Customs Risk Management

Trade Facilitation and Enforcement in a Global Economy

Mark Stomski - Customs Advisor
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?
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

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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
Difference Between Risk Management and Risk Analysis
Approaches to Risk Management

- Focus on Large Importers
- Primary Focus Industries
- Informed Compliance
- Compliance Assessment Teams
- Enforcement Evaluation Teams
Requirements of Customs Risk Management and Assessment

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

- EU Taxation and Customs Union

- US

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