Managing risk for safe, efficient trade – toolkit for an integrated approach

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Modern risk management must be integrated at a national level to deliver real benefits.

Risk management systems should be integrated so that border regulatory agencies can carry out their mandate in a synchronised and coordinated way. Integrated risk management systems lead to:

- Optimal use and allocation of human and financial resources in resource-constrained developing countries
- Better resource utilisation through investments in ICT solutions in risk management systems
How to do it? See new implementation guide on integrated risk management

- A guide developed jointly by ITC and UNECE, launched in August 2022
- Presents innovatively principles, strategy and a roadmap for a modern, integrated risk management system
- Toolkit for policymakers, border agencies and business alike to think and act in coordination at the border
- Paving the way for resilience of supply chains beyond the COVID-19 pandemic and future crises
Who should read the guide?

- **Regulatory authorities** involved in border control
- **High-level government representatives** to mandate and support integration
- **Trade facilitation bodies**, such as NTFCs and Joint Border Committees
- **Policymakers**, to help achieve national policy strategies and SDGs
- **Customs authorities**, to provide leadership and benefit from a holistic model
- **Economic operators and traders**, with a dedicated chapter on engagement strategies
- **International Organisations and donors**, basis for capacity-building and technical cooperation projects
ITC insights: building from field-work experiences

- 10’000 + Businesses engaged in trade facilitation reforms
- 1,000 + Businesses helped to advocate
- 80 + Countries supported across 5 continents
- 50 + TFA implementation reforms in more than 20 countries
Key insights from the guide
Risk of product non-compliance in international trade

Non-compliant shipment?

Dangerous pests?

Dangerous pesticides?

Smuggling?

Spoiled products?
**Strategy for optimising border compliance time and costs while maintaining regulatory requirements**

<table>
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<tr>
<th>Policy priorities</th>
<th>Actions</th>
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<td><strong>Implementing the risk management principles of the WTO Agreements</strong>&lt;br&gt;• TFA, SPS, TBT</td>
<td>1. **Building <strong>individual risk management capacity</strong> of each border control agency:&lt;br&gt;• Management of non-compliance risk&lt;br&gt;• A reference model for targeting non-compliance at the border</td>
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<td><strong>Setting priorities in border control based on evaluation of non-compliance risk</strong>&lt;br&gt;• Probability and consequences of non-compliance</td>
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<td><strong>Integrating risk management systems of agencies</strong>&lt;br&gt;• All non-compliance risks within one system&lt;br&gt;• Every agency implements its enforcement policy&lt;br&gt;• Overall border compliance time and costs as metrics&lt;br&gt;• Harmonized – cross agency – criteria for evaluating different non-compliance risks</td>
<td>2. <strong>Integrating risk management systems</strong> of product regulators and the Customs:&lt;br&gt;• Methodology&lt;br&gt;• Data&lt;br&gt;• IT resources&lt;br&gt;• Risk management expertise&lt;br&gt;• Applying compliance rules at the border&lt;br&gt;• A reference model of an integrated system</td>
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<td><strong>Strengthening the role of import compliance in market surveillance</strong></td>
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Building integrated risk management into a national strategy

Maturity model and integration roadmap

Dedicated sections

1: Managing risks at the border
2: Risk management principles in trade
3: Regulatory systems in support of Sustainable Development Goals
4: How to build a risk-based targeting system
5: Targeting customs risks
6: Addressing product non-compliance risks
7: Integrating risk management systems
1. Formal risk management processes should be applied, including criteria for choosing optimal risk treatment strategies.

2. Border control is one of the building blocks of a regulatory framework and will be efficient only in case the bigger regulatory framework is balanced.

3. Setting priorities in border control should be based on the evaluation of non-compliance risk of every shipment:
   - Probability of non-compliance
   - Consequences of non-compliance
Example: Setting priorities based on non-compliance risk
Key takeaways

4. For risk evaluation to be effective, a holistic reference model for targeting non-compliance risks should be applied (supported by a detailed technical guidance).

5. International best practice in the management of risk of product non-compliance can be adopted to any product group.

6. Integration of risk management systems brings clear benefits, as analyzed in the report:
   - Common language
   - Shared IT infrastructure for targeting non-compliance based on regulator’s policy
   - Taking into account correlations between non-compliance risks

7. Reference model of an integrated risk management system at the border, supported by a detailed technical guidance, can be applied for system integration.
Key takeaways

8. A lot of work ahead!
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<th>Insight into technical assistance: What is ITC doing in the risk management area?</th>
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<td><strong>Modernization of risk management systems</strong></td>
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<td><strong>Enhancement of integrated risk management</strong></td>
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<td><strong>Capacity-building and experience-sharing</strong></td>
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Country experiences

Alignment of Pakistan Customs risk management system to international best practices, development of a blueprint to adopt AI techniques for better risk profiling and assessment and improvement of border agency coordination.

Recommendations to develop an integrated risk management framework in a single window environment, capacity-building and experience-sharing with countries in the region.

Assessment of risk management practices in high-traffic border agencies, development of a blueprint for integrated risk management to align border agencies’ operations and setting up of a modern post-clearance audit system.
Concluding thoughts

- **Risk management** is key for effective resource optimization and ensuring regulatory compliance, while facilitating trade.

- Border regulatory compliance can be achieved through regulatory standards, advance sharing of information and smart approach to inspections.

- **Surveillance authorities and border regulatory agencies** need to work closely together for setting up risk profiles for risk assessment and establishment of risk management system.

- **Integrated risk management system** with trained HR, coordination among border agencies and investment in ICT is key for a successful risk management strategy.
Thank you for your attention!

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