1. At the invitation of the United Arab Emirates (UAE) Federal Customs Authority, the fifth annual Partnership in Customs Academic Research and Development (PICARD) conference was held in Abu Dhabi, United Arab Emirates from 23 to 25 November 2010. The conference was jointly organised by the World Customs Organization (WCO) and the International Network of Customs Universities (INCU) and co-hosted by the Centre for Customs and Excise Studies (CCES) of the University of Canberra and Abu Dhabi University Knowledge Group (ADUKG).

2. The conference was attended by some 200 delegates (including a significant number from the Middle East region) representing WCO Members, academia, other international organisations and the private sector, who gathered to share and discuss research topics and outcomes as well as developments in Customs professional education.

3. The core themes of the 2010 conference were:
   - Customs-Business partnerships
   - revenue collection
   - the impact of climate change
   - performance measurement.

4. The conference was co-chaired by Professor David Widdowson, INCU President (University of Canberra) and Professor Hans-Michael Wolfgang, INCU Vice-President (University of Münster) and included a range of speakers from various customs administrations, academia, the World Bank and the private sector.

5. A number of the original research papers presented at the conference have been published in the eighth issue of the World Customs Journal which is downloadable at the Journal’s website: www.worldcustomsjournal.org.

**DAY 1**

**Opening speeches**

6. Dr Kunio Mikuriya, WCO Secretary General, welcomed all delegates and extended his thanks to the conference organisers. Announcing the 2011 WCO theme for International Customs Day, namely ‘Knowledge, a catalyst for excellence in Customs’, Dr Mikuriya explained the link between the current WCO working agenda and the key topics of the PICARD conference.

7. Ms Heike Barczyk, WCO Deputy Director of Capacity Building, welcomed the delegates and noted that although the WCO Director of Capacity Building, Mr Lars Karlsson, was not able to attend on this occasion, he extended his best wishes for the conference’s success.

8. Professor David Widdowson welcomed participants on behalf of the INCU and the CCES. He noted that PICARD 2010 marked a significant milestone in the development of the partnership
between the WCO and the academic world, and that significant progress had been made in raising the academic standing of the Customs profession. Professor Widdowson also provided a brief overview of the development of the PICARD Program and thanked Dr Kunio Mikuriya for his ongoing support of the partnership.

9. Professor Widdowson also pointed out how the PICARD Program has grown since its establishment and identified a number of key achievements including the establishment of standards for the Customs profession, recognition of Customs as an area of academic pursuit, implementation of several internationally recognised Customs university programs, and the establishment of the World Customs Journal.

10. On behalf of all INCU members, Professor Widdowson expressed gratitude to Mr Lars Karlsson, WCO Director of Capacity Building, for his exceptional contribution to the development of customs and academic partnerships and for the accomplishments of the Capacity Building Directorate and the PICARD Program which were testament to the dedication, commitment and passion that Mr Karlsson has shown throughout his five-year term as Director.

11. Director-General Mr Khalid Ali Al Bustani, Federal Customs Authority, UAE, then extended his own welcome to participants in his capacity of host administration, stressing the importance of capacity building both regionally and internationally, and the value of PICARD in achieving effective and sustainable outcomes.

WCO presentations

12. Ms Heike Barczyk, WCO Deputy Director of Capacity Building, delivered a presentation on initiatives of the WCO Capacity Building Directorate including an overview of the Directorate itself and an update on its initiatives including the organisation’s capacity building strategy and details of various capacity building programs that were under way.

13. Ms Riitta Passi, WCO PICARD Program Manager, then provided further elaboration on recent developments under the PICARD Program including progress with the Professional Standards, WCO recognition of specific university curricula through the award of WCO certificates, governance issues and the development of a WCO Management Development Program.

PICARD Program initiatives

14. Professor Jhon Fonseca, University of Costa Rica, discussed the Regional Centre for Customs and Foreign Trade Excellence, which is currently being implemented in the Americas and Caribbean region. He identified the main elements in that development as being the establishment of an agreement between relevant universities, management and administrative support, planning, analysis, and implementation.

15. Professor Hans-Michael Wolfgang, University of Münster, provided an update on PICARD Program initiatives in Europe. In particular, he provided an overview of study programs and research activities taking place at Brunswick Law School in Germany, University of Le Havre in France, University of Münster in Germany, University of Valencia in Spain, University of Verona in Italy, and the Warsaw School of Economics in Poland. Professor Wolfgang also provided information about international cooperation between some of the European universities and universities in other regions.

16. Professor David Widdowson, University of Canberra, provided an update on PICARD Program initiatives at the University of Canberra in Australia. He outlined the range of PICARD-compliant and WCO-recognised programs being offered in the field of Customs and the
flexible learning approach adopted in respect of those programs, including the establishment of programs with universities in the Middle East, Africa and Asia.

17. Mr Vanco Kargov, Customs Administration, Republic of Macedonia, explained how the concept of enhancing capacity at Customs was introduced and implemented in Macedonian Customs. In particular he discussed responsibilities and challenges, goals, priorities, capacity building and promotion, strategic planning, and other management challenges.

18. Director General Mohammed Abdullah Al Mehrezi, Ras Al Khaimah Customs, UAE, presented his PhD Research Proposal which focuses on the effects of implementing a VAT System in the UAE as a whole, and Ras Al Khaimah Emirate specifically. Mr Al Mehrezi outlined the significance of his research, his objectives in undertaking that research and the key issues that will be addressed.

DAY 2

PICARD Program initiatives (continued)

19. Mr Mikhail Kashubsky, INCU Secretariat, presented an overview of the INCU and its role, and provided an update on recent developments and new initiatives including proposed new membership arrangements, development of a customs research database, the introduction of official membership certificates, and related matters. He pointed out that the main role of INCU is in promoting the academic standing of the Customs profession and providing the WCO and other organisations with a single point of contact with universities and research institutes that are active in the field of customs education, research and training. Mr Kashubsky provided an overview of the main areas of cooperation between the WCO and INCU, and announced that INCU now had 88 affiliated institutions from 56 countries, including 35 universities and research centres and 53 other affiliated institutions.

20. Mr Juha Hintsa, Cross Border Research Association, presented the results of a recent study on e-Customs in Switzerland which examines cost-benefit issues associated with the development and implementation of e-Customs, including opportunities to drive down compliance costs through enhanced e-Customs services. Mr Hintsa also suggested undertaking a wider study and joint research activity on e-Customs for 2011-12 and the development of a global e-Customs index, in collaboration with INCU Members.

21. Mr Ernani Checcucci, WCO Capacity-Building Directorate, introduced delegates to the new WCO Leadership and Management Development Program. He provided an overview of the program including its content, the progress that has been made to date, key findings and proposed developments. He also announced the in-principle decision by the CCES, University of Canberra to formally endorse the program for the purposes of granting credit towards its WCO-recognised postgraduate programs.

22. Mr Thomas Cantens, WCO Research and Strategies Unit, provided an outline of the WCO’s Club De La Reforme (CDRL), explaining its purpose and demonstrating the main features and functions of its website.

23. Mr Lars Karlsson, Director of the WCO Capacity Building Directorate was admitted, in absentia, as an Honorary Fellow of the INCU and was awarded an official Certificate of Membership. The certificate was presented by INCU President, Professor David Widdowson, and was accepted by Ms Heike Barczyk on behalf of Mr Karlsson.
**Customs and revenue collection**

24. Professor Santiago Ibáñez Marsilla, University of Valencia, delivered a presentation on customs valuation compliance in the context of corporate income tax. He provided an analysis of valuation methods and discussed the concepts of related parties and transfer pricing in the context of both customs valuation and corporate income tax. Professor Ibáñez Marsilla noted that customs valuation rules do not refer to profit methods, while corporate income tax rules establish two such methods (profit split method and transactional net margin method). He argued that the ‘interpretative approach’ which is adopted in Spain could have some advantages over the US ‘normative approach’ while discussing particular difficulties relating to transfer pricing.

25. On behalf of Mr Leonardo Correia Lima Macedo, who was unable to attend the conference, Mr Ernani Checcucci, WCO Capacity-Building Directorate, delivered a presentation on Large Traders’ Customs Units (LTCU) and the use of dedicated compliance teams for large traders. He pointed out that LTCU are important for customs and revenue collection as a strategy to mitigate revenue risks, and that Customs administrations may utilise such units to implement pilot projects in order to develop faster clearance procedures and more effective post-clearance audit regimes.

26. Mr Santiago León Abad, Ecuadorian Customs Corporation, proposed the exchange of information among customs administrations for the purposes of improving the Customs valuation compliance. He drew attention to the differences in export and import records for the same transaction, and provided some practical examples from Ecuador and neighbouring South American countries. He argued that exchange of information between customs administrations would assist in addressing valuation fraud.

**Customs-Business partnerships**

27. Mr Olivier Tsalpatouros, La Poste Group, discussed the application of international trade and customs rules in the postal environment, the challenges faced by the postal services in the context of new security requirements, market changes and customs reforms that impact on postal processes. He explained the legal basis for customs clearance of postal consignments including those contained in the revised Kyoto Convention and the UPU convention. Mr Tsalpatouros further stressed the importance of cooperation between postal agencies and customs administrations for their mutual benefit.

28. Dr Eng. Arif Ahmad Alfitiani, Jordan Customs, discussed Jordan’s electronic transit monitoring and facilitation system. He advised that developing a secure and more facilitative approach to transit traffic and cargo has been a high priority for the Jordan Customs Department. Dr Alfitiani provided an insight into the operation of the system as well as an analysis of operational results, indicating that the electronic transit monitoring and facilitation system has led to a significant reduction in supply chain costs and an increase in compliance.

**The impact of climate change**

29. Mr Robert Ireland, WCO Research and Strategies Unit, delivered a presentation on the implications for Customs of global climate change mitigation and adaptation policy, and discussed ways in which the customs community can contribute to such policy. The policy options examined by Mr Ireland included carbon import tariffs, trade facilitation of low-carbon energy technology, enforcement against emission permit trading irregularities, customs clearance of humanitarian relief consignments, trade recovery, and Customs’ responses to the potential of climate change driven international trade contraction. He pointed out that further
research on these issues will promote rational consideration, formulation and implementation of Customs-relevant climate policies.

**Perspectives from the World Bank and the private sector**

30. Mr Gerard McLinden, The World Bank, outlined the charter of the World Customs and Border Management Practice Group within the World Bank which is designed to provide a focal point for information exchange and technical support for World Bank staff interested in this expanding area of work. Mr McLinden identified opportunities for cooperation with the WCO and academia. In his presentation, Mr McLinden provided an overview of the World Bank and its Customs agenda. He indicated that World Bank research suggests that Customs is responsible for only one-third of border delays and that Customs is performing better and improving relative to other border management agencies. He also outlined a number of new initiatives such as the WCO/World Bank Customs Capacity Enhancement Program for Sub-Saharan Africa and Customs Assessment Trade Toolkit (CATT). In conclusion, he drew attention to recent World Bank publications that are relevant to Customs and academia and identified knowledge gaps yet to be addressed.

31. Mr Conor O’Riordan, Tradefacilitate, discussed the concept of paperless trade. In particular, he focused on the European Union (EU) paperless trade policy to take effect on 1 January 2011. He identified the need for the private sector to take the lead in providing small to medium enterprises (SMEs) with simple, low cost web-based commercial intra-EU and end-to-end international paper-free solutions that interface with EU Customs. He discussed EU and cross-border trade benefits of paper-free policies including reducing costs, optimising revenue, providing better enforcement outcomes and linking trade facilitation and security imperatives.

**DAY 3**

**Performance measurement**

32. Mr Lionel Pascal, University of Le Havre, delivered a presentation on the identification of methods to measure and evaluate the performance of Customs. He noted that the public sector, like the private sector, is subjected to a plethora of performance indicators which give an impression of scientific precision but which are difficult to implement. Mr Pascal also discussed the nature of performance indicators and the difficulty of identifying a good indicator. He pointed to those international organisations which have their own performance indicators relating to Customs, and the need for the WCO to develop its own criteria.

33. Adjunct Professor Stephen Holloway, University of Canberra, examined problems associated with existing methods of performance measurement of border management effectiveness from a variety of perspectives. He identified the need to establish clear objectives that support the design of outcomes-based indicators and analysed the characteristics of effective performance measures that take account of government and private sector needs and objectives. Professor Holloway argued that an integrated performance measurement framework for border management that is meaningful to both business and government can be developed on the basis of existing supply chain and regulatory metrics, but that there needs to be closer consultation and coordination in the implementation of such metrics.

34. In their joint presentation, Mr Thomas Cantens, WCO Research and Strategies Unit, and Mr Samson Bilanga, Cameroon Customs, presented a Cameroon case study that examined the introduction of staff performance measures and discusses how this has served to facilitate administrative reform. They discussed the introduction of a system of performance contracts.
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within Cameroon Customs and advised that, since its introduction, initial results have been encouraging (including lower corruption, higher revenue collection, and shorter clearance times).

35. Dr Bryane Michael, Stockholm School of Economics, presented the results of a study on reduction of Customs-related corruption through Customs trade facilitation programs. Key issues highlighted by Dr Michael included revenue loss due to corruption, steps that can be taken to improve customs administration in the context of the WCO Columbus Program, the SAFE Framework, the World Trade Organization Valuation Agreement, and methods of detecting corruption. Dr Michael pointed to the need for the introduction of ‘big bang’ anti-corruption and efficiency improvement programs.

36. Dr Prabodh Seth, Mauritius Revenue Authority, discussed the Mauritian approach to performance measurement. He highlighted the need for administrations to adopt Key Performance Indicators (KPIs) that emanate from strategic objectives, with clear targets or benchmarks to be attained over a certain time period. He discussed performance measurement from a global perspective and provided examples from New Zealand, Jordan, South Africa, Japan, and Egypt, as well as from Mauritius. He advised that the Mauritius Revenue Authority introduced a new performance culture by establishing clear priorities, focused objectives, measurable KPIs, with the major goals/priorities identified. He concluded that KPIs have proved to be an effective performance management tool for Mauritius.

37. Ms Kameswari Subramanian, Ministry of Finance, Department of Revenue, India, shared her experiences from India on excellence in public service delivery and introduced to delegates Project SEVOTTAM, which is a commitment of the Government of India to raise the standard of public services and to empower citizens. She emphasized several issues including commitment to provide quality in service delivery, clear goals with benchmarks of performance measurement, accountability, the Citizens’ Charter, service norms for Customs, the use of technology, delivery infrastructure, a Service Quality Manual for Process Control, and a new system for notifying grievances.

Awards ceremony

38. Two universities, the University of Costa Rica and the International Business and Law Institute of Saint Petersburg, Russia were awarded WCO Certificates of Recognition certifying that their customs curricula comply with the WCO Standards for the Customs profession. Dr Kunio Mikuriya presented the certificates to representatives of both institutions.

39. Mr David Hesketh, HM Revenue & Customs, a recent Masters graduate of the University of Canberra, was recognised as Centre for Customs and Excise Studies Student of the Year and was awarded the CCES medal for Academic Excellence by Professor Widdowson.

Concluding remarks

40. It was announced that Ms Riitta Passi’s appointment as WCO PICARD Program Manager would be ending in December 2010 and that Mr Ernani Checcucci would be the new PICARD Program Manager, commencing in 2011.

41. Dr Kunio Mikuriya and Professor David Widdowson made closing remarks at the end of the Conference, both noting that the event was successful and beneficial to all participants. In particular, the following points were noted:

- the importance of maintaining a partnership approach to find practical solutions based on sound information and empirical evidence
• the need to ensure that a balance is maintained between government and business requirements
• the need to encourage the trading community to become involved in the PICARD program
• the need to progress Professional Standards at a vocational level as well as at an academic level
• the need to ensure the practicality of the PICARD standards and programs, including a need to consider the articulation of industry and customs training programs into higher academic award programs
• recognition of how powerful the PICARD network can be as the customs and academic partners pool their resources to address strategically significant issues
• the need to place a greater emphasis on measuring effectiveness of customs activities from an organisational level down to the individual level.