



RISK MANAGEMENT

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Risk Management, defined

Systematic application of management procedures and practices providing Customs with necessary information to address movements or consignments which present a risk.





Effective Risk Management

- *Understand the nature of the risks in their work areas*
- *Systematically identify, analyze, evaluate, treat, monitor and review those risks*





Benefits of Risk Management

- *Better use of existing resources, or the capacity to work with fewer resources.*
- *Dedicated resources to the greatest risk areas.*





Categories of Benefits of Risk Management

- *Achieving organizational objectives*
- *Improved management processes*
- *Improved public and business profile*





Risk Management Overview

(a) Establish Context

- Strategic Risk Management***
- Operational Risk Management***
- Tactical Risk Management***





Risk Management Overview

(b) Identify Risks

(c) Analyse Risks

(d) Assess and Prioritise Risks

(e) Address Risks

(f) Monitor & Review

Compliance Measurement





Risk Management Process

1. Risk Management Context

2. Risk Identification

3. Risk Analysis

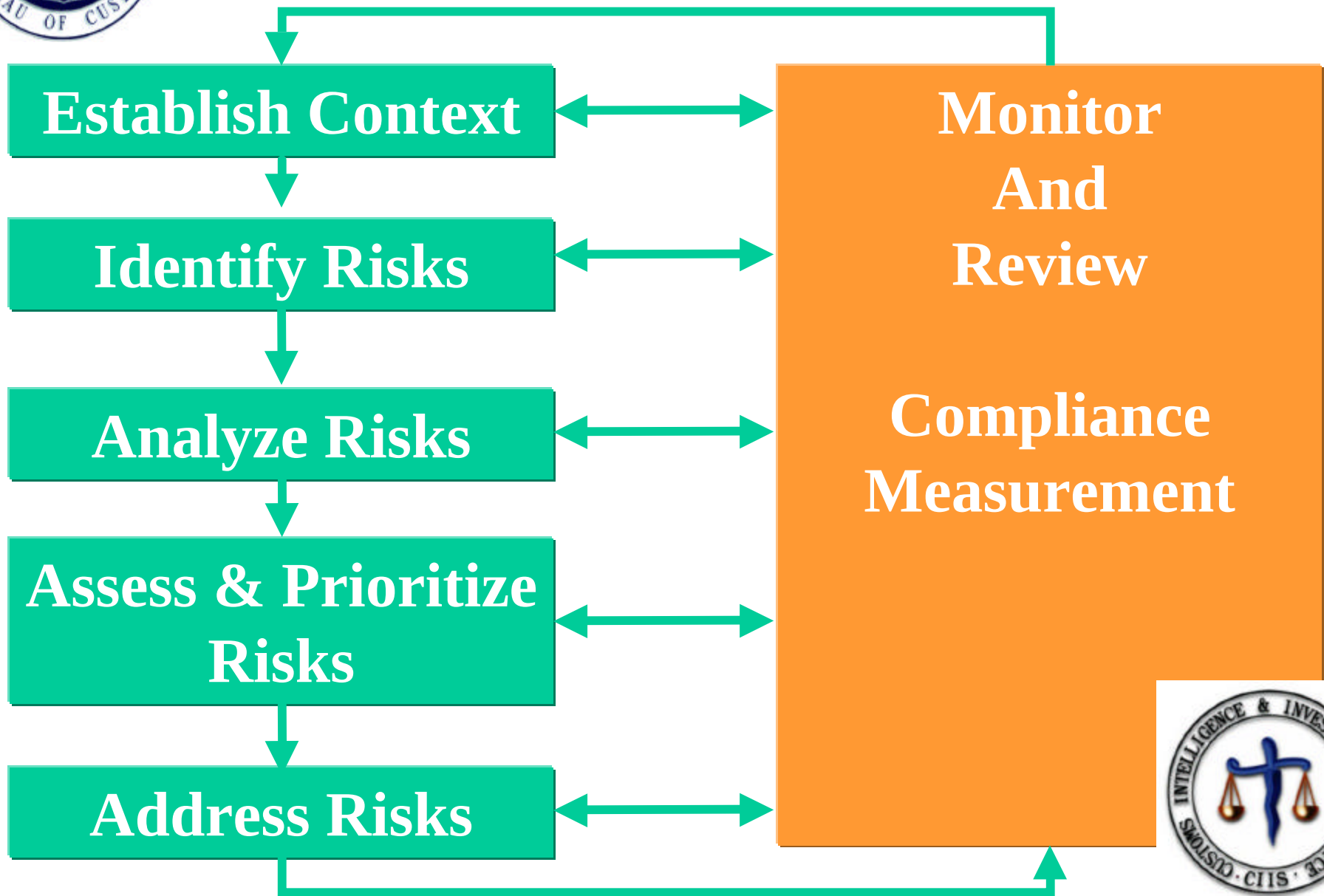
4. Risk Assessment

5. Addressing the Risks





Risk Management Process





Risk Assessment, defined

- *The application of various techniques to assess the probability that goods being processed through Customs Control have not been declared or not fully declared”*





Risk Assessment, defined

- *A technique used to predict adverse outcomes and to contain risks within acceptable limits.*
- *Identifies the risks involved in the clearance of passengers and cargo by Customs*





Risk Areas

- ***Revenue : Customs Duty, Internal Taxes, Tariff Quotas Preferences***
- ***Non Revenue : Narcotic Drugs, Firearms, Pornography, Cites, Counterfeit Goods***





Importance of Risk Assessment

- *To identify how best to apply effort and resources in order to maximize seizures of contraband*
- *Helps Customs Management to decide how to allocate limited resources*





Role of Risk Assessment in Customs Control

“To ensure that all movements of goods, vessels, vehicles, aircraft and persons crossing national borders occur within the framework of laws, regulations and procedures”





Role of Risk Assessment in Customs Control

*“Provide a solution to the problem
of having effective control and
facilitation at the same time”*





3 Categories in Customs Risk Management

1.Strategic

2.Operational

3.Tactical





3 Categories in Customs Risk Management

Strategic

- *Through the review of comprehensive information, customs is able to sift out areas of low risk and to intervene only where experienced and practical judgment says it is necessary*





3 Categories in Customs Risk Management

Operational

- *Is the practical application of Risk Management. Examples of this are determining the audit level of importers or deciding how to deploy staff and equipment.*





3 Categories in Customs Risk Management

Tactical

- *Is used by officers at their workplace in dealing with immediate solutions. In the tactical phase, the Customs officers, with the assistance of set procedures combined with intelligence, experience and skill must decide what passengers or cargo to search.*





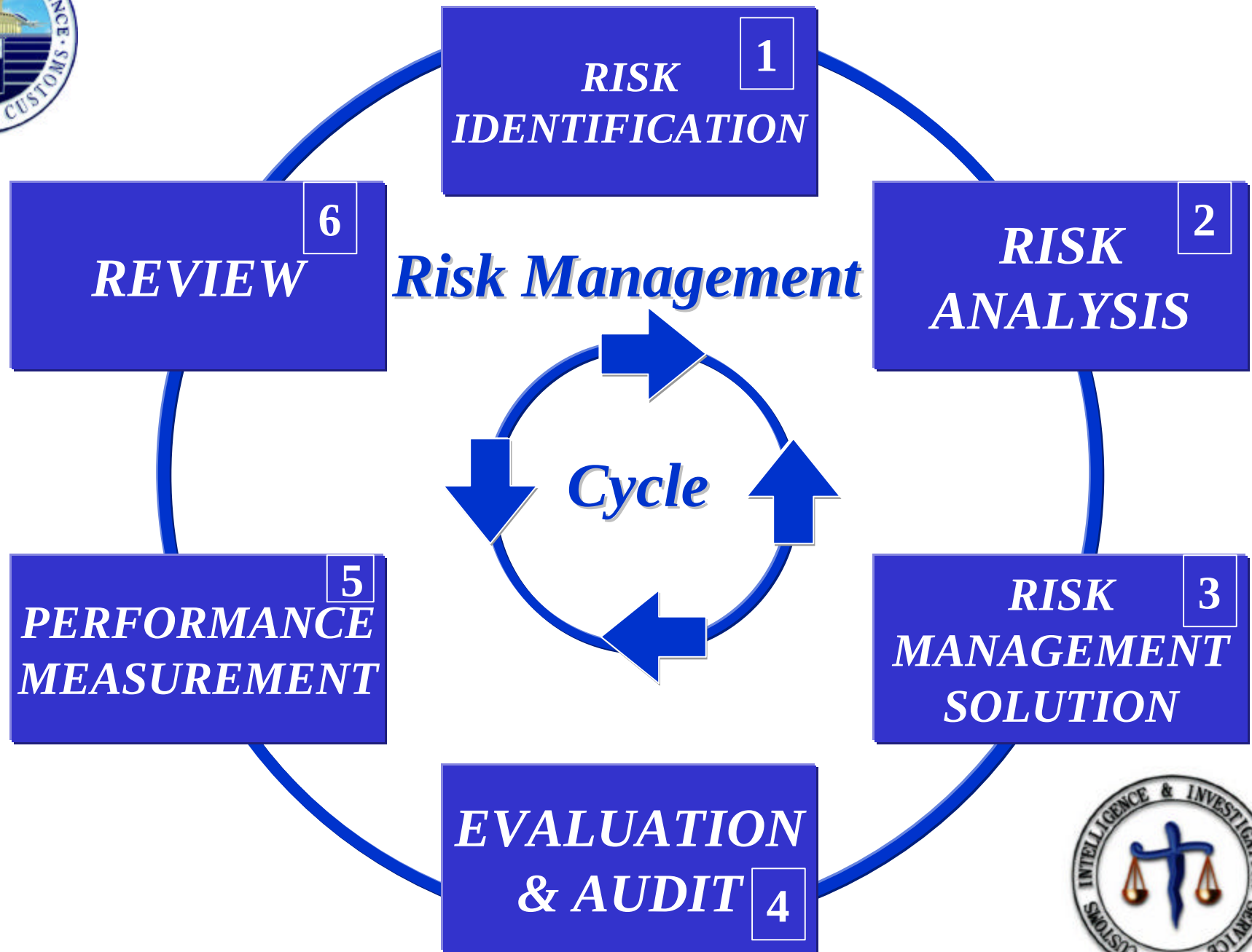
Classifications of RISK

1. High Risk

2. Medium Risk

3. Low Risk







Profiling

Sources of Information

a. Seizure Reports

b. Intelligence Information;

***c. Interviews with Customs
Officers and other Law
Enforcement Personnel;***





Profiling

Sources of Information

d. Interviews with other knowledgeable people from the importing and transportation field;

c. Other documents such as manifests, Airway Bills, etc.





Profiling

Profiles

“are the first step in identifying passengers and cargo shipments which are High Risk”





Profiling

Profiles

“an enforcement tool that can provide enforcement officers with a picture of a smuggler or the modus operandi of a smuggling operation”





Profiling

Profile Development

“is based on information gathering and the systematic charting and analysis of the information”





Profiling

Indicators

- *Country of Origin*
- *Supplier*
- *Shipper*
- *Tariff Commodity
(HS Code)*





Profiling

Indicators

- *Commodity Description*
- *Customs Broker*
- *Importers*
 - *with residential addressess*
 - *single proprietorship*
 - *with track record*





Profiling

Indicators

- *Subject of Derogatory Information against Importer, Commodity, Shipper, Broker, etc...*





Customs Special Order 15-96

***Creation and
establishment of a Risk
Management Group in
the Philippine Bureau of
Customs***





Duties & Functions

1. Review and update parameters in the selectivity screens;

2. Establish a viable system of setting and changing parameters;





Duties & Functions

3. Ensure an efficient and secure information pipeline from all sources to RMG;

4. Conduct a continuing study/profile of importers, exporters and customs brokers; and





Duties & Functions

5. Maintain a database of all smuggling cases and related data.





Selection Techniques

- *Interview*
- *Document Review*
- *Targeting of High Risk Passengers*
- *Observational Techniques*





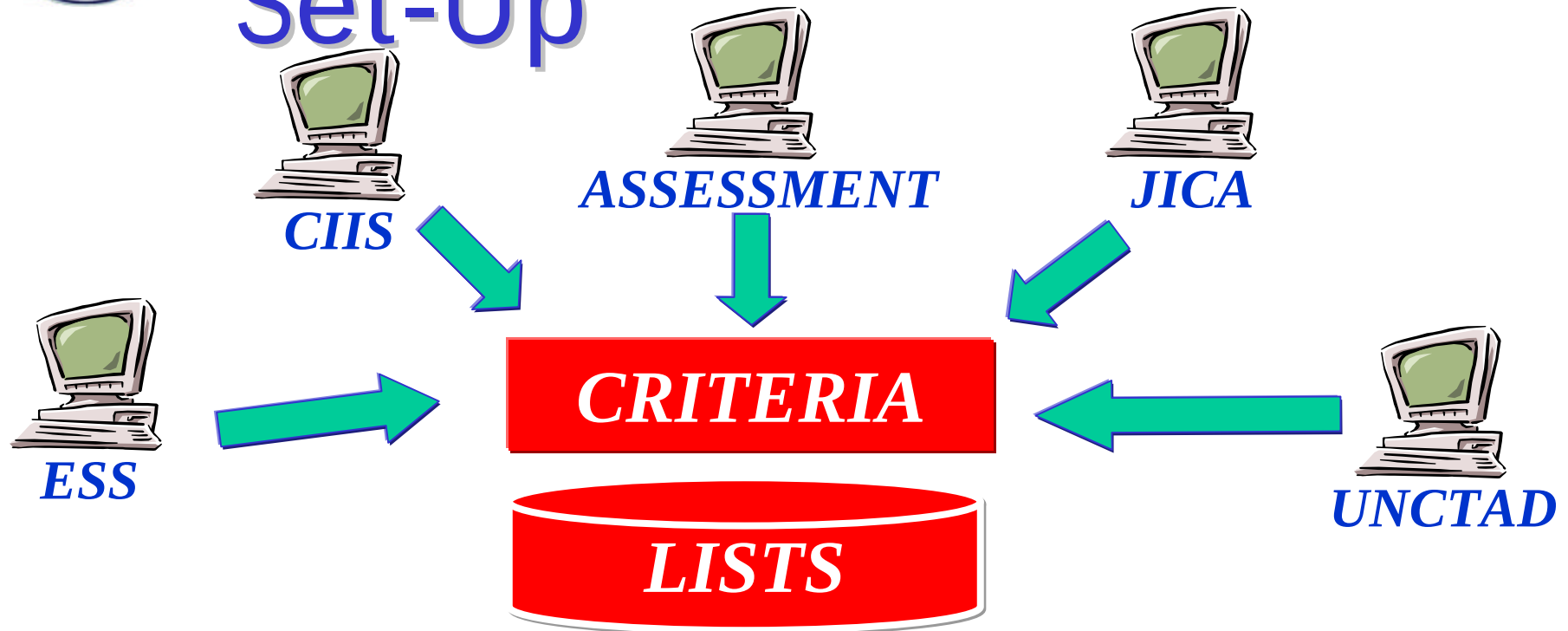
Selectivity Trigger Mechanism

- *a mechanism that implements risk management and risk assessment on the import clearance procedure*





Selectivity Mechanism Set-Up

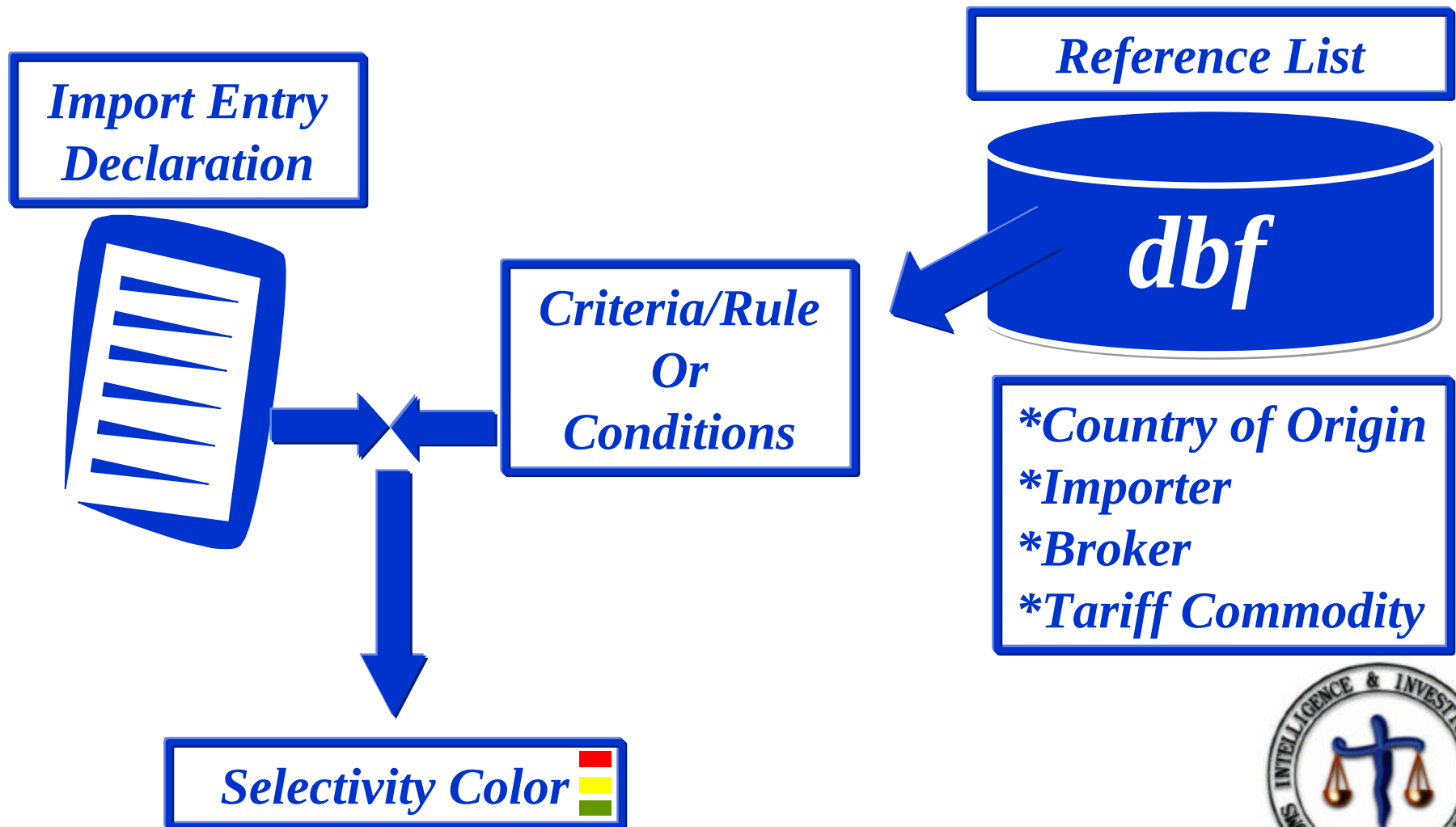


The setting-up of Selectivity criteria and reference lists were a joint effort by the different units of the Bureau of Customs and consultants





How does the Selectivity Mechanism Work?





Selectivity COLOR Classification

Items for review will be routed to either of the two lanes

RED LANE



*Documentary check and
Physical Examination*

YELLOW LANE



Documentary Check only

All others not selected goes to...

GREEN LANE



*Released w/o
further Inspection*





How does the Selectivity Mechanism Work?

Documents of subject shipments are checked. Physical examination before clearance process is continued.

RED LANE





How does the Selectivity Mechanism Work?

Shipments considered to be of low risk to Customs are released without physical inspection or document check.

GREEN
LANE





How does the Selectivity Mechanism Work?

All documents relevant to shipments are to be presented to Customs for scrutiny before assessment proceeds.

YELLOW
LANE





WARNING!!!

The succeeding
2 slides are

C O N F I D E N T I A L

In nature





Selectivity Criteria

Criteria

Type

<i>Bonds</i>	<i>Yellow</i>
<i>Dumping 1</i>	<i>Red</i>
<i>Dumping 6</i>	<i>Red</i>
<i>Exempt</i>	<i>Yellow</i>
<i>Mavic 313</i>	<i>Yellow</i>
<i>Offense*</i>	<i>Red</i>
<i>Preference</i>	<i>Yellow</i>
<i>Regulated</i>	<i>Yellow</i>
<i>Social Sec. Items</i>	<i>Red</i>
<i>Suspect *</i>	<i>Red</i>
<i>Suspect Country</i>	<i>Red</i>





Selectivity Criteria

Criteria

Type

<i>Tariff 1</i>	<i>Red</i>
<i>Tariff 11</i>	<i>Red</i>
<i>Tariff 30</i>	<i>Red</i>
<i>Tariff 60</i>	<i>Red</i>
<i>Under Protest</i>	<i>Red</i>
<i>*under\$500.00</i>	<i>Red</i>
<i>Valuation</i>	<i>Yellow</i>
<i>Vehicles</i>	<i>Yellow</i>
<i>Random Selection</i>	<i>Red</i>
<i>Reliable Importers*</i>	<i>Green</i>
<i>Not in Database – new*</i>	<i>Red</i>
<i>High-risk Country Item</i>	<i>Red</i>





SGL

SUPER

GREEN LANE



SGL ACCREDITATION

Requirements:

- 1. Enterprise must be a registered importer.*
- 2. Enterprise must be among the top 1,000 importers, in terms of taxes and duties paid*
- 3. There should be no derogatory information on importer*





SGL ACCREDITATION

Requirements:

- 4. Enterprise must settle all financial obligations with BOC*
- 5. As much as possible, traders shall not be eligible for accreditation*





SGL ACCREDITATION

Requirements:

6. Agricultural quarantinable products shall not be processed via SGL because of the requirement of the Dept. of Agriculture that such commodities should undergo physical examination before release.





SGL ACCREDITATION

Requirements:

7. Documentary Requirements

a) Filed Up Application form.

b) List of Regular imports (properly described and classified) with corresponding unit price (FOB).





SGL ACCREDITATION

Requirements:

7. Documentary Requirements

*c) Board Secretary's Certification
designating authorized persons to
receive cargo*



***Thank
You...***

