

Fighting illicit trade – challenges and enforcement approaches from a Customs’ perspective

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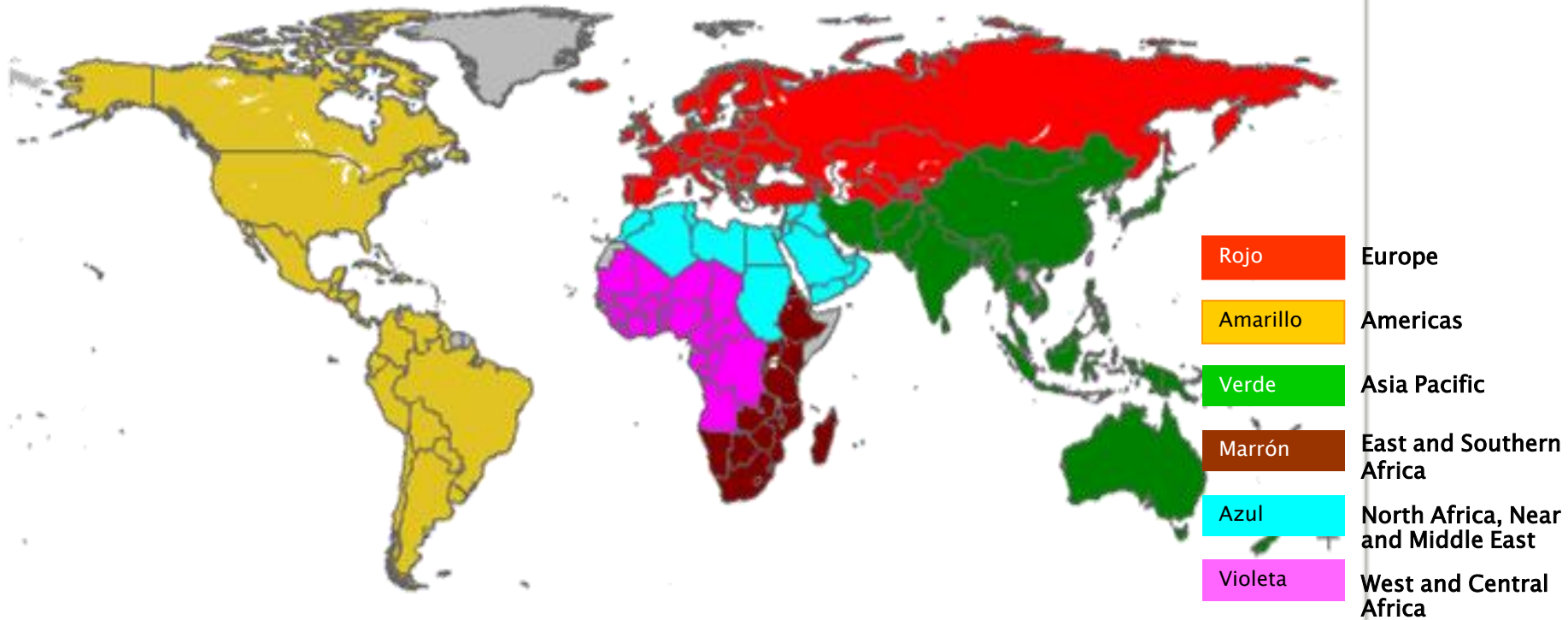
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- II. Main issues
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The WCO: a global reach...

179* Members divided into 6 regions responsible for processing 98% of international trade



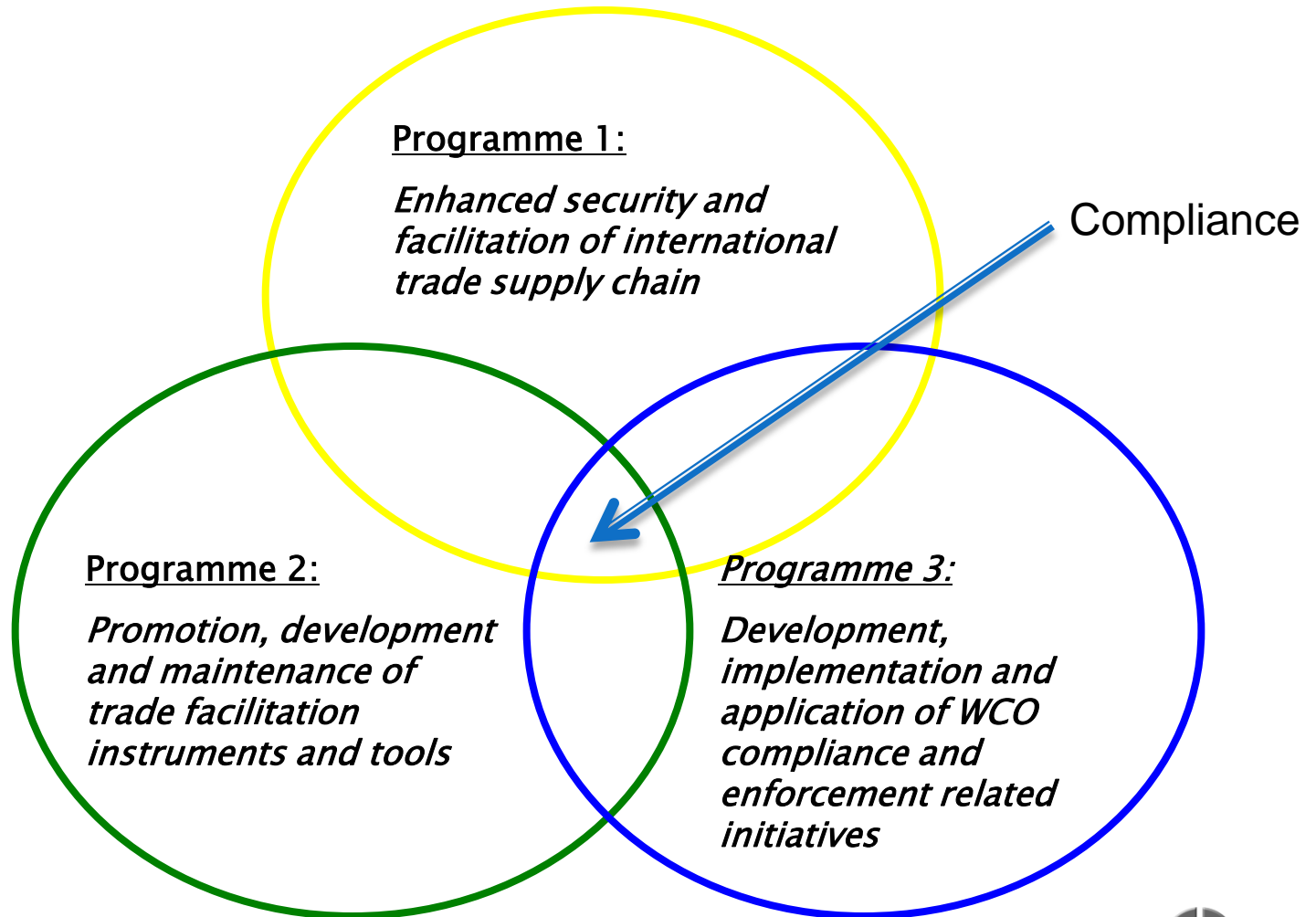
WCO's Mission...

To improve effectiveness and efficiency of its Member Customs administrations across the globe, through:

- ✓ Setting international standards to facilitate global trade
- ✓ Securing the international supply chain
- ✓ Facilitating legitimate trade – fighting illicit trade



I. Strategic programmes of WCO Compliance and Facilitation Directorate



II. Main issues:

- ▶ **Supply chain transparency and security**
- ▶ **Governments' supervision of activities in Free Trade Zones**
- ▶ **Coordination and cooperation**
- ▶ **Use of Mutual Administrative Assistance Agreements / Cross-border cooperation**
- ▶ **Trade transparency initiatives**





Policy levers:

Supply chain transparency and security

Manu-
facturer

Freight
forwarder

Shipping
Line

FTZ

Shipping
Line

Freight
forwarder

Importer

- WCO promotes Authorized Supply Chain concept (Pillar 1 SAFE)
- WCO promotes Authorized Economic Operator / AEO concept (Pillar 2 SAFE)
- WCO recommends the use of UCR / Unique Consignment Reference (Pillar 1 SAFE)
- WCO promotes systematic application of risk management procedures (Pillar 1 SAFE, WCO Risk Management Compendium)
- WCO recommends use of modern, non-intrusive inspection equipment (Pillar 1 SAFE)

Underlying principle:

Transparency in the Supply Chain (is as strong as its weakest link)





Policy levers:

Government's supervision of activities in FTZ

- **Customs controls in Free Trade Zones**
(Specific Annex D2, Standards 4 & 5 of the Revised Kyoto Convention)
- **Appropriate “Due diligence measures” of the competent government authorities**
“Know your customer”- principle; reference: FATF Typology document “Money Laundering vulnerabilities of Free Trade Zones (March 2010)





Policy levers:

Coordination and cooperation

- Coordination of activities among Customs – Tax authorities – Law Enforcement Agencies – Financial Intelligence Units
- Monitoring financial flows (FIU – Customs / Law Enforcement Agencies)
- Exchange of information among Customs and Tax authorities to improve risk assessment
- Cooperation with the Private Sector to maximize voluntary compliance





Policy levers:

Mutual Administrative Assistance Agreements / Cross-border cooperation

- Making full use of existing provisions of MAAAs
- Conclude new MAAAs with key trading partners
- Joint operations to test risks and to improve operational cooperation
- Use of automated systems to enable timely and accurate exchange of information and intelligence (CEN/CENcomm)





Policy levers: Trade Transparency Initiatives

- Permanent bi- or multilateral import and export data exchange to identify anomalies
- Customs Trade- transparency units
- Multi-agency database for financial transactions



Thank you for your attention !

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