Fostering Green and Inclusive Trade Facilitation and the Circular Economy through Digitalization

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Key/new Procedures and Facilitation Tools and Instruments

- Conventions
- Frameworks of Standards
- Recommendations
- Other Tools
Carbon footprint of international trade

Carbon footprint of Trade Digitalization
- Electricity
  - Data Centers

More data = more computing power = more carbon footprint?

Carbon footprint of the absence of Trade Digitalization
- Inefficient cross border procedure
  - Longer clearance process

Data Quality
- Consistency
- Timeliness
- Accuracy
- Completeness
Generating environmental benefits through digitalization and paperless procedures, enforcing MEAs and domestic environment-related regulations, and implementing trade facilitation measures for environmentally friendly goods are the most common components of the definition of Green Customs.

- Materials use will increase in the coming decades
- MEAs number and scope will expand the role of Customs in enforcing environmental regulations
- Increasing trade-related environmental measures (e.g. import and export licenses, bans and quotas)
- Circular economy
  - Need to monitor the flows of goods in CE
  - Supply chain transparency, traceability and visibility
  - Classification of environmental goods
  - Need to facilitate environmental compliance for goods entering the reuse, refurbish, remanufacture or recycle loop
Regulatory compliance of Linear & Reverse supply chains

- Trade restrictions, LPCO, technical specifications, coding systems, etc.
- Need of information sharing and harmonization
- Single Window, GNC and WCO DM as a key enabler
Green Customs refers to the measures that Customs administrations can take or develop to reduce their own environmental footprint ("being"), to protect the environment and facilitate green trade ("doing"), and to test transformative ideas towards sustainability excellence ("innovating"), and by doing so drive progress on the related United Nations Sustainable Development Goals.

Figure 1: Building blocks of Green Customs

Being
Greening the administrations themselves

Doing
Policy measures for green trade

Innovating
Transformative measures based on innovative thinking
Overview of the Green Customs Action Plan (GCAP)

**Being**
- Carrying out a stocktake of practices
- KPIs and tools to measure environmental performance
- Capacity building to green the Customs administrations themselves
- Guide to educate staff on how everyone’s contribution counts
- Familiarize Customs officials with the principles of sound environmental management

**Doing**
- Carrying out a stocktake of measures to green trade
- Greening WCO tools
- Incorporating green objectives in the work programmes of WCO working bodies
- Raise awareness of the circular economy, waste, IPR, and improve the related capabilities
- Enhance collaboration with other regulatory agencies
- Foster regional cooperation
- Joint operations
- Promote the use of the WCO Customs Enforcement Network (CEN)

**Innovating**
- Collect experiences in implementing green disruptive technology and innovative working methods to promote intelligence-led cooperation
- Study on Circular Economy and the implications for Customs administrations
- Research workshop on Customs and the environment to prepare for COP28
- Explore key topics in partnership with academia
- Share experiences on the impact on Customs of implementing mechanisms to reduce carbon leakage

Position Paper approved by the Policy Commission in June 2023:
• controlling the legal (cross-border) trade in regulated goods.
• combatting the illegal cross-border trade in environmentally-sensitive goods, such as wildlife, timber and waste.

Green Customs Action Plan approved by the Policy Commission in June 2023:

<table>
<thead>
<tr>
<th>No</th>
<th>Strategic objective</th>
<th>Area/Topic</th>
<th>Objective</th>
<th>Actions</th>
<th>Building Blocks</th>
<th>Timeframe</th>
<th>Priority</th>
<th>KPI</th>
<th>Body in charge</th>
<th>Responsible team</th>
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<tbody>
<tr>
<td>GCAP-5</td>
<td>SO1</td>
<td>Waste</td>
<td>Enhance knowledge of the issues related to waste management and the potential responses to be made by Customs</td>
<td>Undertake Business Process Mapping of transboundary movement of waste with Members to harmonize the most relevant processes in the context of CBM and Single Window implementation</td>
<td>Doing</td>
<td>Fourth quarter of 2023 (PTC) June 2024 (Council)</td>
<td>A</td>
<td>Harmonized Business Process Mapping presented to the PTC and EC, and the updated CBM Compendium endorsed</td>
<td>PTC EC</td>
<td>Facilitation Compliance CBD</td>
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<tr>
<td>GCAP-6</td>
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<td></td>
<td></td>
<td>Develop specific GNC Utility Blocks for transboundary movement of waste</td>
<td>Doing</td>
<td>December 2023</td>
<td>B</td>
<td>Presentation(s) on UBs delivered to the PTC and EC</td>
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WCO Roles in Environmental Issues: Enabling process collaboration (MEA)

Legitimate Trade
Illegal TBM
Fraud:
Misdeclaration
Concealment
Risk Management
Licenses, Permits, Certifications (LPCO)
Standards 6.7 of the General Annex (GA) of Revised Kyoto Convention (RKC)
The Customs shall seek to co-operate with other Customs administrations and seek to conclude mutual administrative assistance agreements to enhance Customs control.

Article 12 of the WTO TFA: Customs Cooperation,
The article sets out the terms and requirements for Members to share information in order to ensure effective customs control, while respecting the confidentiality of the information exchanged.

Standards 7.1 of GA of RKC (Application of Information Technology)
The Customs shall apply information technology to support Customs operations.

Standards 7.2 of GA of RKC
When introducing computer applications, the Customs shall use relevant internationally accepted standards.
Efficient flow of information: Global Interoperability

- The WCO Data Model (DM) is the data foundation for global trade interoperability.
- The WCO DM is a universal language for cross-border data exchange enabling the implementation of Single Window systems and fuelling Data Analytics.
- It is a compilation of clearly structured, harmonized, standardized, and reusable sets of data definitions and electronic messages designed to meet the operational and legal requirements of Customs and other cross-border regulatory agencies (CBRAs) responsible for border management.

www.wcoomd.org/DataModel
WCO DM My Information Package
Towards full compliance to international standards

- Consolidate the national dataset from available sources, such as paper template, IT database design, the technical annex of regulations/legal framework on data requirements;
- Map the consolidated national dataset to the WCO DM using the Mapping Tool to create a subset of the WCO DM (i.e. MyIP) that fits the national needs;
- Implement the output of the MyIP (e.g. UML Class Diagram, XML Schema, OpenAPI document) in an IT system (e.g. to create a WCO DM-compliant system interface/middleware); and
- Share MyIP with relevant stakeholders (e.g. traders, solution providers and other Members) through the Repository of MyIPs.
Globally Networked Customs

The **voluntary** arrangement between two or more Members for a **seamless exchange** of cross border information at a Customs to Customs level using a **standardized** approach based on existing WCO instruments

By **gradually** moving away from the current individually **hand-crafted** method for negotiating **International Agreements** and using a disciplined and common methodology to **industrialize** the process

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**Regulatory and Legal Framework**

**Process Alignment**
- Entities
- Trigger
- Process flow/business rules
- Data Cluster

**Technological Interoperability**
- Systems integration architecture
- Systems interface
- Network communication
- Security
Integration architecture: Proprietary vs Standardized solutions
GNC, Interconnectivity Framework that just work!

South America:
- Indira: Exchange of Customs Data
- bConnect: Exchange of AEO Master Data

South Africa:
- YEIMI: Exchange of Customs Data

On going development: Interconnectivity Framework for Certificate of Origin
- TCRO Work Programme
- Informal Working Group: Australia, China, Indonesia, Japan, Korea, Madagascar, Switzerland, United States, Uruguay.
Thank you

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