

ADB Seminar on Trade Facilitation and One-Stop Service
Keynote Speech
Kunio Mikuriya, Deputy Secretary General, WCO
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Distinguished guests and participants,
Ladies and Gentlemen,

It is my great honor and pleasure to address at this important regional meeting of customs. Since the WCO views regional cooperation as one of its pillars, this inter-regional forum such as this gathering has a great significance to us. I would like to express my sincere appreciation to the Asian Development Bank for this excellent initiative. My special thanks also go to the Thai Customs for hosting this forum to share its experience in the trade facilitation efforts and one-stop service in the context of sub-regional cooperation, as well as its hospitality. Today I was asked to talk about trade facilitation, including the contribution that one-stop service can make in this area. I would like to provide you a wider context of today's customs situation as an introduction to the series of more focused presentations on this specific subject, scheduled during the meeting.

Let me begin by reviewing the recent evolution of environment in which customs operates. To begin with the development in technologies in information and communication, as well as transport has been outstanding in these years. This has led to the expansion of electronic commerce, to simply put, doing business electronically, operated in an increasingly paperless environment. This trend has had a considerable implication on customs operations, especially in information management. As information is increasingly available in the commercial information technology system, customs should ensure accessibility to the information where enhancing partnership with trade community and other government agencies becomes vital. It is in this context that we often talk about E-customs as our future direction.

This development in technologies enabled companies to develop global production and distribution system. Other elements including reduction of tariff also contributed to this trend, resulting in the growing recognition of high trade transaction costs. In fact the costs of complying with border requirements and formalities often exceed the sum of duties to be paid. This has led to the requirement of more transparent, predictable, and expeditious border procedures by trade community. It is often pointed out that the efficient border procedures will affect investment climate and national competitiveness, which are considered an important element for development strategy. Against this backdrop the WTO has included the negotiations on trade facilitation in its Doha Development Agenda.

On the other hand, trade security has also become high on the agenda of international community after the terrorist attacks on September 11th. The risks of trade supply chain are not limited to the threats of terrorism, but also comprise those of organized crimes, including drug trafficking and counterfeiting. The need for integrated border management is often mentioned, highlighting the importance of coordination with other border agencies and trade, which is relevant to today's topic.

Another feature of the recent customs environment is regional integration. While the development in technologies has the potential of considerably reducing the transport and logistic costs, they will not become zero. Hence geographical proximity provides a natural basis for trade integration. Indeed, nowadays we observe many regional trade arrangements being developed in the efforts to boost economic development. It is vital in this regard that these arrangements remain complementary to the global trading system.

In this connection, there has also been recognition of the need for capacity building for border agencies involved in trade, because trade is regarded as the main avenue of development policy.

In responding to this evolution of the environment, customs has continued to develop its function. Needless to say, customs started as revenue agency, and then developed protection of economic interests, using the tariff as trade tool. Subsequently, using its strategic location at the borders, customs has taken up the responsibility of protecting society from the potential inflow and outflow of hazardous goods, including drug trafficking. Recently the role customs can play in economic development was highlighted, which is the background of the WTO negotiations on trade facilitation. Supply chain security is another responsibility that customs is increasingly expected to assume. As this quick overview reveals, customs has multiplicity of missions, which should be regarded as mutually supportive.

The challenge for customs is to achieve effective and efficient border control in a wide range of missions, while responding to the growing needs of trade facilitation. This will require us to take a balanced and integrated approach, based on internationally accepted standards that recommend principles for modern customs operations, including the introduction of risk management, active use of information technology, and partnership with trade and other governmental agencies.

Customs has three main tools to address this challenge. Firstly, international standards are available upon which customs can base its operations, including WTO rules, UN standards, and WCO instruments. Secondly, international cooperation is also beneficial in sharing information and best practice at global and regional level. Thirdly, there is an increased focus on capacity building. In this connection, donors have recognized that regional level is often most efficient in carrying out capacity building activities. This is why the WCO started to take regional approach, including the establishment of Regional Office for Capacity Building (ROCB) Asia Pacific in Bangkok.

To give a more detail, the WCO has two major standards for customs, drawing on best practices from around the world, namely: the revised Kyoto Convention; and the Framework of Standards to secure and facilitate global trade. The revised Kyoto Convention is a blueprint for modern customs to achieve effective and efficient control while ensuring facilitation for legitimate trade. It is compatible and complementary to the WTO rules and encompassing UN standards. The central tenet of the Framework of Standards, which was recently adopted at the WCO Council, is risk management using advance electronic information. It was naturally developed based on the revised Kyoto Convention and other WCO instruments. It is also complementary to the existing regional and bilateral initiatives on trade supply chain. Now these international standards require effective implementation where capacity building plays an essential role.

In the efforts to facilitate international cooperation in sharing information between customs administrations, the WCO has developed several mechanisms, including the Customs Enforcement Network (CEN), applying the modern information technology. Regional Intelligence Liaison Office (RILO) also plays a vital role in this area at the regional level. The WCO continues to develop tools to further promote the exchange of information, including standardized customs dataset and its electronic format, called Customs Data Model, as well as legal basis to facilitate international cooperation, such as the Johannesburg Convention and model bilateral agreements. Sharing best practice is also very important as this will form a basis for future standards. Regional forum is very useful in this regard and I welcome this inter-regional forum between Central Asia and South East Asia, represented by the Thai Customs. We can learn from the Thai Customs the best practice developed in this Greater Mekong Sub-region and the ASEAN region.

Capacity building has gained importance in assisting countries in implementing international standards. The WCO has made a research in the past capacity building activities and come up with the Customs Capacity Building Strategy where we put emphasis on the need for political will and ownership by customs management and personnel to pursue its reform and modernization. This endeavor should be supported by sustainable financial and human resources and accurate diagnosis to develop a feasible program. Donor coordination is also vital in this regard. Furthermore, we advocate that addressing the question of integrity should be the cornerstone of any related activities. The WCO has defined its role as helping customs at the diagnostic and action planning stage with its diagnostic tools and a pool of facilitators, as well as at the evaluation stage. We believe that our role is to support the ownership of recipient customs administrations in implementing reform programs.

In this connection, I would like to point out the usefulness of Time Release Study as one of bench marking exercise in capacity building. This study measures the average time between the arrival and the release of cargo, and at each step of border crossing. This is a useful tool to identify problems and bottlenecks, including those caused by customs, other border agencies, and trade community, to seek solutions, and to stimulate efforts to improve the efficiency and effectiveness of border procedures. The WCO has developed a guide, based on best practice, which will be explained in the later session in more detail.

Finally, I would like to touch upon one-stop service, today's major topic, in the context of customs reform and modernization. The WCO fully supports this notion and indeed developed relevant standards in the revised Kyoto Convention. The Framework of Standards stipulates consistent risk management which could be well promoted by one-stop service, connecting different customs administrations and possibly different other border agencies as well. This concept and practice can considerably advance international cooperation, because after all it is the human network at management and field level that plays a vital role in facilitating the exchange of information and best practice. I would like to suggest that we use one-stop service as driving force of customs reform and modernization, as it could be relevant to all aspects of customs operations that I reviewed in my presentation. While I understand that the ADB is ready to give you financial support in this regard, I would like to assure that the WCO is also eager to give support in cooperation with the ADB. Once again let me underline the importance of regional cooperation and thank the people who made efforts in preparing this important seminar.

Thank you very much for your attention.