

# Managing Risk for Safe, Efficient Trade

GUIDE FOR BORDER REGULATORS



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# Managing Risk for Safe, Efficient Trade

Guide for Border Regulators

## About the paper

A comprehensive risk management strategy is vital to improve the efficiency of border control and import compliance to facilitate international trade. This publication offers a roadmap that shows regulatory agencies in developing countries in particular how to build modern, integrated risk management and compliance systems at the border.

The guide aims to help these agencies expedite trade flows in the post-pandemic world, while ensuring compliance with and the safety of cross-border trade procedures. It offers policy recommendations to create a national strategy based on five principles, such as removing redundant controls and integrating risk management processes.

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## Foreword

The COVID-19 pandemic has affected our lives beyond imagination, disrupting supply chains and societal habits worldwide. This unprecedented situation has reminded us – more than ever – of the importance of ensuring fast and efficient trade flows across borders.

Customs administrations and border regulatory agencies have coped with exceptional circumstances to expedite the supply of goods while ensuring compliance and safety, particularly in economies in transition. The pandemic showed the structural challenges that many border regulatory agencies face in striking a balance between border compliance and trade facilitation. This makes an even stronger case for risk management.

Robust risk management must be in place to speed up low-risk trade while managing risks at the border. Limited resources, coupled with poor or outdated risk management techniques, often create avoidable inefficiencies. This can be seen in an ineffective allocation of human and technical resources, as well risk analysis and inspection processes that too often lead to high inspection rates and low levels of accuracy.

A risk management system also must be integrated and holistic. Managing risks in line with trade facilitation principles is a duty of customs authorities, and the common endeavour of all regulatory agencies involved in cross-border trade transactions. A multi-agency, coordinated approach to risk management is the real success factor behind international trade operations that are efficient and safe.

New technologies contribute to better data-driven risk management systems. Artificial intelligence, for example, can facilitate the accurate collection, assessment and use of data for risk-based decision-making. While a common-sense approach based on knowledge of the business environment and expert judgement is important, adopting a scientific-based approach will result in accurate analysis and management of country risks.

We are pleased to present this joint work, developed in partnership between the International Trade Centre and the United Nations Economic Commission for Europe. It provides a unique roadmap to implement a modern risk management system that is integrated and interconnected, where all border agencies carry out their mandate in a synchronized manner with a view to reduce the time and cost of doing business.

This guide is the first publication dedicated to coherent, integrated risk management by border regulatory agencies in developing countries. It supports trade development that depends on safe, efficient trade procedures. We hope border regulatory authorities, policymakers and economic operators will use this guide to work together to enhance their national risk management systems and help build the supply chain resilience beyond the COVID-19 pandemic and future crises.



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## Contents

About the paper .....	ii
Foreword.....	iii
Acknowledgements.....	iv
Acronyms.....	xi
Executive summary .....	xii

## Chapter 1

Managing risks at the border .....	1
Mitigating risks to sustainable development.....	2
Trade as a source of risks .....	3
Historic overview .....	3
Risks for importers and exporters.....	3
Uncertainty in supply chains .....	5
Risks for consumers, society and environment.....	5
Trade disruption risks due to border uncertainty .....	7
Trends driving non-compliance risks.....	8
Growth in manufactured goods trade.....	8
Globalized production processes and trade diversification.....	8
Regional integration and risk management .....	9
New technologies.....	10
Security challenges .....	10
How is risk managed at borders today? .....	10
Trade policy can address international trade risks... ..	10
Trade facilitation as a policy measure .....	10
Applying risk management to border procedures.....	11
Integrated risk management as a national strategy .....	14
Charting a roadmap for implementation.....	15

## Chapter 2

Risk management principles in trade .....	17
Formalizing risk management in trade .....	18
How to identify a risk? .....	18
Goals and processes .....	19
Risk treatment strategies: Choosing the best actions .....	20
Criteria for evaluating risk treatment strategies .....	22
Risk management principles in the WTO Agreements.....	22
Zero risk is not a risk management objective .....	23

## Chapter 3

### Regulatory systems support sustainable development goals.....25

Non-compliance risks .....	26
Turning the SDGs into regulatory goals .....	26
Risks to achieving the SDGs.....	29
Prioritizing risks.....	33
Regulatory frameworks: response to risk .....	35
Regulation: a risk mitigation tool.....	37
Market surveillance challenges .....	39

## Chapter 4

### How to build a risk-based targeting system .....43

Building blocks.....	44
Uniform inspection examples.....	45
Objectives .....	48
Balancing risk tolerance with available resources .....	49
Setting priorities by evaluating non-compliance risk .....	50
Reference model .....	51
Structuring non-compliance risk.....	53
Developing risk profiles and compliance rules.....	56
Gathering compliance history: Results of past inspections.....	56
Developing a data model of a non-compliance risk .....	57
Analytical methods to assess the probability of non-compliance.....	59
Using predictive algorithms and risk-profiling approaches .....	61
Evaluating compliance rules .....	66
Assessing incoming shipments .....	68
Performing risk-based inspections .....	70
Updating the dataset .....	71

## Chapter 5

### Targeting customs risks .....73

Non-compliance risks under the customs authority's responsibility.....	74
Institutional arrangements and procedures .....	74

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