



# CBRA Monthly

CBRA Monthly 2/2017

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### Dear CBRA Monthly Reader,

CBRA-team had three main focus areas during the month of February.

First, two colleagues worked intensively on H2020 SYNCHRO-NET Deliverable 1.1 - Review of policies and standards impacting synchro-modality. Fortunately, all partners in Work package 1.1 have been actively feeding content into this important deliverable. Also, the practice of having regular phone / skype meetings every two weeks has helped a lot when shaping this document. Next we have the formal SYNCHRO-NET internal quality review process taking place, and after that another three weeks time to polish the final product.

Second, one colleague had his hands full on the "Truck driver security guidebook" -project, collecting inputs from dozens of experts across: European governments (particularly transport and interior ministries, and related agencies); European industry associations; as well as logistics and insurance companies. Again, without the active participation of key stakeholders, the ambitious mission to produce such a guidebook would at least be very challenging, if not impossible....

And third, two colleagues and myself worked full speed with multiple FP7 CORE deliverables, particularly D2.4 – Supply chain controls, and D19.1 – Education and training materials. Great progress has been made!

Of course, there was some additional work including in DOTCOM Waste project, and regarding 1-2 new project proposals – but we can talk about them bit later...

In Lausanne, 28.2.2017

Dr. Juha Hintsa  
Executive Director of CBRA



## Blog: International Forum for NTF Committees (part 2/2)

About 300 delegates from all over the world braved the frosty outdoor temperatures in Geneva in late January to attend the first International Forum for National Trade Facilitation Committees at the United Nations. Myself, Dr. Sangeeta Mohanty, had the good fortune of representing Cross-border Research Association at this memorable event. This Blog (part 2 of 2) covers the last three days of the forum.

The second half of the forum centred on defining the role of National Trade Facilitation Committees, NTFCs, in Trade Facilitation reforms, the specification of concrete processes and detailed recommendations on establishing and sustaining NTFCs. Real live issues encountered during the reform process were brought to the forefront. Another highlight was the trade fair where organisations presented their Trade Facilitation programmes and supporting tools, offering participants information on a one-to-one basis. This also provided a unique opportunity for government representatives to explore possibilities of bilateral assistance with donor institutions. Quite interestingly, the International Customs Day happened to fall during this one-week event that served as a reminder of the leading role of customs in the monitoring and management of international trade. Speakers reinforced the central role of customs in bringing about wide-scale reforms to cross-border trade operations and procedures.

The first panel discussions dealt with the scope, mandate, recommended governance and management styles of NTFCs to establish a healthy breeding ground for mutual understanding, trust and cooperation among the parties

involved. Potential problems and pitfalls were discussed at great length. Speakers from Sudan and Morocco shared their experiences in setting up NTFCs, including challenges and lessons learned. Senior representatives from Nigeria and Togo highlighted the most important elements to be taken into consideration. The key considerations expressed by the Nigerian expert were the empowerment of Trade Facilitation committees to take binding decisions, aligning the national policies and legislations with the WTO TFA provisions, and sensitising the private sector to the WTO TFA. The representative from Togo elaborated on the difficulties encountered with regard to budget, financing, resources, membership, training and capacity building. The WCO expert drew attention to a number of issues associated with information and intelligence data gathering, professional development, talent management, technical competence and training.

Private sector engagement that was briefly touched upon in the first half of the forum became the main focus of the next session. It was commonly agreed that businesses can play an instrumental role in the long-term success of Trade Facilitation activities. The Global Alliance programme, a public-private partnership is based on the premise that neither the public nor the private sector can independently achieve the WTO TFA goals. Several institutional barriers to cooperation were discussed by experts from Pakistan and Jamaica. Nigeria was cited as a more successful example, with a well-organised private sector and institutionalised cooperation between government and industry stakeholders. From the discussion it emerged that the logistics sector is generally less represented and active efforts must be

made for a balanced representation of interests from each stakeholder category. A tripartite structure of governance consisting of national regulators, other relevant governmental stakeholders and industry actors was advocated. The progressive building of mutual trust and confidence between industry and government was considered the key to establishing successful partnership. Further, stakeholders are advised to build up a good communication strategy to be included in the decision-making agenda. The overall message for successful engagement was encapsulated in three keywords: inclusive, comprehensive and coordinated.



The reference to coordination paved the way for the dialogue around Coordinated Border Management and the involvement of NTFCs in this dynamic process. The example of the one-stop border post between Zimbabwe and Zambia was presented, reiterating the issue around trust and alignment. Coordinated Border Management was summed up as an engineered process of shared resources, shared responsibility, shared work, as well as an interplay between national committees. Striking a balance between legal, operational, technical, and human resource processes was recommended for effective border management.

Creating and driving a National Trade Facilitation roadmap was considered integral to Trade Facilitation reforms. Governments are advised to refer to the UNECE guide that was successfully applied by Greece. Speakers outlined the different phases of establishing a Trade Facilitation implementation roadmap and various strategies to address major challenges. A number of guiding principles were put forward, such as defining a strategic vision, establishing clear-cut goals, setting up steering and management groups, creating technical working groups, and establishing measurable performance indicators.

Insights were provided on the drafting of project proposals. It is imperative that drafting proposals is a participatory process involving all actors likely to be affected or expected to have a role in enabling project success. The proposal should outline a coherent set of planned activities reflecting the objectives of the donors. The core message delivered was to ensure inclusive participation, find common grounds of interest and align the proposal with the objectives of the funder.

The forum concluded with an extensive discussion around the specific role of NTFCs in the evaluation and monitoring of reform processes and in shaping the future of Trade Facilitation. An overview of the WCO tools for monitoring and evaluation was given, namely the Time Release Study and the SAFE Framework of Standards – Self- Assessment Checklist. The private sector was viewed as a valuable instrument in the monitoring process. Since businesses have legitimate reasons for efficient border management, leveraging public-private dialogue in each step of the reform process was considered vital. Coordinated Border Management and Information and Communication Technologies, ICT, were considered two important pillars of Trade Facilitation reforms. Strengthening border management and ICT based modernisation of services is expected to play an increasingly significant role in global trade. In this context, the Automated Systems

for Customs Data, ASYCUDA, and the Online Intelligence Trade Portal of the International Trade Center, ITC, were elucidated. ASYCUDA is a computerised system designed by UNCTAD to assist customs authorities to control and automate their core processes, whereas the trade portal aims to be the one-stop shop for trade related intelligence on international markets for the business community and governmental sectors.

To sum up briefly, the WTO TFA is driven by three main objectives: reduction of administrative burdens in cross-border trade; effective cooperation between customs and other relevant authorities; and institutionalisation of a system of continual capacity building. The general consensus was that 2017 is the year of implementation of this ambitious Trade Facilitation agenda and reinforcing multi-stakeholder partnership. NTFCs are advised to serve as the leading platform for public-private dialogue, ensure broad participation and integration of all stakeholders. Businesses are uniquely positioned to inform policy makers and must be informed of the resulting benefits from the engagement of Trade Facilitation bodies. In view of this, the ITC’s long experience in evidence based public-private dialogue has given attention to the critical role of the private sector. Governments must break away from the controlling mindset and the private sector must rise above self-interest to contribute to inclusive economic growth. It is incumbent on all stakeholders to work towards these ends in recognition of the major role that trade can play in achieving sustainable development and eradicating poverty.





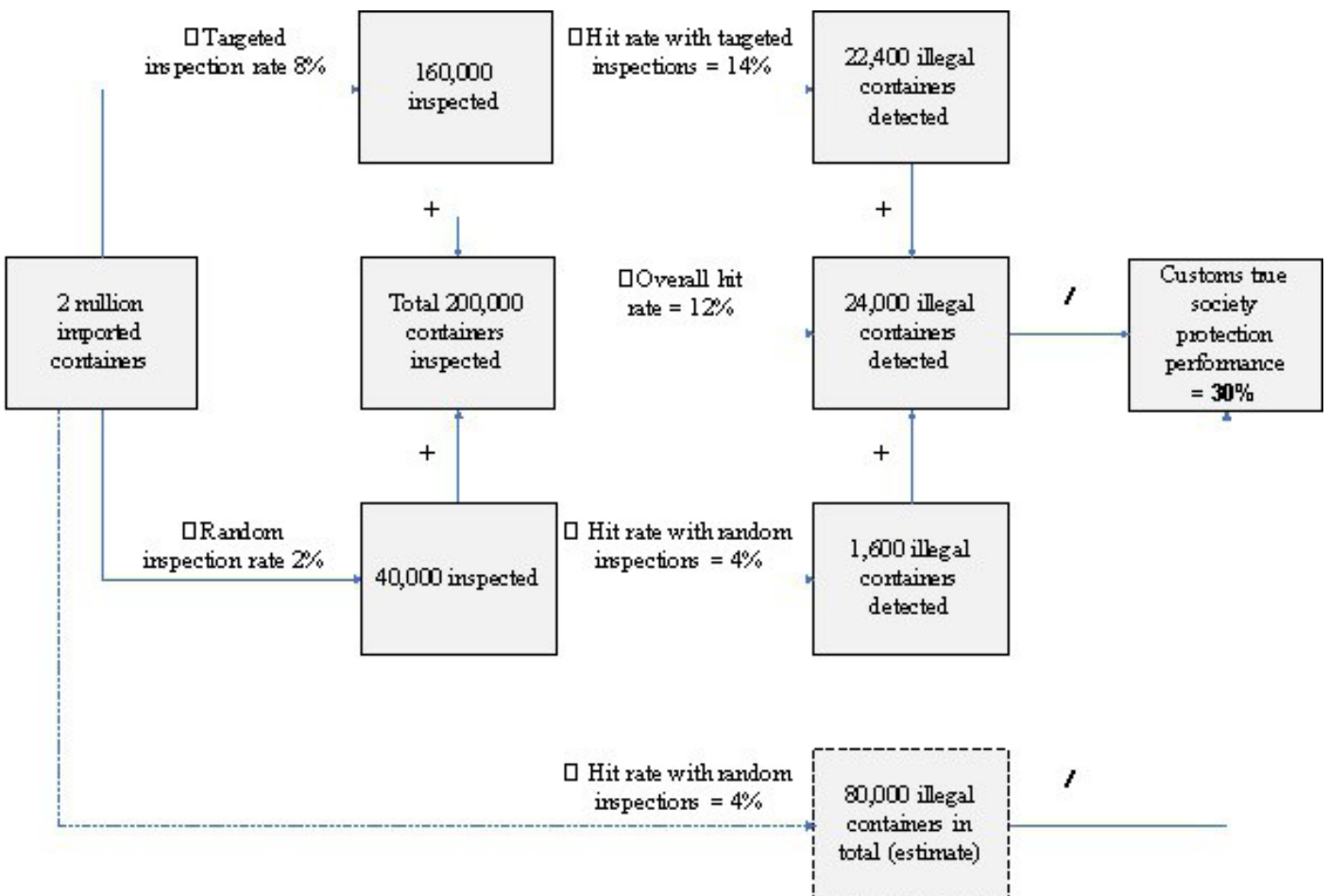
# Blog: Customs True Societal Protection Performance index



Effective and efficient border management brings wide benefits for international trade as well as for border control agencies – this has been discussed in multiple CBRA Blogs and Interviews in the past. Benefits like increased speed, cost-efficiency, and time-certainty of cross-border logistics can be and already are measured by trading companies and in some cases by border control agencies. Customs and other border agencies also measure performance of border management, by computing values for labour productivity, hit-rates, and other operational metrics. So far, however, there have been very limited efforts to capture the overall performance of border management, under a single metric, which would help governmental decision-makers to better target budgets, and to justify future border management investments.

This Blog introduces a new comprehensive metric for measuring holistic impacts of border management. This model, developed by Cross-border Research Association, has been created as part of the FP7-project CORE, in cooperation with several customs experts. The proposed index, Customs True Societal Protection Performance (CTSP), measures effectiveness and efficiency of customs controls at borders, and it can be used to estimate overall protection benefit that custom bring for the society. The formula for computing value for the index is the following:

and efficiency of customs controls at borders, and it can be used to estimate overall protection benefit that custom bring for the society. The formula for computing value for the index is the following:



Customs True Societal Protection Performance index is under further development: CBRA research team refines this preliminary model with feedback from the European customs community. Future model's editions are going to distinguish between different threats (e.g., counterfeiting, fiscal fraud, and security) and between various inspection methods (e.g., X-ray, detection dogs, physical inspection, and document review). The model might also incorporate inspection activities of border control agencies other than customs (e.g., health authorities and phytosanitary inspectors), after all, border control is a shared responsibility, combining the results of other agencies, towards a more complete view. The future versions could also make the model sensitive to inspection costs as well as to "value of societal protection". In addition, the model could cover other cargo than containerized shipments in the future.



Please contact us if you want to contribute to the future development of this important model, or, if you have access to the detailed data, useable for the model.

## Interesting video-links

( visit: <http://www.cross-border.org/weblinks/videos/>)



### CORE Project

<http://www.coreproject.eu>

### The real deal about the US Mexico Border by Francesca Fiorentini AJ News

<https://www.youtube.com/watch?v=DDfj-DjeoT0>

### Brexit customs and trade impact assessment tool

<https://www.youtube.com/watch?v=nxfq3GCSz20>

### The new Union Customs Code

<https://www.youtube.com/watch?v=x8nn880BMmw>

### Customs protects and serves

<https://www.youtube.com/watch?v=l4njPC-FKis>

### What is the TIR System?

<https://www.youtube.com/watch?v=QEHny1TYnM>

### World imports of fake goods worth nearly half a trillion USD a year

[https://www.youtube.com/watch?v=5Y\\_woFLFmGI](https://www.youtube.com/watch?v=5Y_woFLFmGI)

### A Day in the Life of Air Traffic Over the World

<https://www.youtube.com/watch?v=G1L4GUA8arY>

### Global ship traffic seen from space - FleetMon Satellite AIS and FleetMon Explorer

<https://www.youtube.com/watch?v=gtffmxJmehs>

### One minute in the life of the EU Customs Union

<https://www.youtube.com/watch?v=hWhAcztn06k>

### Customs Enforcement: Our Global Contribution to Securing Borders and Trade

<https://www.youtube.com/watch?v=C1YO7bXIMdo>

### Rhenus Logistics - Schiphol SmartGate Cargo

<https://www.youtube.com/watch?v=uaMGUN36Ao0>

### Cargo theft / TAPA

<https://www.youtube.com/watch?v=CBnu8yO8Bmc&feature=youtu.be>

### CISCO SCS

<https://www.youtube.com/watch?v=97Tnjr72loQ>

### Maritime Port Authority of Singapore

<https://www.youtube.com/watch?v=PcJGqBFexo0>



# Interview with Mr. Ireland, Head of WCO's Research Unit

**Hi Robert, and thanks for joining a CBRA interview. Can you please tell first a bit about yourself: who you are and what you do?**

Thanks Juha for this opportunity. I have been Head of the World Customs Organization's Research Unit since 2009 and have lived in Brussels since 2005. I am a policy analyst by training and at the WCO I am fortunate to focus on the intriguing intersection of international trade and broader public policy matters.

**What does the WCO's Research Unit do? Are there any specific priorities for the year 2017?**

The WCO Research Unit takes an inter-disciplinary approach to researching subjects that directly or indirectly relate to Customs and international trade. We have two core objectives. First, we seek to publish high-quality articles in external publications - such as the Global Trade and Customs Journal and the World Customs Journal - and in WCO publications such as the magazine WCO News. Second, we seek to bring together top academics and Customs officials at international research conferences, such as the annual PICARD Conference.

The Research Unit has tackled an array of topics in recent years, including counter-terrorism, informal trade practices, performance measurement, corruption, money laundering, the implications for Customs and international trade of global warming, the contribution of tobacco control to public health, and wildlife protection. For 2017, our specific research priorities are e-commerce and Customs practices at fragile borders.

Although cross-border e-commerce is still a small portion of international trade - and smaller than domestic e-commerce -, it continues to grow. In terms of regulation, Customs administrations are striving to strike the right balance between trade facilitation on the one hand, and revenue collection and illicit trade on the other hand, and the WCO wants to help them get there. The Research Unit's e-commerce project will be launched in March 2017 when we will visit China to meet with representatives from Alibaba, China Customs, and other e-commerce stakeholders.

Regarding the fragile borders project, let it never be said that the Research Unit does not take hardship

missions – we go where the action is. While much of the focus on the refugee crisis has been in Europe, our intent is to conduct fieldwork at the source: for instance, in the Middle East, North Africa, and West Africa, and to examine the scope of Customs work in those locales.



**WCO just announced that PICARD 2017 Conference will take place in Tunis, 26-28 September this year - great location! Can you please share information about the research themes for the Tunis conference - and why were they selected?**

The WCO is very grateful to Tunisia Customs for hosting the next PICARD Conference in Tunis. In February 2017, the WCO published the PICARD Call for Papers which solicits submissions on four topics: Data Analysis; Trade Facilitation; Security; and Customs-Tax Cooperation. Data analysis was selected because it is the WCO's theme for 2017 in recognition of the crucial role it plays in the Customs context, underpinning virtually all functions of a Customs administration. The Customs-Tax Cooperation topic was selected to encourage research on the interaction between these two government functions and because approximately 25 percent of WCO Members are Revenue Authorities - administrations that merged both Customs and Tax. The other two topics - trade facilitation and security - were selected because they continue to be of great interest to the global Customs community.





## Interview with Mr. Jimmy Pang, SCS Association, Hong Kong

**Hi Jimmy, and thanks for joining CBRA Interview. Can you please tell first a bit about yourself: who you are and what you do?**

With over 20 years of supply chain operation and consulting experience, I have witnessed vast changes taking place throughout the supply chains, in both Hong Kong and China. The resulting tragedies and incidents from various terrorist attacks, natural disasters, organised criminal activities and human errors have made me realize how critical it is to enhance world trade and supply chain security. Following twelve years of experience in aviation security and safety training, I have dedicated myself to promoting supply chain security, with the Supply Chain Security Association, SCSA, as well as with the TAPA Association, Hong Kong - aiming to raise overall awareness, to share my experiences through cooperation with universities, and to initiate research projects.

**Can you share more details on the Supply Chain Security Association, SCSA?**

The 9-11 incidents triggered policy makers, governments, industries, multi-national companies and non-governmental organizations to put forward a number of anti-terrorism initiatives. But all these different initiatives have created more confusion, instead of providing support to the export industries. As a result, a group of supply chain practitioners and scholars established the SCSA, aiming to facilitate safe and secure trading activities, by for example organising information sharing seminars and training courses. After the first few years, the association gained support from almost one hundred logistics companies. SCSA also participates actively in conferences, workshops and other international events to obtain first-hand information from international policy makers and leading practitioners, including APEC, IATA, ICAO, INTERPOL, WCO and TAPA – this helps to gain a comprehensive perspective of each new initiative as well as to share local concerns. In the meanwhile, we initiated some industry projects to tackle the new challenges, for example: AEO trail-run; China - Hong Kong cross border re-export cargo integrity study; Hidden dangerous goods awareness; and, Li-CAT program, initiative for enhancing safety for lithium battery product shipping via air cargo. Finally, we also partner with local academic institutes through educational and internship programs to promote supply chain security



**SUPPLY CHAIN  
SECURITY ASSOCIATION**  
供應鏈保安協會

**From your viewpoint, what are the biggest risks and challenges with lithium batteries, in the context of China - Hong Kong exports, and air cargo safety?**

First of all, let me put forward a few facts that shape Hong Kong's export industry, regarding the legal environment; re-export cross border trade model; Hong Kong being the world number one aviation logistics hub; threats of lithium batteries and products containing them; and, multi-level consolidation business model and unqualified co-loading agents.

First on the legal environment: There are two legal systems between Hong Kong and China. In the international export trade scenario, while Hong Kong is well-linked with the international legal system, but China is not. Thus, if any issue arise regarding an export consignment from China via Hong Kong to the international market, the liability will be chased back to Hong Kong only, as there is no clear cross-border jurisdiction between Hong Kong and China.

Second on the re-export cross border trade model: China has well-established manufacturing facilities next to Hong Kong, and Hong Kong has world-class finance, legal and logistics infrastructures. This has led to Hong Kong becoming one of the major hub for Chinese manufacturers. According to government statistics, over 60% of the Hong Kong export cargo originates from China. This is called "re-export cross-border cargo".

Third, Hong Kong is the world No.1 aviation logistics hub and one of the major ports for electronics exports: For the last six years, Hong Kong has remained the top aviation logistics hub in the world, handling 4.3 million tonnes of export cargo annually. According to the Hong Kong Census & Statistics Board, the air cargo exports amounted in 2015 to 1333 billion Hong Kong \$ - equals roughly 160 billion Euros. In 2015, 64% of the exports comprised electronic products amounting to an approximate value of 509 billion Hong Kong \$ - 62 billion Euros. It has been previously estimated that the production of lithium batteries would increase by 1600% between years 2000 and 2020, causing a growing safety concern of cross-border transportation of lithium products between Hong Kong and China.

Fourth, threats of lithium battery and its products: Lithium batteries have many unseen dangers besides quality concerns, for example the well-known cases of Samsung Note 7 and hover boards that have caused fire or explosions while charging. If the product is packed improperly or damaged, it carries the risk of catching fire quite quickly. A poor shipment of lithium battery products may threaten life and harm the world's aviation supply chain. The threat starts from manufacturing, moves to logistics and finally to the end-users. In Hong Kong's situation, the lithium batteries and their products are shipped daily from China to Hong Kong by truck, and re-exported to international markets by air. It is not uncommon to find mis-declared lithium batteries or undeclared products, which is done either to save costs or due to ignorance of dangerous goods aviation transportation regulations. The risk should not be underestimated and neglected. It would not only harm the Hong Kong economy, but also

the global electronics industry, next to threatening people's lives, of course.

And fifth, multi-level consolidation business model and unqualified co-loading agents: In export trade, usually a number of stakeholders, so called multi-level consolidators, are involved, causing more difficulty in determining the accountability of stakeholders. Especially if an accident occurs, due to loopholes in the cross-border re-export regulations, tracing the accountable mainland shippers becomes difficult – and till today, there is no single successful case. The last few years have witnessed a recent rise in threats. The so-called co-loading cargo agents in China act as cargo agents for cargo source shippers, that is the manufacturers or exporters. Next, they consolidate the cargos, acting as shippers for Hong Kong cargo agents. Being familiar with the loopholes in dual jurisdictions, they try to save costs, while inducing mis-declaration or under declaration problems.

As a result, all the above factors create a perfect storm: a honey pot to smugglers and irresponsible shippers or co-loading cargo agents, who can take advantage of the cross-border re-export business model.

**Well, thanks a lot Jimmy for sharing all these interesting insights. May I propose that we continue on this topic, and welcome you as the 1st guest author for CBRA Blog, to be published during March 2017?**

Sure Juha, let's do that!

**More information on the SCS Association:**  
<http://www.scsasecurity.org/>







# CORE Information Observatory

## October-November 2016

Read the full reviews at <http://www.cross-border.org/core-observatory/core-observatory-full-list/>



### Progress in combating cigarette smuggling: controlling the supply chain (CORE1203)

The paper focuses on excise fraud and organized smuggling of originally legally produced tobacco products to the United Kingdom, Spain and Italy. Based on internal company documents and court judgments the authors summarize evidence how the tobacco industry was involved directly and indirectly in the large-scale excise fraud. First, the companies delivered intentionally large quantities of tobacco products to the countries of low excise tax rates and uncontrolled distribution network. Then organized criminal groups shipped the purchased tobacco products illegally through their smuggling networks into the countries of higher excise duties.

The cutting off the tobacco supply to the illicit market is the key to intervene in large-scale organized tobacco smuggling. According the article by means of legislative and punitive interventions tobacco industry was forced to implement new export polices and practices. Tobacco companies invested in tracking and tracing systems that helped to identify points where shipped tobacco products diverted from the legal supply chain to the illicit markets. The companies implemented security processes in order to clearly identify they business partners and ensure business partners had no criminal records. Government agencies increased information sharing and inter-agency cooperation on a national and international level. The interventions led to a substantial fall in customs seizures and a rise in legal sales.

CORE project can learn two things in the article. First, the global scope and multifaceted nature of the illicit tobacco trade requires visibility over shipment processes and efficient collaboration between governmental agencies and private sector. Second, the study implies risk to investigations and punitive damages made tobacco companies to pay attention in which markets their products finally end up. In other words, enforceable measures not voluntary agreements made industry liable for controlling their end-to-end supply chain and reduce societal risk.

Reference: Lara Joossens, L., & Raw, M. (2008). Progress in combating cigarette smuggling: controlling the supply chain. *Tobacco Control*, 17(6), 399–404.



## CORE Information Observatory

### Analytical method to identify the number of containers to inspect at U.S. ports to deter terrorist attacks (CORE1204)

The study provides an economical model based on the game theory to estimate the optimal inspection rates in order to deter perpetrators from smuggling weapons into the U.S. The model assumes the customs or Border agency aims at minimizing the expected damages and cost of inspections while perpetrators are simultaneously trying to maximize their rewards. The used parameters are number of attackers, estimated damages, the cost of inspecting a container, the cost of a smuggling attempt, the cost of retaliation and the probability of detecting weapons. Retaliation cost describes the cost incurred e.g. due to dismantling the attacker's network. Cost of a smuggling attempt are the costs of acquiring, developing or manufacturing the weapons, and any logistical costs required to smuggle them into the U.S. It is assumed the government agency announces publicly the inspection level and set of retaliation policies. Retaliation policy must pose a credible threat that means the governmental agency would retaliate even if that were not economically justified.

The study has four main limitations. First, the paper does not describe under what conditions the model works well or poorly. The quality of strategic and tactical intelligence, the efficiency of criminal investigation and prosecution processes, the extent of inter-agency cooperation and information sharing, the degree of private sector involvement and successfulness of awareness campaigns on retaliation policies are probably factors that influence on the model and its parameters. Second, the study does not provide numerical estimates to the parameters such as detection rates and cost of retaliation. Third, it is very unlikely that weapons of mass destructions are transported in containers into the U.S., what makes it difficult to assess the usefulness of the model in real life cases. Forth, costs of retaliation are not calculated and published by law enforcement agencies, thus criminals cannot make decision based on financial risks.

Despite of these limitations the CORE project can adapt the game theory and benefit from the paper. Traditionally law enforcement agencies highlight the number of seizures, arrests and successful prosecutions to measure operations and their impacts. The presented model brings two interesting components, a cost of crime attempt and a cost of retaliation. If criminal activities are financed and managed based on the same principles like legal ones, expected losses due to seizures of illicit goods or drugs are very likely calculated in the criminal business models. Consequently, making criminal business unprofitable is key to stop criminal activities. The approach enables to model the dynamic between costs and rewards from viewpoints of both law enforcement and criminal actors. In the other words, the model makes possible to study two dimensions in the Innovation Agenda, societal costs and friction costs caused by implemented security measures.

Reference: Bier, Vicki M. & Haphuriwat, N. (2011). Analytical method to identify the number of containers to inspect at U.S. ports to deter terrorist attacks. *Annals of Operations Research*, 187(1), 137–158.





# CORE Information Observatory

## Assessing the drivers of change for cross-border supply chains (CORE1205)

The study aims at identifying the main change drivers that make companies to prioritize specific indicators and metrics in order to manage their operations. The experts concluded to the following eight key drivers: internet and e-commerce, new technologies for managing movements of goods and materials, versatility of customer demands, continuing chase after low cost labor in manufacturing, tighter security regulations, emerging role of ethics in corporate decision-making, increasing security and environmental concerns, and fluctuation of energy prices. Delivery performance and perfect order fulfillment will be the most important supply chain management indicators and metrics in the future. Customers will demand more tailored products to meet their individual needs what forces companies to manage material flows with an increasing number of stock keeping units.

While companies are required to offer wide product portfolio, they are also expected to have tools to manage harmful events and risks in their supply chain network. Unforeseen threats such as natural disasters, epidemics and customs inspections must be considered when structuring supply chain networks and selecting partners in the future. Consequently, companies must share more supply chain risk related information between business and governmental actors almost in real-time. Automated data management with streamlined system interfaces between customs and companies will be the key for real time information sharing and networking. Current data exchange and compliance initiatives have already created a foundation for automation and faster flow of customs clearance documents. In addition, better relationship management between trade operators and customs are highlighted in the study.

The CORE concepts, technologies and services are very well aligned with findings in the study. Trusted trade lanes, system based approach and data pipelines reduce need for customs inspections at international borders. Visibility tools create an integrated solution to share information and collaborate between government agencies and private supply chain stakeholders. Over 40 experts representing customs agencies, manufacturing companies, logistics operators, technology providers and insurance sector took part in the study. The study provides good arguments that help readers to sell supply chain security initiatives, technologies and services for both private and governmental operators.

Reference: Hameri, A.-P., & Hintsa, J. (2009). Assessing the drivers of change for cross-border supply chains. *International Journal of Physical Distribution & Logistics Management*, 39(9), 741–761.





# External News Headlines

## December 2016-February 2017

Read all the news at <http://www.cross-border.org/news/>

- 14.12.2016: Europol and Ukraine sign agreement to tackle cross-border crime <https://www.europol.europa.eu/newsroom/news/europol-and-ukraine-sign-agreement-to-tackle-cross-border-crime>
- 15.12.2016: Counterfeiters can run, but can't hide from Alibaba's big data <http://www.alizila.com/alibabas-big-data-means-counterfeiters-can-run-cant-hide-ipr-enforcement/>
- 20.12.2016: WCO Supports Libyan Customs for post-conflict Customs modernization <http://www.wcoomd.org/en/media/newsroom/2016/december/wco-supports-libyan-customs-for-post-conflict-customs-modernization.aspx>
- 27.12.2016: Approximately, one million counterfeit Swiss watches were seized in 2016 [http://www.swissinfo.ch/eng/business/not-swiss-made\\_a-million-fake-swiss-watches-seized-/42794206](http://www.swissinfo.ch/eng/business/not-swiss-made_a-million-fake-swiss-watches-seized-/42794206)
- 28.12.2016: Tell Me Something I Don't Know: Five Supply Chain Predictions For 2017 <http://www.nasdaq.com/article/eu-comes-up-with-a-plan-to-prevent-illicit-cigarette-trade-cm727157#ixzz4VVpJgVZG>
- 1.1.2017: Record seizures, 126 million illicit & potentially dangerous pharmaceutical products – WCO & IRACM <http://www.iracm.com/en/2016/12/quarterly-press-review-july-september-2016/>
- 1.1.2017: Global Risks Report 2017 <http://wef.ch/2if5Lal>
- 2.1.2017: "Why border controls won't protect Europe against terrorism" <https://www.weforum.org/agenda/2017/01/border-controls-schengen-europe-terrorism/>
- 3.1.2017: Health IT startups working to secure pharma supply chains? <http://medcitynews.com/2017/01/drug-supply-chain-security-and-technology/>
- 4.1.2017: 3 Most Common Healthcare Supply Chain Management Challenges <http://revcycleintelligence.com/news/3-most-common-healthcare-supply-chain-management-challenges>
- 5.1.2017: WTO Trade Facilitation Agreement entry into force – What next? <http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1418>
- 7.1.2017: Illicit trade could prosper over track and trace delay <http://www.betterretailing.com/track-trace-delay/>
- 9.1.2017: The Top Three International Regulatory Compliance Challenges <http://www.fiercepharma.com/sponsored/top-three-international-regulatory-compliance-challenges>
- 12.1.2017: Hacked To Death: Data Security In Supply Chain <http://www.forbes.com/sites/kevinomarah/2017/01/12/hacked-to-death-data-security-in-supply-chain/#5faf7cdc2b39>
- 16.1.2017: Alibaba teams up with Samsung, Louis Vuitton & other brands to fight counterfeit goods <http://tcrcn.ch/2jVQT66>
- 17.1.2017: New Multilingual Online Repository for National Trade Facilitation Committees Launched <http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1420>
- 26.1.2017: WTO says \$1 trillion global trade treaty about to come into force <http://reut.rs/2kxMGWz>
- 30.1.2017: Blockchain: A new hope, or just hype? <https://www.weforum.org/agenda/2017/01/blockchain-a-new-hope-or-just-hype/>
- 1.2.2017: How blockchain can restore trust in trade [https://www.linkedin.com/pulse/how-blockchain-can-restore-trust-trade-wolfgang-lehmacher?trk=v-feed&trk=v-feed&lipi=urn%3Ali%3Apage%3Ad\\_flagship3\\_feed%3BRfrAffzh9tGXASgsH5mk](https://www.linkedin.com/pulse/how-blockchain-can-restore-trust-trade-wolfgang-lehmacher?trk=v-feed&trk=v-feed&lipi=urn%3Ali%3Apage%3Ad_flagship3_feed%3BRfrAffzh9tGXASgsH5mk)
- 1.2.2017: Security is trending. Data security, supply chain security, product security—are you paying attention? <https://www.packworld.com/trends-and-issues/traceability-authentication-serialization/security-trending>
- 3.2.2017: Nepal accedes to the Revised Kyoto Convention and becomes the 107th Contracting Party <http://www.wcoomd.org/en/media/newsroom/2017/february/nepal-accedes-to-the-revised-kyoto-convention-and-becomes-the-107th-contracting-party.aspx>
- 8.2.2017: INTERPOL & International AntiCorruption Academy sign agreement to unite efforts in combating corruption <https://www.interpol.int/en/News-and-media/News/2017/N2017-013>



## WTO's Trade Facilitation Agreement enters into force!

Twenty-one years after the birth of the World Trade Organization (WTO), the first multilateral agreement entered into force on 22 February 2017. The ratification of the Trade Facilitation Agreement (TFA) was bound to be in force after two-thirds of the 164 members ratified them in their corresponding Congress.

On 22 February 2017, Rwanda, Oman, Chad and Jordan submitted their instruments of acceptance to WTO Director-General Roberto Azevêdo, bringing the total number of ratifications over the required threshold of 110.

The TFA started to be conceptualized since the Singapore Ministerial Conference in December 1996, when Members directed the Council for Trade in Goods "to undertake exploratory and analytical work...on the simplification of trade procedures in order to assess the scope for WTO rules in this area" (Singapore Ministerial Declaration, paragraph 21). The TFA was created having in mind that "red tape" were increasing and were affecting the movements across borders of small and medium-sized enterprises.

Since the TFA is a multilateral agreement, all WTO members are obliged to implement it, making it a very valuable instrument to achieve the objective of the agreement. The TFA aims to expedite the movement, release and clearance of goods across borders, launch a new phase for trade facilitation reforms all over the world and create a significant boost for commerce and the multilateral trading system as a whole.

According to a study carried out by the WTO economists, the full implementation of the TFA is forecast to slash members' trade costs by an average of 14.3 per cent, with developing countries having the most to gain. The TFA is also likely to reduce the time needed to import goods by over a day and a half and to export goods by almost two days, representing a reduction of 47 per cent and 91 per cent respectively over the current average.

Implementing the TFA is also expected to help new firms export for the first time. Moreover, once the TFA is fully implemented, developing countries are predicted to increase the number of new products exported by as much as 20 per cent, with least developed countries (LDCs) likely to see an increase of up to 35 per cent, according to the WTO study.

According to WTO's DG, "this would boost global trade by

up to 1 trillion dollars each year, with the biggest gains being felt in the poorest countries. The impact will be bigger than the elimination of all existing tariffs around the world."

Unlike other WTO's multilateral trade agreement, TFA is unique in the sense that it allows developing and least-developed countries to set their own timetables for implementing the TFA depending on their capacities to do so. A Trade Facilitation Agreement Facility (TFAF) was created at the request of developing and least-developed countries to help ensure they receive the assistance needed to reap the full benefits of the TFA and to support the ultimate goal of full implementation of the new agreement by all members.

Developed countries have committed to immediately implement the Agreement, which sets out a broad series of trade facilitation reforms. Spread out over 12 articles, the TFA prescribes many measures to improve transparency and predictability of trading across borders and to create a less discriminatory business environment. The TFA's provisions include improvements to the availability and publication of information about cross-border procedures and practices, improved appeal rights for traders, reduced fees and formalities connected with the import/export of goods, faster clearance procedures and enhanced conditions for freedom of transit for goods. The Agreement also contains measures for effective cooperation between customs and other authorities on trade facilitation and customs compliance issues.

Developing countries, in comparison, will immediately apply only the TFA provisions they have designated as "Category A" commitments. For the other provisions of the Agreement, they must indicate when these will be implemented and what capacity building support is needed to help them implement these provisions, known as Category B and C commitments. These can be implemented at a later date with least-developed countries given more time to notify these commitments. So far, notifications of Category A commitments have already been provided by 90 WTO members.

More information on the WTO and trade facilitation is available at [www.wto.org/tradefacilitation](http://www.wto.org/tradefacilitation)





# 12th Annual WCO PICARD Conference CALL FOR PAPERS

Tunis, Tunisia

26-28 September 2017



The World Customs Organization (WCO), in partnership with the Tunisian Customs Administration, is pleased to announce that the 12th annual WCO PICARD Conference will take place in Tunis, Tunisia, from 26 to 28 September 2017.

You are invited to submit your research for consideration. A Scientific Board will select approximately 15-20 submissions for presentation at the Conference.

Submissions could focus on one of the following topics (non-exhaustive list): Data Analysis; Trade Facilitation; Security; and Customs-Tax Cooperation.

Data Analysis was selected as the WCO's annual theme for 2017, in recognition of the crucial role it plays in the Customs context, underpinning virtually all functions of a Customs administration. Data analysis can improve risk management which supports enhanced detection of irregularities, illicit consignments, the suspicious movement of people and financial flows, and the facilitation of legitimate trade; it can provide a comprehensive analysis of historical activity to predict trader or passenger behaviour; assist in the collection of quantitative research for purposes of building knowledge; and enhance performance measurement to improve officer practices and integrity. Data analysis can provide a robust foundation for the core Customs' objectives of revenue collection, border security, collection of trade statistics, and trade facilitation.

The Trade Facilitation topic refers to methods for improving the efficiency of border procedures, including but not limited to, Risk Management, Single Window, Post-Clearance Audit (PCA), and advance rulings. Sub-themes include measuring the impact of trade facilitation measures (on average clearance times, trade costs, trade volumes, trade security, transparency, revenue, etc.); obstacles to implementing trade facilitation measures; and managing e-commerce.

The Security topic refers to the contribution of Customs to securing territories at the border and against threats accompanying trade and financial flows, in different frameworks and environments: from borderlands where trade is highly facilitated, to conflict and post-conflict zones where Customs and civilian enforcement agencies seek to restore the presence of the State.

The Customs-Tax Cooperation topic refers to all forms of interaction between Customs and tax agencies, including organizational interactions (e.g. Revenue Authorities) and the exchange of information between the two agencies, particularly relating to data exchange mechanisms - interoperable or integrated IT systems.

The Conference in particular welcomes and encourages attendance and submissions from Customs professionals as well as researchers from various academic disciplines, such as anthropology, criminology, economics, geography, history, international relations and international trade, law and political science. The WCO Research Unit is particularly interested in developing an interdisciplinary approach with different perspectives, approaches, and methodologies regarding contemporary systems of regulation and control at borders, and papers co-authored by Customs officials and academics. The WCO Research Unit adopted this approach at other research conferences with great success.

This year (and in contrast to the 2015 and 2016 PICARD Conferences), applicant submissions can include (1) Presentation Summaries of up to 1,000 words; (2) Papers of up to 9,000 words; or (3) Proposals for Panels.

Papers will not have any inherent advantage over Presentation Summaries. Submissions should be submitted in accordance with following requirements:

- Arial font size 11.
- Submissions should be in English or French (they can be translated from the original language).

Ample time will be allowed for discussion and simultaneous

interpretation will be provided at the Conference in the aforementioned two languages.

Proposals for Panels should consist of two or three speakers presenting research on one cohesive topic. The WCO would like to encourage Customs and academics to engage on comparative and policy relevant research on Customs issues: panel proposals are an ideal format for such discussions to take place.

To respond to this Call for Papers, please submit Presentation Summaries, Papers or Panel Proposals with the following details by email to [picard2017@wcoomd.org](mailto:picard2017@wcoomd.org) no later than 16 June 2017:

- Name, title, and biography (maximum 250 words) of researcher or researchers.
- Current position, organization, and country of researcher or researchers.
- Contact email and telephone.
- Proposed title of contribution.
- For papers of more than 1,000 words, an abstract of no more than 300 words is required.

Authors will be notified by 17 July 2017 of selection or non-selection of their paper for presentation at the Conference.

The WCO is particularly grateful for the support from:

- The Tunisian Customs Administration.

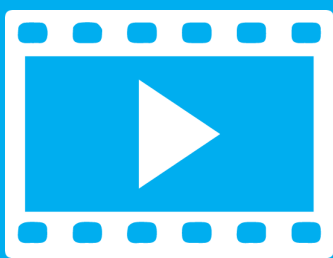
- The Korea Customs Service.
- The Scientific Board Members, including Emmanuel Brunet-Jailly, Jawher Hassayoun, Juha Hintsa, Alena Ledeneva, Larry Liza, Dennis Ndonga, Cedric Parizot, Gaël Raballand, Jeffrey Snyder, and David Widdowson.

If necessary, the WCO will seek to identify funding for reasonable travel and hotel expenses for a small number of presenters that lack institutional backing and have been selected following this Call for Papers.

If you have any questions or concerns, please email [picard2017@wcoomd.org](mailto:picard2017@wcoomd.org).

Information about the Conference including venue, accommodation, visa requirements, and registration will be made available in due course at the following website address: <http://www.wcoomd.org/en/events.aspx>

Issued February 2017



# Video clip of the Month!

## CORE project video

<https://www.youtube.com/watch?v=JkVOtM-q8jM>

For more information about the CORE project, please visit the following webpage:  
<http://www.coreproject.eu>

# Upcoming EVENTS

Read all Event entries at:  
<http://www.cross-border.org/events/>

**WCO Capacity Building Week**  
7-10 March, Brussels, Belgium

**WCO Global Origin Conference**  
3-4 May 2017, Addis Ababa, Ethiopia

**11th IATA World Cargo Symposium**  
14-16 March, Abu Dhabi, UAE

**The 30th IAPH World Ports Conference**  
7-12 May 2017, Bali, Indonesia

**Multimodal Conference**  
4-8 April 2017, Birmingham, UK

**Transport Logistics Exhibition**  
9-12 May 2017, Munich, Germany

**15th World Free Zone Convention**  
5-6 April, Doha, Qatar

**2017 WCO IT Conference & Exhibition**  
7-9 June 2017, Tbilisi, Georgia

**Border Security Expo**  
11-13 April 2017, San Antonio, Texas, USA

**12th Annual WCO PICARD Conference**  
26-28 September 2017, Tunis, Tunisia

**Customs Policy and Topical Issues of  
Economic Security (Administrative,  
Financial, Economic, Legal, Information  
Technological, Humanitarian Aspects)**  
20 April 2017, Dnipro, Ukraine



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