

Joint Customs Control International Best Practices, Challenges and How to Address Them

Florian A. Albuero

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Outline of Presentation

- Introduction
- International Standards
- Meeting International Standards
- Challenges in Joint Customs Control
- Recommendations

Introduction


- Less integrated production, more trade integration
- More developing and transition countries in globalization
- Regional and sub-regional trade agreements
- Country environments: more production- and-trade-friendly
- Trade barriers: **down**, stimulating more inter-country transactions
- Among countries with common borders, infrastructure investments given emphasis
- Connectivity is demanding of infrastructure; trade needs cooperation
- Customs role: *Do More with Less*

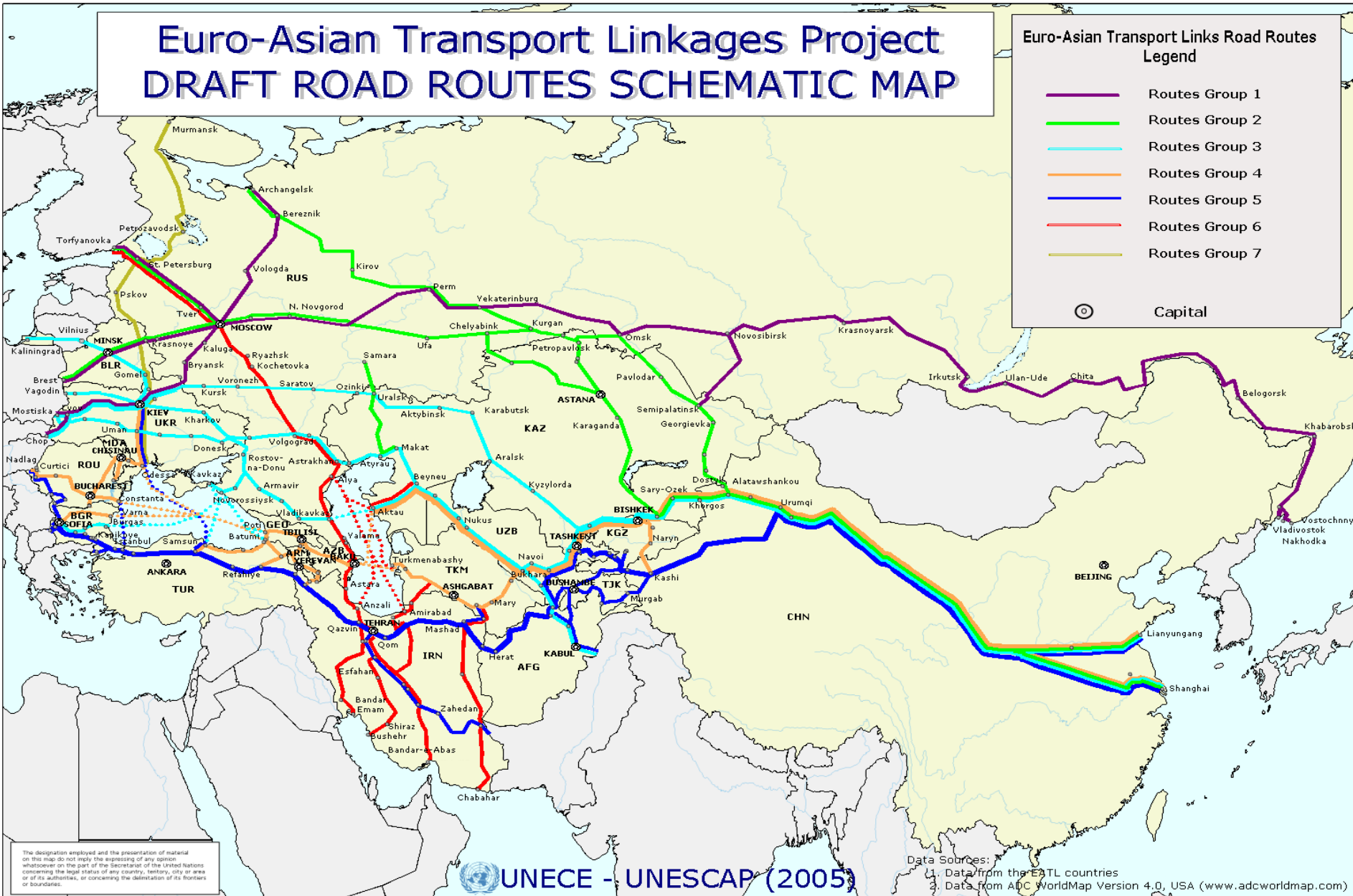
•Transport linkages are being planned and built

Euro-Asian Transport Linkages Project DRAFT ROAD ROUTES SCHEMATIC MAP

Euro-Asian Transport Links Road Routes Legend

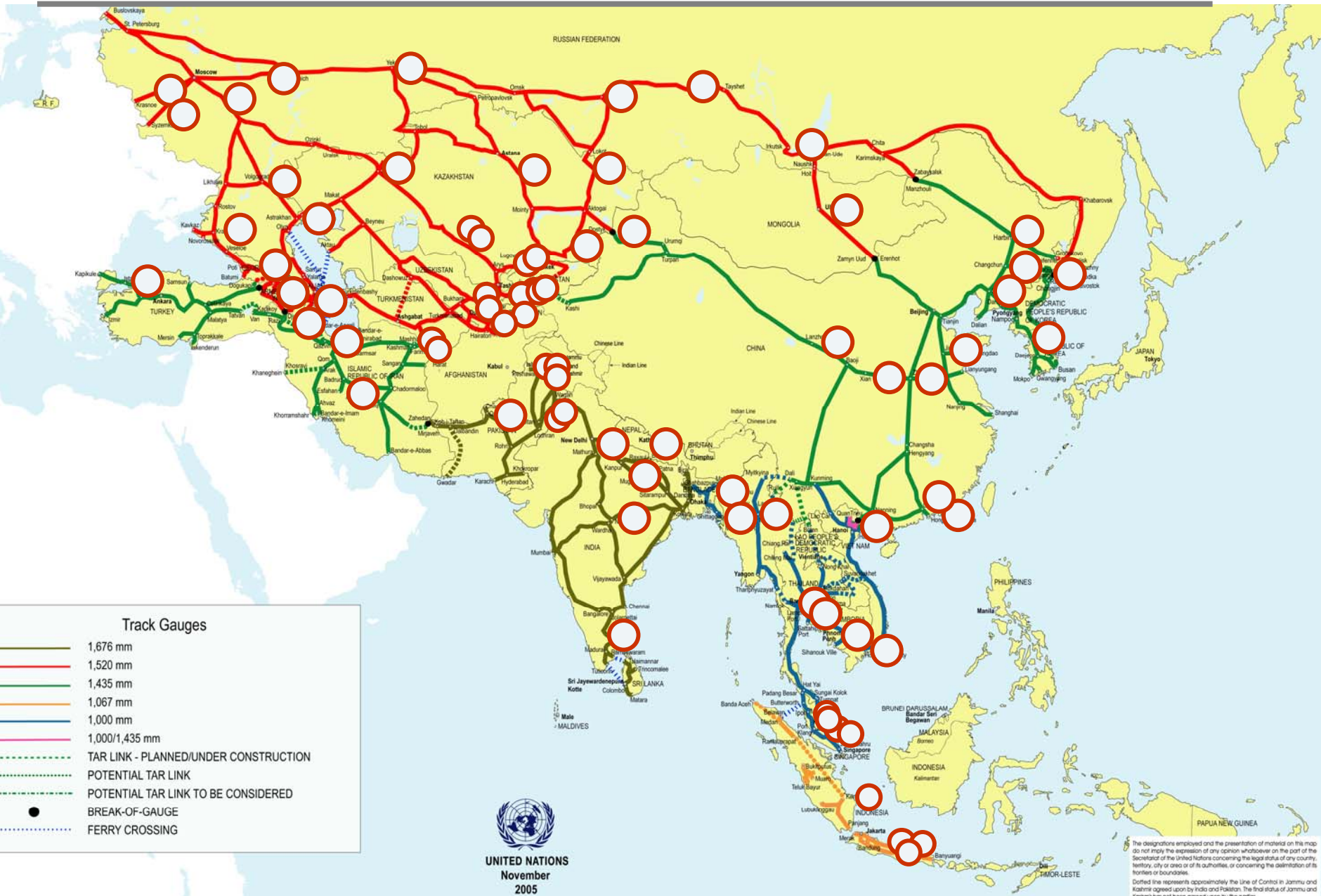
- Routes Group 1
- Routes Group 2
- Routes Group 3
- Routes Group 4
- Routes Group 5
- Routes Group 6
- Routes Group 7

 Capital



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Border networks are developed for multi-modal transport



Joint Customs Control International Standards

- Comparable, harmonized and mutual recognition in customs formalities
- Reduction in customs formalities critical to countries with common borders
- Cooperation needed among adjoining authorities
- Customs enhances trade integration : Less procedures, removing redundant processes

- The Revised Kyoto Convention (RKC) sets 3 references for joint customs control:
- In particular (General Annex Ch 3):

3.3 Standard

“Where Customs offices are located at a common border crossing, the Customs administrations concerned shall correlate the business hours and the competence of those offices”

3.4 Transitional Standard

“At common border crossings, the Customs administrations concerned shall, whenever possible, operate joint controls”

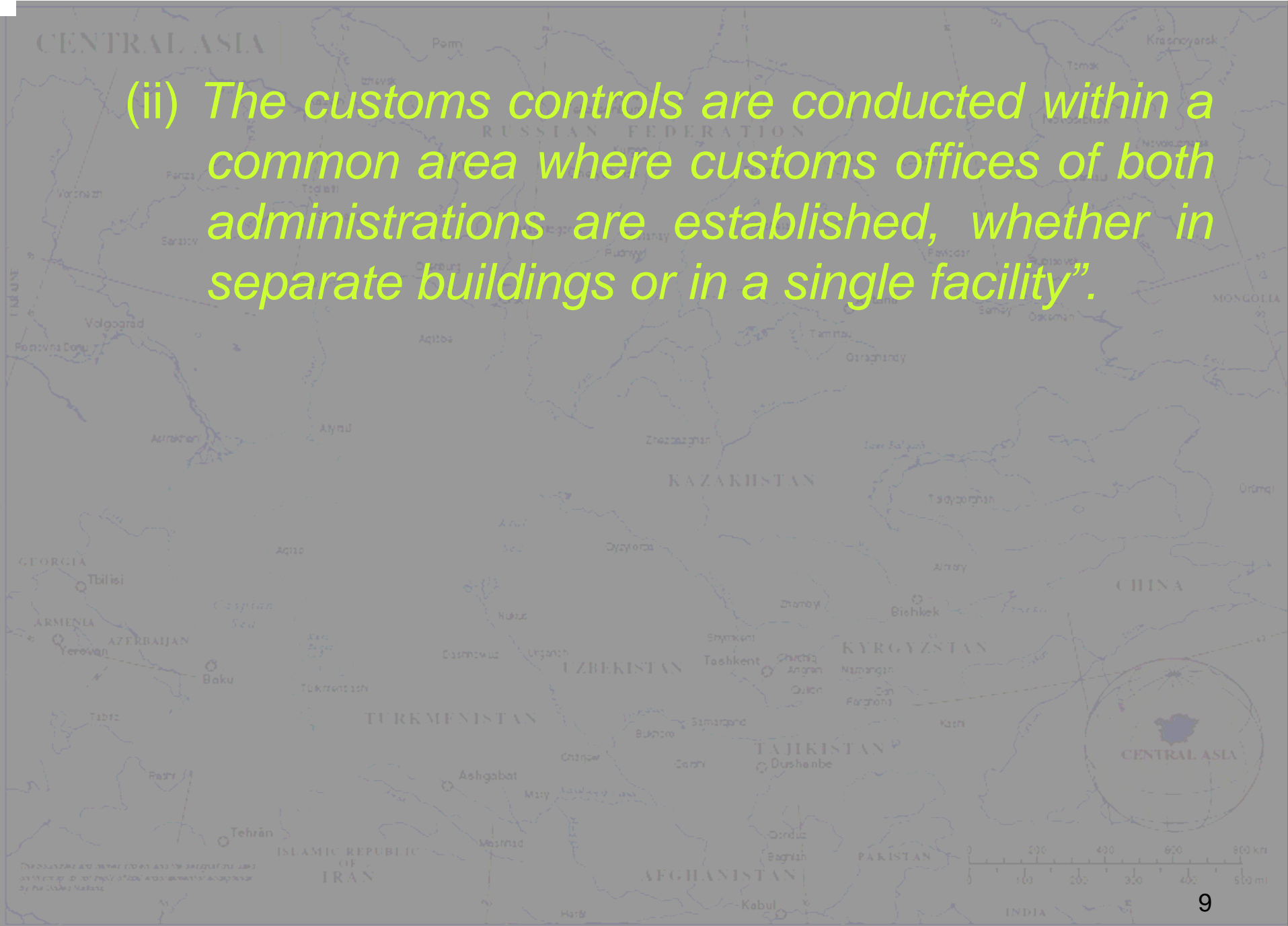
3.5 Transitional Standard

“Where the Customs intend to establish a new office or to convert an existing office to a common border crossing, they shall, wherever possible, co-operate with the neighboring Customs to establish a juxtaposed Customs office to facilitate joint control”

- In the Guidelines on the interpretation of the General Annex:

(i) *“The Customs controls of the exporting administration are conducted at the same time as the customs formalities of the importing administration (or near simultaneously) by officers from both customs administrations; and*

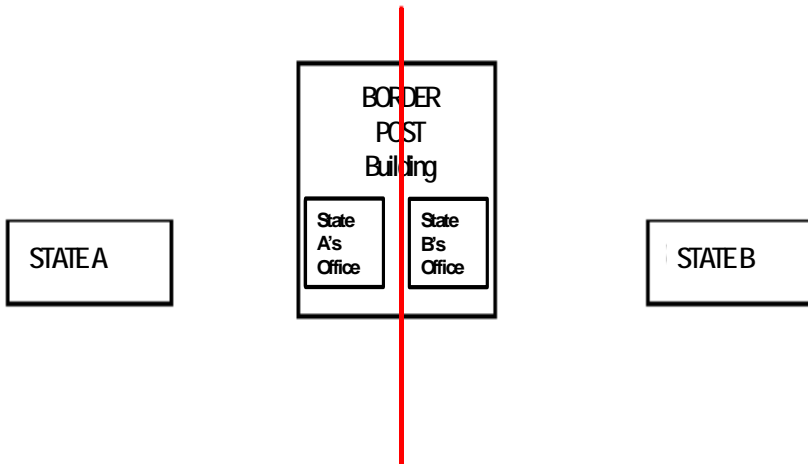
(ii) The customs controls are conducted within a common area where customs offices of both administrations are established, whether in separate buildings or in a single facility”.



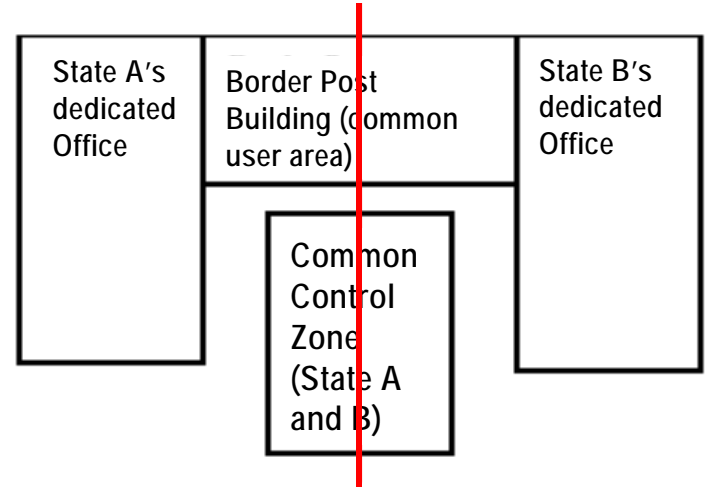
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Meeting International Standards

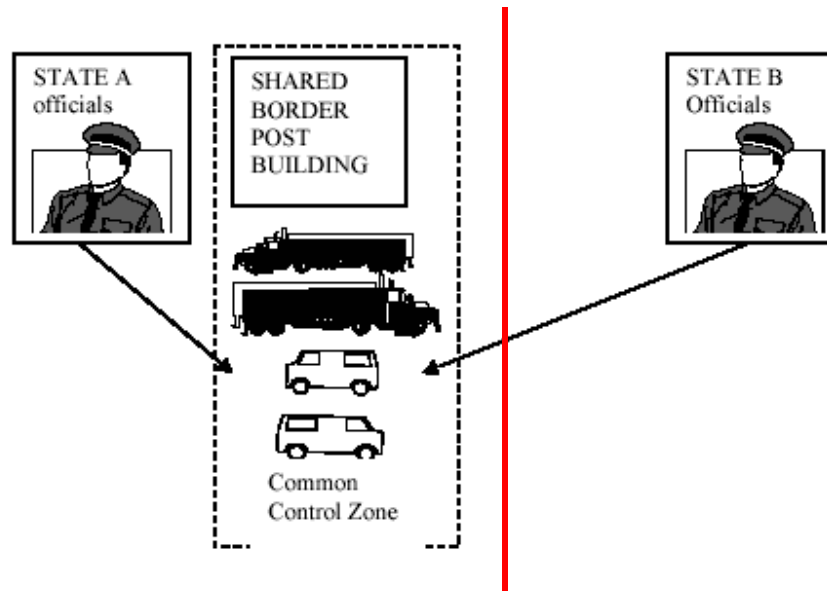
- Various options of joint customs controls include customs building straddling a common border (*transitional standard 3.5*), common control zone straddling common border (*general annex*), facilities located in one state (side) with staff conducting joint controls, split facilities with exchange of staff (*transitional standard 3.4*), and split facilities, exchange of staff and each state dedicated to mode (e.g. freight/passenger) or direction (inbound/outbound)



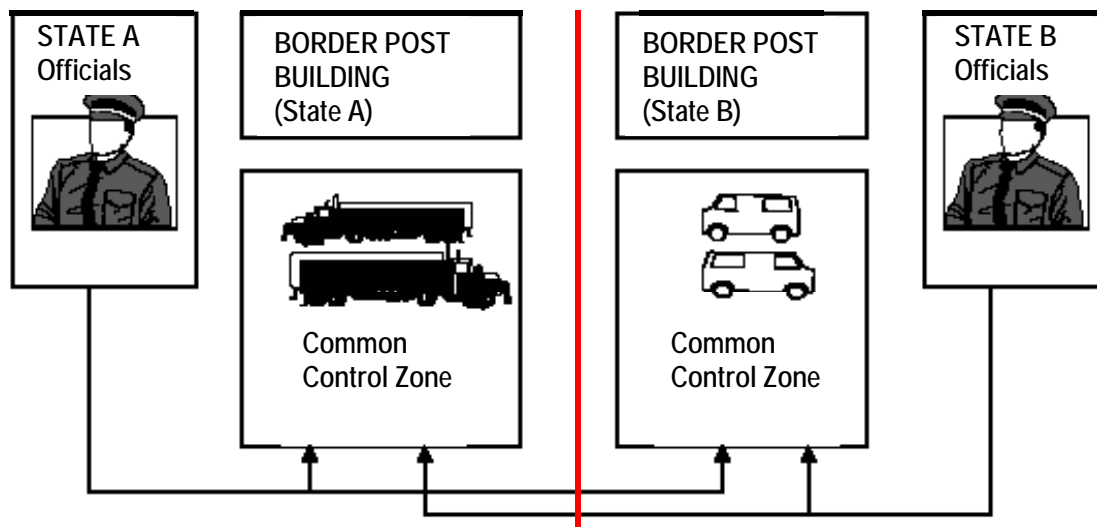
(a) Building Straddling Common Border



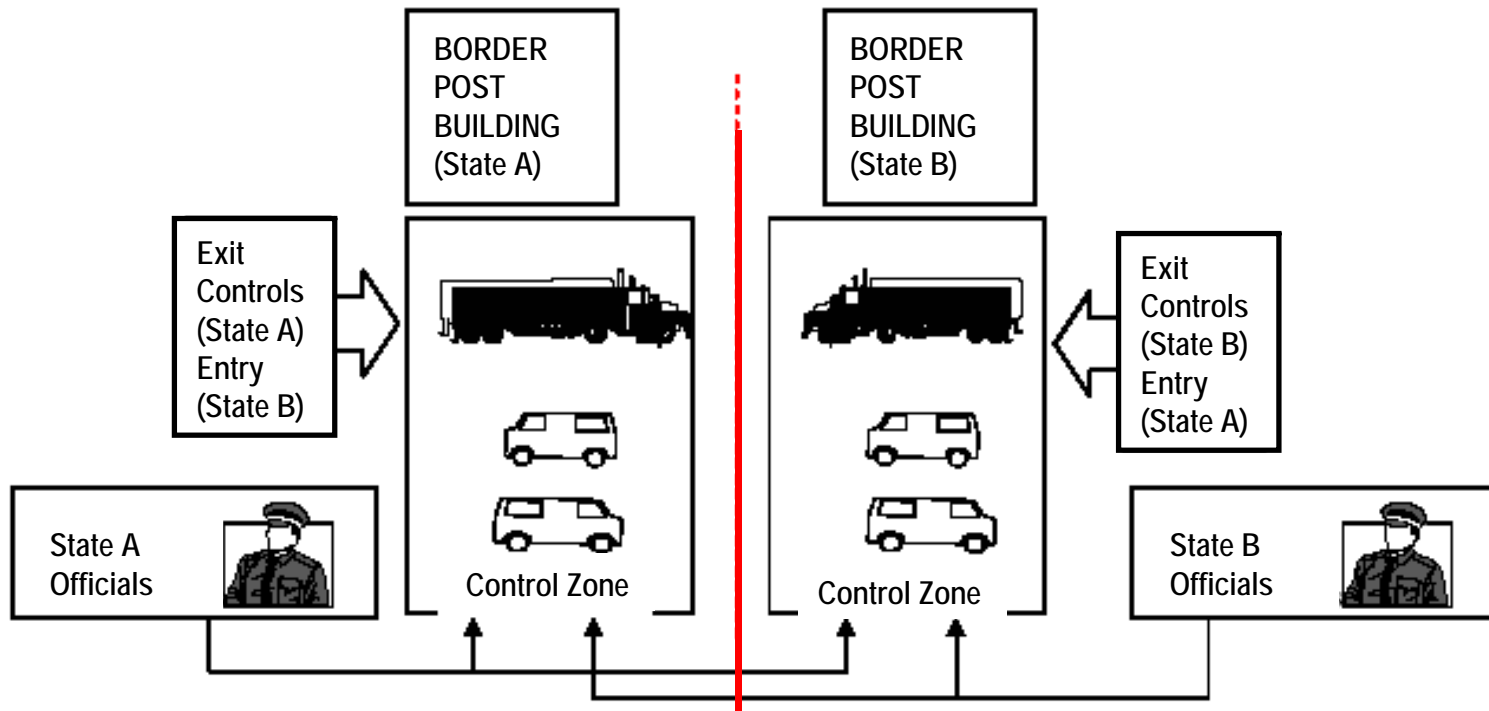
(b) Common Control Zone Straddling Common Border



(c) Facilities Located in One State



(d) Split Facilities with Exchange of Staff



(e) Split Facilities, Exchange of Staff, Each Dedicated to Mode and Direction

- Examples of these are borders in Europe, Canada-US, and the Baltic region
- Not too many among the borders in Asia – and the few have not been adequately examined
- Implementing joint customs controls, even on a pilot basis, have to recognize underlying structural constraints among the countries with common borders



• Among these are:

☞ *Existence of “no-man’s zone” between adjoining countries*

☞ *Traffic rights across countries with common borders*

☞ *Facilities for joint border control*

☞ *Other agencies with border responsibilities*

☞ *Technology*

☞ *Information access for both customs and customs clients*

☞ *Varying terrain*



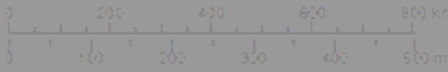
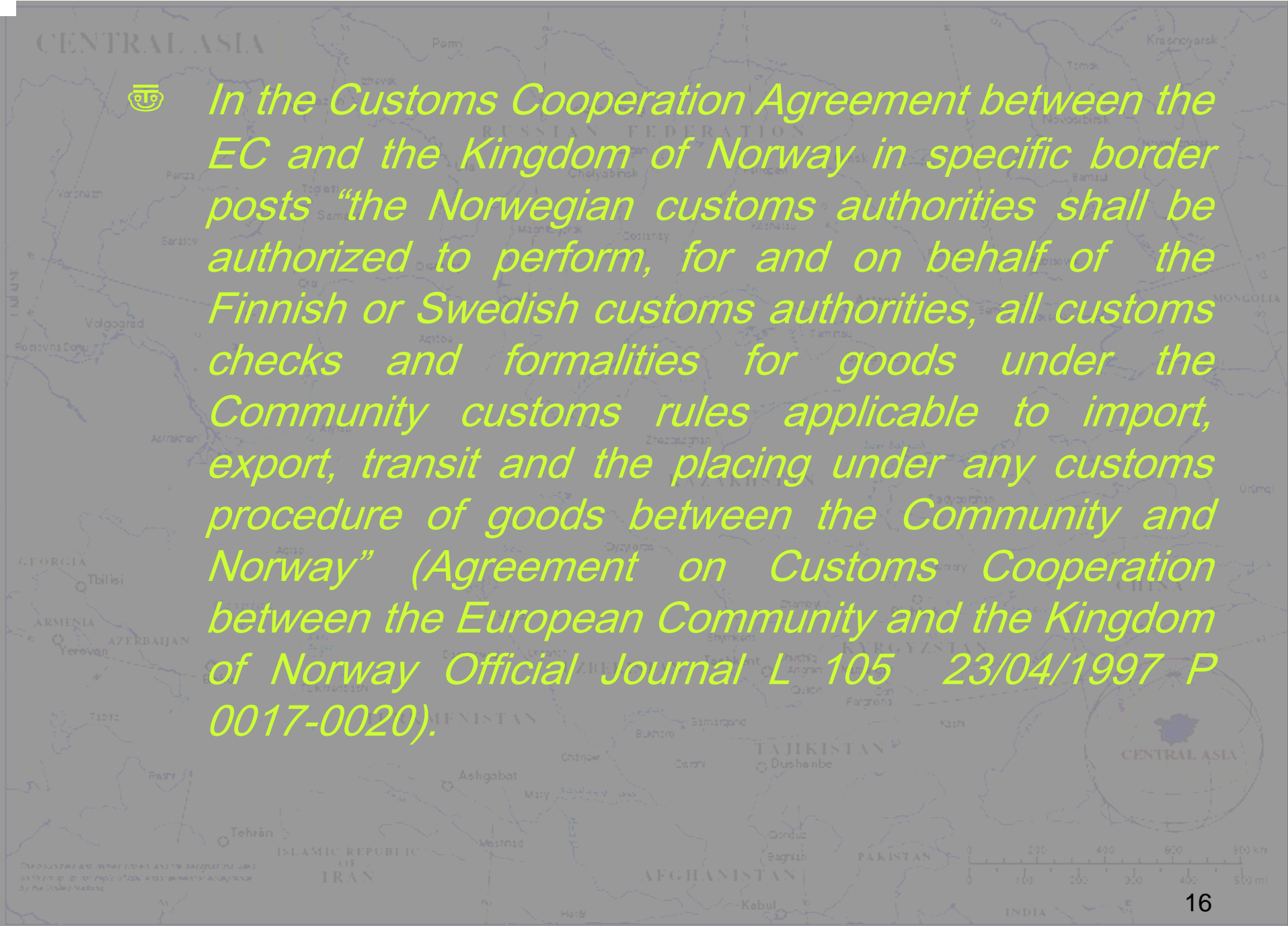
Challenges in Joint Customs Control

- RKC standards partly specify how these may be addressed
- **Operational challenge to joint customs control:** how adjoining customs authorities operate in terms of specific functions (e.g. joint inspection, documents check, valuation, origin determination, operating hours, etc.)

In selected US-Canada borders, the two Customs share facilities and infrastructure; Canada-US inspection services operate in each other's jurisdiction providing one-stop customs processing before commercial traffic crosses the border (Accord on our Shared Border 1999)



In the Customs Cooperation Agreement between the EC and the Kingdom of Norway in specific border posts “the Norwegian customs authorities shall be authorized to perform, for and on behalf of the Finnish or Swedish customs authorities, all customs checks and formalities for goods under the Community customs rules applicable to import, export, transit and the placing under any customs procedure of goods between the Community and Norway” (Agreement on Customs Cooperation between the European Community and the Kingdom of Norway Official Journal L 105 23/04/1997 P 0017-0020).





In the Greater Mekong Sub-Region (GMS) Cross-Border Agreement, Article 4, Part II (Facilitation of Border Crossing Formalities), "... Contracting Parties shall gradually adopt the following measures in order to simplify and expedite border formalities...single-window inspection...single-stop inspection..." In Article 5 of Annex 4, single-stop customs inspection suggested modalities include joint inspection, split arrangement, performance in the foreign territory, and delegation of authority/mutual recognition of inspection (Agreement Between and Among the Governments of the Lao People's Democratic Republic, the Kingdom of Thailand, and the Socialist Republic of Viet Nam for the Facilitation of Cross-Border Transport of Goods and People, November 1999; Annex 4 April 2004)

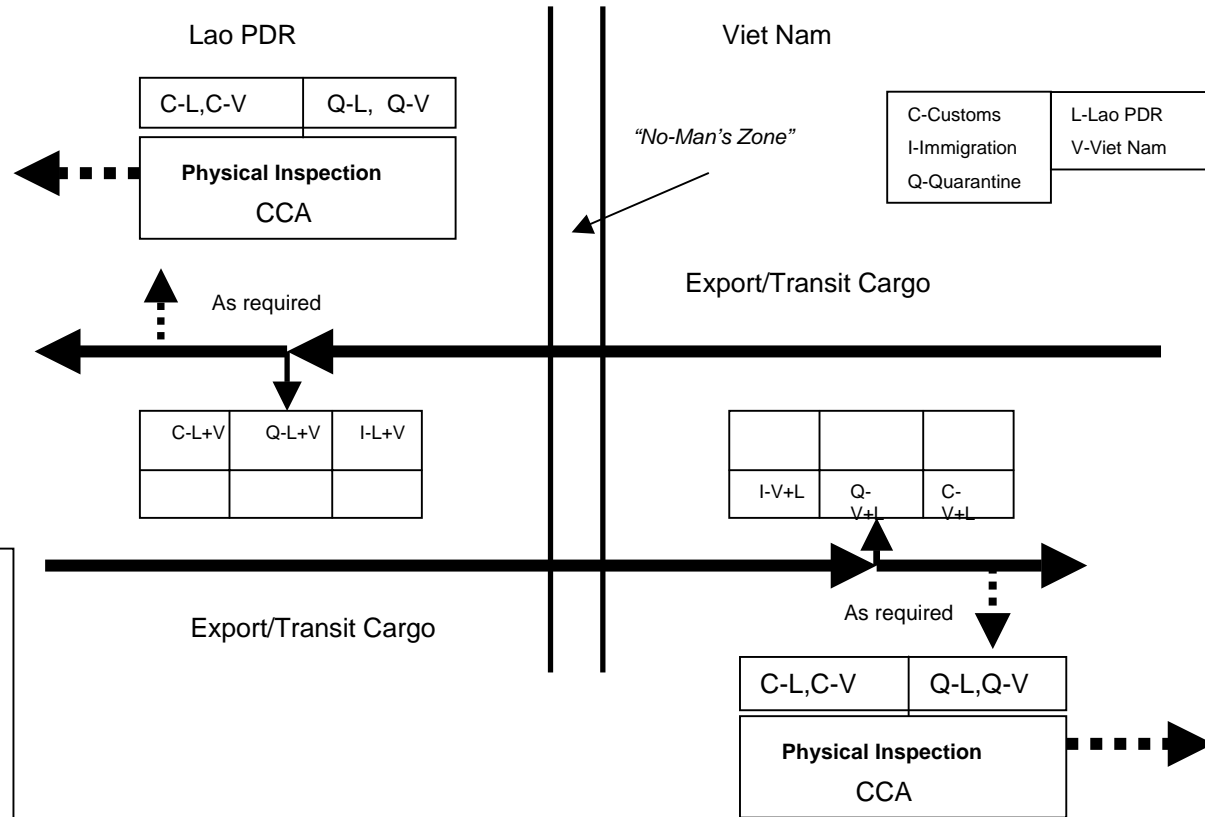
Cross-Border Transport Facilitation in the GMS

Coverage

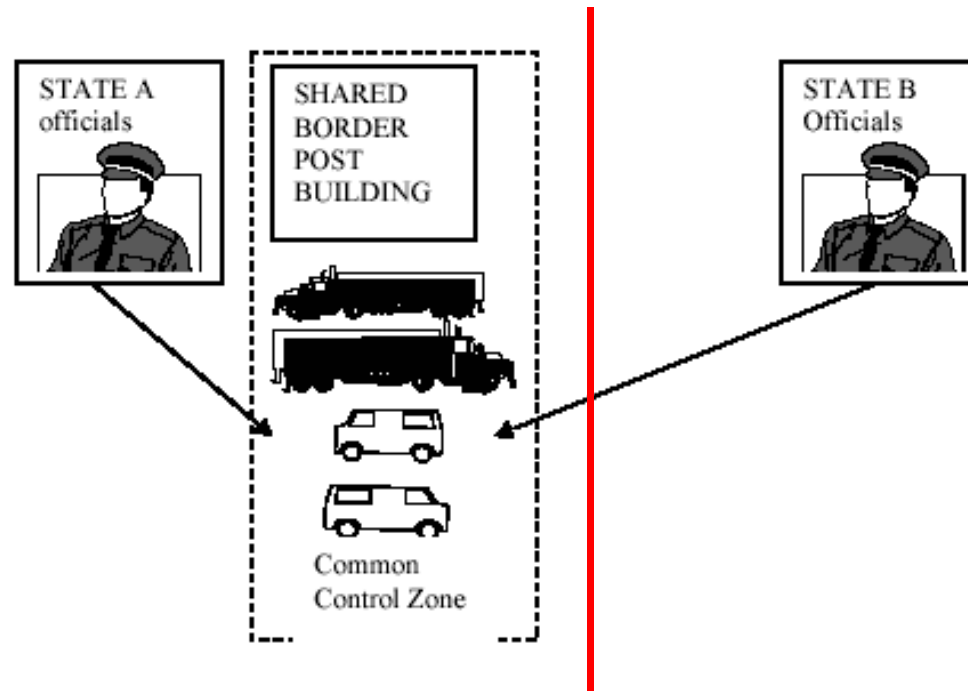
- Facilitation of Frontier-Crossing Formalities
- Exchange of Traffic Rights

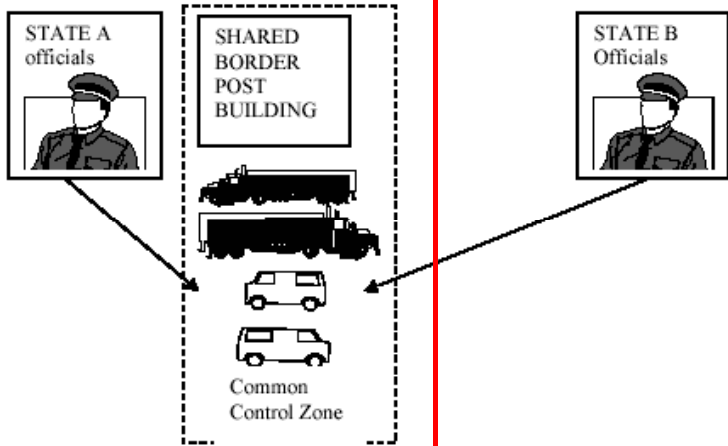
Components

- Framework Agreement
- Annexes and Protocols (A&P)
- MOUs for Pilot Implementation



- In the border between Malaysia and Thailand,
 - a common facility (customs and immigration) for rail transport is located in one state (Malaysia) where customs and immigration officers from the other state (Thailand) service passengers and cargo in one building (the name of the border facility is common to both states)
 - the facility is owned and maintained by one state

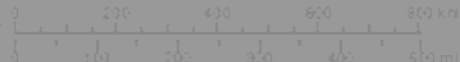




- ***Institutional challenge to joint customs control:*** formulate and implement a national and joint oversight arrangement, indicating individual, joint and coordination responsibilities, individual exit provision, and formal reporting systems



In the Canada-US Accord on Our Shared Border, a steering committee, made up of representatives from the various government departments involved, is guiding the implementation of the initiatives



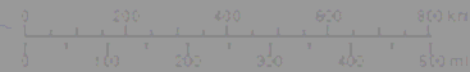


In the Agreement on Customs Cooperation Between the EC and the Kingdom of Norway, Article 7 specifies the establishment of a Joint Committee responsible for the administration of the Agreement adopting its own rules of procedures, and Article 8 specifies the Joint Committee to consist of representatives of the contracting parties to act by mutual agreement



In the GMS, the Annex 4 Agreement forms an integral part of the Cross-Border Transport Agreement which specifies the institutional framework (Part VII, Article 28 and 29), the establishment of a National Transport Facilitation Committee which representatives form the Joint Committee

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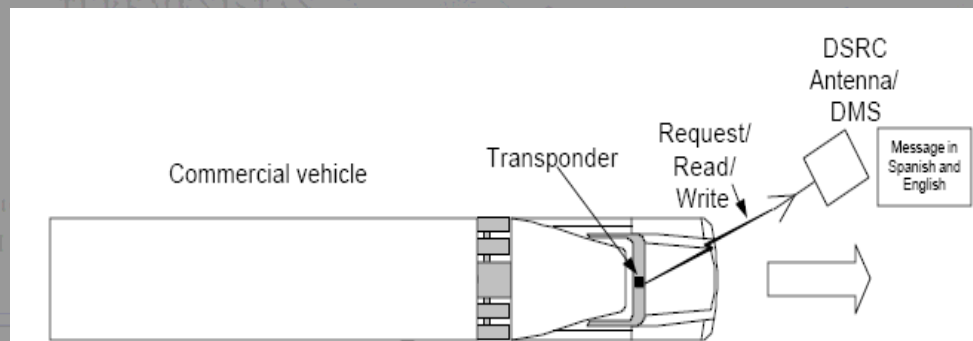
- **Information and technology (IT) challenge to joint customs control:** developing or executing IT applications on both sides of the border that reflect compatible systems in information and technology:

- ▶▶▶ *Apply the WCO Data Model for specification of data elements and to move to an electronic environment for its implementation*

- ▶▶▶ *In manual environments or erratic electronic conditions, regular, understandable communication between customs on either side of a border through e.g. SMS to secure email, through informal channels, formal exchange, or other less sophisticated mechanisms for information sharing*



The use of various technologies as instruments for border operations, as supplements for customs procedures and processes, means for risk analysis and management, storage for data and related information, and tracking cargoes in transit – ranging from end-to-end automation and electronic processing to roll-in x-ray systems to transponders in commercial vehicles



Recommendations (Ways to Address Challenges)

1. Cooperation critical to joint customs control between authorities of the border:

➤ cooperation need not require *joint* operations but recognition and awareness of respective operations

➤ key to cooperation: mutual respect and trust through formal and informal mechanisms



2. Lead in coordination of national agencies (other government agencies) to reduce transactions costs of traders, and promote wide services:

➡ transport sector “traffic rights” for cargo vehicles to enter each other’s territories subject to reciprocity and mutually agreed rules.

➡ “single window” environment for other agencies essential for cargo movement



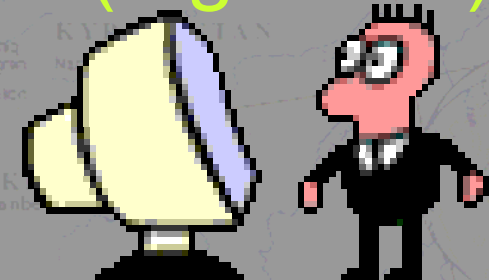
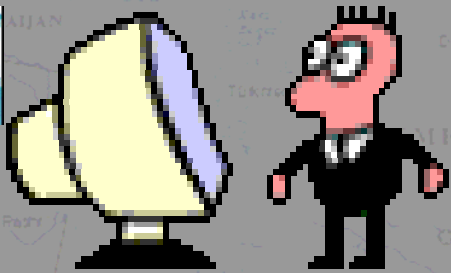
3. Use “no-man’s zone” as potential common control area for joint customs control
4. Detail the functions of customs officers under joint customs controls arrangements in formal memorandum or agreement
- ▶▶▶▶ supplement joint agreements with office orders indicating operational actions
 - ▶▶▶▶ in joint undertaking specify reporting arrangements, common operating hours



5. Develop comparable information systems between customs authorities cooperating to exchange information

➡ the means of information flow could be informal or formal (WCO Data Model for electronic environment)

➡ the system for even informal information flow must be compatible (e.g. SMS)



6. Technologies employed by customs in either side of the border should be explored for possible joint operation in case of hardware, and compatibility in case of software (system communications with independent security applications)



CENTRAL ASIA



Thank you...

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