Twenty two companies and associations (with thirty eight delegates) attended the 20th meeting of the Private Sector Consultative Group, held June 19-20 in Brussels. They are:

AAEI
BASC
BP
De La Rue
Deutsche Post DHL
FedEx
Fonterra
GEA
GM
Hutchison Port Holdings
IAPH
IATA
IBM
ICC
IFCBA
IRU
Microsoft
Renault Nissan
Pfizer
Samsung Electronics
UPS-Asia Pacific
WSC

This was the first meeting for two new PSCG members, Fonterra from New Zealand and International Road Transport Union (IRU) from Switzerland.

PSCG Perspective on Financial Recovery

PSCG members reported positive signs of business financial recovery, but still have questions about its sustainability. Since our report in December, we have seen more extensive government budgetary constraints and we are concerned that Customs administrations are having to do even more with less. This in turn means that the allocation of resources may not support trade facilitation objectives – in fact, no gains in trade facilitation were reported. Examples of new non tariff barriers such as licensing requirements were shared, along with restrictions on designated ports of entry. The impacts of Customs institutional knowledge drain were highlighted in view of a retiring experienced work force and knowledge gaps in new recruits.
Thoughts on Engaging the Private Sector in Emerging Economies

In advance of our PSCG meeting, the WCO Secretary General asked the PSCG to “examine how to engage the private sector in emerging economies.”

In response, the PSCG offers the following thoughts:

- Successful economic growth requires constructive engagement between Customs and the private sector with transparency, integrity, consistency and uniformity in the application of regulatory requirements. In addition, such an environment must be supportive of the need for customs modernization, including increased use of electronic filing, and committed to a positive and productive dialogue between business and Customs on trade facilitation. Environments favorable to engagement are also conducive to growth of trade for all traders – small, medium and large.

- Many Customs authorities engage with the private sector to address issues of mutual concern and interest, and models for engagement vary from country to country. The PSCG recommends that these models be reviewed to identify good practices and to publish these to provide options for Customs authorities and private sector stakeholders. A dialogue between local Customs authorities and business to assess the most effective method of engagement would be a good first step in implementing something that works well in the environment that currently exists in that country. In many countries trade associations play an important role in engaging with government, and it is important therefore that governments create an environment that fosters their development.

- One example of an effective method of engaging the private sector is where Customs administrations reach out to the trade community prior to announcing major changes that impact business, whether it is customs legislation, regulations, policies and procedures, or even local practices. Such transparency provides Customs with the benefit of trade input and enables business to better comply once changes are implemented.

- We recognize that the most effective engagement encourages both parties to be open and honest with each other, and sometimes critical. Even in environments that have a long history of private sector engagement, direct contact with individual business entities may be problematic. It is recommended that Customs look first to broad based trade associations of importers, exporters and their service providers (e.g. forwarders, brokers, and carriers.) Engaging with trade associations is an efficient way to synthesize comments from a diverse membership base while providing the anonymity that effective, open and honest engagement often requires.

Developments at the SAFE Working Group

Members of the PSCG welcomed and participated in the recent review of the SAFE Framework of Standards. We support the changes made to the draft AEO Template, which originated with the PSCG. We also endorse the revisions to the draft MRA Guide. The PSCG initiated the SAFE Working Group’s discussion of time limits for export, recognizing that there was a gap in the SAFE Framework of Standards which specified only time limits for advance reporting of import data. We appreciate the complexity of the discussions which have developed around this issue relating to import and export time limits, and data elements for goods declaration and cargo declaration. PSCG representatives will continue to contribute to this work, consistent with all our efforts to promote simplification and authenticity in advance data requirements.
Since the implementation of the SAFE Framework of Standards the PSCG has been hoping to find a way to encourage SME participation in AEO programmes. We have come to the conclusion that SME AEO participation is hindered by the lack of tangible benefits in existing programmes and the corresponding poor return on investment.

In addition there has traditionally been a hesitation for SME’s to engage with government due to financial constraints and a lack of in-house expertise. Our view is that AEO programmes will not attract SME participation unless there is flexibility to the “one size fits all” approach and/or consideration of benefits being extended to SME’s through the AEO status of their service providers.

**Beyond Air Cargo Security: Collaboration with Trade on Intelligence Data Sharing**

The PSCG stated at the Policy Commission meeting in Shanghai that we will support all efforts by the WCO and its members to improve in areas related to risk management and coordinated border management, as well as assisting any way we can to make intelligence collection and dissemination quicker and smarter. We suggested that, without being party to any detailed secret information, trusted security personnel in the private sector could be given information regarding specific threats of which governments may be aware.

At this meeting the PSCG reaffirmed this position. We believe that sharing risk intelligence with the private sector will enhance security by facilitating threat detection by the private sector earlier in the supply chain, in a collaborative manner with Customs administrations. Beyond sharing intelligence, the PSCG believes the private sector can contribute materially to risk management by sharing ideas with Customs administrations and in jointly developing security strategies. A collaborative approach where Customs and the private sector work together to assure security is a better alternative than separately defined and administered efforts.

**Globally Networked Customs**

The PSCG appreciated the comprehensive presentation by Gareth Lewis of the Secretariat on developments with Globally Networked Customs. We welcome the opportunity to contribute to this work and believe that trade is an integral part of this project.

**PSCG Commentary on Valuation Issues**

A number of PSCG members have expressed an interest in contributing to the work of the WCO on valuation. Areas of interest include:

- the use of national valuation databases as a risk assessment tool, rather than a means to value goods,
- efficiency improvements in revenue management through automation,
- third party royalties, license fees, ‘assists’, and mechanisms for dealing with post declaration adjustments, and
- the interaction between WCO valuation principles and OECD transfer pricing principles

The PSCG had a good preliminary exchange of views with Ian Cremer of the Secretariat with a view to exploring future opportunities for input.
PSCG and Capacity Building

Following our meeting in December in Shanghai, a PSCG delegation traveled to Ha Noi to meet with Vietnam Customs and representatives of the WCO Capacity Building Directorate to discuss the Vietnam proposed Trusted Trader Programme. The PSCG has identified the following success criteria for the project to date and looks forward to continuing this work with Vietnam Customs during implementation.

- Vietnam Customs expedited the availability and distribution of the “AEO”/trusted trader documentation in English, in advance of implementation.
- There was an opportunity for detailed review of the trusted trader program by the private sector with senior Vietnam Customs officials.
- There was a firm offer from the PSCG companies to participate in and support the pilot project, bringing their constructive and extensive experience to the pilot.
- The PSCG presented recommendations for improvement of the program, consistent with the experience of PSCG members in other countries. Vietnam Customs was responsive to these recommendations.
- The PSCG documented and shared a detailed best practice model for internal controls-based audit on the self-assessment questionnaire.
- The PSCG hosted a Customs-business roundtable, with formal presentations as well as informal discussions with private sector representatives in Vietnam.

All PSCG members join me in extending our best wishes to Martyn Dunne former Chair of the Council on his appointment as New Zealand High Commissioner to Australia. We have always appreciated our access to Martyn, and his leadership which was visionary, relevant and indispensable.

Respectfully submitted,
Carol West,
Chair, WCO Private Sector Consultative Group

www.wcopscg.org