

Revised Kyoto Convention Risk Management Principles

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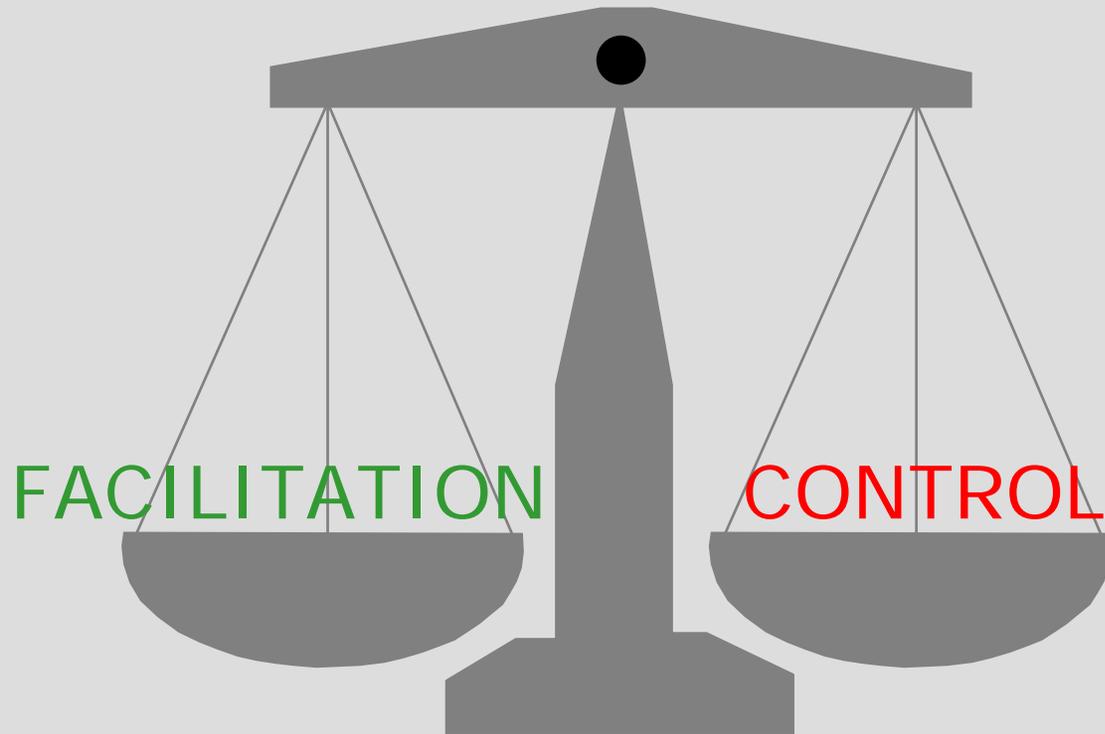


Agenda

- Customs Dilemma
- Political Expectations
- Kyoto Customs principles
- Kyoto Principles of Customs Control
- Risk Management
- Risk Management Process
- Monitor and review
- Compliance measurement
- Risk Management in Kyoto
- Risk Management in Customs
- Automation
- Management planning
- WCO Deliverables



Customs Dilemma



Political Expectations

- Increased security and community protection
- Economic and social development
- WTO Doha agenda on trade facilitation
- Faster clearance of goods and people
- Limited resources
- Customer focus
- E-commerce



Kyoto Customs principles

- Modern
- Simple
- Standards
- Effective and efficient
- Predictable, consistent and transparent
- Responsive and co-operative
- Accountable



Kyoto Principles of Customs Control

- Intelligence based
- Selectivity
- Audit based controls
- Authorized traders
- Simplified procedures
- Compliance measurement
- C2C co-operation
- Customs trade co-operation

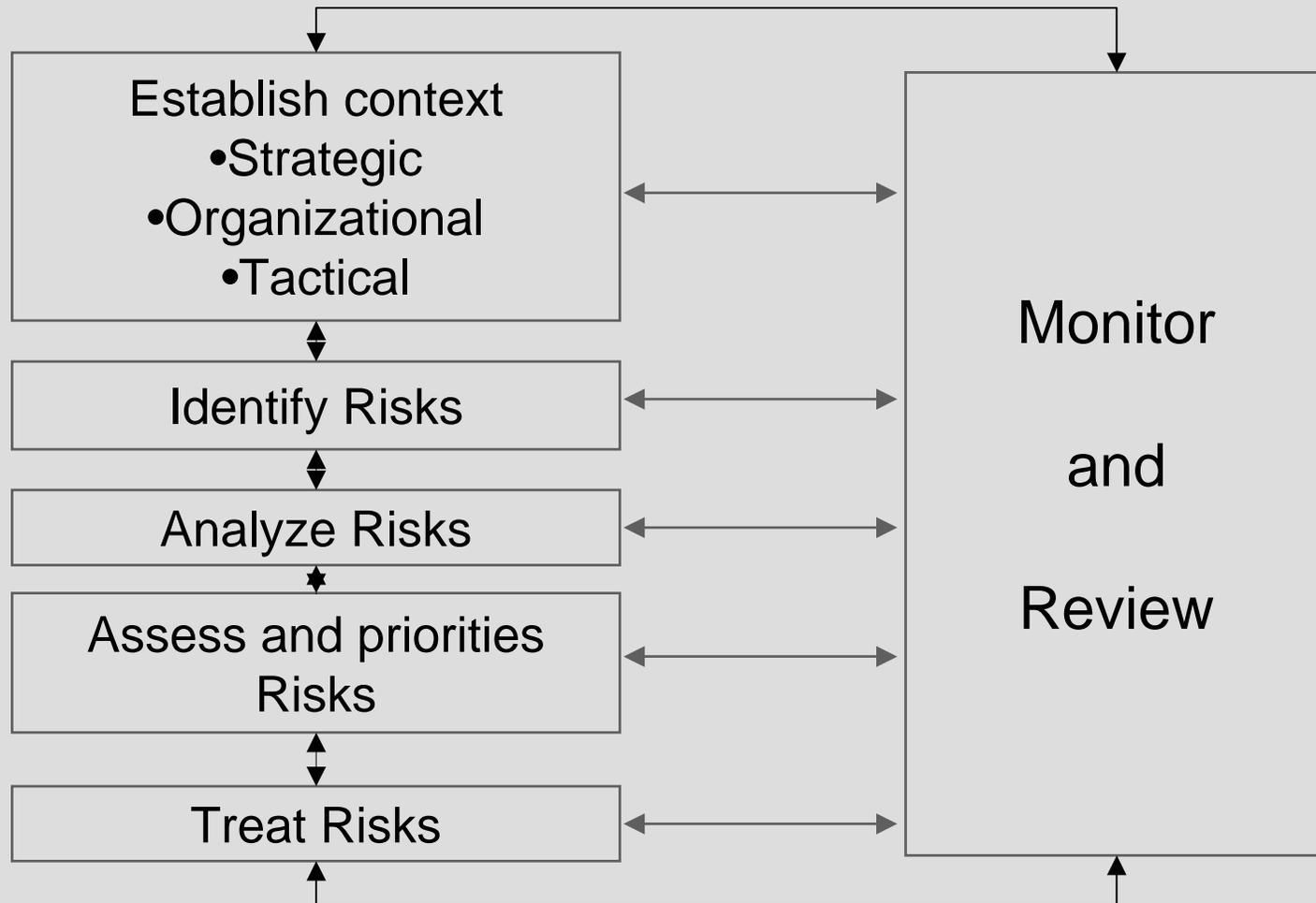


Risk Management

- A management philosophy
- Enables organizations to take advantage of opportunities and minimize potential losses
- Associated with any activity, function or process
- Ongoing logical and systematic method of identifying, analyzing and managing risks
- Can operate in any organization with manual or automated application
- Relevant to ALL Customs administrations



Risk Management Process



Monitor and review

- To remain effective
- To improve compliance and performance
- Continuous process
- Internally by Customs and externally by statutory audit authorities



Compliance measurement

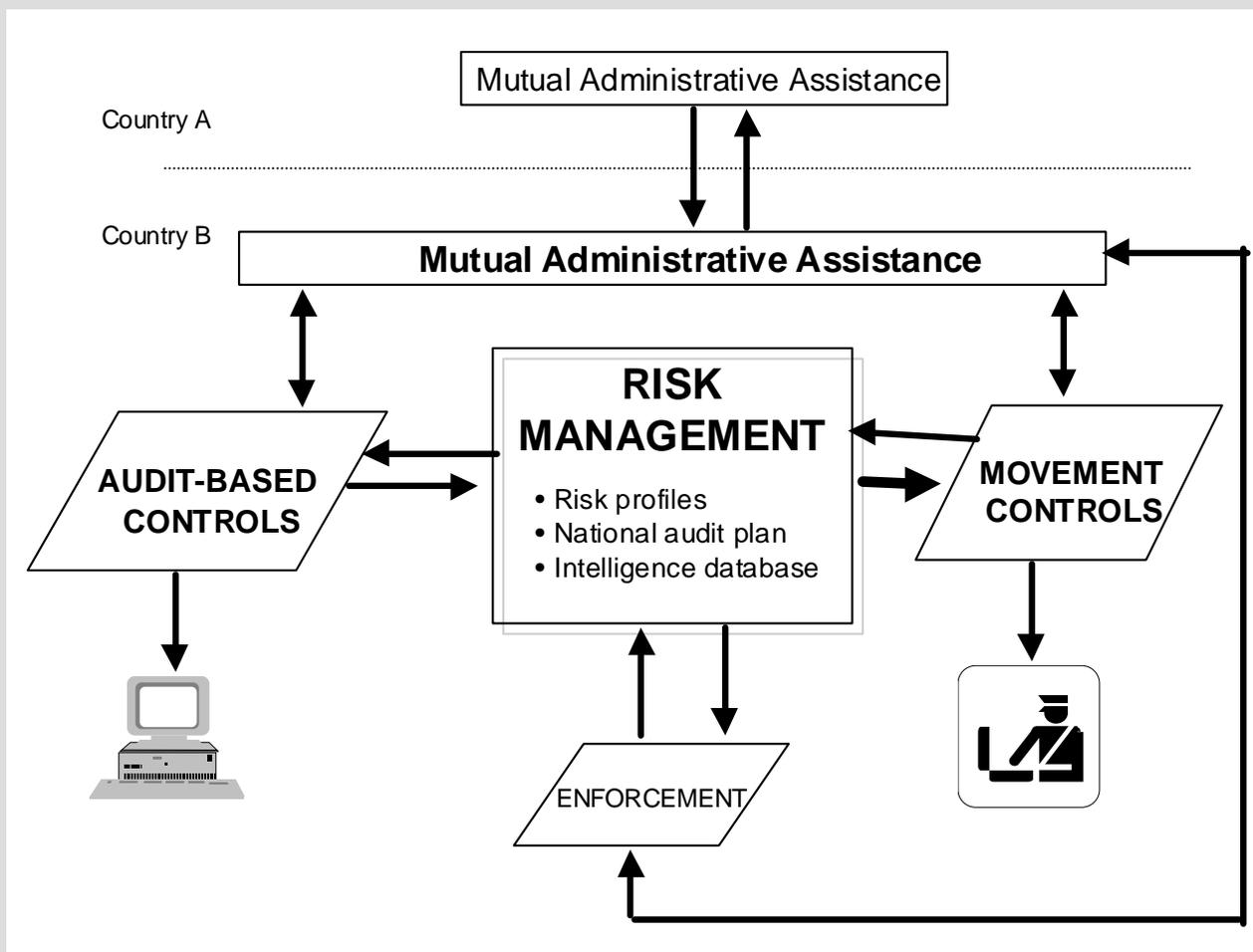
- Statistically valid random sampling techniques
- Helps identifying priority areas, 80-20 rule
- Informed conclusions about compliance rate of many entities
- Accepted level of compliance, 90% syndrom

Risk Management in Kyoto

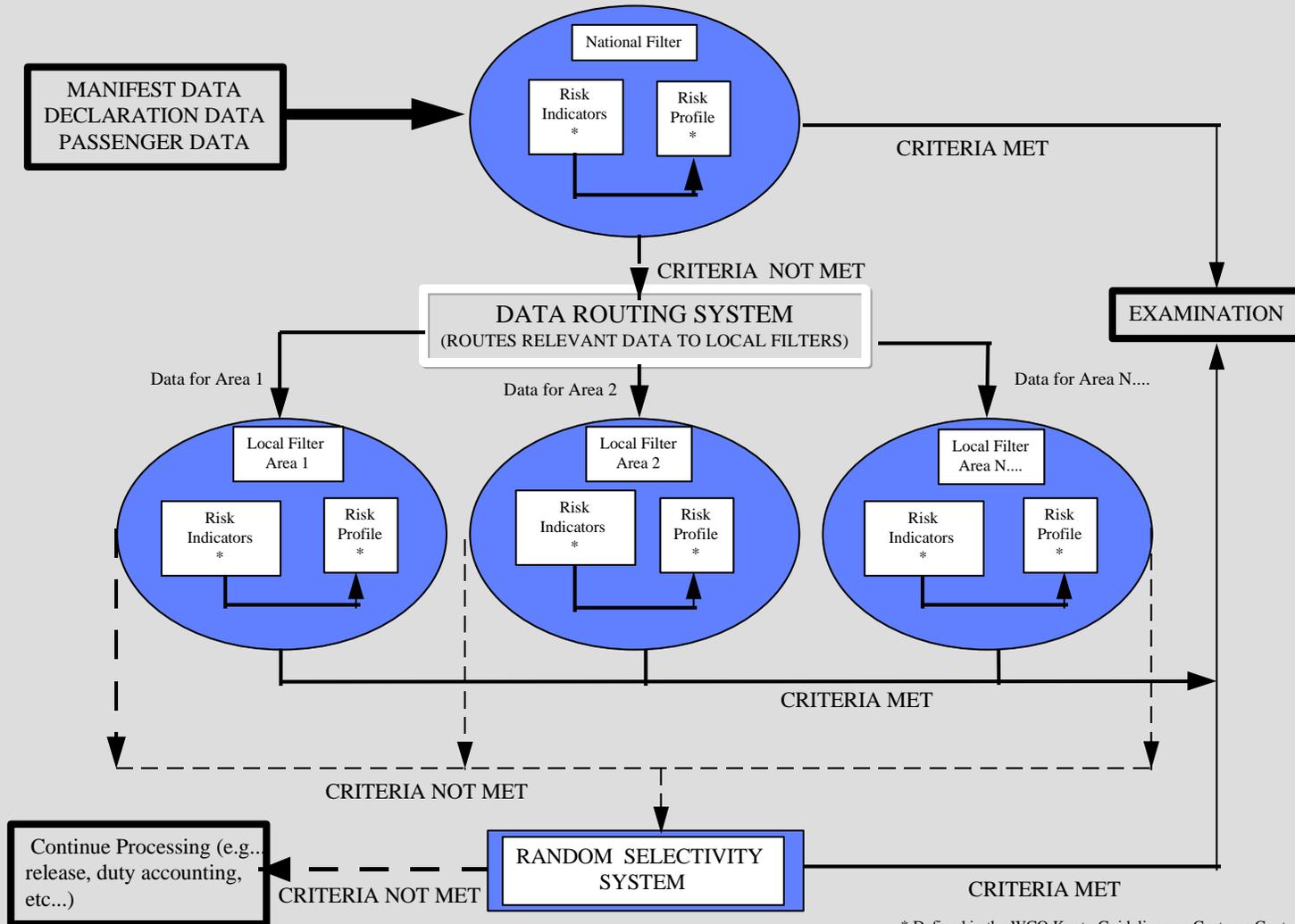
- **Standard 6.3**
“In the application of Customs control, the Customs SHALL use risk management.”
- **Standard 6.4**
“The Customs SHALL use risk analysis to determine which persons and which goods, including means of transport, should be examined and the extent of the examination.”
- **Standard 6.5**
“The Customs SHALL adopt a compliance measurement strategy to support risk management.”



Risk Management in Customs



Automation



* Defined in the WCO Kyoto Guidelines on Customs Control



Management planning

- Top level commitment
- Resource implications
- Change management
- Support services
 - Degree of centralization
- Business participation
- Strategic planning
- Monitor and review process
- Information and knowledge management



WCO Deliverables

- Revised Kyoto Convention
- Kyoto Convention Guidelines on Customs Control
- WCO Risk Management Briefing
- WCO Risk Management Guide
- WCO e-learning module on Risk Management

Risks can not be ignored
they will not disappear.

