



Conference on Strategic Trade Controls Enforcement

14 – 16 November 2012

Chairperson's Summary Outcomes

The World Customs Organization (WCO), with financial support from the U.S. State Department, organized for the first time a conference on Strategic Trade Controls Enforcement. The main objective of the conference was to raise awareness about strategic trade controls and the risks that chemical, biological, radiological, nuclear (CBRN) and dual use goods pose if diverted to unauthorized use in international supply chains. The Conference also explored different components of effective strategic trade controls and control systems, providing participants with views from different agencies, including case studies from Member countries.

Approximately 200 participants from more than 90 WCO Member administrations and other national agencies responsible for strategic trade controls, as well as partner international organizations came together to explore ways to support Members in complying with strategic trade controls requirements.

The main outcomes of presentations and discussions can be summarized as follows:

- There was a unanimous recognition of the importance of designing and implementing effective strategic trade controls enforcement strategies, in order to protect states from the global threat posed from proliferation from non-state actors. Gaps and weakness in strategic trade control legislation and enforcement practices are exploited by offenders, making it necessary for governments to proactively respond by developing strategies to bridge those gaps and weakness. Additionally, strategic trade controls enforcement compliment and contribute in achieving other government goals such as trade facilitation, economic development, and other traditional enforcement objectives.
- The conference participants recognized that Customs possesses unique powers and expertise that do not exist in any other governmental agency and thus can play a crucial role in strategic trade controls enforcement. Therefore Customs play a crucial role as the front line of defense not only in their respective countries but globally, as they also contribute to maintaining international peace and security.
- Customs have a broad mandate in a wide array of areas, which translates into important challenges in administration of resources due to competing priorities. But Customs, as a result of international conventions that their governments have become parties to, often have a specific mandate in enforcing strategic trade controls to prevent the diversion of CBRN and dual use goods. The ability of Customs to integrate their responsibilities in these areas into existing standards (i.e. SAFE Framework of standards, AEO and RM programs) and competencies (risk identification, selection, search and seizure) means that administrations are theoretically well equipped to

address this area.

- Strategic use/functionality of the WCO Harmonized System (HS): Many presenters recognized the functionality and potential of the HS as being critically important. While the HS has a strong focus on revenue assurance, its international significance as the recognized global descriptor of trade in over 200 countries was highlighted. To maintain the HS in an emerging world of new threats, it will need to be refined to enable it to deliver better strategic outcomes in areas such as safety and security, by either changes to the HS itself, or the development of new tools that could be complimentary to the HS to enable these outcomes. Many presenters made the point that while the HS provides descriptors of items at an entity level; these are often too generic to enable frontline personnel, business partners and government organizations to use it to effectively identify strategic commodities. A range of presenters from agency and policy groups with a specific expertise in this discipline, stated their willingness to support the WCO in this work.
- Intergovernmental coordination and cooperation: At the national level collaboration and coordination is key. A whole of government approach ensures balanced and effective strategic trade controls. It is important to establish a coordination body of which Customs must be a core part. Customs and licensing authorities must work together to maximize impacts of their individual efforts and avoid duplication, share information on the status of licenses, feedback on seizures and backtracking investigations.
- Industry outreach: A common theme was a belief that there is a general misconception that strategic trade controls hamper business and that overcoming this is a significant challenge. Providing business with necessary information to raise awareness and improve their compliance levels is key. Developing partnerships with industry to promote voluntary compliance is also of utmost importance. This will require, Customs and other regulatory agencies providing companies with up to date information on latest developments through consultation with business.
- Timely and accurate exchange of information was considered of critical importance. Customs should reach out to and use expertise of technical specialists belonging to specialized agencies dealing with strategic goods (governmental agencies, Universities, research labs) in a timely manner. Particular challenges appear as customs officials have limited technical expertise when examining high-tech consignments. Regular meetings are needed. The use of the WCO CEN system and seizure database should be maximized by Members to assist this exchange process.
- Risk Management: Strategic trade is one of many risks that customs have to manage, but the underlying risk management principles are often common. Customs need to know the risks, develop the capability to gather information and intelligence, identify commodities and substances on watch lists, inspection and feedback.
- International cooperation and collaboration: Presenters unanimously agreed that global cross-government and cross-business partnerships were critical to deliver the intent UN resolutions and international legal frameworks. The existing Customs-to-business pillar of the SAFE framework was seen as providing an exemplar of how outreach to industry to facilitate legitimate trade can be structured in to a framework document and implemented by operational organizations. Presenters spoke positively on their willingness to

collaborate with the WCO to ensure that gaps, capability and capacity were addressed and that commercial partnership can be built with legitimate traders. Amongst Customs administrations represented strong willingness by those who are better positioned in this discipline to assist those who are not was reflected.

- Presenters concurred that it is important to find a common approach through international cooperation and manifested the need to develop international standards and best practices on strategic trade controls. They invited the WCO to explore its role in providing a global platform for information exchange and expertise.
- Awareness raising and training: of both government law enforcement agencies and business is of upmost important. A wide range of dual use material, parts and equipment exists, these goods are technically complex therefore recognition of these goods by law enforcement agencies remains a challenge. Participants invited the WCO to explore the possibility of establishing a specialized programme to provide Customs and Border agencies with increased and sustainable capacity to prevent, detect and deal with cross-border trafficking of CBRN and strategic dual use goods.