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Balancing Border Crossing Point Security Management with Trade Facilitation

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Co-operation in Europe

Presentation Outline

- Why balance border crossing point security management with trade facilitation?
- How to balance border crossing point security management methods with trade facilitation?
- Using case studies from EU, Finland, Georgia, UK



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Why balance BCP security with trade facilitation

EU case

1. 2006 EU trade value about 2,516 billion EURO with 3rd countries
2. EU trade value with EU member states 4,789 billion EURO
3. 17.1% of world's imports and exports
4. EU is world's largest trader (2007)
5. Complex trade environment with about 60 different trade procedures amongst EU member states

Why balance BCP security with trade facilitation

Finland – Russian Federation case

1. Road export and transit traffic from Finland to the Russian Federation was 2 million tons in 1995 and was 5.3 million tons in 2007 and 2008
2. Between 85 – 90% uses TIR Carnet
3. Total transport time to Moscow and back 6 days of which 2 days spent waiting at the border crossing point resulting:
 - €300 extra transport cost
 - Total about €6 million each month
 - Truck transport fleet unnecessarily bigger by 30 – 40%

Why balance BCP security with trade facilitation

United Kingdom case

1. 60% of UK productivity growth between 1996 and 2004 came from businesses which export
2. 2008 UK exports valued at £422 billion – 30% of GDP
3. 60% of UK imports from outside EU used in production
4. UK 5th in the world for business environment and 1st in Europe
5. UK 16th in the world for ease of trading across borders according to The World Bank “Doing Business Report 2010”
6. UK has 37 different security procedures and controls impacting on trade operations

Why balance BCP security with trade facilitation

The message or lesson learned or good practice

1. BCP management decides if it wants 100% document and physical control and stop trade **or**, zero document and physical inspection. Neither policy acceptable. So, need to balance border crossing point security management methods with trade facilitation.
2. Objective; striking the right balance
3. What is the right balance?
4. OECD average about 5% physical Customs inspection
5. Central Asia region was about 70% now reducing to 40% and targeting to 20%
6. Border agencies and Customs adding computer methods
7. Piece by piece method needs comprehensive integrated approach

Getting the right balance

EU case 1

1. OECD calculates each 1% saving in trade related trade transaction costs yields a world wide benefit of US\$43 billion (2003)
2. Each day saved getting goods to market increases exports
3. EU Customs administrations using electronic systems to increase international competitiveness
4. EU Security Amendment to the Customs Code and Implementation Provisions
5. EU Authorized Economic Operator (AEO) method
6. Electronic exchange of risk management data between EU Customs administrations
7. Export and import pre-alert systems start 1st July 2010



Getting the right balance

EU case 2

1. EU exporters must comply with pre-export procedures in other countries such as the USA:
 - Customs and Trade Partnership Against Terrorism CTPAT 2001
 - Bioterrorism Act 2002
 - Container Security Initiative CSI
 - Secure Freight Initiative SFI
1. EU wants to “enhance supply chain security”, so no longer BCP but end to end / door to door
2. Aviation “known shipper” concept
3. Maritime and port security provisions
4. Result: security spaghetti



Getting the right balance

EU case 3

1. Modernized Customs Code 2008
2. Paperless trade and Customs environment started 2008
3. Multi Annual Strategic Plan MASP includes several projects:
 - New Computerized Transit System NCTS + TIR
 - Risk Management Framework
 - Economic Operator Registration and Identification EORI
 - Export Control System ECS and Import Control System ICS
 - Automated Export System AES
 - Integrated Tariff Environment
 - EU Customs Information Portal and Single Electronic Access Point

Getting the right balance

Finland – Russian Federation case 1

1. Discussion and co-operation between relevant border agencies
2. Local border crossing point co-operation
3. Logistics co-operation
4. Pilot EU-Russian Federation information exchange 2009
5. Using electronic information exchange
6. Integrating border crossing point and Customs infrastructure
7. Increasing interoperability: 8 Finnish companies and Russian counterparts
8. Finnish and Russian Ministry of Transport support

Getting the right balance

Finland – Russian Federation case 2

1. Using GSM information exchange
2. Common interfaces for e-documents and ICT system interoperability
3. Automatic identification of flows and transport fleet locating using RFID
4. Pilot projects:
 - Integrating information getting transparency in supply chain
 - Pre-arrival information using EU Customs Code
 - Real time transport data from different actors to the Customs broker in the Russian Federation

Getting the right balance

Finland – Russian Federation case 4 future plans

1. Electronic tracking of intermodal transport
2. Operations models for logistics centres and goods terminals using electronic information exchange and automatic identification in the supply chain
3. Information systems communicating with authorities such as pre-arrival as in EU

Getting the right balance

United Kingdom case 1 using industry action plan

Improving UK border procedures

1. Coordinating border security and controls
2. International Trade Single Window System
 - All trade related information to get transferred to a Business Link website
 - Using IT to get electronic trade transactions
 - Modernizing and changing trade documents

Getting the right balance

United Kingdom case 2

Customs

1. Continuous change to the UK HM Revenue & Customs “Customs Blueprint” report
2. Get proportionate Modernized Customs Code implementing provisions 2011
3. Improve Online Tariff 2009 onwards

Getting the right balance

United Kingdom case 3

Transport infrastructure and export control

1. Developing solutions to transport bottlenecks delivering better end to end journeys
2. Improving international trade network infrastructure
3. Improving Export Control Organization using training, awareness activities, and fast track methods for low risk

Getting the right balance

United Kingdom case 4

The Informed Trader

1. Getting a new strategy how to give information to and advise to traders
2. Promoting international trade as a career path using:
 - New International Trade and Logistics Operation course
 - Further develop the UK “Skills for Logistics” qualification
 - Scheme to accredit short trade practice courses
 - Youth training and Graduate Talent Pool promoting professionalism in international trade

Getting the right balance

United Kingdom case 4

Policy coordination

1. Creating a cross-Government International Trade Facilitation Committee enhancing international trade policy coordination by:
 - Ensure all EU and national legislation affecting trade and all cross-cutting impacts solved
 - Finding and using border crossing point best practices
 - Reviewing UK level with international comparators

Getting the right balance

United Kingdom case 5

International comparisons

1. Continuously improve UK performance in international indicators such as The World Bank's "Doing Business" report i.e., trading across borders indicators by:
 - Using the action plan proposals
 - Getting increased business engagement
 - Making regular performance assessment by the International Trade Facilitation Committee

Questions Please?

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Rahmiet, Spasiba,
Thank You

