹ extends this definition as follows: “The core of Learning Organization work is based upon five learning disciplines:

Personal Mastery

learning to expand personal capacity to create desired results, creating an organizational environment which encourages members to develop.

Mental Models

reflecting upon, continuing clarifying, and improving our pictures of the world.

Shared-Vision

building a sense of group commitment by developing shared images of the future and the principles and guiding practices to get there.

Team Learning

Transforming conversational and collective thinking skills, so that groups develop greater talents than the sum of the individuals.

Systems Thinking

A way of thinking about, and a language for describing and understanding, the forces and interrelationships that shape the behaviour of systems.”

Transforming Customs administrations into entities which remain agile and are able to respond to crisis situations, both in the face of the current COVID-19 pandemic, and also in the future, requires a long-term approach to build a learning and leadership culture, by adopting incremental building blocks that contribute to the realization of an organizational shared vision.

Garvin¹⁰ suggests five building blocks to guide and extend organizational learning. These are

For Customs administrations, managing staff performance in a crisis period and beyond necessitates active leadership and extensive deployment of learning tools, underpinned by consistent application of feedback loops and active dialogue across and between teams.

8 Senge, Peter M., *The Fifth Discipline: the Art and Practice of the Learning Organization*, New York, Doubleday, Revised & Updated edition, 2006, p. 3.

9 Senge, Peter M. [and others], *The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization*, Doubleday, 1994.

10 Garvin, David (1993) in Basten, Dirk and Haamann, Thilo (2018), *Approaches for Organizational Learning: A Literature Review*, Sage Open, July - September, 2018: 1-20.

described in Table 1: systematic problem solving, experimentation, learning from past experience, learning from others, and transferring knowledge.

In addition to these building blocks, integrating and communicating milestones and innovative approaches for learning can assist in reinforcing the necessary organizational culture change. Innovative approaches and milestones may include:

- Moving from training to learning;
- Creating learning and innovation labs¹¹ to test and pilot interventions;
- Encouraging scenario planning;
- Sharing results with organizations across borders to underpin Customs as the lead agency at the border;
- Implementing active dialogue at all levels within the organization to reinforce innovation and learning – dialogue is a key cross-cutting tool.

Active dialogue can be defined as follows: “The intention of dialogue is to reach new understanding and, in doing so, to form a totally new basis from which to think and act. In dialogue, one not only solves

problems, one dissolves them. We do not merely try to reach agreement, we try to create a context from which many new agreements might come.”¹²

Bringing it all together, Castañeda and Fernández¹³ suggest there is a need to develop an integrated system of critical components to ensure sustainability of implementation, as shown in Figure 2.

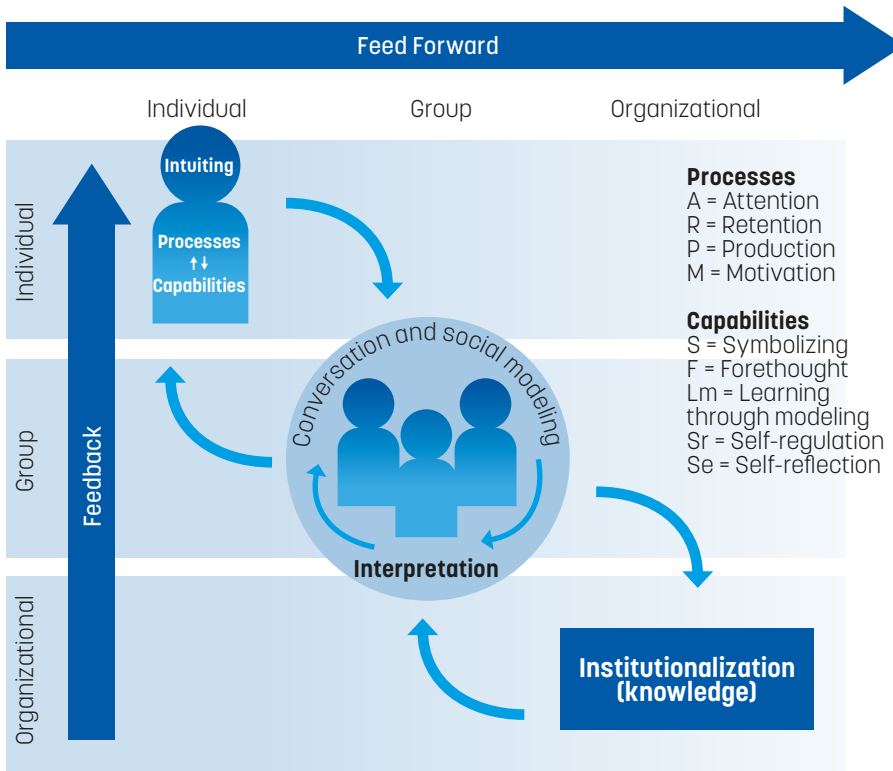
In Summary - “It’s all about people”

Leading a 21st-century organization was already complex, given the rapid pace of change and digitalization. With the pandemic this has accelerated. For Customs administrations to respond and recover from this and future crises, a number of critical workforce strategies are needed. These include strategies and measures to develop leadership and management capacity. The concept of a learning organization provides a set of guiding principles and tools to integrate innovation, team learning and the agility to respond when needed.

More information

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Figure 2 - 4I model of Organizational Learning and its further developments



Source: Castañeda and Fernández (2007, p.369)

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An overview of Philippines Customs' journey towards transformation

By Rey Leonardo B. Guerrero, Commissioner, Philippines Bureau of Customs

When I was appointed to the top position in the Philippines Bureau of Customs (BOC) in October 2018, I was confronted with challenges aplenty, from administrative to operational concerns and systemic deficiencies that made the Bureau vulnerable to corrupt practices. For more than two years now, my team and I have been working tirelessly to reform the negatives, transform the organization, and perform our mandate.

People

The first priority was to boost the organization's manpower component to ensure efficiency and professionalism in the delivery of services. Believing firmly that an organization is not an organization without its people, we reviewed the recruitment process to ensure strict adherence to the hiring and promotion procedures established by the Civil Service Commission Rules and Regulations. Our aim was to revive the principle of meritocracy and professionalism, starting with a fair assessment of all applicants. One of our primary focuses was filling vacant positions, a task which the BOC's Human Resource Management Division (HRMD) delivered efficiently.

Enabling employees to develop their skills was identified as another essential area calling for improvement, and as one of our priority programmes in 2020. The actions implemented included updating training policies and guidelines, improving the management and technical skills training curricula, initiating the transition to a competency-based human resource approach, and preparing for the establishment of the Customs Training Institute within the Philippine Tax Academy.

To date, we have completed the policies and guidelines for participation in the learning and development programmes, and in the Scholarship Programme which enables employees to undertake graduate and post-graduate studies and benefit from other educational opportunities. The Interim Training and Development Division (ITDD) coordinates with the inviting/sponsoring organizations to agree on the details of the programme curriculum and enrolment requirements. Once endorsed, these details are disseminated to all employees who can then send their application to the ITDD if they fit the scholarship candidate profile. The ITDD then evaluates the applications and sends the Commissioner the list of pre-selected applicants

for potential nomination. Upon approval of the list of nominees by the Commissioner, the inviting/sponsoring organizations proceed with their own screening process. All the nominees selected must fulfil the requirement to serve with the Bureau of Customs for a period equivalent to twice the length of the scholarship.

We have also put a great deal of work into the completion of the database and the pool of BOC trainers, speakers and experts, and into carrying out 180 activities as part of our learning and development programmes in 2020, in which a total of 5,570 employees participated.

The COVID-19 pandemic has not prevented employees from developing new competencies and strengthening their skills thanks to one of the flagship initiatives of the BOC's modernization programme, the Online Learning Portal (<https://training.customs.gov.ph>), which was launched in June 2020.

In January 2021 the BOC deployed tools enabling the Administration to use a competency-based approach. These include:

- A Competency Catalogue listing 89 identified competencies relevant to the BOC.
- A Competency Framework which takes the form of a diagram that brings together the competencies in three groups: Core, Functional and Leadership.
- A Competency Dictionary which provides not only a definition of each competency but also the behavioural indicators associated with it, making it possible to monitor competency levels and proficiencies as well as individual progression.
- Job Profiles for the 125 existing positions within the BOC, identifying the competencies required for each job and their respective behavioural indicators.
- Revised Qualification Standards which establish minimum requirements and competency levels for each of the 125 positions.

With the integration of these tools to the human resource management systems, employees will soon have a clear view of their role and performance criteria, and the Administration will be able to

properly manage recruitment, succession planning, expectations, and evaluations..

The BOC also asked the WCO Secretariat for support, and benefited from a People Development Diagnostic Virtual Mission in March 2021. This addressed topics such as strategic orientation, competency and job profiling, planning and performance management, training, career path development, remuneration and benefits.

COVID-19

Our reform agenda was gaining momentum when the COVID-19 pandemic hit in 2020. The pandemic brought about an urgent need for businesses and organizations to protect their own employees and guarantee their wellbeing, while also pursuing efficient and profitable operations.

As the BOC is one of the agencies providing frontline services, and the government's arm in essential commodity supply chain, any disruption in its operations would have been detrimental to the government effort to handle the health crisis. To protect the health of the men and women in the BOC who were working to prevent a total economic downturn, all mandated health protocols, such as social distancing, were strictly adhered to, and regular swabs and rapid tests on all our employees were conducted.

In accordance with national health and safety measures, weekly disinfection of facilities has been carried out consistently since March 2020 in the Customs Central Office and the Customs offices located in the country's biggest ports, namely, the Port of Manila, Manila International Container Port and Ninoy Aquino International Airport. Personal protection equipment (PPE) and medical supplies, such as facemasks, gloves, alcohol-based cleaners and wipes, footbaths and thermal scanners have moreover been distributed in the BOC Central Office and the major ports.

It was also decided to implement alternative work arrangements. These comprise work-from-home arrangements, four-day or compressed working weeks, and the maintenance of a skeleton workforce with a minimum number of employees on site in the office to guarantee essential services. Such arrangements required staff to submit reports on their work to their respective manager for monitoring purposes. The ultimate objective was to limit the movement of critical workers and thus minimize physical contacts. Furthermore, in view



of the limited public transportation in operation, a shuttle van service was made available to employees who were on duty as part of the skeleton workforce, for their convenience and safety.

Systems

Thankfully, the BOC had finalized several computerized systems before the COVID-19 outbreak. The priority programmes implemented in 2019 and 2020 included the review of policies and processes, as well as heavy investment in information and communications technology (ICT) to automate Customs operations, so as to promote trade facilitation and minimal human interaction. Like many other administrations, the BOC's ability to ensure the continuity of its operations during the peak of the COVID pandemic, while placing a premium on the safety of its workforce, was mainly thanks to the Bureau's IT system upgrades in 2019 and its drive to fully automate frontline transactions by 2020.

The BOC also launched a Customer Care Portal System (CCPS) in February 2020. A ticketing system, the CCPS allows trade operators to submit their concerns, complaints or questions electronically, as well as to upload documents. Like the Customs automated system, the CCPS is part of the implementation of the no-contact policy which promotes a corruption-free regime by minimizing face-to-face transactions. During the quarantine period, it enabled the BOC to keep serving stakeholders while lowering the chances of BOC personnel entering into contact with the virus. The CCPS also features a "knowledge base" with information on a series of requirements and

regulations attached to the international movement of goods. It serves as a one-stop-shop information centre.

Another technology-related initiative is the Internal Administration Management Support system (IAMS), which aims at bringing to a close the era of the largely manual and paper-based organization of the Bureau. It covers the main human resource management processes such as recruitment, training and development, records management, processing of leave applications, payroll management and supplies management.

Infrastructure

Among the various challenges confronting the BOC are poor office accommodation and inadequate equipment and infrastructure. To improve offices and facilities and create a workspace that is conducive to professional and productive output, a plan was drafted prioritizing the most urgent actions to be taken, given our limited financial resources.

One of the first achievements was the construction of a new prefabricated workspace for the Port of Manila's operations and administrative personnel, as well as its District Collector and Deputy Collectors. Inaugurated in October 2020, the 1,004.8 sqm office was designed to enhance efficiency and coordination among its occupants.

A new Customs Operations Centre also opened in December 2020. Designed to house the different intelligence, enforcement, risk management and scanning systems of the Bureau, the Centre's

In any organization, performance can also be measured by the level of joy and meaning employees get from their work. This will automatically reflect on the quality of the service provided to trade operators, the nation and the individual Filipino.



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officers are to help enhance the operations of the 17 Collection Districts located across the country, and aid their peers from the Customs Intelligence and Investigation Service (CIIS) and Enforcement and Security Service (ESS) in the efficient discharge of their functions.

Lastly, the BOC has purchased equipment needed for employees to carry out their duties effectively, including 65 rifles for Customs enforcement officers in charge of securing the national borders.

Values

The Bureau's core values are professionalism, integrity and accountability. The BOC recognizes the importance of having a shared vision and values among its personnel in order to enhance not only performance at the organization level but also individual personal development. To promote these values among its employees, the Bureau has developed several tools under a global Performance Governance System (PGS), including the Governance Culture Code as the handbook for BOC employees. This sets the standards for establishing and sustaining a culture of competence, accountability, professionalism, integrity, transparency, efficiency and ethical responsibility.

The objective is to guide decision-makers, ensure that any action taken is in compliance with global standards and regulations and, ultimately, build trust both with BOC external stakeholders as well as among its employees.

Motivation

In any organization, performance can also be measured by the level of joy and meaning employees get from their work. This will automatically reflect on the quality of the service provided to trade operators, the nation and the individual Filipino. To encourage the dedication and discipline of our team of professional men and women, and keep them motivated, driven and safe, is therefore a top priority – my first priority. With this in mind, the BOC has reviewed its policy on awards and other forms of recognition in order to motivate all personnel to perform with professionalism, integrity and excellence. The BOC's Human Resource and Management Division (HRMD) has developed a fair system for compensation, privileges and benefits, as well as performance-based incentives, and communicated the details to all employees.

More information

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Ensuring gender equality and diversity: Indonesia's experience

By the Directorate General of Customs and Excise of Indonesia

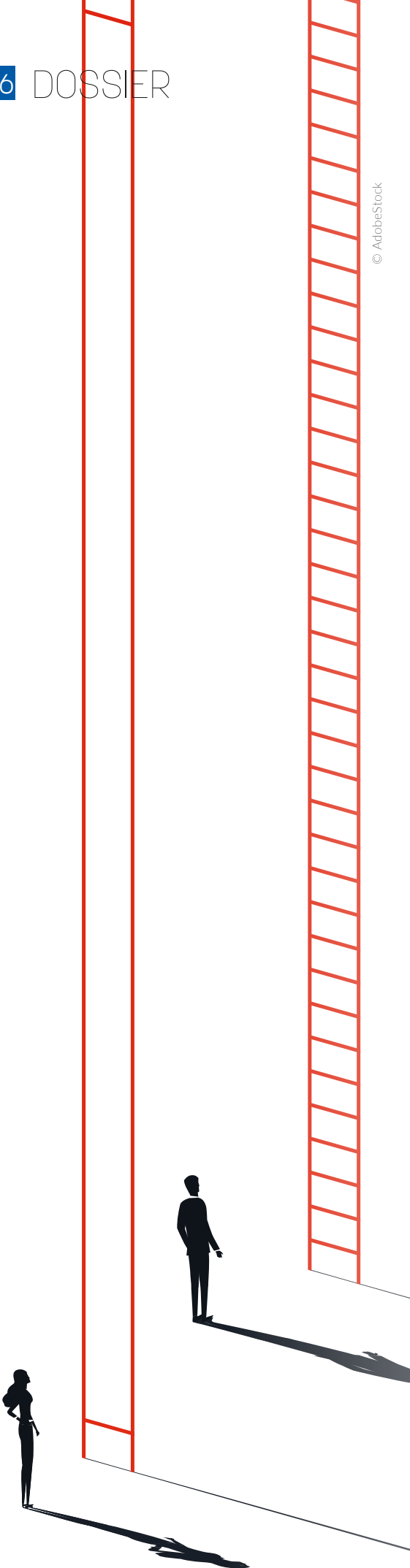
In 2000, the President of Indonesia issued a decree requesting all government agencies to integrate the concerns and experiences of women as well as of men into the planning, implementing, monitoring and evaluation of policies and activities. This strategy, known as "gender mainstreaming", aims at achieving gender equality. In this article, Indonesia Customs explains the proactive strategy it has adopted to ensure gender equality and diversity in the workplace.

In many countries, women and men have different living conditions, social roles and needs, including unequal access to and control over power, resources and institutions. The situations of women and men also differ according to region, age, ethnic or social origin, and other factors. The aim of gender mainstreaming is to take these differences into account when designing, implementing and evaluating policies, programmes and projects so that they benefit both women and men and do not increase inequality, but enhance gender equality.

In Indonesia, gender equality is explicitly guaranteed by the Constitution and has been further promoted through the ratification of the international Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). In 2000 a Presidential Instruction on Gender Mainstreaming (INPRES No.9/2000) was enacted, requiring all government ministries and agencies at both the national and local levels to include gender mainstreaming in the planning, implementation, monitoring and evaluation of development projects. The Ministry of Finance, under which the Directorate General of Customs and Excise (hereafter referred to as Indonesia Customs) operates, issued a guidance document for all its units on the implementation of Gender Equality and Diversity (GED).

Gender Equality and Diversity Taskforce

In 2006, the Ministry of Finance decided to create a GED Taskforce to ensure effective implementation of gender mainstreaming. The Taskforce is made up of high-level representatives, including the Director General of Indonesia Customs, who are assigned the role of "Gender Champions". The members of the Taskforce are mandated to develop the Ministry's action plan for Gender Equality, coordinate GED-related activities, and monitor and evaluate their implementation within the Ministry and its various Directorates. As these staff



members also have to perform their normal duties in addition to being on the Taskforce, they usually hold GED implementation-related posts such as budget officer or unit manager. They have also been given expert training on GED and on how to communicate on this topic.

They rely on their Directorate local offices for the day-to-day implementation of the GED policies and activities. The local officers are also responsible for monitoring and evaluating progress and reporting back to the Taskforce.

Key policies and procedures

Another key player within the Ministry of Finance is the Human Resource (HR) Department.

In this context, it seems useful to explain Indonesia Customs' recruitment process. It is the Ministry of Finance which primarily selects and appoints officers to work in Customs from among the graduates of the State Finance Polytechnic of STAN, a government-affiliated college. The Ministry also publishes job vacancies open to anyone with the requisite qualifications. People with disabilities and those from remote areas are also encouraged to apply.

Together with the GED Taskforce, the HR Department has written policies and procedures to achieve gender equality and prevent, address, and provide protection from all forms of harassment.

The measures and practices implemented are summarized in Table 1. They include:

- drafting clear human resource policies and procedures (placement, transfer, promotion, leave, complaints, etc.) and designing compensation and promotion mechanisms.
- undertaking analyses aimed at identifying potential gender gaps in recruitment and other demographics (education, ethnicity, etc.) to determine whether women and minority groups are proportionately represented at each level.
- conducting periodic analyses of promotion ratios based on gender and other demographics to identify and mitigate potential gaps.
- providing opportunities for flexible working options, including working from home.

- undertaking regular workplace audits to detect any possible cases of gender-based violence and offer adequate protection and/or support to victims of such violence if needed.
- raising awareness of gender issues and discrimination based on cultural and ethnic background, through internal activities such as coffee mornings and seminars, as well as external activities aimed at a wider public, such as TV talk shows and visits to universities as part of the "Customs goes to campus" initiative.

Measures have also been taken to enhance the relationship with stakeholders, namely traders and other professionals involved in trade operations, and ensure that all are treated fairly and equally. These include:

- automating procedures to reduce levels of corruption and ensure efficient use of technology.
- developing a user-friendly, online system for reporting complaints.
- establishing "Contact Centre Bravo" for managing information requests and handling complaints through multiple channels such as telephone, e-mail and SMS.
- disseminating information through various channels (website, magazines, radio and TV), as well as via physical information desks located at each Customs office and local branch.

Gender-responsive budgeting

Gender-responsive budgeting seeks to ensure that the collection and allocation of resources is carried out in ways that are effective and contribute to the advancement of gender equality and women's empowerment. It is based on in-depth analysis that identifies effective interventions for implementing policies and laws that advance women's conditions or narrow existing gender gaps. The impact of each intervention on women and men is therefore assessed and, if a gap is found, the intervention will be redesigned.

Sex-disaggregated and other data

Before the budget, action plans and policies can be formulated, sex-disaggregated data must be collected and analysed. As "women" and "men" are not homogeneous groups with single aims and needs, data on age, gender identity, ethnicity, income and level of education, for example, should

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also be collected where possible. Indeed, GED policies are also aimed at tackling discrimination based on cultural and ethnic background, and are intended to reflect the needs of various individuals.

All employees are therefore required to provide personal data and documents, via the online filing system, when recruited. The information provided relates to previous employment history and financial statements. Access to this information is limited to certain employees.

Assessment against best practices

Indonesia Customs used the WCO *Gender Equality Organizational Assessment Tools* (GEOAT) to assess whether the existing policies and procedures on gender equality, as implemented at its Headquarters, are in line with best practices and to identify areas where improvement may be needed. Some measures listed in the GEOAT were left out during the assessment.

The Administration also uses an analytical tool called the *Gender Analysis Pathway* (GAP) for conducting gender analysis. It comprises three different stages:

- Stage I focuses on an analysis of data disaggregated by gender to identify any gender gaps and gender issues.
- Stage II focuses on the formulation of gender policy.
- Stage III focuses on the development of an action plan and the identification of quantitative and qualitative objectives for each action.

An assessment of all the measures listed in Table 1 was completed in 2018: in green are the measures for which the set objectives were achieved (38 measures, or 47%), in orange are those for which more actions and efforts are required (35 indicators, or 43%), in red are those for which results are poor (four indicators, or 5%), and in purple are those considered as a priority for the coming year. The four measures for which results were assessed as poor are also considered a priority. In cases where it is feasible to collect and analyse data for a given indicator, quantitative indicators have been developed.

Main challenges and lessons learned

As is stated in the GEOAT, “gender equality is not about always reaching a 50%-50% gender balance in its workforce. Instead, it is about creating the conditions and opportunities to allow women and men, as individuals with different cultural and ethnic backgrounds and needs, to have the same type of rights and opportunities based on their skills in a respectful environment”.

However, the data collected shows a continuing gender gap within Indonesia Customs: 82% of employees are males. The Administration does not favour male candidates when recruiting, however the data shows that 13,460 employees are male, compared with 2,915 female employees (data as at February 2021). In order to remedy this situation and demonstrate that being a Customs officer is not a preserve of men, the Administration has appointed female employees to field positions such as enforcement officers, patrollers and dog handlers.

More information

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Table 1 - Policies and procedures related to gender equality

1. EMPLOYMENT AND COMPENSATION	
a. Wages, Benefit & Pay Equity	
1.	Competitive and equitable wages and benefits for all staff, compared with public and private sectors
2.	Audit of job classification, compensation policies and benefit packages
3.	Wages take into consideration relative risks and hardship of some operational posts
4.	Written policies on the way decisions about compensation and merit-based promotions are made
5.	Periodic review of compensation
6.	Parents are given flexibility in order to care for their children
b. Discrimination	
1.	HR procedures prohibiting all forms of discrimination, and written HR policies
2.	Non-discrimination policy
3.	Education of employees on existing policies
4.	Training HR-related decision-makers to ensure decisions are bias-free
5.	Employees' private life is respected and all enjoy the same working conditions
c. Requirements & Hiring	
1.	GAP analysis on recruitment
2.	Competency-based HR management and recruitment
3.	Regular discussions with employees on recruitment
4.	Cooperation with external bodies to increase the number of candidates from under-represented groups
5.	Internships and apprenticeships to encourage career exploration
6.	Periodic review of job descriptions
7.	on existing vacancies
8.	Training for personnel involved in recruitment and hiring
9.	Equal career opportunities
10.	Cooperation with temporary staffing agencies and contractors with positive records on gender equality

2. WORK-LIFE BALANCE AND CAREER DEVELOPMENT

a. Flexibility policies

1. Flexible work options that meet the needs of employees
2. Periodic assessment of employee needs and use of flexible work options
3. Facilitation for medical care
4. Temporary and extended leave programmes
5. Managers are to encourage employees to use flexitime

b. Dependant & Family Care

1. Periodic assessment of needs as regards family care
2. Access to support services like kindergartens, playgrounds, health insurance, official housing facilities, and to sports and religious facilities

c. Career Advancement

1. Periodic analysis of promotion rates among various groups
2. Support for employee-led groups that support career advancement
3. Mentoring & Coaching programme for women
4. Flexible training opportunities
5. 'Registration of interest' system for determining the job interests and career goals of employees
6. Providing equipment for posts presenting a security risk
7. Equality of access to IT skills certification and training
8. Training for personnel involved in performance evaluations

3. HEALTH, SAFETY AND FREEDOM FROM VIOLENCE

a. Health Benefits

1. Equitable health coverage and insurance that meet the needs of women
2. Information is proactively provided upon notification of health situations
3. Monitoring system for understanding the cause of absences

b. Domestic Violence

1. Incidents of gender-based violence are audited
2. Policy and guidance exist to enable immediate action and protection of victims
3. Training on warning signs and how to manage such situations
4. Policies related to workplace wellbeing and victim support

c. Workplace Violence

1. Reporting and support mechanisms to encourage victims to come forward
2. Regular assessment of workplace safety
3. Rules and procedures to prevent harassment based on ethnicity, gender, sexual orientation, religion, etc.
4. Promoting the Zero Tolerance Policy for all forms of violence, investigating cases and providing legal assistance to employees
5. Ensuring employees received support from counsellors, psychologists, security officers and police officers when faced with violence
6. Regular and mandatory training on detecting, preventing and addressing harassment

Caption:

- measures for which the set objectives were achieved (38 measures, or 47%)
- measures for which more actions and efforts are required (35 indicators, or 43%)
- measures for which results are poor (four indicators, or 5%)
- measures considered as a priority for the coming year



4. GOVERNANCE AND LEADERSHIP

a. Governance & Management

1. Review of the demographics of all executive positions
2. Analysis of the number of women promoted to executive positions
3. Interview of managers in cases where promotion is rejected
4. Measurement of employee feedback on GED practices and analysis of the results by gender
5. Proactive efforts to recruit and appoint women to managerial positions
6. Proactive search, inside and outside the organization, for potential female candidates for executive positions
7. Assessment of managers' commitment to GED
8. Examining compensation, training and recruitment practices which have an impact on women's development.

b. Leadership

1. GED is part of our vision, strategic goals and values
2. Oversight of GED is assigned to a Taskforce
3. Mechanisms exist to ensure accountability and implementation of GED policies
4. GED initiatives are audited on a regular basis
5. Executives are engaged in the implementation of GED policies

c. Implementation

1. Developing communication materials such as guidelines, booklets, brochures, and social media posts, and organizing related activities such as social gatherings, seminars and talk shows
2. Developing GED-related targets for managers and linking promotion, compensation and bonuses with the achievement of set objectives
3. Allocating sufficient human, financial and technical resources to the GED Taskforce

5. CUSTOMS ADMINISTRATION AND STAKEHOLDER RELATIONS

a. Customs Policies and Procedures

1. All clients are treated equality, and procedures have been automated to reduce the incidence of corruption
2. Women traders are provided with relevant information
3. Procedures have been simplified
4. Measures exist to support SMEs
5. Training is organized to increase the compliance of traders

b. Border Operation

1. Clients are treated with equal respect and dignity
2. Understanding the specific risks faced by women traders and ensuring that body searches are conducted by a female employee
3. Service standards are clearly visible
4. Dialogue is established with private sector
5. Appropriate infrastructure to facilitate the deployment of female and male officials
6. Separate infrastructure for the public to avoid interaction

c. Stakeholder Relations

1. Consultation with a broad range of groups
2. Training is organized to ensure compliance
3. Traders have 24/7 access to Customs for requesting information or filing complaints
4. Zero tolerance for harassment and intimidation and effective processing of complaints through an application (app)
5. Active cooperation with other government institutions at the national and international levels to ensure GED policies at the border are consistent, and are enforced

Caption:

- measures for which the set objectives were achieved (38 measures, or 47%)
- measures for which more actions and efforts are required (35 indicators, or 43%)
- measures for which results are poor (four indicators, or 5%)
- measures considered as a priority for the coming year



Australian Border Force Detector Dog Program

By the Australian Border Force

The Australian Border Force (ABF) Detector Dog Program (DDP) is a national program divided into two sub-sections:

- Operations – responsible for seven regional operational units in Adelaide, Brisbane, Cairns, Darwin, Melbourne, Perth and Sydney.
- Breeding and training – responsible for the purpose breeding of detector dogs, and for the development and training of handlers and dogs to produce a high-quality detector dog team.

This article focuses on the latter, and more specifically on the work carried out at the National Detector Dog Program Facility (NDDPF), a purpose-built facility located near Melbourne Airport. This is where the ABF breeds detector dogs, and develops and trains detector dog teams before they are deployed. The NDDPF infrastructure caters for multiple training courses which are conducted by highly experienced, qualified and dedicated officers, as well as by DDP senior management. The teams service the needs of internal and external stakeholders – such as the Australian Federal Police – on both the domestic and international fronts.

Breeding

The ABF has been breeding dogs since 1993. It breeds Labrador Retrievers due to their high drive, steady temperament, adaptability to challenging environments, and non-threatening appearance.

The DDP aim is to breed and raise a healthy colony of dogs, with a high percentage progressing to a working career. Animal health and welfare is the number one priority.

A yearly breeding plan is developed in accordance with demand, capacity, resourcing and funding. Challenges faced in developing the plan include selecting genetic pairs that eliminate, or limit, any adverse heritable traits, whilst equally focusing on suitable working dog qualities.

Compared to other private or public agencies managing similar dog programs, the ABF has encountered very few of the consistent health issues that usually hinder sustainable production. This is essentially due to the acquired knowledge and expertise of staff, which is continually enhanced through research, ongoing engagement with other dog programs and subject matter experts, and benchmarking to validate existing practices and processes.

The main limitations of the breeding program are related to resources and infrastructure. These include:

- Staffing and breeding stock numbers.
- Competencies of staff to deal with complex breeding activity.
- Having enough whelping and nursery areas to safely support activities.



DDP breeding and development officers, and animal attendants, attend the dogs during whelping and conduct pre- and post-whelping observations. The health and welfare of the mother and pups is paramount, and “whelp watch” is a 24-hour-a-day, 8-day operation which requires the reassignment of some staff in the facility over that period.

Foster carer program

The DDP is forecast to breed approximately 160 dogs this year. Managing that volume of dogs on site is not practical from a resource or infrastructure perspective. The ABF therefore fosters dogs out to community volunteers who form part of a network established back in 1993.

Dogs are placed with foster carers in the Melbourne community for around the first 12 months of their lives. This network currently numbers roughly 250 in total. Maintaining a suitable pool is not easy, and a lot of advertising and promotion is undertaken by the DDP.

The role of the foster carer is to socialize and enrich the dogs in their journey towards a working career. It is a lengthy and comprehensive process for a member of the public to become a foster carer. From the application stage, the process for approval takes about 10 weeks. This includes vetting of applications, site visits of their gardens or backyards to assess suitability, interviews, and assessment of their basic affinity for dogs. Each carer is provided with education sessions and access to a 24-hour support service, and receives advice throughout their journey. This investment pays off in the long run. The network is made up of people who are passionate and focused on doing everything they can to enhance the chances of success for their dog.

Unfortunately, not all will become working dogs. Managing expectations, and the disappointments when dogs are deemed unsuitable, is an ongoing role. Countering that, the excitement when their fostered dog graduates, within the ABF or other agencies, is a highlight.

DDP development program

Prior to the foster carer receiving the dog, NDDPF staff undertake development and assessment activities. At three weeks of age puppies move to the nursery, where they are encouraged to explore and interact independently within their environment. They are placed with a foster carer at the age of nine weeks.

Puppies are regularly brought back into the facility for development activities and milestone assessments which focus on:

- Environmental stability – the dog’s confidence with its environment.
- General demeanour – the dog’s composure and ability to deal with stress.
- Performance – the dog’s drive to play and hunt, and its capacity to communicate that it has found the location of its target scent source or, in our jargon, perform an “indication”.
- Cognition – how the dogs learn.

The dogs undergo significant development throughout this phase to prepare them for training and life as a working dog. Unfortunately, not all make it to the next stage, but this is not for want of trying.

A consistent component of most programs is a team of skilled, dedicated and passionate staff. The chain of people, from the animal attendants through to the operational handlers, all play key and significant roles.

Training

The ABF has developed an excellent reputation for the quality of training that it delivers, and for the quality assurance process that guarantees the proficiency of all operational teams in the field.

Detector dog and handler training comprises three phases:

- A 12-week basic handler training course at the NDDPF.
- A four-month regional transition phase in the dog handler's home port.
- A four-week final evaluation course at the NDDPF that delivers more advanced training and introduces the dog to additional target odours.

The primary objective is to promote independent search behaviour and detection decisions in all trained dogs. ABF training methodology is as follows:

- A combination of instrumental conditioning (dogs learn through actions resulting in rewards) and classic conditioning (dogs learn through association, they have an involuntary response to a stimulus).
- A focus on positive reinforcement; in other words, training uses a reward for desired behaviours.
- Use of a marker (that is a sound or a special word) to shape behaviour.
- Predominately off-source rewarding.
- Utilization of a variable reinforcement schedule (the behaviour is reinforced when a variable number of correct responses has occurred).
- Use of praise, food, towel and Kong, etc.

Training is highly technical and challenging; particularly given that novice handlers are trained alongside novice dogs. In total, each detector dog team undergoes approximately eight months of training before they graduate. As with dogs, not all handlers are suited to this role, so if standards are not met, handlers return to their original ABF work area.

This emphasizes the criticality of selecting the right person. This is a difficult procedure and the more

rigorous the process, the greater the chances of getting it right. The ABF recruits handlers internally. The ideal candidate is results driven, has a broad understanding of the operating environment, and is a team player who can represent the organization professionally. An analytical mind with good problem-solving abilities helps keep a dog handler ahead of the game. A very good level of fitness is required to be able to work in a vast array of environments. In addition, an affinity with dogs is essential.

In accordance with DDP standards, handlers are required to maintain the health and well-being, and proficiency, of their dogs. Adherence to these standards is assessed as part of the annual DDP appraisal process that includes feedback reports and in-person assessment of handlers in their regional unit. The appraisal process is focused on sustained performance over a 12-month period. Formal feedback reports identify team strengths and weaknesses, while providing strategies for improved performance. This leads to a balanced view of a team's sustained performance on an ongoing basis.

Deployment and operations

ABF detector dogs are deployed in all ABF operational areas to screen people, cargo, mail, vessels, aircraft and buildings. ABF detector dogs also support Federal, State and Territory police and other government agencies in search operations. Detector dogs have the ability to screen large volumes of people and goods quickly and efficiently. They provide an excellent complementary detection tool alongside technologies such as trace particle detection and x-ray.

The ABF has dogs that are able to detect narcotics, currency, firearms, explosives and tobacco. A number of these capabilities can be merged, but the ABF has siloed tobacco and explosives as stand-alone target odours. Narcotic detection remains the primary capability of most dogs and accounts for approximately 60% of all DDP operational tasks.

Use of the dogs for optimum performance requires ongoing education of "client user groups", in other words those units that require the support of the dog handler team. The DDP regional units play an essential role in promoting the dog's capabilities. Although officers within the program have a thorough understanding of what the dog can achieve, most others do not, which is completely

understandable. Continual education on the following aspects is therefore essential:

- Detection capability – what the dogs can detect. Examples of detections can support the faith of the user group.
- How best to use the dog – e.g. how to design the search area to allow for optimum access to targeted articles, areas or people so as to give the dog the best chance of success.
- The support that is required prior to, during and after a deployment.

As stated above, the ABF operates seven regional units; together, these have a total of 76 detector dog teams currently deployed Australia-wide. Management of capability and resources is coordinated centrally at the NDDPF in consultation with the regional units. It focuses on ensuring that each region has the means to be able to respond in an agile and timely fashion to tasking requests from the ABF or partner agencies. These requests can result in a team having to travel thousands of kilometres with a minimal lead time. The handler must maintain the dog in an operational-ready state to best serve our clients' needs.

The DDP is focussed on our bred dogs living a healthy and fulfilled life following their working career. Upon retirement the dog's handler has first option to adopt them as a pet. Further options are for the dog's foster carer or a suitable member of the public, who are vetted by our team, to take them on.

Stakeholder engagement

Over the years, the Detector Dog Program has provided a range of different types of assistance to numerous domestic and international agencies and programs. This has included the provision of dogs, training and assistance in the implementation of breeding, training and operational units and the management of those functions. Key activities include:

- The provision of 150 dogs to other agencies in the last two years (despite decreased demand during the COVID pandemic).
- Development of a satellite foster carer program, partnering with the Australian Federal Police based in Canberra.

- Participation in the Fifth WCO Global Canine Forum, which the ABF hosted.

- Continuous delivery of technical support and assistance with regional capacity building together with international partners, although maintaining the balance of meeting requests with our current resources and infrastructure is challenging.

COVID-19 pandemic

As with all countries, Australia too suffered through tough times during the height of the COVID-19 pandemic, and this has had an impact on our DDP. Thankfully, Australia is now operating in a relatively 'normal manner' compared to some countries around the world. In saying that, Australia did endure some lengthy lockdowns, with the one in the State of Victoria, where our NDDPF is located, lasting 4 months. The DDP, and the NDDPF, had to adapt to the circumstances:

- Training courses were paused and rescheduled, and operated in bubbles avoiding personnel crossover.
- Breeding and development activity was paused.
- Operational taskings decreased significantly – dog health and enrichment became the focus for a period.
- Operational tasks were diverted to cargo and mail streams away from airports.
- Engagement with stakeholders, including the vast foster carer network, was conducted virtually.
- Staff worked from home where possible – this was not realistic for hands-on practitioners, so workplace bubbles were set up on a vast piece of land.

The DDP's focus was to best prepare to re-emerge ready to meet demands when Australia returned to operating 'normally' again.

The ABF DDP has partnered with Adelaide University in a COVID dog detection feasibility research trial. Its support has included providing dogs, technical and operational staff, and funding. This trial is based on work conducted in a number of other countries worldwide. The initial clinical controlled phase of the trial has demonstrated that dogs can accurately discriminate between

sweat samples taken from persons who have tested positive and negative to COVID19.

The next phase is to explore the lead researcher's hypothesis that detector dogs can detect COVID via Volatile Organic Compounds (VOCs) during the active infectious period, but not VOCs after the active infectious period. Potentially, detector dogs may be able to provide a more accurate indication of whether a person is infectious than the standard Polymerase Chain Reaction (PCR) test that people take.

If the hypothesis is proven through further trials, there will be more evidence that dogs can be used to assist with the re-opening of Australian borders as part of a suite of control measures. Results of the

next phase of trials are expected at the end of June 2021.

Summary

All dog programs face similar challenges with their established breeding, development and foster carer programs to those encountered by the ABF's DDP. A consistent component of most programs is a team of skilled, dedicated and passionate staff. The chain of people, from the animal attendants through to the operational handlers, all play key and significant roles. Engagement with experts from partner agencies and programs, and our own contract veterinarian staff, is essential. All of this combined contributes to us breeding, developing, training and operating healthy and successful detector dogs.

More information

ddps@acx.bf.gov.au



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Competency-based approach to HR management: the experience of Abu Dhabi Customs

By the General Administration of Abu Dhabi Customs



The General Administration of Abu Dhabi Customs (hereinafter referred to as “Abu Dhabi Customs”) has recently undergone a major organizational change in order to keep pace with technological developments and to meet the digital transformation objectives set by the Abu Dhabi Government. One of the key instruments of this change was the adoption of a competency-based approach to human resource management.

Organizational goals

An organization’s performance is usually based on the competencies of its employees. Therefore, one of the main tasks and challenges of human resource management is to identify and develop competencies that are required to achieve the goals set by the organization, and these must therefore be clearly stated.

Abu Dhabi Customs, under the leadership of its Director General, H.E. Rashid Lahej Al Mansoori, has set itself the vision to be one of the leading Customs administrations in terms of modernization and is implementing a five-year strategic plan, spanning from 2019 to 2023, as part of which 53 initiatives have been or are in the process of being implemented.

During 2019-2020, the Administration achieved a significant milestone by being the first government agency to digitize all its services, which are now accessible via the one-stop platform for government agencies known as “TAMM”. During the same period, it also implemented some provisions of

the World Trade Organization Trade Facilitation Agreement, achieving a 92% compliance rate with the Agreement, certified a number of new AEOs, increased the use of pre-arrival declaration by operators, integrated its own IT Customs systems with two operations systems (inspections and workflow management) and reengineered its processes. These and many other initiatives enabled it to lower the financial costs associated with the cross-border movements of goods, reduce the clearance time and help the business community become more efficient.

HR transformation

To make such developments possible, an HR transformation programme was launched in 2019 under the leadership of Dr. Ebrahim Al-Khajeh, Director of the Customs HR Division. The programme was seen as laying the foundation for pursuing the Administration’s strategic goals. It aimed at implementing a modern Human Capital Management (HCM) system, in other words a system that could attract, develop and retain top talent to satisfy the future needs of the organization.

Such a system creates an environment that allows individual employees to excel by identifying each person’s skills and competencies and matches employees with a position that allows them to maximize their potential. The identification and development of competencies – professional, operational and managerial – rests at the centre of the “investing in people” approach.

Identification of competencies

A competency consists of several components, including motives, attitudes, values, skills, talent, intelligence, abilities, knowledge, know-how, experience, social roles and self-image. Some experts refer to high performance competencies and divide them into four groups: cognitive, motivational, directional and performance competencies. Another classification is the division of competencies into hard (functional) and soft (personality) ones. Some authors also distinguish managerial competencies, team competencies, emotional competencies or key competencies as those that are important for all employees of the organization or that transcend the individual branches and can be applied in various fields.

When identifying competencies, the HR Department focused on what are known as “core professional competencies”. These include technical knowledge not only on enforcement, classification and procedures matters but also on emerging technologies, data flows and formats, and e-commerce models.

Several methods and techniques were used to analyse jobs and job roles, and ultimately develop tools such as a new and enhanced competency framework, which identifies the skills needed to perform a job, provides job descriptions, includes a competency dictionary and outlines a training curriculum for each competency. For example, performance evaluation and psychometric testing were conducted by the HR Department team. Employees were also asked to fill in a survey questionnaire. During the process, the team benefited from WCO advisory support through a diagnostic mission in 2019 and a virtual technical expert mission in March 2021.

Competencies reflect the organization’s values and mission, forming part of its culture. Identified core competencies needed to be infused into this culture and their development continuously monitored in order to achieve the planned objectives. The definition of competencies was further expanded to encompass both managerial and non-managerial roles within the organization, and to provide guidance on how to recognize competencies through the tasks the employees perform.

Core competencies were then embedded into each employee’s job description based on the role that each one plays within the organization. This sent a clear message throughout the organization that

these competencies are critically important to the Administration’s success and made it possible to align the personal short-term goals of the employees with administration-wide objectives.

The enhanced competency framework identifies the behaviours, knowledge and abilities required for the successful implementation of the five-year plan. Once the competencies are defined, it is necessary to measure their level, i.e. to find out to what degree the competencies in question are developed in the individual employees. To do so, the HR Department developed an assessment tool which is itself linked to a learning solution. Each member of staff who takes the assessment tests is provided with a personalized report which includes core competency and skills gap analyses and lists the best-fit learning solution to bridge any gaps.

Direct observation of the manifested behaviour of employees was also used. Employees’ end-of-year individual performance evaluation was based on a technique called 360 and 270 degree feedback. Every employee was evaluated and, at the same time, was called on to evaluate others (line manager, peers and subordinates). When subordinates are evaluating their manager and colleagues are evaluating their colleagues, this eliminates much of the bias that erodes the integrity of performance evaluations. Each employee becomes more aware of what a competent employee should look like and, more importantly, which behaviours should be adopted throughout the organization.

Mid-year psychometric assessment was also implemented to identify further gaps in knowledge and know-how that needed to be filled. Questions were built around each of the core competencies, providing an unbiased approach to identifying gaps. The psychometric assessment coupled with the performance evaluation generated enough data to determine precisely which employees are excelling in these core competencies and which ones are lagging behind.

Artificial intelligence – that is, the ability of a machine to display human-like capabilities such as reasoning, learning, planning and creativity – is used to analyse the data generated from an individual’s performance evaluation, psychometric testing and training outcomes in order to devise a development plan to help him or her gain the skills needed to be successful. In this case, Abu Dhabi Customs is partnering with a technology provider specialized in such assessments.

Several methods and techniques were used to analyse jobs and job roles, and ultimately develop tools such as a new and enhanced competency framework. For example, performance evaluation and psychometric testing were conducted by the HR Department team. Employees were also asked to fill in a survey questionnaire.

Learning Management System

A smart Learning Management System was launched to enable all employees to participate in training remotely through either interactive training courses or virtual training sessions conducted via an e-learning platform that helps keep trainers and trainees well connected.

A training curriculum to assist staff in enhancing or developing each of the core competencies was also developed on the platform. The approach was customized for each position in order to respond to individual needs and circumstances. It enables, for example, non-managerial employees who might move into a more supervisory role in the future to acquire the necessary skills, or staff newly appointed to a managerial position to take on their new role with confidence.

Virtual reality training academy

The HR Department also worked on establishing its own virtual reality training academy to train Abu Dhabi Customs inspectors in fieldwork at seaports, land borders and airports. Here again, the curricula aims at enabling newly transferred or newly appointed officers to acquire identified core competencies and evaluate their skills.

Recruitment

As part of the recruitment process, questionnaires were designed for each competency using the STAR interview response method. STAR stands for: situation, task, action and result. This allows the candidate to provide practical examples or proof that they possess the experience and skills for the job. The objective is to ensure that all future employees demonstrate the type of behaviours that the Administration deems important.

Psychometric tools are also used to ensure an unbiased evaluation of the psychological characteristics of candidates, such as personality, creativity, intelligence, motivation and values. The tools make use of artificial intelligence and enable recruiters to filter candidates in a systematic way in order to identify the most suitable individuals.

Technologies at the service of human capital management (HCM)

The HR Department itself decided to update its management tools. It successfully consolidated and integrated into a single HCM system 14 separate HR systems related, for example, to the record of absence and attendance, annual appraisals, training, recruitment, payslip system and so on.

The search for a new human capital management system resulted in the decision to go with a cloud-based HCM instead of an on-premise HCM solution. The latter is installed locally and generally requires recurring fees for support, training and updates, whereas the former requires shorter implementation time and ensures improved reliability and cost optimization. It allows Customs employees to access HR services from anywhere at any time through a PC or any smart device, including smart mobile phones.

It also provides the HR team with virtual access to employee records, health benefit information, vacation requests and payroll information at any time, anywhere. The team estimates that it has increased productivity by around 15% since adopting a cloud-based HCM solution.

The implementation of this new system revealed some unexpected benefits when the COVID-19 pandemic began to grip the world in mid-2020. The digitization of all HR-related documents and services made it easy to implement a minimum contact policy, and the use of a cloud-based solution enabled every employee to access these from home. A chatbot allowed for the speedy resolution of complaints and enquires, which helped to maintain employee satisfaction.

Maintaining momentum

Despite achieving many important milestones, Abu Dhabi Customs remains aware of the need for continuous improvement in resources management in order to ensure quality in the execution of processes and improve staff efficiency over time. Processes and systems are to be developed in line with the needs of the trade environment and businesses, and the challenge is to make the best use of the competency framework and keep it updated on a regular basis.

Momentum fuels motivation. The key is to keep finding creative ways to motivate the workforce. Keeping them engaged and enthusiastic about the future of the Administration will help it achieve its ambition of becoming a leading Customs Administration in terms of efficiency and modernization.

More information

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The advance ruling system for tariff classification: the experience of Algerian Customs

By Algerian Customs

The results achieved after one year of implementation of this new procedure are very satisfactory and encouraging, in so far as there has been a considerable drop (60%) in the number of administrative reviews regarding tariff classification in disputes between economic operators and Customs.

Ensuring that the tariff classification of a good is correct is of paramount importance in several ways for any Customs administration. In particular, this provides good visibility of foreign trade through the collection of reliable statistics on volumes of trade in products, whether imported or exported, and means that the tax measures and other legislative or regulatory provisions governing the movement of these products can be properly applied.

The issues are no less crucial for economic operators. An inappropriate or incorrect classification can give rise to disputes, entailing delays and additional Customs clearance costs.

As part of its ongoing efforts to facilitate trade and in the awareness of the need to support economic operators and provide them with a degree of legal certainty in their import and export operations, on the one hand, and to simplify the work of the Customs personnel involved in goods control and verification, on the other, Algerian Customs recently introduced a mechanism whereby advance rulings on the classification of goods can be given at the request of an economic operator.

The various stages

An initial system was introduced in 1999 under the "Model D40" request for information on tariff classification procedure. However, this was a slow procedure, and the rulings given were not binding on Customs. Therefore, after some 20 years of implementation, it was abandoned and replaced by a fully-fledged system of advance rulings on tariff classifications, which came into force on 1 March 2020.

For this to take place, the principle of advance rulings had to be enshrined in the Algerian Customs Code when it was revised in 2017 (Article 50 ter of the Customs Code), and it had to be brought into line with international norms and standards,

in particular the WCO's *Technical Guidelines on Advance Rulings for Classification, Origin and Valuation*. Then, in 2018, an executive decree was published in the Official Gazette, laying down the arrangements for the delivery of advance rulings by the Customs Administration. Lastly, in 2020, the Customs Administration issued a circular on the implementation of this procedure.

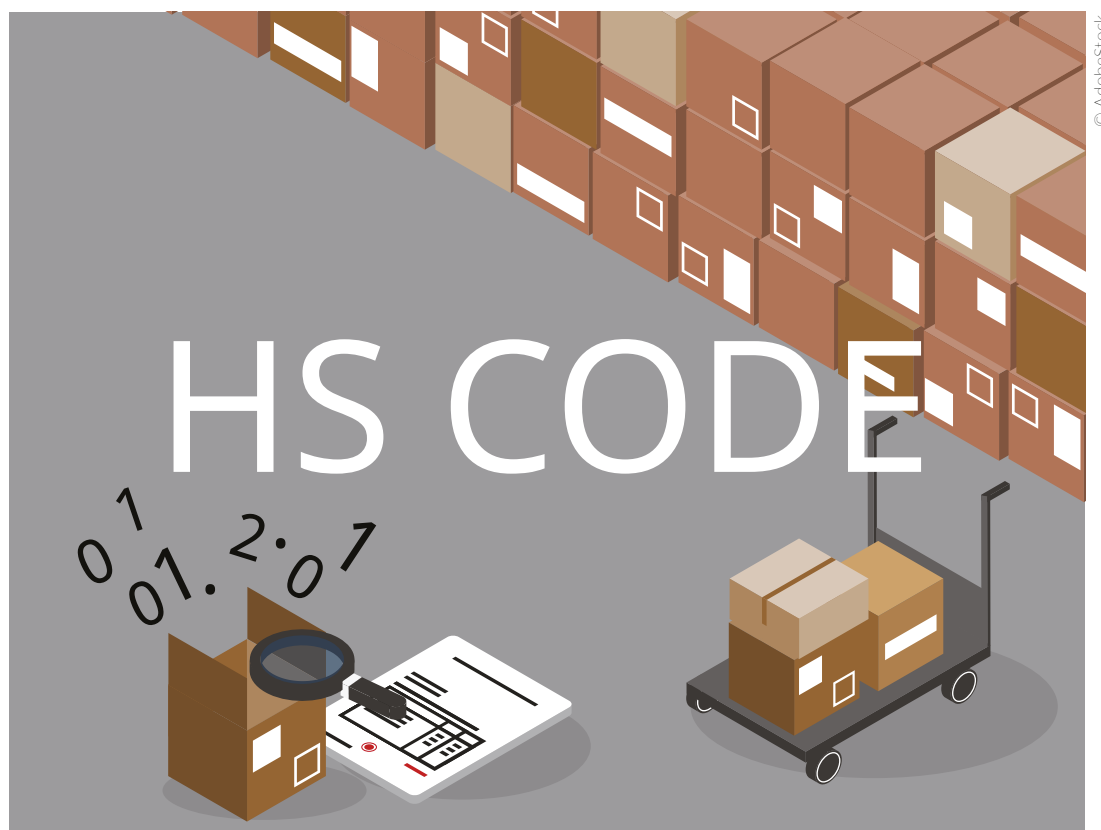
In January 2020, before the procedure was brought into effect, Customs was given assistance by two experts from the WCO Secretariat, seconded to it as part of the European Union-funded programme called "Harmonizing the classification of goods based on WCO standards to enhance African Trade",¹ commonly known as the "HS Africa Programme". These experts had the task of examining the arrangements for implementing advance rulings and their conformity with international standards. The experts concluded that the system established was, as a whole, in line with these standards.

As part of this experts' mission, two briefing days were held for economic operators, Customs brokers and Customs officials, with a view to ensuring that this new procedure was widely disseminated and securing its successful implementation.

Once the conclusions of the experts had been delivered, on 26 January 2020, on International Customs Day, Algeria was able to send a letter to the WCO Secretary General giving official notification of its acceptance of the *Council Recommendation on the introduction of programmes for binding pre-entry classification information (1996)*.

Under Article 2 of the aforementioned executive decree, rulings are called "*décisions de renseignements tarifaires contraignants*" ("binding tariff information rulings" or "BTI rulings"). These are described as being written decisions issued by the Customs

¹ <https://mag.wcoomd.org/magazine/wco-news-88/wco-eu-harmonized-system-in-africa>



Administration stating the treatment, in terms of tariff classification, that Customs will apply to the good upon clearance. They are delivered at the request of a third party and in advance of the relevant goods export and/or import operation.

Desired objectives

The system should allow the following objectives to be achieved:

- Provide security for import or export operations carried out by economic operators as regards the declared tariff subheading;
- Contribute to the facilitation, certainty and predictability of foreign trade and help the beneficiaries to assume commercial commitments;
- Ensure equal treatment among the economic operators;
- Reduce clearance times and the number of disputes between the Customs authorities and economic operators in relation to tariff classification matters;
- Provide advance knowledge of future imports for the purpose of risk management.

Detailed procedures

Binding nature and period of validity

A BTI ruling, the essential characteristic of which is its binding nature both for Customs and for the beneficiary, used to be valid for six months from the date of its notification, tacitly renewable for the same period, i.e. a maximum period of one year.

However, this period was extended to three years as from 1 January 2021, by means of the introduction of Article 94 of the 2021 Finance Act amending Article 50 ter of the Customs Code.

Application procedure

Separate applications for BTI rulings must be drawn up for each product, in writing and using a special standard form including boxes identifying the applicant and the good for which the application is being made.

This form, available from the Customs Administration's website, must be properly completed, signed by the applicant and accompanied by supporting documents. When the paperwork is received, the applicant is informed as to whether the application has been accepted and may be asked to provide further documentation if necessary.

The application procedure for a BTI ruling will be fully digitized as part of the project for the new

Right of review and appeal

Domestic legislation and regulations offer any party in receipt of a BTI ruling the option to seek an administrative review within one month from its issuance, or an appeal to an independent committee (the *Commission Nationale de Recours* – National Appeal Board – chaired by a judge) within a maximum of two months. There is a 30-day response time limit in the case of an administrative review.

Digital platform

In the interest of transparency and ensuring the right of access to information, Algerian Customs has set up on its website www.douane.gov.dz, under “e-services”, a digital platform set aside for publishing all the BTI rulings issued.

All information is included, apart from information of a confidential nature (name of holder, brand of product, etc.).

It has a multimodal search tool enabling searches by tariff code, key words, reference of ruling, etc. It also offers the user the option to save and print rulings.

Conclusion

From the introduction of the system on 1 March 2020 to the end of the first quarter of 2021, more than 250 applications were filed and 150 BTI rulings were issued. These figures would probably have been much higher if the public health restrictions

imposed by COVID-19 had not slowed down foreign trade activities (a drop of 18% in the volume of imports was recorded in 2020 compared with 2019).

The products concerned are varied, whether in terms of their constituent materials, how they work or their area of use. Foodstuffs, chemicals and products relating to technological development make up the majority.

The results achieved after one year of implementation of this new procedure are very satisfactory and encouraging, in so far as there has been a considerable drop (60%) in the number of administrative reviews regarding tariff classification in disputes between economic operators and Customs.

In the second half of 2021, Algerian Customs is preparing to launch a system of advance rulings on origin. This launch, originally planned to take place during the second half of 2020, had to be postponed because of the coronavirus pandemic. Once the system is in place, economic operators will have two essential tools to ensure the conformity of their transactions in terms of the two major aspects of Customs regulations, which are tariff classification and origin.

More information

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Mozambique launches Electronic Cargo Tracking System

By Professor Zhiqiang Chen, Chairman, President and CEO of NUCTECH

In 2021, the Government of Mozambique launched the Electronic Cargo Tracking System (ECTS) with a view to bolster the supervision capacity for transit goods and hence promote legal cross-border and regional trade by reducing smuggling, theft and losses of goods across the supply chain.

Mozambique, located in the South-Eastern part of Africa, on the Indian Ocean, has one-third of East Africa's coastline and hosts many deep-water coastal ports dotted with cargo terminals, warehouses and container terminals. 70% of goods entering the territory are in transit to countries of the Southern African Development Community (SADC), through logistics corridors which link the ports with the neighbouring countries of South Africa, Zimbabwe, Zambia, Malawi, Botswana and the Democratic Republic of the Congo.

The fact that the country serves as such an important regional logistics and transport focal point means that the Customs authority has to supervise large volumes of transit operations involving a wide variety of cargoes, some carried by tanker trucks, others by bulk trucks. The challenge is to prevent tax evasion and combat smuggling, whilst

facilitating the flow of legitimate cargo in order to enhance the country's regional competitiveness.

In order to address this challenge, the Government of Mozambique has established a company under a public-private partnership scheme to implement and operate an electronic sealing and cargo tracking system for the next 30 years. The system has been rolled out across the entire country, covering the main ports of Maputo, Beira and Nacala and all exit/entry points, with over 30 inspection sites.

The company, in partnership with a security solutions supplier, has launched a Data Center, a Central Command Center and a CCTV surveillance system, and has installed thousands of sets of sensors in 30 ports and border inspection sites across the country. A Rapid Response Team has also been set up.

Electronic Cargo Tracking Services is a customized solution designed specifically to meet Mozambique's unique requirements for protecting the integrity of transit goods. Electronic seals have been introduced to extend the outreach of Customs control. The system combines the mechanical security of

standard seals with the electronic security offered by RFID, delivering real-time assurance of cargo integrity and the traceability of illegal operations to address organized crime, theft, trade fraud and contraband smuggling.

As cargo is carried on different types of vehicles, a variety of E-seals were developed to secure the chain of custody in different scenarios. In addition to the typical container seals, two specially-designed E-seals have been introduced for the supervision of transit goods carried in bulk trucks and fuel tanker trucks, which are commonly used for transit trade in Mozambique. The net-like seal covers open-top pickup trucks or flat cars, entirely covering the cargo and thus protecting it from potential tampering. In addition to its track-and-trace capability, the net E-seal can automatically send an alarm whenever the net is being cut or ripped. For fuel trucks, tank seals have been introduced to ensure that no oil unloading or illegal opening can take place during the transit trip. Also, with explosion-proofing built into its design, the tank seal is compliant with the European Union Directive concerning equipment and protective systems intended for use in potentially explosive atmospheres (ATEX Directive 94/9/EC).

Regardless of their type and form, E-seals allow for the automatic sending of an alarm in the event of any illegal opening, deviation from the pre-assigned route or unjustified overtime stay, or abnormalities such as a battery level being too low. The system enables Mozambique Customs to enjoy real-time visibility of transit cargo and provides it with rich information.

Such systems are categorized as Internet of Things (IoT) devices. IoT can be defined as an environment in which sensing objects send data to an application that can then be used to create situation awareness and enable applications, machines and human users to better understand their surrounding environments. By connecting sensors and integrating data from various sources, successful IoT applications increase supply chain transparency, enhance situational awareness and generate actionable insights. This helps officials to make informed decisions and speed up legal trade, while quickly identifying and stopping dutiable, illicit or prohibited goods.

Data, rather than Customs officers, run most of the errands, such as escorting the transit cargo and ensuring the integrity of the conveyance along its journey. Customs officials are liberated from repetitive manual work, enabling them to focus on more critical border control missions, thus better safeguarding global travel and trade while staying away from high health risk scenarios during the pandemic.

More information

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From top to bottom: The Central Command Center, the Rapid Response Team vehicles, a net-like seal cover



Customs' role in border management increases in Belarus

By the Belarus State Customs Committee

The two main agencies managing Belarus' border are the State Customs Committee and the State Border Committee, the latter being responsible for implementing the rules that govern external border checks on people, entry requirements and duration of short stays.

To optimize the use of resources and reduce the time spent by people at checkpoints, the government decided in 2019 that Customs officers could perform some of the duties of border guards. Under the principle of "first and second lines of control", if a Customs officer found grounds for refusing the entry or exit of a person, goods or vehicle but only had delegated competence, or if he or she thought it was necessary to conduct more thorough control that requires special knowledge and skills, he or she had to request the intervention of a border guard on the matter. The person, goods or vehicle subject to further examination had to be moved into a specific area not to hinder the circulation.

This policy was recently reviewed. A new scheme now allows Customs to perform all the functions held by Border Guard at three checkpoints located on the border with Poland, Lithuania and Latvia from 1 January 2019, and at one checkpoint located on the border with Ukraine from March 2021.

The functions include:

- controlling the movement of people and vehicles over national borders,
- inspecting identification documents and visas,
- performing a visual assessment of the health condition of individuals as part of the implementation of sanitary and quarantine control;
- monitoring the compliance of foreign citizens and stateless persons with foreigner residence regulations and visa regime;
- controlling whether vehicle owners have contracted a civil liability insurance.

To perform the above functions, Customs officers have been legally authorized to prevent individuals from crossing the border, and to enter information in the documents that individuals must present when entering or exiting the country. In addition, those officers located at the border posts mentioned were provided with new tools, such as access to databases and document readers, and received training from the State Border Committee.

The list of border checkpoints where Customs officers will carry out border control will be gradually expanded. The new arrangement will be deployed at additional checkpoints located on the

border with Lithuania from September 2021 and on the border with Ukraine in 2022.

The transfer of border control functions to Customs officers made it possible to achieve significant reductions in the time required for control operations at checkpoints, as well as to increase the comfort of carriers. For example, carriers entering Poland through the "Kozlovichi" checkpoint saw a 35% decrease in the average time required in 2019 compared with the 2018 figures.

The State Customs Committee is constantly working to facilitate trade procedures and minimize administrative and procedural barriers to the movement of goods. The transfer of border control functions to Customs officers was another significant step towards making it easier to do business through coordinated border management.



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The virtues of virtual

By María Fernanda Giordano, Technical Adviser in the Coordination and Evaluation of Customs Operations Directorate, Customs Administration of Argentina

The WCO Secretariat has taken measures and developed tools to ensure business continuity within its working bodies facing the constraints imposed by the COVID-19 pandemic. In the past few months, most of the WCO's meetings have been held in a hybrid format, combining a document-based phase (submission of comments) with online video-conferencing sessions.

Although face-to-face meetings are more efficient, and virtual meetings present significant workload challenges for the staff of the WCO Secretariat, there is a positive side to the new arrangement: it is easier for WCO Member administrations to allow their representatives to participate in the discussions taking place within the WCO working groups and committees as they do not incur travel-related costs.


This new reality has allowed Argentina Customs to increase its participation in WCO meetings to almost 95%. The number of Argentinean officers attending meetings has also risen. As a result, the composition of the delegation assigned to each meeting has been more diverse as well. In total, more than 160 Argentinian officers have participated in the various working groups, committees, seminars, workshops and conferences organized online.

Before the pandemic, the Administration's usual practice was to select face-to-face meetings on the WCO calendar that were considered to be a priority, based on the allocation of resources for foreign trips. Argentina Customs generally sent a delegation of one or, under exceptional circumstances, two representatives to WCO Headquarters in Brussels to attend the following meetings: Enforcement Committee, Permanent Technical Committee, Harmonized System Committee, Technical Committee on Customs Valuation, Policy Commission and, of course, Council Sessions. Although this may seem like a long list for those not familiar with the work of the WCO, it is actually rather short given that the Organization's calendar makes provision for over 60 meetings a year.

Argentina Customs also realized the value of participating in those virtual meetings that the Secretariat was already organizing, such as those of the Virtual Working Group on Gender Equality and Diversity. It has recently started to do so by attending the Group's April 2021 session, during which the Administration shared information on the recent initiatives it had launched in this field.

Argentina has no Brussels-based Customs Attaché and even though Argentina Customs has occasionally asked the Embassy of Argentina to

In the past few months the Administration has been able to increase its participation in WCO meetings to almost 95%. The number of Argentinean officers attending meetings has also increased.



the Kingdom of Belgium to send a representative to a WCO meeting, in most cases, the delegation must come all the way from Argentina to Belgium. Members of the delegation would be selected mainly on the basis of their knowledge and experience of the topic discussed, as well as their fluency in one of the WCO's two official working languages (English and French).

The language aspect is still decisive, and restrictive, but less so now given that the list of meetings for which the Secretariat provides interpretation in Spanish has been enlarged as part of the "Pilot Project on the Use of Additional Languages at the WCO".

Most WCO tools and instruments are developed during the intersession, and Members do not have to attend a meeting or committee to be involved in the work done by the WCO Secretariat. Argentina Customs has always responded to written requests, whether it is to answer surveys, provide seizure data to the Customs Enforcement Network, participate in enforcement operations, or provide detailed explanations of its practices and procedures to be included in WCO compendiums and other publications.

Argentina Customs organized the WCO IT Conference in 2014, and a Side Event on E-Commerce in 2017 within the framework of the Eleventh WTO Ministerial Conference which was held in Buenos Aires. It also actively engaged with the Secretariat in capacity building activities, and has benefited from the Human Resource Development Programmes (Fellowship Programme, Career

Development Programme, and Virtual Customs Orientation Academy, among others).

It cannot be denied, however, that participation and engagement have gone a step further with the move to online meetings of WCO committees and working groups. Sometimes as many as five representatives of Argentina Customs have been able to participate in these online events. Each a specialist in a specific field, they have developed synergies and cooperation as they have had to prepare for the meetings together, as well as work together during the intersessions.

Members of the delegation to the Working Group on the Comprehensive Review of the Revised Kyoto Convention (8th Meeting) and to the Revised Kyoto Convention Management Committee (23rd, 24th and 25th Meetings) explained that the virtual format enabled their Administration to participate in these meetings for the first time. During both the preparation phase and the video conferences themselves, they discussed not only the technical topics on the Agenda but many other topics as well, and also got to know each other and create a great team dynamic. As they said, "in less than a year, we have already had two informal work sessions and four formal meetings, and we are proud to contribute to the harmonization of Customs procedures".

In order to capitalize on the experience gained by each member of the delegation, the composition of the delegation to various meetings has been officially agreed, although with some flexibility. Take the example of the Permanent Technical Committee (PTC). Argentina's journey began with

the 225th/226th PTC Sessions in October 2019, one officer and the Director of the Technical Directorate travelling to Brussels. When it came to the spring sessions in 2020 the pandemic was already spreading, and the WCO Secretariat decided to hold them in a purely document-based format via the WCO CLiKC! Platform, as explained in the article *COVID-19: WCO adopts new procedures and tools to ensure business continuity*¹. The Secretariat then developed an interface that offered web conferencing with live interpretation, and the autumn 2020 and spring 2021 PTC sessions were therefore held using a combination of a document-based phase (submission of comments) and web-conference meeting sessions. The very same delegation attended these remote sessions. They learnt how to prepare robust and meaningful interventions, including how to request support internally, and how to meet the needs and expectations of the Committee members. They were also part of the ad-hoc Mini Group which reviewed the PTC Rules of Procedure. The Administration now aims to maintain the same delegation for the fifth PTC session in a row.

Officers who had the opportunity to be involved in the discussions, even if only remotely, expressed their satisfaction and said that sharing ideas and learning from the experiences of others boosted their motivation.

There are, of course, obvious benefits to participating in technical groups maintaining critical standards, such as the WCO Data Model. An Argentinean delegation has been attending the meetings of the Data Model Projects Team (DMPT) since June 2020. "While it is true that face-to-face meetings facilitate networking and the development of good relationships between participants and the Secretariat staff, the move to a virtual format has been very positive as it allowed us to participate in each and every DMPT meeting", they explained. "We are now in a better position to implement the Data Model and have started mapping our data

sets in order to ascertain alignment with it. We also now understand what is on the horizon in terms of updates."

Another working body which we have started participating in is the Working Group on Performance Measurement (WGPM). The Argentinean delegation to the 2nd and 3rd Meetings of the Group highlighted that "our Administration would not have been able to send us to Brussels due to budgetary restrictions. We worked very hard to contribute proactively to the Group's discussions, both during the meetings and the intersession, acquiring a greater understanding of the issues and developing a real sense of commitment to the Group's objectives."

The same goes for events. Although most WCO events were already streamed live online and available on the WCO YouTube channel, the virtual format makes it possible for more people to attend such events and interact with speakers.

The WCO Secretariat has been able to design not only remote meetings but also remote capacity building. This enabled Argentina to receive assistance in carrying out its first Time Release Study (TRS). During a four-day webinar, WCO experts provided detailed guidance on the TRS methodology to 30 officers and helped them draft an action plan. To those administrations that are still somewhat reluctant to engage with the WCO Secretariat on a remote basis in capacity building activities, we have one message: "Go for it"!

We can learn many lessons from this pandemic. One of them would be that engaging in the work of the WCO is beneficial for the Administration, the country and the international community, and that we should find ways to facilitate this engagement once we are "back to normal".

More information

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1 <https://mag.wcoomd.org/magazine/wco-news-93-october-2020/covid-19-wco-adopts-new-procedures-and-tools-to-ensure-business-continuity/>



Inter-dependence and fragmentation: an outlook on today's maritime supply chain

By the International Federation of Freight Forwarders Associations – FIATA

FIATA, through our Working Group Sea Transport, provides crucial input to shape international policy discussions on maritime and Customs issues, working closely with international and regional organizations. Through our Customs Affairs Institute, we liaise regularly with the WCO to provide crucial private sector input on the challenges presented by the disrupted maritime supply chain and to promote trade facilitation. In this article, we would like to present some of the challenges freight forwarders are facing and to provide an outlook on how governments and industry players can move forward.

Today's maritime supply chain is disrupted. Challenges existing prior to 2020 have exacerbated since the COVID-19 outbreak. Reliability, in terms of transit and frequency, is at an all-time low – impacting predictability and making any planning extremely difficult. Without planning certainty, managing the supply chain has become mission impossible.

Freight forwarders, those firms specializing in arranging storage and shipping of merchandise on behalf of its shippers, live from hand to mouth, facing new and unexpected issues on a daily basis. Frequent changes of ship arrivals at short notice and limited timeframes for the delivery of export containers lead to long waiting times, frequent postponements/rescheduling, and – consequently – unused modes of transport.

The increased administrative work on the part of service providers, combined with a surge of empty container repositioning expenses, also have a significant impact on the inland cost structure. Shippers have emphasized that they do not have access to empty containers for exports and face blank sailings¹, as well as high freight rates.

Last but not least, the current imbalances in the maritime supply chain have become counterproductive to the efforts of freight forwarders in shifting inland transport to more environmentally friendly modes of transport (modal shift).

Ensuring a level playing field

While there are several reasons that may explain the shortage in containers and ship supply capacity, including the disruptive nature of the pandemic and associated restrictions, it is important to

¹ Due to various reasons, a liner service operator might decide to cancel the call of a vessel at a certain port or certain region to keep up with its sailing schedules. With a blank sailing, containers that are meant to be discharged at the now-cancelled port will have to wait at the pick-up port until the next vessel with the same destinations arrives.

ensure that national authorities and international policymakers monitor developments to ensure a level playing field, in the interests of ensuring the fluidity of international trade.

It is particularly important to ensure that policies protect shippers of all sizes, and that care is taken to ensure that small and medium-sized shippers are not at a disadvantage. This includes, for example, ensuring that the latter are given the same value when combining volumes through Non Vessel Operating Common Carriers, in terms of price and space protection, as compared to the big Beneficial Cargo Owners, those shippers bringing in enough freight to negotiate contracts directly with a Vessel Operating Common Carrier.

More facilitation is needed

Policymakers must continue to strengthen regulatory oversight in maritime transport. Customs authorities should cooperate and ensure that they work along strict risk assessment policies, focusing on the adoption of digital means for the exchange of digital information rather than relying on paper or physical checks. The interface to move goods into the markets must be as smooth as possible for traders and importers that handle goods professionally and in good faith. Freight forwarders and Customs brokers of all sizes should have meaningful access to Authorized Economic Operator (AEO) programmes in which they can receive tangible benefits that facilitate trade without putting extra burden on them. This should not occur in national siloes, but should take place in a harmonized manner that encourages the adoption of mutual recognition agreements (MRAs).

The problem with the recent Suez Canal incident, for example, was not the blockage on its own, but rather the combination with the timing. The maritime supply chain is vulnerable and the blockage happened at the worst possible time. This combination led to an extremely high impact of the blockage of the MV Ever Given on the maritime supply chain, and ultimately on international trade, affecting the supply chain's fluidity and evoking long-term consequences related to congestions, lead times, and predictability. The fear is also that effects will not only be limited to Europe and North America to/from the Far East and Oceania trade



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lanes, because domino effects cannot be avoided. In the long run, there will unfortunately only be losers, as it will be economies and above all the consumers who will pay the price.

As with the COVID-19 pandemic, the situation demonstrates the importance of all stakeholders working together to harness best practices and mutual synergies for a stronger and more resilient supply chain. As 'Architects of Transport', freight forwarders play a critical role to organize their customers' transportation needs through their know-how and ability to find tailored solutions using the various modes of transport. In addition, freight forwarders possess knowledge and access to organize appropriate insurance policies which cover losses, and to support shippers with insurance cover requirements and claim handling procedures. Such skills can be important, especially when shipowners declare "General Average"² as the MV Ever Given's owner did.

Way forward

Overall, there is much room for improvement. The maritime supply chain is fragmented, which leads to inefficiencies that represent costs to one or more of the stakeholders in the chain. Resolving these inefficiencies through smoother interfaces between the different stakeholders of the maritime supply chain requires collaboration – be it ships, port facilities, freight forwarders, Customs administrations – which often does not take place. Establishing this collaboration is essential to increase the performance of the whole maritime

The ability for each actor in the supply chain to communicate and exchange data in a timely and accurate manner is crucial, not just between industry and government, but within the industry itself. If digital communication systems are to play an important role in this area, more needs to be done to ensure that all actors of all sizes have the access and means to such platforms.

² "General Average is a legal principle of maritime law and requires that all cargo owners on a vessel to contribute to the costs of any loss, even if their cargo is not damaged. Once the vessel owner declares General Average, appointed General Average adjusters will assess each shipment's value on board and apply a formula that determines the financial contribution of each cargo owner. Cargo owners will then need to post a General Average guarantee to recover their cargo". Source: Ever Given vessel owner declares general average, Will Waters, 6 April 2021 <https://www.lloydsloadinglist.com>

supply chain and its constituent parts. Digitalization will play an important role to facilitate this.

The sectors in the supply chain are inter-dependent: their performance depends on the behaviour of the other sectors within the chain. Dealing with this inter-dependency requires coordination, alignment, and collaboration among the participant stakeholders along the maritime supply chain. The ability for each actor in the supply chain to communicate and exchange data in a timely and accurate manner is crucial, not just between industry and government, but within the industry itself. If digital communication systems are to play

an important role in this area, more needs to be done to ensure that all actors of all sizes have the access and means to such platforms. The existence of such communication and data exchange would have played a pivotal role in coordinating ships entering and leaving the Suez Canal after the MV Ever Given was freed, thus decreasing congestion and allowing for better planning as to arrival times.

More information

www.fiata.com

FIATA would like to thank Jens Roemer, Working Group Sea Transport Chair, for his contribution to this article.

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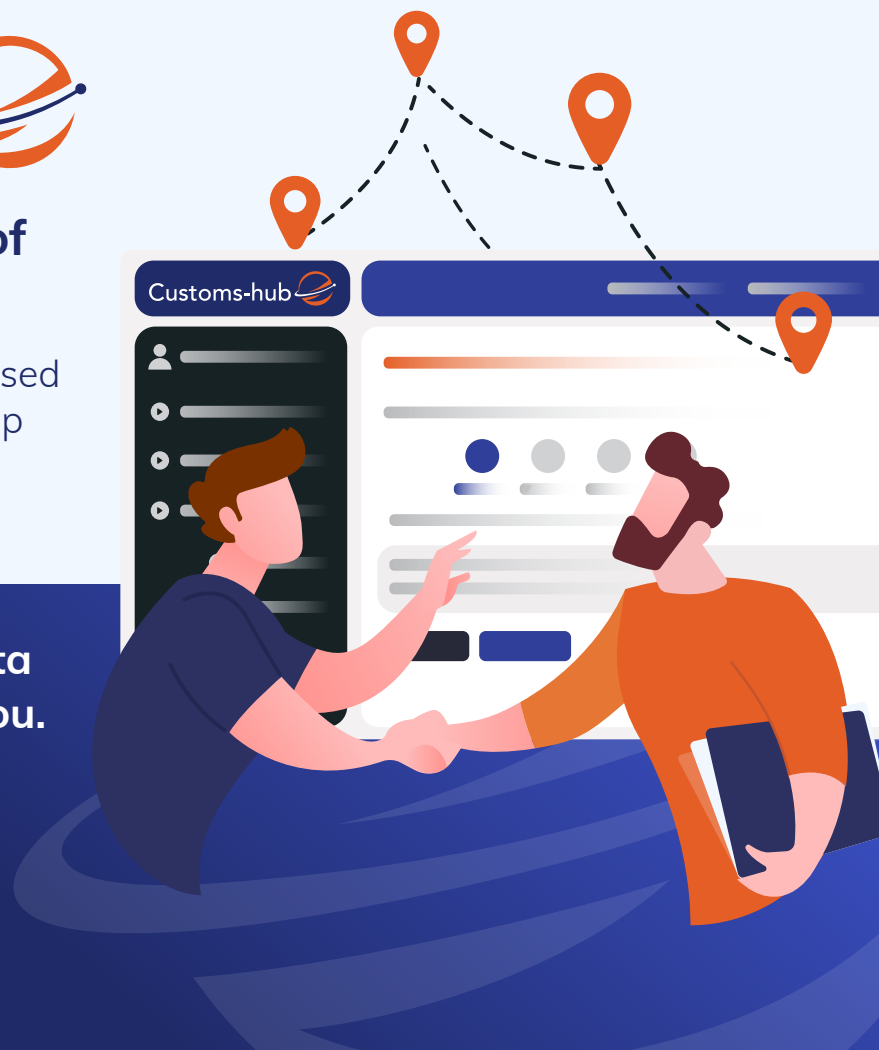
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Analysis of trade data pays off, so why is Customs not embracing it more widely?

by Mark Laxer

As billions of dollars are lost each year to trade fraud, and COVID-19 is pressuring economies around the globe, it is imperative that governments understand how software and data can be used to target trade crime. Having spent years working on this topic, I would like in this article to share some of my views.

Origins

My story started in 1992 at Customs Headquarters in Washington, DC. There, in the fifth-floor Fraud Division, I met Senior Special Agent Lou Bock, a man who had a deep understanding of how to use data to target trade fraud and money laundering. As I got to know his work better, I began to see him as a visionary, a rare expert who could relate shades of crime to trade and financial documents. Based on his ideas I wrote and shared a commercial off-the-shelf software system in a joint venture between the U.S. Customs Service and dozens of other countries. With the help of trade-based money laundering expert John Cassara the system gained support from the U.S. Congress, the Department of Treasury, and the Department of State, and we became the foundation of the Trade Transparency Unit (TTU) programme established in 2004.

As explained in an article published in the June 2015 edition of *WCO News*, “the guiding premise of the TTU is that governments on both sides of trade transactions must be able to compare and analyse trade data to identify anomalies in a trade transaction”¹.

The backbone of the TTU programme was two-fold:

- a bilateral mechanism was established to enable trade data to be exchanged with countries who had signed a Customs Mutual Assistance Agreement with the US;
- a computer system acted as an investigative tool that allowed users to identify trade anomalies and quickly analyse huge amounts of data.

Over a period of a few years we helped the United States and TTU partner countries – Mexico, Panama, Brazil, Colombia, Dominican Republic, Paraguay, Philippines, Guatemala, Honduras, El Salvador, Ecuador and Australia – target crime and recover billions of dollars.

Exploring data through efficient tools

Thanks to the software and methodologies developed, the various TTUs established in the countries participating in the data exchange system achieved remarkable successes. But even without the direct sharing of country-proprietary sensitive data, it is today possible for countries to identify problem areas (haystacks), specific individuals (needles), or both. The analysis of official and open-source data related to import/exports, trade movements, bank suspicious activity reports, cash transaction reports and currency reporting forms has been proven to provide good results. Criminals lie, but they do not necessarily lie consistently. There are reasons why someone might lie on one type of document but not on another. There are reasons why someone might tell different lies to different governments. Analytics tools help find and untangle the web of lies. They can be used effectively by investigators to research leads from the field, but the real magic comes from agents and analysts teasing out patterns of suspicious behaviour and generating leads from the data itself.

The tool which the TTUs used presented data through graphs and grids. Drilldown buttons appeared when hovering over the visuals, enabling

By establishing a small, well-trained and focused team that is not reassigned at the first budget shortfall, an administration would be able to target fraud and recover huge amounts.

1 <https://mag.wcoomd.org/magazine/wco-news-77/us-trade-and-transparency-unit/>

analysts to explore data in more depth to reveal additional details. These drilldown buttons were the core of the system. They represented the “who-what-where-when” of law enforcement. By clicking on the drilldown buttons analysts were asking the core questions of a Customs criminal investigator: Who are we dealing with? What commodities were involved? Where were the goods coming from and where were they going? When did this take place?

Drilldown buttons are like controls for an elevator. You start your analysis by stepping into the elevator. Drilldown buttons, which filter the data, take you to different floors of a building. When you get to a floor you are interested in, you can get out of the elevator and have a look around. You do this by clicking on the analytic buttons. For example, by clicking on the analytic button labelled UP, which stands for Unit Price, you find information on the declared value of the goods. You can also get out of the elevator and jump to another building (document) based on your drilldown. Analytic features include discrepancy charts, which summarize the conflicts between different record sources and indicate the source for each conflicting piece of data, and also identity disambiguation.

Customs analysts specifically assigned to detect trade anomalies using trade data utilized the tool to unveil various tax evasion schemes by looking at unit prices. One such scheme, reported in the Wall Street Journal², turned out to be a \$100 million case. The Customs analysts at the origin of the investigation were examining liquorice imports from Taiwan with a declared value over one hundred times what it should have been. All the suspicious imports were tied to an importer of herbal and health products based out of California. Further analysis showed that all the overvalued liquorice importations – even those not directly linked to the importer – were tied to the same company. In another case of overvaluation, it was found that the government of Argentina had paid \$130 million in unjustified export incentives to companies there³.

There was also a Guyanese gold case in which Guyanese gold was illegally brought to the United States in a way that circumvented Guyana’s tax laws. According to news reports, approximately 100,000 ounces of gold per year were smuggled for a decade, depriving Guyana of roughly \$300

million in revenue. The smuggling scheme was not discovered in the field but, rather, by the trade data analysts. More specifically, it was the unit price analysis which subsequently led government officials to expose the smuggling operation.

Making analytics work for all

As stated above, while the possibility of connecting the import and export sides of trade transactions is an advantage, it is possible today for countries to fight fraud efficiently even without the direct sharing of country-proprietary sensitive data. This requires the willpower to dedicate resources to analysing the data. By establishing a small, well-trained and focused team that is not reassigned at the first budget shortfall, an administration would be able to target fraud and recover huge amounts. There are other prerequisites, of course, such as the implementation of effective anti-corruption measures and the capacity to conduct a proper investigation.

It is important to understand that there is no software-only solution and that, actually, many risk management systems are not particularly effective. The reason is that they are designed and created by IT departments with huge budgets and knowledge of IT but without the expert knowledge of Customs criminal investigators. Likewise, many generic datamining tools will perform well only if they embed deep knowledge of Customs fraud. There is a cultural problem in targeting trade fraud and IT departments need to realize that, without the deep involvement of successful investigators and analysts in the software's design, the tools they are developing will be of little help.

I believe that software should guide analysts – as they drilldown, as they learn – to tease out otherwise unseen crime in the data. I invite those Customs administrations and data analysts wishing to discuss methodologies and tools further to contact me. I feel strongly about sharing what I learned from my old friend and mentor Lou Bock. His ways of targeting crime yielded impressive results, yet even so we have barely scratched the surface.

More information

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About the author

Mark Laxer is a software engineer and author keen to expose trade fraud and misinformation bubbles.

² “Prosecutors Say Sunrider made Profits Vanish in Import Abuse”, 7 January 1997

³ The case was reported in the New York Times: “Banker Indicted in Fraud Case Said to Have Bilked Argentina”, 8 March 2000, <https://www.nytimes.com/2000/03/08/nyregion/banker-indicted-in-fraud-case-said-to-have-bilked-argentina.html>

FOCUS: Rules of Origin

“Rules of origin” means the specific provisions, developed from principles established by national legislation or international agreements (“origin criteria”), applied by a country to determine the origin of goods.

The International Convention on the simplification and harmonization of Customs procedures (as amended), Specific Annex K, Chapter 1, Definitions



Highlights of the 2nd WCO Conference on Origin

By the WCO Secretariat

The WCO Secretariat organized the second edition of its Global Origin Conference, held from 10 to 12 March 2021, with the objective of stimulating the exchange of knowledge on the management and implementation of rules of origin, both from a Customs and a trade operator perspective. Funded by the Korea Customs Service, the event was held online. Below are some of the key points made by the speakers¹.

Preferential treatment can be a game changer for regional economic integration as long as all the actors involved have access to the right information, a knowledge of the rules, and administrative and management capacities

Several Free Trade Agreements (FTAs) were discussed, starting with the African Continental Free Trade Area (AfCFTA). Annex 2 to the Agreement, which deals with rules of origin, is almost complete. Although some key requirements and Product Specific Rules are still under negotiation, trading under agreed rules of origin began on 1 January 2021.

For manufacturers, for those involved in trading goods and for governments to benefit from this Agreement (or any FTA), a sound knowledge of the rules of origin is needed, alongside information on the sourcing of the goods and manufacturing process, and management and administrative capacities (including access to efficient IT systems).

Putting to one side the difficulties generated by a lack of clarity in trade agreement provisions relating to rules of origin, there are other factors which can explain why preferential treatment is not utilized, including:

- Information burden: distributors of goods generally do not have the needed information.

- Sourcing burden: there will be higher costs to produce an originating good.
- Compliance burden: paperwork increases transaction costs.
- Compliance risk: if an importer is not sure whether a good is originating, the importer will not take the risk.

One speaker said that it was necessary to “leverage technology”, especially to ensure traceability of materials combined with origin documentation. Training was also seen as crucial: “Training all exporting SMEs will be difficult but what can be done is to focus on chambers of commerce, export promotion agencies, and certifying entities.”

A study on the use of FTAs by European importers² was presented during the Conference. It showed that company size and the preference margin do not matter, but that transaction values and the experience of the importer do.

In the case of the AfCFTA, manufacturers may need to restructure production, whilst importers and exporters may need to invest time and resources in training, and to secure proper documentation, as well as to adopt proper, verifiable accounting records which are accessible to authorities. Customs and certificate of origin issuing authorities need to digitalize processes, including those related to signatures, and ensure the seamless issuing and administration of certificates of origin and other documents. As is the case for economic operators, Customs need to build capacity in understanding rules of origin, as well as mechanisms for collecting feedback from users for continuous improvement.

One of the main challenges in implementing the AfCFTA is the lack of digital infrastructure in some countries. Some administrations are still paper-based, which translates into long procedures which

¹ This article reflects views held by various speakers and such views may not represent the views of the WCO or of other speakers in the event.

² The Use of the EU's Free Trade Agreements, produced in collaboration between the National Board of Trade Sweden and the United Nations Conference on Trade and Development (UNCTAD), 2018.

will have a deterrent effect on the utilization of preferential treatment.

Other FTAs and their impact on regional integration were also discussed during the Conference, including the United States-Mexico-Canada Agreement (USMCA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership. Detailed presentations are available on the Conference website.

There is a lack of technical updates of product-specific rules of origin (PSR)

The classification of goods and determination of the origin of goods according to the provisions of preferential schemes are closely interlinked. Typically, the requirements for determining origin are specified for individual products or product categories which are identified according to their respective Harmonized System (HS) code. In many cases, the rules to be applied will refer to a change in tariff classification (CTC) at chapter, heading or subheading level, a criterion which requires correct classification of the final manufactured product and the input materials used in its production.

One speaker referred to fundamental changes to preferential rules of origin over the past two decades, stating, “Value-based rules are no longer the norm. Instead rules now are primarily based on HS classification and a tariff shift between the imports and the finished product.” He went on to add: “As a result, the knowledge and skills, as well as the evidential chain, needed to determine and verify origin has changed: accounting expertise has been largely replaced by a need for good classification skills.”

Every time the HS is updated – usually every five years – HS amendments are to be reproduced within the PSR of trade agreements. However, there are only rare examples of such transpositions being made, and the PSR agreed at a particular point in time remain fixed and unaltered from then onwards. In some cases, the text of the agreement does not even indicate which version of the Harmonized System is being used, and importers and exporters are left to infer this for themselves.

One speaker said that negotiators might be afraid to open a Pandora’s box (referring to the parties’ fear that technical updates of PSR would re-open discussions on the agreed rules themselves). The speaker suggested that this could be why the

majority of today’s trade agreements do not offer a solution to this serious problem. There should be a clause in agreements to the effect that the rules have to be read dynamically, and that technical updates are not to be seen as new negotiations.

If updates of the RoO are not provided by the parties to the agreement, traders have to refer to different editions of the HS for the purposes of origin determination when intending to claim preferential treatment. The deeper the granularity or level of detail of the agreed rules of origin, the graver the issue. Cross-version correlation complexity is considered to lead to low preference utilization rates. The issue does not only impact traders, but also Customs, which face the same burdensome operations as operators when controlling the compliance of a preferential claim.

One specific software tool to deal with the situation was presented during the Conference, and interested readers can view the presentation on the Conference website to find out more.

Self-certification system offers multiple advantages

Recently concluded FTAs appear to prefer the self-certification of origin, particularly the fully exporter-based certification system and the importer-based certification system, with less – or no – involvement from the exporting country’s competent authority.

Under this arrangement, traders do not incur costs related to obtaining a certificate or delays in the procedure. Customs also see their administrative costs reduced, as they do not have to check the authenticity of the certificate and can instead concentrate on examining the goods and their claimed originating status. As a speaker explained, “By reducing documentary requirements, verification by default shift to the goods where it belongs.”

Automatic data exchange systems also enable Customs to focus controls on goods, rather than on the authenticity and validity of certificates

Some countries have developed IT systems to enable the automatic exchange of certificates of origin and subsequent electronic verification procedures. Importers and exporters do not need to submit and exchange certificates, but rather need only indicate the certificate number on the declaration. This enables Customs to focus controls more on the goods and less on the authenticity





and validity of the certificates. However, one speaker said that it was worth noting that systems enabling self-certification and cutting paperwork do not solve all the issues faced by some economic operators, such as the lack of information on the sourcing and manufacturing process of the goods.

Convergence, not harmonization, is the way forward for preferential rules

A large number of Regional Trade Agreements (RTAs) have been signed in the last three decades, with provisions partly overlapping each other. Countries which have signed dozens of FTAs and RTAs are well aware that the rules they created are difficult for Customs officers and trade operators to apply. Each agreement defines differently the duties and import procedures, the way a product's country of origin is identified, and the procedures on how this origin has to be documented.

Even though efforts are being made by some of them to standardize provisions across different agreements, all experts agree that this takes time, that a "one size fits all" approach is not always feasible, and that the product-specific rules of origin are adapted to the export supplies of the signatories.

Convergence is actually a reality

The outcome of the study *Rules of Origin as Non-Tariff Measures: Towards Greater Regulatory Convergence*³ was presented during the Conference. It shows that, for some products, convergence has "naturally" happened between the rules of origin contained in different FTAs. Convergence

has occurred in "non-sensitive" sectors, such as chemicals, though the rules continue to diverge in sectors that countries consider to be strategic (such as textiles and clothing for the US, and fisheries for the EU). The researchers are now working on developing a tool to show where there is convergence or divergence at a product-specific level, and to provide governments and businesses with options for drafting the rules.

Lack of clarity and consistency is what really determines whether an FTA achieves its objectives or not

As Customs administrations play a key role in the administration of rules of origin, they are well placed to address the inconsistencies and confusion attaching to procedures laid down in trade agreements.

A speaker explained that most problems stem from the negotiations and pre-implementation stages of FTAs: "One relates to the fact that FTAs are generally negotiated in English, often with English not being the primary language of one, some or all of the parties, and this does increase the likelihood of interpretation divergence resulting in unforeseen consequences when an agreement is up and running."

Secondly, people interpret words in different ways. The same speaker went on to say: "When the agreement text is drafted into liable Customs regulations, the drafter may not be aware of the intent of the negotiators and focus on the words in front of them or, more accurately, the understanding

³ Bernard Hoekman, Stefano Inama, *Rules of Origin as Non-Tariff Measures: Towards Greater Regulatory Convergence*, Robert Schuman Centre for Advanced Studies Research Paper No. RSCAS 2017/45, 2017.

of the words in front of them. As a result intent can be lost.” For example, it is crucial to distinguish between discretionary and mandatory language. When negotiators use the word “should”, they recognize that something is not always possible. “Should” refers to something recommended rather than required. Conversely, “shall” refers to something that is required. Regulations drafted in a way that does not convey this intent can lead to errors in assessments, unnecessary litigation and appeals.

The speaker also pointed to a lack of clear definitions of common trade terms, giving by way of example references to “third country invoicing”, “third Party invoicing” and “third party invoicing” in the same agreement and operation procedures. Whilst all agreements define “third Party invoicing” in the same way (generally with the third party as a signatory to the agreement), this cannot be said of the other two terms, thus opening the door to various interpretations.

One speaker said that it was necessary to harmonize the following elements of rules of origin:

- Definitions
- Procedures – direct shipment, time periods, appeal stages, etc.
- Regional Value Content calculation methods
- Documentation requirements

Avoid using concepts such as “direct consignment”, which give rise to misleading interpretations

Rules of origin have provisions relating to transport requirements for which different terminologies are used, creating confusion:

- Direct consignment: in the ASEAN Trade in Goods Agreement, passing through non-ASEAN Member States is permitted for geographical reason, goods cannot enter commerce and some operations are permitted while in transit.
- Transshipment: in the USMCA, no further operations are allowed other than loading and unloading while in transit.
- Direct transport: in the Pan-Euro-Mediterranean (PEM) Convention, transport through other territories is permitted provided goods remain under Customs surveillance and undergo only certain operations.

- Transit and transshipment: in the Trans-Pacific Strategic Economic Partnership Agreement.

One speaker pointed to the need for neutral terminology to reduce confusion, such as transshipment or transportation through third parties. He also explained that the concept of direct transport or direct consignment is neither in line with modern commercial practices, nor with Customs procedures: “International trade is a series of physical flows that may not necessarily use the most direct path but the least cost path. Transshipment or transportation through countries are a necessity and Customs have transit or transshipment procedures.”

Moreover, FTAs should clearly spell out the meaning attaching to requirements such as “Goods remain under Customs control” or “Goods remain under another authority”. Evidential requirements to verify that no manipulation or alteration has taken place must be limited to existing documents, such as bills of lading, export/import entries, commercial contracts, invoices, packing lists, storage documents, and reports from container seals and modern electronic devices.

Countries should not request a certificate of non-manipulation or any documentary evidence. One of the reasons is that the country where a consignment transited is normally not a party to the FTA. That country has no obligation to issue any documentary evidence and may not even issue such certificates for transhipped goods.

A review of RKC Specific Annex K is a significant opportunity to fix these issues

It is now 20 years since the adoption by the WCO Council in 1999 of the Revised Kyoto Convention, which provides standards and recommended practices to guide the development of predictable and transparent Customs procedures. WCO Members, recognizing the need to ensure that the RKC remains the blueprint for modern and efficient Customs procedures, approved in 2018 the establishment of a dedicated working group to carry out the instrument’s comprehensive review, including the review of Specific Annex K. The latter addresses rules of origin and origin procedures (documentary evidence and control), but fails to take into account a number of important aspects of today’s trade environment.

Key aspects of the content and structure of the proposal developed by the Specific Annex K review “Sponsoring Group” are discussed in a subsequent article. In the present article, we will simply say that the Group favours a “toolbox approach” which addresses all aspects of the management of preferential and non-preferential origin, and which provides clear up-to-date terms and concepts, using a common language and defining a common meaning. The tool would have an open architecture to allow new terms to be added and existing ones to be amended.

The idea is to assist trade negotiators who are not supply chain experts or familiar with the relevant terminology. By way of example, a speaker pointed to the difference between the ship on board date on a bill of lading, and the date of shipment on a certificate of origin: the speaker said that these were two different events which were often interpreted and enforced as being the same, with the expectation that the dates aligned and that preferential treatment was denied if this was not the case. The toolbox has the potential to eliminate this type of misunderstanding.

Non-preferential rules of origin – a “perfect storm”

Non-preferential rules of origin are used to apply trade policy measures such as antidumping or countervailing duties, safeguard measures, punitive tariffs, retaliatory tariffs, origin marking rules, quotas, or rules on government procurement. Over 40 countries apply such rules, and non-compliance can have heavy financial consequences. Antidumping duties, for example, are very high.

A key principle used to determine non-preferential origin is “substantial transformation”, i.e. the country in which the product was last substantially transformed, or made into a new and distinct product. Except for some goods for which a specific rule has been developed, these determinations are made on a case-by-case basis. One speaker noted that this makes it difficult for lawyers to advise companies and provide legal certainty. He also pointed out that during the development of the Union Customs Code, which entered into force on 1 May 2016 in countries of the European Union, there were some that proposed drafting non-preferential rules of origin for each product in the combined nomenclature, but a number of stakeholders thought it was not necessary.

Moreover, in many cases, businesses are uncertain as to the local country rules or to the position that a Customs authority will take. In explaining this “import versus export dilemma”, a speaker said that a company will often rely on the rules of the country where it is established, which are the ones it knows and that its chamber of commerce knows. However, the rules which are relevant are the rules of origin in the country of import.

Another issue is that regulations are not harmonized and there is no centralized repository to understand each country’s origin rules. Moreover, many lack the specificity of preferential product-specific rules and, in a world of global value networks, economic operators dealing with products not wholly obtained in a single country face the challenges of identifying the country in which the “last substantial transformation” occurred.

Within a company, the information and technical knowledge required to make a determination on origin are usually spread across various departments, including the department in charge of trade compliance (which knows the legal rules), and the department in charge of sourcing and manufacturing (which understands the transformation process).

Whilst non-preferential origin determination and reporting has always been a significant challenge for businesses to manage, in the past it has received less attention than other areas of trade compliance, due to its limited financial impact and the perception of lower-risk treatment from Customs Authorities. However, the recent use of origin in imposing punitive tariffs and taking action against countries has elevated non-preferential origin to new heights.

One speaker, having interviewed representatives of numerous companies from various industries while preparing his presentation, said that many were concerned regarding their capacity to apply these rules. One of them had told him that such rules were “one of the top three things in my trade compliance sphere that keeps me up at night”; another had said that they were “one of the biggest issues our trade compliance organization is charged with managing and fixing”; and a further representative had flagged that his company “expect increased enforcement from Customs in this area and is preparing more than ever before”. In addition, commenting on the introduction in the United States of punitive tariffs, a representative had said that his company “had to

reprioritize non-preferential origin as a key part of its trade compliance efforts”.

Suggestions on possible approaches and options to minimize problems associated with non-preferential rules are discussed in detail in a subsequent article, and we will therefore not explore them here.

The examination of current practices and the utilization of preferences by LDCs shows that the rules in the Generalized System of Preferences need to be revised

Several World Trade Organization Members have implemented non-reciprocal schemes that offer preferential tariff treatment to least developed countries (LDCs), such as duty-free and quota-free treatment, or a generalized system of preferences. Rules of origin are not negotiated in such a scheme.

WTO members adopted several Decisions on preferential rules of origin for LDCs to ensure that preferential rules of origin established as part of such schemes are transparent and simple, and contribute to facilitating market access for exporters from LDCs:

- 2005 Hong Kong Ministerial Declaration: commitment that preferential rules of origin applied to LDCs must be “simple and transparent”.
- 2013 Bali Ministerial Decision: a set of multilaterally agreed guidelines and a recognition that LDCs have limited productive capacity to comply with more demanding rules. WTO Members should notify their preferential rules of origin for LDCs to the WTO to enhance transparency, and the WTO’s Committee on Rules of Origin (WTO CRO) shall also annually review these rules of origin. The Decision does not go as far as asking for the harmonization of the rules.
- 2015 Nairobi Ministerial Decision: more detailed directions on specific issues, such as methods for determining when a product qualifies as “made in an LDC”; when inputs from other sources can be “cumulated” into the consideration of origin; details regarding direct consignment requirements; and simplified procedures for low value consignments. The role of the WTO CRO in examining current practices and the utilization of preferences, and in monitoring the implementation of the Decision, is strengthened.

Participants at the Conference were introduced to the work undertaken by the Committee to better understand current practices, match these practices against the benchmark of the Ministerial Decisions, and to hopefully identify best practices to encourage Members to reform their respective systems.

There was discussion of the complexity related to the calculation of “utilization rates” and the concept of “underutilization”. LDCs also have preferential agreements with some countries granting unilateral preferences, and monitoring the utilization of the latter requires an analysis of trade flows under all preferences. One of the identified challenges is access by analysts to trade transaction level data, which is useful in understanding how traders are using (or not using) preferential rules. Other challenges are finding experts with the right expertise, and engaging directly with private sector representatives in LDCs.

A speaker gave the following as some of the lessons learned at the WTO CRO:

- All preferential schemes have some underutilization, which varies significantly from one sector to another, and from one LDC to another.
- Underutilization is high in sectors subject to the wholly obtained product rule: 82% of all agricultural exports do not receive any tariff preference, despite being eligible for preferences under at least one scheme.
- Strict direct consignment obligations have a direct impact on utilization: 52% of all exports from landlocked LDCs do not receive any preference (21% for LDCs with sea access).
- The impact of RoO on utilization by LDCs is complex and requires more detailed investigations.

The points of view of LDCs, and the work undertaken by the LDC WTO Group to highlight the shortcomings of the current schemes, were also presented. In 2018 and 2019, the Group renewed efforts to bring new evidence that the rules of origin of preference-granting countries (PGCs) were not in conformity with the Nairobi Decision.

They focus on:

- Examining each of the substantive components of the Nairobi Decision to show to PGCs how these deviate from their rules of origin, and the best practices that could be adopted.
- Analysing the utilization rates to prove that the existing rules of origin adopted by PGCs are linked to low utilization of trade preferences.

The Group submitted around 18 documents from 2015 to 2020, in the form of substantive presentations or analytical documents. Some PGCs made some changes to their rules or undertook their own studies.

LDCs believe that it is necessary to revitalize the debate in the CRO and recognize that a new mandate involving all WTO Members, with a fresh work programme setting a time horizon, should be an outcome of the Twelfth WTO Ministerial Conference, which will take place from 30 November to 3 December 2021. The work undertaken at the WCO on the revision of Specific Annex K to the RKC should provide additional impetus to this process.

“Rules of origin are primarily used to limit trade, and hence represent an instrument for trade protection”

One representative from the private sector explained that rules of origin exist to avoid trade deflection, but that they distort global value chains and are costly to observe. The representative said that, in preferential trade agreements, trade deflection was unlikely to be profitable because tariffs were generally low; that countries in a common free trade agreement tended to have

similar external tariff levels; that when tariff levels differ, deflection was profitable, at most, for one country in the pair; and that transportation costs created a natural counterforce: “It appears that rules of origin are primarily used to limit trade, and hence represent an instrument for trade protection.”

Conclusion

Participants were reminded that the International Trade Centre and the WCO Secretariat have developed an online tool called the “Rules of Origin Facilitator” (findrulesoforigin.org), which acts as a gateway to FTAs. The tool enables users to determine whether a specific product is covered by a preferential scheme and find the rules of origin that must be complied with in relation to a particular scheme. It targets both government and business.

One speaker said that it was not possible to change the nature of a multilateral system and stop the continuing expansion of FTAs, but that what could be done was to try to bring full transparency and operational clarity about rules of origin to the benefit of all: “We can try to reduce the gap in terms of information [...], and bring intelligence and research insights to help policymakers take more informed data-driven decisions when designing new rules of origin.”

It is with this objective in mind that the WCO Secretariat organizes its Origin Conferences, and it hopes that this second edition enabled participants to get a better understanding of some critical aspects of rules of origin.

More information

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Non-preferential Rules of Origin: “When you turn your back on an issue – it only gets bigger!”

By Brian Rankin Staples, Trade Facilitation Services

The following article is not intended to be a scholarly or even comprehensive review of past or current activities under the World Trade Organization’s Agreement on Rules of Origin, or a detailed analysis of the differences between preferential versus non-preferential rules of origin (which I am assuming most readers of this magazine already understand). Rather, this article offers more of a personal and subjective perspective on the problems associated with non-preferential rules, and humbly proposes possible approaches and options to minimize these problems, or at least stimulate discussions about potential remedies. These options are largely based on the perceived structure and architecture of the issues.

The Context

It is common knowledge that preferential and non-preferential rules of origin have this in common: they represent costly administrative challenges to both the private and public sectors. However, there are also significant differences between them.

For example, preferential rules, albeit complex, are “product specific” established rules and, in most cases, it can be determined that the product in question either originates or does not originate. Furthermore, it is usually safe to assume that product specific rules have been agreed upon by all the parties and, in this sense, they represent a negotiated agreement by at least two parties. Debate as one may about the economic benefits of bilateral or “mega-regional” preferential trade agreements, the very fact that they always feature relatively clear preferential rules of origin is one certain benefit.

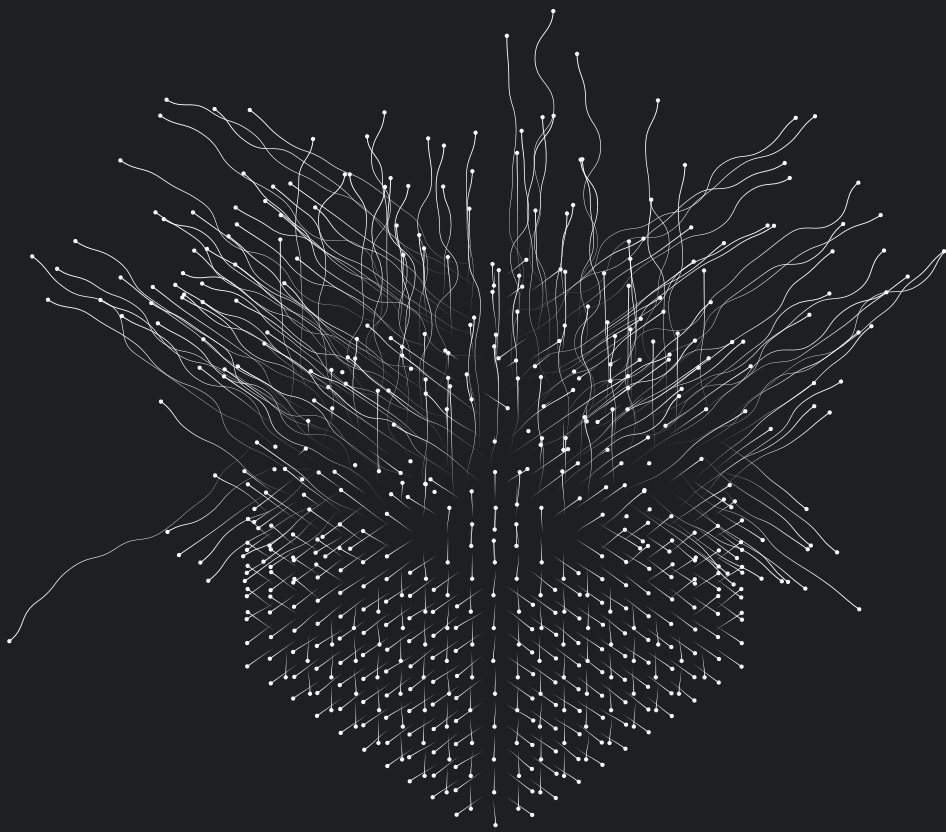
By contrast, as it now stands, non-preferential rules are essentially unilateral and specific to a single country of import. Moreover, many lack the specificity of preferential product specific rules and, in a world of global value networks, economic operators dealing with products not

wholly obtained in a single country face the challenges of identifying the country in which the “last substantial transformation” occurred. In other words, non-preferential rules do not feature the binary “originating or not originating” benefits of preferential rules of origin, nor are they the result of agreement between two or more parties.

In light of the above, preferential rules can be characterized as mutually agreed definitions that are complex, costly and clear, whereas non-preferential rules are generally unilateral, vague and more than just costly: they also feature high degrees of uncertainty and a lack of predictability that prevents strategic sourcing by origin stakeholders. In addition, in the absence of meaningful multilateral obligations or common definitions, non-preferential rules of origin are increasingly becoming the trade policy tool of choice in a world that seems to be increasingly fragmented and protectionist.

The Costs

Presenters at the recent WCO Global Origin Conference outlined many business challenges associated with the inherent uncertainty of non-preferential rules of origin and many of their financial and non-financial impacts (e.g. punitive



taxes, sanctions, fines, penalties, shipment delays, and related administrative and compliance costs). Clearly, the costs and burdens to the private sector alone are not trivial.

Naturally, most of these costs, including the costs of uncertainty and unpredictability, could be eliminated or dramatically reduced if the WTO Agreement on Rules of Origin (ARO) was implemented effectively, or other less ambitious initiatives, presented at the Global Origin Conference and elsewhere, were introduced:

- General guiding principles for non-preferential origin determination;
- Development of related explanatory notes;
- Coordinating the above under the auspices of the current efforts to update the Revised Kyoto Convention (RKC Annex “K” in particular);
- Re-invigorating the ARO negotiations.

Question: Keeping in mind that hundreds of thousands, if not millions, of non-preferential origin declarations are processed and cleared every day at significant cost but without major controversy, what, specifically, is preventing the adoption of such reasonable and even self-evident solutions?

Answer: Trade policies and decisions made primarily (but not exclusively) by major markets. Trade wars, sanctions, anti-dumping and countervailing duties, protectionist measures and the retaliatory counter-measures they usually provoke are all taken to protect domestic markets (and are not necessarily illegitimate). More broadly adopted measures to influence social accountability and responsible business practices in global supply chains also often result in non-preferential origin requirements. These practices create non-preferential origin stakeholders who are simply unwilling to abandon these unilateral tools in order to introduce multilateral, international guidelines or product specific rules for non-preferential purposes. This is not a judgemental statement: it is simply a statement of fact that recognizes that almost all economies will use the tools to protect their markets and promote their interests with as little interference as possible. Unfortunately, however, as outlined above, these highly specified non-preferential origin definitions create serious complications not only for the trade they are intended to cover, but also for the majority of trade volumes that they do not cover and that remain essentially undefined.

What Can Be Done? Origin by Exception?

In addition to the approaches outlined above, an alternate approach, outlined below in point form, could be implemented in a staged process:

1. **Implement the existing ARO:** By means of a convention, treaty or MOU, implement the elements of the revised Draft Consolidated Text of the ARO already agreed by the WTO Committee on Rules of Origin, while allowing WTO Members a caveat. If parties object to a non-preferential rule of origin in the ARO, they would be required to officially notify their objection and identify in detail the non-preferential rule they intend to replace it with, including the volume of trade this self-selected exclusion covers. This notification would also require parties proposing such exceptions to the ARO to make public any changes or rulings that apply to their exceptions. These exclusions would apply for a period of five years, with a possible two-year extension.

2. **Supplement ARO rules with preferential rules:** For trade not covered by the agreed elements of the revised Draft Consolidated Text, the applicable preferential rule agreed upon by the country of export and the country of import would become the applicable non-preferential rule of origin. Any preferential origin claim would automatically become a recognized and accepted non-preferential rule of origin. If there was no preferential trade agreement between the two parties, the country of import would then be required to identify a preferential rule of origin they have with a third party as the applicable non-preferential rule. Although this option would probably complicate any and all types of certification, it would at least introduce an element of certainty around the applicable rule of origin.

Of course, the above-mentioned caveat that applies to the ARO approach applies to this approach as well. If parties object to the use of a preferential rule as a non-preferential rule, they would be required to officially notify their objection and identify in detail the non-preferential rule they intend to replace it with, including the volume of trade this self-selected exclusion covers. This notification would also require parties proposing such exceptions to the use of a preferential rule to make public any changes or rulings that apply to their exceptions. These exclusions would apply for a period of five years, with a possible two-year extension.

3. **Create common ways to establish and prove origin:** Determining, establishing and

communicating origin are but a few of the many steps required to fully manage and administer origin, but they are critical and essential steps. With these caveats in mind, the following proposals outline how origin standards in these areas could significantly facilitate trade.

Before the application of any preferential or non-preferential rules of origin, there is the actual manufacturing process that results in a product. It is to this actual production that all trade measures, including those relating to preferential and non-preferential origin, are applied, and it is this actual production which is of primary interest to policy makers and origin verification officers alike. However, notwithstanding this foundational manufacturing reality, there are no international standards or guidelines on what constitutes the data and documentation required to determine and prove origin. This absence makes it extremely difficult for the private sector, whose products may cross several borders, and especially for SMEs, to manage preferential and non-preferential data and record-keeping obligations.

Several parties, notably the Global Trade Professionals Alliance, have initiated efforts to propose exactly such international data and documentation standards for origin purposes that include, but are not limited to, the following elements:

- **A description of the manufacturing process:** These descriptions could be supplemented and supported by sector profiles developed by various income tax authorities. These profiles usually include a general overview of the sector, related accounting practices and specific issues relating to that sector (for example, the use of third-party production, or specialized inputs).
- **HS tariff classification:** Tariff classification of the finished goods exported and inputs used to produce the exported good.
- **Specified documentation (in any format):** Including, but not limited to, bills of material, purchase orders, proof of payment, shipping and delivery documentation, such as receiving reports, production yields and reports on a batch basis, raw material and finished inventory techniques.

- **Standardized data delivery mechanisms:**

The design and implementation of standards to communicate trade and origin-related data and trade determinations as already undertaken by the Origin Blockchain Exchange OASIS Open Project¹.

Once standardized production data sets and related mechanisms are in place, any origin regime (for example, non-preferential, preferential and/or applicable integrity regimes, or private/corporate product specifications) can be overlaid on top of them as required.

Conclusion

The challenges presented by the absence of internationalized non-preferential origin are costly and frustrate the basic assumptions and ambitions of the Trade Facilitation Agreement. The proposals outlined herein are not radical compared to the costs and administrative burdens associated with the absence of such non-preferential disciplines. It is hoped that these proposals and similar suggestions can sow the seeds of internationally coordinated private sector coalition(s) to pursue solutions to this matter at the national level.

More Information

www.tradefacilitation.ca

¹ The Origin Blockchain Exchange OASIS Open Project is a neutral forum for diverse stakeholders to create interoperable specifications for determining, obtaining and verifying digital global tax and trade attestations ("GTTAs") – see <https://www.oasis-open.org>.

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Binding Origin Information: the experience of Germany

By German Customs

Binding Origin Information (BOI) refers to a written decision issued by a Customs administration that certifies the origin of goods. Also known as an “advance ruling regarding the origin of goods”, such a decision is usually binding on the applicant and on the Customs authorities for a given amount of time.

Together with its “twin”, the Binding Tariff Information (BTI), the BOI instrument is regarded as a major trade facilitation tool as it enables companies to have legal certainty. BOI and BTI are embedded in the provisions of the General Annex to the Revised Kyoto Convention (Standard 9.9) as an optional requirement, and in Article 3 of the WTO Trade Facilitation Agreement as a mandatory requirement.

In the European Union EU, a BOI decision issued by one Customs administration is binding on the Customs authorities of all EU Member States, regardless of where it was issued. Applications should be made in writing to the competent authorities in the EU country in which a company is established, or in which it intends to use the decision. The application must always relate to an intended use of the BOI decision. Furthermore, the application must concern only one type of goods, and specific origin-determining circumstances.

During the WCO’s Second Global Origin Conference, it was highlighted that companies in the European Union rarely make use of the instrument, except in one of the EU Member States: Germany. In this article, we will try to identify the possible reasons for this; but first, let’s look briefly at how German Customs manages BOI requests.

BOI in Germany

German Customs issued 1,239 BOI decisions in 2020. This number has remained around the same level over the past few years. The vast majority of decisions were related to the application and interpretation of a product-specific rule of origin under one of the European Union’s preferential

arrangements. A small proportion concerned non-preferential origin rules for the importation of goods.

In Germany, all binding information decisions are issued by the Hauptzollamt Hannover, i.e., Hanover Main Customs Office. BOI and BTI are handled by two different teams who check whether the application contains all the necessary information and meets the legal requirements to be considered admissible. Applications must be submitted in paper, preferably using the sample form provided by the Administration on its website. Once an application has been deemed admissible, German Customs notifies the applicant, indicating the start date of the processing period so that the applicant can have an idea of the latest date by which a decision will be made regarding the application. Although the Customs authority has 120 days to issue a decision, in practice the Administration strives to respond as promptly as possible. No fees are levied for this work. It should be noted that an electronic system is currently being developed to enable operators to submit their applications electronically.

Explaining German BOI specificity

There is no empirical evidence that explains why BOI is used more in Germany than elsewhere in the EU, so this can only be speculated upon. Like most of its counterparts, German Customs gives detailed information on its website about how to apply for and use BOI¹. The website lists the e-mail addresses, telephone and fax numbers of the section in charge of BOI at Hanover Main Customs Office.

One interesting fact is that when they are dealing with complex transactions and are disputing an origin claim, all Customs offices in Germany are told to advise the economic operators involved in the litigation to request a BOI decision for future transactions.

Another possible reason is two-fold:



1 <https://www.zoll.de/DE/Fachthemen/Warenursprung-Präferenzen/Präferenzen/Ursprungsauskuenfte/ursprungsauskuenfte.html>

- among the EU Member States, Germany is the largest importer of goods from non-member countries, and by far the largest exporter of goods to non-member countries²;
- the importers and exporters need legal certainty – for themselves when deciding on a purchase, and for their clients when conducting a sale or even preparing a supplier’s declaration.

The origin of goods often has a decisive influence on the business decision to conclude a purchase transaction with an exporter located in a non-EU country, or when evaluating the costs of a multi-stage manufacturing process. Both non-preferential and preferential rules of origin can be complex, and some provisions can leave room for interpretation. The latter may even differ depending on the free trade agreement concerned.

Having certainty as to the origin of goods is also critical for exporters. German suppliers may have

to contractually guarantee the origin of their goods to their customers, or provide them with details of the preferential originating status of their goods in what is called a supplier’s declaration. Great care must be taken when issuing such a declaration, because issuing an incorrect declaration constitutes a regulatory offence that may be subject to a fine. Moreover the issuers of supplier’s declarations, and exporters in general, may find themselves facing recourse claims from their customers if it turns out that German Customs, after conducting a verification at the request of the importing country, concludes that the goods did not qualify for preferential treatment.

Holding a BOI decision can represent a significant competitive advantage in international trade, and we believe that many German economic operators have understood this.

More information

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2 https://ec.europa.eu/eurostat/statistics-explained/index.php?title=International_trade_in_goods

In a world where goods are processed, produced and sold globally and the number of FTAs is continuing to increase, the prospect of clarity and predictability provided by a commonly understood set of rules and procedures means that the effort involved in revising Specific Annex K is well worthwhile.

Revising RKC Specific Annex K: key aspects of the proposal and of its objectives

By Roman Brühwiler, Senior Adviser, Section Free Trade- and Customs Agreements, Swiss Federal Customs Administration

The International Convention on the Simplification and Harmonization of Customs Procedures (Kyoto Convention) entered into force in 1974. To keep pace with the evolution of governments and international trade, the Kyoto Convention was revised in the 1990s and entered into force as the Revised Kyoto Convention (RKC) on 3 February 2006. The RKC became the blueprint for modern and efficient Customs procedures for years to come.

At a time of unprecedented change, with the rapid evolution of both international trade and the functioning of Customs administrations, some Members suggested as early as 2009 that the RKC should be revisited in order to reflect these new realities. After detailed discussions and preliminary studies, the WCO Policy Commission and Council approved the establishment of a Working Group on the Comprehensive Review of the RKC at their June 2018 sessions, recognizing the need to ensure that it remained the blueprint for modern and efficient Customs procedures in the 21st century. In so doing, the process for the comprehensive review of this WCO flagship instrument was launched.

Why Specific Annex K to the Revised Kyoto Convention (RKC) should be revised

Specific Annex K to the RKC addresses rules of origin and origin procedures (documentary evidence and control) but fails to take into account a number of important considerations. For example, no distinction is made between non-preferential and preferential rules of origin. However, Specific Annex K was not part of the comprehensive revision of the Kyoto Convention in the 1990s. This was mainly because, at the time, the harmonization of non-preferential rules of origin was being negotiated in the World Trade Organization (WTO) Harmonization Work Programme (HWP) established under the Agreement on Rules of Origin (ARO). The WCO Members had decided to wait for

the HWP to be concluded before revising Specific Annex K. As has since become clear, the HWP, which originally envisaged that the work would be completed within three years after it commenced in 1995, proved to be more complex than initially thought and is still ongoing today.

In its current state, Specific Annex K offers a low level of detail and has been ratified by only a few Members; as a result, it amounts to little more than guidance regarding some aspects of rules of origin. In the absence of a multilateral instrument, non-preferential rules of origin remain a matter for each country, subject only to the general provisions of Article 2 of the ARO. As for preferential rules of origin, the multiplication in recent decades of free trade agreements (FTAs) specifying such rules creates a complexity that compromises the effective use of any preferential treatment. Economic operators and Customs administrations are left to deal with a variety of rules and procedures which may not reflect modern trading practices and which are often interpreted and implemented in different ways.

The review of Specific Annex K offers an opportunity to address the complexity of and the unnecessary costs arising from the current situation. To that end, a revised Specific Annex K should provide the parties involved, i.e. negotiators of FTAs, Customs administrations and economic operators, with a commonly understood and up-to-date set of tools on rules of origin and origin procedures.

Who was involved in drafting the joint proposal for the review of the Annex and what did they set out to achieve?

From the outset, there was considerable interest among Members and external stakeholders in the review of Specific Annex K. The first proposals aimed at improving transportation provisions, introducing self-certification and promoting the



use of information technology. The European Union published a concept paper proposing a complete redrafting of rather than a set of amendments to Specific Annex K. The concept paper found broad support among proponents and interested parties, and it was decided to develop a joint proposal by merging the proposals based on the EU concept paper.

The Sponsoring Group for the joint proposal includes China, the European Union, Japan, New Zealand, Norway, Switzerland, as well as the United Nations Conference on Trade and Development (UNCTAD), the Eurasian Economic Commission (EEC) and Private Sector Consultative Group (PSCG) members Renault-Nissan and Fonterra. During the drafting phase, it was important for the Sponsoring Group to coordinate with the WCO technical bodies and reach out to RKC Specific Annex K contracting parties and the private sector. To that end, the Sponsoring Group held several workshops and consultative meetings in order to ensure that it could take on board the views and inputs of the various stakeholders and address any concerns early on, as well as raise awareness of the ongoing work to review Specific Annex K.

Key aspects of the proposal's content and structure (excerpt from the joint proposal)

As already stated, Specific Annex K makes no distinction between non-preferential and preferential rules of origin. Even though both sets of rules may, on the surface, appear to be based on similar concepts, the issue of origin cannot be addressed in the same way in relation to non-preferential and preferential measures, neither in terms of substance nor with regard to procedures. The review of Specific Annex K therefore offers an opportunity to ensure that this useful distinction is made.

Another important consideration to take into account is that the drafting of rules of origin and origin procedures, either autonomously or as a result of negotiations, is generally governed by policy choices inspired by a variety of objectives and constraints, many of which are not related to Customs. Therefore, while it might be possible to identify some common approaches – and the more this can be achieved, the better – their scope may be limited by those choices.

The proposal to redraft Specific Annex K is based on five principles:

1. Establish a clear distinction in the structure and content of Specific Annex K between non-preferential origin and preferential origin, in line with the one established by the WTO ARO. Since Specific Annex K does not currently separate non-preferential from preferential rules of origin, this implies a complete reshaping of the Annex.
2. Use the new Specific Annex K as a “toolbox”, building on the *WCO Origin Compendium* and other relevant literature and research, to provide RKC Contracting Parties (and other WCO Members) with clear concepts that allow them to establish their origin rules and procedures using a common language and a common meaning, thereby making them more easily understandable and applicable by Customs, other competent authorities and stakeholders.
3. Identify and adopt into Specific Annex K some common approaches on aspects of substance which are commonly used in preferential trade arrangements and/or where there is a convergence on best practices – in all other respects, limit the level of ambition to potential recommended practices. It is not intended that this include the harmonization of product-specific rules (PSR).
4. Consider common approaches of preferential origin procedures, subject to reconciling different long-standing traditions and practices inherited from the past, to balance the best of each procedural system.
5. Draft Guidelines for Specific Annex K, taking into account the Notes of Annex D1 to the 1974 Kyoto Convention and the technical guidelines developed and included in the *WCO Origin Compendium*.

Next steps

With the development of the joint proposal, the Sponsoring Group reached an important milestone. The proposal is now making its way through the RKC review process, and the development and text-based discussion of the revised Specific Annex K could start as early as September 2021.

Unsurprisingly, this is likely to become the most challenging part of the whole process, requiring considerable effort on the part of all parties involved. However, in a world where goods are processed, produced and sold globally and the number of FTAs is continuing to increase, the prospect of clarity and predictability provided by a commonly understood set of rules and procedures means that the effort involved in revising Specific Annex K is well worthwhile.

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