# THE EVOLVING ROLE OF CUSTOMS IN DRIVING SECURITY, TRADE AND ECONOMIC GROWTH WITHIN THE MODERN MARITIME ENVIRONMENT AND DIGITAL TRANSFORMATION

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PRESENTATION

# GOALS:

**Historical run-through role of Customs and look at its evolution**

Traditional, contemporary structure and factors driving changes within Customs environment

**WTO, WTO Trade Facilitation Agreement**

Trade rules, TFA Agreement

**WCO role, vision of modern Customs and instruments**

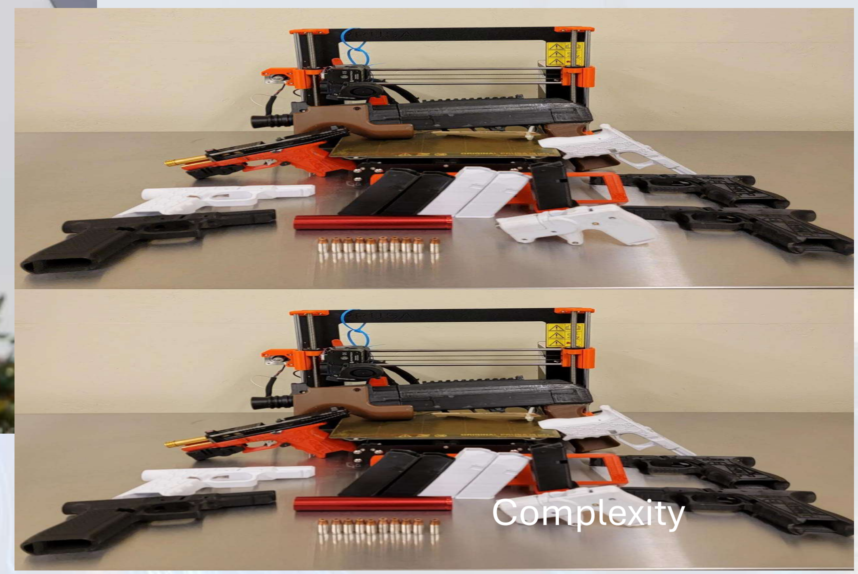
RKC, AEO, SAFE framework of standards
Mercator Program

**Characteristics of modern Customs**

Coordinated and Border management approach and partnerships with stakeholders , Risk Management, Use of integrated technology, Pre-export screening, Emphasize both security and trade

**Digitalization**

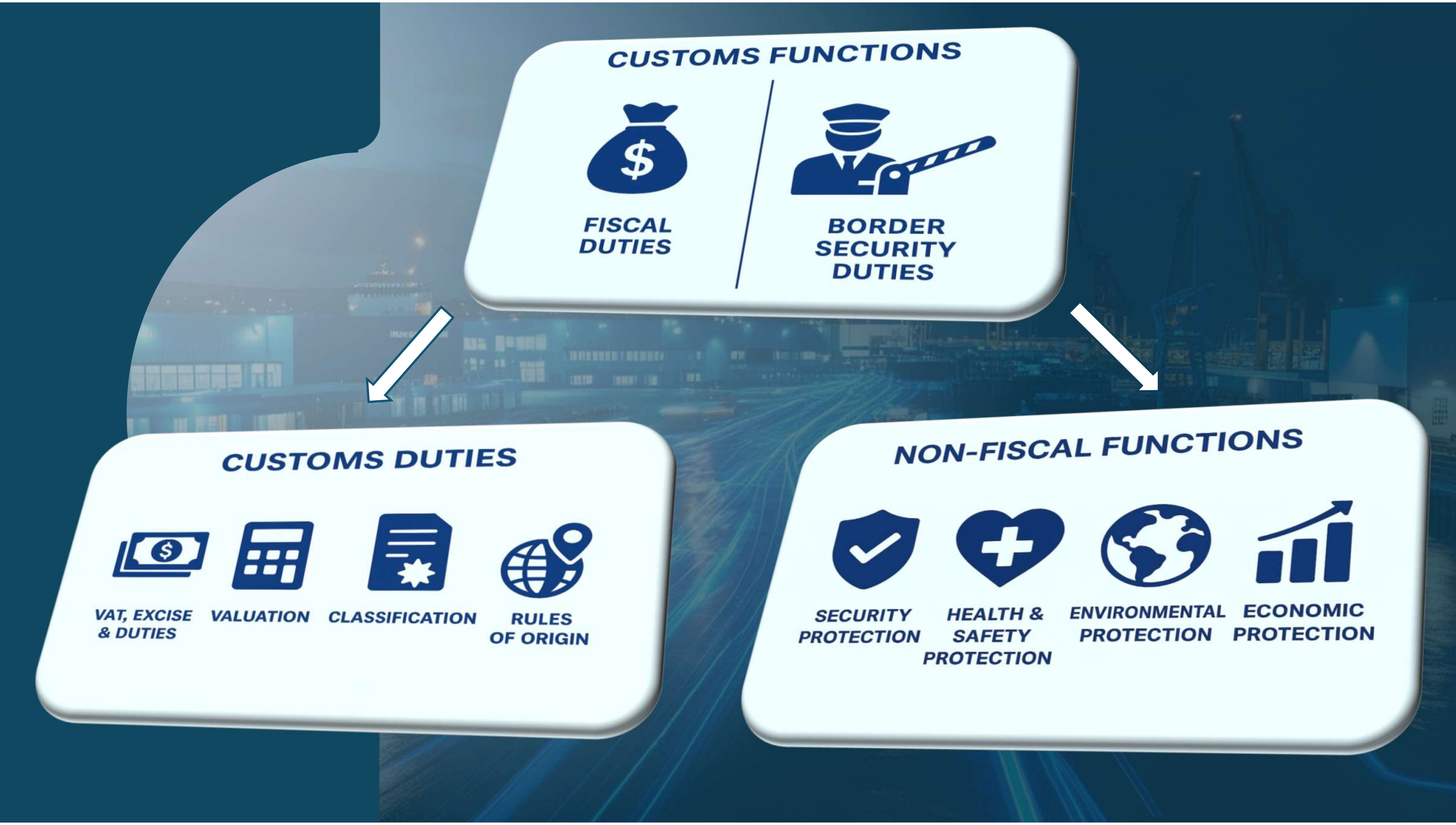
Electronic Single Window, Port Management System, ACIS, data-driven decision making


## Quote:

**"Customs is a central part of the globalization process and a catalyst to the competitiveness of countries and companies."**

**~ Pravin Gordhan (WCO Journal)**


CUSTOMS FUNCTIONS
FISCAL DUTIES
BORDER SECURITY DUTIES
CUSTOMS DUTIES
VAT, EXCISE & DUTIES
VALUATION
CLASSIFICATION
RULES OF ORIGIN
NON-FISCAL FUNCTIONS
SECURITY PROTECTION
HEALTH & SAFETY PROTECTION
ENVIRONMENTAL PROTECTION
ECONOMIC PROTECTION

# History and Evolution of Customs

# Drivers of Change

- **Collector** of state revenues and part of tax administration
- **Gatekeeper** and used to enforce import and export regulations
- **Agency duties**
- **Border Security agenda**

- **Globalization**
- **Trade volume** increase
- **E-commerce/ courier express**
- **Technological** advancement
- **Trade agreements/ trade wars**

# WTO

## 4 relevant principles

Global body that sets and **ENFORCES** rules for international trade, aiming to promote open trade, sustainable development and a fair global trading system

WORLD TRADE ORGANIZATION

- Monitors, administers, negotiates and disputes members' trade policy
- 164 member countries/ all present

- **Freer Trade**: **Lower trade barriers,** such as tariffs
- **Transparency:** Requires governments to **publish their trade policies**
- **Predictability:** Ensures trade barriers are not raised arbitrarily. **WTO members must bind rates**
- **Special and Differential Treatment:** **More flexibility, time, and advantages** to implement WTO agreements

# Trade Facilitation Agreement (TFA)

- Adopted: Concluded at the WTO's Bali Ministerial Conference in December 2013; entered into force on 22 February 2017

- Purpose: Simplify, modernize, and harmonize customs and border procedures across countries

**Goals:**

- Cut red tape at borders
- Speed up the movement, release, and clearance of goods
- Improve cooperation between customs and other trade-related authorities
- Reduce trade costs, especially benefiting developing and least-developed countries

# TFA

# Overview Section 1

**Section I** – Trade Facilitation Measures

Covers obligations to simplify and modernize border procedures:

- **Publication & Transparency** – countries must publish customs rules online, provide information in advance, and set up enquiry points.
- **Advance Rulings** – traders can ask customs for binding decisions on tariff classification, origin, etc., before importing.
- **Appeals** – traders must have the right to appeal customs decisions.
- **Faster Release** & Clearance – measures like :
  - -pre-arrival processing (submit certain data in advance)
  - -expedited shipments (express/courier shipments should get faster clearance)
  - -perishable goods (flowers, food, medicines should have special procedures)
  - -Post Clearance Audits (Compliance can be verified afterwards)
  - -Risk Management (Reduce unnecessary inspections should be reduced)
  - -Electronic payment

## WCO Vision and instruments

## RKC
## SAFE framework
## AEO

WORLD CUSTOMS ORGANIZATION
ORGANISATION MONDIALE DES DOUANES

Core principles:

- Embrace digitalization and data-driven approaches
- Promote trade facilitation and supply chain security
- Adopt risk management and intelligence-led operations
- Support inclusivity and sustainability
- Foster international cooperation and partnerships
- Develop professional, ethical and adaptive workforces

WCO itself does not have the power to impose binding legal obligations on countries(unlike WTO). Instead the WCO develops standards, conventions, and guidelines that members can adopt

# Revised Kyoto Convention

- Formally the International Convention on the simplification and harmonization of Customs Procedures
- Developed and managed by the WCO and adopted in 1999 and entered into force in 2006 (as of 2025  130 Cp)
- Purpose to promote simple, efficient and uniform Customs procedures
- BLEUPRINT for modern Customs
- First document to introduced the subjects :
  Balancing Trade facilitation and Customs control
  Standardization and simplification
  Transparency and predictability of procedures
  Risk management
  Automation and use of IT
  Cooperation
  Right of appeal

# Authorized Economic Operatorship Programme (AEO)

- WCO flagship Customs –business partnership programme- 2007 (As of 2025 more that 100 member countries implemented AEO programme
- Main objective to recognize partners in Supply chain that meet high standards of Compliance, security and reliability.
- Enables better supervision
- Secures international supply chain against risks as smuggling
- In line with : Risk management approach
  Trade facilitation-Rewards compliant operators trough simplified and faster customs procedures
  WCO SAFE framework cooperative Customs approach

# SAFE Framework of Standards to secure and facilitate global trade

- Comprehensive instrument that covers ALL areas of Customs

- First version in 2005 and continuously updated(latest version September 2025)

- 3 pillars:

| | | |
|---|---|---|
| | I - Customs to Customs: | Data Exchange, Export examination |
| | II - Customs to business: | AEO and other TTP |
| | III- Customs and other Government Agencies cooperation(OGA) : | Single windows |

- 5 core elements:

  1- Advance electronic Cargo information (ACI)
  2- Risk management system
  3- Outbound inspection of high-risk cargo (using NII equipment)
  4- Authorized Economic Operator(AEO) program
  5- Partnership with other Customs, business and OGA

# Core elements

# Characteristics of modern Customs

- Coordinated- and Border Management approach
- Risk Management approach
- Integrated technology and non-intrusive inspection
- AEO or similar compliance encouragement programs
- Data and intelligence driven decision making
- Advanced cargo information systems and pre-arrival data analysis
- Pre-export screening and inspection
- Equal priority border security, trade facilitation and revenue collection
- Make expertise available and be policy partners when it comes to Customs matters
- Widely publish its procedures
- Provide for advanced rulings
- Ensure right of appeal
- Encourage integrity, leadership and professionalism

## Regional Shortcomings

## Underutilization of Customs expertise

- RKC Standard 1.3 “Customs shall ensure that their expertise is made available, to other government services and to trade”
- Customs seen as just collector and not a policy partner
- Customs does not take initiative
- Countries use standards as a buffet and misuse implementation flexibility and status as developing country
- Reactive policy making that doesn’t include Customs its operational expertise
- Disconnect between policy and operations
- Missed opportunity to align policy with international standards

# MERCATOR PROGRAMME

Mercator Programme

A Navigational Map for Trade Facilitation

- Launched by WCO(with WTO) in 2014, shortly after the WTO TFA was concluded in Bali (2013)
- Objective: Capacity building, Diagnostic tools and Tailored implementation plans to support customs administrations and border agencies in aligning their procedures with the TFA, making cross-border trade faster, cheaper, and more predictable.
- Not an instrument itself: applies RKC, SAFE and AEO
- By 2019, more than 100 capacity building activities and missions were carried out and 46 WCO Members were engaged in Mercator multi-year (MY) program
- Many countries within the region have received WCO support in some way
- WCO has over 70 accredited Mercator Program Advisors (MPAs) who are regularly supporting Members states

# Digital transformation

## ACIS
## Single Window

| | |
|---|---|
| • **ACIS** control | Better Customs<br>Reduces time/Costs<br>Improves cooperation<br>Promotes compliance |
| • **Single Window and Pms** | Transparency<br>Speeds up processing<br>Reduces bureaucracy<br>Reduces corruption |

- **Use of AI to transform data analysis and risk management**

# Thank you

## QUESTIONS ??

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