

# **WCO**

## **Framework of Standards to Secure and Facilitate Global Trade**

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# Contents of Presentation

- ❖ Background of the WCO FoS
- ❖ Structure of the WCO FoS
- ❖ Preparation of China Customs to implement the WCO FoS
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# Background of FoS

- ❖ Recognition of the importance on the security and facilitation of global trade
- ❖ Customs are in a unique position to provide increased security to the global supply chain
- ❖ There should be one set of international Customs standards

# Background of FoS

- ❖ Subscription of Letter of Intent in 2005  
WCO Council Session
  - Up to now, 134 members have shown their acceptance.

# Background of FoS

- ❖ The Framework aims to:
  1. Establish standards that provides supply chain at the global level with certainty and predictability
  2. Enable integrated supply chain management for all modes of transport
  3. Enhance the role, functions and capabilities of Customs to meet the 21 century

# Background of FoS

- ❖ The Framework aims to:
  - 4. Strengthen co-operation between Customs to improve their capability to detect high-risk consignment
  - 5. Strengthen Customs/Business co-operation
  - 6. Promote the seamless movement of goods through secure international trade supply chain

# Structure of FoS

- ❖ Four Core Elements
  1. Harmonizing the advance electronic cargo information requirements
  2. Employing a consistent risk management approach to address security threats

# Structure of FoS

- ❖ Four Core Elements (continue)
- 3. Upon the request, to perform an outbound inspection with non-intrusive detection equipment
- 4. Customs will provide the minimal security standards and best practices



# Structure of FoS

## Two Pillars

- Customs-to-Customs Pillar (11 Standards)
- Customs-to-Business Pillar (6 Standards)

# Diagnostic Mission

- ❖ A Diagnostic Mission to China Customs in March 2006.
- ❖ The report is based on interviews with key personnel from Customs, Representatives from International Organization , government agencies and private sector

# Diagnostic Mission

- ❖ The objectives of the mission
  1. To explain the importance of the FoS
  2. To assist China Customs in consulting with other Government Agencies
  3. To identify the current position on implementation of FoS and potential problems

# Diagnostic Mission

- ❖ The objectives of the mission(continue)
- 4. To assist establishing an action plan
- 5. To identify the steps to get assistance from WCO

# Diagnostic Mission

## The key areas to examine

- Legislation
- Procedures
- Information technology and communications

# Diagnostic Mission

- Governance
- Co-ordination of development projects of China Customs
- External relationships

# Diagnostic Mission

## Overall Recommendation

- The introduction of a ‘single window’ approach
- The introduction of strategic risk management
- Consolidation of the Customs rules and decrees to assist with transparency and consistency

# Diagnostic Mission

## Overall Recommendation (continue)

- The acceptance of electronic cargo and goods declaration only (without paper requirement)
- Two phased clearance 1. a Security clearance 2. Fiscal and trade policy clearance



# Diagnostic Mission

## Overall Recommendation (continue)

- Information/education requirements, legislative requirement, data requirement, procedural change, the establishment of a consultative group and governance procedures

# Preparation of China Customs to Implement the WCO FoS

- ❖ Translation of the relevant documents and put into publication
- ❖ Workshops or seminars
- ❖ International Customs Affairs Research Center
- ❖ Diagnostic Mission

# International Research Center

## ❖ Seven top issues for study

- Advance electronic cargo information requirements on import, export and transit shipments
- Risk Management
- Customs control on export and mutual recognition on Customs control

# International Research Center

- Customs-Business Partnership
- Data exchange based on WCO Data Model and UCR
- Seal integrity program for secure container shipments
- Green Lane Pilot Project (Smart and Secure Trade Lane)

# Possible Difficulties

- ❖ Legal Base  
(Advanced information exchange )
- ❖ Rising cost of the Customs control  
( SME, high technical equipments, Capacity building )
- ❖ Coordination with other port authorities

# Possible Difficulties

- ❖ Data Exchange/UCR

(The secure of Data, The amendment of the current system )

- ❖ AEO

(Red and black list)

- ❖ Lack of resources

# Follow-up Initiative

- ❖ Conduct more study on FoS
- ❖ Raise the awareness to both Customs and public
- ❖ Launch the pilot-test projects with step by step approach
- ❖ Strengthen Customs/Business co-operation

# Follow-up Initiative

(continue)

- ❖ Enhance the role, functions and capabilities of Customs
- ❖ Push forward the Customs reform and modernization drive



Thank you  
for your attention