

World customs organization essay sample

[Economics](#), [Trade](#)



In modern nowadays world economy we have open market with free trade, we can see globalization, internationalization, integration between countries. These mentioned forces are considered to be more positive than negative. Whenever with international trade here arises differences between trading countries: different standards, limitations, requirements, nomenclature systems. To make trade easier, avoid or to help solve conflicts arising between member countries here come WCO – World Customs Organization. The organization's activities include work in areas covering the development of global standards, the simplification and harmonization of Customs procedures, trade supply chain security, the facilitation of international trade, the enhancement of Customs enforcement and compliance activities, anti-counterfeiting and piracy initiatives, public-private partnerships, integrity promotion, and sustainable global Customs capacity building activities. The WCO is the only international body dedicated exclusively to international customs and border control matters. In my work I tried briefly overview WCO organization: goals, history, structure, members, working fields, few important documents issued by this organization.

1. Basic information

1. 1. Vision Statement

To be the voice of Customs and the Global Centre of Excellence for the development and delivery of effective, efficient, and modern Customs procedures and standards, international cooperation, knowledge and capacity building, to meet the needs of governments and society for a better world by being visionary, relevant and indispensable.

1. 2 Mission Statement

As an intergovernmental organization, the WCO is the centre of excellence that provides leadership in Customs matters at the international level and advises Customs administrations worldwide on management practices, tools and techniques to enhance their capacity to implement efficient and effective cross-border controls along with standardized and harmonized procedures to facilitate legitimate trade and travel and to interdict illicit transactions and activities.

1. 3 WCO Goals

Goal 1 – International Co-operation and Information Sharing

The WCO provides a forum for international co-operation to promote greater connectivity and more harmonious interaction, including the exchange of information and experience and the identification of best practices, between Member administrations, international organizations and other relevant stakeholders.

Goal 2 – Harmonization and Simplification of Customs Systems and Procedures

The WCO develops, maintains and promotes a series of internationally agreed conventions, other instruments and best-practice approaches to achieve harmonization and simplification of Customs systems and procedures.

Goal 3 – Compliance and Enforcement

The WCO supports Members through activities in the areas of commercial fraud, drug trafficking, money laundering, IPR and other related offences, through the development of compliance and enforcement tools and intelligence sharing via the Customs Enforcement Network (CEN) for the protection of society in the areas of public health and safety, environmental crimes, and containment of possible pandemics.

Goal 4 – Trade Facilitation

The WCO promotes the Revised Kyoto Convention to assist Members on trade facilitation matters. The WCO will continue to work with other international organizations, including the World Trade Organization to support its Trade Facilitation Negotiating Group with advice and consultations to foster better understanding of WCO trade facilitation instruments and tools. Goal 5 – Supply Chain Security and Facilitation

The WCO enhances Customs-to-Customs networks and Customs-to-Business partnerships in a meaningful and mutually beneficial way, through continued dialogue with its Members and its Business partners to secure and facilitate the international trade supply chain, including co-ordinated Border Management in co-operation with other border agencies. Goal 6 – Capacity Building

The WCO provides a range of capacity building, training and technical assistance and integrity programmes to increase the capacity of Member Customs administrations to contribute effectively to national development goals, in partnership with international organizations and the private sector. Goal 7 – Promotion and Marketing

The WCO promotes the strategic interests and markets the role and contribution of the WCO and the wider international Customs community, through co-operation, communication and partnership with governments, other international and regional organizations, donor agencies and the private sector. Goal 8 – Research and Analysis

The WCO conducts research and analysis into new visions, issues and trends of strategic importance to the WCO and Member administrations, in co-operation with research institutions.

Goal 9 – Good Governance and Use of Resources

The WCO manages and administers its human and financial resources in a cost-effective, transparent and responsible manner, based on a long-term vision for Customs administrations and the WCO and an awareness of the international environment and drivers. All information above is from WCO webpage [www. wcoomd. org](http://www.wcoomd.org).

2. History

The history of the WCO began in 1947 when the thirteen European Governments represented in the Committee for European Economic Co-operation agreed to set up a Study Group. This Group examined the possibility of establishing one or more inter-European Customs Unions based on the principles of the General Agreement on Tariffs and Trade (GATT). In 1948, the Study Group set up two committees – an Economic Committee and a Customs Committee. The Economic Committee was the predecessor of the Organization for Economic Co-operation and Development (OECD), the Customs Committee became the Customs Co-operation Council (CCC) (Government of Chile – National Customs Service, 2013a). In 1952, the Convention formally establishing the CCC came into force. The Council is the governing body of the CCC and the inaugural Session of the Council was held in Brussels on 26 January 1953. Representatives of seventeen European countries attended the first Council Session of the CCC. After years of

membership growth, in 1994 the Council adopted the working name World Customs Organization, to more clearly reflect its transition to a truly global intergovernmental institution. It is now the voice of 177 Customs administrations which operate on all continents and represent all stages of economic development. Today, WCO Members are responsible for processing more than 98% of all international trade (World Customs Organization, 2012e).

3. Structure of the organisation

The main body in the World Customs Organization is Secretariat. It takes highest position in organisation's hierarchy. The WCO Secretariat is headed by a Secretary General, who is elected by the WCO membership to a five year term. The current WCO Secretary General is Kunio Mikuriya from Japan, who took office on 1 January 2009. The WCO is governed by the Council, which brings together all Members of the Organization once a year, in a meeting chaired by an elected Chairperson. Additional strategic and management guidance is provided by the Policy Commission and the Finance Committee. Several WCO committees, such as the Harmonized System Committee, the Permanent Technical Committee, the Technical Committee on Customs Valuation, Technical Committee on Rules of Origin, the Capacity Building Committee, and the SAFE Working Group, provide a platform for developing instruments and best practices on customs competencies (The Free Encyclopedia Wikipedia, 2012). In the following part of work here will be shortly described organisation's structure bodies and their functions.

Secretariat

The responsibility of the WCO Secretariat is to provide quality, independent support to WCO member administrations on all the activities that are carried out by the Organization, and to serve the WCO with professionalism, impartiality, transparency and integrity. The WCO Secretariat, located in Brussels, has 151 staff members and is headed by a Secretary General. Its main duties are to supply technical, logistical and professional support to the various working bodies established by the Council, to provide capacity building and technical assistance and to develop and maintain tools and instruments. The Secretariat staff includes individuals representing over 45 nationalities, most of which are professional Customs officers. There is also a number of personnel working in support services, such as IT services, finance, human resources and language services. The working languages of the WCO are English and French (World Customs Organization (2013c).

Figure 2: Secretariat structure

Source: <http://www.wcoomd.org/en/about-us/wco-secretariat/the-secretariat.aspx>

Council

The Council was established by the Convention establishing a Customs Co-operation Council, with the aim of securing the highest degree of harmony and uniformity in the Customs systems of Member Governments, and especially to study the problems inherent in the development and improvement of Customs techniques and Customs legislation in connection therewith. It is the supreme body of the World Customs Organization and, as

such, it takes the final decisions regarding the Organization's work and activities. All WCO bodies report to the Council. The Council operates with administrative support provided by the WCO Secretariat. Policy Commission

The Policy Commission was established to act as a dynamic steering group to the Council. The competence of the Policy Commission is defined as follows in Council Decision No. 284 : “ The Commission shall concern itself with broad policy questions relevant to the WCO's activities. The Commission shall act as a dynamic Steering Group to the Council. It shall initiate studies on the policies, practices, and procedures of the WCO with the objective of assisting the Council to achieve the broad aims of its activities”. Finance Committee

The Finance Committee acts under the overall direction of the WCO Council with administrative support provided by the WCO Secretariat. Its role and responsibility is to provide support and advice to the Policy Commission and Council in budgetary and financial matters. A specific responsibility of the Finance Committee is to examine the estimates of all of the Organization's resources and uses for the following financial year and prepare a report to the Council thereon. The estimates shall include an estimated Profit and Loss Account, a statement on cash flow and an estimated Balance Sheet. They shall cover all operations envisaged for the financial year concerned.

Audit Committee

The role of the Audit Committee, as part of the ongoing systematic review of the WCO control environment and governance procedures, is to oversee the Audit function and advise the Policy Commission and the Council as well as

the WCO Secretary General in relation to the operation and the development of this function. The Audit Committee acts under the overall direction of the WCO Council with administrative support provided by the WCO Secretariat. The Audit Committee assists the Policy Commission and the Council in fulfilling their oversight responsibility with respect to : overall implementation of the WCO Strategic Plan; budget allocation process and performance measurement policies and practices of the Organization; efficient and effective programme management and the attainment of objectives, as outlined in the Strategic Plan; protection of resources and their efficient and effective application against stated priorities and the identification and mitigation of significant risks (World Customs Organization (2013d). The World Customs Organisation to deal with international trade issues has three fields of bodies: Tariff and Trade Affairs, Procedures and Facilitation, Enforcement and Compliance. Each of body in its structure has committees, working groups, different project groups, they deals with issues, which are attributed their competences.

Bellow in the table here is full structure of these three mentioned departments. Tariff and Trade Affairs| Procedures and Facilitation| Enforcement and Compliance| Harmonized System Committee| Harmonized System Review Sub-Committee| Harmonized System Working Party| Technical Committee on Rules of Origin (TCRO)| Technical Committee on Customs Valuation| Focus Group on Transfer Pricing| The Scientific Sub-Committee| Permanent Technical Committee| Information Management Sub-Committee| The Revised Kyoto Convention Management Committee| Istanbul Convention Administrative Committee| Contracting Parties to the ATA

Convention Administrative Committee for the Customs Convention on Containers, 1972 UPU/WCO Contact Committee SAFE Working Group Ad Hoc Group on Globally Networked Customs (GNC) Air Cargo Security (ACS) Technical Experts Group Contact Committee for the WCO/IATA/ICAO Guidelines on API Enforcement Committee Working Group on Commercial Fraud GIIIS Project Group Customs Enforcement Network Management Team WCO Counterfeiting and Piracy Group Electronic Crime Expert Group Global RILO Meetings

| Table 2: Structure of : Tariff and Trade Affairs, Procedures and Facilitation and Enforcement and Compliance departments.

Source: <http://www.wcoomd.org/en/about-us/wco-working-bodies.aspx>

4. WCO members

WCO has 179 Members, three-quarters of which are developing countries, are responsible for managing more than 98% of world trade. They are divided into 6 regions (World Customs Organization 2013a).

Figure 1: WCO members states and regional dividing of them

Source : <http://www.wcoomd.org/en/about-us/wco-members/membership.aspx>

As it was mentioned before, in WCO here is six regions to which are divided member states: 1) North of Africa, Near and Middle East

2) West and Central Africa

3) East and Southern Africa

4) South America, North America, Central America and the Caribbean 5) Europe

6) Far East, South and South East Asia, Australasia and the Pacific Islands

Latest accepted countries in few recent years are these members: Djibouti

2008-03-19

Belize 2008-04-22

Bosnia and Herzegovina 2008-07-04

Guinea-Bissau 2010-08-19

Sao Tome and Principe 2009-09-23

Vanuatu 2009-11-17

Somalia 2012-04-10

South Sudan 2012-07-18

Poland become a member of World Customs Organization in 1974-07-17

(World Customs Organization, 2013b). World Customs Organization Member Administrations

AFGHANISTAN (Islamic Republic of)| Cape Verde| Greece| Ghana| Paraguay|
The Former Yugoslav Republic of Macedonia| Albania| Central Africa
Republic| Guatemala| Luxembourg| Peru| Timor – Leste| Algeria| Chad|
Guinea| Macao, China| Philippines| Trinidad and Tobago| Andorra| Chile|
Guinea-Bissau| Madagascar| Poland| Togo| Angola| China| Guyana| Malawi|
Portugal| Tonga|

Argentina| Colombia| Haiti| Malaysia| Qatar| Tunisia| Armenia|
Comoros| Hong Kong, China| Maldives| Romania| Turkey| Australia|
Congo(Dem. Rep. of the)| Hungary| Mali| Russian Federation| Turkmenistan|
Austria| Congo (Rep. of the)| Iceland| Malta| Rwanda| Uganda| Azerbaijan|
Costa Rica| India| Mauritania| Saint Lucia| Ukraine| Bahamas| Côte d'Ivoire|
Indonesia| Mauritius| Samoa| United Arab Emirates| Bahrain| Croatia| Iran

(Islamic Rep. of| Mexico| Sao Tome And Principe| United Kingdom|
Bangladesh| Cuba| Iraq| Moldova| Saudi Arabia| United States| Barbados|
Cyprus| Ireland| Mongolia| Senegal| Uruguay| Belarus| Czech Republic| Israel|
Montenegro| Serbia| Uzbekistan| Belgium| Denmark| Italy| Morocco|
Seychelles| Vanuatu| Belize| Djibouti| Jamaica| Mozambique| Sierra Leone|
Venezuela| Benin| Dominican Republic| Japan| Myanmar| Singapore|
Vietnam| Bermuda| Ecuador| Jordan| Namibia| Slovakia| Yemen|

Bhutan| Egypt| Kazakhstan| Nepal| Slovenia| Zambia|
Bolivia| Eritrea| Kenya| Netherlands| South Africa| Zimbabwe| Bosnia and
Herzegovina | Estonia| Korea (Rep. of)| Netherlands Antilles| Spain| |
Botswana| Ethiopia| Kuwait| New Zealand| Sri Lanka| | Brazil| Federal Rep. Of
Yugoslavia| Kyrgyzstan| Nicaragua| Sudan| | Brunei Darussalam| Fiji| Lao
People's Democratic Republic| Niger| Swaziland| | Bulgaria| Finland| Latvia|
Nigeria| Sweden| |

Burkina Faso| France| Lebanon| Norway| Switzerland| | Burundi| Gabon|
Lesotho| Oman| Syrian Arab Republic| | Cambodia| Gambia| Liberia| Pakistan|
Tajikistan| |
Cameroon| Georgia| Libyan Arab Jamahiriya| Panama| Tanzania| | Canada|
Germany| Lithuania| Papua New Guinea| Thailand| | Table 1: WCO members

On 30 June 2007, the Council of the World Customs Organization (WCO) decided to accept the request of the European Community to join the WCO as of 1st July 2007. This decision grants to the European Community rights and obligations on an interim basis akin to those enjoyed by WCO Members. Full accession is possible once an amendment to the Convention establishing

a Customs Co-operation Council, allowing economic and customs unions to join is ratified by the 172 current Members of the organisation. The WCO plays an important role in promoting international customs co-operation and addressing new challenges for customs and trade. It is deeply involved in designing and implementing policies worldwide that integrate measures, which help ensure supply chain security, combat counterfeiting, promote trade and development, as well as guarantee efficient collection of customs revenues. Membership of the WCO highlights and confirms the central role and competence of the Community in international discussions on customs issues including customs reform. Community involvement in the WCO focuses on the full spectrum of customs issues, in particular the following broad areas: * Nomenclature and classification in the framework of the Harmonised system; * Origin of goods;

* Customs value;

* Simplification and harmonization of customs procedures and trade facilitation; * Development of supply chain security standards;

* Development of IPR enforcement standards;

* Capacity building for customs modernisation and reforms, including in the context of development cooperation; * Mutual Administrative Assistance for the prevention, investigation and repression of customs offences. The European Commission is a contracting party to several WCO Conventions, and contributes to the work of this organisation, including by ensuring presence and coordination with the Member States in defining and representing Community positions in the relevant bodies managing these conventions (European Commission, 2013).

Also European Union is member of other international organisations, as

EGMONT GROUP| Egmont group|

FATF| Financial Action Task Force|

IFCBA| The International Federation of Customs Brokers Associations| IRU|

International Road Transport Union|

OECD| Organisation for Economic Co-operation and Development| UNCTAD|

United Nations Conference on Trade and Development| UNECE| United

Nations Economic Commission for Europe|

WTO| World Trade Organization|

World Customs Organization in its existence has issued many documents concerning to 1)nomenclature and classification of goods, 2)valuation, 3)origin, 4) enforcement and compliance, 5) procedures and facilitation, 6) capacity building, 7)integrity and 8)research. In order to achieve its objectives, the WCO has adopted a number of customs instruments, including but not limited to the following: 1) The International Convention on the Harmonized Commodity Description and Coding System (HS Convention) was adopted in 1983 and came into force in 1988. The HS multipurpose goods nomenclature is used as the basis for customs tariffs and for the compilation of international trade statistics. It comprises about 5000 commodity groups, each identified by a six digit code arranged in a legal and logical structure with well-defined rules to achieve uniform classification.

The HS is also used for many other purposes involving trade policy, rules of origin, monitoring of controlled goods, internal taxes, freight tariffs, transport statistics, quota controls, price monitoring, compilation of national accounts,

and economic research and analysis. 2) The International Convention on the Simplification and Harmonization of Customs procedures (revised Kyoto Convention or RKC) was originally adopted in 1974 and was subsequently revised in 1999; the revised Kyoto Convention came into force in 2006. The RKC comprises several key governing principles: transparency and predictability of customs controls; standardization and simplification of the goods declaration and supporting documents; simplified procedures for authorized persons; maximum use of information technology; minimum necessary customs control to ensure compliance with regulations; use of risk management and audit based controls; coordinated interventions with other border agencies; and a partnership with the trade. It promotes trade facilitation and effective controls through its legal provisions that detail the application of simple yet efficient procedures and also contains new and obligatory rules for its application.

The WCO revised Kyoto Convention is sometimes confused with the Kyoto Protocol, which is a protocol to the United Nations Framework Convention on Climate Change (UNFCCC or FCCC). 3) ATA Convention and the Convention on Temporary Admission (Istanbul Convention). Both the ATA Convention and the Istanbul Convention are WCO instruments governing temporary admission of goods. The ATA system, which is integral to both Conventions, allows the free movement of goods across frontiers and their temporary admission into a customs territory with relief from duties and taxes. The goods are covered by a single document known as the ATA carnet that is secured by an international guarantee system.

4) The Arusha Declaration on Customs Integrity was adopted in 1993 and revised in 2003. The Arusha Declaration is a non-binding instrument which provides a number of basic principles to promote integrity and combat corruption within customs administrations. 5) The SAFE Framework of Standards to Secure and Facilitate Global Trade was adopted in 2005. The SAFE Framework is a non-binding instrument that contains supply chain security and facilitation standards for goods being traded internationally, enables integrated supply chain management for all modes of transport, strengthens networking arrangements between customs administrations to improve their capability to detect high-risk consignments, promotes cooperation between customs and the business community through the Authorized Economic Operator (AEO) concept, and champions the seamless movement of goods through secure international trade supply chains (The Free Encyclopedia Wikipedia, 2012 and World Customs Organization ://www.wcoomd.org).

Summary

The World Customs Organization (WCO), established in 1952 as the Customs Co-operation Council (CCC) is an independent intergovernmental body whose mission is to enhance the effectiveness and efficiency of Customs administrations. Today, the WCO represents 179 Customs administrations across the globe that collectively process approximately 98% of world trade. As the global centre of Customs expertise, the WCO is the only international organization with competence in Customs matters and can rightly call itself the voice of the international Customs community. The WCO's governing body – the Council – relies on the competence and skills of a Secretariat and

a range of technical and advisory committees to accomplish its mission. As a forum for dialogue and exchange of experiences between national Customs delegates, the WCO offers its Members a range of Conventions and other international instruments, as well as technical assistance and training services provided either directly by the Secretariat, or with its participation.

The Secretariat also actively supports its Members in their endeavours to modernize and build capacity within their national Customs administrations. Besides the vital role played by the WCO in stimulating the growth of legitimate international trade, its efforts to combat fraudulent activities are also recognized internationally. The partnership approach championed by the WCO is one of the keys to building bridges between Customs administrations and their partners. By promoting the emergence of an honest, transparent and predictable Customs environment, the WCO directly contributes to the economic and social well-being of its Members. Finally, in an international environment characterized by instability and the ever-present threat of terrorist activity, the WCO's mission to enhance the protection of society and the national territory, and to secure and facilitate international trade, takes on its full meaning.

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