



IFCBA International Federation of
Customs Brokers Associations

Borders Divide: The Value of Customs Brokers Strategic Connections

Keynote Speech

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Customs function in trade

❑ Revenue

- ❖ Historical (border vs internal taxation) “Customs”
- ❖ Ratio of Customs revenue varies

❑ Protection of domestic industry

- ❖ Infant industry, agriculture... retaliation...
- ❖ Lessons from 1930's - GATT (Trade liberalization through tariff reduction)
General Agreement on Tariffs and Trade

❑ Trade facilitation

- ❖ Economic development, Global supply chain

❑ Protection of society

- ❖ Drugs, firearms, trade-based money laundering
- ❖ Borders divide, criminals exploit



On-site work of Customs in partnership

❑ Compliance at borders

- ❖ Clearance of cross-border movement of goods, passengers and conveyances

❑ Risk management

- ❖ Customs declaration
- ❖ Pre-arrival, goods clearance and post clearance stages
- ❖ Customs brokers' vital role for accuracy and timeliness

❑ Partnership

- ❖ Customs brokers and other service providers
- ❖ Coordinated border management
- ❖ Internal cooperation



World Customs Organization

❑ Intergovernmental Organization for Customs

- ❖ Established in 1952 in Brussels, Belgium
- ❖ Increased involvement of business

❑ Mission

- ❖ Develop standards for harmonizing customs procedures
- ❖ Capacity building support
- ❖ International cooperation

❑ Partnership

- IOs :UN, World Trade Organization, etc.
- PSCG : IFCBA, other associations, companies
Private Sector Consultation Group

➤ Academia



Evolution of WCO

❑ Trade liberalization (1952-1993)—Harmonization

- ❖ HS tariff classification, GATT(Tariff reduction)
- ❖ 17 European countries (1952) to global membership (currently 186)
- ❖ Japan (1964) US ('70) China ('83) Russia ('91)

❑ Globalization (1994-2004)

- ❖ WTO negotiations, WCO Revised Kyoto Convention (1999 agreed)

❑ Security and facilitation (2005-2017)

- ❖ SAFE Framework of Standards(2005) Creation of PSCG as core of customs-business partnership
- ❖ Capacity Building Directorate (2006)
- ❖ WTO TF Agreement (2013 agreed)

❑ Fragmentation (2018-)

- ❖ Trade tensions, Pandemic, War in Ukraine
- ❖ Need for refresh partnership with business



Working with PSCG

❑ Co-creation of standards

- ❖ SAFE Framework of Standards (2005)
- ❖ E-Commerce Framework of Standards (2018)
- ❖ Guidelines on Customs Brokers (2018)

❑ Advisory function

- ❖ Dialogue with Policy Commission members
- ❖ Covid-19 weekly consultation (2020)

❑ Capacity building

- ❖ Supporting trade associations' programs

❑ Regional dialogue

- Contribution to regional DG meetings



EU structure

❑ European integration

- ❖ Customs union (1958) GATT model
- ❖ Market integration (1993)
- ❖ Euro (1999, 2002)
- ❖ Fiscal, security..

❑ Inter-dependence

- ❖ Security, technology - US
- ❖ Energy – Russia
- ❖ Market – China
- ❖ Strategic autonomy

❑ Economic Partnership Agreements

- ❖ Neighbouring countries
- ❖ Africa, Caribe and Pacific countries
- ❖ Strategic countries and regions



EU at borders

□ Borders

- ❖ Free movement of goods, people
- ❖ Mobile Customs
- ❖ Consumer protection, environment

□ Example of Belgium

- ❖ Port of Antwerp, Airport of Liège
- ❖ Gateway of goods to Europe
- ❖ Cocaine smuggling
- ❖ Ecommerce – revenue, protection of citizens

□ EU Customs reform proposal (2023)

- ❖ EU Customs agency – Intra-cooperation on fighting fraud
- ❖ EU hub to collect customs data
- ❖ Review relationships with business



Eurasia

□ 15 former Soviet countries

- ❖ Russia
- ❖ Belarus, Ukraine, (Moldova)
 - ✓ Ancient heartland
- ❖ 3 Baltic - EU
- ❖ 3 South Caucasus
- ❖ 5 Central Asian

□ Connecting Asia to Europe

- ❖ Historical “Silk Road”
- ❖ Middle corridor: Central Asia – Caucasus across Caspian Sea
- ❖ Circumvention of sanctions
- ❖ Human resource development – Customs academies



Middle East

□ Arab countries, Iran, Turkey

- ❖ Different historical backgrounds
- ❖ Conflicts (Palestine, Syria...)
- ❖ 6 Gulf countries: oil-producing,
 - diversification with technology
 - human capital (youth and women)
 - promote trade, finance, tourism
 - regional integration, tax

□ Free Trade Zone (FTZ)

- - ❖ Source of economic development, i.e. Dubai (UAE), Turkey and other ports
 - ❖ Full Customs involvement in approval, AEO, surveillance, seizure
 - ❖ Customs brokers facilitating reporting with accurate data
 - ❖ Compliance including IPR protection



Africa

❑ Growing population and natural resources

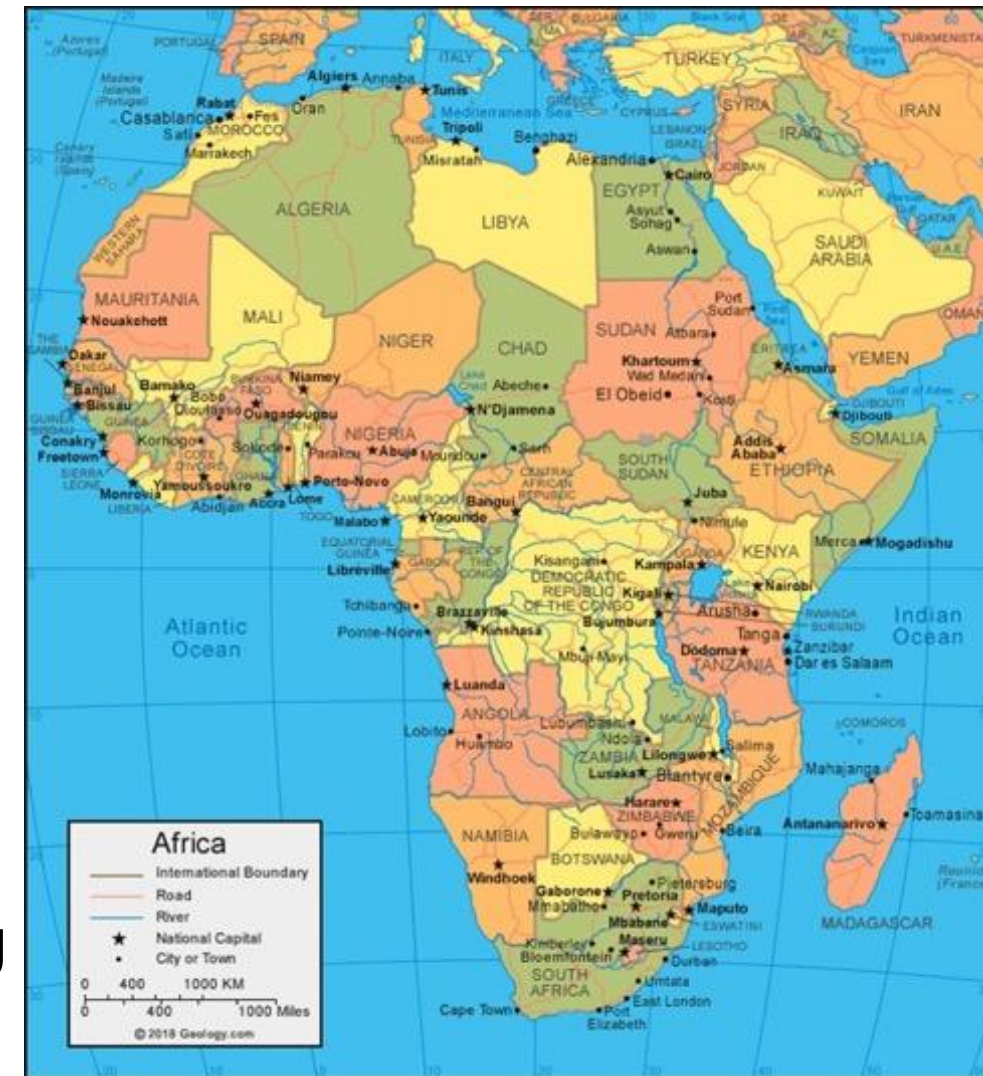
- ❖ Export resources, import products
- ❖ Promotion of Intra-trade, industry

❑ Regional integration

- ❖ Sub-regional integration
- ❖ African Continental Free Trade Area
- ❖ Rule of Origin: “made in Africa”, AEO
- ❖ Capacity building of Customs brokers

❑ Vulnerable borders

- ❖ Armed forces at borders
- ❖ Grievance at periphery
- ❖ Customs and brokers’ contribution to offering trade opportunity and stability



Americas - US

□ **Tariff policy**

- ❖ Lessons from 1930's
- ❖ Multilateral trade system GATT/WTO
 - ✓ Rule-based system with US backing
 - ✓ Decline of G7 and rise of emerging economies
 - ✓ Rule-making stalled to address changes
- ❖ Towards regional, bilateral deal-based agreements
 - ✓ Procedures – multilateral system consistent

□ **Homeland Security (2002)** – response to terrorism

- ❖ Drugs incl. Fentanyl
- ❖ Immigration
- ❖ Import duties



Americas

□ Latin America

- ❖ Market integration
 - ✓ US, Mexico, Canada
 - ✓ Mercosur (incl. Brazil) – EU FTA agreed
 - ✓ Pacific Alliance
- ❖ AEO – Access to markets, strengthen integration
 - Mutual Recognition
 - Increase benefits (OGA etc.)
- ❖ Strong presence of customs brokers
- ❖ With US – Big trade partners, but 2-way illicit trade
 - ✓ Drugs (US in-bound) firearms (US out-bound)

□ Caribe

- 1❖ Tourism – Cruise ship management



Asia Pacific

□ China

- ❖ State-led market economy
 - ✓ Labor-intensive to innovation-driven
- ❖ Belt and Road initiative

□ India

- ❖ Economic reform – business-friendly
- ❖ Strong service sector
- ❖ Demographic dividend

□ ASEAN

- ❖ Economic Partnership Agreements (Australia, China, India, Japan, Korea, NZ)

ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)

Member states ASEAN Plus Three ASEAN Plus Six



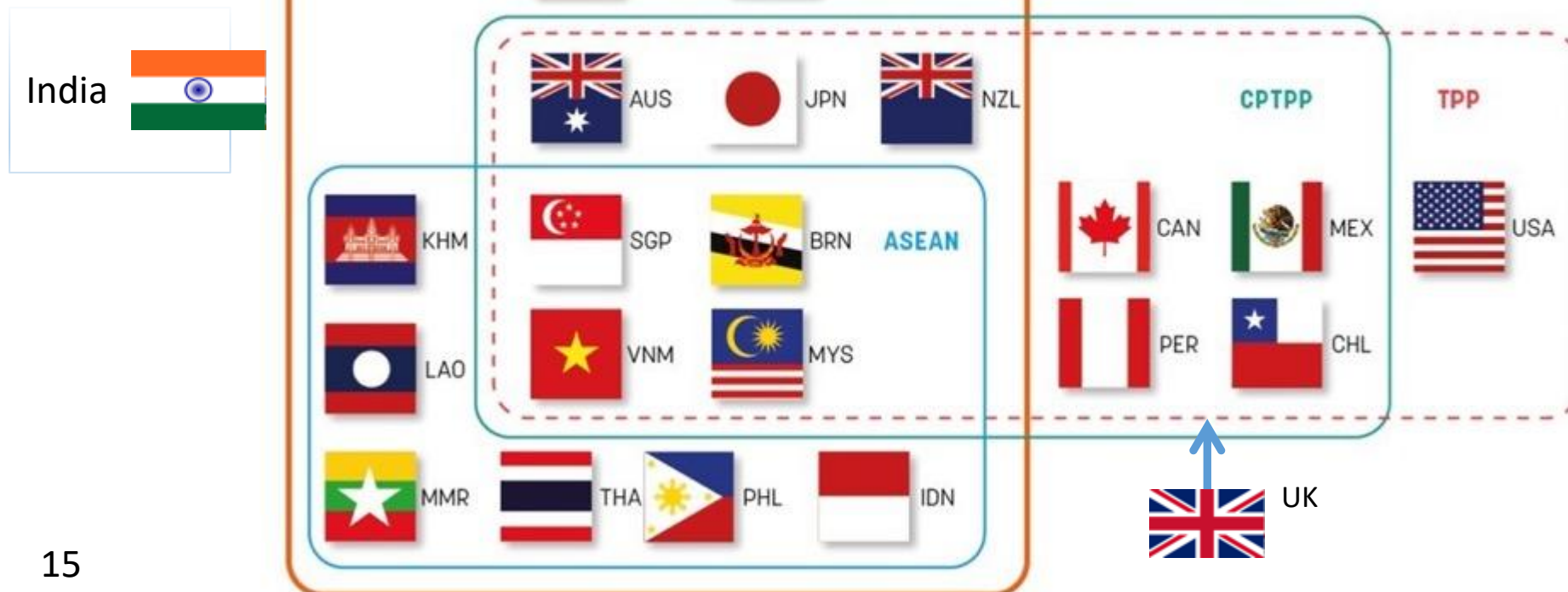
Regional integration in Asia-Pacific

Mega Free Trade Agreements

- ❖ 10 ASEAN countries
- ❖ CPTPP
- ❖ RCEP

Customs brokers' contribution

- ❖ Rule of origin “made in ASEAN”
- ❖ Critical to supply chain management
- ❖ Advisory and consultancy function to Small and Medium-sized enterprises
- ❖ Consistency with Multilateralism



Customs brokers' landscape: ① Globalization

- ❑ **Hyper Globalization** 1990's– mid 2000's
 - ❖ Container, Information Technology → Supply chain management
 - ❖ Global Value Chain (breakdown/ relocation abroad of production process)
 - trade in semi-finished products
 - ❖ Accession of China to WTO (2001) with vast workforce and market
 - ❖ Foreign Direct Investment: transfer of technology, consumer market
 - ❖ Customs brokers facilitating trade with IT technology

- ❑ **Slowbalization** Mid 2000's-
 - ❖ Completion of GVC, insourcing
 - ❖ Income inequality – push back in advanced economies
 - ❖ Customs brokers contribution to supply chain security – AEO
 - ❖ Advice for maximizing benefits of preferential trade (regional integration)



Fragmentation ②

□ Supply chain resilience

- ❖ Covid-19 pandemic: supply chain disruption, diversification
- ❖ Technology-driven decoupling, de-risking, friend-shoring
- ❖ Customs brokers' support for supply chain realignment



□ Economic security – Changing industry policy

- ❖ China: "Made in China 2025" (2015)
- ❖ US: Tariff on China (2018), Chips Act, Inflation Reduction Act (2022), again tariff (deal-based, who pay the cost?)
- ❖ EU: Green Deals Industry Plan, Chips Act (2023), Defence industry?

□ Tariff – implementation challenge

- ❖ Changing US policy and retaliation
- ❖ Economic sanction and circumvention
- ❖ Customs brokers - classification, valuation, origin



③: Digital trade and technology

□ E-commerce

- ❖ Use of small parcels vs containers
- ❖ Unfamiliar importers – risk management difficulties
- ❖ Abuse for smuggling

□ Partnerships

- ❖ Data sharing with new partners (including online platforms), AEO
- ❖ E-commerce FoS & each country's response
- ❖ “Trust & check” (EU) – business input

□ Use of technology

- ❖ Analysis of scanned images
- ❖ Use of Artificial Intelligence
- ❖ Customs brokers' adaptation



④ Environment

□ **Multilateral Environmental Agreements**

- ❖ Endangered species
- ❖ Ozone depleting substances
- ❖ Plastic/ e-wastes
- ❖ Customs brokers' declaration – key for control

□ **Support the Green Transition**

- ❖ Circular economy
- ❖ Cross-border traceability by data
- ❖ Tariff classification – waste or recyclable goods
- ❖ Carbon leakage – implementation at borders
 - ✓ EU carbon border adjustment mechanism
- ❖ Customs brokers' preparedness



Future of Customs brokers

□ Expertise

- ❖ Implementation of EPA, changing landscape
- ❖ Rule of origin, classification etc., esp. for SMEs
- ❖ Advisory function to navigate complex regulations



□ Trust

- ❖ Integrity and quality control

□ Collaboration

- ❖ Share experience, contribution to standard setting
- ❖ Technology and data
- ❖ Inclusive approach - Gender equality and diversity gives an opportunity
 - ✓ Women in Customs: total 36%, senior managers 23%, heads 20%



□ Stay connected strategically at borders

Thank you
Please enjoy your stay in Kyoto



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