CTI – Sub-Committee on Customs Procedures (SCCP)

Annex V
to the report

Experience exchange
on the use of tools and Information Technology
for goods identification

Mission Report
on the APEC Workshop,
Lima, 15-16 October 2009

**SUNAT
Lima, Peru
18 December 2009**

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APEC
Mission Report

NAME: Maxence Orthlieb	**SIGNATURE:**

SUBJECT: Mission to Lima (Peru)

TO: Mr Takeshi Komoto Mr. James Walt Sullca Cornejo Mr. Carlos Palacios Garcia	**MISSION PERIOD FROM:** 13 October 2009 **TO:** 18 October 2009
	-- **PROJECT/SOURCE OF FUNDING:** **CTI 16/2008T9** (Experience Exchange in the Adoption of Tools and IT for Goods Identification) --
	INSTITUTION(S) National Superintendency of Tax Administration (SUNAT) **OR MEETING(S)** Associated National Superintendency of Customs Duties **AND VENUE(S)** Lima, 14-17 May 2008 -- **MAIN PERSON(S) CONTACTED:**Government officials from SUNAT (Customs); Representatives from various APEC Member Customs administrations participanting in the APEC Workshop.

OBJECTIVE(S) OF MISSION
Participation in, and contribution to, the APEC Workshop on Experience Exchange in the Adoption of Tools and IT for Goods Identification, organized by SUNAT in Lima on 15-16 October 2009;
Review and coordination of the finalization of the Project report.

BACKGROUND and MISSION HIGHLIGHTS

In early January 2009, the Consultant was engaged by the APEC Sub-Commission on Customs Procedures (SCCP) to carry out an exchange of experiences among APEC Member Economies on the adoption of IT and tools for cargo identification (Project CTI 26/2009t). His work was guided by Mr. James Sullca, Project Overseer, from the National Superintendency of Tax Administration (SUNAT-Peru).

By early June, a Questionnaire was elaborated and distributed to the Member Economies. In early September, fourteen (14) APEC Member Economies (Canada, Chile, China, Hong Kong China, Chinese Taipei, Malaysia, Mexico, New Zealand, Peru, Thailand, the United States and Viet Nam) had submitted an answer to the Questionnaire. By the end of September, the Consultanthad prepared an analysis of these answers and submitted a DRAFT report of this analysis to the Project Overseer and to Mr. Carlos Palacios, both from SUNAT.

As part of his project, Mr. Sullca had scheduled a "validation" workshop to share the results of the Survey and stimulate an exchange of experiences on the use of IT and tools for cargo identification among delegates from APEC Member Economies. This workshop was organized under the auspices of the National Superintendency of Tax Administration (SUNAT-Peru), on Thursday 15and Friday16 October 2009 (see Annex #1: APEC Seminar Participants and Contents).

The Consultant was invited toattend and contribute to the delivery of the workshop. To this end, based on the above-mentioned DRAFT report, he prepared a PowerPoint (PPT) presentation to introduce the scope of the workshop (see Annex #2: Presentation of the Exchange of Experiences on Cargo Identification Tools). This presentation included the relevant aspects of his analysis.

The Consultant travelled to Lima on Tuesday 13. He met with Sullca, Palacios and Ms Maria del Rosario Huamán, at SUNAT Building in Chucuito (near El Callao), on Wednesday 14 to discuss the last substantive and logistics issues related with the delivery. In particular, they reviewed jointly his PPT presentation.

As part of his assignment, the Consultant gave his presentation and attended all the sessions of the workshop on Thursday 15 and Friday 16 October. He prepared a summary of the presentations made by the invited speakers, foreign active participants and other local contributors from public and private sectors. This summary and a compilation of the main issues discussed during the "*Questions and Answers*" sessions are attached (see Annex #3: Summary of presentations; and Annex #4: Summary of relevant questions and answers).

The attendance to the workshop was large considering the technical level of the meeting: in addition to the three invited speakers and 6 active participants, there were some 20 professionals from SUNAT, thePort Authority and

from the private sector (DB port terminal operator; representatives from scanning equipment companies, etc.). The discussions and exchanges that took place during the two days were rich of information and practices. The general feeling gathered from participants and speakers was that the workshop had fullfiled its purpose as a platform for exchanges of views.

Before departing from Lima on Saturday 17, the Consultant met with Sullca and Palacios to coordinate on the finalization of the Project Report. It was agreed that this Report would be based on the DRAFT report already submitted, with the addition of a pertinent section covering the delivery of the workshop and the corresponding discussions. This section would be based on the annexes attached to the present Mission Report.

The Consultant wishes to express his appreciation for the support and cooperation offered by the entire SUNAT Team during his short but very enjoyable stay in Lima.

FOLLOW-UP ACTION(S) AND BY WHOM
- **Clear the DRAFT report and the attached annexes that will be part of the FINAL report of the Project (by the SUNAT Team);**
- **Assemble the cleared "DRAFT report" and the annexes into an all-comprehensive Project report; Provide support, as necessary, in the preparation of the printer-ready copy of the Project report (by the Consultant).**

DETAILED REPORT [ ] AVAILABLE [**X**] NOT AVAILABLE	DOCUMENTATION RECEIVED [ ] AVAILABLE [**X**] ATTACHED [ ] NO DOCUMENTATION

APEC Project Overseer: SIGNATURE   DATE

James Walt Sullca Cornejo

Annexes

Annex #1 : APEC Seminar Participants and Contents

Annex #2 : Presentation of the Exchange of Experiences on Cargo Identification Tools

Annex #3 : Summary of presentations; and

Annex #4 : Summary of relevant questions and answers

APEC Seminar

Experience Exchange in the Adoption of Tools and IT for Goods Identification

Thursday 15 and Friday 16 October 2009

Lima, Peru

Economy	Name	Designation	Organization	Address	Tel	Fax	e-mail address
SPEAKERS:							
Canada	Johny Prasad (Mr)	Manager, Detection Technology Sect.	Canada Border Services Agency	191 Laurier Avenue West, Ottawa ON K1A 0L8	613-954-7580	613-946-9183	Johny.Prasad@cbsa-asfc.gc.ca
Chinese Taipei	Ken CK Chen (Mr.)	Assistant Director-General	Dept. of Customs Administration, Ministry of Finance	2, Ai-guo Wt. Rd., Taipei, Taiwan	8862-2322-8227	8862-2394-1497	kenchen@mail.mof.gov.tw
France	Maxence Orthlieb (Mr.)	Consultant		Villa des Roses 11, Avenue Jules Ferry F-38380 Saint Laurent du Pont, France	334 76 55 49 02		maxence.orthlieb@gmail.com
ACTIVE PARTICIPANTS:							
Chile	Rodolfo Espinoza Santelices	INTELLIGENCE ANALIST	CHILE CUSTOM SERVICE	PLAZA SOTOMAYOR 60 VALPARAISO CHILE	56-32-2200854	56 – 32 - 2254033	rodespinoza@aduana.cl
Indonesia	Vicentius Istiko Murtiadji	Co Scan X-ray Suvervisor, Prime Customs Office	Directorate Gral Customs and Excise of Indonesia	Jalan Pabean No. 1, Tanjung Priok, Jakarta Utara	62-8121052111	62-21-4891845	vistiko@yahoo.com
Malaysia	Pun Sian Wong	Assistant Director of Customs	Royal Malaysian Customs	Level 6 south No 3 Persiaran Perdana, Precint 2, 62596 Putrajaya, Malaysia	603-8882 2687	603-8882-2689	wpsian@yahoo.com, syahya02@yahoo.com
Mexico	Lucero Adriana Zamora García	Subadministradora de Operación Aduanera	Adm. Gral Aduanas (Adm. de Operación Aduanera 7)	Av. Hidalgo No. 77, Mod. IV, Col. Guerrero, C.P. 06300 México D.F.	52 (55) 5802 17	52 (55) 5802 0157	lucero.zamora@sat.gob.mx
Tahiland	Kurkrit Chaisirikul	Customs Technical Officer	The Royal Tahi Customs	Laemb Chabang Port Customs 919 Sukhumrit Rd, Tungsukla, Sriracha, Chomburi 20230	66-86-270-7171	66-38-407894	kurkrit@hotmail.com
Viet nam	Dao Thi Thu Thuy	Customs Expert	Gral Depart. of Vietnam Customs - Reform and Modernization Board	162 NGUYEN VAN CU STR, LONGBIEN DIST, HANOI, VIETNAM	84422207623	84422207600	thuydtt1@customs.gov.vn; thuy290980@yahoo.com

Thursday, 15 October

Day 1 - Seminar on Experience Exchange in the Adoption of Tools and IT for Goods Identification

Time	Session / Topic	Speaker
08:30 - 09:00	**PARTICIPANTS ARRIVAL AND REGISTRATION**	
09:00 - 09:10	Welcome Remarks	Mr. Javier Garcia, Representative of SUNAT
09:10 - 09:20	Seminar Overview	Mr. James Sullca, Project Overseer
09:20 - 09:40	Official photograph	
09:40 - 10:00	**BREAK**	
	SESSION I: "SCOPE OF THE WORKSHOP"	
10:00 – 10:40	Issues and Approach to the Identification of Goods: Outcomes of the questionnaire on Tools and IT for Goods Identification	Mr. Maxence Orthlieb, Project Consultant
	SESSION II: SECURITY OF SUPPLY CHAIN **Experience in the Peruvian Government**	
10:40 - 11:00	International Trade Single Window Project – Port Component	Mr. José Naupas, National Port Authority - Peru
11:00 - 11:20	Optimization Processes of Importation / Exportation in Callao Port	Mr. Carlos Rodriguez, National Port Administration – Peru
	Experience in the Peruvian Private Sector	
11:20 - 11:40	DP World Callao	Mr. Luis Turbides, Dubai Ports World - Peru
11:40 - 11:55	Questions and answers	
12:00 - 14:00	**LUNCH**	
	SESSION III: IMPLEMENTATION OF TOOLS AND IT FOR GOODS IDENTIFICATION **Experience in Private Sector**	
14:00 - 14:20	Key tools for non-intrusive monitoring of goods in the market	Dr. Leonardo Caparrós Gamarra, Unlimited Systems Peru
14:20 - 14:40	Standards in the identification of goods	Mary Wong, GS1 Peru
14:40 -14:50	**Questions & Answers**	
	SESSION IV: IMPLEMENTATION OF TOOLS AND IT FOR GOODS IDENTIFICATION. EXPERIENCE IN ASIA – PART I	
14:50 -15:20	Adoption of Tools and IT for Goods Identification	Mr. Wong, Pun Sian, Royal Malaysia Customs
15:20 - 15:50	Experience in Implementation of NII for Goods Identification	Mr. Ching-Hsiang Kao, Chinese Taipei, Ministry of Finance – Customs Administration
15:50 - 16:00	**Questions & Answers**	
16:00 - 16:20	**BREAK**	
	SESSION V: IMPLEMENTATION OF TOOLS AND IT FOR GOODS IDENTIFICATION. EXPERIENCE IN ASIA – PART II	
16:20 - 16:40	The Operation of Hi-Co Scan X-ray Container Inspection System	Mr. Vincentus, Istiko, Indonesia Customs Service
16:40 - 17:00	Customs Inspection Equipment Implementing in Vietnam	Ms. Dao, Thi Thu Thuy, Vietnam Customs Service
17:00 - 17:10	**Questions & Answers**	
	END OF SESSION	

Friday, 16 October

Day 2 - Seminar on Experience Exchange in the Adoption of Tools and IT for Goods Identification

Time	Speaker	Topic
09:00 - 12:00		Visit to Callao Maritime Port
12:00 - 14:00		LUNCH
SESSION VI: Summary of the previous day		
14:00 - 14:15	Mr. James Sullca, Project Overseer	
SESSION VII: Track Devices & Tools		
14:15 - 14:45	Mr. Ken CK Chen, Chinese Taipei, Ministry of Finance – Customs Administration	Using RFID to Enhance Trade Security & Facilitation
14:45 - 15:00	Mr. Enrique Zamora, Peruvian Customs - SUNAT	Canine Program K-9
15:00 - 15:05		Questions & Answers
SESSION VIII: Implementation of tools and IT for goods identification Experience in America		
15:05 - 15:40	Mr. Johny Prasad, Canada Customs Service	Experience Exchange in the Adoption of Tools and IT for Goods Identification
15:40 - 15:55	Ms. Lucero Zamora, Mexico Customs Service	Passenger Vehicle Customs Control System
15:55 - 16:00		Questions and answers
16:00 - 16:15		BREAK
SESSION IX: Implementation of tools and IT for goods identification - Experience in South America		
16:15 - 16:45	Mr. Rodolfo Espinoza, Chile Customs Service	Information Technologies Applied in the Analysis of Intelligence and in Customs Selectivity
16:45 - 16:50	Ms. Claudia Castro, Peruvian Customs - SUNAT	Adoption of Tools and IT for Goods Identification
16:45 - 16:50		Questions & Answers
Closing the Seminar		
16:50 - 17:00	Mr. Eduardo Ibarra, Representative of SUNAT	
		END OF THE SEMINAR

Asia-Pacific Economic Cooperation

SUB-COMMITTEE ON CUSTOMS PROCEDURES

**Experience Exchange
in the Adoption of Tools and IT
for Goods Identification**

Contents

1. Issues
2. Approach
3. Questionnaire
4. Results of the Questionnaire

15/10/2009   Cargo identification tools   2

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1. ISSUES

15/10/2009   Cargo identification tools   3
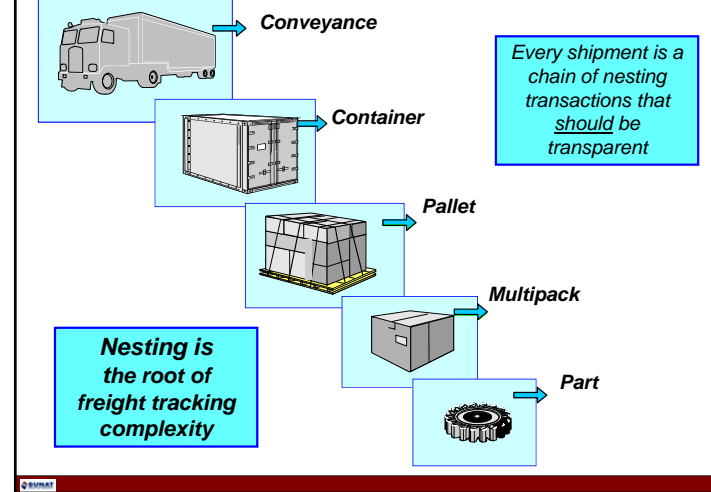

Cargo identification

- To protect national interests, any cargo entering a country needs to be fully identified.
- Identification in terms of (inter alia):
  - Characteristics of the product and its conformity with national laws and regulations;
  - Commercial transaction subject to tax and excise;
  - Sanitary, safety and security threats.

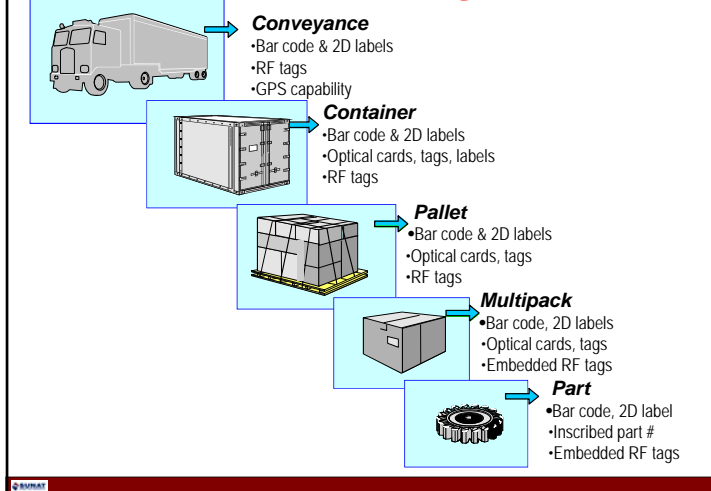15/10/2009   Cargo identification tools   4

Cargo documentation

- Legitimate cargo is always moving with its corresponding documentation;
- Cargo is generally identified for commercial, logistic/transport management purposes… but this identification does not necessarily address the « security » dimension of the goods.
- Other tools must be used, based on risk management techniques.

15/10/2009   Cargo identification tools   5

Nested Freight Relationships

Conveyance

Container

Every shipment is a chain of nesting transactions that should be transparent

Pallet

Multipack

Nesting is the root of freight tracking complexity

Part

Auto ID Technologies

Conveyance
- Bar code & 2D labels
- RF tags
- GPS capability

Container
- Bar code & 2D labels
- Optical cards, tags, labels
- RF tags

Pallet
- Bar code & 2D labels
- Optical cards, tags
- RF tags

Multipack
- Bar code, 2D labels
- Optical cards, tags
- Embedded RF tags

Part
- Bar code, 2D label
- Inscribed part #
- Embedded RF tags

Cargo inspection

- Cargo tracking technology, together with computerized processing of cargo documentation and risk management methods, permits to assess the extent to which cargo should be inspected (documentary inspection, scanning, physical examination).
- Containerized cargo requires particular attention.

15/10/2009   Cargo identification tools   8

Security of container transport chain

The September 11th attacks galvanised global action to increase the security of the container transport chain. The United States has helped to lead efforts to **develop new international instruments** (such as those negotiated at the IMO) and has put in place numerous **national and bilateral initiatives**.

However, other international organisations (such as the WCO, ILO and ISO), regional groupings (the EU in particular, but ASEAN and APEC as well) and industry actors have also undertaken new work (or re-oriented existing work) to address container security.

15/10/2009   Cargo identification tools   9

Table B.1. **Coverage of current and proposed container security measures**

	Container scanning	Container integrity	Container environment	Container tracking	Container doc. and intelligence
International					
IMO	X		X		X
ILO			X		X
WCO	X		X	X	X
ISO	X	X			
EU		X	X		X
APEC/STAR	X			X	X
UN-ECE/TIR	X	X			X
UN-ECE/International carriage of dangerous goods	X	X	X		
National and bilateral					
CSI (US)	X				
C-TPAT (US)		X	X		X
24 Hour Rule (US)	X				X
Bio-Terrorism Act (US)	X				X
Industry and Industry Government					
BASC		X	X		X
E-Business MoU					X
IRU	X	X	X	X	X
OSC (US)	X	X		X	
SST (US)	X			X	

Source: *CONTAINER TRANSPORT SECURITY ACROSS MODES – ISBN 92-821-0331-5 – © ECMT 2005*

15/10/2009   Cargo identification tools   10

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2. APPROACH

15/10/2009   Cargo identification tools   11

Focus of the exchange

- Focus is on the most relevant tools to identify the composition and possible threats of cargo moving into a country.
  - NO focus on cargo identification in terms of RFID, tags, bar codes, UCR number.
  - Focus on scanners and similar devices for cargo and baggage.

15/10/2009   Cargo identification tools   12

Scope of the exchange

- Investigate the environment in which cargo identification takes place.
- Investigate the type of equipment being used.
- No pre-established reference or benchmark.
- Only gather information and stimulate discussion through this workshop.

15/10/2009   Cargo identification tools   13

Limitations of the exchange

- This exchange of experiences may indicate that the spectrum of situations specific to each APEC Economy is so wide and diverse that it may turn difficult to draw reasonable guidelines, principles, best practices, etc..

15/10/2009   Cargo identification tools   14

3. QUESTIONNAIRE

15/10/2009   Cargo identification tools   15

A questionnaire...

- Addressed to Customs administrations thru their representative at the APEC SCCP;
- Structured in two parts:
  - **Part ONE** on the context of the use of cargo identification tools (27 questions in 7 sections);
  - **Part TWO** on the cargo identification technologies currently in use (29 questions in 5 sections).

15/10/2009   Cargo identification tools   16

4. RESULTS

4.1 Generalities
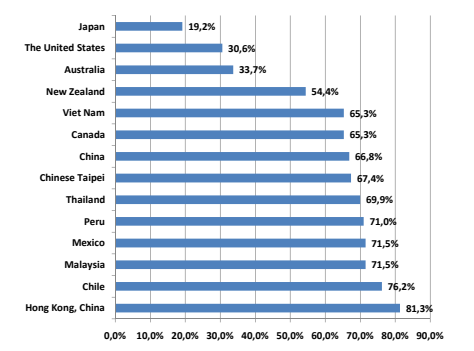
APEC ECONOMIES THAT HAVE RESPONDED TO THE QUESTIONNAIRE

Developed (DEV) Economies		Developing (DING) Economies	
Name	**Ident.**	**Name**	**Ident.**
Australia	**AUS**	Chile	**CHL**
Canada	**CDA**	People's Republic of China	**PRC**
Chinese Taipei	**CT**	Malaysia	**MAS**
Hong Kong, China	**HKC**	Mexico	**MEX**
Japan	**JPN**	Peru	**PE**
New Zealand	**NZ**	Thailand	**THA**
United States of America	**USA**	Viet Nam	**VN**
Total	**7**	**Total**	**7**

Part ONE: Rate of response

Economy	Rate
Japan	19,2%
The United States	30,6%
Australia	33,7%
New Zealand	54,4%
Viet Nam	65,3%
Canada	65,3%
China	66,8%
Chinese Taipei	67,4%
Thailand	69,9%
Peru	71,0%
Mexico	71,5%
Malaysia	71,5%
Chile	76,2%
Hong Kong, China	81,3%

Part TWO: rate of response

The United States — 0,0%
Australia — 0,0%
New Zealand — 0,0%
China — 0,0%
Chinese Taipei — 5,4%
Chile — 11,0%
Japan — 11,9%
Thailand — 16,4%
Malaysia — 17,0%
Hong Kong, China — 19,8%
Viet Nam — 24,5%
Peru — 24,5%
Canada — 24,5%
Mexico — 31,8%

15/10/2009 — Cargo identification tools — 21
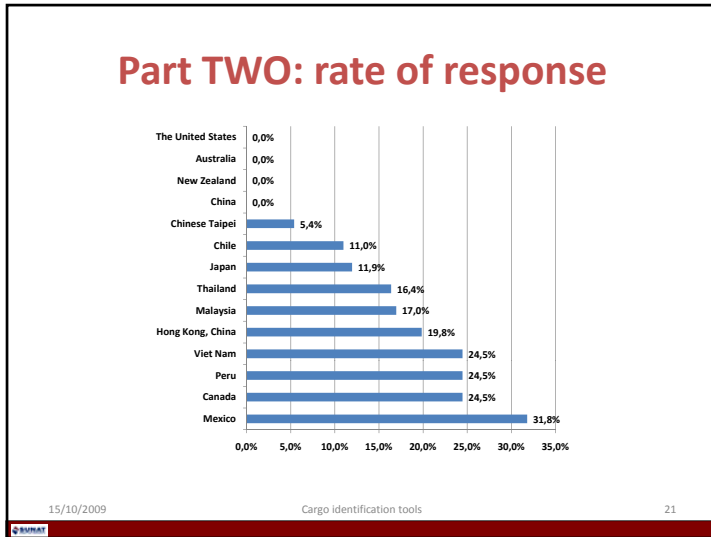
General comments

- The set of answers is balanced between Developed economies (7) and Developing economies (7).
- The answers reflect reasonably the large diversity among the APEC member economies.
- In general, Developing economies provided more answers than Developed economies.
- Three DEV and one DING Economies did not provide answers to the (optional) questions included in Part TWO.

15/10/2009 — Cargo identification tools — 22

4.2 Part ONE results

15/10/2009 — Cargo identification tools — 23

Section 1: Agency missions

The questions under Section #1 address the **basic missions** and **enforcement strategies** of APEC Member Economies.

There is a certain consensus regarding the missions of the Customs Administration.

Regarding Enforcement strategies, DEV Economies rely on information and processing of information, whereas DING tend to prefer more "traditional" strategies.

This situation   may reflect the fact that support to the implementation of the Revised Kyoto Convention recommended practices regarding risk management has not been yet provided in terms of training and technical assistance.

15/10/2009 — Cargo identification tools — 24

Comparing DING & DEV Economies on missions of the Agency

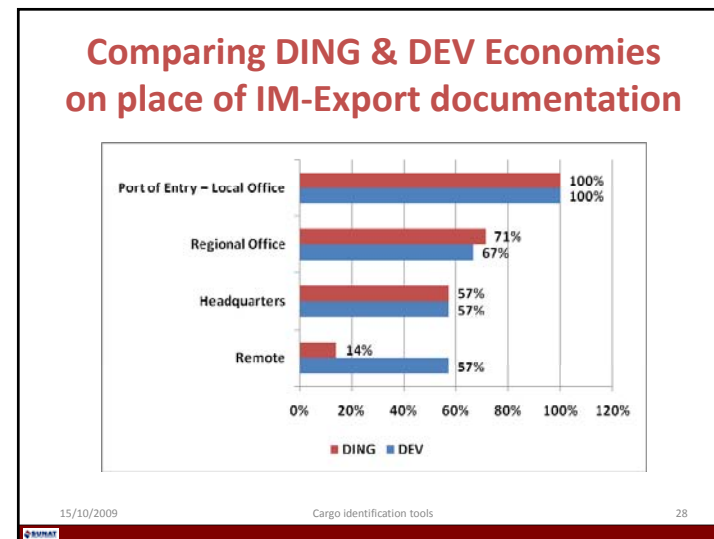## Comparing DING & DEV Economies on enforcement strategies
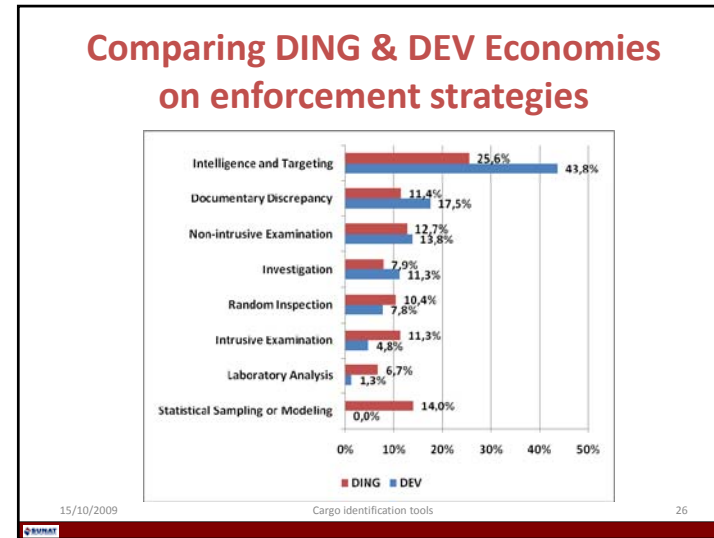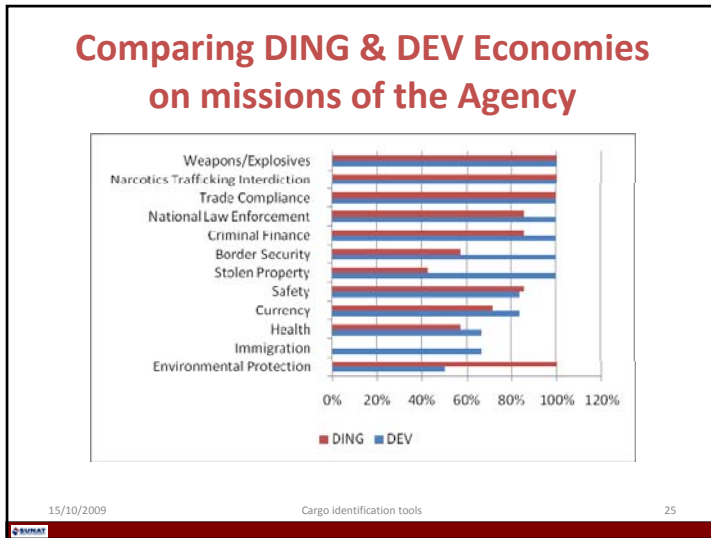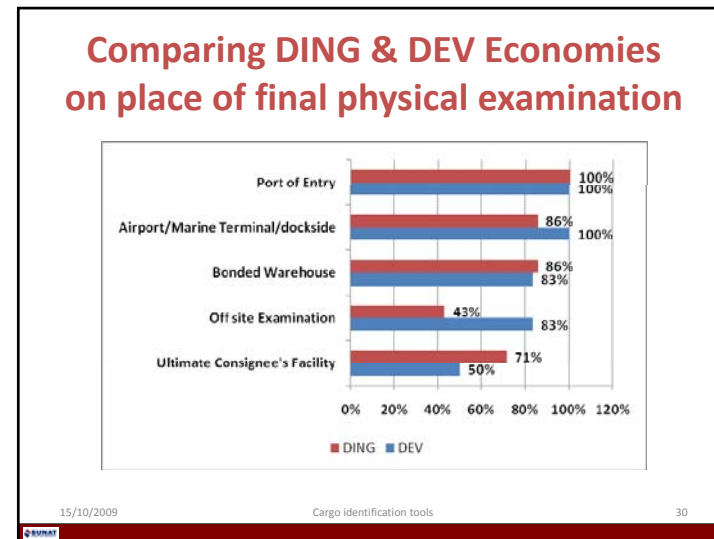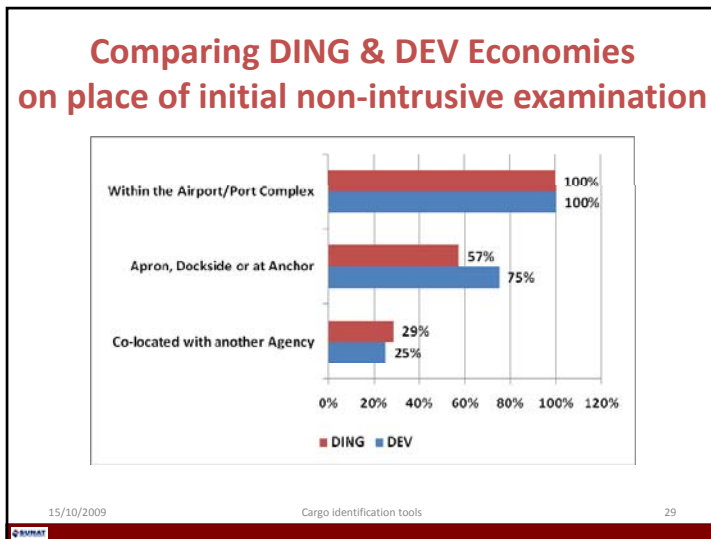
Section 2: Inspection locations

The questions under Section #2 address the locations of the various tasks involved in the inspection process.

For both DEV and DING Economies, the Port/Airport complex is the place where most of the inspection tasks are performed.

The performance of these tasks is rarely performed within another agency.

Comparing DING & DEV Economies on place of IM-Export documentation

Comparing DING & DEV Economies on place of initial non-intrusive examination

Comparing DING & DEV Economies on place of final physical examination

Section 4: Inspection process (1)

The questions under Section #4 address the inspection process in terms of its main elements, its primary inspection targets, its performance indicators and its criteria to target containers.

There is a strong convergence of views regarding the elements of the inspection process, along the line of WCO-recommended modern Customs practices. **Investigation**, **Random or statistical sampling** and **Laboratory analysis** are among the lower ranking elements.
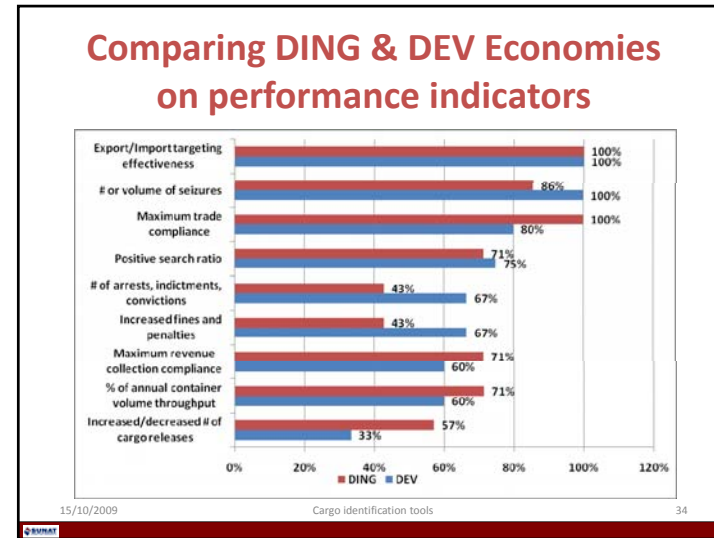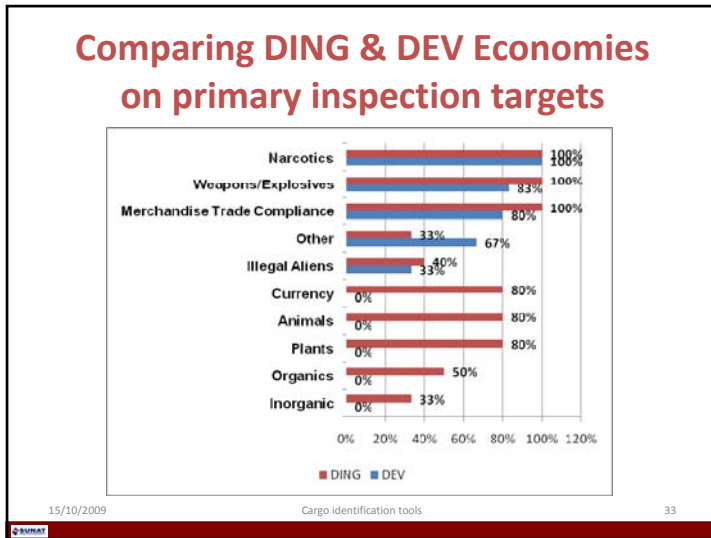
Section 4: Inspection process (2)

Container freight is the primary inspection target, particularly in DING Economies.

Narcotics, Weapons/explosives and Merchandise trade compliance are the most relevant primary inspection targets, while Export/Import targeting effectiveness and Number/ volume of seizures are the most relevant indicators to measure inspection and enforcement effectiveness.

Among other things, these observations may indicate that the role of Customs Administration in protecting national interests is increasingly geared towards security (rather than trade facilitation), with the support of modern practices and technologies (i.e. risk management).

Comparing DING & DEV Economies on primary inspection targets

Comparing DING & DEV Economies on performance indicators

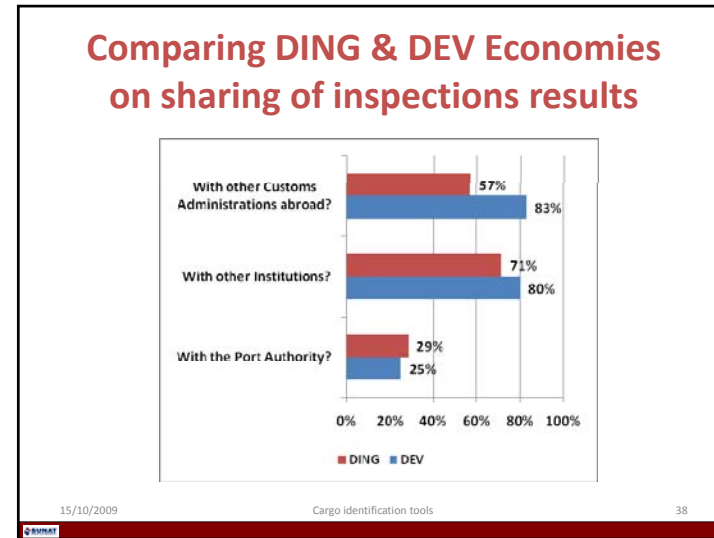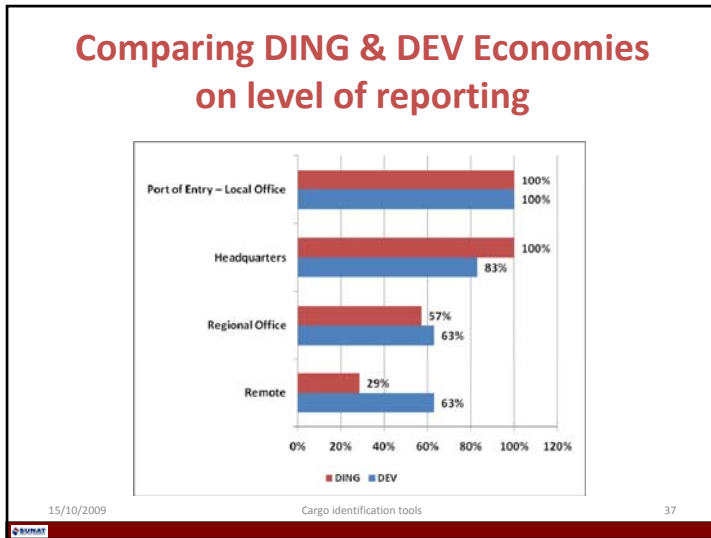## Comparing DING & DEV Economies on criteria for examination
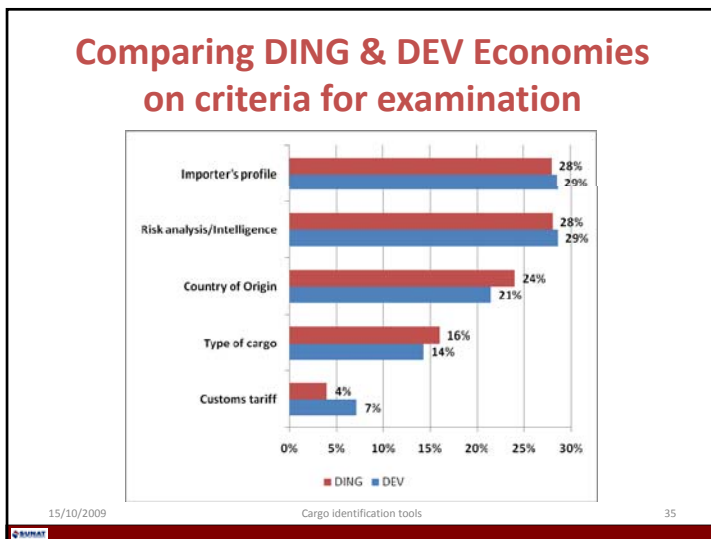
Section 5: Reporting

The questions under Section #5 address the reporting of inspection results, in terms of level of:

– **Reporting** (mostly Headquarters and Port of entry),

– **Types of results reported** (volume of unit inspected and successful identifications),

– **Location of records** (Customs computerized system) and

– **Sharing of results** (eventually with other local institutions and Customs abroad).

Comparing DING & DEV Economies on level of reporting

Comparing DING & DEV Economies on sharing of inspections results

Section 6: Inspection technology

The questions under Section #6 address the general features of the inspection technology used, in terms of mobility, technologies used and for what types of targets.

Regarding **mobility**, responding DEV Economies tend to use more the category "Portable + Mobile" than the category "Fixed" (55% against 45%), a situation opposite to the one observed with responding DING Economies. This might be due to the likely higher operating costs of "Portable + Mobile" versus "Fixed" technologies.

X-ray technology is by far the mostly used technology by both DEV and DING Economies. **Vapor/Trace Detection technology** appears to be the second type of technology used by DEV Economies, while DING Economies use **canines**.

Comparing DING & DEV Economies on inspection technologies used
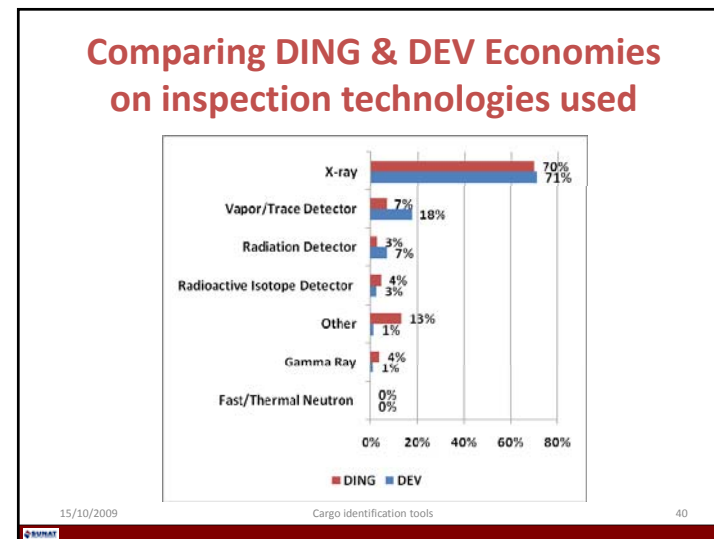
Section 7: Human resources development issues

The questions under Section #7 address the resources invested into the inspection process, the number of local and foreign staff assigned to key inspection-related activities, the volume of staff trained locally and abroad, the established audit mechanisms for the goods control process, and the main active NII devices used in primary inspection.

15/10/2009   Cargo identification tools   41

Funding & staffing resources

15/10/2009   Cargo identification tools   42
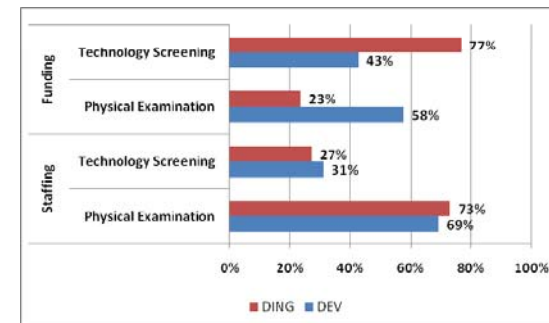
Key areas for staffing

Regarding the local personnel employed, the 2 responding DEV Economies strongly favor the areas of "Enforcement and control procedures" and "Operations of cargo identification tools" (average 82 persons) against the two other areas: "Interpretation of results" and "Information Technology" (24).

The situation is slightly more balanced (63-36) in the 6 responding DING Economies.

15/10/2009   Cargo identification tools   43

Key areas for training

Regarding local training, the 3 responding **DEV Economies** focus on "**Operations of cargo identification tools**" and "**Interpretation of results**" (yearly average of 122) versus "**Enforcement and control procedures**" and "**Information Technology**" (yearly average of 76).

The 4 responding **DING Economies** are giving much more weight to local training in "**Enforcement and control procedures**" and "**Operations of cargo identification tools**" (yearly average of 42) against "**Interpretation of results**" and "**Information Technology**" (yearly average of 8).

Training abroad is similarly unbalanced (yearly averages are respectively 14 and 3).

Regarding **audit mechanisms** for the goods control process, the few Economies that have reported the establishment of such a mechanism tend to use **internal audit** and/or **post-clearance audit**.

Finally, regarding the type of NII devices used in primary inspection, X-ray technology remains the most commonly used screening technology.

15/10/2009   Cargo identification tools   44

Comments on Part ONE

- **From Canada:**

"From a technology perspective, the effectiveness of X-ray and GAMMA ray imaging is based on the experience of the officer to learn what a 'normal' shipment is.

Only then can an 'anomaly' be identified for physical examination.

We would appreciate learning from your experience with PFNA and TNA."

Comments on Part ONE

From New Zealand :

"The development of effective screening criteria for suspect cargo, both import and export, is crucial to an effective and efficient intervention mechanism.

For example at the Port of Auckland, New Zealand's busiest with a throughput of 800,000 TEU containers per annum, New Zealand Customs ends up X-ray screening between 5,000 to 6,000 TEUs each year (0.625%- 0.75%), of which they end up physically examining 500. **This is due to capability issues**. Of that small percentage physically examined (1 in 1600), NZ Customs has a 33% hit rate."

4.3 Part TWO results

Radiation Portal Monitors (RPMs)

81 units

60 in 2 DEV Econo.

21 in 2 DING Econo.

OWNERSHIP:
- Public entities
- Private sector
- 3rd country enactment

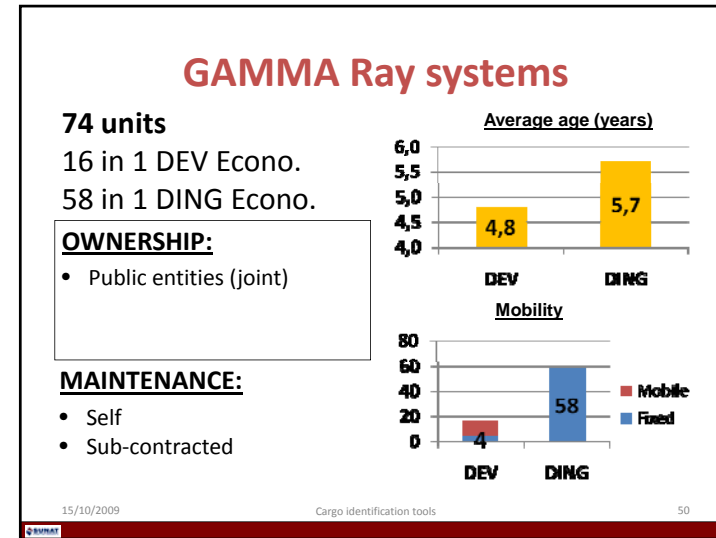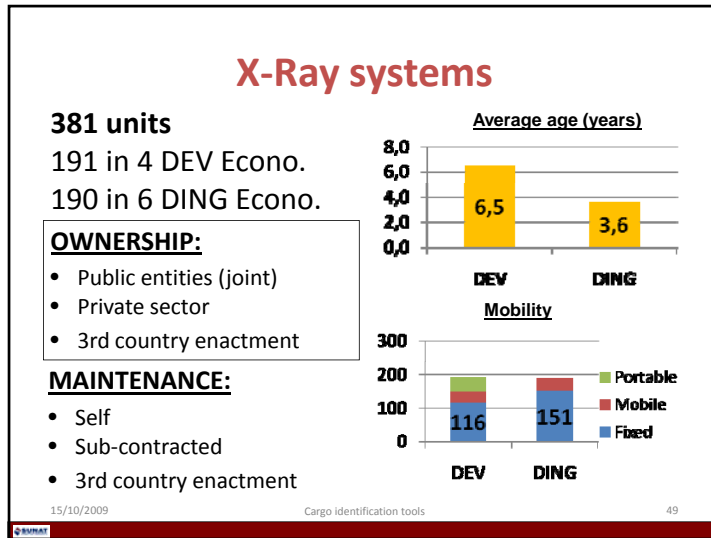**MAINTENANCE:**
- Self
- Sub-contracted
- 3rd country enactment

Average age (years)

DEV 5,4   DING 2,0

Mobility

DEV 48   DING 21   Mobile / Fixed

Slide 1: X-Ray systems

381 units
191 in 4 DEV Econo.
190 in 6 DING Econo.

Average age (years)

DEV: 6,5
DING: 3,6

OWNERSHIP:
- Public entities (joint)
- Private sector
- 3rd country enactment

MAINTENANCE:
- Self
- Sub-contracted
- 3rd country enactment

Mobility

DEV: 116
DING: 151

Legend: Portable, Mobile, Fixed

15/10/2009 — Cargo identification tools — 49

Slide 2: GAMMA Ray systems

74 units
16 in 1 DEV Econo.
58 in 1 DING Econo.

Average age (years)

DEV: 4,8
DING: 5,7

OWNERSHIP:
- Public entities (joint)

MAINTENANCE:
- Self
- Sub-contracted

Mobility

DEV: 4
DING: 58

Legend: Mobile, Fixed

15/10/2009 — Cargo identification tools — 50

Slide 3: Fast Neutron Analysis (FNA)

None of the responding Economies reports the use of FNA device.
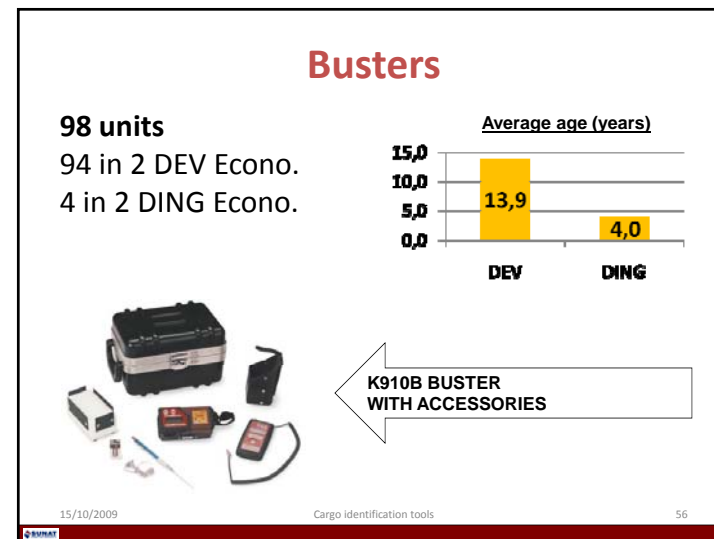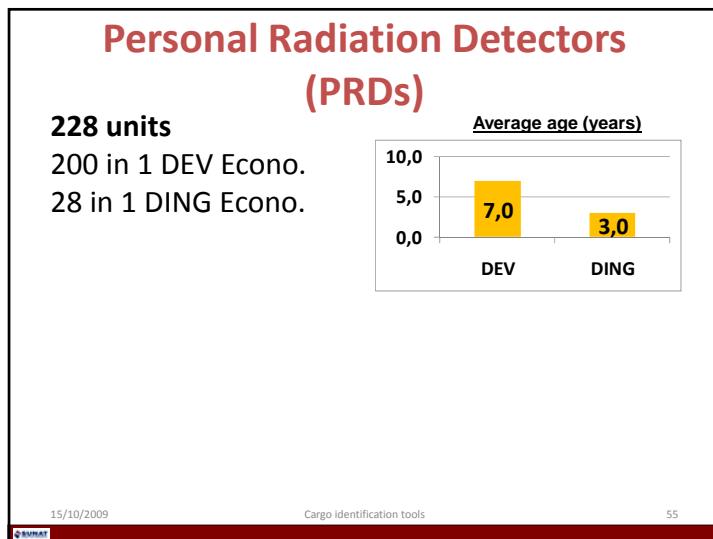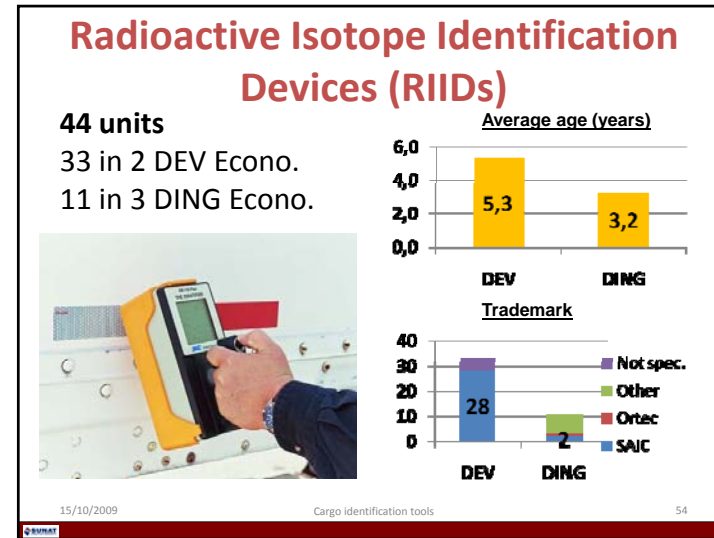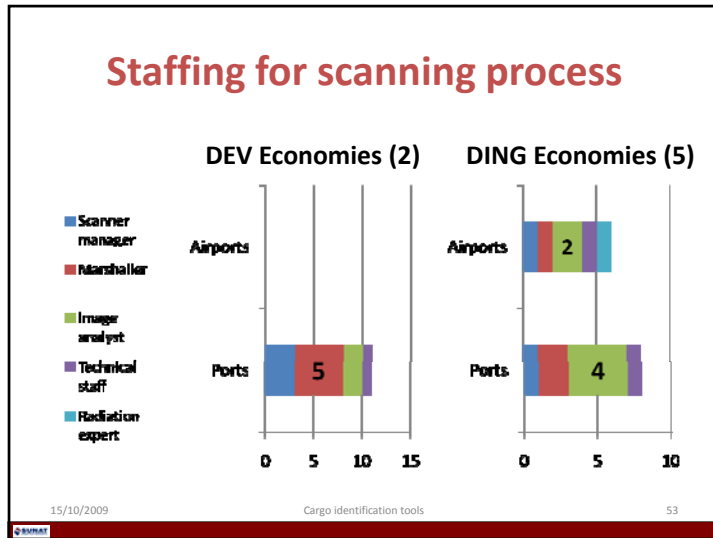
Thermal Neutron Activation (TNA)

Only one responding DING Economy (MEX) reports the use of two types of TNA devices. Both are SAIC equipment; one 4-year old fixed Palet VACIS; and one 2-year old fixed ICIS.

15/10/2009 — Cargo identification tools — 51
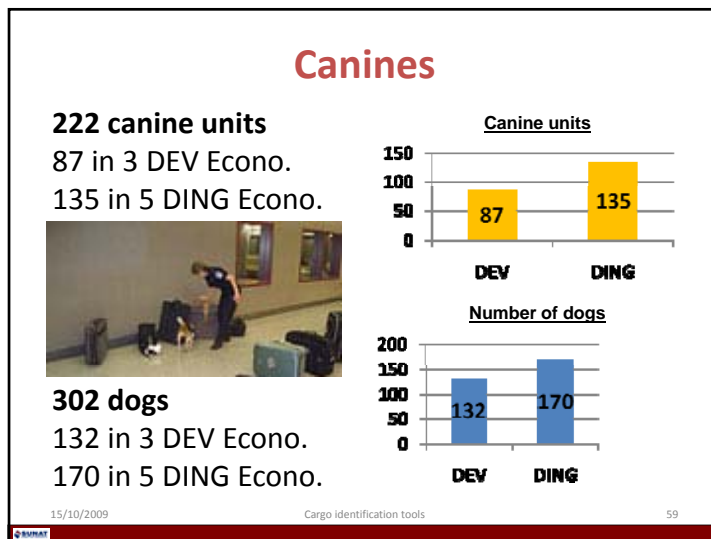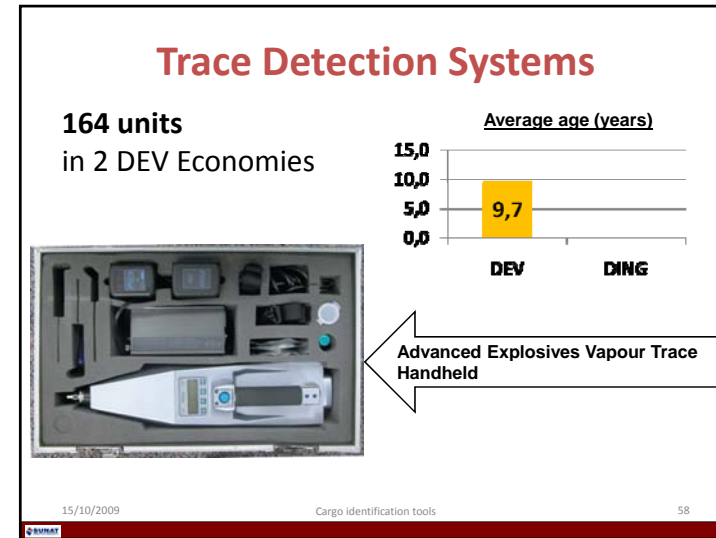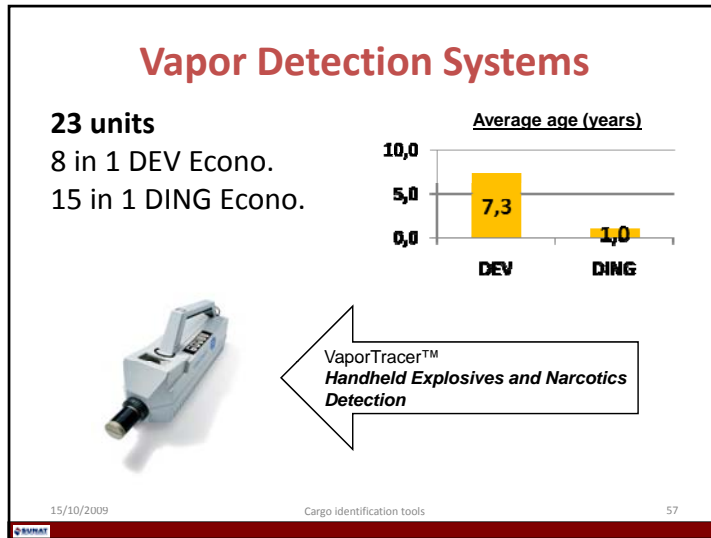
Slide 4: Track devices

- Out of 3 responding **DEV Economies**, only one uses **OCR** in major ports (no use of Electronic seals or Integrated surveillance).
- Out of 6 responding **DING Economies**, two use **OCR** in main port ; none reports the use of Electronic seals; and one uses **Integrated surveillance** in major ports and airports.

15/10/2009 — Cargo identification tools — 52

Staffing for scanning process

DEV Economies (2)   **DING Economies (5)**

- ■ Scanner manager
- ■ Marshaller
- ■ Image analyst
- ■ Technical staff
- ■ Radiation expert

15/10/2009   Cargo identification tools   53

Radioactive Isotope Identification Devices (RIIDs)

44 units
33 in 2 DEV Econo.
11 in 3 DING Econo.

Average age (years)

DEV 5,3   DING 3,2

Trademark

- ■ Not spec.
- ■ Other
- ■ Ortec
- ■ SAIC

DEV 28   DING 2

15/10/2009   Cargo identification tools   54

Personal Radiation Detectors (PRDs)

228 units
200 in 1 DEV Econo.
28 in 1 DING Econo.

Average age (years)

DEV 7,0   DING 3,0

15/10/2009   Cargo identification tools   55

Busters

98 units
94 in 2 DEV Econo.
4 in 2 DING Econo.

Average age (years)

DEV 13,9   DING 4,0

K910B BUSTER WITH ACCESSORIES

15/10/2009   Cargo identification tools   56

Vapor Detection Systems

23 units
8 in 1 DEV Econo.
15 in 1 DING Econo.

Average age (years)

7,3   1,0
DEV   DING

VaporTracer™
Handheld Explosives and Narcotics Detection

15/10/2009   Cargo identification tools   57

Trace Detection Systems

164 units
in 2 DEV Economies

Average age (years)

9,7
DEV   DING

Advanced Explosives Vapour Trace Handheld

15/10/2009   Cargo identification tools   58

Canines

222 canine units
87 in 3 DEV Econo.
135 in 5 DING Econo.

Canine units

87   135
DEV   DING

Number of dogs

132   170
DEV   DING

302 dogs
132 in 3 DEV Econo.
170 in 5 DING Econo.

15/10/2009   Cargo identification tools   59

Some interesting findings

- Regarding the average age of X-Ray versus Gamma-ray, DEV Economies have older X-Ray equipment than « new comer » DING Economies, while there is a slightly reverse situation regarding Gamma-Ray.
- Regarding the average age of the other tools, equipment in DEV Ecoconomies is generally (and logically) older than in DING Economies.

15/10/2009   Cargo identification tools   60

APEC Workshop on

"*Experience Exchange in the Adoption of Tools and IT for Goods Identification*" Lima, Peru

15 y 16 October, 2009

ANNEX #3:

Summary of the presentations

Welcome Remarks by Mr. Javier Garcia, Representative of SUNAT

Seminar Overview by Mr. James Sullca, SUNAT Project Overseer

The Project Overseer (James Sullca), representative of SUNAT-Peru gave a substantive introduction to the Workshop. He referred to the key functions of a Customs Administration, emphasizing its role in the security and facilitation of global trade. He reminded participants of the main features of the WCO SAFE Framework and stressed the need for Customs administrations to work co-operatively and to use modern technology to inspect high-risk shipments. In particular, he mentioned non-intrusive inspection equipment and radiation detection equipment as essential tools for conducting inspections, without disrupting the flow of legitimate trade. He provided some basic considerations when selecting a scanning equipment. He concluded his presentation by a short reference to the structure of the Survey carried out by SUNAT for the APEC SCCP.

SESSION I: "SCOPE OF THE WORKSHOP"

Issues and Approach to the Identification of Goods, Outcomes of the questionnaire on Tools and IT for Goods Identification by Dr. Maxence Orthlieb, Project Consultant

The Consultant (Maxence Orthlieb) reminded participants that any cargo entering a country needs to be fully identified, be it only to protect national interests in terms of conformity with national laws and regulations, of revenue collection and of sanitary, safety and security threats.

Cargo is generally identified for commercial, logistic/transport management purposes… but this identification does not necessarilly warrant that cargo is legitimate, particularly regarding the « security » dimension of the goods. Therefore other tools must be used, based on risk management techniques. Cargo tracking technology, together with computerized processing of cargo documentation and risk management methods, permits to assess the extent to which cargo should be inspected (documentary inspection, scanning, physical examination).

He informed that the focus of the Questionnaire is on the most relevant tools (called scanners) to identify the composition and possible threats of cargo moving into a country. These tools are called scanners and similar devices for cargo and baggage. The two parts of the Questionnaire covered the environment in which cargo identification takes place and the type of equipment being used. Considering the wide spectrum of situations specific to each APEC Economy, the Questionnaire does not intend to draw guidelines, principles, best practices, but rather to highlight commonalities among the responding APEC Economies.

SESSION II: SECURITY OF SUPPLY CHAIN

<u>Experience in the Peruvian Government:</u>

International Trade Single Window Project – Port Component, by Mr. José Ñaupas, National Port Authority - Peru

Another representative of Peru (José Ñaupas) from the Port Administration made a presentation of the port component of the national Single Window system. He first introduced the concept of Port Single Window (in Spanish: Ventanilla Unica-Puerto VUP) as a component of a wider-scope international trade Single Window concept. This port concept, also called "port community system" in other parts of the world, covers the management of operating licences as well as of shipping and cargo services processes. He then described the main VUP components and methods of operation. He also listed the key expected benefits of such VUPfor the port community, for domestic and international trade, and for Government.

Summary of the presentations

Optimization Processes of Importation / Exportation in Callao Port, by Mr. Carlos Rodriguez, National Port Administration – Peru

Another representative of Peru (Carlos Rodriguez) from the Port Administration made a presentation on the optimization processes on import and export in the port of El Callao. After a brief description of the role, network and business features of ENAPU, he explained the new importation and exportation processes that reduced drastically the transit of foreign trade cargo through the port. These achievements resulted from synergies between the Customs administration (SUNAT) and the Port administration, based on EDI agreement and ICT resources.

Experience in the Peruvian Private Sector

DP World Callao, by Mr. Luis Turbides, Dubai Ports World - Peru

A representative of Dubai Port World (Luis Turbides) presented the key characteristics of the containre terminal under construction. He put particular emphasis to the security infrastructure and technologies that will be installed, including RFID for internal tractors, automated container inspection, gate OCR and Megaports-type radiation portals.

SESSION III: IMPLEMENTATION OF TOOLS AND IT FOR GOODS IDENTIFICATION

Experience in Private Sector

Key tools for non-intrusive monitoring of goods in the market, by Dr. Leonardo Caparrós Gamarra, Unlimited Systems Peru

A representative of Smith Detection (Leonardo Caparrós) gave a very interesting and technical presentation on the technologies developed by his company to improve Customs control and reduce security threats in ports and airports.

Standards in the identification of goods, by Mary Wong , GS1 Peru

A representative of the non-governmental organization GS1 (Ms. Mary Wong) introduced the role of her global organization in promoting international standards towards improved efficiency and visibility in supply and demand chains. She stressed the importance of GS1 tool box for goods identification, including Global Trade Item Number (GTIN), Serial Shipping Container Code (SSCC) and Global Shipment Identification Number (GSIN). She also highlighted how the SSCC could be used as the WCO-recommended Unique Consignement Reference (UCR) Number for Customs purposes.

Adoption of Tools and IT for Goods Identification, by Mr. Wong, Pun Sian, Royal Malaysia Customs

The representative of Malaysia ((Pun Sian Wong) introduced the Royal Malaysian Customs, its organization structure, vision, mission and ethics and its present challenges to cope with increasing foreign trade (almost 8 millions Customs declarations in 2008). In the context of the Customs-to-Customs pillar of the WCO SAFE Framework of Standards, he described the Customs Verification Initiative (CVI) based on tha adoption of risk management in the cargo clearance process. In support to the US Megaports Initiative, he presented the NII equipment currently in use in Malaysia, as well as the various IT tools used in the cargo clearance process, induding e-Manifest, Customs Information System, Decision Support System, Electronic Vehicles Information System and the ASEAN/National Single Window. He provided factual information on the impact of CVI in terms of improved delivery and reduced tax evasion. He concluded with the key features of the RMC future expansion programme, stressing the national commitments to current international WCO instruments: the RKC and the SAFE Framework.

Experience in Implementation of NII for Goods Identification, by Mr. Ching-Hsiang kao, Chinese Taipei, Ministry of Finance – Customs Administration

The representative of Chinese Taipei (Simon Kao) described his Economy's experience in the implementation of NII for goods identification. He briefly gave an overview of the port of Kaoshiung and of the new NII Division established in the Customs Office of that port. After indicating the type of devices used and the basic operational steps, he mentioned the conditions of a succesful inspection process. This included the profiling and targeting tools and process, as well as the image interpretation and analysis. He provided participants with three typical achievements in the use of the NII technology: the case of a US$ 2 million counterfeit currency found in cartons of plastic toys; thec ases of cigarettes smuggling; and the case of containerized cargo declared as "Plastic containers" that turned to conceal more than 2 tons of pseudo-ephedrin.

APEC Experience Exchange, by Mr. Kurkrit Chaisirikul, The Royal Thai Customs

The representative of Thailand (Kurkrit Chaisirikul) presented the vision and mission of the Royal Thai Customs and emphasized the importance of risk management to set the proper balance between control and facililtation of trade flows and thereby to increase the competitive advantages of the country. He explained that the use of X-ray scanners resulted in speedy throughput of containers (25 containers per hour). He also presented a number of illustrative cases of detection through x-ray inspection. He finally refered to the implementation of the Megaports Initiative in Thailand.

Summary of the presentations

The Operation of Hi-Co Scan X-ray Container Inspection System, by Mr. Vincentus, Istiko, Indonesia Customs Service

The representative of Indonesia (Vincentlus Itsiko Murtiadji) presented the operation of the Hi-Co scan X-ray container inspection system. First, he gave a detailed inventory of the Customs control equipment presently in use to cover the four zones of the potential smuggling area of Indonesia. With a number of very interesting photos of the installed container X-ray system, he stressed the system capabilities (e.g. up to 20 containers per hour). He then explained the major steps of the process of image interpretation (IMI). He also provided examples of X-Ray images showing how these images can be processed to obtain a clearer identification of the cargo under scrutiny. Finally, he carefully described the three-channel categorization of goods being inspected through the Hi-Co Scan Inspection, a technology that puts more emphasis on controlling/investigating aspects while simplfying the importation process.

Customs Inspection Equipment Implementing in Vietnam, by Ms. Dao, Thi Thu Thuy, Viet Nam Customs Service

The representative of Viet Nam (Dao Thi Thu Thuy) gave a presentation of the present status of implementation of Customs inspection equipment in Viet Nam. This presentation started with a geographical description of the country and of its main areas of Customs operations: 20 international seaports, 6 civil international airports, various land border stations with Laos, China and Cambodia, plus postal offices and Inland Clearance Depots (ICDs)in the two major cities. For each of these main areas, the representative offered a brief statement on the status of adopted tools and IT for cargo identification in terms of equipment in use, targeted cargo, inspection activities carried out and eventual synchronization with Information and Communications Technology (ICT) system. He indicated, in particular, that seaports and ICDs were not equipped. Based on an inspection equipment SWOT analysis, he introduced the on-going plan towards the equipment of appropriate cargo identification tools. The plan is a component of the Viet Nam Customs Modernization project funded by the World Bank; it covers the acquisition of modern technical equipment (X-ray container scanners) operating in synchronization with the ICT system, in major international seaports and land border stations. In the context of theWCO SAFE Framework of Standards, the plan will revamp the business process of import and Customs clearance. It will also enhance Customs capacity to detect illegal items and reduce the release time of imports and exports. The representative concluded with some recommendations, including the use of other technologies such as RFID, the adoption of best practices from developed countries, the need for IT infrastructure and the support from APEC and other international organization towrdsthe improvement of Viet Nam inspection system.

Summary of the presentations   Page 5

Using RFID to Enhance Trade Security & Facilitation, by Mr. Ken CK Chen, Chinese Taipei, Ministry of Finance – Customs Administration

Another representative of ChineseTapei (Ken CK Chen) presented how the use of RFID can enhance trade security and facilitation. First, he provided some figures on the traffic of the port of Kaohsiung, an Asian transhipment hub for Asia, Australia, Europe and America, ranked in the top 6 major ports worldwide with approx. 2.5 millions import-export TEUs and 1.2 millions transhipped containers. He stressed the major challenges faced by Customs and shipping companies in terms of security and HR (??) resulting in additional costs and delays. He than made the point that RFID e-Seal contributes to trade security (anti-smuggling, increased cargo ovement security) and trade facilitation (Customs efficiency, cost savings). He gave a detailed description of the RFID technology and operation and of the corresponding procedures of using RFID e-Seal for control. Using examples, he explained how containerized cargo, truck and driver can be monitored with the e-Seal, a system that led to 97% reading accuracy after only 7 months of implementation. From this positive experience, he suggested to extend this best practice in other ports of Chinese Taipei, and to share itwith other APEC Customs administrations. He highlighted the role of RFID in supply chain management and connectivity, as a means to increase "cargo visibility", a major concern of Customs administration in the context of the APEC SAFE Framework.

Canine Program K-9, by Mr. Enrique Zamora, Peruvian Customs - SUNAT

Another representative of Peru (Enrique Zamora) from SUNAT gave an information on the national Canine Program K-9, within the Customs department for Prevention of Smuggling and Border Protection. Back in 1994, the first canine unit was created with the first two Customs Officers certified as Dogs Guide who arrived with their dogs from a training course in the UK. With support of the UK and, later, of the USA, the program consolidated as a canine antidrug program. Using various photos, the representative illustrated the major activities covered, from theory to trainings and work-outs, as well as the equipment required (facilities and vehicles. The photos also showed how canine teams operate in carrying out controls in warehouses, airport and port facilities, on ships and on airplanes.

Summary of the presentations

Experience Exchange in the Adoption of Tools and IT for Goods Identification, by Mr. Johny Prasad, Canada Customs Service

The representative of Canada Customs Service (Johny Prasad) introduced the mandate and work of the Canada Border Services Agency (CABSA) as the management of Canadian borders. He gave an overview of the use of risk assessment systems and detection technology and related tools. He described the main types of technologies currently in use, as well as the detector dog service. He concluded by stating that CBSA is "*continuously innovating and evaluating new and effective ways to utilize detection technology to aid in the examination of goods and conveyances*".

Passenger Vehicle Customs Control System, by Ms. Lucero Zamora, Mexico Customs Service

The representative of Mexico (Ms Lucero Zamora) from the Mexico Customs Service first presented the new automated passenger vehicle identification process established at the US-Mexico border. This system will run the collected data through different databases and risk analysis tools with a view to enhance Customs' targeting capacities and effectiveness in preventing firearms, ammunition and bulk cash smuggling into Mexico. She then explained the new ICT-based paper-less Mexican Customs, including the implementation of the Single Window concept and the establishment of a simplified export process (SIMPLEX) that will not require the use of Customs broker services. This new clearance process will allow submitting electronically the Customs declaration.

SESSION IX: Implementation of tools and IT for goods identification - Experience in South America

Information Technologies Applied in the Analysis of Intelligence and in Customs Selectivity, by Mr. Rodolfo Espinoza , Chile Customs Service

The representative of Chile Customs Service (Rodolfo Espinoza) explained how his country has been using information technology for analysis of intelligence and Customs selectivity. He described the two computer-assisted models currently used: NEUGENT model and QLIKVIEW model, models that make more effective NII equipment and technology to support the enforcement task of Chilean Customs.

Adoption of Tools and IT for Goods Identification, Ms. Claudia Castro, Peruvian Customs – SUNAT

Another representative of SUNAT (Ms Claudia Castro) presented the work of the Customs unit called "Management of Special Operations" that focuses on Customs enforcement against illegal traffic of goods. She briefly described the main features of the Peruvian Customs computerized system (SIGAD) and the various equipment used in the inspection of goods. She finally showed a number of pictures highlighting the major achievements of the unit in terms of seizures of various types of illegitimate cargo.

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ANNEX #4:

Summary of some of the Questions and Answers

Regarding Sessions I (Scope) and II (Security of Supply Chain)

The Consultant answered two questions:

1. Refering to Canine units and dogs: The distinction between Canine units, teams and dogs was made to cover the situation by which an Economy may have various Canine units, each unit being composed of various teams and each team being in charge of one or more dogs.

2. Refering to the term "Other" used: For various questions, a choice of possible answers was offered. Among this choice was the option "Other", to be used in case none of the offered answers corresponded to the local situation. In general, the selection of the option "Other" implied for the respondent to provide a free-text description of what was the "other" answer. Unfortunately, this free-text description was not systematically provided.

Regarding Session III (Implementation of tools)

The presentation on "Key tools for non-intrusive monitoring of goods in the market" by Dr. Leonardo Caparrós Gamarra of Unlimited Systems Peru, representing the manufacturer Smith Detection, raised interesting questions on the use of older detection equipment to cope with new security challenges. A number of questions were related to the possibe health-damaging effects, as discussed below.

Questions and Answers

The presentation on "Experience in Implementation of NII for Goods Identification" by Mr. Ching-Hsiang Kao from the Chinese Taipei Customs Administration generated an exchange of views on the interpretation of images from X-Ray versus Gamma-Ray tools.

One participant questionned the danger faced by staff operating scanning equipment. Both the representative of the manufacturer Smith Detection, the representative of DB Ports and the representative of Canada made it clear that there are specific procedures for the operation of scanning equipment by Customs staff. These specific procedures do take into account, when and where appropriate, the health danger eventually generated by certain types of equipment (e.g. Gamma Ray scanners).

Another participant raised the question regarding the possible damage incurred by the cargo/goods being scanned. The representative of Canada explained that tere was no reported medical issues related with the use of scanning equipment within the normal range of use for Customs control purposes. Some categories of cargo/goods are usually not scanned because of their intrinsic nature that tends to trigger an alarm: this is the case, for example, with bananas and ceramics. Other categories are not scanned in Canada (e.g. biological medications, vaccines).

Regarding Sessions IV and V (Implementation experience in Asia)

A participant questionned whether the function of image analysis and interpretation could be outsourced to private sector service provider. Both, the representatives of Mexico and Malaysia clarified that, in their Economies, applicable laws and regulations restrain this function to Customs civil servants.

Regarding the necessary training required for an effective interpretation of the images generated by the scanning equipment, the representative of Indonesia explained that it depends very much on the capacity of staff (the "imagination") to decifer images that are de facto "negative" photos of the scanned cargo. He estimated that a good training would require the analysis and interpretation of about 1000 images. The representative of Thailand added that proper interpretation of images relies on a wide knowledge of the Customs laws, regulations and procedures complemented by an on-the-job practice. Time-wise, a proper training may require up to one year.

The representative of Malaysia suggested ways to increase knowledge regarding image analysis and interpretation. One would be to refer to experts from other Customs administrations; another would be to establish a repositary or compendium of images under the umbrella, for example, of the World Customs Organization.

Regarding Session VII (Track devices and tools)

A participant asked about the major obstacles to the use of RFID tools to enhance trade security and facilitation. The representative of Chinese Taipei explained that one of the major obstacles was the lack of efficient communication among concerned Ministeries that are not all giving the necessary importance to this new technology. Another obstacle is the present limitations of applicable laws and regulations. For example, to expand the use of RFID technology, local

Questions and Answers Page **2**

regultations must be amended to require shipping companies to invest in and use the technology.

Regarding Session VIII (Implementation experience in America)

In relation with the presentation by the delegate from Canada refering to the practices of risk management in the context of the use of scanning equipment, a discussion among the participants highlighted that the effectiveness of scanning equipment depends very much on the build-up of databases for profiling users (cargo shippers, passengers). In building-up such databases, the importance of intelligence and questioning users was stressed.

Regarding the new Mexico Customs automated passenger vehicule identification technology installed at the US-Mexico border, a participant asked whether the Mexican system was interconnected with the US Customs. The representative of Mexico explained that interconnection is on its way.

Questions and Answers