

**Seminar on WCO Framework of Standards and Customs Data Model
12-14 July 2006, Urumqi, People's Republic of China
Executive Summary**

Overall theme

The Seminar provided a comprehensive overview of WCO's Framework of Standards to Secure and Facilitate Global Trade (SAFE). The implementation of the SAFE will enable the customs community to meet the economic, fiscal and social protection requirements of the 21st Century. The core elements of SAFE include:

- the ability to provide advanced electronic information on the movement of goods,
- the ability to apply modern risk management techniques to all aspects of the international supply chain,
- the ability to conduct, at the request of the customs authority of the importing country, an examination of goods before export, wherever possible using non-intrusive examination techniques, and
- enhanced trade regime for legitimate Authorized Economic Operators.

Customs authorities should not look at SAFE in isolation but should integrate its implementation with other international initiatives such as the WTO trade facilitation agenda and approaches to achieve single-window services.

Implementation

Implementation of SAFE will take time and require effective cooperation among relevant government agencies, customs administrations, and economic agents.

At an information level, the World Customs Organization (WCO) has provided tools to support the implementation of SAFE. In addition to the SAFE Framework itself and the self-assessment checklist, WCO has drawn up guidelines on a Customs Data Model,¹ Unique Consignment Reference (UCR),² International Supply Chain Management, and Risk Management, among others. In addition, there are various conventions which promote modern customs services such as the Revised Kyoto Convention and the Johannesburg Convention.

At an operational level, WCO has developed the Columbus Program which provide diagnostic support to individual customs administrations at their request, to be followed up by action planning and business case development support. Practical support for pilot actions can also be made available under the program.

Issues

The implementation of SAFE requires considerable resources and improved capacity on the part of customs administrations. Given the varied stages of development

¹ The WCO Customs Data Model was developed in an effort to standardize, harmonize and reduce customs data requirements. The building blocks of the Model include: standardized and harmonized maximum data sets, business process and information models, message implementation guidelines, and codes. The scope of the WCO Customs Data Model version 2 includes: import declarations, export declarations, cargo declarations for import and export, conveyance report, and transit declaration. Version 3, which is being developed and scheduled for adoption in June 2008, will be an incremental approach to single-window electronic services and will incorporate data from other government agencies, initially focusing on data requirements for agriculture, sanitary, phyto-sanitary, human health, and hazardous waste according to the Basel Convention.

² The Unique Consignment Reference (UCR) is a numbering system to be used by all parties involved in the entire supply chain for their relevant communication, which serves as an access key for audit, information consolidation and consignment tracking. The UCR has to be unique on national and international level (alphanumeric up to 35 characters indicating the issuer+number which stay unique until a sufficient period of time).

among the Central Asia Regional Economic Cooperation (CAREC) member countries, different approaches can be expected in the implementation of SAFE.

Customs administrations face various challenges in formulating strategies and adapting modern business processes to enhance security and facilitate trade. In this regard, customs administrations need to, among others, harness technology for trade facilitation, develop capacity, maintain closer cooperation among each other, strengthen public-private partnership, and change traditional mindset. Modernization will require a clear understanding of risk management, from social protection, economic development, and resource deployment perspectives.

There is a need to develop existing information technology (IT) systems or the procurement of new systems which meet international standards, particularly for the implementation of the Customs Data Model and the UCR. CAREC members should take into account WCO tools in developing their unified automated information systems. Before implementing these tools, however, the trade and transport community should be consulted and pertinent issues should be considered such as data privacy and data protection. Nonetheless, their application on a bilateral/multilateral basis have considerable benefits including supporting risk assessment in advance, more accurate and timely information, expedited release of goods, and increased productivity and efficiency for Customs and businesses, among others. Technical preconditions for Customs to Customs data exchange include: agreed set of data, agreed standard to exchange data, and interoperability of Customs IT system.

The Seminar introduced the concept of Authorized Economic Operators (AEOs). An AEO is a party involved in functions that have been approved by or on behalf of a national customs administration as complying with WCO and other relevant standards. AEOs include inter alia manufacturers, importers, exporters, carriers, and airports. AEOs that meet the criteria specified by the customs administration will be entitled to participate in simplified and rapid release procedures. During the Seminar, the participants identified common principles for granting AEO status, including record of compliance with customs requirements and tax laws, and effective internal control systems.

Moving Forward

The WCO expressed readiness to continue supporting the implementation of SAFE, particularly at a regional level, through:

- clarification of WCO tools and instruments to ensure they are universally understood,
- practical seminars and workshops on customs modernization,
- providing a venue to share experiences in the implementation of new procedures, techniques and instruments,
- diagnostic assessments for SAFE compliance, and
- supporting pilot actions with a view to sharing the experience internationally.

The participants acknowledged the importance of SAFE in trade facilitation and supply chain security, and expressed strong commitment to implementing the standards. A number of participants noted that the implementation of SAFE would require significant resources and requested further assistance from ADB and WCO. The participants also agreed that the Customs Cooperation Committee could serve as a useful forum for sharing experiences and benefiting from lessons-learned.