



**ROCB**  
Asia/Pacific

**World Customs Organization**

# E-Newsletter No. 71

*Happy New Year 2021*

*From ROCB A/P*





# FOREWORD

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Dear Readers,

I would like to express my warmest new year 2021 greetings to all of you and Asia Pacific Members from a beautiful lavender field at Chiang Rai Thailand and thank you for taking the time to read this 71st ROCB A/P E-Newsletter.

Looking back on last year briefly, in a nutshell, the world was influenced by COVID-19 and unfortunately our lives have changed drastically. In particular, it had a great negative impact on the facilitation of international travel and face-to-face communication so that we have been required to maintain social distance among people in our daily life even in domestic situations. These impacts have been posed big challenges to us, Customs. Nevertheless, looking at the WCO and Customs administrations across the world, we were very encouraged to see the resilient efforts of the WCO and its Members for tackling these challenges.

I must think about this year. What happen to the situation this year? How long does the impact of COVID-19 continue? Does the situation get worse or improve? What can we do in the situation at this year? What new knowledge can we learn, what techniques and practices are required to adopt to the situation? I strongly believe that my colleagues around the world including me, must tackle these challenges with the above questions and seek answers over the coming year.

As for the lessons learnt of ROCB A/P from last year, we faced various challenges as well, nevertheless and fortunately, thanks to the great and wonderful support, cooperation and collaboration with a lot of colleagues of WCO and AP Members, we have gained new knowledge and experience on capacity building activity especially in the delivering of online workshops. Taking this opportunity, I would like to express my deep appreciation for all of you who gave numerous and kind supports to ROCB A/P. Yes, I pledge to do my best to deliver ROCB's services to Asia Pacific Members with a strong commitment this year.

This E-Newsletter features our activities undertaken by Asia Pacific Members in the fourth quarter of 2020, i.e. October through December 2020. In this E-Newsletter, we convey special contribution articles from Asia Pacific Members, namely (1) Experience of studying in Japan under the Japan-WCO Human Resource Development Program (Scholarship Program) by Bangladesh Customs, (2) Digital Learning in Indonesian Customs and Excise Training Center (CETC) by



Indonesia Customs, and (3) Embracing New Norm with Virtual Working Environment by RTC Malaysia. I really appreciate the sharing of these recent activities.

In addition, ROCB A/P is more focusing on the publication and information sharing function, which is one of the main functions of ROCB A/P. In this ROCB A/P E-Newsletter, we have written Special Essays which explain WCO tools and hot topics in an easy-to-understand manner. There are five Special Essays by Program Managers of ROCB A/P. Namely, (1) WCO 's new strategy for IPR by Ms. Yuko Mamiya, (2) Air Passenger Smuggling Trends Analysis from WCO Illicit Trade Report 2019 by Ms. Pavidha Boonmun, (3) Practical Guidance on "Intra-Group Service Fee" for PCA by Mr. Ilkwon Han, (4) Customs involvement in Free Zones by Ms. Chloe Au, and (5) WCO PICARD Program privilege to AP region by Dr. Tong Hua. We sincerely hope that ROCB A/P publications will be a good reference for not only policy officials but also field officers.

The ROCB A/P is always keen to hear any of your constructive comments and suggestions/inputs to our activities, including our communication and public relations activities, with a view to better servicing regional Member Customs administrations. I would like to continue to convey not only ROCB A/P's activities but also Members' interesting activities through our E-Newsletters.

Kind regards,

A handwritten signature in black ink, appearing to read 'Norikazu Kuramoto' in a stylized, cursive script.

Norikazu Kuramoto (Mr.)

Head of the ROCB A/P

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# Experience of studying in Japan under the Japan-WCO Human Resource Development Programme (Scholarship Programme) by Bangladesh Customs

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Salahuddin Rizvi

## Introduction

Bangladesh Customs has had the opportunity to join the recent WCO Human Resource Development Program called Scholarship Programme which is the one-year master degree course at the university in Tokyo, Japan. I have had enjoyed the benefits from the program provided by the WCO, Japan Customs and the National Graduate Institute for Policy Studies (GRIPS) as one of the collaboration university as well as obtained Master of Public Finance (Customs) at GRIPS. I would like to share this experience of the Scholarship Programme with Asia Pacific Members for your future reference.

**Present Post:** Deputy Commissioner of Customs, National Board of Revenue (NBR), Bangladesh  
**Course & Institution:** Master of Public Finance (Customs), National Graduate Institute for Policy Studies (GRIPS), Tokyo, Japan

## My experience during Scholarship Programme

From my school life, I've heard that Japan is a very beautiful, safe and peaceful developed country with update technology and knowledge, and the Japanese are polite, disciplined and hard working. So, I had always a desire to know more about Japan and its culture. Then, in 2019, the ambition came true when I was awarded with the Japan-WCO Human Resource Development Programme (Scholarship Programme) along with two other scholarships namely the Prime Minister Fellowship and the Australia Awards Scholarship. Although, I was little bit confused as to which opportunity I should prefer, finally I decided to study the Public Finance Program (Customs)

at National Graduate Institute for Policy Studies (GRIPS) in 2019-2020 under the Japan-WCO Human Resource Development Programme, and I had a unique experience of studying in Japan.

The GRIPS is a graduate school focusing on policy studies, and it is considered as an international hub for public policy research and education. The Public Finance Program (Customs) is for professionals in the area of Customs, and the major objective of this Master's Program is to provide the conceptual understanding and technical competence to become leaders in Customs. The program is comprised of two segments: an academic segment and a practicum segment which is conducted with the help of Customs Training Institute (CTI). A practicum provides an opportunity for students to enhance their learning with hands-on experience in a Customs-related work environment and to integrate this experience with their formal education. Moreover, there is a Center for Professional Communication (CPC) at GRIPS that helps students to hone their professional communication skill and competence, particularly writing the policy paper. GRIPS faculty includes top-level researchers, administrators and industry professionals with extensive expertise. Apart from academic activities, there is an opportunity to visit various places of Japan and participate in multicultural activities and events organized by International Student Council (ISC) with a view to enjoying Japanese cuisines and festivals, cultural activities and gathering knowledge about the history, culture, food and lifestyle of Japan.

Although the formal academic term started in October, 2019, I arrived in Japan in early September in order to attend the supplementary classes on mathematics and basic Japanese language. The supplementary classes brushed up our basic mathematical and statistical skills, and basic language skills. The basic mathematical and statistical skills helped us grasp the micro-foundations of economics and the basis for empirical analysis. On the other hand, the basic language skills helped me adjusting with the new culture quickly. In addition to theoretical courses, there were practicum courses which were conducted by the experts from the CTI, Customs and Tariff Bureau (CTB), and Tokyo Customs etc. As a part of practicum course, we attended various sessions at CTI and Central Customs Laboratory in Chiba prefecture. The most memorable event during my study in Japan was to participate in a special lecture at WCO Regional Training Center in Japan, delivered by the Secretary General of WCO, H.E Dr. Kunio Mikuriya. He highlighted the emerging and evolving challenges faced by Customs over the world as a result of the COVID-19 pandemic, and the WCO's continuous significant role to facilitate international trade.

In Japan, I was provided with accommodation at Tokyo International Exchange Center (TIEC), a residential complex for students and researchers from Japan and abroad. TIEC is located in beautiful Odaiba district, and it is used for intellectual exchange such as international



conference, lectures, academic meetings, movie screenings, concerts, and much more. From my room, I used to enjoy the beautiful scenic beauty of Odaiba, and every now and then, I went around the wonderful bay area of Odaiba.

I enjoyed my days living in Japan extremely. Being a student of Public Finance Program, I had the opportunity of a study tour of Kyoto and Osaka prefectures, and I along with other students visited the various historical and tourists spots of both prefectures. In Kyoto city, we were highly overwhelmed to see the Kyo-Yuzen, which is a technique of painting dye directly onto cloth invented in the middle of the Edo era towards the end of the 17th century and has become the ultimate art of kimono dyeing. Also, we visited the Fushimi Inari Shrine, Nishiki Tenmangu Shrine and famous Nishiki Market. The water of Fushimi Inari Shrine is popularly believed to be sacred. Satisfactorily enough, we had a unique experience of purifying ourselves by the water of Fushimi Inari Shrine.



Experience of Kyo-Yuzen in Kyoto city



Experience of purifying by the water of Fushimi Inari Shrine

As is said earlier, we also paid a visit to Osaka prefecture. There we went to see the Osaka Exchange, Inc. (OSE), and the Osaka Castle Park. The OSE is a licensed financial instruments exchange engaged in the provision of market facilities for trading of derivatives, publication of prices and quotations, ensuring fair trading and other financial instruments. The Osaka Castle was used as a military base and is widely known as a symbol of power and fortune. It is named after Hideyoshi Toyotomi, a politician regarded as Japan's second “great unifier” in 14th Century. In 1931, the Main Tower of the Castle was reconstructed in the center of the Castle with funds raised by the citizens, and the Main Tower of today is the third generation. Since its construction, the Castle has been repeatedly featured as the battleground of the major wars in Japanese history. In Osaka, we also visited the Dotonbori, which is a popular shopping and entertainment district. At night, it is lit by hundreds of neon lights and mechanized signs, including the famous Glico Running

Man sign and Kani Doraku crab sign. Moreover, we visited the Kuromon Market and Shin-sekai ("New World") in Osaka as a part of our study tour.



*With the guide Nanmori-san at Osaka Castle Park*

During my stay in Japan, apart from study tour, I, by my personal urge, eyed the most of the attractive tourist places in Tokyo such as the Imperial Palace, the Tokyo Tower, the Tokyo Skytree, the Sensoji Temple, the National Museum of Emerging Science and Innovation, usually referred to as the Miraikan, and the National Art Center etc. The natural beauty, the culture and heritage of Japan amazed me a lot, especially when Sakura (Cherry blossom) was in full bloom in spring. Also, I witnessed the snowfall for the first time in my life in Tokyo. In fact, Japan is a country in which nature changes its beauty every season. Besides this, I had a meaningful experience of tea ceremony and traditional calligraphy, which helped me to deepen my understanding about traditional Japanese culture. Here one thing I like to mention in context that while visiting different places of Japan and coming contact with Japanese people I discovered that they are very polite, disciplined, high sense of timing and concerned about the conservation of their nature and environment. Moreover, I enjoyed the traditional Japanese food, and had become a fan of traditional Japanese cuisines such as Tempura, Ramen, Soba, Yakizakana (grilled fish), Onigiri (rice ball), Sukiyaki, Sushi and Sashimi etc. However, still I have not got accustomed to eat using 'Hashi' (chopstick). It was really amazing living in such a beautiful environment.

Apart from awarding a Master's degree, I got a lot of friends from Japan as well as other countries, and they are now great treasures in my life. They helped me adjusting with the new culture fast, and made my life easier in Japan.

It should be here mentioned that my daily life was hampered to a great extent due to worldwide COVID-19 pandemic. Japan is one of the countries in the world which have been suffering severely from novel corona virus. In fact, I was planning to visit Hokkaido, Hiroshima and



Kyushu at the end of my study, but, as ill luck would have it, country wide emergency in Japan could not make my plan into reality. I hope I'll visit these amazing places in Japan in near future.

Finally, I would like to express my heart-felt appreciation to the World Customs Organization (WCO) and to the government of Japan for awarding me with the scholarship and giving me the opportunity to study at GRIPS in Japan. I am very grateful to the Customs authority in Bangladesh for granting me the permission to study in Japan.

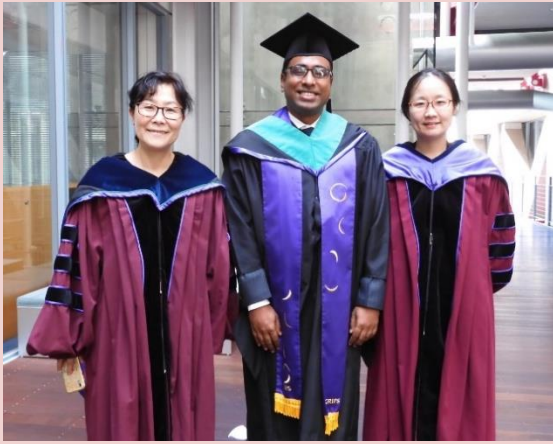
In conclusion, I'd like to encourage international young Customs professionals across the globe desiring to study in Japan, to use this outstanding opportunity to become a competent professional in the field of Customs and at the same time, to be acquainted with the history, culture and economy of this amazing country.



With the WCO Secretary General



WCO Secretary General delivering the special lecture.



With the Director and Associate Director of Public Finance program



In front of Main entrance at GRIPS



Home visit experience at the residence of a Japanese family



Rafting experience



Enjoying Sakura with the friends at GRIPS Campus







Inside the Osaka Exchange, Inc. (OSE)



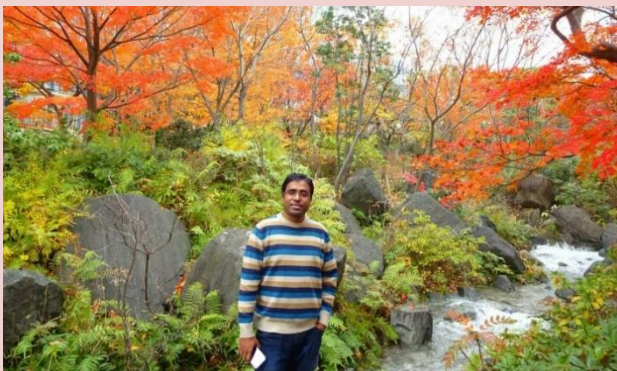
Experience of traditional calligraphy







With the friends from Japan and other countries



## Digital Learning in Indonesian CETC by Indonesia Customs

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We may say that the year of 2020 is an extraordinary one. At the beginning of the year, almost every nation in the world, Indonesia is no exception, had to face the Covid-19 pandemic which not only caused a health crisis but also a slowdown in economic activities. In order to break the spread of the virus, the implementation of health protocol requires people to do physical distancing and to stay at home. People are enforced to allude to new ways of doing things, so called the new normal, such as working from home and also learning from home.

The Covid-19 pandemic also affected the way we conducted learning in Indonesian Customs and Excise Training Center (CETC). Scheduled in-class training must be postponed in the meantime so we can anticipate what to do next and design our business continuity plan. An acrobatic movement on business process has been implemented to seek the best way to deliver learning that is accessible for all employees who stay at home, yet in quality are not much different from classical methods. We can no longer depend on the conventional ideas and must creatively and speedily create a variety of delivery methods to meet the need of customs human resources development. One of the solutions is through digital learning.

Actually, digital learning in Indonesian CETC is not a brand new. Our organization has implemented this method since 2015. At that time, we introduced **blended learning** that combines in-class learning with e-learning methods in one program. The urge of using blended learning is due to cost efficiency and anticipating huge amount of training needs compared to our capacity to fulfill them. However, this method can't be used anymore in pandemic, so we converted all traditional classroom based learning and blended learning curriculum into fully e-learning.

### Implementing Fully E-learning and Distance Learning Massively

It's not an easy task to convert curriculum into e-learning because our training programs mostly engaged to physical operation and tactical intelligent in the field. Moreover, the duration of training which is on average quite extensive tends to give negative impact on physical and mental health if it is conducted digitally in a long-run, such as eyestrain or bad posture. Fortunately, the Ministry of Finance of RI has initiated a strategic program on digital transformation since 2019. One of which is the implementation of modern e-learning as the primary tool for human resource development. As stated in our strategic planning, Indonesian CETC targeted for 30% of the total programs held in 2019 was delivered with **fully e-learning** method. In that sense, we have laid the groundwork in terms of IT infrastructures, such as studio,

LMS, networks access, as well as dedicated teaching chambers, and also capable human resources to carry out this mission when the pandemic stroke.



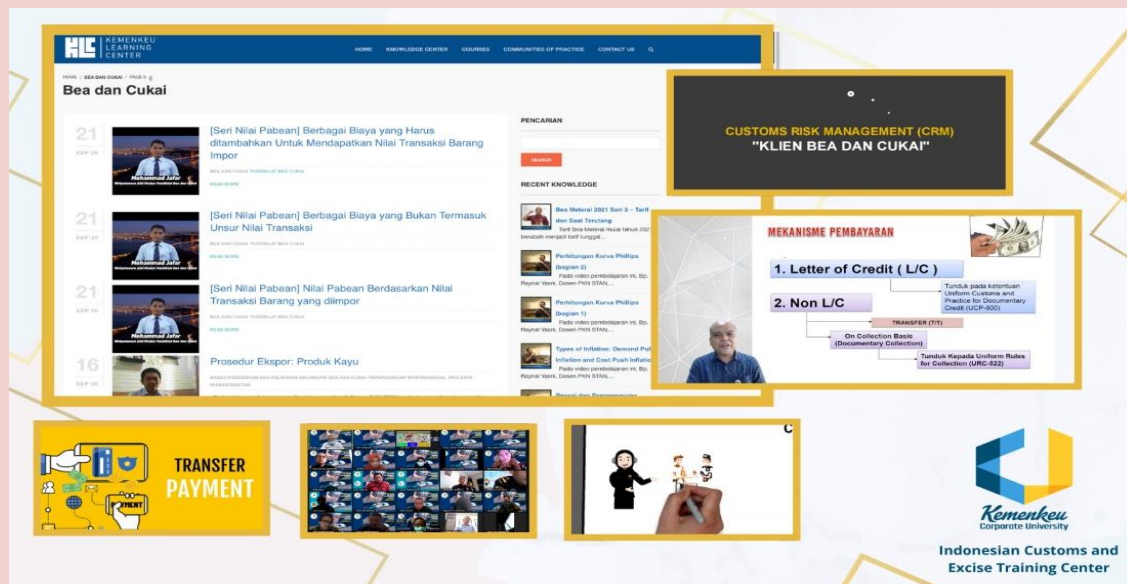
In addition to training effectiveness and cost efficiency, e-learning also aims to reach out all 16.339 customs officers assigned across Indonesia so that they not necessarily have to come to the training center. This is in line with the learning characteristics at Indonesian CETC, so called RAIA (Relevant, Applicable, Impactful, and Accessible). Relevant means that there is a link and match between the learning program and organizational goals; Applicable and Impactful require that learning materials should be applied to work and also generate a high impact on performance, while Accessible covers more people, anywhere and anytime.

In 2020, digital learning targets increased to 50% of total programs. Clearly, it's not a piece of cake. However, it can be said that the Covid-19 pandemic was a blessing in disguise. The pandemic has accelerated the adoption of digital technologies by several years, no exception on the implementation of digital learning in Indonesian CETC. Like it or not, to stay competitive in the new environment we have to move dramatically towards online channels. Apart from e-learning method, Indonesian CETC also launched **distance learning** as an alternative variety of learning delivery. So, what are the differences between these two methods?

The distinction between e-learning and distance learning in Indonesian CETC lies on the learning hours and the coverage of the material presented. E-learning is designed to provide theoretical understanding and basic knowledge. The length of e-learning is at maximum of 3 training hours (135 minutes) per day. Hence, learners still can continue doing their job in the office (or home) after completing the courses session. E-learning can be carried out synchronous or



asynchronous manner. Synchronous e-learning requires support of other parties (facilitated-led) and uses two-way communication at a certain time (real time) and schedule. Meanwhile, asynchronous e-learning is divided into facilitated-led and self-paced learning. Although it can be facilitated, learners and facilitators are not supposed to meet in real time or certain schedule. We provided an online discussion forum where both learners and facilitators can ask and respond about learning materials outside the constraints of time. In that sense, we believe that e-learning provides the learners with the ability to fit learning around their lifestyles and effectively allowing even the busiest person to broaden their knowledge or gain new competencies.



On the other hand, distance learning has longer duration than e-learning. Learners, such as in the classroom learning, can spend all day or at least 8 training hours to study. However, the participants are targeted in a small number (we recommend no more than 30 persons at best). Schedule is divided into synchronous and asynchronous learning in each day due to health related concern as well as to prevent boredom and to keep learners' focus. Thus, while taking distance learning learners are released from office work. Learning design also demands on higher level of competencies and sometimes can be complemented by action learning (on-the-job training). Although it has a different atmosphere compared to traditional classroom learning, distance learning prevails to be effective and efficient regarding time and budget. In term of output quality, our data shows that there is no significant difference in graduation rate between in-class and distance learning. In anticipation of learning materials that require practical skills, we have prepared tutorial videos beforehand that are as possible as resemble actual condition. This delivery method is very suitable to be applied during pandemic and it may be continued even after pandemic is over to accommodate the new behaviour towards digital technologies.

## Microlearning as Your Snack Learning

We realize that people are too impatient and exhausted while sitting for hours to study. On one hand, maybe they not necessarily want to know the whole materials and only need some kind of refreshments or updating on a few items. Departing from this, we began to develop other delivery methods by presenting learning materials in digestible pieces. In Indonesian CETC, we called it as **microlearning**; a bite-sized learning where lessons are conveyed in relatively small units and short-term activities. Normally, the duration to finish one module is around 15-30 minutes. Microlearning modules are designed to target a specific learning objective but they can be combined together to form a complete course. Once learners completed microlearning series, they are also rewarded with certificate of competence, as is in e-learning.

## Pull Learning: A Strategy to Fortify Learning Culture

In a fast-changing world, employees seemingly value a workplace that nurtures learning. Learning can be effective when the organization creates the right environment and make it easy to access relevant information. Instead of pushing them towards certain learning materials, giving learners more control to opt for what they learn and when they need it will be much appreciated. Indonesian CETC then tried to adopt pull learning strategy to capture the trends and to reinforce learning culture. Pull learning is a type of on-demand learning, focuses on learner-driven where they take ownership of their training.



On April 2020, we introduced **open access e-learning** and gradually increase the number of materials up to 25 programs. Open access e-learning is designed not only for customs officers but also for more than 80.000 employees of Ministry of Finance RI. Since the target is not for customs officers only, open access e-learning module contains general yet cross-functional level of competencies and does not incorporate information that is classified as job secret. Courses are opened all year round in self-paced learning so that it can reduce scheduling conflicts. Learners are granted to tailor their learning experience to their own needs based on job roles, personal knowledge, and career interests. By creating such learning opportunities, we believe that it is not only beneficial for learners in particular, but also favorable to boost organization outcome.

Overall, Indonesian CETC has produced approximately 57 digital learning program (consist of e-learning, distance learning, microlearning, as well as open access e-learning) and followed by

47.448 learner participants in 2020, gaining 80,67% from 50% target. This achievement enormously increases from last year production of 8 digital programs and 3.156 participants. As for 2021, the target raises by 20% so we are currently developing at least 82 digital learning program that will be implemented throughout the year. We might face 2020 with so many challenges, but we do believe that every cloud has a silver lining. Thus, we welcome 2021 with great enthusiasm. As part of WCO Regional Training Center in Asia-Pacific region, we are ready to serve and contribute more for a better world.

Noven K. Nugraheni

Indonesian CETC Team



# Embracing New Norm with Virtual Working Environment RTC Malaysia

## New Norm Training Approach

It's been a year since an outbreak of the pandemic COVID-19 hit the world and it is continuing its spread across the world. As the entire nation was put into the quarantine phase, no one can predict how this pandemic will drastically change the way people live, act and work. It is the first time in history seeing such sweeping changes. During the first Movement Control Order (MCO) nothing much could be done as it was announced in sudden. AKMAL has to reschedule almost all of its training. There was a transition period in which the meeting and discussion were held using free online tools. The moment Malaysia was under the Recovery Movement Control Order (RMCO) in June 2020, AKMAL's decided to develop its own Standard Operating Procedures (SOP) for its training in line with government guidelines. This involves the mixture of online and offline training in a small-scale capacity by practicing a physical distance in the classroom, using apps for the attendance and downloading the notes as well. The main subject highlighted in the SOP is to avoid '3C' areas, namely crowded place, confined space and close conservation and at the same time encouraging people to practise '3W', which is frequently washing hands with water and soap; wearing face mask especially in public places or when encounter people

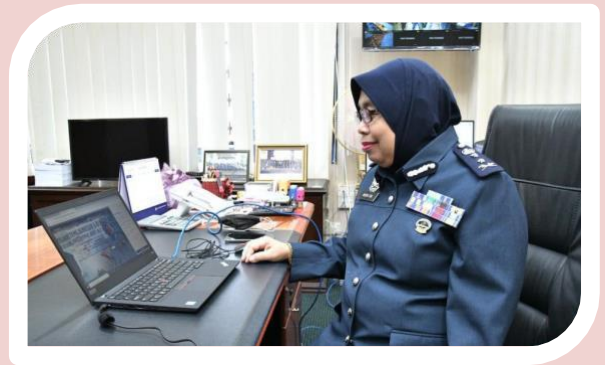


who are having fever and flu and warn to practice caution by avoiding handshakes, staying at home and seeking treatment if an individual develops symptoms related to COVID-19. As such, in the middle of July 2020, RTC Malaysia or AKMAL decided to resume face-to-face training programmes by complying with the AKMAL's SOP and maximum preventive measures. As a result, AKMAL

managed to organize 24 physical training until end of the year. However, in response to the uncertainty of COVID-19 pandemic, AKMAL has taken complete measures to continue providing safe and quality training such as transforming conventional methods to virtual training by exploring new ideas and technology in order to achieve its mission.

## Virtual Training via webinars in AKMAL

Continuously, the people, the private and government sector has abruptly taken immediate action to cater to this situation by switching to the remote work environment or began working from home. Physical distancing has become the new norm in many parts of the world, impacting the way that government and private agencies operate from day



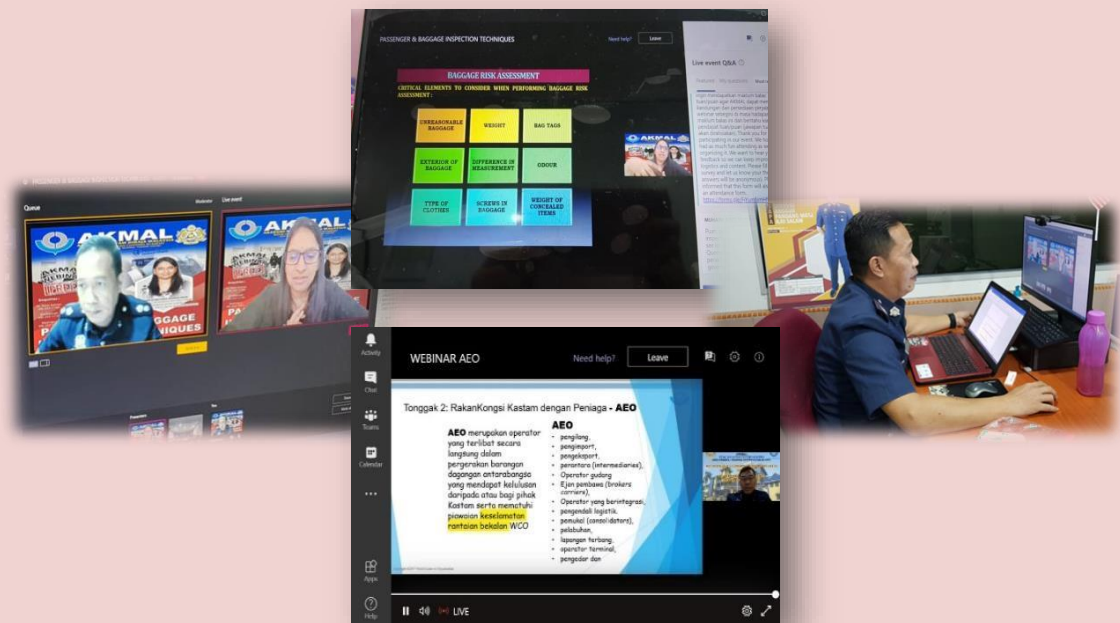
today. To keep our service and information abreast, all the training institutions need to incorporate new content delivery methods. Remote training and remote workplace platforms are becoming the new norm and such offer instant support. Hence, AKMAL's has started its virtual training by having a few webinars starting from November 2020. In the year 2020, we had successfully organized three (3) webinars and in January 2021, AKMAL's has effectively organized five (5) webinars. Below is the list of the webinars:

Num.	Title	Month Organized	Total Registered Participants	Organizations
1.	Authorized Economic Operator (AEO) Series 1	November 2020	241	RMCD and Private Sectors
2.	Bunkering	November 2020	468	RMCD
3.	Safety of life at Sea (SOLAS) & Standards of Training, Certification and Watchkeeping (STCW)	December 2020	289	RMCD
4.	Effective Statement Methods in Court	January 2021	635	RMCD
5.	Rule of Origin (RoO)	January 2021	567	RMCD
6.	Passenger and Baggage Inspection Techniques	January 2021	739	RMCD and ASEAN Customs
7.	Authorized Economic Operator (AEO) Series 2	January 2021	584	RMCD
8.	Classification and Plastic Import Procedure under Heading 39.15	January 2021	649	RMCD

List of webinars conducted at RTC, AKMAL Melaka

As the global COVID-19 pandemic continues to limit in-person interaction, remote learning solutions allow training institutions to continue their role without interruption. Virtual methods are the main platform used to prepare all officers for remote training and also meetings/discussion. Despite changing the social and work ethics, the COVID-19 has also

reshaped greetings and the rules of everyday etiquette. No matter how the world will be if the pandemic end, one thing for sure it has changed AKMAL's training method at the core.





# Training for International Participants under the Malaysian Technical Cooperation Programme (MTCP)



Royal Malaysian Customs Academy (AKMAL) or RTC Malaysia with the support of Ministry of Foreign Affairs Malaysia (MOFA) has been granted a fund for the MTCP since 2003. Under this programme, the participants from all over the world are fully sponsored and have a chance to visit AKMAL or Malaysia. However, as the pandemic COVID-19 strike in 2020, virtual training essentially takes the fundamentals of conventional training by replicating the experience through a virtual platform such as Microsoft Teams, Google Meet or Zoom.

In that note, RTC Malaysia (AKMAL) is delighted to announce that we are going to organized two (2) virtual courses under the MTCP by continent/region based on the series of date and time. Department of External Studies in AKMAL will be in charge of the courses.

- MTCP: International Course For Senior Officers of Customs On Commercial Fraud (15-19 March 2021 and 22-26 March 2021)
- MTCP: International Course For Senior Officers Of Customs On The Importance Of Trade Facilitation (19-23 April 2021 and 26-30 April 2021)

## MTCP

The Malaysian Technical Cooperation Programme (MTCP) was first initiated at the First Commonwealth Heads of Government Regional Meeting (CHOGRM) for Asia Pacific Region in Sydney in February 1978. It was officially launched on 7 September 1980 at the 2nd CHOGRM in New Delhi, India, to signify Malaysia's commitment to South-South Cooperation, in particular Technical Cooperation among Developing Countries (TCDC). In line with the spirit of South-South Cooperation, Malaysia through the MTCP shares its development experiences and expertise with other developing countries. The MTCP was first formulated based on the belief that the development of a country depends on the quality of its human resources. The programme forms part of the commitment of the Malaysian Government towards the promotion of technical cooperation among developing countries, strengthening of regional and sub-regional cooperation, as well as nurturing collective self-reliance among developing countries. The MTCP emphasizes the development of human resources through the provision of training in various areas which are essential for a country's development such as public administration, good governance, health services, education, sustainable development, agriculture, poverty alleviation, investment promotion, ICT and banking. Since its inception in 1980, more than 33,000 participants from 144 recipients' countries have benefited from the various programmes offered under the MTCP.



This is an interactive course (conducted in English) that will provide participants with the opportunity to freely exchange ideas, knowledge and experience with the other fellow participants and facilitators/resource persons through lectures, group discussions and questions & answers session. AKMAL's believe upon completing the course, participants will be able to benchmark the Royal Malaysian Customs' experience in the collection of revenue, promotion of trade/industrialization, enforcement of relevant legislation and secure the supply chain security, analyses the various types of issues related to customs and some of the good practices and also familiarize with some of the common modus operandi in related to customs issues.



Department of External Studies, RTC Melaka

# WCO's new strategy for Intellectual Property Rights

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Ms. Yuko Mamiya

Program Manager and CCF/Japan Operation Manager, ROCB A/P

## 1. Introduction

After the outbreak of the COVID-19, wearing a mask and keeping your hands clean became a daily routine to mitigate the risk of infection. However, if masks and sanitizer gels, which we usually use, are counterfeits are they effective to mitigate the risk? What will happen if fake medicines and C-19 test kits are being marketed in your country?

It is obvious that Intellectual Property Rights (IPR) infringing goods can harm people's health and safety. Fake medicines, car parts, foodstuff and toys are typical examples that hurt or, in the worst-case scenario kill people. Besides, IPR infringing goods can cause a negative effect on economic, social and cultural growth. IPR encourages creativity and innovation by ensuring the protection of the interest of right holders, accordingly weak IPR protection discourages creating and innovating something. On top of that, foreign investment might be discouraged where IPR protection is not sufficient.

Customs can prevent IPR infringing goods at the border before they are distributed widely in domestic markets. With that in mind, Customs plays a vital role in fighting IPR infringing goods. Currently, with the outbreak of the COVID-19 pandemic, numerous cases of seizure and detention of goods linked to COVID-19 have been reported by Members. Customs administrations are required to endeavor to protect the health and safety of the world's people more than ever.

The WCO has been supporting its Member administrations in combating infringing goods by implementing operations and capacity building activities while responding to the latest needs



of Member administrations. The purpose of this article is to introduce the WCO's new strategy for IPR by introducing "the WCO IPR, Health and Safety programme (2020 version)" which aims at providing an appropriate and up-to-date solution to the threat of counterfeiting so that Members can grasp the WCO's future activities to support its Members in fighting against infringing goods.

## **2. Outline of the WCO's current initiative: the WCO IPR, Health and Safety programme (2020 version)**

### **Purpose**

Counterfeiting and piracy have become much more sophisticated over the past few years. The rapid growth of e-commerce in modern life has brought various challenges in the missions of Customs administrations including IPR related issues. To respond to the continuously changing international environment and the latest needs of Member administrations, the WCO and its Members have developed a new version of the IPR, Health and Safety Programme. This is the 2020 version of the WCO strategy for IPR and aims to explore all of the innovative technologies which are available to Customs administrations and which may have a positive impact on the work carried out by frontline officials.

### **Overviews and structure**

The strategy consists of four parts, namely "I- Background", "II- The role of stakeholders", "III- The WCO IPR, Health and Safety Programme: New vision for convincing results" and "IV- The way forward". The first part provides the historical background in accordance with its name and information on the current situation and the challenges faced. The second part mentions the role that must be played by stakeholders (WCO and its Members, observers (e.g. WTO, WHO, UNODC, WIPO, INTERPOL, Europol) and rights holders). The third part provides the outline of the work plan which contains five topics, namely "awareness-raising and visibility", "stakeholder cooperation and networking", "risk management and information exchange", "capacity building" and "cross-cutting issues". The final part focuses on the way forward and the next stages of its implementation. I would like to explain more details about the third part, which provides the key elements, and the final part, which provides the next step.

### Key elements (III- The WCO IPR, Health and Safety Programme)

As above, this part consists of five topics and provides the vision and action required for each topic. The brief outlines of the five topics are as follows.

Topic	Outline
Awareness-raising and visibility	<p>Awareness-raising nature and institutional visibility of the WCO will be a key priority for this programme. Awareness-raising includes not only public awareness but also Customs' awareness.</p> <p>Developing a Training Manual on IPR, encouraging data input for CEN, using live and online awareness-raising events to educate people, etc. are stated as the action required.</p>
Stakeholder cooperation and networking	<p>Further enhancing cooperation with the private sectors, the intergovernmental institutions and the WCO Members is a vital factor in fighting against infringing goods.</p> <p>Establishing clear procedures for stakeholder participation in WCO IPR, health and safety activities, designing an IPR, Health and Safety Self-Assessment Tool, initiating diagnostic missions for Members to encourage the implementation of appropriate IPR legislation, etc. are stated as the action required.</p>
Risk management and information exchange	<p>Risk management is essential with respect to IPR and health and safety to stop illicit trade while facilitating legal trade.</p> <p>Incorporating the risks associated with IPR, health and safety matters into Members' risk management systems, creating a new platform for exchanging information through CENcomm, etc. are stated as the action required.</p>
Capacity building	<p>Capacity building to curb IPR infringements and the trade in unsafe and substandard goods is essential. The WCO accredited experts play a crucial role in the WCO's capacity building activities.</p> <p>Reviewing the CLiKC! modules on IPR, including the finer points of HS codes in capacity building activities, etc. are stated as the action required.</p>
Cross-cutting issues	<p>There is a need to take into account other cross-cutting issues for the effective implementation of this programme.</p> <p>Enhancing cooperative action with the WCO Programme on Combating Money Laundering, pursuing and refining the survey on the environmentally sustainable destruction of goods, etc. are stated as the action required.</p>

This part includes all important keys to conduct IPR border enforcement effectively and efficiently while covering the topical issues. A comprehensive outline of work under the programme increases the visibility of the WCO's activities.

### **What is next (IV- Way forward)**

This part provides the next actions that the WCO should take. As the next stage of the implementation of this programme, the Secretariat will develop a detailed work plan. Also, the development of the Training Handbook on legal measures and practices against infringement of IPR, the IPR Self-Assessment Tool and the Guidelines on the environmentally sustainable destruction of counterfeit goods are stipulated as the performance indicators for this strategy in the final part.

With regard to the Training Handbook and the IPR Self-Assessment Tool, the WCO and its Members have been developing them and they will be submitted for approval to the Meeting of the Enforcement Committee. The Training Handbook aims to provide a comprehensive overview of the legal and practical measures that can be taken to identify, deal with and stop IPR-related offences at borders. The IPR Self-Assessment Tool aims to provide a broad overview of best practices in the field of IPR protection that build on not only traditional legislative issues including TRIPS, but also Members' current procedures for IPR border enforcement and cooperation with the private sector and other stakeholders, risk management, and capacity building.

The guidelines on the environmentally sustainable destruction of counterfeit goods will be developed in the future. The issues concerning the environmentally safe disposal and destruction of IPR infringing goods have been discussed among Members and stakeholders such as the WIPO and UN in the past WCO Counterfeit and Piracy Group meetings as well as the WCO Enforcement Committee meetings. In the light of these discussions and as a follow-up to the Green Customs initiative (for the details, please refer to the website: <https://www.greencustoms.org/>), the WCO has conducted an online survey to better understand and assess the current situation in Member administrations and the need for guidance in environmentally-friendly storage and destruction of seized goods. The results of this survey showed that Members understand the importance of storing and destroying seized goods in a sustainable and environmentally friendly manner. However, crushing, landfill and incineration are still common methods among Members. The results of this survey also showed Members' needs to develop guidelines in the area of environmentally sustainable storage and destruction of seized goods with the relevant stakeholders.



To sum up, this part demonstrates WCO's commitment to the implementation of the programme. Above mentioned tools and instruments, which are crafted under this strategy, are practical and useful for Members and help them to easily grasp how they implement IPR border enforcement effectively.

### **3. Conclusion**

Customs has a significant role to play in combating the infringing goods which can expose the public to serious health and safety risks. In spite of that fact, the current situation such as the development of e-commerce, COVID-19 pandemic and increasing the number of infringing goods makes it difficult for Customs to ensure sufficient resources for IPR border enforcement while Customs should carry out its various missions, namely collecting revenue, facilitating trade and ensuring security.

To support Members in addressing various challenges on IPR border enforcement, the WCO has developed useful instruments in close cooperation with Members and stakeholders as well as carried out capacity building activities while incorporating cross-cutting issues such as e-commerce and the environmentally sustainable destruction of goods into WCO's activities related to IPR.

ROCB A/P also has assisted in building the capacity of Members in the AP region in collaboration with AP Members, other development partners and stakeholders. Sharing AP Members' best practices through regional/sub-regional workshops would lend the impetus to review and update as necessary existing legal frameworks and procedures in Member administrations as well as help Members to grasp the trend of infringement in the AP region. In addition to that, ROCB A/P has been endeavoring to further enhance information sharing about various issues, including WCO's latest activities related to IPR, among Members by utilizing all the available platforms such as our website.

We would like to continue to work closely with AP Members in the field of IPR protection and appreciate your continuous support.

For inquiries, please contact me at [yuko.mamiya@rocbap.org](mailto:yuko.mamiya@rocbap.org).

# Practical guidance on “Intra-Group Service Fee” for Post Clearance Audit (PCA)

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Mr. Ilkwon Han<sup>1</sup>

Program Manager, ROCB/AP

## I . Introduction

The primary principle of Customs Valuation is the Transaction Value Method. The transaction Value Method is stipulated in the article 1<sup>2</sup> of WTO Customs Valuation Agreement. There four factors that should be met to apply the transaction value method.

1. The goods should be exported for sale.
2. The value of imported goods is price actually paid or payable (PAPP).
3. The value of imported goods should be adjusted by article 8<sup>3</sup>
4. The transaction is not related to rejection factors<sup>4</sup> stipulated in the article 1

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<sup>1</sup> I had been an adjunct professor as a PCA and CV specialist in the CBCTI (RTC in Korea) from 2012 to 2019. I had many teaching experiences on PCA and Customs Valuation for the training center, WCO EPCBA and KOICA program. In addition, I was a virtual tutor in WCO VCOA (Virtual Customs Orientation Academy) from 2014 to 2016 and attended two times of WCO Sub-regional PCA workshop for ASEAN and Pacific Islands as an expert in November 2020.

<sup>2</sup> The customs value of imported goods shall be the transaction value, that is the price actually paid or payable for the goods when sold for export to the country of importation adjusted in accordance with the provisions of Article 8 (the rest is omitted)

<sup>3</sup> There are two types of additions: Compulsory and Optional. The compulsory factors are Commissions and brokerage, cost of containers and packing, Assist, Royalties and License fees, Proceeds. The other optional factor is cost of transport and insurance based on FOB or CIF system in each country.

<sup>4</sup> Under the article 1, there are 4 rejection factors as below.

1. No restriction in disposition or use of the goods by the buyer.
2. No condition or consideration in the sale or price.
3. No proceeds of any subsequent resale, disposal or use of the goods to the seller.
4. No influence of price in the transaction between related parties as a buyer and a seller.

This rule could be applied to all cross-border transactions as the method to decide the customs value of imported goods. However, if we think about transactions between related parties as an Intra-Group, it would be more complex than normal trade.

There are two issues that relate to the Customs Valuation in the Intra-Group trade. One prime issue is whether the transfer price<sup>5</sup> could be Customs Value or not. This is the harmonization matter between Transfer pricing and Customs Value. In line with this issue, I would like to suggest an additional issue, which is Intra-Group Service fee<sup>6</sup> in the Multinational Enterprises (MNE).

There are two types of transactions that could be thought of in the intra-group trade. One is the transaction of goods, the other is service<sup>7</sup>. If the distinction between the goods and the service is clear, then there is no further problem to screen this service fee in terms of customs perspective. Because Customs duty mainly relate to the tangible goods, not intangible service<sup>8</sup>. However, when the characteristic of service has many factors involved, Customs should consider each factor of the Service fee whether the cost could be part of the Customs Value of imported goods.

Needless to say, when implementing PCA, it is necessary to have the information required to verify the declared price by importers accurately. The Intra-Group Service Fee is one that requires special attention when determining Customs Value. In this essay, I would like to touch on the Intra-Group Service Fee as a necessary tip in PCA operation.

Furthermore, in my PCA experience in Korea Customs Service as my original administration, it took a quite a lot of time and administrative burden to verify the service fee. This is the main reason why I want to study this issue for PCA to reduce time and efforts. So, after

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<sup>5</sup> Transfer pricing refers to the rules and methods for pricing transactions within and between enterprises under common ownership or control. Because of the potential for cross-border controlled transactions to distort taxable income, tax authorities in many countries can adjust intragroup transfer prices that differ from what would have been charged by unrelated enterprises dealing at arm's length (the arm's-length principle) [Excerpts from Wikipedia]

<sup>6</sup> Nearly every MNE group must arrange for a wide scope of services to be available to its members, in particular administrative, technical, financial and commercial services. So, the parent company may support its subsidiary by performing general and administrative activities as well as operational activities such as treasury management, marketing, and supply chain management. [Excerpts from OECD Transfer Pricing Guidelines for MNE and Tax administrations]

<sup>7</sup> According to the OECD Transfer Pricing Guidelines for MNE and Tax administrations, there is special considerations for Intra-Group Services in chapter 7. There are two issues in the analysis of transfer pricing for intra-group services. One issue is whether intra-group services have in fact been provided. The other issue is what the intra-group charge for such services for tax purposes should be in accordance with the arm's length principle.

<sup>8</sup> There are some exceptions, such as royalties and license fee. The fee could be an addition factor in Customs Value, if the intangible right has met two conditions, which are 1) relation to the goods and 2) condition of sale.



reviewing several case studies and rulings on the fee, I present reasonable and standard audit process on the service fee for PCA and traders as well.

## II . Review of related Rulings and Case studies

If a certain service is related to the imported goods, the service fee could be part of the value of the imported goods. It is clear if the fee is deemed to be part of the value of the goods as long as the fee is part of cost of the goods. In addition, we could extract additional factors from the service agreement based on article 8 of WTO Customs Valuation Agreement. We can see this principle from following Member's rulings and cases.

### 1. Rulings case studies<sup>9</sup>

#### ■ Case 1<sup>10</sup>

A separate fee paid to a related party seller for the following services is not part of the price actually paid or payable because the fee is unrelated to the manufacture of the imported merchandise: management services, accounting, finance, planning, and clerical activities.

#### ■ Case 2<sup>11</sup>

A separate agreement entered into between the buyer and seller provides for the buyer to compensate the seller for services rendered in connection with the purchase of fabric. These services include checking production, scheduling delivery, and conducting inspections. The amounts due under the service agreement are paid on a periodic basis rather than against particular shipments of merchandise. These payments to the seller pursuant to the service agreement are not part of the transaction value of the imported goods because they are not directly related to the imported merchandise.

#### ■ Case 3<sup>12</sup>

The presumption that all payments to a seller are part of the transaction value may be rebutted by evidence that the payments are completely unrelated to the imported merchandise. (Omitted) To determine whether a particular payment should be included in the transaction value of the merchandise, Customs analyzes the nexus between the payment and the imported merchandise. (Omitted) the importer has not overcome the presumption that all payments to a

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<sup>9</sup> I referred the rulings from USA CBP

<sup>10</sup> HQ543512 (April, 9, 1985)

<sup>11</sup> HQ543551 (Aug, 27, 1985)

<sup>12</sup> HQ548199 (Mar, 19, 2003)

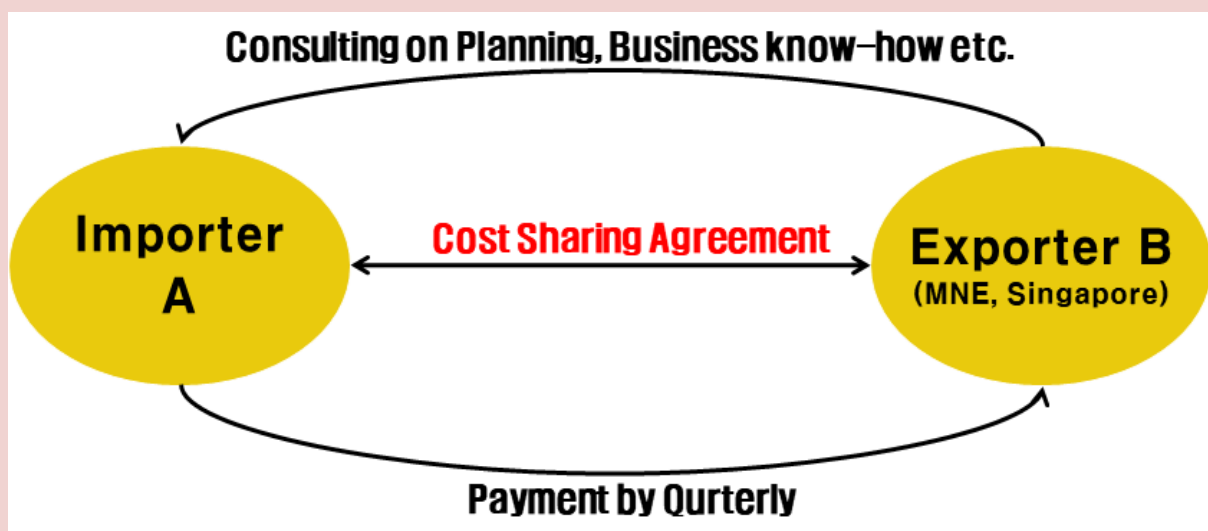
seller are part of the transaction value. We therefore determine that the Service fees are part of the price actually paid or payable and included in the transaction value of the imported merchandise.

## 2. PCA Case studies<sup>13</sup>

### 2-1.1 Imposition on service fee as an indirect payment of the imported goods.

#### 2-1-1. A brief of trade

Importer and subsidiary A has a cost sharing agreement<sup>14</sup> with exporter B located in Singapore. The exporter B is an Asia Pacific regional center in the same MNE, and supplies services on financial, marketing, IT etc. Quarterly company B invoice the fee to importer A for the cost incurred by each activity.



#### 2-1-2. Findings/Results of PCA

PCA team recognized the breakdown of the service charges. Regarding the service charges on the marketing and IT department, these are clear that the service on the administrative support is not related to the imported goods. So, it would be non-dutiable.

<sup>13</sup> I referred the PCA cases from Korea Customs Service

<sup>14</sup> We can see the concept of cost sharing agreement in the chapter 8 of OECD Transfer Pricing Guidelines for MNE and Tax administrations. A Cost Contribution Arrangements (CCA) is a contractual arrangement among business enterprises to share the contributions and risks involved in the joint development, production or the obtaining of intangibles, tangible assets or services with the understanding that such intangibles, tangible assets or services are expected to create benefits for the individual businesses of each of the participants.

However, the administrative cost in exporter B should be included in the price of exported goods. Because the administrative cost of exporter B should be collected by putting the cost in the price of exporting goods.<sup>15</sup>

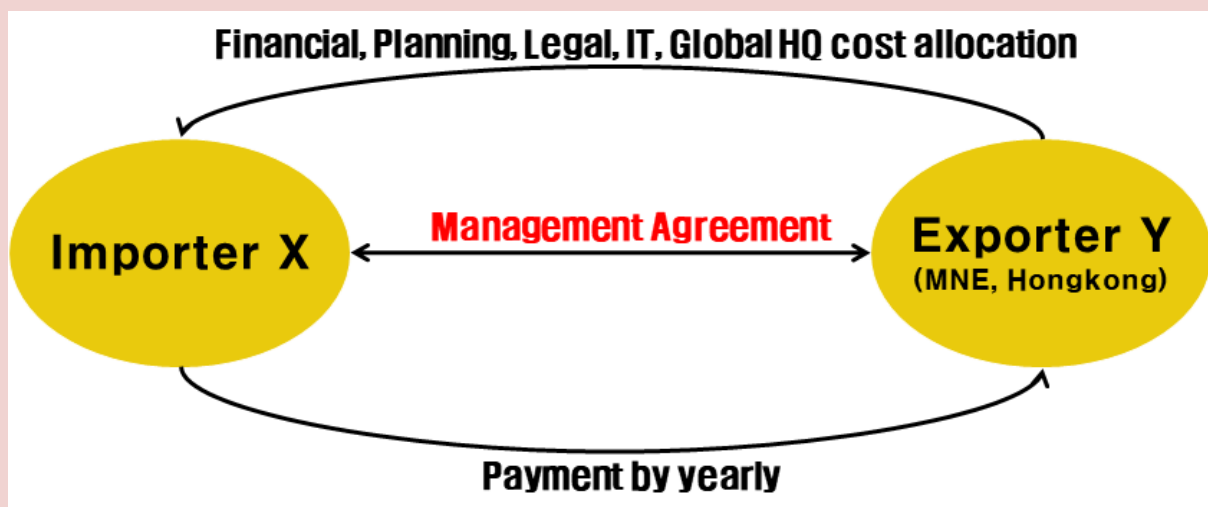
Finally, Service charges relating to the administrative expense of exporter B should be part of the value of the imported goods as an indirect payment. Customs collected about 2 million USD additionally.

## 2-1. The Imposition of service fee as proceeds<sup>16</sup>

### 2-2-1. A brief of the trade

Importer and subsidiary X made a Management agreement with Exporter Y, located in Hongkong to get an administrative support. The contents of the management services are Human Resource, Marketing, IT, Legal, logistics, Quality control, etc.

The allocated management fee is based on the proportion of gross sales of the importer X, and the payment of the fee is done yearly base.



### 2-2-2. Findings/Results of PCA

Regarding the service charges on the marketing and IT department, these are clear that the service on the administrative support is not related to the imported goods. So, the fees would be non-dutiable. However, one of the allocated fee for Global HQ in L Country wasn't explained how

<sup>15</sup> The price of goods = cost of production + sales and administrative expenses + profit

<sup>16</sup> The value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrue directly or indirectly to the seller (Article 8. Par. 1 (d) in WTO Customs Valuation Agreement)



the actual support performed from the HQ. Importer X didn't submit any documents to Customs on the specific performance from the HQ. in other words.

Finally, the allocated fee for the Global HQ is deemed to be dutiable as the proceeds. So, Customs collected about 2 million USD additionally.

### **III. Lessons learned**

#### **1. Difficulty in verification on the Substantiality of Service**

The intra group service is one of main issue to decide the fee as the deductible expenses in the Tax authority<sup>17</sup>. In the same way, Customs also has seen that the fee is controversial to impose duty and tax on the imported goods.

The first step of auditing the service fee is whether the service is actually performed or not. Therefore, it is quite difficult to decide whether the service is actually provided based on the service agreement. There is conflict between importer(auditee) and PCA team about the issue of service substantiality.<sup>18</sup> In this point of view, PCA team and auditee should have time to discuss why and how the certain service is actually performed.

#### **2. Difficulty in decision to be part of Customs Value.**

As we have seen in the previous case studies, main idea on the intra Group Service is that the fee should be part of PAPP based on the idea that the fee should be borne by the seller (exporter). In addition, it is possible for the fee to be part of PAPP of the imported goods if the fee is part of cost of production.

In this regard, it is quite difficult to consider the characteristic of Intra-Group Service. In principle, the fee is a service fee that is not related to the Value of the imported goods, however,

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<sup>17</sup> Based on the OECD Guidelines for MNE and Tax administrations, this principle is legislated in national level. For Member's example, there are 4 conditions that should be met to get the deductible expenses by its national taxes act as below.

1. Make a prior agreement and service is performed in accordance with the agreement.
2. Anticipate additional profit or expense saving by using that service
3. The price for the service is calculated by arm's length principle.
4. Documents substantiating the facts shall be prepared and retained.

<sup>18</sup> When the importer submits ONLY 10 pages of PPT that is given from Global HQ as a marketing planning support, then insists that is a proof of service. In this case, Customs has a reasonable doubt on the service substantiality. Not only the number of Page, but also the contents of the PPT.

the service is related to R&D or logistics, then the cost should be reviewed whether the fee is part of Customs Value or not. It will be a big burden for PCA officers to evaluate the fee in conducting PCA.

To reduce the burden of PCA, I have decided to break down each service factor by its characteristic like following. I can summarize that there are two Customs Valuation issues related in the fee. One is indirect payment as a PAPP, the other is addition factors as a logistic cost.<sup>19</sup>

Factors of the service fee	Customs Value	Reference
<b>(i) No substantiality of service</b> - arbitrary allocation, excessive allocation, etc.	<b>Indirect payment</b>	
<b>(ii) General Management</b> - HR, Planning, Financial, Legal, IT		Non-dutiable
<b>(iii) Product Management</b> - R&D, Manufacturing, Control quality, etc.	<b>Indirect payment</b>	
<b>(iv) Logistic Management</b> - Transport, Insurance, etc.	<b>Addition Factor</b>	CIF system
<b>(v) Banking Management</b> - Credit risk, Banking consult, etc.		Non-dutiable

Therefore, I want to highlight on the three types of factors that could be part of Customs Value in the previous table: No substantiality of service, Product Management, and Logistic Management. In line with this principle, I could set up a specific practical guidance on the Intra-Group Service fee for PCA as a conclusion.

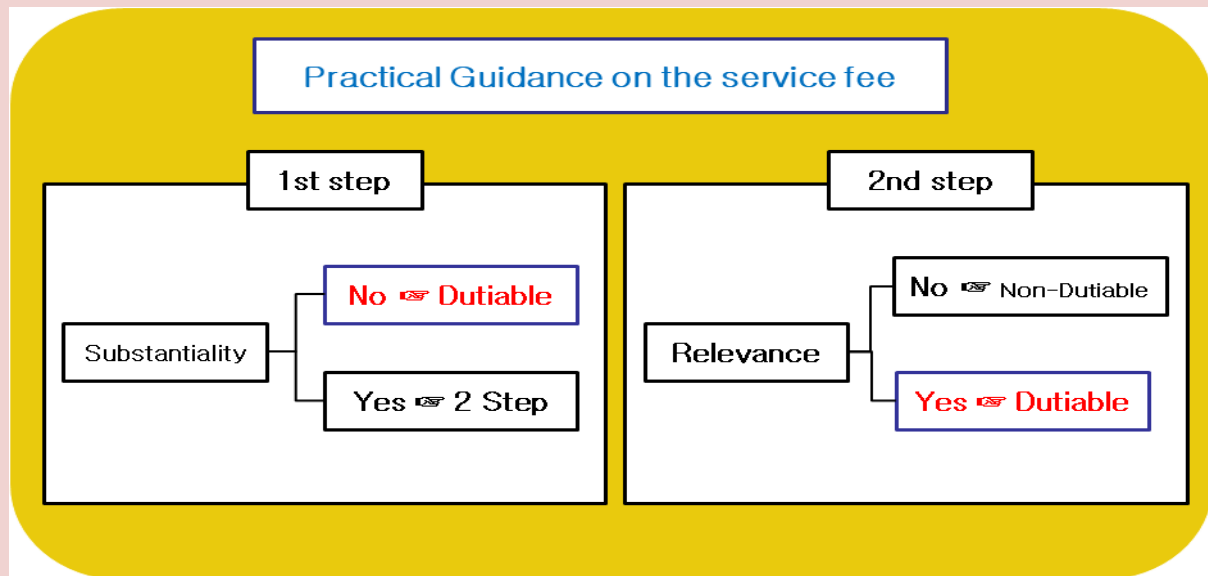
## IV. Conclusion

The Customs Value of imported goods should be transaction value if there are no rejection factors in the trade. So, if there is an Intra-Group Service Agreement between buyer and seller, then Customs should consider whether the agreement could be part of rejection factors or not as a prerequisite process.

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<sup>19</sup> Depending on the application of CIF or FOB system in each country, it could be different. Because, if FOB country doesn't care about ocean freight or insurance in calculating the Customs Value of imported goods.

As we may know, the Intra-Group trade could make a profit adjustment by the service agreement other than purchase agreement of imported goods. It took a long time to close the case to verify each factor by the Service agreement. Therefore, I present a standardized two step of process as the practical guidance for PCA to improve transparency and accountability between Customs and importers as below.



The first step is to verify the substantiality of service stipulated in the Service agreement. This is primary principle to screen the fee. Because there might be the payment without any activities. In this case, the fee should be part of PAPP.

If the first step is fulfilled, then we can go to the second step, which is the verify the fee is related to the imported goods or not. Regarding the relevance between the fee and the goods, we could divide into two things. One is the cost of goods, the other is the addition factors in the article 8 of WTO Customs Valuation Agreement. Thanks.



## Customs involvement in Free Zones

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**Ms. Chloe Au**

**Program Manager for the South East Asia of ROCB A/P**

### Introduction

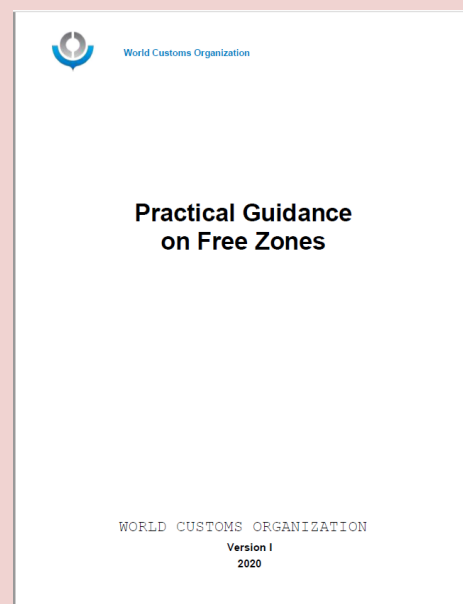
Free Trade Zone or Free Zone (FZ) is basically referred to a geographic area where goods are allowed to be landed, stored, handled, manufactured, or reconfigured and re-exported under specific customs regulation and generally not subject to customs duty. Driven by political decisions with concerns on the national economic development strategies, FZs have become popular worldwide and indeed the number of FZs in the world have dramatically increased over the past few decades. Along with the associated economic benefits of FZs, such as special arrangements on duties and regulatory exemptions, there were numerous publications pointing out the potential risks of illicit activities therein owing to the lack of oversight. It is observed that the low-level involvement of Customs in monitoring cargo movement and companies' activities inside FZs is exploited to result in duty evasion, missing cargo or more serious crimes, such as IPR infringement, drug trafficking and money laundering, etc. The scope and extent of Customs procedures and involvement in FZs has become controversial at international fora.

Issue of adequate and efficient Customs control in FZs have been on the WCO's agenda for several years. Either in the intensive discussions at different WCO working bodies or from the results of the WCO FZs survey and workshops and field studies in different regions. Members agreed for the need to raise awareness of Customs' role in the establishment and development of FZs, especially in the course of Customs control and surveillance. Built on work done thus far, the WCO Practical Guidance on FZs was finally endorsed at the December 2020 Council. This article is a brief of the Guidance and should you need more information, especially on Members' good practices, please be welcomed to download it at the WCO website: [http://www.wcoomd.org/-/media/wco/public/global/pdf/media/newsroom/press/2020/wco-fz-guidance\\_en.pdf?la=en](http://www.wcoomd.org/-/media/wco/public/global/pdf/media/newsroom/press/2020/wco-fz-guidance_en.pdf?la=en).

# The WCO Practical Guidance on Free Zones

The WCO Practical Guidance on Free Zones consists of seven core elements for establishing a comprehensive FZ, with practical tips for implementation and WCO Members' best practices for reference. This Guidance aims to help Member administrations enhance the Customs procedures and control in the FZs that conform to its safety, competitiveness and sustainable development.

The seven core elements are: 1) Territoriality aspect of FZs; 2) Full Customs involvement in FZs; 3) Customs involvement in the company approval processes and "Authorized Economic Operator" (AEO) concept; 4) Reporting to Customs and the use of data and IT systems; 5) Customs Audit in FZs; 6) Customs control and surveillance; and 7) Cooperation. On top of the practical tips supported by Members' best practices under these core elements, the Guidance also provides clarity on the issue of Rules of Origin for the goods produced in FZs.



## 1. Territoriality aspect of FZs

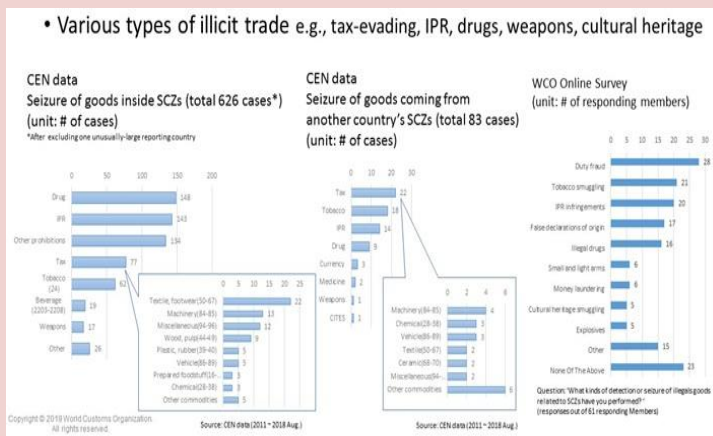
At present, there is no international convention, other than the Revised Kyoto Convention (RKC), that explicitly captures the procedural and regulation aspects of FZs. In Chapter 2, Special Annex D of the RKC, FZ means a part of the Customs territory where the goods inside are regarded as being outside solely with respect to import duties and taxes. The emphasis put on here is that FZ, from a geographical perspective, should be part of the Customs territory where Customs procedures and controls are applied. Only the goods inside enjoy duty or taxes free and some economic privileges.

## 2. Full Customs involvement in FZs

It is observed that many countries neglect Customs in establishing or designing the infrastructures inside the FZs as for the ministries governing the economic or industrial development are always taking the lead. Giving consideration to the unique Customs' role and capability in both securing and facilitating trade, Customs should be a crucial player in the overall establishment process, from national policy making to infrastructures building. With full involvement in all part of decisions related to FZs, Customs is able to establish basic construction and implementation standards, based on risk management techniques, to ensure smooth and secure cargo flows inside.

### 3. Customs involvement in the company approval processes and “Authorized Economic Operator” (AEO) concept

“A Company approval process without Customs involvement may enable illegal activities in FZs” is the key mind-set of this core element. Findings from many international organizations revealed that unscrupulous traders or crime syndicates abuse the ease of setting up entities inside FZs as an enabler to conduct illicit trade and activities, such as duty evasion, money laundering and drug trafficking. Therefore, Customs should be empowered to conduct background checks on applicants for operating in FZs, in a risk-based manner, to ensure they have a high level of compliance record and no record of illegal activities or violations of laws. In this connection, the application, validation and authorization procedures under the AEO criteria are recommended for its wide acceptability in the globe. Only if Customs is endowed with sufficient authorities to verify, approve, review applications as well as revoke approval of companies wishing to operate in FZs will it curb illegal activities taking place therein.



### 4. Reporting to Customs and the use of data and IT systems

It should be a fundamental requirement of goods declarations at the entry and exit of FZs be submitted to Customs. Based on the provided information, Customs can assure the goods are eligible or legally imported into the FZs. This information could be trade data for conducting risk assessment on Customs control, excluding data elements solely for calculation of duties and tax. Besides, in order to avoid missing cargoes in FZs, operating companies should maintain accurate inventory record and report to Customs for periodical check or inspection. It is also highly recommended to connect the FZ operating authority's or companies' system to the Customs system for both goods declaration and book keeping.

### 5. Customs Audit in FZs

Given the fact that there is an unlimited period for manufacturing and storing goods in FZs, Customs audit of operating companies inside is therefore an important and effective tool in maintaining integrity and supervising the goods movement, both at entry/exit points and inside the FZs. Customs should periodically conduct audit on records, quantity counts of inventory, compliance reviews and security conditions, etc, of the companies operating inside FZs in a risk-based manner. In this connection, close cooperation with FZs operating authority is necessary to ensure smooth accessibility into companies' premises or computer system.

### 6. Customs control and surveillance

As explained aforesaid, FZ should be a part of the Customs territory when Customs control is applied. Therefore, Customs should not only be authorized to conduct on-site check or inspection of goods inside the FZs but also empowered to detect and seize illicit goods therein.



National laws on importation, transit or transshipment of all kinds of prohibited goods, such as IPR infringements and origin fraud goods, etc., should be applied to the area of FZs. To facilitate the smooth flow of cargo transaction without sacrificing territory security, Customs should fully make use of non-intrusive inspection equipment, electronic tracking systems or e-seals to monitor cargo movement inside and outside FZs.

## 7. Cooperation

A sustainable management and operation of FZ has relied on close cooperation among stakeholders. Customs authority, governmental agencies/ministries and private sector should maintain continuous communication and dialogue to foster a legally compliant and “clean” business environment<sup>1</sup> in FZs. Moreover, Customs administrations should establish contact points with each other for exchanging intelligence and information in order to combat illegal activities across nations.

## Way forward

Realizing the importance of Customs involvement in the administration of FZs, the WCO has been putting effort to provide assistance and support to its Members, from conducting academic research, organizing promotional outreach to launching Customs enforcement operations. Following the first Global Free Zone Online Conference convened in December 2020, the WCO will organize a series of capacity building and awareness-raising activities to its Members to further promote the application of WCO tools, such as the RKC and the Free Zone Practical Guidance, in the management of FZs. The WCO is also ready to build up a pool of accredited experts on FZs for effective delivery of capacity building activities and sharing expertise. The first global accreditation workshop is scheduled within the fiscal year of 2020/2021. ROCB A/P will follow the development of these capacity building activities and keep posted to A/P Members.



For more details, please visit our website [www.rocb-ap.org](http://www.rocb-ap.org) and the WCO website [www.wcoomd.org](http://www.wcoomd.org).

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<sup>1</sup> “Clean” business environment here is devised based on the criteria as provided on the Code of Conduct for Clean Free Trade Zones by OECD Recommendation.

# Air Passenger's Smuggling Trends and Risk Analysis

## from WCO Illicit Trade Report 2019

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Ms. Pavida Boonmun  
Assistant Program Manager, ROCB A/P

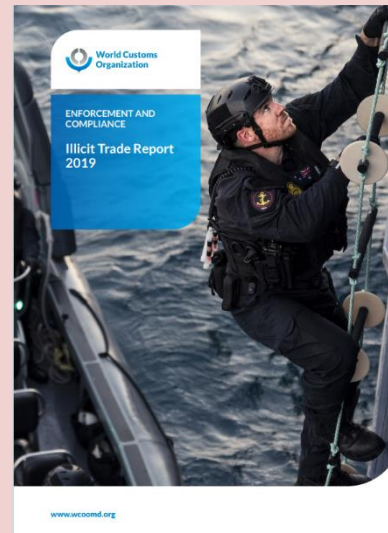
### Introduction

In order to undertake effective enforcement in the air passenger stream, it is necessary to learn and analyze smuggling trends and risks posed by air passengers for targeting high-risk activity. In connection with this, the WCO produces useful annual reports on smuggling, called the WCO Illicit Trade Report. In this essay, I briefly summarize the smuggling trends by air mode from the latest illicit trade report.

### What is the WCO Illicit Trade Report?

The WCO Illicit Trade Report is a comprehensive study of illicit trade flows based on voluntary submission of seizure data and case studies of Members Customs Administrations worldwide, which aim to broadly grasp the world smuggling trends and to raise awareness of critical areas of Customs enforcement analytical perspectives to all Members.

In the latest version, the WCO introduced the 2019 Illicit Trade Report (ITR) that provides global enforcement data (data from 137 countries for this year's report) and smuggling trends to Members. The smuggling data is a snapshot of illegal activities which were analyzed through various related aspects in order to help Members understand the overall picture of enforcement and to use the data for illicit trade prevention in their countries, and for protection of their citizens including internal economies. From this point of view, I would like to analyze the Illicit Trade Report 2019. This essay I will focus on air travel as it has become the most effective means of transportation to enhance interaction among people from around the world and also poses a significant risk for illicit smuggling.



## **Brief analysis from the aspect of an air passenger**

This analysis of illicit trade report 2019 is composed of six sections of risk areas of Customs enforcement which are;

1. Cultural Heritage.
2. Drugs.
3. Environmental – endangered species and hazardous waste.
4. IPR, health and safety.
5. Revenue risks including leakage.
6. Security.

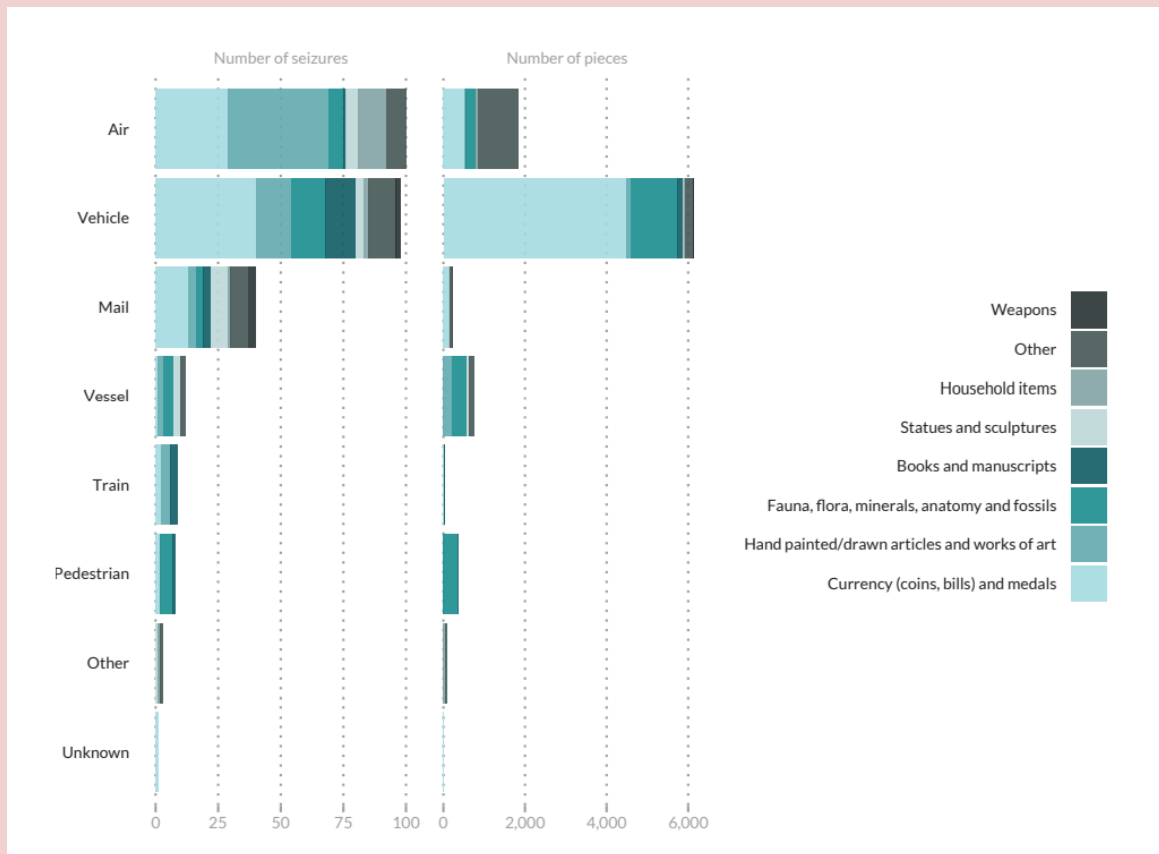
In this connection, this information and analysis will enable Customs administrations around the world to concentrate on policy making and action to enhance their response to these threats accordingly.

### **1. Cultural Heritage**

For this type of illicit trade, cultural heritage cases, the WCO works together with Members all over the world to collect specific seizure data and share to all Members. In 2019, most cases of this category were reported by countries in Eastern and Central Europe and the Commonwealth of Independent States (CIS), and 227 cases were reported through the WCO CEN.

As for smuggling reports by air passengers, the number of cases is the top position and the number of amounts is second position. Hand Paint works of art, currency and weapons seizures by air passengers have been reported.

## Number of seizures and conveyance method, 2019 (Cultural Heritage)



Source: The WCO Illicit Trade Report, 2019, Figure 3, Page 16

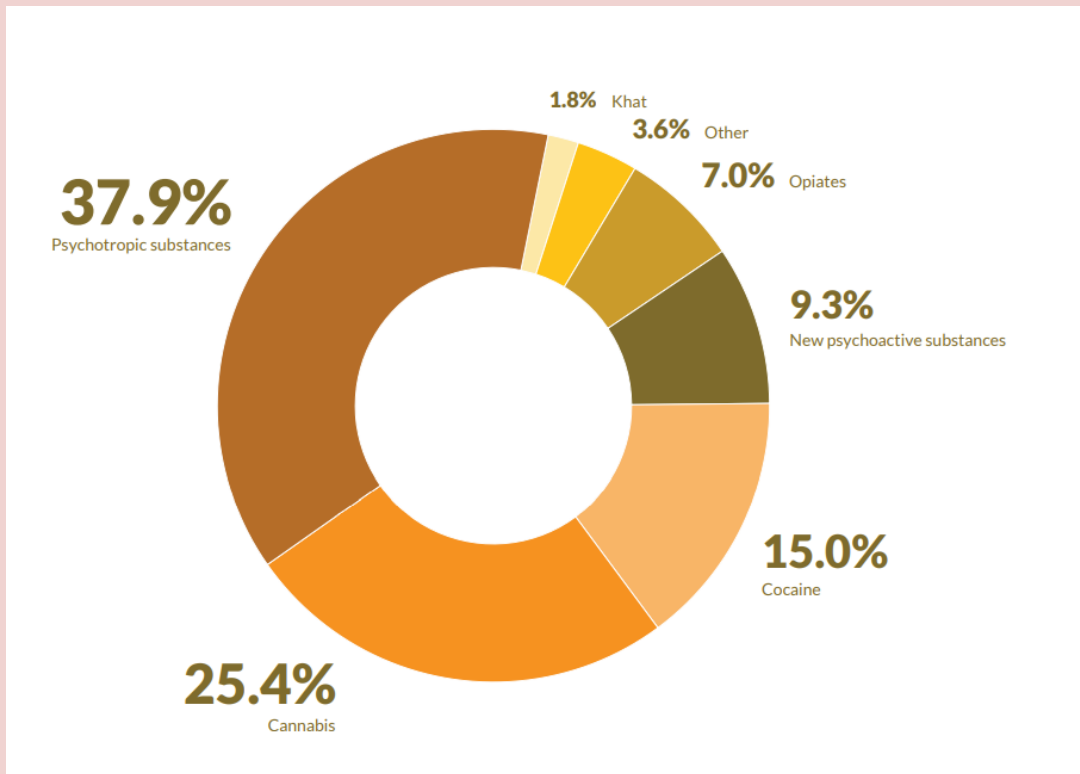
Referring to the figure in the report, it shows the number of seizures and the number of objects recovered in 2019 by conveyance method. Cases of seizures were trafficked the most by air transport. However, when compared by pieces, 6,138 pieces were seized by vehicle while only 1,826 pieces were seized by air transports. The reason of this difference is that 3,000 pieces of antique coins reported from Croatia in 1 case. In this regard, for world trends, it means that air transport is the most popular method for trafficking of cultural heritage.

## 2. Drugs

In 2019, drugs trafficking was a highly profitable enterprise of prohibited goods and it is very challenging to manage the risk analysis and targeting techniques for Customs because new substances are coming onto the market all over the world. Psychotropic Substances (Methamphetamine, Amphetamine, MDMA, etc.) are the most common drugs, then Cannabis is the second, and Cocaine is ranked third.



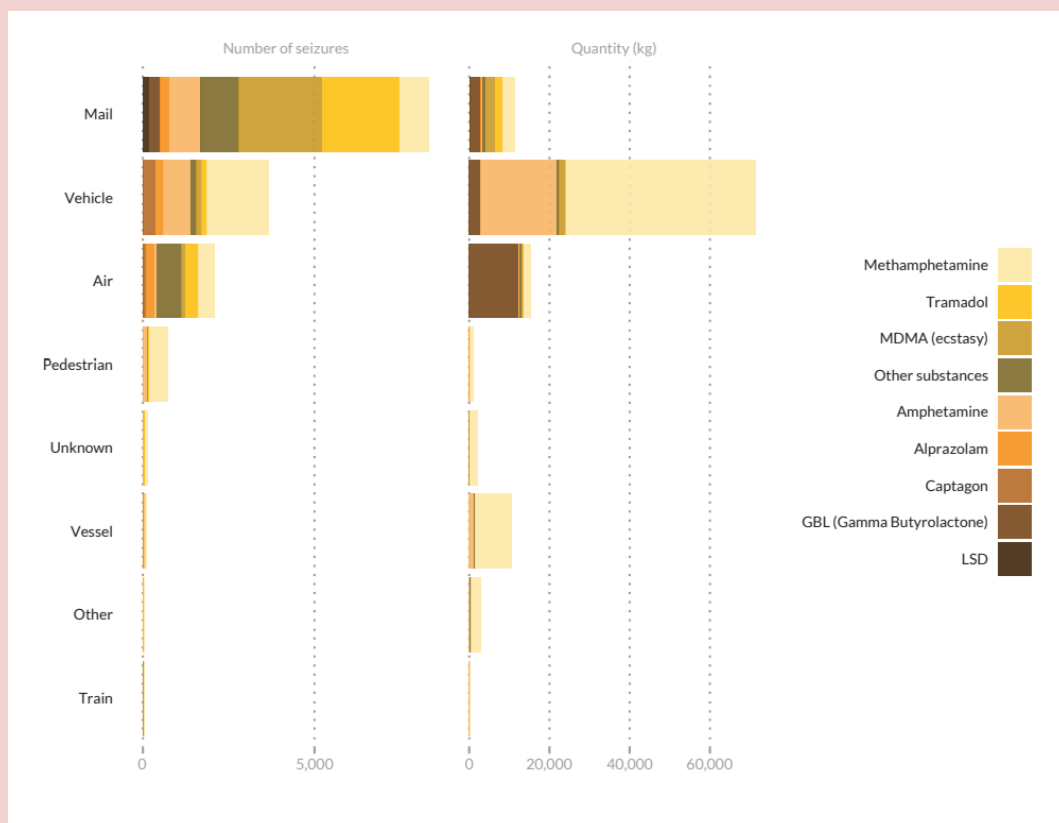
### Percentage of drugs seizures by category, 2019



Source: The WCO Illicit Trade Report, 2019, Figure 1, Page 38

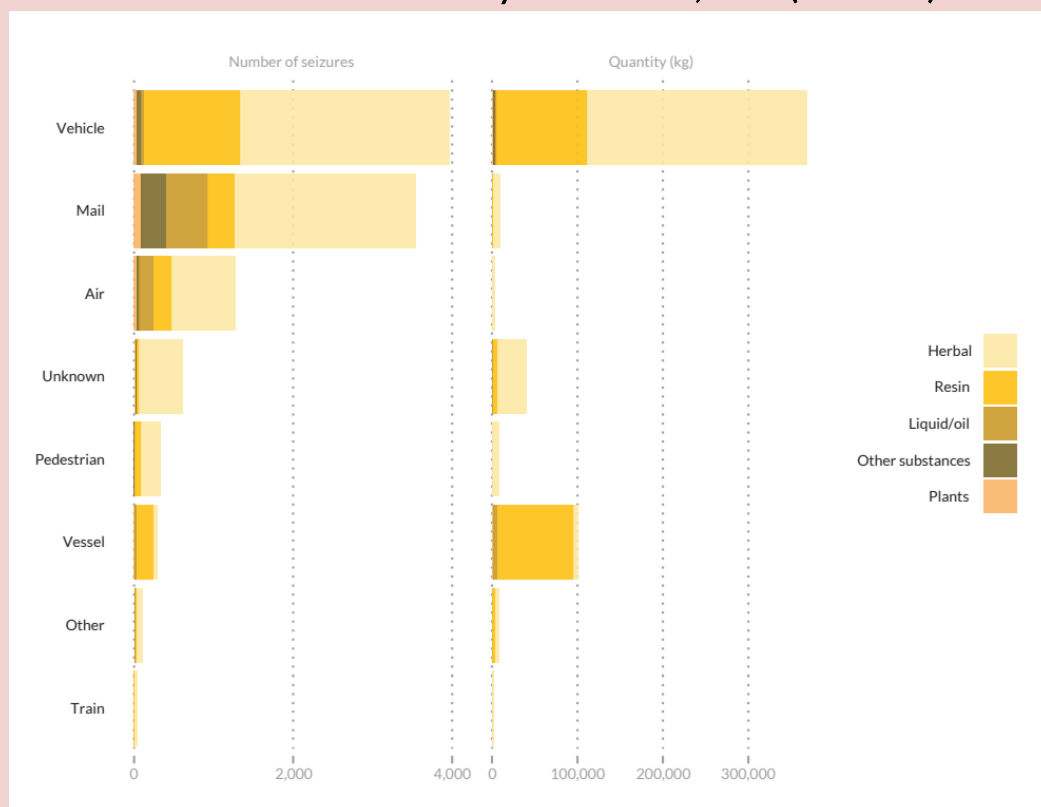
For the smuggling reports of drugs by air passenger, it is still a major smuggling methodology. Cocaine and NPS are the second most common, and Psychotropic Substances and Cannabis are the third most common.

## Number of seizures and conveyance method, 2019 (Psychotropic Substances)



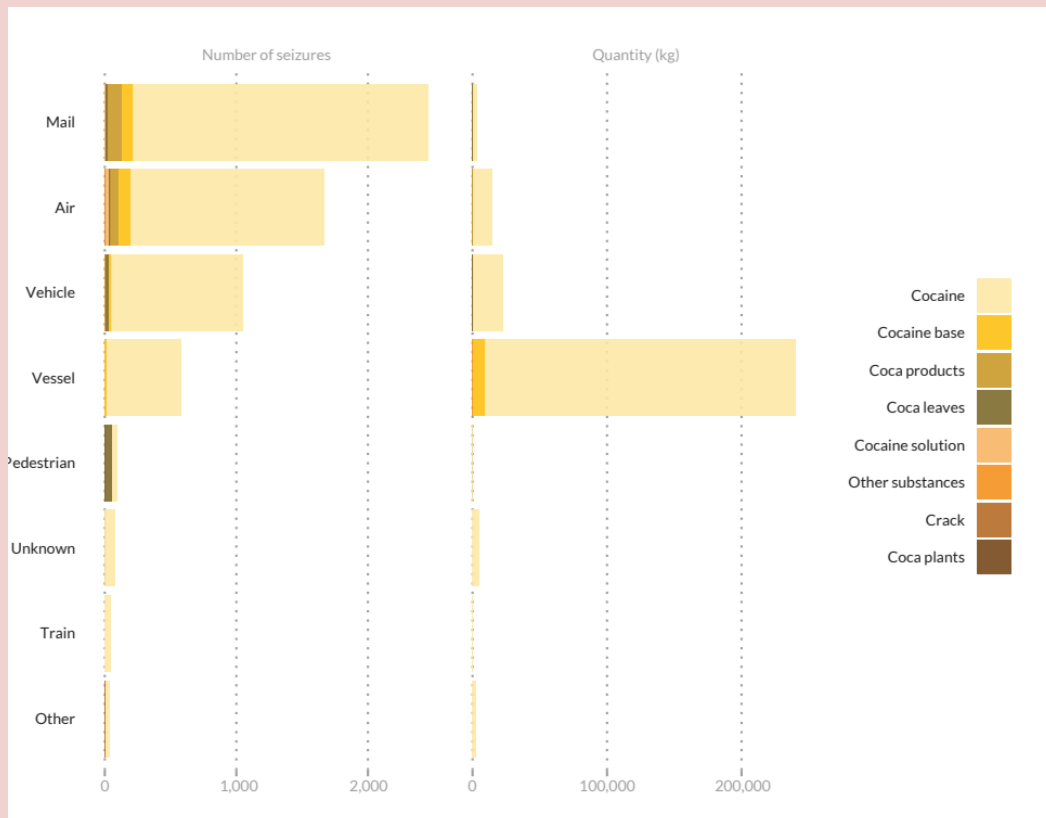
Source: The WCO Illicit Trade Report, 2019, Figure 35, Page 78

## Number of seizures and conveyance method, 2019 (Cannabis)



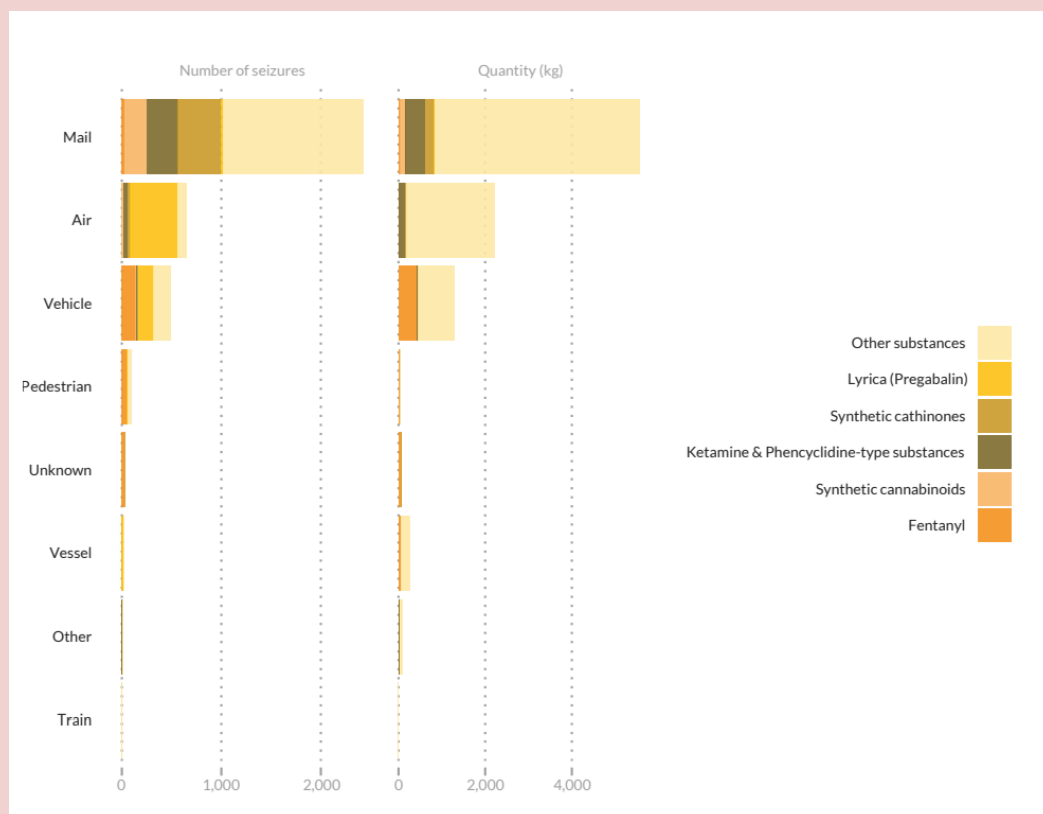
Source: The WCO Illicit Trade Report, 2019, Figure 11, Page 48

## Number of seizures and conveyance method, 2019 (Cocaine)



Source: The WCO Illicit Trade Report, 2019, Figure 17, Page 56

## Number of seizures and conveyance method, 2019 (NPS)



Source: The WCO Illicit Trade Report, 2019, Figure 29, Page 72

So, international cooperation among administrations is the answer to deal with this challenge. Not only cooperation among the Customs community, but collaboration between other international organizations is also needed such as INTERPOL and UNODC etc. to enhance modern methods that analyze and target shipments or passengers.

In this regard, the Airport Communication Program (AIRCOP) and the COLIBRI Project are examples of international initiatives implemented to combat transnational organized crime and drug trafficking.

The AIRCOP Project is a multi-agency project implemented in 2010 by the UNODC in partnership with INTERPOL and the WCO with the aim of exchanging operational information and to enhance relationships between law enforcement agencies. It is one of the collaboration programs that was introduced to target high risk passengers by organizing coordinated international operations. Implementing the AIRCOP project, the personnel trained by this project will also gain international knowledge and capabilities to deal with threats affecting airports. According to the statistics reported, not only drugs, but numerous seizures of other banned goods such as protected species, firearms etc. through the project control units are also reported.

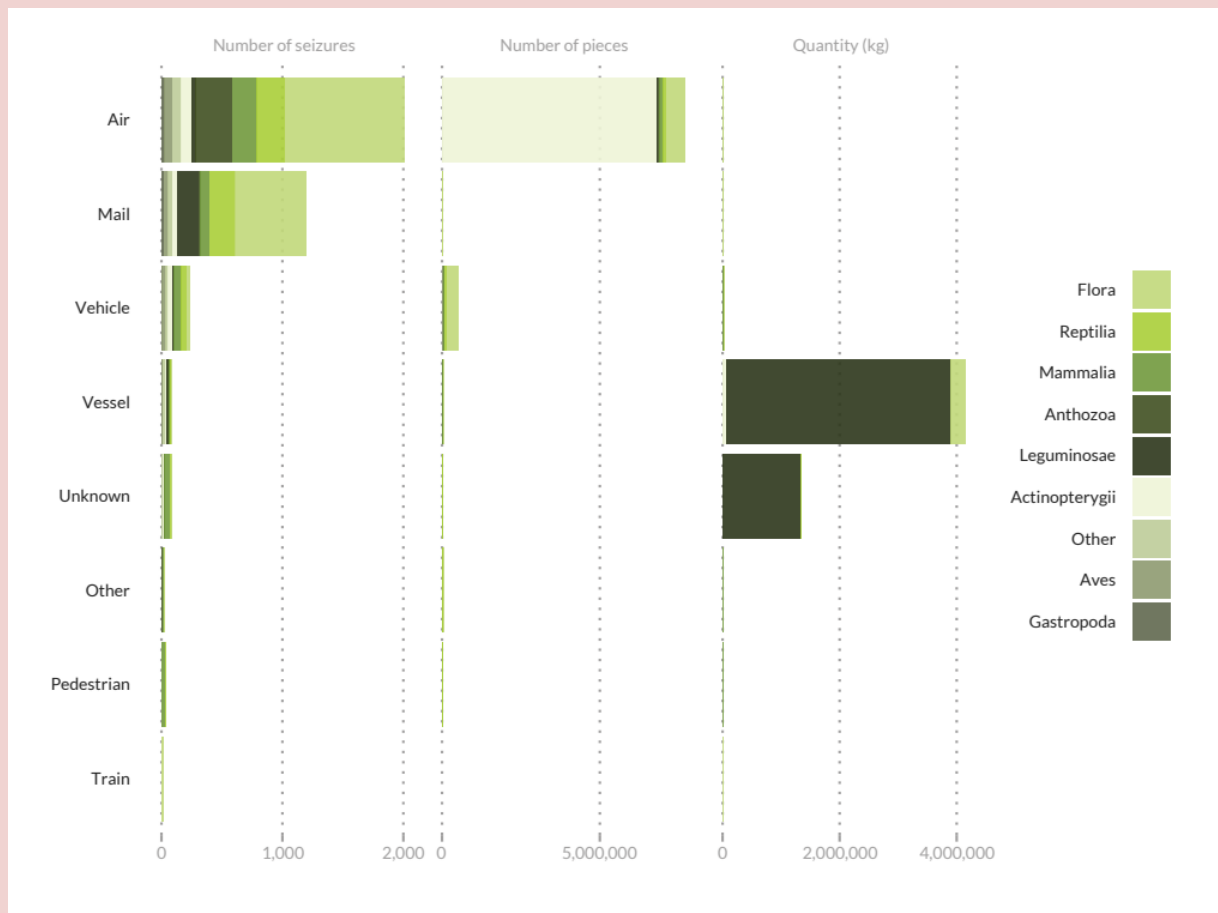
The COLIBRI Project is an international initiative designed to mobilize the Customs community and its partners to monitor and control aviation that was launched through the collaboration between the WCO and the EU. Its aim is to rally Customs administrations in their enforcement efforts and to promote intelligence and information sharing at national, regional, and international levels. In the aviation sector, the COLIBRI Project will complement other related air transport projects involving the WCO such as the AIRCOP Project which focus on passengers in the main airports.

### **3. Environment**

Nowadays, the world is facing a catastrophe and experiencing a climate crisis caused by environmental crimes. In 2019, 3,045 cases of environmental product trafficking from 60 Customs administrations were reported to CEN. However, 155 countries were implicated as either origin, transit or destinations. To sum up, the illicit trade for environmental products were reported to CEN included 336 unique types of flora and fauna in 2019.



## Number of CITES seizures and conveyance method, 2019



Source: The WCO Illicit Trade Report, 2019, Figure 7, Page 107

The figure above displays the number of CITES seizures, number by pieces and by kilograms in 2019 and by conveyance method. The majority of seizures were reported by air transport or 54.7% of all. Moreover, according to the statistics seizures report from Europe, there were 4 important Actinopterygii (Ray-finned fishes) seizures that all made from air transport baggage. So, the number of pieces from air seizures also the largest part of total (92.2%).

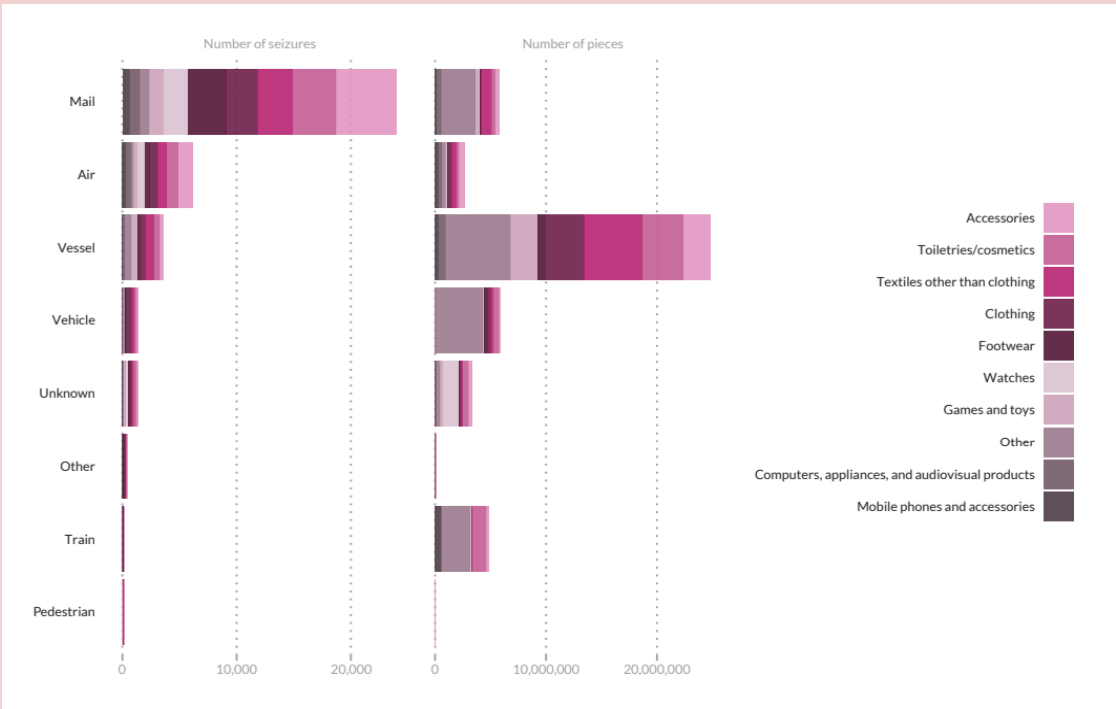
In this connection, cooperation between the WCO and other related agencies under projects and operations such as WCO INAMA Project, Operation Praesidio, ICCWC, Operation Thunderball, The Green Customs Initiative, and Operation Demeter V were also introduced to protect the world environment and to strengthen the enforcement capacities of Customs all over the world.

### 4. IPR, Health and Safety

Customs administrations and law enforcement officials have their roles to fight against counterfeit products including fake medicines and others that can harm human life to ensure safety and health of their citizens. Some countries dealt with this trade seriously by applying policy as a criminal act with heavy fines.

The report divided this section into two categories which are IPR Products and Medical Products.

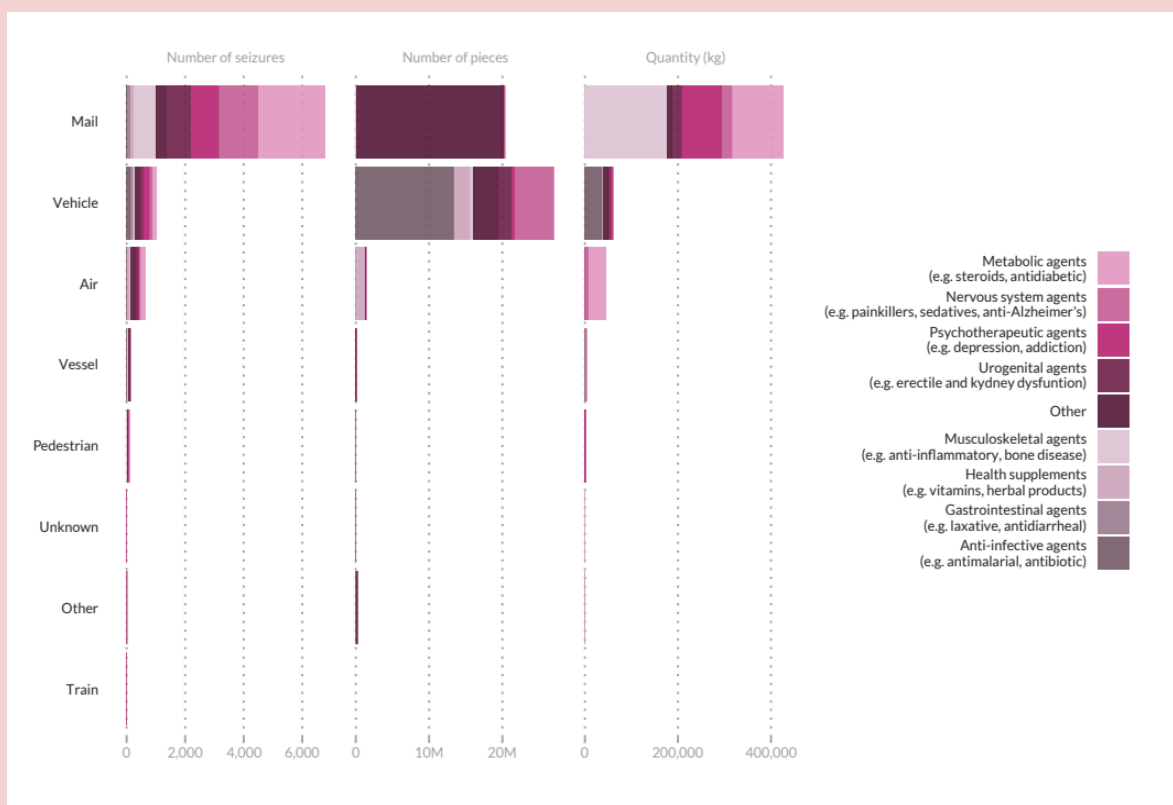
Number of IPR products seizures and conveyance method, 2019



Source: The WCO Illicit Trade Report, 2019, Figure 3, Page 124

For conveyance method of trafficking of IPR products, most cases of seizures are from mail for 63.9% while only 16.3% are from air transport. In addition, most pieces were seized 52% from vessel while only 5.7% are from air.

## Number of medical products seizures and conveyance method, 2019



Source: The WCO Illicit Trade Report, 2019, Figure 13, Page 138

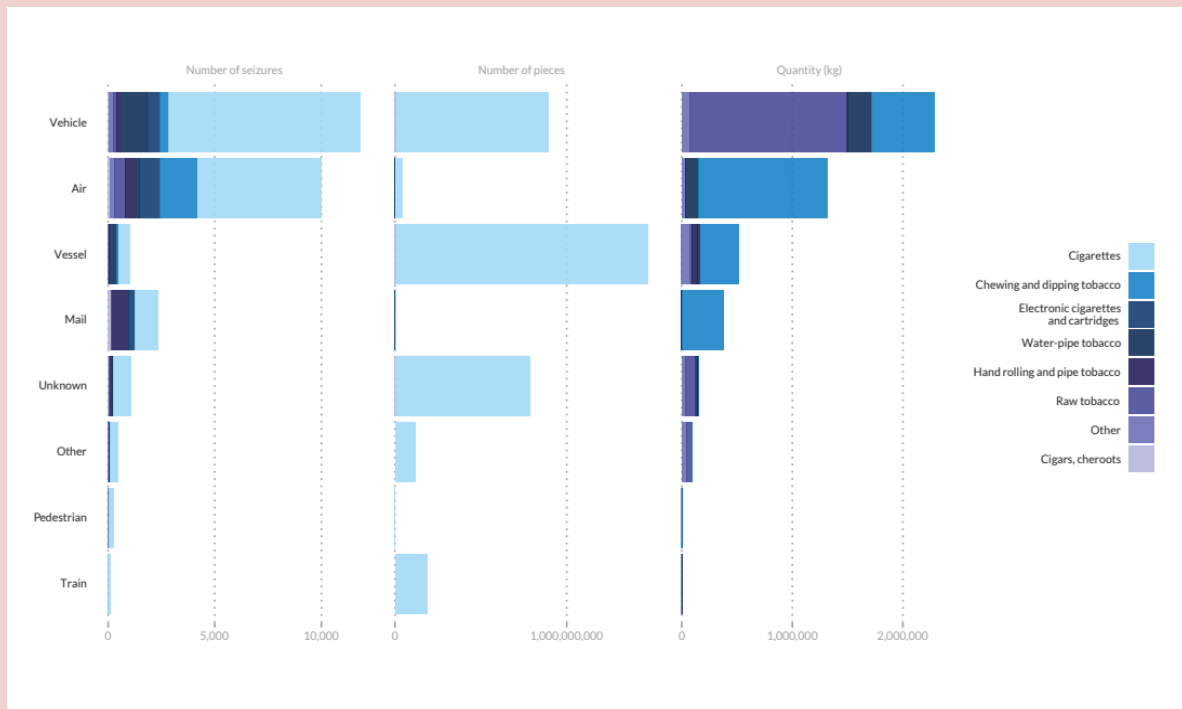
Air transport is also not a majority conveyance method for medical products. It is only 7.5% of seizures, 2.9% of pieces seized, and 8.2% of kilograms seized. Small number of seizures were found by air method, while most cases for all kind of medical products were seized by mail.

So, air passengers are not the main majority of smugglers for both IPR and medical products compared to other methods. However, although it is a small number of seizures, Customs officers at the airports all over the world still have to pay attention to it because the trade in counterfeit goods is dangerous and bring a great risk to their citizens.

## 5. Revenue

The main key responsibility of Customs is to collect revenue and to ensure that all taxes and duty are paid in international cross-border movement. However, illicit trade in excise goods has a huge impact on the global supply chain; thus, this Revenue sector in the report referred to only two main categories that are frequently smuggled which are alcohol and tobacco.

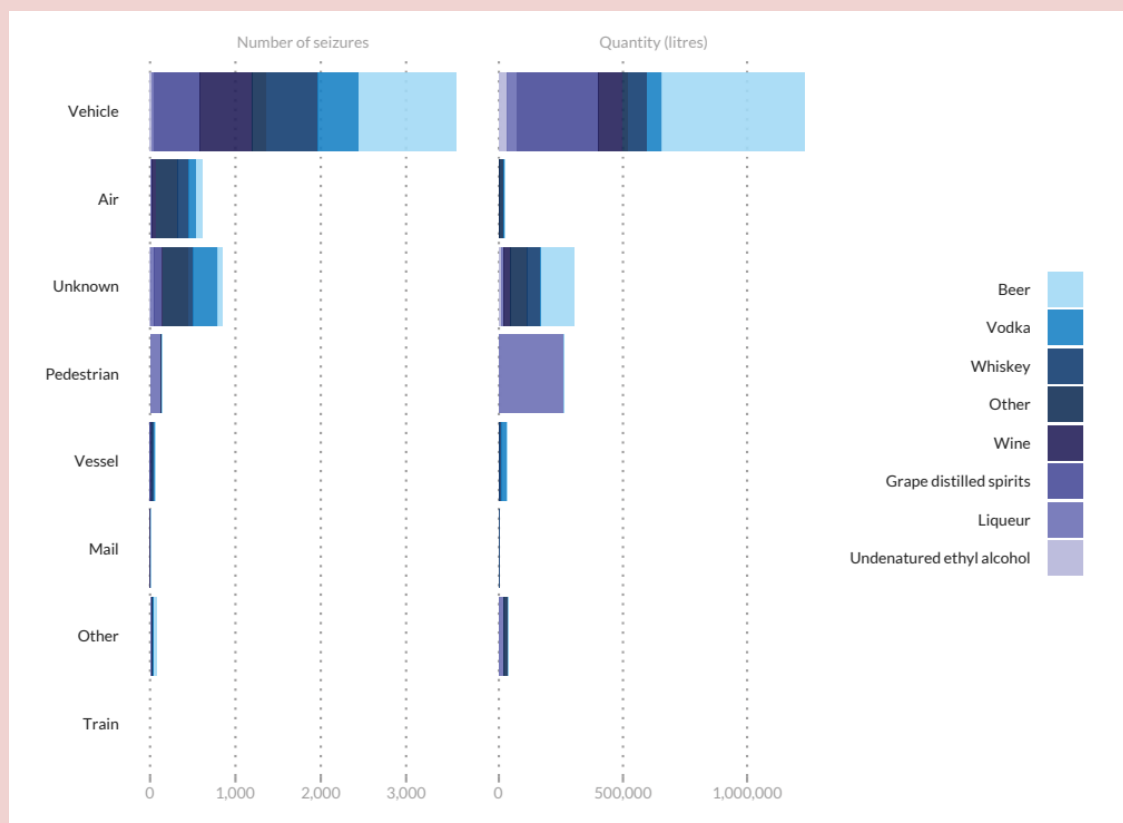
## Number of tobacco products seizures and conveyance method, 2019



Source: The WCO Illicit Trade Report, 2019, Figure 5, Page 153

In the report, it compares conveyance methods for tobacco products where seizures were from vehicles the most and followed by air transport. Moreover, when we compare by type of tobacco products, cigarettes were smuggled the most for all types of conveyance method.

## Number of alcohol products seizures and conveyance method, 2019



Source: The WCO Illicit Trade Report, 2019, Figure 14, Page 172



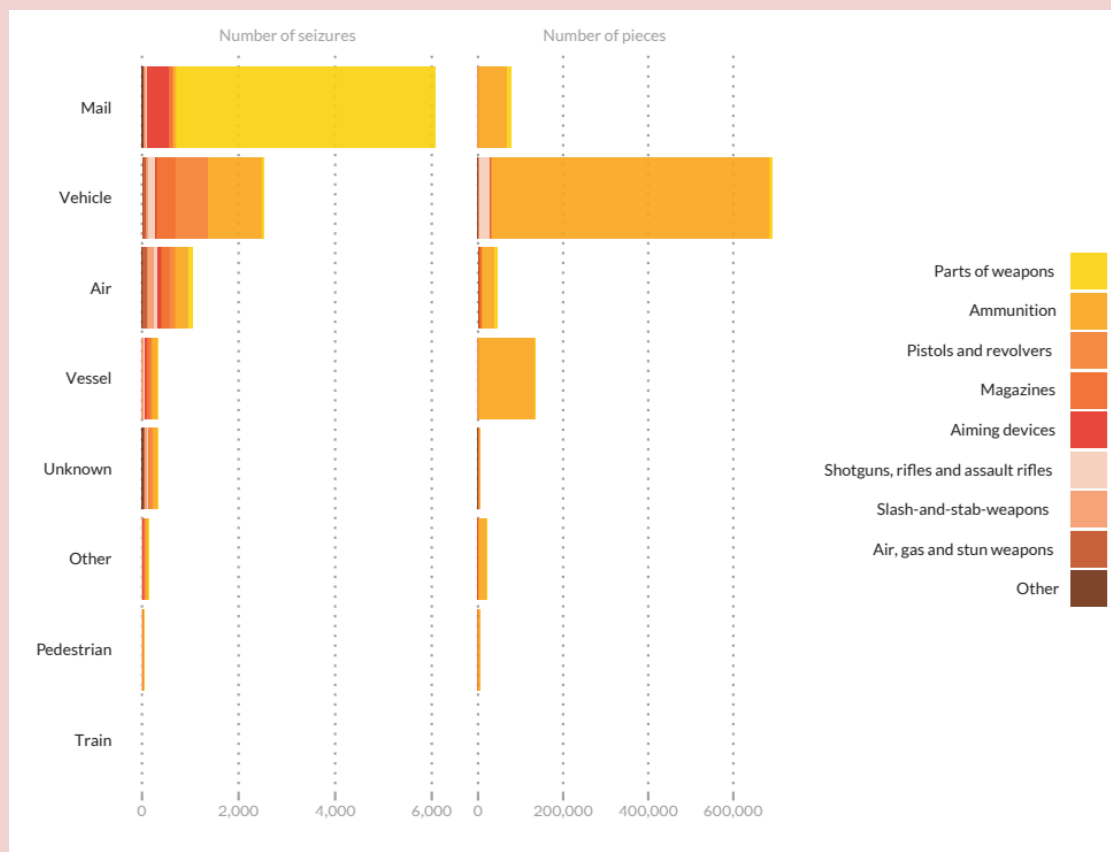
At the same time, for alcohol products, 67.3% of vehicles seizures accounted of all. For air seizures, on the other hand, although it is the second rank of seizures number but it is only 1.2% of the volume of alcohol products seized.

To deal with this challenge, the WCO conducted Operation Lynx and Project Crocodile to conduct cross border anti-smuggling operations and to detect suspicious cigarette shipments.

## 6. Security

In 2019, 45 countries reported 8,190 unique cases of weapons and ammunition trafficking that increase from 42 countries with 2,869 unique cases in year 2018. 58.2% of weapons and ammunition seizures in 2019 were made from the mail. However, the majority of pieces seized or 70.5% were made via vehicle transport, while the number of weapons and ammunition seizures for all types by air transport is quite low compared to other methods as you can see from the figure below.

**Number of weapons and ammunition seizures and conveyance method, 2019**



Source: The WCO Illicit Trade Report, 2019, Figure 4, Page 191

In my point of view, air transport is not the main conveyance method for weapons and ammunition because all airports in the world have a high-quality security checks for weapons. So, it is difficult to smuggle weapons through the airports compared to other methods.

However, the WCO launched the passenger control initiatives named API and PNR to strengthen Customs capacity to restrict the movements of Foreign Terrorist Fighters (FTFs) and other high-risk passengers. The data from API and PNR are used to improve and develop risk

analysis including targeting methods to identify individuals. Global Travel Assessment System (GTAS) was also introduced to enable Customs to detect passengers using API/PNR data.

### **Way Forward**

Over the last decade, trade movements and travelling in most countries mainly made through air travel and the volume of air passengers and flights has increased. Meanwhile, criminals also use this conveyance method for illegal and fraudulent activities. Thus, it is the responsibility of Customs to ensure people can move freely while protecting the health and safety of their citizens as well as Customs officials at the borders.

In this regard, the WCO Illicit Trade Report 2019 provides a different angle of illicit trade and reflects common trends from statistics and cases from Members including air smugglings from all over the globe. It is an effective tool from WCO to emphasize the importance of data sharing among Members that brought the Member's understanding and the effective enforcement strategies to all Customs administrations.

For more effective contribution, the WCO continued working with Members to encourage collection and sharing of seizure data that will facilitate perspectives on the next issue of illicit trade report.

In this connection, ROCB A/P hopes this information and analysis from the WCO illicit trade report 2019 could assist and support Members to ensure enforcement to protect their citizens and economies.

For more information, please contact me at [maypavida@rocbap.org](mailto:maypavida@rocbap.org)

## Workshops and Meetings

### WCO Sub-regional Virtual Workshop on Post Clearance Audit for ASEAN

2-6 November 2020, Bangkok Thailand



In collaboration with the WCO, the ROCB A/P organized the WCO Sub-regional Virtual Workshop on Post Clearance Audit (PCA) for ASEAN on 2-6 November 2020 in Bangkok, Thailand, under the sponsorship of Customs Cooperation Fund Japan (CCF/Japan). 37 promising officials nominated by 8 ASEAN Members namely, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Thailand and Vietnam as participants, as well as over 20 observers attended the workshop. During the workshop, PCA experts from the WCO, Japan Customs and Mr. Ilkwon HAN (Gideon) of ROCB A/P led the sessions. Ms. Chloe Au, Program Manager of ROCB A/P, also contributed and facilitated in the whole workshop.

The virtual workshop was designed to enhance Members' competencies on PCA and offer assistance in identifying the gap between their current capacity and practical application at

international standards. The workshop started by giving an overview of the WCO's concept and policy on PCA to foster the fundamental understanding of PCA framework. The experts then continued to introduce the crucial factors for implementing effective PCA work, including risk assessment and targeting, data analytics, customs-business partnership and capacity building, etc. In addition, participants shared their current PCA practices and the challenges they are facing. Led by the experts, participants actively discussed the way forward in carrying out PCA work at their home administrations more effectively, from a legal perspective, practical auditing to follow-up investigation.

At the workshop, Ms. Chloe Au gave an overview of the ROCB A/P to the participants with focuses on the key capacity building strategies in the region, especially in response to the adverse impact of COVID-19. Participants were also encouraged to conduct a pre-study in the WCO e-learning platform, CLiKC! before the workshop, actively participate during the workshop and take follow-up actions after the workshop. The virtual workshop was concluded with applause and appreciations to the WCO, the ROCB A/P, the Japan Customs and the facilitators for their contribution and support.

This is the first virtual workshop organized by the ROCB A/P since the outbreak of COVID-19. Taking into consideration of the development of the pandemic, the ROCB A/P will continue to organize virtual workshops in the near future to address the capacity building needs of A/P Members. Having said that, the ROCB A/P is ready to resume organizing face-to-face workshops once the unfavorable situation is relieved.



## WCO A/P Joint Session of Regional Heads of Customs Administrative Conference and Regional Contact Points Meeting

12 November 2020, Online Meeting Hosted by Vice Chair



The WCO A/P Joint Session of 21<sup>st</sup> Regional Heads of Customs Administrative Conference (RHCA) and 30<sup>th</sup> Regional Contact Points (RCP) Meeting were held online on 12 November 2020 organized by the Directorate General of Customs and Excise of the Republic of Indonesia as Vice Chair. More than 60 Delegates from 25 A/P regional Member administrations and Dr. Kunio Mikuriya, Secretary General of WCO, the RILO A/P and the ROCB A/P, as permanent observers, attended the Meetings and discussed important issues for A/P region. The discussions include the endorsement of Regional entities, measures in response to COVID-19 pandemic, the progress with implementation of the WCO A/P Regional Strategic Plan (RSP) 2018-2020, and the establishment of Regional Private Sector Group Asia/Pacific. During the Meetings, Mr. Norikazu Kuramoto, Head of the ROCB A/P, updated Members on the ROCB A/P's capacity building activities including the ROCB A/P's response to the COVID-19 pandemic and the outcomes of the Regional Training Center Heads Meeting which was held online in October 2020 and organized by the ROCB A/P. Mr. Kuramoto also made reports on the implementation of the Focus Area 3 (Capacity Building) of the A/P RSP 2018-2020. Several delegates expressed their appreciation for the ROCB A/P's contribution to the A/P region and support for its activities.

RHCA endorsed the proposals of Indonesia and Iran on hosting the WCO Regional Training Center (RTC), the proposals of India and Indonesia on hosting the WCO Regional Customs Laboratory (RCL), the proposals of Korea on hosting the WCO Regional Dog Training Center

(RDTC). Members have warmly welcomed new RTCs, RCLs and RDTC. RCP shared experience and practices to address the challenges under the COVID-19 pandemic.

The delegates called for continued strengthening cooperation and information sharing among the Member administrations, the WCO, ROCB A/P and RILO A/P, for continued solidarity even amid COVID-19.

## **The WCO Sub-regional Virtual Workshop on Post Clearance Audit for the Pacific Islands**

23-26 November 2020, Online Workshop hosted by ROCB A/P



The WCO Sub-regional Virtual Workshop on Post Clearance Audit for the Pacific Islands was held from 23 to 26 November 2020. The Workshop was organized by the ROCB A/P in close cooperation with the WCO and the WCO Accredited expert from India under the sponsorship of the Indian Customs Cooperation Fund (CCF/India). The 6 Customs administrations in the Pacific, namely Fiji, Papua New Guinea, Samoa, Timor-Leste, Tonga, Vanuatu as well as the representatives from Oceania Customs Organization (OCO) Secretariat and the OCO Members attended the Workshop. Together with the experts on PCA from the WCO, Indian Customs and Mr. Ilkwon HAN (Gideon) of ROCB A/P, Mr. Norikazu Kuramoto, Head of the ROCB A/P, Ms. Yuko Mamiya, Program Manager of the ROCB A/P, and Ms. Pavida Boonmun, Assistant Program Manager of the ROCB A/P also attended as facilitators/coordinators for the Workshop.

In order to deepen the knowledge on the basic concept of PCA and identify the gap between its current capacity and practical application of PCA in each Member administration and the WCO standards, the Workshop covered various International Conventions and WCO tools such as the Revised Kyoto Convention, the WTO Trade Facilitation Agreement, the WCO PCA

Guidelines, the WCO Implementation Guidance on PCA, the WCO Voluntary Compliance Framework and the WCO Customs-Business Partnership. Through a series of presentations and discussions, the participants reaffirmed that PCA is the tool to measure and improve compliance.

During the workshop, common challenges in the implementation of PCA were identified through the country presentations and the participants actively participated in the discussion of possible solutions for their challenges, facilitated by experts. Also, the participants exchanged their experiences to address the challenges on how to implement PCA under the COVID-19 pandemic. Ms. Mamiya introduced the capacity building activities in the A/P region including the WCO Small Islands Economies (SIEs) Initiative which provides tailor-made technical assistance to Customs administrations in SIEs to address the unique challenges in SIEs.

The active contribution of the participants resulted in a successful workshop and this workshop supported enhance communication and information sharing among Member administrations even in the pandemic situation. The participants expressed their appreciation to Indian Customs, the WCO, the ROCB A/P and the Experts for their support to the workshop.

## ROCB A/P promotes WCO A/P Regional Structures' Research Function at the 15th WCO Annual PICARD Conference

26 November 2020, Online Conference hosted by the WCO



WCO 15<sup>th</sup> Annual PICARD Conference was held by online and Dr. Tong Hua, Programme Manager of the ROCB A/P was joined the session of “Capacity Building and the PICARD



Programme” on 26 November 2020 as a selected speaker globally by the WCO PICARD Conference Scientific Board, and which was moderated by WCO Capacity Building Directorate.

During the session, Dr. Tong Hua made a presentation on “How to better utilize the PICARD Programme in WCO capacity building activities—from the WCO Asia Pacific Regional Structures’ perspective”, During this presentation, he recalled the development and main tasks of WCO Regional Structures in the A/P Region; highlighted the strong link between the topics of previous PICARD Conferences and the WCO Regional, Sub-regional and National capacity building activities; Dr. Tong Hua then concluded with an introduction of successful cooperation model on transferring the WCO workshop’s outcomes to high-quality study reports, which were jointly designed and studied by the WCO, ROCB A/P and RTCs in the A/P Region. Additionally, Dr. Tong Hua’s paper will be published in [the special edition of the World Customs Journal, 2020](#).

The WCO PICARD Conference provides a platform for academics and policymakers from around the world to present their research, interact, and discuss vital policy issues that impact Customs and international trade. This year and for the first time, the 4-days conference will be organized completely virtually.

## The WCO Virtual Regional Workshop on Disaster Management and Supply Chain Continuity in time of COVID-19 for the Asia-Pacific region

30 November-03 December 2020, Online Workshop hosted by WCO





The WCO Virtual Regional Workshop on Disaster Management and Supply Chain Continuity in time of COVID-19 for the Asia-Pacific region was held from 30 November to 3 December 2020. The Workshop was organized by the WCO under the sponsorship of the government of Japan. Mr. Norikazu Kuramoto, Head of the ROCB A/P, Ms. Yuko Mamiya, Program Manager, and Ms. Vareemon CHAIRUNGSRILERT, Program Coordinator of the ROCB A/P attended the Workshop and discussed how to address the challenges related to the disaster management and supply chain continuity in the pandemic. This workshop is the first of a series of regional workshops for collecting Member administrations' best practices to develop the WCO Guidelines on disaster management and supply chain continuity as part of the "COVID-19 Project" funded by Japan.

The workshop kicked off with the opening remarks of Mr. Pranab Kumar Das, Director, Compliance and Facilitation, WCO, and Mr. Kuramoto, Head of ROCB A/P. In the remarks, Mr. Kuramoto underlined that Customs plays a pivotal role in business continuity under the COVID-19 and the WCO provides the various tools to support the resilient efforts of Member administrations to sustain economic activities. During the workshop, Mr. Kuramoto also introduced the latest capacity building activities in the AP region by highlighting the response of the ROCB A/P to the pandemic and "new normal".

Through the workshop, the WCO updated its leadership and activities to support Member administrations in the COVID-19 such as further enhancing information sharing on the measures implemented in response to the pandemic among Members. Also, the workshop discussed the COVID-19 related topics such as Customs' contribution to mitigating the effect of the pandemic at three phases, namely the preparedness, response and recovery phases, and shared the experience and best practices among Member administrations.

The workshop was concluded successfully and provided useful insights that support the development of the Guideline through the active discussion among the participants. The participants expressed their appreciation to the Government of Japan, the WCO, the ROCB A/P and the presenters.

## The WCO Virtual Regional Workshop on Organizational Performance Measurement for the Asia-Pacific region

01-04 December 2020, Online Workshop hosted by WCO



The WCO Virtual Regional Workshop on Organizational Performance Measurement for the Asia-Pacific region was held 1 to 4 December 2020. The Workshop was organized by the WCO under the sponsorship of the Japan Customs Cooperation Fund (CCF/Japan). Around 30 Delegates from more than 15 Customs administrations in the AP region attended the Workshop and discussed the topics related to performance measurement. Mr. Noriakazu Kuramoto, Head, Ms. Yuko Mamiya, Program Manager, Ms. Jate-arpa Benjaphong, Program Coordinator, and Ms. Pattarapak Nopnakeepong, Program Coordinator of the ROCB A/P, also attended the Workshop to support the facilitation of the Workshop.

Mr. Ricardo Treviño, the WCO Deputy Secretary General, opened the Workshop and welcomed the Member administrations in the AP region. In his opening remarks, Mr. Treviño highlighted the WCO initiative for the establishment of a WCO Performance Measurement Mechanism (PMM) and encouraged the participants to contribute to the development of the PMM by providing insights.

Mr. Kuramoto also delivered the opening remarks. He conveyed his sincere appreciation to the WCO for organizing this Workshop and to the Japan Customs for funding support. Also, he emphasized the importance of Performance Measurement for policy-making.

During the Workshop, Mr. Kuramoto updated the capacity building activities in the AP region by highlighting the ROCB A/P's publications to further enhance the communication and information sharing among the AP Members. Besides, Ms. Mamiya delivered a presentation on the Follow-up Actions Survey conducted by the ROCB A/P to evaluate the whole impact of the WCO

Regional and Sub-Regional Workshops on the performance of Members and encouraged the participants to take the follow-up actions in order to leverage lessons learnt from the Workshop.

The Workshop was concluded successfully with the participants' commitment to using PMM for policy-making in the future. The participants expressed their appreciation to CCF/Japan, the WCO, the ROCB A/P and the presenters.

## ROCB A/P appreciate for the Host Administration

Bangkok Thailand, 9 December 2020



Mr. Norikazu Kuramoto, the Head of ROCB A/P conveyed his deepest appreciation to Thai Customs Department as the host administration of ROCB A/P since it established in 2004 for their long standing and generous supports to ROCB A/P and its capacity building activity for Asia Pacific Members. The collaboration learning event which is named Thank Thai Workshop on 9 December 2020. From ROCB A/P, Mr. Ilkwon Han, Ms. Chloe Au, Ms. Yuko Mamiya, Dr. Tong Hua, Program Managers, Ms. May, Assistant Program Manager and all Program Coordinators joined.

At the beginning of the event, Ms. Nunthita Sirikup, the Director of Human Resource Management (HRM) Division, Thai Customs Department expressed the deepest gratitude on the efforts of ROCB A/P for the long-term service in delivering capacity building activity in the Asia Pacific region and expressed their strong intention to enhance further collaboration with ROCB A/P.

In this event, Mr. Ilkwon Han, Ms. Chloe Au, Ms. Yuko Mamiya, Dr. Tong Hua, and Ms. May, facilitated and promoted WCO capacity building activities and its international standards included training and Integrity areas as well as international cooperation. From Thai Customs

Department, 16 officers from HRM Division, mainly from Customs Academy and Ethic Enhancement & Promotion Directorate participated in and exchanged of views with Program Managers of ROCB A/P. This workshop was designed and organized with its main counterpart, HRM Division of Thai Customs Department to learn and update about the WCO and its standards.

## **ROCB A/P attends WCO Global Free Zone Online Conference**

14 December 2020



The first WCO Global Free Zone Online Conference was convened virtually on 14 December 2020 at the WCO Headquarters with support of the Government of Japan. The Conference was welcomed by Customs administrations and external stakeholders under the theme “Meeting the SDGs – Ensuring Customs involvement for Free Zones’ competitiveness, safety and sustainability”. Mr. Norikazu Kuramoto, Head of ROCB A/P, and Ms. Chloe Au, Program Manager of ROCB A/P, attended the Conference as participants.

The number of Free Zones (FZs) in the world has been dramatically increased over the past few decades, driven by political decisions with concerns on the national economic development strategies. Along with the associated economic benefits of FZs, such as special arrangements on duties and regulatory exemptions, there were numerous publications pointing out the potential risks of illicit activities owing to the lack of oversight therein. Therefore, issue of adequate and efficient Customs procedures or control in FZs has been appeared on the WCO’s agenda for several years. Building upon the work done thus far by the WCO, its Members and partners, this Conference provided a platform for Customs administrations and external stakeholders to explore the key principles for suitable Customs roles that conform to the safety, competitiveness, and sustainable development of FZs.

Notable speakers from various international organizations, such as Financial Action Task Force (FATF), International Chamber of Commerce (ICC) and United Nations Conference on Trade and Development (UNCTAD), experts from relevant industries together with some



Members with full experience in operating FZs were invited to share their views and suggestions at the High-level Round Table and panel discussions. The scope of Customs involvement on economic competitiveness, safety and security requirement of goods, money laundering, IPR as well as Rules of Origin were widely discussed at the Conference. The Conference concluded with the acknowledgment of Customs involvement in every stage of FZs implementation and use of data for risk management. In order to increase economic competitiveness, Customs administrations should maintain good partnership with other government agencies as well as the private sector.

# WORLD CUSTOMS ORGANIZATION

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Mr. Ilkwon HAN

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Ms. Jate-Arpa BENJAPHONG

Ms. Vareemon CHAIRUNGSRILERT

Ms. Pattarapak Nopnakeepon

Regular Supporters: Mr. Daniel BRUNT and Mr. Wayne MORAN

