



USAID
FROM THE AMERICAN PEOPLE

Customs Risk Management

Trade Facilitation and Enforcement in a Global Economy

Mark Stomski - Customs Advisor



USAID
FROM THE AMERICAN PEOPLE

**BUSINESS CLIMATE
REFORM**

Risk Management at Home

- Your spouse, the cleaner of the house, has been out of town on a business trip for a week.
- Your mother-in-law just called and said that she would like to stop by to choose some jewelry.
- Your house is a mess.
- Your mother-in-law is a critical clean freak.
- She must be there in an hour.
- You can't say no and you can't delay.
- Your house is a mess.
- What do you do?



USAID
FROM THE AMERICAN PEOPLE

**BUSINESS CLIMATE
REFORM**

Risk Analysis at Home

- There is no possible way that you will be able to clean the entire house.
- What rooms will she see?
- Which areas are most in need of attention?
- What is she most critical of?
- What tools do you have to clean?
- How long may she stay?



USAID
FROM THE AMERICAN PEOPLE

**BUSINESS CLIMATE
REFORM**

Concept of Risk Management

“The systematic application of management procedures and practices which provide Customs with the necessary information to address movements or consignments which present a risk.”

- WCO

| <i>Management Determination</i> | <i>Risk Indications</i> |
|--|--|
| Revenue Collection | Tariff, Value, Trade Agreements |
| Domestic Industry | Tariff, Quota, Intellectual Property Rights |
| International Politics | Embargos and Sanctions, Transshipments, Trade Agreements |

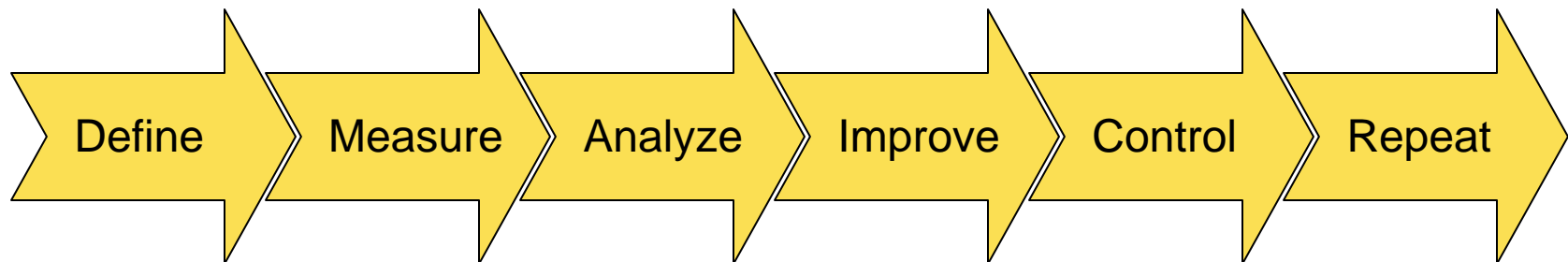


USAID
FROM THE AMERICAN PEOPLE

**BUSINESS CLIMATE
REFORM**

Risk Analysis and Assessment

- *“The systematic determination of risk management priorities by evaluating and comparing the level of risk against predetermined standards, target risk levels, or other criteria.” - WCO*





USAID
FROM THE AMERICAN PEOPLE

**BUSINESS CLIMATE
REFORM**

Difference Between Risk Management and Risk Analysis



Mark Stornick - Customs Advisor



USAID
FROM THE AMERICAN PEOPLE

**BUSINESS CLIMATE
REFORM**

Approaches to Risk Management

- Focus on Large Importers
- Primary Focus Industries
- Informed Compliance
- Compliance Assessment Teams
- Enforcement Evaluation Teams



USAID
FROM THE AMERICAN PEOPLE

**BUSINESS CLIMATE
REFORM**

Requirements of Customs Risk Management and Assessment

- Political Will
- Historical Records
- Benchmarks
- Adequate I.T. System
- Cooperation with trade
- Goals
- Training and Awareness



USAID
FROM THE AMERICAN PEOPLE

**BUSINESS CLIMATE
REFORM**

Enforcement of High Risk Trade

- Effective targeting through the input of Customs criteria
- Exposure to frequent Customs audits and compliance assessments
- Discussions with neighboring countries for regional enforcement operations and data sharing
- Mobile Enforcement Teams



USAID
FROM THE AMERICAN PEOPLE

**BUSINESS CLIMATE
REFORM**

Facilitation of Low Risk Trade

- That which is not identified as a high or medium Customs risk is facilitated
 - Simplified Procedures and Declarations
 - Lower rates of Examination
 - Faster Processing
 - Release directly to importer's premises
 - Consolidated Declarations
 - Alternative Duty Payment Methods



USAID
FROM THE AMERICAN PEOPLE

**BUSINESS CLIMATE
REFORM**

Benefits

- Trade
 - Reduced Costs
 - Supply Chain Forecasting
 - Working Relationship with Customs
- Public
 - Lower Costs of Goods
 - Trust in Government
- Customs
 - Improved Compliance
 - Resource Efficiency
 - Greater Control of Customs Procedures



USAID
FROM THE AMERICAN PEOPLE

**BUSINESS CLIMATE
REFORM**

Other Resources

- WCO
 - http://www.wcoomd.org/ie/En/Topics_Issues/topics_issues.html
- USAID FasTrade
 - http://www.tcb-fastrade.com/papers_list.htm
- UNCTAD
 - <http://www.unctad.org/Templates/Page.asp?intItemID=3781&lang=1>
- EU Taxation and Customs Union
 - http://ec.europa.eu/taxation_customs/customs/customs_controls/risk_management/customs_eu/index_en.htm
- US
 - http://www.cbp.gov/xp/cgov/import/informed_compliance/managing_risk.xml