Supply Chain Security: Capacity Building Initiatives and Emerging Issues

Submitted by: University of Canberra
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Overview

- Changing Role of Customs
- SAFE Framework of Standards
- AEO/Partnership Arrangements
- Mutual Recognition
- Capacity Building Issues

Facilitation/Intervention

Customs - change in approach:
- From ‘Gatekeeper’ strategies
- To a balance between trade facilitation and regulatory intervention

Facilitation/Intervention

In the wake of 911, supply chain security initiatives are tipping the balance in favour of regulatory intervention

SAFE Framework

WCO Framework of Standards to Secure And Facilitate the Global Trade Environment

SAFE Framework

“The commitment and willingness shown by WCO Members to implement the Framework of Standards clearly demonstrates their desire to both secure and facilitate world trade”
SAFE Framework

- Establishes international standards designed to promote certainty and predictability
- Introduces the concept of Authorised Economic Operator
- Encourages Government-Industry partnerships

Authorised Economic Operator

- A party involved in the international movement of goods that is deemed to comply with WCO or equivalent supply chain security standards
- “…companies that demonstrate a verifiable willingness to enhance supply chain security will benefit. Minimizing risk in this way helps Customs in performing their security functions, and in facilitating legitimate trade”

Partnerships

Security initiatives have introduced an additional concept of ‘partnership’
- Compliant Trader: those with a demonstrated high level of compliance with regulatory requirements
- Authorised Economic Operator: those who satisfy the SAFE criteria

Mutual Recognition

- AEO
  - Country A
  - Country B

- AEO
  - Country A
  - Country B
Mitigating Risks

- Objective: To achieve a secure supply chain
- Risks: to the security of the supply chain
- Capacity: to effectively mitigate the risks

Key Elements
- Effective, harmonised framework
- Uniform interpretation of the framework
- Appropriate application of the standards
  - Effective management of risk
  - Manage non-critical risks post-transaction
- Mutual Recognition
  - Mutual trust
  - Not the lowest common denominator
Key Elements

- Competent operators
  - Government officials
  - Trading community
- Coordinated approach
  - Avoid duplication
- Processing capacity
  - Self assessment
  - Third party verification

Future Initiatives

- World Customs Journal
  www.worldcustomsjournal.org
- WCO Conference

www.customscentre.canberra.edu.au
www.trusted-trade.net