

Comments on the Impact of the COVID-19 Crisis: Ideas for the WCO and Its Members from the WCO Private Sector Consultative Group (April 13, 2020)

The COVID-19 pandemic has had far-reaching global effects on cross-border trade, travel and supply chains in a very short period of time. It is essential to make every effort to identify and understand the widespread effects of the pandemic, and to find solutions that respond to current humanitarian, government and business needs, and also provide best practices that could be used to respond to any future incident of this kind in an internationally coordinated and coherent manner.

Although governments have responded to the crisis in a variety of ways, there have been some common impacts on borders between countries, on land transport, on civil aviation, on maritime shipping and on business. Policies such as border closures, travel bans, export restrictions, social distancing, lockdowns and closures of non-essential businesses have had an immediate effect. Many businesses are closed, and more are not fully functional as a result of disrupted supply chains, staffing constraints and social restrictions. This impacts everything from operations to financial capabilities, and, ultimately, to the potential for a speedy recovery of global trade.

The PSCG commends the WCO for reminding the global Customs community to apply internationally agreed procedures and processes to facilitate the cross-border movement of goods, conveyances and crew. We also appreciate the initiatives to gather and communicate as much information as possible for members' preparedness for COVID-19. We believe that private sector input is essential as governments consider and analyse options to manage this crisis, and implement strategies and programmes that address the current emergency and position national economies for recovery.

The following are PSCG observations, priorities and principles for the WCO and its Members to consider at this extraordinary time.

I Expedite the Clearance of Essential Goods and Workers to Support and Maintain Essential Services.

Carriers of all modes of transport provide essential and lifesaving services in these challenging times. We propose that governments recognize as "essential services" carriers and their conveyances, equipment, staff and crews, freight forwarders, customs brokers and delivery services including last mile transportation to the final destination so that they can continue supplying and delivering goods in medical, food, manufacturing and many other critical supply chains. Pilots, crews and drivers who do not interact with the public in the performance of their jobs, and have no symptoms of coronavirus, should be exempt from local 14-day quarantine requirements.

The PSCG also proposes that a list of essential goods be identified by the competent international bodies, including WCO and World Health Organization (WHO), to facilitate relief shipments around the world. Governments should suspend licensing requirements and consider full tariff relief for these items in order to expedite their clearance. Every effort should be made to ensure consistency across countries in the acceptance or recognition of this list of goods – this is essential to avoid disruptions in supply

chains (export, transit and import) due to different definitions. These essential goods are all those directly impacting or helping alleviate issues or situations related with the coronavirus outbreak (e.g., medical and personal protective equipment, medical devices and supplies necessary at medical facilities as well as medical equipment necessary to undertake remote diagnosis and treatment, such as computers, computer parts and other electronic and communications equipment). In the case of consolidated shipments, physical inspections should be avoided if they are simply to determine that goods are indeed essential.

In addition:

1. Customs administrations and other government agencies regulating the movement of goods across borders must clearly differentiate between essential products and non-essential products and ensure that regulatory requirements for essential products are flexible.
2. It should be noted that there must be flexibility, since what is essential on day 1 of the pandemic may not be the same as on day 50 or day 100.
3. Tariff relief should be considered for essential products, such as critical medical supplies as well as other essential goods.
4. All medical supplies and equipment needed to provide relief of the COVID-19 crisis should be granted first priority to cross borders, where practicably possible.
5. Apart from critical medical supplies and equipment, essential goods include but are not limited to basic supplies such as food, hygienic products, and fuels, especially in the early days of crisis. We live in a time of interconnected economies, and many of these supplies are imported. These goods should also be allowed to flow through borders with simplified procedures and regulations, keeping in mind the staff shortages in the public and private sector to operate infrastructure and keep cargo moving.
6. Where “fast lanes” are part of infrastructure or may be designated as such, these should be used to give essential goods priority for clearance.

II Apply the Principles of “Social Distancing” to Border Processes

The safety of staff of Customs and other border agencies, as well as those in the private sector involved in the movement and clearance of goods, is critical now and must be a high priority. All parties should follow the safety guidelines issued by each country. In addition, staff should have access to necessary PPE (e.g. masks, gloves) to ensure their safety.

As “social distancing” is one of the key protective measures recommended by the World Health Organization, Customs and other border agencies should protect their staff and the trading community in the following ways:

1. Use automation, electronic data processing and e-payments, replacing any paper processes and thus avoiding physical contact during the clearance process.
2. Allow the electronic submission of data prior to the arrival of goods and initiate risk assessment in order to release all priority and low-risk shipments upon arrival.
3. Reduce physical inspection to only those shipments identified through risk assessment as high risk.
4. Where possible, give “fast track” priority and cargo prioritization to AEO operators as well as TIR operators and apply risk-based post-clearance audit for controls, if any.

5. Accept e-signatures or email authority on documents currently requiring wet ink signatures.

III Strive for Efficiencies and Simplification for All Clearances

While it is now important for Customs and other border agencies to give high priority to essential goods, governments should also ensure that all other shipments are being cleared rapidly. The following are general key principles to consider and implement.

1. Waive storage charges for goods not cleared in time, or held.
2. Promote the use of Coordinated Border Management.
3. View any penalty applied in the context of the current environment and waive all minor penalties applied to avoid delays at the border and avoid holding vehicles in ports for long periods of time.
4. Provide clarity for return of goods when goods are non-deliverable due to business closure.
5. Streamline AEO processing, where useful, and implementing virtual processes for this.
6. Reduce the number of audits during this period.
7. Promote regional harmonization.

Also, there are two important specific recommendations that will not only create efficiencies today, but will support business resumption and recovery.

First, simplify processes and allow flexibility for goods redirection. Due to order cancellations, there is stock sitting in-market that could be used in other markets. Many SKUs (stock keeping units/ bar codes) are market specific due to things like labelling or other regulatory requirements. In some markets it is also difficult to redirect landed cargo that has not cleared Customs. In the current environment it would be helpful if border agencies could facilitate redirections, and relax or allow in-market labelling. The alternative may be the destruction of perfectly good product, either by regulatory action, or due to the perishable nature of the products, e.g. food.

Second, remove restrictions on containers. Due to restrictions on the movement or handling/unloading of containers of 'non-essential' goods, the number of empty containers available to exporters of 'essential' goods is dwindling. If this continues, sooner or later, it will result in a halt in all container trade due to non-availability of empty containers. This is a very real and major concern.

IV. Support for Business Resumption and Recovery

Many businesses will fail during this period and many of these will be small to medium enterprises including importers and exporters. Because of mandated business closures or limited hours of access, the ability to generate or sustain revenue is dramatically declining. The following are some ideas to improve cash flow for these businesses and prepare them for recovery.

1. Provide for waiver/reduction or deferments, additional days for payment of customs duties, taxes and fees as well as other customs debts. Where customs authorities waive/reduce/defer payment of import duties, taxes, and fees, this needs to be communicated clearly with trade stakeholders, who may not be fully cognizant of the meaning, resulting in significant and unexpected back duties payable down the line.
2. Grant financial relief measures beyond items included in point (1) above and reduce or eliminate, for example, fees for import licenses required under other regulations. This is

especially important when many government agencies will be operating with limited staff and when many of these licenses have to be applied for in person.

3. Suspend periodic customs audit or inspection during 2020 for enterprises which have no record of non-compliance.
4. Waive interest charges for late payments.
5. Extend time frames for filing claims, appeals, and other trade measures.
6. Prepare, update and activate business continuity and trade recovery plans to ensure the timely, smooth and orderly resumption of trade and manufacturing. Industry will require raw materials, parts and machinery to generate goods and services as recovery begins. Governments in general, and border agencies in particular, including Customs administrations should coordinate and provide actions to ensure the borders are open and move the flow of goods across border with maximum efficiency.
7. Ensure the possibility of extensive consultation with stakeholders in the private sector before implementation of new programmes, given the challenges of providing for meaningful Customs-business dialogue during recovery, communication between all government agencies at the border and the private sector will be critical to recovery.

Members of the Private Sector Consultative Group (PSCG), 2019/2020

American Association of Exporters and Importers (AAEI)

Association of Professional Customs Brokers of the Americas (ASAPRA)

Baker Hughes

Business Alliance for Secure Commerce (BASC)

Expeditors

International Federation of Freight Forwarders (FIATA)

Federation of National Associations of Ship Brokers and Agents (FONASBA)

Fonterra

Global Express Association (GEA)

GS1

Huawei

International Air Transport Association (IATA)

IBM

Indelox

International Chamber of Commerce (ICC)

International Federation of Customs Brokers Associations (IFCBA)

International Road Transport Union (IRU)

International Trademark Association (INTA)

L Brands, Inc.

Michelin

Microsoft

OPORA

Procomex

Pharmaceutical Security Institute (PSI)

Renault-Nissan-Mitsubishi

South African Association of Freight Forwarders (SAAFF)

Saudi Basic Industries Corporation