B2A systems and collaborative processes‘ interoperability

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1. Customs today versus tomorrow

2. Smart CM

3. World Customs Organisation: Globally Networked Customs
1. Customs today versus tomorrow

- Today’s organisational model
  - REACTIF CONTROLS
  - BASED ON DISTRUST
  Expand with

- Tomorrow’s organisational model
  - PRO ACTIVE
  - BASED ON CONFIDENCE

Transaction-based CONTROL model

System-based FACILITATION model
Certified supply chains: 20% major companies responsible for 80% goods flow

AS IS:
5% “traditional” control on the entire flow of goods

TO BE:
25% “traditional” control on the Non-Certified supply chains

1. Customs today versus tomorrow

systembased facilitation model

transactionbased control model
2. Smart CM

- **Smart Container Management** ([http://www.smart-cm.eu](http://www.smart-cm.eu))
- Project of EU - Framework Programme 7
- Consortium of authorities and private partners: CtoC, BtoC and BtoB
- Smart-CM overall objectives:
  - create a **SMART-CM service platform** for all actors in supply chain
  - designs a concept for “**single-window**” access to container and cargo security independently of the CSD technology used
31 partners, 11 countries, broad mix of industrial key actors
(forwarders, port authorities, shipping lines, terminal operators and customs, scientific support of universities and consultants)

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<tr>
<th>Participant organization name</th>
<th>Country</th>
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<tr>
<td>Centre of Research and Technology Hellas/Hellenic Institute of Transport (CERTH/HIT)</td>
<td>Greece</td>
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<td>Fraunhofer Institut for Material Flow and Logistics (FhG)</td>
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<td>Hellenic Ministry of Finance (Greek Customs)</td>
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<td>The peninsular &amp; OPriental Steam Navigation Company-P&amp;OSNCO (DP World)</td>
<td>England</td>
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<tr>
<td>Maritime Association for Research and Innovation</td>
<td>Italy</td>
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Customs’ perspective: Test green lane concept

Classic EU approach
Customs participation perspective: Test green lane concept

Alternative Approach
In order to create green lanes: **Customs’ main requirements** for Smart-CM platform:

- **Container integrity status information**: Alert message in case of unauthorised opening or “breach”

- **Assign cargo data** (consignment) to container: follow up

- **Authorised opening/closing** procedure for control purposes
Smart-CM platform solutions:

1. ICS SMF Standard message format

2. Consolidation of entry summary information for EU customs

3. Entry summary declaration (ENS)

4. MRN + release status

5. Assign MRN + release status to container

6. CSD information

7. SDMF (includes MRN + release status)

Business Logistics Layer (information broker)

Neutral Layer aimed at provisioning CSD security information

Logistics value added services

Alternative data sources

Consolidation of entry summary information for EU customs

Entries:
- ENS Acknowledgement (MRN)
- Entry release
- Import control decision

MRN + release status

Alternative data sources

Smart CM platform solutions:

1. Smart CM

2. Standard message format

3. Entry summary declaration (ENS)

4. MRN + release status

5. Assign MRN + release status to container

6. CSD information

7. SDMF (includes MRN + release status)
Necessary arrangements (non legally binding) with 3rd country customs:

• Facilitate **entry of container security devices** before departure of demonstrator trip: temporary admission and easy re-exportation when attached to container

• Observe stuffing of container before sealing or Authorised Economic Operator status: **container content as declared**

• Consider procedure for **authorised opening** of container by customs
•Give “green” lane facilities to containers equipped with CSD so that test is not jeopardised by stopping container for control purposes and that tangible benefits for trade are shown

•Level of participation in project depends on possibility of 3rd country customs to invest resources: from observer status up to setting up green lanes
3. World Customs Organisation: Globally Networked Customs

World Customs Organisation (WCO-OMD):

• International *intergovernmental* organization that deals with Customs procedures governing trade between countries

• Improve effectiveness and efficiency of Customs administrations

• Fulfil dual role of *facilitating* trade whilst ensuring its *security*

• Born after Second World War to re-launch world trade, and to provide a platform for Customs issues

• Officially established in 1952 as “Customs Co-operation Council”
• 21st century policy document of the WCO defines the role and missions for customs in the 21st century

• 10 building blocks

• 1st building block is Globally Networked Customs: Need for communication Customs – Customs & Customs – Business

• Globally networked customs: enabler of the 9 other building blocks of WCO’s “Customs - 21 document”

• Mr. COLPIN, Administrator-General of Belgian Customs is chairman of WCO’s Ad hoc high level working group on Globally Networked Customs.
Why GNC: C2C many to many
C2C many to one

GNC Platform

3. World Customs Organisation: Globally Networked Customs
Benefits For Customs:

• “one-to-many” approach → need protocols and standards for interoperability, but once in place: global solution (no need for cumbersome bilateral data exchange) → easier integration with national existing customs systems

• “one single” or “few” access points → easier and cheaper to connect to and to maintain

• Worldwide system could be used for diffusion of risk alerts or provide consistent risk framework

• All cargo data accessible upon request or rerouted in case of diversion.
Benefits For Customs (continued):

• Availability of data on a **central platform** → allows installation **Performance Measurement** (statistics on inspections) or data mining with respect to risk on an international level.

• GNC platform could be used for exchange or diffusion of information on **accredited traders**.

• GNC platform could also be used for several **other purposes** (e.g. an electronic export/import license system).
Benefits For Trade:

• A single access point to an unlimited number of customs systems

• A single window to connect to other governmental organisations

• A supply chain visibility on Inspections & release notifications

• A single submission of data and multiple filing

• A GNC system is necessary to make the theoretical and so wanted “green lanes” really work in practice
Today: customs administrations worldwide have more than 100 different documents and 100 different types of equal data sets.

*Imagine*: 1 document worldwide, covering import and export, 1 data set, 1 single access point for trade to introduce their declarations. This would be a tremendous saving in costs for both Trade and Customs. This would be the ultimate facilitation.
GNC Feasibility Study

- **Council 2009**: Establishment of Ad hoc Group for steering a GNC feasibility study.

- **Terms of reference**

- **Composition of Group**: 30 members (5 per region \(\times\) 6 regions).

- **4 meetings**: 11/2009, 01/2010, 03/2010 and 09/2010
Results of feasibility study

Vision:

“A Globally Networked Customs (GNC) is an inclusive, interconnected Customs-to-Customs information-sharing system to support and improve the functioning of the international trading system, national economic performance, and the protection of society and fiscal management. A GNC will support the goals of the ten C21 building blocks, reduce the compliance burden for legitimate traders, and enhance enforcement through the sharing of information and intelligence.”

Strategic objectives:

• Deeper Customs-to-Customs collaboration to facilitate trade and suppress transnational crime;
• Deeper collaboration between Customs and Trade to manage supply chain logistics to further facilitate legitimate trade;
• Enhanced real-time communication between Customs administrations to share information and intelligence to suppress illicit activities.
Results of feasibility study

- 2 tracks: enforcement data & commercial data
- Use existing systems
- Based on WCO Data V3, Safe define protocols
- Develop communication systems
- Analyse potential of CEN
- Capacity building
GNC future state revolves around 3 axes:

- Stakeholders or involved parties;
- The information to be exchanged (Data);
- The IT – applications.

3. World Customs Organisation: Globally Networked Customs
Phased approach is not a theoretical model, followed by sequenced implementation of that model.

But Phased approach is a sequenced implementation of mature pieces.
It is still a long way to go and we’ll need time

but together a lot is achievable …..