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ABSTRACT

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**Risk Management at 21st Century Customs Administrations –
Global Study on Good Practices and Maturity Models**

The continuous growth in global trade (today value around 8 trillion euro per year, around 20% of total trade in goods value) together with growing trend in related international crime – including theft, smuggling, and intellectual property violations – as well as increasing concerns on supply chain related terrorism, are setting new pressures for Customs administrations world wide to protect their respective nations in financial, national security and some other non-financial terms. One approach to help Customs to cope with their increasing responsibilities, often with decreasing trend in available human resources, is Customs risk management (CRM), which can be defined e.g. as “a systematic and practical use of management procedures that provide the customs with the necessary information which enables focusing the controls on high-risk consignments and procedures” (multiple definitions exist). This survey based study aims to create a framework for further set of case studies in CRM; the survey has been sent so far to 33 administrations in all World Customs Organization (WCO) regions, with 30% answer rate (as of June 9th, 2008). The survey has 5 policy and 5 operations focused questions, and 1 future reflecting question for both expert profiles. Following results are presented both from developed and developing countries: (i) the variation of Customs roles and responsibilities, including key connections to other government agencies; (ii) good practices in using formalized frameworks, cyclic models etc. for the risk management function; (iii) spectrum of technologies and tools in place to support CRM; and (iv) main expectations and obstacles for the future CRM development. Finally, for the follow-up case studies (10 Customs world wide), the planned deliverables include: (i) Operational process maps for CRM, explaining which are the risk management related business processes and how they are managed in customs administrations; (ii) Communication and interaction charts for CRM, indicating the risk management communication patterns both inside the customs administrations and between customs and the stakeholder communities; (iii) CRM maturity model, positioning each customs administration at a certain development stage regarding their CRM functionality; and (iv) Key performance indicators for CRM, showing how the efficiency and success in CRM function can be measured.