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# Customs Risk Management

## Trade Facilitation and Enforcement in a Global Economy

Mark Stomski - Customs Advisor



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## 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?



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## 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?



## 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.”*

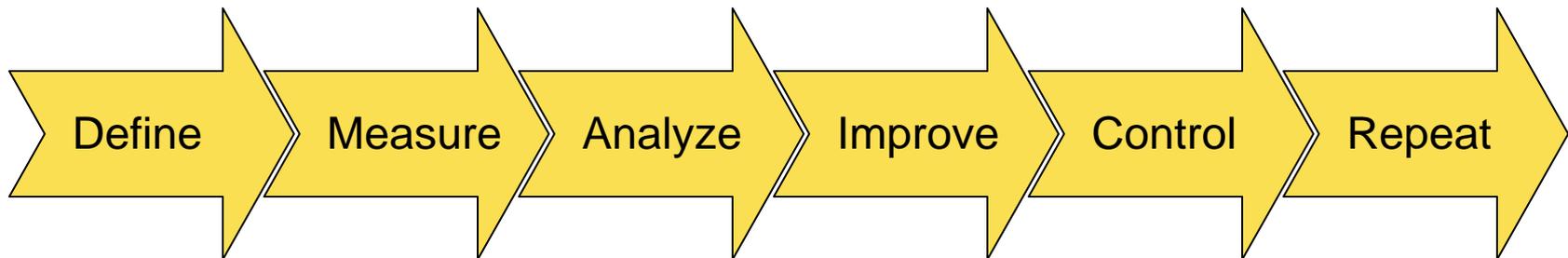
- WCO

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



## 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*





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## Difference Between Risk Management and Risk Analysis



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## Approaches to Risk Management

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



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## Requirements of Customs Risk Management and Assessment

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



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## 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



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## 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



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## 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



## Other Resources

- WCO
  - [http://www.wcoomd.org/ie/En/Topics\\_Issues/topics\\_issues.html](http://www.wcoomd.org/ie/En/Topics_Issues/topics_issues.html)
- USAID FasTrade
  - [http://www.tcb-fastrade.com/papers\\_list.htm](http://www.tcb-fastrade.com/papers_list.htm)
- UNCTAD
  - <http://www.unctad.org/Templates/Page.asp?intlItemID=3781&lang=1>
- EU Taxation and Customs Union
  - [http://ec.europa.eu/taxation\\_customs/customs/customs\\_controls/risk\\_management/customs\\_eu/index\\_en.htm](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](http://www.cbp.gov/xp/cgov/import/informed_compliance/managing_risk.xml)