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Risk Indicators

The pieces of the puzzle

Robert Holler





Definition

- “Risk Indicators” are specific criteria which, when taken together, can be used to identify high risk passengers, goods and conveyances.
- An indicator is something that is visible or evident that gives ground for believing the existence or presence of something else that may not be visible.
- The key point here is that risk indicators must be taken together.
- Let me take you to “my world” to make my point.
- Let’s visit the Mexican Border



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Bridge of the Americas, El Paso – Ciudad Juarez





Risk Indicators on the Mexican Border

- Defined Risk: Narcotics
- Indicator: Car, truck or person arrives from Mexico. Mexico is known to be a primary source country and transit country for narcotics entering the United States.
- Problem: The U.S. – Mexico Border is It is the most frequently crossed international border in the world, with some 350 million people crossing (legally) every year



Let's narrow the focus

- Can 2500 Customs officers on the Mexican border probably thoroughly inspect 350 million persons?
- $350,000,000$ divided by 2500 equals 140,000 persons per inspector per year.
- An inspector in the United States works approximately 2500 hours per year.
- $140,000$ passenger divided by 2500 hours equals 56 passengers per hour.
- Half of those 2500 inspectors are examining cargo, trucks and performing administrative duties.



A few additional indicators

- Male between the ages of 17 and 35.
- Traveling alone.
- Nervous
- Driving an older and larger vehicle.
- Visible scratch marks, fresh paint on the wheels.
- Tires are muddy on a dry day or the tires are clean and the car is dirty



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Show me the drugs!





Interesting, but....

- You're right, we're not here to talk about finding drugs in El Paso, are we?
- We're here to talk about risk indicators associated with:
 - Misclassification
 - Undervaluation
 - Intellectual Property Rights violations
 - And similar commercial violations
- Let's take a quick look at a few potential risk indicators



Misclassification

- Generalized description of the goods on the invoice
- Incomplete documentary information
- Incorrect origin of the goods
- Revenue history of the importer
- Similar importations by other importers



Valuation

- Incomplete documentary information
- Exceptionally high or low prices
- High insurance costs
- Disproportionate transportation cost
- Incorrect origin of the goods



Origin

- Importer imports the same goods from the same supplier, but declares different origins
- Known risk products that have been found to have the origin incorrectly declared
- Products for which the declared origin is suspicious.
- Products where the declared country of origin may have been merely a transshipment point



Routing

- Use of vague addresses (P.O. Box)
- Unusual payment method
- Unlikely market destination
- Transportation costs too high or too low



Traders

- Unknown importer
- Prior compliance problems
- Type of goods imported
- Inconsistency with importer's business
- Change of name or trading style



Can you see the whole picture?

- We've provided you with a fairly detailed list of risk indicators?
- Can you work with all of them?
- What are your constraints?
- What about the risk indicators that you can't "see" through the ASYCUDA "microscope"?



Practical Exercise

- O.K., you had to know this was coming.
- Time to do some work
- Divide into two groups
- Group 1: Turkey
- Group 2: “Ghost Importers”
- Combine risk indicators to build a profile
- Take 30 minutes and then be prepared to present it.