

## **CUSTOMS, TRADE AND SKILLS – WHAT’S THE DEAL?**

*WORLD CUSTOMS ORGANIZATION, 15 NOVEMBER 2018*

CLECAT held its annual event on 15 November 2018 at the World Customs Organization, under the theme ‘**Customs, Trade and Skills – What’s the deal?**’ The Forum highlighted the importance of connecting trade, customs and skills across the EU and addressed the challenges freight forwarders, customs agents and others in the logistics supply chain are facing. The event was divided into a morning part, which addressed the challenge of future-proofing the customs profession and an afternoon part, which analysed the changing customs and trade of the customs profession, education in customs landscape. The Forum gathered more than 130 industry experts, policy makers and stakeholders.

### **Morning Part: Future Proofing the Customs Profession**

The morning part of the event addressed in three sessions the challenges for the future and trade compliance and how to measure and provide proof of customs competence.

One of the key challenges facing the public and private sectors is the recruitment and education of a sufficient number of people in the area of customs. For Brexit alone, thousands of new customs and trade professionals need to be employed. Therefore, it remains extremely important to attract the younger generations to the customs profession.



**Jean-François Auzéau, Chair of the CLECAT Customs and Indirect Taxation Institute**, welcomed the participants to the event and stressed the importance of taking all necessary steps to address the growing number of changes which are appearing in the customs profession. Mr Auzéau highlighted that it is of utmost importance to not only keep abreast with the constant changes, but also to anticipate them and be responsive to future changes.

### **Session 1: Factors Changing the Customs Profession**



The first panel of the morning, focusing on the factors changing the customs profession was opened by **Greet van Melkebeke, Senior Business Manager at Randstad**. She emphasised the importance of being responsive to the new business culture and taking the different needs and wishes of millennials into account when employing. She argued that in today’s work culture, the employer’s reputation is critical to attracting the right talent. Especially the provision of a good work-life balance, career growth opportunities and flexible work

arrangements were emphasised as the important elements which employees seek in a potential employer. Employers should have a clear vision on their Employee Value Proposition, whether candidates are being targeted on time and based on their potential and competencies.

**Olivier Thouard, Customs and Tax Director at GEFCO**, gave a presentation on the professional skills which are required in today's working environment, focusing on the general company challenges and efforts to recruit and educate employees. With the UCC, digitalisation and Brexit as the main challenges of the industry, the need for trained employees becomes increasingly important. In France, there are currently less than 100 new customs clerks trained per year, which apart from being a worryingly low number in itself, becomes even worse in light of the more than 1000 additional customs clerks needed after Brexit. To ensure the availability of properly trained staff, Mr Thouard emphasised the importance of establishing recognised customs training programmes. Moreover, new staff should be customer-oriented, English speaking and able to work in teams. Apart from establishing a recognised training programme, he highlighted the need for a positive communication about customs and innovation to attract young people to the sector.



The panel session was concluded by **Robert Windsor, Executive Director at BIFA**, who provided insights on the challenges and solutions which are being considered by BIFA, the British International Freight Association, thereby addressing the topic from an association perspective in the United Kingdom. Mr Windsor identified new legislation, changing international trade patterns, an increasing emphasis on cross cutting with related activities and Brexit as the main drivers of change in the customs profession. He argued that better education, ability to understand complex legislation and applying knowledge in a practical manner are amongst

the main professional skills which are required from employees. He also presented the apprenticeship programme developed by BIFA, which focuses on these aspects.

**Session 2: Education in Customs and Trade Compliance**

Education in customs and trade compliance was at the core of the second session. **Lars Karlsson, CEO at KGH Global Consulting**, opened the panel with a presentation on the need to integrate customs and trade in regular education programmes, while providing possible solutions envisaged for the private sector. Considering factors including trusted trade lanes, system integration and the emergence of new global value chains as the drivers for the need of customs skills, he emphasised the importance of professionalism and education in the field. Mr Karlsson presented the KGH Trade and Customs Academy, founded as an initiative to address the challenges in the customs sector, which provides digital education, blended learning and training on the most important needs of the sector, including a basic introduction of Customs, Brexit



for EU to UK trade (and vice-versa), AEO and ECLAT – a 16 module EU UCC digital platform with accreditation.

**Seamus Kavanagh, Executive Officer of IIFA**, presented the education programme developed by the Irish International Freight Association, and further efforts regarding the importance of academic and post-academic programmes. The training programme aims at educating the Irish freight and logistics industry in preparation for Brexit and is composed of 6 weeks of training, comprising customs awareness training as well as practical training.

**Roberto Alberti, President of FEDESPEDI**, the Italian Freight Forwarders' Association, focused on how education can be provided in a digital customs environment. He emphasized the importance of education for the industry, since new trends are affecting international freight forwarders' activity as well as the skills and instruments they will need, and the way they will work in the near future. Fedespedi's mission is to help Italian freight forwarding companies to conceive their business activity in a new perspective, evolving from mere service providers to trade facilitators and advisors, ensuring all-around regulatory and customs compliance. Mr Alberti added that Fedespedi will promote and sustain the development of a "culture of logistics", investing in professional training. Specialisation, qualification, and certification are the 3-way route Fedespedi intends to offer to its members, so that they can seize the opportunities to develop and consolidate their businesses in the international markets, with an adequate preparation to face the challenges lying ahead of them. As an example, he presented the AEO Competence Criteria FEDESPEDI Training course, which was created with the aim to boost the competitiveness of the association's member companies on the market.

The session was concluded by **Klaas Wassens, Executive Director of the Master in Customs and Supply Chain Compliance at the Rotterdam School of Management – Erasmus University**. The Executive Master in Customs and Supply Chain Compliance is based on the EU Competence Framework for Customs and the WCO Picard standards. The programme combines Customs, Supply Chain Management and IT and Compliance management. Both the public and private sector participate and several students from across Europe and the rest of the world have already successfully finished the programme. During the courses, real life cases of supply chain and customs challenges are used, like the Flora Holland Case on the supply of roses from Kenya to The Netherlands and the case of broker rationalisation for a multinational company.

### **Session 3: How to Measure and Provide Proof of Customs Competence**



The third morning session discussed how to measure and provide proof of customs competence. The session was opened by **Birgit Reiser, Customs and Tax Training Manager at the European Commission's DG TAXUD**, who presented the EU Customs Competency Framework. She explained the framework should be seen as a tool supporting targeted performance development for customs professionals, including training and performance management, as well as workforce planning. Ms Reiser defined the EU Competency Framework as an EU reference standard

for customs HR capacity building, a 'tool-box', which defines the optimal knowledge, skills and attributes required in each customs-related role. Ms. Reiser also explained that she recently contributed to an EU-conference on customs competencies for the public sector and that the challenges faced in terms of customs competency building and in particular on competency measurement are very similar. Therefore, she encouraged public and private sector cooperation in the field of training and recruitment.



In response, **Marco Cutaia, Director of Customs Office Milan at the Italian Customs Agency**, presented the perspective and efforts of Italian Customs regarding the importance of the EU Competency Framework. He noted that the Customs Competency Framework leads to the rise of the level of performance of Customs service, professionals and organisations throughout the EU while increasing the competitiveness for businesses. Mr Cutaia highlighted the importance of continuous cooperation of the European Commission, the Member States' Customs authorities and the private sector operators regarding the common environment. Thereby, further improvements to the common standards of competence required by customs professionals in the EU could be achieved.

A further national perspective was provided by **Werner Rens, Counsellor General at the Belgian Administration of Customs and Excise**, who presented a further national perspective by presenting the efforts of Belgian Customs regarding the recognition of professional qualification for AEO. As such, he referred to the National customs Forum and a Committee for Professional Qualification. He explained that the Committee of Professional Training is tasked with setting the content of the training programmes and the criteria of recognition, as well as to give advice to training institutions.

**Anne Sandretto, General Director of TLF Overseas** presented the CEN Standard for Competency of Customs Representatives, which was created jointly by CONFIAD and CLECAT. The standard offers a concrete and practical set of competencies for customs representatives, freight forwarders and customs brokers. It covers 21 domains of competencies which are based on the EU Customs Competency Framework, including customs business understanding, tariffs, VAT and the origin of goods. The main goals are to develop training modules and programmes, to evaluate the competency and to assess certification delivered by a certifying body. Ms Sandretto announced that a working group was created in partnership between Italy and France with professional customs experts to start pilot projects would start in the respective countries.



The session was closed by **Rob Ewalds, CEO of the Gaston Schul Group** and treasurer of CLECAT who presented the Talent Analysis Tool, which was developed by FENEX, the Dutch Freight forwarders Association. The tool is also based on the EU competency framework and helps in a practical manner with monitoring and improving compliance with AEO competency requirements. However, it is not purely meant as an assessment tool. The tool mainly provides insight in an employee's talents and where they can be best applied in the organisation. Mr Ewalds considers that developing talent is of great

importance because next to technological and supply chain innovation, social innovation is crucial, as the human factor remains the most important for any business. After a thorough pilot phase, the tool is now available in the Netherlands for any company and Gaston Schul will equally start implementation.

## Afternoon Part: A Changing Customs and Trade Landscape



**Steve Parker, President of CLECAT**, introduced the afternoon session. In reflecting on his experience on customs, he referred to the changing customs landscape rhetorically as the ghosts of customs past, present and future. While the past has been defined mostly by efforts directed towards the simplification of customs procedures, at present a significant change, characterised mostly by growing protectionist tendencies can be observed. He noted that as the trade landscape is continuously moving further away from simplifications to protectionism, it becomes increasingly more difficult to ensure a balanced approach. To avoid a future characterised by increased trade barriers, he emphasised the importance of working together for a good industry, referring to a good cooperation between the public and private sector.

In her keynote-speech, **Ana Hinojosa, Director of Compliance and Facilitation at the World Customs Organization (WCO)**, emphasised that technology will be a critical aspect of our future. Looking back on her experience in customs, starting her career as a customs officer at the US-Mexico border, she noted that government officials, as well as private sector employees tend to think of a border as the one(s) they know and work with, thereby leading to discrepancies. In that regard, she argued that as technology knows no physical border, new ideas of where a border starts and where it ends are emerging. Furthermore, she presented the implications which technology has on trade, environment, security and migration, such as blockchain, 3D-printing. She noted that due to the rising popularity of blockchain technology, many customs administrations are carrying out pilots on it. However, concerns regarding the possibilities for illicit financial flows are still not solved. The use of drones was also mentioned as a way in which technology is influencing customs, in this case as a possibility to simplify border surveillance. Moreover, she argued that the growing popularity of 3D-printing is not only relevant for IP-rights, but it also influences the moment when something becomes a good and thereby changes the boundaries between what is a tangible and an intangible goods, thereby influencing revenue collection.



### Session 1: How politics and populism are influencing trade and customs

The first session of the afternoon analysed how politics and populism are influencing trade and customs. The panel was moderated by **Frank Heijmann, Head of Trade Relations at Dutch Customs**, who introduced the global developments influencing customs and trade, while highlighting the importance of finding the right balance between enforcement and trade facilitation. He noted that international trade is not only burdened by tariff measures, but also by non-tariff barriers, and referred to the existence of over 2000 rules and regulations which are applied by customs in the EU. Mr Heijmann emphasised that the way how work on customs influences the market shows that customs are part of the economy, arguing that “when customs don’t function well, the economy is destroyed”.

He defined three important elements which have to be kept in mind to ensure facilitation: Firstly, controls should be pushed away from the border, i.e. when there is no urgent need to intervene at the border,



such an intervention should be avoided. Instead, controls should take place either at the start or the end of the supply chain in cross-border operations. A system-based approach should be chosen, which takes into account internal processes. Secondly, he emphasised the importance of utilising coordinated border management, for example through creating a One-Stop-Shop (OSS) in which the data requirements are merged and processed within the government. Thirdly, inspections should be effective to prevent false-positive selections as these are costly for trade. Mr Heijmann also noted that in order to achieve this training plays a crucial role. Therefore, raising awareness and ensuring proper training is of utmost importance.

**Lennart Heip, Chairman of the Belgian Shippers' Council,** presented the shippers' perspective on how trade is affected by Brexit, trade wars and

new trade agreements. He emphasised the need to ensure that the supply chain is not hindered, and it keeps moving. Therefore, he argued that proper training of staff is crucial and thus customs agents need to keep abreast of the new developments. Regarding the emerging protectionism, Mr Heip noted that the industry will need to adapt to it. In concluding his intervention, he argued that while the growing protectionist tendencies are negatively impacting international trade, they will not stop it, as he was convinced that the only thing able to stop international trade is a war. Asked on how compliance is guaranteed, Mr Heip argued that the Belgian Shippers' Council undertakes efforts to communicate to their members that trade compliance starts with proper knowledge of the product and the trade flows. This is of particular importance, as the mere signing of a contract with a customs agent does not mean that one is free from compliance efforts. Nevertheless, while being compliant is core for most shippers, the reality is that the complexity of the topic unfortunately leads to too many unintended non-compliances.



**Jean-François Auzéau, Director Customs at Ziegler France,** presented the impact prohibitions, export controls and sanctions has on business from the perspective of a medium-sized logistic service provider. Mr Auzéau noted that customs representatives are expected to comply with laws, standards, and procedures, while guaranteeing speed, accuracy and competitive prices. This is becoming increasingly difficult in view of the growing amount of new regulations on which they have to stay updated. In addition to that, Brexit, terrorism, trade wars, the standstill



of the WTO, the fight against fraud and fake information are impacting the business severely. Taking a positive outlook on the future, he argued that when things are difficult, there are many opportunities. Therefore, he was convinced that a solution to the problems with which customs representatives are faced would be found in due time.

**Niels Beuck, Director at DSLV**, concluded the session by presenting the German initiative “Logistics for Europe”, which aims at raising awareness for the importance of the EU for trade. Mr Beuck argued that today we are living in paradox of the achievements made in the past. He stressed that while war had been a constant companion of Europe, there have now been 73 years of peace, which can be attributed to the existence of the European Union, thereby being more than a mere economic project. Unfortunately, the daily liberties which European citizens enjoy under the four freedoms are taken for granted. He argued that this lack of acknowledgment of the EU’s value has led to the emergence of nationalist tendencies in Europe, leading to an inward-looking populist view. To underline the detrimental effect of these tendencies, Mr Beuck presented the development of trade restrictions. The logistics industry is benefitting from the EU open market, which has allowed the creation of integrated supply chains. Considering that logistics is a truly global industry, the initiative therefore stresses the commitment to the rule of law and aims at showing that Europe is worth fighting for. Mr Beuck noted that over 130 companies and associations had joined the initiative, which is planned to be extended on the EU level.



## **Session 2: Implementing the EU Strategy for Risk Management**

The second afternoon session focused on the implementation of the EU Strategy for Risk Management and was moderated by **Prof. dr. Albert Veenstra, Scientific Director at Dinalog**. He noted that being familiar with the recommendations made by the EU CORE project and the CASSANDRA project, he welcomed the introduction of multiple filing in ICS2.



**Dora Gaspar, IT Project Lead of DG TAXUD’s ICS2 Team**, gave insight into the progress made on the implementation of the EU Advance Cargo Information System (ICS2 & PLACI). She noted that the basis for ICS2 was laid down in 2011 after the start of ICS1, when it was acknowledged that ICS1 would not provide what was initially expected from it. The introduction of ICS2 will allow risk assessment in advance to enable better targeted customs control which are proportionate to the risk posed, thereby protecting EU citizens while facilitating trade. To ensure the facilitation of trade, ICS2 is designed to require interventions at the best possible moment in the supply chain. Under the new system, multiple filing is introduced. This means that information can be provided by the most suitable party in the supply chain and not only the carrier anymore. This means there will be a significant role for Freight Forwarders, as they are best able to provide the required data and with the best quality. The data can be submitted through the STI, the Shared Trader Interface, which is a harmonised interface with a single point of access for the entire EU. This allows for multiple filing and increases efficiency. Moreover, it allows collaborative risk management

through the real-time information. Ms Gaspar highlighted that the multiple filing ensures that trade confidentiality is respected, which has been an important argument for the industry.

**Lothar Moehle, Director AVSEC + Governance Global Air Freight at DB Schenker AG**, explained the impact which ICS2 will have on the supply chain. He noted that the requirements which are imposed through ICS2 already exist in US law, which has been in force since June of this year. The US system also works on the basis of multiple filing. Mr Moehle explained that the DB Schenker AG has worked on best practices for the system, including the direct filing of information to the authorities, to circumvent any mistakes taking place on the level of the carrier. Thereby, certainty is provided that a shipment can depart as scheduled. Moreover, by submitting the data directly to authorities, the safety of their own employees is guaranteed as they would be informed directly if the shipment poses a risk. Lastly, Mr Moehle welcomed the introduction of the PLACI (Pre-Loading Advanced Cargo Information) dataset within ICS, which has been created through cooperation of authorities and private sector stakeholders. The PLACI dataset simplifies the work of freight forwarders due to common global data elements required for security purposes.



**Hong Nguyen, Technical Officer at the World Customs Organization**, provided the background on how the WCO developed the PLACI guiding principles. She explained that after the Yemen incident in 2010, pilots on providing pre-loading cargo information were started in the United States and Canada. The WCO believes that there should be a common approach for PLACI, which led to the creation of the guidelines. She emphasised the importance of providing information on a shipment as soon as possible before loading it on an aircraft, which is the aim of PLACI. However, she noted that

several issues make the implementation of PLACI difficult. In that regard, some issues still need to be resolved in the cooperation with ICAO. Ms Nguyen further presented the six specific principles enshrined in the guidelines, which represent the lesson learned from the pilots.

### **Session 3: E-Commerce and Low-Value Consignments**

The FFF2018 concluded with a panel session on e-Commerce and low value consignments, which has grown exponentially in recent years and has become an integral part of trade and logistics. The panel was moderated by **Dominique Willems, Senior Manager at CLECAT**, who introduced the current EU developments on eCommerce for customs, VAT and market surveillance. Mr Willems explained that the upcoming changes will lead to quite some challenges, also when a company is not directly involved in eCommerce. However, at the same time there are also a lot of opportunities for Freight forwarders and Customs Brokers, as one of the main changes will be an improved level playing field.

**Ana Hinojosa, Director of Compliance and Facilitation at the WCO**, presented key elements of WCO's work on e-Commerce. She noted that following significant interest of the WCO's members in the growth of e-Commerce since 2009, it was put regularly on the agenda starting 2016 with the establishment of the WCO Working Group on e-Commerce. The Working Group comprises various stakeholders, including trade representatives, partner international organisations and academia, and focuses on developing the global Framework of Standards on cross-border e-Commerce. The WCO Policy Commission has issued a

Resolution on the Framework of Standards which aims at helping Customs, government agencies and other stakeholders to better understand current and emerging challenges. Ms Hinojosa noted that the First Global Cross-Border E-Commerce Conference, held in Beijing, China, in February 2018, set out a concerted message on strengthening cooperation between all stakeholders at the international, regional and national level. Ms Hinojosa added that a Study Report has been conducted based on Members' practices and ongoing and/or future initiatives on cross-border low value e-Commerce.



**Jaco Voorspuij, Senior Manager Transport and Logistics at GS1**, argued that fragmentation is currently one of the biggest issues in eCommerce. He presented the harmonised transport label, which has been developed by CEN as a standardisation effort designed to improve the smooth flow of goods across borders. CEN and GS1's vision is the utilisation of the harmonised transport label, which will be used by everyone in the supply chain, thereby enabling the unique identification of each logistic unit from end-to-end. Regarding initiatives that are driving a wider adoption of standards, Mr Voorspuij explained about various initiatives which are conducted in cooperation with IATA, UPU and of course the digitalisation initiatives of FIATA, in which GS1 is a close partner also. In concluding his intervention, he noted that there is an increasing business need for tracking and managing individual transport units in the supply chain, which increases the importance of taking action to adopt and promote common supply chain standards to digitalise supply chain operations.



**Han Bosch, Strategic Policy Advisor eCommerce at Dutch Customs**, presented the developments and best practices at national level in the Netherlands. In explaining the role and relation of individuals, platforms and other actors in the supply chain, Mr Bosch argued that the consignor and the consignee seem to be the parties in the supply chain who have the most accurate data, they know the truth about the e-commerce transactions. However, platforms more and more have a crucial role in e-Commerce, it is now no automatism to provide additional information to customs authorities. Mr

Bosch highlighted the importance of having legislation that is e-Commerce-proof, considering that the majority of legislation in the field stems from the time before the "boom" of e-Commerce. Finally, Mr Bosch added that providing customs with the appropriate data in advance should become a key aspect in the near future of e-commerce

**Hans Maessen, Consultant at Maco/SGS Customs Services**, presented the possibilities which are provided by e-Commerce for freight forwarders and customs brokers. Regarding operational data requirements, Mr Maessen argued that data should be collected at the checkout of every online shop, which would require the introduction of checkout calculators for duties. Moreover, he emphasised the importance of utilising platforms rather than pipelines as communication centres for the data, as these are easier to implement. He also emphasised the need for a proper level playing field for simplifications but also in enforcement of legislation.



The Freight Forwarders Forum 2018 also celebrated CLECAT's sixtieth anniversary. From an association of 5 Members in 1958, CLECAT has expanded to become the largest organisation of its kind in Europe, with 25 members in Europe and truly multimodal.

The Freight Forwarders Forum 2018 was kindly supported by:

