



**UPU**

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WORLD CUSTOMS ORGANIZATION  
ORGANISATION MONDIALE DES DOUANES

# **WCO–UPU Postal Customs Guide**

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## I. Introduction

This WCO–UPU Postal Customs Guide is a joint WCO–UPU tool, envisaged as a "living document" that can be easily updated as experience is gained or conditions change.

The guide is an information source for Posts and for Customs administration staff dealing with postal customs clearance. For Posts, it is intended as a means of acquainting staff with the various aspects of the postal supply chain's customs component and with the different WCO standards, instruments and tools. For Customs administrations, the guide will help staff responsible for postal customs clearance (generally a relatively small part of the work of a Customs administration) to become more familiar with the postal processes involved in the international exchange of mail.

This document also seeks to form a common basis for dialogue and discussion at national level between the designated operators of Universal Postal Union (UPU) member countries and Customs administrations of the World Customs Organization (WCO).

Subject to the approval of the WCO–UPU Contact Committee, the WCO–UPU Postal Customs Guide is expected to be published on the UPU and the WCO websites.

## II. Roles of Customs and Posts

### *a Posts and Customs administrations on national level*

The Post has an important role in regards to the exchange of letters, printed material and packages (letter post, parcel post, EMS) between people of the world, and in regard to trade facilitation.

Customs administrations must be involved in the postal supply chain in order to meet their important legislated mandates and their goals.

A Post may, or may not, be a department of government. However, within the UPU, it is the member country that designates the postal operator as regards international mail. The UPU Convention and Regulations are actually multilateral treaties between governments.

Accordingly, in each UPU member country and postal territory, both the Post and the customs administration are linked to the government.

**It is very much in the interest of the Post, the customs administration and the government that, in each country, the Post and the customs administration operate in a collaborative and efficient manner. This applies not only to day-to-day operational matters but also to strategic planning and other initiatives.**

### *b Role of the Universal Postal Union (UPU)*

The mission of the Universal Postal Union, as stated in the UPU Constitution and recalled in the Doha Postal Strategy (2013–2016), is as follows:

"To stimulate the lasting development of efficient and accessible universal postal services of quality in order to facilitate communication between the world's inhabitants by:

- guaranteeing the free circulation of postal items over a single postal territory composed of interconnected networks;
- encouraging the adoption of fair common standards and the use of technology;
- ensuring cooperation and interaction among stakeholders;
- promoting effective technical cooperation;
- ensuring the satisfaction of customers' changing needs."

To achieve this mission, the Doha Postal Strategy sets out specific goals and, for each goal, various programmes. Goals 1 and 3 have programmes directly or indirectly related to customs:

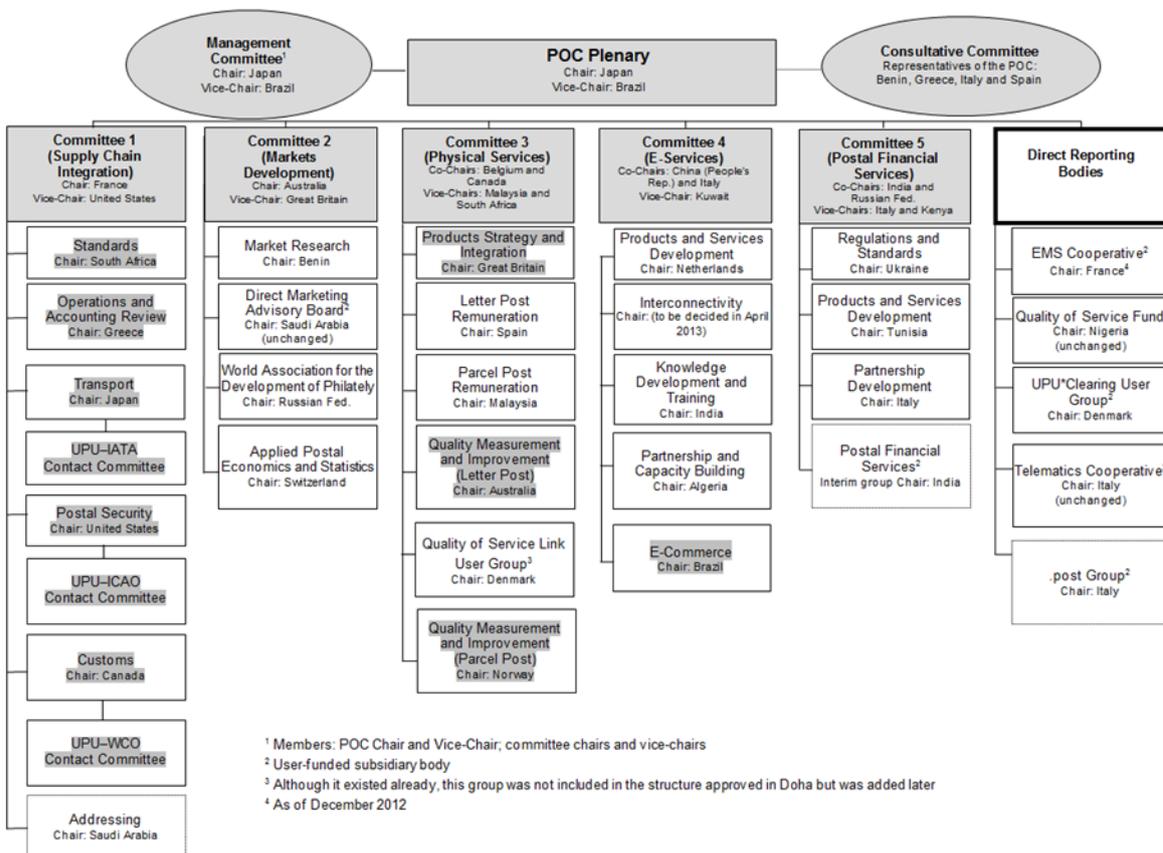
<i>Goal 1: Improve the interoperability of the international postal networks</i>	<i>Goal 3: Promote innovative products and services</i>
Programmes	Programmes
1.1 Enhance quality of service, reliability and efficiency of the postal networks	3.1 Modernize and diversify postal products and services
1.2 Increase postal integrity and security and facilitate customs processes	3.2 Stimulate market growth through the use of new technologies
1.3 Develop adequate standards and regulations	3.3 Facilitate international e-commerce
1.4 Stimulate the use of information and communication technologies to improve access and performance	3.4 Continue development of postal networks along three dimensions

#### i Organization of UPU customs matters within the UPU and POC

Within the UPU, the bodies most involved with issues relating to customs are the Council of Administration (CA), the Postal Operations Council (POC) and the International Bureau (IB). The overall role of each of these bodies is described on the UPU website at [www.upu.int/en/the-upu/the-upu.html](http://www.upu.int/en/the-upu/the-upu.html). In general, the CA is involved with customs issues at the governmental level, and the POC is involved at the operational level. The IB is the body supporting the CA and the POC.

The CA and the POC both consist of elected UPU member countries and are organized into committees and, within the committees, groups. Because of the nature of the work of the CA versus the POC, there are no CA groups that are involved specifically with customs issues, whereas there are such groups in the POC.

The current structure of the POC is shown in the following diagram:



The Customs Group, reporting to the Supply Chain Integration Committee, is the POC body dealing specifically with issues relating to customs. However, other POC groups may influence customs issues, and these groups collaborate within the framework of the POC. The groups that may interact frequently on customs issues are highlighted in the diagram.

*c Role of the World Customs Organization (WCO)*

The World Customs Organization, established in 1952 as the Customs Co-operation Council is an independent intergovernmental body whose mission is to enhance the effectiveness and efficiency of Customs administrations.

Today, the WCO represents 179 customs administrations around the globe, which collectively process approximately 98% of world trade. As the global centre of customs expertise, the WCO is the only international organization with competence in customs matters. This applies to all modes of traffic, including postal traffic, which has proved to be vulnerable to different forms of illicit activities.

As a forum for dialogue and the exchange of experience between national Customs delegates, the WCO offers its members a range of conventions and other international instruments, as well as technical assistance and training services, provided either directly by the Secretariat or with its participation. The Secretariat also actively supports its members in their endeavours to modernize and build capacity within their national Customs administrations.

Besides the vital role played by the WCO in stimulating the growth of legitimate international trade, its efforts to combat fraudulent activities are also recognized internationally. The partnership approach championed by the WCO is one of the keys to building bridges between Customs administrations and their partners. By promoting the emergence of an honest, transparent and predictable customs environment, the WCO directly contributes to the economic and social well-being of its members.

Lastly, in an international environment marked by instability and the ever-present threat of terrorist activity, the WCO's mission to enhance the protection of society and the national territory, and to secure and facilitate international trade, takes on its full meaning.

The WCO Strategic Plan is updated annually to reflect the needs and priorities of the WCO in an ever-changing customs environment. The strategic goals for 2013–2014 are as follows:

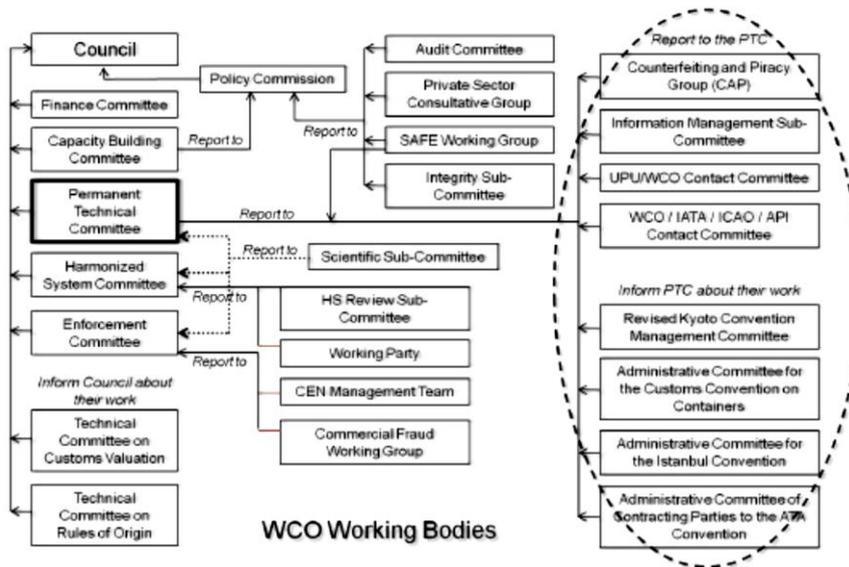
- Promote the security and facilitation of international trade, including the simplification and harmonization of customs procedures.
- Promote fair, efficient and effective revenue collection.
- Protect society, public health and safety.
- Strengthen capacity building.
- Promote the exchange of information among all stakeholders.
- Raise the performance and profile of Customs administrations.
- Conduct research and analysis.

- WCO mission statement: The WCO provides leadership, guidance and support to Customs administrations to secure and facilitate legitimate trade, realize revenues, protect society and build capacity.
- WCO vision statement: Borders divide, Customs connects. Dynamically leading modernization and connectivity in a rapidly changing world.

More about the Organization can be found on the WCO website ([www.wcoomd.org](http://www.wcoomd.org)).

i WCO structure of working bodies

The WCO's governing body – the Council – relies on the competence and skills of a Secretariat and a range of technical and advisory committees to accomplish its mission. The working bodies responsible for dealing specifically with customs procedures in postal traffic are the WCO/UPU Contact Committee and the Permanent Technical Committee, which it reports to. Nevertheless, issues dealt within most of the other working bodies (i.e. Enforcement Committee, Technical Experts Group on Air Cargo Security, Information Management Sub-Committee etc.) are of relevance for the postal sector.



d Collaboration between the UPU and WCO

i Memorandum of Understanding between the UPU and WCO

The UPU and the WCO have a long-standing history of collaboration and consultation. This can be illustrated by the Memorandum of Understanding (MOU) on the UPU website at [www.upu.int/en/activities/customs/key-documents.html](http://www.upu.int/en/activities/customs/key-documents.html). This MOU identifies areas of cooperation and consultation, along with specific guidelines.

ii WCO–UPU Contact Committee

Within the POC, the WCO–UPU Contact Committee reports to the Customs Group. Issues common to Posts and Customs are managed primarily through this joint committee. The Contact Committee ensures that the World Customs Organization has a voice in UPU issues.

The WCO–UPU Contact Committee has the character of a working group; its conclusions are submitted to the competent WCO and UPU bodies for approval. Within the WCO, the competent body is the Permanent Technical Committee; within the UPU, it is the Postal Operations Council.

On the Contact Committee, the two organizations are each represented by six member countries and by their own secretariat. The committee does not include representatives from the Post and Customs of the same country. However, the Post of an official customs administration representative on the committee can (and should) take part in the work of the committee as an observer. This joint participation by a country is very helpful towards the committee's work.

The committee is usually reconstituted every four years, following a decision by the supreme bodies in both organizations, namely, the WCO Council and the UPU Congress.

The Contact Committee deals with issues of common interest related to postal traffic. In particular, it seeks means and methods to:

- a speed up and simplify customs formalities in the postal service;
- b facilitate, simplify and harmonize customs formalities on postal items;
- c ensure effective customs control of postal items;
- d ensure that effective security arrangements are made for the carriage of all postal items; and
- e enhance customs control at export level.

The WCO–UPU Contact Committee is the means by which the UPU and WCO coordinate such things as (1) regulatory proposals impacting both Posts and Customs; (2) development of standards common to Posts and Customs; and (3) joint initiatives affecting both Posts and Customs.

UPU members and other registered users can consult the WCO–UPU Contact Committee's meeting reports, which are published on the UPU website.

### III. Regulatory framework

#### a UPU Convention and Regulations

The UPU Convention has many references to customs issues, as do the detailed Letter Post Regulations (articles prefixed with "RL") and Parcel Post Regulations (articles prefixed with "RC", the C being for the French word *colis*, meaning "parcel"). The Convention articles and detailed regulations are found in the Letter Post and Parcel Post Manuals. These are available on the UPU public website at [www.upu.int/en/activities/letter-post/letter-post-manual.html](http://www.upu.int/en/activities/letter-post/letter-post-manual.html) and [www.upu.int/en/activities/parcels/parcel-post-manual.html](http://www.upu.int/en/activities/parcels/parcel-post-manual.html).

The table below contains the regulations thought to be the most significant, as well as comments regarding their operational interpretation. An ellipsis ("...") refers to text from the article or regulation that has been omitted to shorten the text in the table. With the exception of Convention articles adopted by the 2012 Congress, readers can refer to the complete text in the Letter Post and Parcel Post Manuals.

This table is periodically updated by the POC Customs Group. It is reviewed after every POC session, to incorporate any changes made by the POC.

Subject	Reference	Text	Comments
Postal security	Convention article 9.1	<p>1 Member countries and their designated operators shall <u>observe the security requirements defined in the UPU security standards and shall</u> adopt and implement a proactive security strategy at all levels of postal operations to maintain and enhance the confidence of the general public in the postal services, in the interests of all officials involved. <u>This strategy shall, in particular, include the principle of complying with requirements for providing electronic advance data on postal items identified in implementing provisions (including the type of, and criteria for, postal items) adopted by the Postal Operations Council and Council of Administration, in accordance with UPU technical messaging standards.</u> The <u>strategy</u> shall <u>also</u> include the exchange of information on maintaining the safe and secure transport and transit of mails between member countries and their designated operators.</p>	<p>This specifies a responsibility of the Post as regards screening of mail to support aviation security. It also refers to a strategy to provide electronic pre-advance of information from customs declarations. The underlined text is that adopted by the 2012 Congress, to come into effect on 1 January 2014.</p> <p>The UPU security standards referenced in this article are UPU Technical Standards S58 (General security measures) and S59 (Office of exchange and international airmail security), available from the UPU Standards Programme. They are also available on the postal security section of the UPU website at <a href="http://www.upu.int/en/activities/postal-security/security-standards.html">www.upu.int/en/activities/postal-security/security-standards.html</a>.</p> <p>More information on the strategy referenced in this article is in the section titled "Future-state processes and the role of customs EDI as advance information".</p>
Processing of personal data	Convention article 12	<p>1 Personal data on users may be employed only for the purposes for which they were gathered in accordance with applicable national legislation.</p> <p>2 Personal data on users shall be disclosed only to third parties authorized by applicable national legislation to access them.</p>	<p>Postal activities are becoming increasingly globalized, and the security and processing of data are frequently discussed at international forums. It is therefore very important that the Convention should provide for not only the confidentiality of the data gathered by designated operators, but also the protection and security of that data.</p>

<i>Subject</i>	<i>Reference</i>	<i>Text</i>	<i>Comments</i>
		<p>3 Member countries and their designated operators shall ensure the confidentiality and security of personal data on users, in accordance with their national legislation.</p> <p>4 Designated operators shall inform their customers of the use that is made of their personal data, and of the purpose for which they have been gathered.</p>	<p>The need to inform customers and obtain their authorization to use their personal data is emphasized. It is specified that the purpose for which the personal data has been gathered should be notified to customers.</p>
Responsibility of Posts as regards information on customs declarations	<p>Convention article 24</p> <p>RL 156.12 (similar text in RC 151.1)</p>	<p>Non-liability of member countries and designated operators</p> <p>3 Member countries and designated operators shall accept no liability for customs declarations in whatever form these are made or for decisions taken by the Customs on examination of items submitted to customs control.</p> <p>12 Designated operators shall accept no liability for the customs declarations. Completion of customs declarations shall be the responsibility of the sender alone. However, designated operators shall take all reasonable steps to inform their customers on how to comply with customs formalities, and specifically to ensure that CN 22 and CN 23 customs declarations are completed in full, in order to facilitate rapid clearance of items. Note that information regarding completion of these forms is in a later section of this guide.</p>	<p>This clarifies that the sender and not the Post is responsible for the information on CN 22 and CN 23 forms, but also that the Post must have processes in place (trained staff, etc.) to advise and assist senders in completion of the forms.</p> <p>The following text on the back of the CN 22 and CN 23 customs declarations is relevant to this issue as well, since the origin Post may not be able to read the information on the form: "To accelerate customs clearance, fill in this form in English, French or in a language accepted by the destination country."</p>
Prohibitions and restrictions, dangerous goods	Convention article 18	<p>2 Prohibitions in all categories of items</p> <p>2.1 The insertion of the articles referred to below shall be prohibited in all categories of items: (...)</p> <p>3 Explosive, flammable or radioactive materials and dangerous goods (...)</p>	<p>This Convention article, as well as the Letter Post and Parcel Post Regulations, deals with articles that are prohibited (not admitted in the destination country) or restricted (admitted, but with specific conditions related to packaging, licences, quantities, etc.), as well as with dangerous goods.</p> <p>It defines dangerous goods that are not allowed in the mail, and identifies the conditions (packaging, labelling) under which some dangerous goods may be mailed.<sup>1</sup></p>

<sup>1</sup> The 2012 Congress decided to move these from the Convention to the Letter Post and Parcel Post Regulations. Thus, effective 1 January 2014, exceptionally admitted dangerous goods will be defined in the Regulations rather than the Convention.

<i>Subject</i>	<i>Reference</i>	<i>Text</i>	<i>Comments</i>
	<p>RL 131/ RC 119 RL 132/ RC 120 RL 133/ RC 121 RL 134/ RC 122 RL 135/ RC 123 RL 148/ RC 138</p> <p>RL 270 Commentary (similar text in RC 217)</p> <p>RL 271 (similar text in RC 218)</p>	<p>3.3 Exceptionally, the dangerous goods specifically referred to in the Regulations as being admissible shall be admitted.</p> <p>4 Live animals (...)</p> <p>Information to be supplied by designated operators:</p> <ul style="list-style-type: none"> <li>– updated information set out in clear, precise and detailed fashion concerning customs or other regulations, as well as the prohibitions or restrictions governing the entry and transit of postal items in their services;</li> </ul> <p>International Bureau publications</p> <p>2 It shall also publish, from information supplied by member countries and/or designated operators (...)</p> <p>2.5 a list of prohibited articles (...)</p>	<p>It requires Posts to define, in clear language, their own country-specific prohibitions and restrictions, which are then published by the International Bureau.</p> <p>These articles encourage and enable Posts to make every effort to:</p> <ul style="list-style-type: none"> <li>– ensure that senders are aware of what constitutes dangerous goods, and that they do not mail such articles.</li> <li>– ensure that their own prohibitions and restrictions are accurate and clearly worded.</li> <li>– make every effort to inform their customers about articles that may be prohibited or restricted in destination countries.</li> </ul>
Duty and taxes	Convention article 20	<p>Customs control. Customs duty and other fees</p> <p>1 The designated operators of the countries of origin and destination shall be authorized to submit items to customs control, according to the legislation of those countries.</p> <p>2 Items submitted to customs control may be subjected to a presentation-to-Customs charge, the guideline amount of which is set in the Regulations. This charge shall only be collected for the submission to Customs and customs clearance of items which have attracted customs charges or any other similar charge.</p>	<p>This Convention article defines the key features of postal customs clearance (as distinct from commercial customs clearance).</p> <p>Paragraph 2 refers to the typical situation where a destination Post may collect duty and tax from an addressee. It enables the Post to charge the customer (typically the addressee) a fee for the processes involved with being responsible for the collection of duty and tax. It does not permit this fee to be collected on items that are free of duty and tax.</p>

<i>Subject</i>	<i>Reference</i>	<i>Text</i>	<i>Comments</i>
		<p>3 Designated operators which are authorized to clear items through the Customs on behalf of customers may charge customers a customs clearance fee based on the actual costs. This fee may be charged for all items declared at Customs according to national legislation, including those exempt from customs duty. Customers shall be clearly informed in advance about the required fee.</p> <p>4 Designated operators shall be authorized to collect from the senders or addressees of items, as the case may be, the customs duty and all other fees which may be due.</p>	<p>Paragraph 3 refers to the atypical situation where the country is obliged to declare all items, including those exempt from duty or tax, and incurs additional cost in doing so.<sup>2</sup> In this case, the Convention article enables the Post to charge the customer a fee for all items, including those that are free of duty and tax.</p> <p>While the typical situation is that the destination Post collects duty and tax from the addressee, paragraph 4 enables other business models, depending on national legislation. One example of this is called "landed costs", where the sender pays the duty and tax to the origin Post, which then arranges payment to Customs at destination.</p>
Barcoded item identifiers on letter-post small packets <sup>3</sup>	RL 126.6.4	Designated operators may apply a single S10 barcode identifier to small packets to enable the provision of cross-border customs electronic pre-advice. However, the presence of such an identifier shall not imply the provision of a delivery confirmation service. (...)	<p>Unlike for parcels, EMS items and registered small packets, a barcoded item identifier is not mandatory on unregistered small packets, even though they are subject to customs control and such an identifier can be very important for processes involving Customs.</p> <p>This article enables origin Posts to apply the S10-format 13-character bar-coded identifier to unregistered, non-insured small packets. Note that the POC Standards Board changed standard S10 to provide for a specific prefix ("UA–UZ") for small packets.</p>
Placement of CN 22 on item	RL 156.1	Items to be submitted to customs control shall bear on the front a CN 22 customs declaration, or be provided with a tie-on label in the same form. The CN 22 customs declaration shall be affixed on the address side, in so far as possible in the top left-hand corner, beneath the sender's name and address, which must appear on the item.	This ensures that the CN 22 is highly visible – important for customs processing at destination.
Electronic transmission of CN 22 data	RL 156.2	Where designated operators so agree in advance, customs data provided in accordance with the instructions on the CN 22 or CN 23 customs declarations, including the names and addresses of the sender and addressee, may be transmitted	This enables Posts to exchange CN 22 and CN 23 data via EDI, on a bilateral basis such as via the ITMATT message (described later in this guide).

<sup>2</sup> Reference: 2008 Congress proposal 20.18.3.Rev 1.

<sup>3</sup> The differences between a letter-post small packet and a parcel, as defined in the Parcel Post Regulations, are outlined later in this document.

<i>Subject</i>	<i>Reference</i>	<i>Text</i>	<i>Comments</i>
Electronic transmission of CN 22 data (cont.)		electronically to the designated operator of the country of destination. The designated operator of origin may share all or part of these data with the customs administration in the country of origin for export purposes, and the designated operator of destination may share all or part of these data with the customs administration in the country of destination for customs import purposes. Designated operators shall not share the personal data contained in customs documentation with any other entity other than those governmental entities authorized by national legislation to have access to such personal data.	It also recalls the privacy issues associated with such data.
Use of CN 23 on small packets	RL 156.5	<p>If the value of the contents declared by the sender exceeds 300 SDR, or if the sender prefers, the items shall also be accompanied by the prescribed number of separate CN 23 customs declarations. One of these declarations must be affixed to the item. If the declaration is not directly visible on the front of the item, the detachable part of the CN 22 customs declaration shall be affixed to the front of the item. It shall also be possible to replace the detachable part of the CN 22 customs declaration with a gummed or self-adhesive white or green label inscribed as follows:</p> <div style="text-align: center; border: 1px solid black; border-radius: 15px; padding: 10px; width: fit-content; margin: 10px auto;"> <p><b>CN 23 enclosed</b>  <b>May be opened</b>  <b>officially</b></p> </div>	This article specifies the conditions of using a CN 23, rather than a CN 22, for letter-post products such as small packets and M bags.
Transparent adhesive envelope	RL 156.6	CN 23 customs declarations shall be securely attached to the outside of the item, preferably in a transparent adhesive envelope.	This article encourages the use of transparent envelopes so that the CN 23 form is visible but can be removed for inspection by Customs and then put back into the envelope.
Application of customs declarations for small packets	RL 156.8	Small packets shall always be provided with a customs declaration	This article clarifies that letter-post small packets must have either a CN 22 or a CN 23.

<i>Subject</i>	<i>Reference</i>	<i>Text</i>	<i>Comments</i>
Priority of mail	RL 172.4 (similar text in RC 151.2)	Priority treatment of priority items and airmail items  4 Designated operators shall take all necessary steps to: (...) 4.3 speed up the operations relating to customs control of priority items and airmail items addressed to their countries;	Similar regulations apply to parcels.  This article requires destination Posts to give priority to airmail/priority mail over surface/SAL/non-priority.  This is typically done by arranging operations in the inward office of exchange such that airmail/priority mail is presented to Customs ahead of surface/non-priority/SAL mail.
Returned or redirected items	RC 153	1 Designated operators shall undertake to seek from the competent authorities in their countries cancellation of the fees (including customs duty) in the case of a parcel:  1.1 returned to sender; 1.2 redirected to a third country; 1.3 abandoned by the sender; 1.4 lost in their service or destroyed because of total damage of the contents;	This article requires Posts to have arrangements in place with Customs such that the duty or tax applied to an item that is returned or redirected can be cancelled.  Although this is a parcel post regulation, the same principle applies to letter-post items that are Customs-controlled, such as small packets.
Format segregation	Convention article 14	Classification of letter-post items based on their formats  1 Within the classification systems referred to in article 13.3, letter-post items may also be classified on the basis of their format as small letters (P), large letters (G) or bulky letters (E). The size and weight limits are specified in the Letter Post Regulations.	This article was introduced at the 2012 Congress and is effective as of 1 January 2014. It refers to format segregation. It enables and encourages Posts to segregate letter post into receptacles depending on the format of the letter-post item. For example, Posts may bilaterally agree to have receptacles (bags) containing only small packets, and to have letters/printed papers in different receptacles (i.e. to not commingle small packets with letters/printed papers). Among other potential benefits, this can bring efficiencies in the destination country's customs clearance processes. (Reference: 2012 Congress–Doc 20a.)

In addition to these regulations, there are other important regulations in the form of instructions that appear on the back of the CN 22 and CN 23. These are covered elsewhere in this guide. Congress resolutions typically instruct the bodies of the UPU (e.g. POC, CA, IB) as regards strategies and priorities. Resolutions relevant to customs from the most recent Congress can be consulted on the UPU website by registered users at [http://pls.upu.int/document/2012/an/cng\\_doc/d040.pdf](http://pls.upu.int/document/2012/an/cng_doc/d040.pdf).

These resolutions are:

- C 49/2012 – Implementation of electronic data interchange (EDI) supporting customs and transport security and other authorities
- C 55/2012 – Work relating to customs matters

## *b WCO instruments and tools*

The WCO is a standard setting organization which has in the past 60 years developed a large number of instruments and tools to help Customs administrations around the world carry out their goals and objectives. These instruments and tools largely relate to all modes of traffic and are therefore relevant for customs formalities in postal traffic.

This chapter provides more information on the four WCO packages which represent a framework under which the instruments and tools, as well as best practices, have been placed. It further includes information on those which are of more relevance to the postal supply chain.

### 1 Four WCO Packages

The WCO has developed four Packages that support adoption and quality administration of modern Customs practices and will raise awareness on the vital role of Customs in international trade. The four packages consist of core Customs competencies, instruments, tools, and technical assistance that support the achievement of key Customs objectives, especially revenue collection, trade facilitation, border security, and combating of smuggling. The four packages are :

- Revenue Package (RP).
- Economic Competitiveness Package (ECP).
- Compliance and Enforcement Package (CEP).
- Organizational Development Package (ODP).

The RP consists of WCO tools that support efficient and fair revenue collection, especially related to commodity classification, valuation, and rules of origin. Collection of revenue remains a top priority for many Customs administrations, particularly in economies where a substantial portion of government revenue is derived from Customs duties. A modern Customs administration needs to apply the relevant tools and instruments - developed by the WCO and other international bodies – in a consistent manner in order to achieve fair, efficient, and effective revenue collection.

The ECP consists of WCO tools that support economic competitiveness through trade facilitation and security, especially the Revised Kyoto Convention and the SAFE Framework of Standards. The WCO is working with its Members to ensure growth by securing and promoting economic competitiveness. Trade security and facilitation is one of the key factors for economic development of nations and is closely tied into national agendas on social wellbeing, poverty reduction and economic development of countries and their citizens.

Likewise, the WCO provides a forum for the development of instruments and tools to simplify and harmonize Customs procedures.

The CEP supports protection of society through enforcement-related tools, partnerships with stakeholders, advanced technology and infrastructure, and coordination of law enforcement operations, ensuring goods, people and means of transport comply with laws and regulations, the attainment of safe and secure communities, the economic competitiveness of nations, the growth of international trade and the development of the global marketplace. The WCO will continue to develop and maintain standards and guidelines with respect to the goal of protecting society. The exchange of Customs enforcement information and Intelligence is crucial to the WCO's Enforcement Strategy. To this end, the WCO will coordinate and implement Customs law enforcement initiatives and operational activities with assistance from key stakeholders.

The ODP consists of WCO tools for holistic institutional and human resource development, complemented by providing strategic advisory support for delivery and strengthening stakeholder engagement and integrity. The details of each Package can be found in their respective documents. Effective and efficient Customs administrations are vital for the economic, social and security development of States. The WCO, as the global centre of Customs excellence, plays a central role in development, promotion and support for the implementation of modern Customs standards, procedures and systems and has positioned itself as a global leader in Capacity Building delivery. The development of Capacity Building tools is linked to three enablers that were emphasized by the Capacity Building Committee as essential for sustainable development and modernization: Political Will, People and Partnerships.

The four Packages thus form a suite of WCO tools and assistance that can support a Customs administration to achieve its objectives. There is, of course, overlap across the four Packages as the same tool can contribute to achieving different objectives. For instance, the Risk Management Compendium can contribute to revenue collection, economic competitiveness and enforcement. Thus, WCO Members can be confident that each Package contains the tools necessary for pursuing the respective core objective.

## 2 Instruments and tools of particular relevance to postal traffic

A number of WCO instruments and tools are specific to, or have greater relevance for, customs procedures in postal traffic. These include the Revised Kyoto Convention (Chapter 2 of Specific Annex J), Immediate Release Guidelines, Recommendation on Flat Rate Assessment, Recommendation on Free Admission of Gifts, Risk Management Compendium (Volume 2, Risk Indicators and Manual on Postal/Express Consignments), the HS Convention. However, most of the other WCO instruments and tools relate to all modes of traffic and therefore should be taken into consideration by Customs administrations when dealing with formalities in postal traffic. Of particular relevance is the SAFE Framework of Standards which will be covered under Chapter V on Postal and Customs Safety and Security Issues.

### *Revised Kyoto Convention, Specific Annex J, Chapter 2*

The International Convention on the Simplification and Harmonization of Customs procedures (Kyoto Convention) entered into force in 1974 and was revised and updated to ensure that it meets the current demands of governments and international trade.

The WCO Council adopted the Revised Kyoto Convention (RKC) in June 1999 as the blueprint for modern and efficient customs procedures in the 21st century. The RKC promotes trade facilitation and effective controls through its legal provisions that detail the application of simple yet efficient procedures. The revised Kyoto Convention elaborates several key governing principles; chief among these are the principles of:

- transparency and predictability of Customs actions;
- standardization and simplification of the goods declaration and supporting documents;
- simplified procedures for authorized persons;
- maximum use of information technology;
- minimum necessary Customs control to ensure compliance with regulations;
- use of risk management and audit-based controls;
- coordinated interventions with other border agencies;
- partnership with the trade.

The RKC entered into force on 3 February 2006. As of September 2013, the RKC has 91 Contracting Parties.

The RKC covers customs business broadly. Specific Annex J, Chapter 2, is related to postal traffic and has five definitions, 10 standards and one recommended practice. These are outlined below together with a UPU interpretation in order to enable Posts to better understand the WCO publication.

Specific Annex J on postal traffic provides simplified customs clearance procedures for postal traffic; the document should be widely shared with Customs authorities at national level. It helps to ensure compliance with the UPU's universal service obligation and the concept of a single postal territory. It protects the universal exchange of mail and complements the UPU's acts and regulations. In an era where the speed of customs clearance has become crucial to ensuring quality of service, it is in the UPU's interest to have as many WCO members as possible accede to the RKC and to Chapter 2 of its Specific Annex J. The more WCO members that accede to these texts, the better the quality and speed of the global postal supply chain.

	<i>Text</i>	<i>WCO–UPU interpretation</i> <sup>4</sup>
Definition	" <b>CN 22/23</b> " means the special declaration forms for postal items as described in the Acts of the Universal Postal Union currently in force.	This definition enables Customs officials to use the postal forms CN 22 and CN 23 for customs purposes. This then implies that changes to the CN 22 or CN 23 involve consultation with the WCO.
Definition	" <b>Customs formalities in respect of postal items</b> " means all the operations to be carried out by the interested party and Customs in respect of postal traffic.	This definition illustrates a distinction between postal customs clearance and commercial customs clearance.
Definition	" <b>Postal items</b> " means letter-post and parcels, as described in the Acts of the Universal Postal Union currently in force, when carried by or for postal services.	The WCO accepts this definition as provided by in the Acts of the UPU.
Definition	" <b>Postal service</b> " means a public or private body authorized by the government to provide the international services governed by the Acts of the Universal Postal Union currently in force.	While in the past mainly a public body, the postal service (designated postal operator) is in a growing number of countries a private body authorized by the government to provide the international services governed by the Acts of the UPU.
Definition	" <b>The Universal Postal Union</b> " means the inter-governmental organization founded in 1874 by the Treaty of Bern as the "General Postal Union" which, in 1878, was renamed the "Universal Postal Union (UPU)" and which since 1948 has been a specialized agency of the United Nations.	
Standard 1	The Customs formalities in respect of postal items shall be governed by the provisions of this Chapter and, insofar as applicable, by the provisions of the General Annex.	Annex J Chapter 2 specifically deals with postal items. However, this standard clarifies that the provisions of the General Annex of the Revised Kyoto Convention are applicable to all Specific Annexes, including Specific Annex J and its Chapter 2. RKC Guidelines specify that of particular importance are Chapter 3 of the GA on Clearance and other Customs formalities, Chapter 6 on Customs control and Chapter 7 on Information technology, which should be read in conjunction with the Annex J Chapter 2 on Postal Traffic.

<sup>4</sup> In some cases, text from the WCO document "Guidelines to Specific Annex J Chapter 2 (Postal Traffic)" is included. Some of the material in that WCO document is also placed elsewhere in this guide.

	<i>Text</i>	<i>WCO–UPU interpretation</i> <sup>4</sup>
Standard 2	National legislation shall specify the respective responsibilities and obligations of the Customs and of the postal service in connection with the Customs treatment of postal items.	<p>This standard clarifies that postal services and Customs have certain obligations and responsibilities which derive from the Acts of the UPU with the parts relevant to Customs having been established in consultation with Customs.</p> <p>In particular these relate to the documents accompanying postal items, the information to be supplied and the methods of forwarding the items and documents. Other responsibilities and obligations of the postal services and Customs may be decided upon by mutual agreement between the Post and Customs.</p>
Standard 3	The clearance of postal items shall be carried out as rapidly as possible.	<p>As postal traffic is subject to the normal payment of applicable duties and taxes and to national legislation relating to prohibitions and restrictions, there will be a consequential impact on delivery times. Standard 3 requires Customs to limit these impacts to the greatest extent possible. However, nothing in this provision should be seen as limiting customs controls.</p> <p>RKC Guidelines recognize three possible levels of involvement by the postal service in the clearance of goods imported by post: a) the postal service presents items requiring clearance to Customs; b) the postal service carries out certain operations, under Customs control, which are normally the responsibility of Customs; and c) the postal service acts as a Customs clearing agent, in particular in dealing with EMS items.</p>
Standard 4	The exportation of goods in postal items shall be allowed regardless of whether they are in free circulation or are under a Customs procedure.	These standards serve to clarify that exportation and importation must be allowed regardless of the customs procedure under which the goods have been or will be placed. This principle applies equally to postal items, providing that all normal formalities prescribed for the particular procedure are complied with.
Standard 5	The importation of goods in postal items shall be allowed irrespective of whether they are intended to be cleared for home use or for another Customs procedure.	
Standard 6	The Customs shall designate to the postal service the postal items which shall be produced to them for the purposes of Customs control and the methods of production of these items.	This Standard clarifies that it is the customs administration that determines the mail that the Post must present to Customs. The "method of production" (i.e. presentation) refers to physical, copies of documents, electronic, etc.

	<i>Text</i>	<i>WCO–UPU interpretation</i> <sup>4</sup>
Standard 7	<p>The Customs shall not require postal items to be produced to them at exportation for the purposes of Customs control, unless they contain:</p> <ul style="list-style-type: none"> <li>– goods the exportation of which must be certified;</li> <li>– goods which are subject to export prohibitions or restrictions or to export duties and taxes;</li> <li>– goods having a value exceeding an amount specified in national legislation; or</li> <li>– goods which are selected for Customs control on a selective or random basis.</li> </ul>	<p>This Standard clarifies that Customs controls at export should be limited. However, risk management and selectivity should maintain sufficient controls of outbound items.</p>
Recommended practice 8	<p>The Customs should not, as a general rule, require the following categories of imported postal items to be produced to them:</p> <ul style="list-style-type: none"> <li>a postcards and letters containing personal messages only;</li> <li>b literature for the blind;</li> <li>c printed papers not subject to import duties and taxes.</li> </ul>	<p>Note that this is a Recommended Practice and not a Standard. This illustrates that the determination of items to be presented to Customs is a national issue. Also the phrase "as a general rule" provides flexibility, in that Customs may require all mail from a specific country to be presented to them either on an ongoing basis or from time to time.</p>
Standard 9	<p>When all the information required by the Customs is available from the CN 22 or CN 23 and supporting documents, the form CN 22 or CN 23 shall be the Goods declaration, except in the case of:</p> <ul style="list-style-type: none"> <li>– goods having a value exceeding an amount specified in national legislation;</li> <li>– goods which are subject to prohibitions or restrictions or to export duties and taxes;</li> <li>– goods the exportation of which must be certified;</li> <li>– imported goods intended to be placed under a Customs procedure other than clearance for home use.</li> </ul>	<p>This standard clarifies that the CN 22 or CN 23, and accompanying documents, such as a commercial invoice, are all that is required for postal customs clearance, except in the circumstances outlined, when a separate Goods declaration should be required. Guidelines specify that a Goods declaration may be a national document which is the same as that prescribed for other means of transport or it may be specially designed for postal clearance. Alternatively some Customs administrations accept an international document such as an ATA carnet for temporary admission.</p>
Standard 10	<p>Postal items shall not be subject to Customs formalities whilst they are being conveyed in transit.</p>	<p>This makes it clear that mail in receptacles being handled in closed transit, as well as items being handled in open transit, are not subject to customs formalities by the Customs administration of the transit country.</p> <p>In accordance with the WCO–UPU formal opinion on items in transit in closed mails or à découvert (open transit) suspected of containing narcotics or psychotropic substances, Customs in the transit country may take appropriate measures to inform Customs in the country of destination of its suspicions.</p>

	<i>Text</i>	<i>WCO–UPU interpretation<sup>4</sup></i>
Standard 11	The Customs shall make the simplest possible arrangements for the collection of duties and taxes on the goods contained in postal items.	This standard clarifies that simplicity is an objective as regards postal customs clearance. It recognizes that customs brokers are not typically utilized by users of the postal customs clearance process, except in circumstances where national legislation requires a formal customs entry. Guidelines also recommend the use of a flat-rate assessment for non-commercial goods imported for home use up to a value specified in national legislation, as well as use of admission free of import duties and taxes for gifts.

### *HS Convention*

The Harmonized Commodity Description and Coding System (generally referred to as the "Harmonized System" or simply "HS") is a multi-purpose international product nomenclature developed by the WCO. It is governed by the International Convention on the Harmonized Commodity Description and Coding System, which was adopted in June 1983 and entered into force in January 1988. It comprises about 5,000 commodity groups, each identified by a six-digit code arranged in a legal and logical structure and supported by well-defined rules to achieve uniform classification.

The system is used by more than 200 countries and economies as a basis for their customs tariffs and for the collection of international trade statistics (as of July 2013, 148 of these were contracting parties to the HS Convention). Over 98% of the merchandise traded internationally is classified in terms of the HS.

The HS contributes to the harmonization of customs and trade procedures and the paperless trade-data interchange in connection with such procedures, thus reducing the costs related to international trade. It is also extensively used by governments, international organizations and the private sector for many other purposes, such as internal taxes, trade policies, monitoring of controlled goods, rules of origin, freight tariffs, transport statistics, price monitoring, quota controls, compilation of national accounts and economic research and analysis. The HS is thus a universal economic language and code for goods, as well as an indispensable tool for international trade.

The maintenance of the HS is a WCO priority. This activity includes measures to secure uniform interpretation of the HS and its periodic updating in the light of developments in technology and changes in trade patterns. The WCO manages this process through the Harmonized System Committee (representing the contracting parties to the HS Convention), which examines policy matters, takes decisions on classification questions, settles disputes and prepares amendments to the explanatory notes. The HS Committee also prepares amendments updating the HS every five years. Decisions concerning the interpretation and application of the HS, such as classification decisions and amendments to the explanatory notes or compendium of classification opinions, become effective two months after approval by the HS Committee.

### *Recommendation on Flat Rate Assessment*

Recommendation of the Customs Co-operation Council Concerning the Application of a Flat Rate Assessment System to Goods Sent in Small Consignments to Private Individuals or Carried in Travellers' Baggage (Flat Rate Assessment) was adopted in 1968 having in mind the need to handle expeditiously the large number of goods sent in small consignments. A flat rate assessment is recommended as a system which can simplify and expedite the clearance of such goods.

### *Recommendation on Free Admission of Gifts*

Recommendation of the Customs Co-operation Council Concerning the Free Admission of Gift Consignments was developed with a view to recommending that Members grant admission free of import duties and taxes consignments containing only gifts, the value of which does not exceed 30 SDRs. It also determines what can be considered as a gift.

### *Immediate Release Guidelines*

After recognizing that a part of a country's trade requires immediate customs clearance, the WCO devised a set of release/clearance procedures in the early 1990s in view of helping Customs and businesses speed up the clearance of goods requiring immediate release, in particular documents and low-value goods. Following the revision of the Kyoto Convention and other initiatives, including the development of the WCO Data Model, and in the light of certain concerns expressed by Customs and the private sector, the guidelines were revised and updated. The revised guidelines, now known as the "Immediate Release Guidelines", were adopted in March 2003 by the Permanent Technical Committee. The guidelines essentially provide that Customs shall generally release/clear all items immediately, subject to compliance with the conditions set by Customs and to the communication of the necessary information required under national legislation on the scheduled date prior to the arrival of the goods. This pre-advice is made possible in particular because of the opportunities offered by the electronic exchange of data between operators and Customs. In the current guidelines, goods continue to be categorized into one of four categories: Category 1 – Correspondence and documents; Category 2 – Low-value consignments for which no duties and taxes are collected; Category 3 – Low-value dutiable consignments; Category 4 – High-value consignments.

### *Risk Management Compendium*

The changes in the strategic landscape of Customs' operating environment, combined with the long-term growth in trade and travel volumes, have affected the way Customs administrations are managed and how they approach their tasks. These developments, together with the increasing uncertainty, have led many administrations to seek a more structured and systematic way to manage risks.

Risk management has been one of the key vehicles for Customs administrations in their efforts to better meet the demands of the 21st century operating environment, which sees Customs administrations striving to address risks wherever they are found and as early in the supply chain as possible.

The development and implementation of an intelligence-enabled risk management framework, together with the growth of a risk management culture within a Customs organization, has enabled more effective decision-making at all levels of the organization and in relation to all areas of risk. Today, risk management is seen as one of the guiding principles associated with modern Customs administrations.

The WCO Customs Risk Management Compendium<sup>5</sup> comprises two separate but interlinked volumes. Volume 1, available to the public, sets out the organizational framework for risk management, gives details of the risk management process, describes the different building blocks of an organizational risk management framework, and discusses embedding risk management as an organizational culture and building risk management capacity.

Volume 2 of the Compendium deals with operational risk management and contains "enforcement-sensitive" material for "Customs only" purposes, including numerous practical guides and templates for assessing risks in relation to the movement of goods, people, conveyances, economic operators and other parties to international trade.

The document entitled "Risk Indicators and Manual on Postal/Express Consignment" has recently been finalized and will be incorporated into Volume 2 of the WCO Customs Risk Management Compendium.

### *3 Other instruments and tools*

As already mentioned previously, the WCO has developed numerous other instruments and tools. Some of them are the SAFE Framework of Standards, WCO Data Model, Single Window Compendium, ICT

<sup>5</sup> Available at <http://www.wcoomd.org/en/topics/enforcement-and-compliance/instruments-and-tools/rmc.aspx>.

Guidelines, recommendations, Istanbul and ATA Conventions, the Nairobi Convention, Guidelines on Post-Clearance Audit, Customs Valuation Compendium and many more. A number of them will be mentioned in other chapters. The big majority of these instruments and tools are publicly available and can be found on the WCO web site, under the four WCO packages.

#### 4 *WCO Glossary of International Customs Terms*

The glossary of international customs terms is aimed at capturing, in a single document, definitions of certain customs terms in order to establish a common customs terminology, with the objective of not only facilitating the work of the WCO, but also assisting members and non-members, international organizations and the private sector in the development of a uniform approach to the use of customs terminology. The glossary also provides updated definitions to facilitate the interpretation of a number of key WCO instruments and guidelines.

Additionally, the glossary is an important tool for the general public and wider trade community to secure broad and uniform understanding of customs issues. Consistent use of customs terminology should not be underestimated, particularly when rules and regulations are developed.

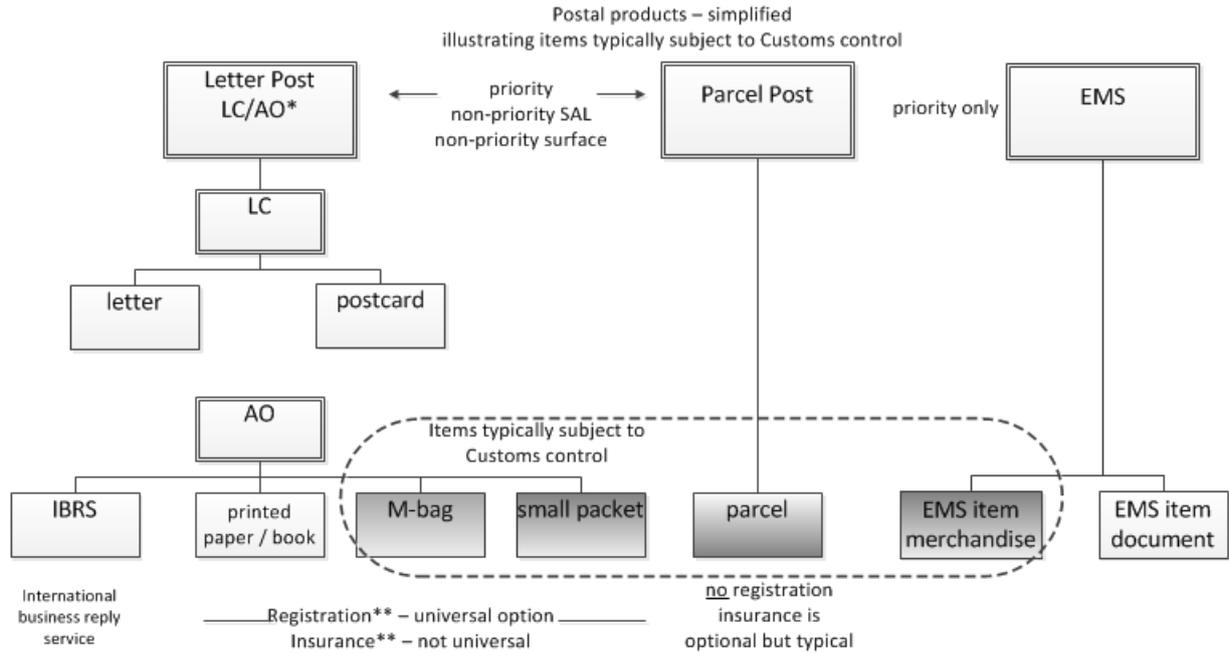
The glossary of international customs terms is constantly updated. This is due to the growth in the role of Customs and international trade over the last few years, which has resulted in the adoption of several instruments, such as the Revised Kyoto Convention, the SAFE Framework of Standards, the "Customs in the 21st century" strategic document, the Single Window Compendium, and the WCO data model version 3. Therefore, based on the countless developments that have taken place in the customs and international trade environments, it has become necessary to update the glossary of international customs terms in order to include new terms that have become widespread as a result of the development of several customs and trade instruments.

The Glossary can be found on the WCO web site in English: (<http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/~media/F25FD6CF615AB45F9B0200AB247318893.ashx>) and French language (<http://www.wcoomd.org/fr/topics/facilitation/instrument-and-tools/~media/BDD2B8240DCE475AB46E725A6B8D8145.ashx>).

## **IV. Operational environment**

### *a Postal products and services*

The following diagram depicts the UPU products and services, highlighting those typically subject to customs control:



\*Letter Post is often referred to as LC/AO for, in French "Lettres et Cartes / Autre Objets"; in English "Letters and Cards / Other Objects"  
 \*\* The 2012 Congress decided that registered and insured Letter Post items are limited to Priority only. This is effective 1 January 2014.

As depicted above, postal products are classified as letter post, parcel post or EMS. Letter post contains items such as letters and postcards, which are typically not subject to systematic customs control. Letter post also includes small packets and M bags (direct bags of printed papers for the same address), both of which are subject to customs control. Virtually all parcel post is subject to customs control. EMS can contain either documents or merchandise. EMS items containing merchandise are subject to customs control. EMS items containing documents may be subject to customs control, depending on the destination country.

The distinction between a letter-post small packet and a parcel is one that often causes confusion. To a customer, they are much the same. In general, to Customs they are also the same, as the assessment of duty and tax is the same for a packet or a parcel. However, the postal labelling of the items, the handling by the Posts, and the remuneration between Posts is different for small packets versus parcels, as indicated below:

	<i>Small packet</i>	<i>Parcel</i>
Regulatory basis	Letter Post Regulations	Parcel Post Regulations
Customs declaration	CN 22 – optionally CN 23	CN 23 (may be part of CP 72 manifold set)
Weight	0–2 kg	0–20 kg (optionally to 30 kg)
Remuneration between Posts	Terminal dues	Inward land rates
Dispatch bill/receptacle label	CN 31 letter bill/CN 34, CN 35 or CN 36 receptacle labels	CP 87 parcel bill/CP 83, CP 84 or CP 85 receptacle labels
Barcoded item identifier	Does not normally have a barcoded item identifier. However, origin operators may optionally apply a 13-character S10-format barcoded item identifier.	A 13-character S10-format barcoded item identifier is mandatory. This may be applied separately or included on the CN 23.

*b Postal dispatch processes*

*1 Postal perspective*

The processes involved with postal dispatches form the basis for all postal operations and accounting

between Posts. The processes are important to Customs (and airlines) as they are necessary for ensuring the control of the postal supply chain. In their simplest form, the processes operate as described below.

### *Postal dispatch*

Each dispatch from an origin office of exchange (OE) to a destination OE, for each class of mail, is sequentially numbered, and the number is reset for the first dispatch of the calendar year. This is the "dispatch number". Each dispatch is accompanied by a paper (letter or parcel) bill which describes the dispatch, in terms of the number of receptacles, weight, etc. For the first dispatch of the calendar year, the last dispatch number of the previous calendar year is also included on the (letter or parcel) bill.

Destination OEs file the (letter or parcel) bills<sup>6</sup> in order of dispatch number for each origin office of exchange and product. In so doing, a missing dispatch can be detected immediately on receipt of the next dispatch.

For example, if priority letter-post dispatch number 0123 of 2012 from Zurich OE to Montreal OE has been received, but dispatch number 0122 has not, then Montreal can immediately know that dispatch number 0122 may have gone astray and can initiate investigations.

As well, a dispatch may consist of only one receptacle (e.g. bag or tray), or may comprise several receptacles, depending on the volume of mail at the time. Unfortunately, individual receptacles of a dispatch do not always stay together as they progress through the supply chain. The (letter or parcel) bill also identifies the number of receptacles dispatched, so the destination can ensure not only that there are no missing dispatches, but also that each of the receptacles in a dispatch has been received. It is of critical importance that the destination receives the bill. Accordingly, the label of the receptacle carrying the bill is marked with a large "F" (for "forms"). This receptacle is often called the "F bag".

These principles for dispatch and receptacle numbering, and receipt controls, form the basis for both manual and automated processes for exchange of mail between countries, thereby ensuring the integrity of the supply chain. It is very important that Posts rigorously apply these principles.

### *Postal consignment<sup>7</sup>*

As noted, receptacles of a dispatch may not all travel together and may not travel on the same transport that was planned when the dispatch was created. Receptacles of several different dispatches may travel on a specific transport. A Post may receive receptacles created by another Post and forward them onwards along with its own originating receptacles. (This is called closed transit.)

Thus, a consignment is a list of the receptacles assigned to a specific transport, regardless of the dispatch (or dispatches) to which the receptacles belong. Whereas a dispatch is generally defined by a letter or parcel bill (forms CN 31, CN 32 and CP 87), a consignment is defined by a delivery bill (forms CN 37, CN 38 and CN 41).

The existence of these UPU forms (delivery bill, receptacle labels) enables a shipment of mail to be moved from the custody of the airline at an airport to the custody of the Post at the inward office of exchange (which may be located a distance away from the airport) for postal customs clearance.

Thus, the hierarchy of terms commonly used by the Post for the exchange of mail is as follows:

- Postal item: A letter, postcard, letter-post small packet, letter-post M bag, parcel, EMS item, etc.
- Postal receptacle: A component of a dispatch. It is typically a bag or a tray. It has a standard 29-character barcoded receptacle identifier. In addition to Posts, airlines use postal receptacles.
- Postal dispatch: Each postal receptacle is a component of a postal dispatch and has a standard 20-character dispatch identifier. The dispatch identifier is part of the 29-character receptacle identifier.
- Postal dispatch series: Postal dispatches are sequentially numbered within a dispatch series established between the origin OE and destination OE. This dispatch series is 15 characters and is also part of the receptacle identifier.

<sup>6</sup> As well as the EMS equivalent of the CN 31 letter bill.

<sup>7</sup> The term "consignment" is used in several contexts in UPU regulatory publications. In this case, the context is that of article RL 190 of the Letter Post Regulations.

- Postal consignment: Postal receptacles are also included in consignments, for transport purposes. Thus, a consignment is a list of the receptacles assigned to a specific transport, regardless of the dispatch (or dispatches) to which the receptacles belong.

## 2 *Article description*<sup>8</sup>

From a customs perspective, and increasingly from a postal perspective, this is another level in the hierarchy. The article description refers to the content of postal items as indicated in the rows on the CN 22 or CN 23 titled "description of contents". For example, a postal item that is a parcel might contain three dinner plates and six coffee cups. The three dinner plates would be one article description, and the six coffee cups would be another. The article description is a key element of many customs processes. It is the article description that relates to the Harmonized System (HS) code which may be on the customs declaration from commercial customers. The HS code is vital to ensuring effective fiscal clearance and is important for e-commerce volumes.

## 3 *Airline perspective*

The delivery bill (e.g. CN 38) and receptacle labels (e.g. CN 35, CN 36, CP 84, CP 85) are very important to airlines for many reasons, including customs at airports. For the airline, the delivery bill and UPU standard receptacle labels define a shipment as being mail, rather than cargo or freight, and enable the airline processes relating to mail to be applied.

### *c Acceptance and dispatch (export)*

It is very important that customs declarations be properly completed in English, French or in a language accepted in the destination country, and be legible. It is also very important that they be visible and readily accessible, i.e. securely affixed to the outside of the item, yet also protected from the rigours of transport.

It is important that the declared value of the item, as indicated by the sender, is accurate.

Failure to follow these guidelines typically means that the item has to be opened at destination (either by the Post or Customs), the articles inside inspected and assessed, and then the item re-packaged. This delays delivery of the item and adds, considerably, to the cost incurred by the destination. It also typically causes delays in delivery of other items because of the resources diverted to deal with these items.

There are two critical points in the supply chain at origin that can affect customs processing at the destination: acceptance and dispatch.

- Acceptance: The acceptance of the item from the customer at the post office is the only place to ensure that the information on the customs declaration is properly completed and the form is signed. While the sender is responsible for the information on the customs declaration, the Post is responsible for training its acceptance staff to ensure that the form is properly completed, signed and affixed to the item. If a sender is unable to complete the customs declaration or is unwilling to sign the form, the Post should not accept the item from the sender. The processes for ensuring the quality of customs declarations for commercial customers (which may have large volumes and sometimes use automated systems to create customs declarations) can be different from those for consumer customers, who may be occasional senders of international items. Posts need to ensure that their processes to ensure quality at acceptance deal with both types of customers.
- Dispatch: The dispatch process at the outward office of exchange is the second and last point in the supply chain where the quality of the customs declarations can be assessed. Posts should train their OE staff to do a cursory check of the customs declaration as the item is being dispatched, and to have appropriate processes in place to deal with an item when the customs declaration is found to be incomplete or illegible, or to have any other defect which may affect the customs processing of the item at the destination.

<sup>8</sup> In UPU standards ITMATT, CUSITM and CUSRSP, this is called "content\_piece".

*d Export controls*

Depending on national legislation, origin countries may have specific requirements for export controls, in addition to those covered by UPU publications (which cover dangerous goods and country-specific prohibitions and restrictions).

These export controls may be destination country-specific, based on the value of the item or on the quantity of specific commodities.

Origin Posts with such export controls must ensure that acceptance staff are suitably trained to be able to implement the controls effectively.

*e Summary of UPU forms, standards, EDI messages (including customs-related messages)*

<i>Level</i>	<i>UPU letter post form</i>	<i>UPU parcel post form</i>	<i>Combined letter post or parcel post form</i>	<i>UPU technical standard</i>	<i>UPU messaging standard</i>
Article description	Customs declarations				
	CN 22	CP 72 <sup>9</sup>	CN 23 <sup>10</sup>		M33 ITMATT
Item	Item-level labels			S10 item-ID (13-character barcode)	M17 or M40 EMSEVT  M14 or M41 PREDES
	CN 04 registered CN 05 recorded delivery CN 05bis express CN 06 insured	CP 73 ordinary parcel CP 74 insured parcel			
	Item-level forms				
	CN 33 special list – registered items CN 16 dispatch list – insured items	CP 87 parcel bill <sup>11</sup>			
Receptacle	Receptacle-level labels			S9 receptacle-ID (29-character barcode)	M14 or M41 PREDES M13 RESDES
	CN 34 surface CN 35 air CN 36 S.A.L.	CP 83 surface CP 84 air CP 85 S.A.L.			
Dispatch	Dispatch-level forms			S47 receptacle label	
	CN 31 letter bill CN 32 letter bill for bulk mail	CP 87 parcel bill			
				S8 dispatch-ID	

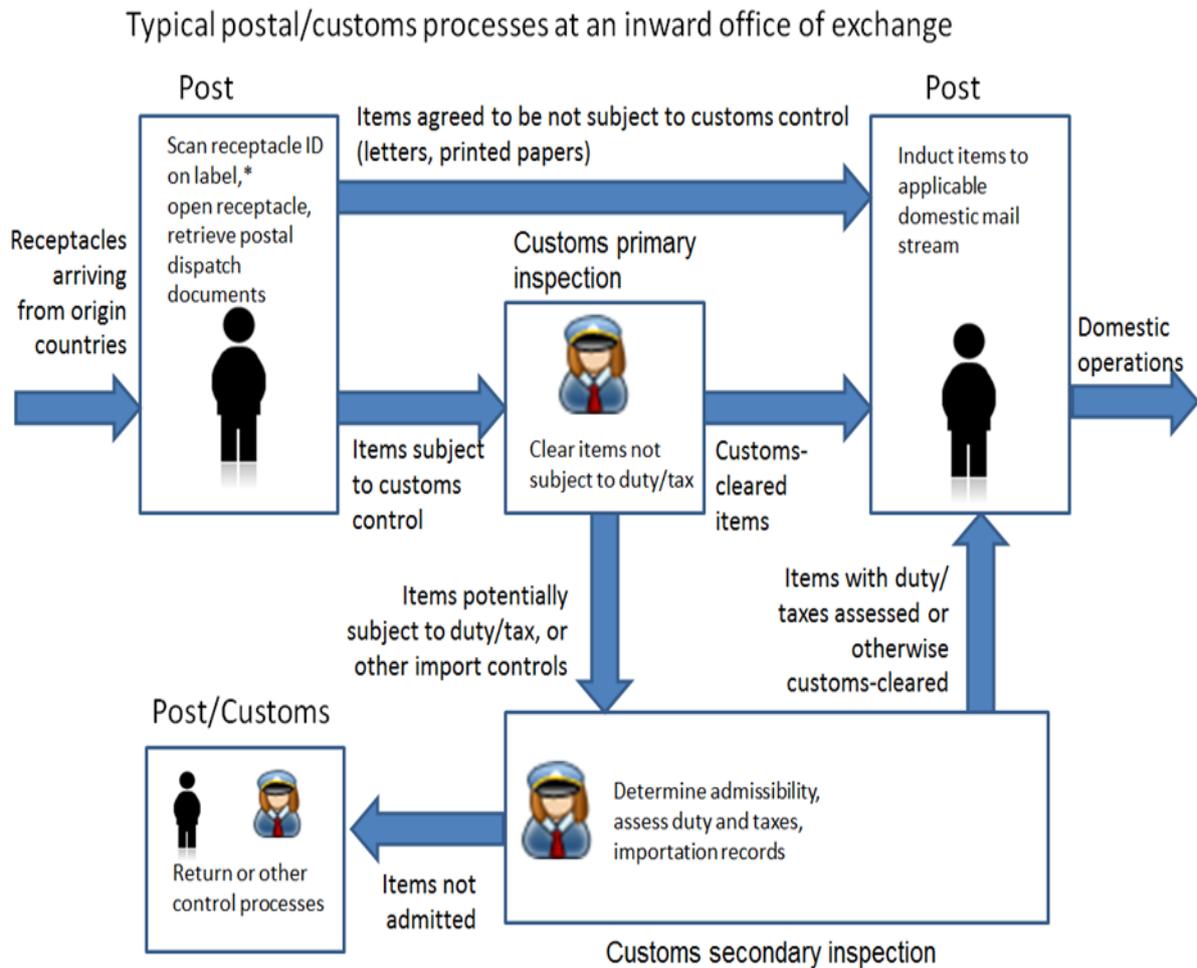
<sup>9</sup> The CP 72 is a manifold form set that includes a CN 23 customs declaration and a CP 73 parcel label.

<sup>10</sup> The CN 23, rather than the CN 22, can optionally also be used for letter post.

<sup>11</sup> Parcels are individually listed on the CP 87 parcel bill, functionally similar to the CN 33 for registered letter post.

Level	UPU letter post form	UPU parcel post form	Combined letter post or parcel post form	UPU technical standard	UPU messaging standard
Consignment			Consignment-level forms		
			CN 37 delivery bill – surface CN 38 delivery bill – air CN 41 delivery bill – S.A.L. CN 47 delivery bill – empty receptacles	S32 consignment-ID	M10 PRECON M12 RESCON  M39 CARDIT and RESDIT

f The postal customs clearance process at an office of exchange



\* This is the 29-character identifier defined in UPU standard S9. It may be scanned on arrival at the OE, or as part of the opening process

g Key principles

The key principles of postal customs clearance are outlined in the Revised Kyoto Convention, Specific Annex J, Chapter 2, covered elsewhere in this guide. They are based on the principles of universal postal service for the people of the world, with simplicity as a key objective.

### *h Typical postal/customs processes*

In the model depicted above:

- The customs administration typically determines which items are subject to customs control, taking into consideration the national regulations concerning customs and those of any other government department for which Customs acts as an enforcement agency. (Refer to Revised Kyoto Convention Specific Annex J, Chapter 2 – Standard 6.) It should be noted that Customs has the right to inspect all postal items. The right to open letters is subject to national legislation.
- The customs primary inspection typically enables the release of a significant number of items very quickly. These generally include many small packets, gifts, etc., that are free of duty and tax.
- A Post receiving letters and printed papers in trays rather than bags may agree with Customs that all such mail be included with that not subject to customs control, thereby accelerating postal and customs processes.
- The processes within the office of exchange leading to the customs primary inspection may be organized by class of mail, i.e. a separate process for letter post, parcel post and EMS. However separate processes for each class of mail typically would not apply to the customs secondary inspection process.
- The customs primary inspection process and secondary inspection process may be physically separate, as depicted above, or may be combined.
- It is up to the Post to present the mail to Customs in a manner that ensures that airmail/priority mail and surface/non-priority mail both meet their quality of service requirements (reference: article RL 168 on the priority treatment of priority items and airmail items, and the equivalent article in the Parcel Post Regulations).
- For items that must be opened for customs inspection, the opening and re-closing may be done either by Customs or by the Post, in accordance with national legislation.

Posts and Customs may agree to variants of the model depicted above, for example:<sup>12</sup>

- The Post could provide the documents (CN 22, CN 23, commercial invoice) or images of the documents to Customs for inspection, rather than the physical items themselves.
- The Post could act on behalf of Customs for certain operations. As examples:
  - The Post could perform the customs primary inspection process, based on procedural instructions and training from Customs.
  - The Post could determine the duty to be collected, with Customs validating the Post's process and helping the postal service with any difficulties in identifying the precise tariff applicable to the item.
  - The Post could also act as a customs clearing agent, directly or indirectly representing the declarant (typically the addressee). In such a scenario, the Post would pay the duty and taxes to Customs and in turn receive payment from the addressee.

### *i Postal customs clearance versus commercial customs clearance*

Postal staff in an office of exchange, or dealing with a customer, may have experience only with postal customs clearance and may be unfamiliar with commercial customs clearance. They may be called upon to understand or explain the differences. Here is a brief explanation of the key similarities and differences:

- Postal customs clearance and commercial customs clearance are similar in that the amount of duty and tax to be collected is the same.
- However, the assessment and collection of duty and tax can be a complex process, and there can be a significant difference in the cost of providing the assessment and collection service.
- Commercial customs clearance is aimed primarily at businesses. There is heavy emphasis in commercial customs clearance on risk assessment and on the concept of the "known shipper", for

<sup>12</sup> The WCO document "Guidelines to Specific Annex J Chapter 2 (Postal Traffic)" is the source of some of these alternatives.

example, a company that complies with all customs, security and financial requirements and has strict in-house procedures to ensure that packages only contain those items described on the documentation.

- Commercial customs clearance relies on the provision of a combination of many data elements obtained from shipping manifests, commercial invoices, certificates, etc. This often involves more mandatory elements than are required for postal customs clearance on the CN 22 and CN 23.
- Commercial customs clearance typically involves a customs broker, who has "security" filed with the customs administration in the form of a surety bond or other security that may be specified in the importing country's customs legislation. Upon arrival in the country of destination, the goods remain in customs control and are not released by Customs until the requisite documentation is submitted for customs clearance.
- Generally, commercial customs clearance is more suited to importing goods for resale. Such goods are often imported in larger quantities than can be accommodated in the postal supply chain.
- Commercial customs clearance offers some flexibility, as there are commonly used additional options for assessment and payment of duty and tax. For example, whereas postal customs clearance is based primarily on having the addressee pay the duty and tax, commercial customs clearance makes it possible for the sender to pay the duty and tax.
- One condition for postal clearance is the fact that the shipments are sent from one office of exchange to another accompanied by postal transport documents only (e.g. the CN 37 or CN 38 form). These shipments are pre-advised from the OE of origin, with limited information at dispatch level, not content level.
- Commercial shipments must be accompanied by cargo manifests and transit procedures must be in place. Moreover, commercial shipments are pre-advised at content level between the forwarding agent and receiving agent. Commercial shipments must comply with the procedures established for pre-notification between Customs authorities worldwide.

In summary, from the perspective of a customer wishing to send an item to another country, commercial customs clearance may be considerably more complicated than postal customs clearance. On the other hand, commercial customs clearance provides additional options (e.g. sender paying duty and tax).

#### *j CN 22, CN 23 and CP 72/commercial invoice*

##### *1 CN 22 customs declaration*

The CN 22 customs declaration is a smaller form than the CN 23 and is specifically intended for items such as small packets, where the physical space on the item can be quite limited. However the CN 23 customs declaration can also be used for letter-post items, if the value is greater than 300 SDR,<sup>13</sup> or if the sender prefers.

The UPU CN 22 does not have a barcoded identifier, unless the item is also a registered, insured or express item. Ordinary letter-post items (such as small packets) are currently not trackable. However, regulations provide origin Posts with the option of including an S10-format barcoded identifier on ordinary small packets (and M bags) in order to enable customs information to be associated with the item, such as in electronic messages.

If a small packet or an M bag is registered, insured or express, the applicable S10-format barcoded identifier is applied, and the item should not have any other S10-format barcoded identifier. If the Post has included an S10-format barcoded identifier on all of its CN 22 or CN 23 forms, then this barcode should be obliterated so that the only S10-format barcoded identifier is that of the registered, insured or express item.

<sup>13</sup> The SDR ("special drawing right") is a monetary unit used between Posts. SDRs are denoted with the ISO 4217 currency code XDR. The UPU publishes SDR/national currency conversion factors periodically by circular. The website [www.xe.com](http://www.xe.com) can also be used to unofficially determine the SDR equivalent of national currencies.

## 2 *CN 23 customs declaration*

There are two variants of the CN 23 form in UPU regulations. One is in the Letter Post Regulations and the other in the Parcel Post Regulations. The CN 23 form in the Letter Post Regulations does not have an S10-format barcoded identifier. However, it does have an area captioned "No. of item (barcode, if any)".

The CN 23 form in the Parcel Post Regulations is one part of the CP 72 manifold set, which is a multi-purpose form. The CP 72 manifold set also incorporates the customer receipt, the CP 71 dispatch note, the parcel labels (CP 73 or CP 74), as well as parts that can be used for address labels.

The S10-format barcoded identifier on the CP 72 manifold set is prefixed with a "C", indicating that the item is a parcel. For EMS, it is prefixed with an "E", indicating that the item is EMS.

Because the CP 72, as applied to parcels, has the S10-format barcoded identifier, the CP 72 also incorporates the CP 73 parcel label for ordinary parcels and the CP 74 parcel label for insured parcels. As long as the barcoded identifier on the CP 72 is readily visible, the CP 73 or CP 74 label is not required.

The CP 71 dispatch note has postal information that is intended for use by the addressee and the destination Post. For example, it is the form used to capture the addressee's signature and the date of delivery, the sender's instructions in case of non-delivery, and the insured value. Many Posts do not actually use the CP 71, as they have their own tracking systems and processes to capture the addressee signature and delivery date.

## 3 *Labels for exceptionally admitted dangerous goods*

Some dangerous goods are exceptionally admissible with proper packaging and labelling. In the case of items containing radioactive materials or infectious substances, as described in Convention article 15,<sup>14</sup> there are special labels to be included on the items. These are described in articles RC 119 and RC 120 of the Parcel Post Regulations.

## 4 *CN 15 return label*

If an item is returned, the CN 15 return label is to be affixed, with the reason for return clearly indicated, as well as the date the item is returned. The fact that an item is a return item has implications for Customs, so the CN 15 return label should be highly visible on the item.

## 5 *Envelope for documents*

UPU regulations refer to the CP 91 and CP 92 forms. These are transparent adhesive envelopes to carry the customs declarations and other shipping documents. The only difference between CP 91 and CP 92 is the size. It is important that origin Posts develop the envelope design in consideration of the design of the forms (e.g. CN 23 or CP 72), to ensure that the forms can be easily inserted and removed and that the important information is visible. This will accelerate the customs clearance processes at the destination.

<sup>14</sup> The 2012 Congress decided to move these from the Convention to the Letter Post and Parcel Post Regulations. Thus, effective 1 January 2014, exceptionally admitted dangerous goods will be defined in the Regulations rather than the Convention.

The CN 22 customs declaration is depicted below, with a detailed explanation of the information on the following pages:

CN 22 (Back)

CUSTOMS DECLARATION		May be opened officially		<b>CN 22</b>	
Designated operator			<b>Important!</b> See instructions on the back		
<input type="checkbox"/>	Gift	<input type="checkbox"/>	Commercial sample		
<input type="checkbox"/>	Documents	<input type="checkbox"/>	Other <i>Tick one or more boxes</i>		
Quantity and detailed description of contents (1)			Weight (in kg)	Value (3)	
<i>For commercial items only</i> If known, HS tariff number (4) and country of origin of goods (5)			Total weight (in kg) (6)	Total value (7)	
I, the undersigned, whose name and address are given on the item, certify that the particulars given in this declaration are correct and that this item does not contain any dangerous article or articles prohibited by legislation or by postal or customs regulations Date and sender's signature (8)					

Size 74 x 105 mm, white or green

### Instructions

To accelerate customs clearance, fill in this form in English, French or in a language accepted by the destination country. If the value of the contents is over 300 SDR, you must use a CN 23 form. You **must** give the sender's full name and address on the front of the item.

(1) Give a detailed description, quantity and unit of measurement for each article, e.g. 2 men's cotton shirts, especially for articles subject to quarantine (plant, animal, food products, etc.).

(2), (3), (6) and (7) Give the weight and value of each article and the total weight and value of the item. Indicate the currency used, e.g. CHF for Swiss francs.

(4) and (5) The HS tariff number (6-digit) must be based on the Harmonized Commodity Description and Coding System developed by the World Customs Organization. Country of origin means the country where the goods originated, e.g. were produced, manufactured or assembled. It is recommended you supply this information and attach an invoice to the outside as this will assist Customs in processing the items.

(8) Your signature and the date confirm your liability for the item.

**Note.** – It is recommended that designated operators indicate the equivalent of 300 SDR in their national currency

6 Data on forms

The following diagram shows the purpose and use of each of the elements on the CN 22 customs declaration.

The name of the designated operator is typically pre-printed on the form.

This text shows the sender that the item may be opened, such as by Customs, to inspect the contents.

This may be a detachable part of the CN 22.

This text is to ensure the sender reads the important instructions on the back of the form.

These boxes are to accelerate customs clearance in the destination. For example, many countries have a different threshold for duty for items that are gifts, etc.

It is very important that the descriptions of the contents in (1) are precise and detailed in order to accelerate customs clearance. Otherwise it may be necessary to open the package at the destination, leading to delays and added cost. The descriptions may be in English or French (the two working languages of the UPU), or in a language accepted by the destination country.

The weight of individual contents is applicable only for those contents that are weight based (e.g. "chocolates 0.5 kg"). The weight of other items (e.g. shirts) is not needed.

The values in (3) and (7) should also indicate the currency used, e.g. CHF for Swiss francs.

The total weight in (6) is the gross weight of the item. The accepting postal official may weigh the item and inform the sender of this weight.

This confirms the sender's liability for the item, certifying the accuracy of the content information and, very importantly, that the item does not contain dangerous articles. For commercial mailers with computer-printed CN 22s, the company name is acceptable.

<b>CUSTOMS DECLARATION</b>		<b>CN 22</b>	
Designated operator		Important! See instructions on the back	
Gift	Commercial sample		
Documents	Other	Tick one or more boxes	
Quantity and detailed description of contents (1)	Weight (in kg)	Value (3)	
For commercial items only If known, HS tariff number (4) and country of origin of goods (5)	Total weight (in kg) (6)	Total value (7)	
I, the undersigned, whose name and address are given on the item, certify that the particulars given in this declaration are correct and that this item does not contain any dangerous article or articles prohibited by legislation or by postal or customs regulations Date and sender's signature (8)			

Size 74 x 105 mm, white or green

Designated operators should encourage businesses that mail significant volumes internationally to include the HS tariff number (6-digit) based on the Harmonized Commodity Description and Coding System developed by the WCO, and also to attach an invoice to the outside of the item. This information and the invoice will assist Customs in processing the items. "Country of origin of goods" means the country where the goods originated, i.e. were produced, manufactured or assembled, not necessarily the country where they are mailed.

CN 22 (Back)

**Instructions**

To accelerate customs clearance, fill in this form in English, French or in a language accepted by the destination country. If the value of the contents is over 300 SDR, you must use a CN 23 form. You **must** give the sender's full name and address on the front of the item.

(1) Give a detailed description, quantity and unit of measurement for each article, e.g. 2 men's cotton shirts, especially for articles subject to quarantine (plant, animal, food products, etc.).

(2), (3), (6) and (7) Give the weight and value of each article and the total weight and value of the item. Indicate the currency used, e.g. CHF for Swiss francs.

(4) and (5) The HS tariff number (6-digit) must be based on the Harmonized Commodity Description and Coding System developed by the World Customs Organization. Country of origin means the country where the goods originated, e.g. were produced, manufactured or assembled. It is recommended you supply this information and attach an invoice to the outside as this will assist Customs in processing the items.

(8) Your signature and the date confirm your liability for the item.

**Note.** - It is recommended that designated operators indicate the equivalent of 300 SDR in their national currency

The (larger) CN 23 form is to be used for high-value items – where the value is over 300 SDR. The CN 23 can also be used if the sender prefers. If the CN 23 is not directly visible on the front of the item, the detachable part of the CN 22 or a label (below) is to be affixed to the front of the item.

CN 23 enclosed  
May be opened  
officially

The CN 22 form is too small to include the sender identification on the form. However, the sender's full name and address must be on the front of the item for customs clearance purposes.

Although the CN 22 form says "especially for articles subject to quarantine", it is important to include a detailed description for all articles. Where required, additional documents such as licences and certificates should be included.

Designated operators should encourage businesses that mail significant volumes internationally to include the HS tariff number and also to attach an invoice to the outside of the item. This information and the invoice will assist Customs in processing the items. "Country of origin of goods" is not necessarily the country from which the goods are mailed.

When printing the forms, the designated operator should replace the reference to "300 SDR" with the equivalent value in local currency.

The CN 23 customs declaration form has the same business purpose as the CN 22 but makes it possible to include more optional information, as indicated in the diagram below:

*CN 23 Customs declaration with elements not on CN 22 indicated*

				CUSTOMS DECLARATION		CN 23	
From	(Designated operator)			No. of item (barcode, if any)	May be opened officially	Important! See instructions on the back	
	Name		Sender's Customs reference (if any)				
	Business						
	Street						
	Postcode	City					
To	Country			<div style="border: 1px solid black; padding: 2px; display: inline-block;">Not on CN 22, (but must be on item)</div>			
	Name						
	Business						
	Street						
	Postcode	City					
Country			Importer's reference (if any) (tax code/VAT No./importer code) (optional)		<div style="border: 1px solid black; padding: 2px; display: inline-block;">Not on CN 22</div>		
			Importer's telephone/fax/e-mail (if known)				
Detailed description of contents (1)		Quantity (2)	Net weight (in kg) (3)	Value (5)	For commercial items only		
					HS tariff number (7)	Country of origin of goods (8)	
			Total gross weight (4)	Total value (6)	Postal charges/Fees (9)		<div style="border: 1px solid black; padding: 2px; display: inline-block;">Not on CN 22</div>
Category of item (10)		Commercial sample		Explanation:		Office of origin/Date of posting	
<input type="checkbox"/> Gift		Returned goods					
<input type="checkbox"/> Documents		Other					
Comments (11): (e.g.: goods subject to quarantine, sanitary/phytosanitary inspection or other restrictions)						I certify that the particulars given in this customs declaration are correct and that this item does not contain any dangerous article or articles prohibited by legislation or by postal or customs regulations	
<div style="border: 1px solid black; padding: 2px; display: inline-block;">Not on CN 22</div>							
<input type="checkbox"/> Licence (12) No(s). of licence(s)		<input type="checkbox"/> Certificate (13)		<input type="checkbox"/> Invoice (14) No. of invoice		Date and sender's signature (15)	
		<div style="border: 1px solid black; padding: 2px; display: inline-block;">Not on CN 22</div>					

Size 210 x 148 mm

**7 Commercial invoice and pro-forma invoice**

A commercial invoice is a document used in foreign trade. It may be used as the basis for a formal customs declaration provided by the person or corporation that is exporting an item across international borders. Although there is no standard format, the document must include a few specific pieces of information, such as the parties involved in the shipping transaction, the goods being transported, the country of origin, and the Harmonized System codes for those goods. A commercial invoice must also include a statement certifying that the invoice is true, as well as a signature. Commercial invoices may need to contain tax identification numbers, VAT (value-added tax) information, and other information required by the country of origin and/or destination.

A commercial invoice is used to calculate tariffs and international commercial terms and is commonly used for customs purposes.

A pro forma invoice can be used for shipments containing items that are not being bought or sold, such as gifts, samples and personal belongings, whereas a commercial invoice is used when the commodities shipped are being bought or sold.

## *k Relevant UPU publications*

There are a number of UPU documents on the website relevant to customs.

### *1 Postal Export Guide*

The Postal Export Guide (PEG) is made up of two publications: "Prohibited and restricted articles" and "Customs Matters Guide". The PEG is available on the UPU public website at <https://peg.upu.org/EN/Pages/Home.aspx>. User guides are available at [www.upu.int/en/activities/customs/postal-export-guide.html](http://www.upu.int/en/activities/customs/postal-export-guide.html).

### *2 Postal Export Guide – Prohibited and restricted articles<sup>15</sup>*

This publication is intended as the means by which destination Posts notify origin Posts of articles that are prohibited or restricted, in order that origin Posts may advise their customers. It was intended to replace the separate publication titled "List of prohibited articles", referenced below.

### *3 Postal Export Guide – Customs Matters Guide*

This publication provides information regarding how processes related to postal customs operate in each country. It is intended as an information resource for all Posts. It can be used by origin Posts to help explain to a customer the situation regarding customs in a destination country (e.g. the applicable duty threshold for gifts).

The Customs Matters Guide contains information for each country, including:

- General information and basic legislation;
- Import requirements;
- Export requirements;
- Operations and customs policy;
- Public contacts in the Post and in Customs.

The Customs Matters Guide was developed jointly by the UPU and the WCO. The information specific to each country is provided through collaboration at the national level between Posts and Customs.

### *4 List of prohibited articles (includes restrictions)*

This publication is on the UPU public website at [www.upu.int/uploads/tx\\_sbdownloader/listCustomsProhibitedArticlesEn.pdf](http://www.upu.int/uploads/tx_sbdownloader/listCustomsProhibitedArticlesEn.pdf). Its purpose is identical to that of the "Postal Export Guide – Prohibited and restricted articles" and is expected to be superseded by the latter.

### *5 Letter and parcel compendia and EMS Operational Guide*

The two compendia provide information specific to each Post, for letters and parcels respectively. They are available on the UPU public website. The EMS Operational Guide also has information specific to each Post as regards EMS. It is maintained by the EMS Cooperative and is accessible to registered users.

<sup>15</sup> The publications "PEG – Prohibited and restricted articles" and "List of prohibited articles" are currently under review. As well, when this Postal Customs Guide is formally published, the intention is to change the name of the "Customs Matters Guide" to the "Compendium of Customs Information".

These publications contain the following information relevant to customs:

<i>Letter Post Compendium</i>	<i>Parcel Post Compendium</i>	<i>EMS Operational Guide</i>
<p>Number of CN 23 customs declarations needed when the contents exceed 300 SDR in value</p> <p>Languages in which the CN 22 label and CN 23 customs declarations may be filled in</p> <p>Whether the address label of M bags (direct bags of printed papers to the same addressee) requires a CN 22 label</p> <p>Special conditions for applying the CN 22 label to M bags</p>	<p>Threshold level below which parcels are free of customs duties and charges</p> <p>Customs treatment or clearance fee for a parcel subject to import customs inspection/clearance?</p> <p>Administration fee for a parcel subject to export customs inspection/clearance?</p> <p>Delivery procedures for parcels for which customs duty and taxes are payable</p> <p>Number of copies of the CN 23 customs declaration required for inbound and transit parcels</p> <p>Languages in which the CN 23 customs declaration can be completed</p> <p>Method of dispatching accompanying documents (CP 71/CP 72/CN 23)</p> <p>Details of delivery standards for both air and surface parcels including indication of average customs clearance time</p>	<p>Source of information regarding prohibited and restricted articles</p> <p>Items exempt from customs duty and required documents</p> <p>National customs authority website</p> <p>Customs broker, if applicable</p> <p>Charge to addressee, if any, for the presentation of the item to Customs</p>

## 6 *International Bureau circulars*

IB circulars are communiqués issued to all UPU member countries and designated operators. They can contain information that a Post asks the IB to issue on its behalf to all other Posts. They can also contain information that the IB needs to communicate to Posts. The circulars are accessible to registered users on the UPU website at [www.upu.int/en/resources/documentation-centre/ib-circulars.html](http://www.upu.int/en/resources/documentation-centre/ib-circulars.html).

IB circulars are often used to highlight changes in prohibitions or restrictions, and occasionally for other customs-related information. Many IB circulars refer to problems caused by inadequate or missing customs declarations.

### 1 *Best practices between Posts and Customs*

A number of best practices are described below:

- According to the WCO–UPU guidelines for developing a memorandum of understanding between Customs and the Post, there should be regularly scheduled meetings between Posts and Customs at both the office of exchange and national level, to discuss issues, plan and coordinate staffing levels, and resolve problems.
- Posts should encourage businesses that mail significant volumes of package-type items and print out customs declarations to codify the products in their catalogue with the six-digit Harmonized System tariff number, based on the WCO Harmonized Commodity Description and Coding System, and to include the HS tariff code on forms CN 22 or CN 23 in order to accelerate customs processing at destination.
- Posts should encourage business customers to attach an invoice to the outside of the item and to use a transparent plastic envelope.

- Posts should regularly review their entries in the Customs Matters Guide, the "List of prohibited articles", the Letter and Parcel Post Compendia, and the EMS Operational Guide to ensure that the customs information is accurate, clearly stated and up to date.
- Posts should ensure that they have an effective mechanism for advising their customers about the prohibitions and restrictions of destination countries, as published by the International Bureau.
- Posts and Customs should put in place integrated automated systems at national level to expedite postal customs clearance.
- Wherever possible, the integrated system should utilize, or cross reference with, the 13-character S10 postal item identifier.
- Posts and Customs should jointly establish processes for contacting senders who repeatedly have incorrect customs declarations. This may be detected by the destination Customs, referred to the destination Post who in turn advises the origin Post.

The WCO has published the "Kyoto Convention Guidelines to Specific Annex J Chapter 2 (Postal Traffic)", which contain a number of points that may also be considered when reviewing best practices:

- Under Standard 2, the WCO recommends that:
  - Posts and Customs administrations adopt formal MoUs and that the relevant details be publicly available;
  - origin Posts should ensure that correctly completed CN 22 and/or CN 23 forms have been provided and, in particular, that such forms are signed. Posts should not accept the items when the declarations are missing or evidently incomplete;
  - inward offices of exchange should be joint Post/Customs operations, with accommodation for Customs provided by Posts.
- Under Standard 6, the WCO recommends that:
  - Customs use X-ray or detector dogs in clearing processes;
  - Posts and Customs jointly consider a process according to which Customs administrations are presented with information about postal items (from the CN 22 or CN 23) rather than the items themselves.
- Under Standard 7, the WCO recommends that Customs administrations, in conjunction with Posts, insert a note to the addressee in any items that have been examined for customs clearance purposes because of a missing or incomplete CN 23 declaration, suggesting that the sender be advised to ensure that declarations are properly completed.
- Under Standard 11, the WCO recommends that national legislation should enable the tax- and duty-free importation of gifts up to a nationally specified value. In this regard, a gift could be defined as an item that:
  - a is sent to a private person by or on behalf of another private person residing abroad;
  - b is occasional; and
  - c consists of goods for personal use by the addressee or his/her family, the nature and quantity of which are such that the item is obviously not of a commercial nature.
- The WCO recommends that joint consideration (Post/Customs) should be given such that, when postal items are opened for examination, Customs may advise addressees by inserting a note or adding a stamp indicating that the item has been opened.
- The WCO recommends that databases be used for mutually beneficial purposes, including information on mail volumes and advance information on mail en route.
- The WCO recommends that Customs consider offering training to postal staff, provided that the staff trained are expected to remain in their jobs for a duration that makes the training worthwhile.

## *m Improving the quality of information on customs declaration forms*

### *1 Impacts*

A missing, illegible or otherwise poorly completed customs declaration may affect customers, Posts and Customs administrations in many different ways. A single missing or poorly completed customs declaration may cause delays in the processing of other items, as staff at the destination (Posts and/or Customs) must take time to deal with the problem.

### *2 Factor – the customer experience*

Many customers sending international items are occasional mailers. They arrive at a post office with a package to be mailed and are handed a customs declaration to be completed, typically with the instructions written on the back of the form. In the case of a CN 22, the instructions are in a very small font and may be difficult to read. There may be other customers waiting in line. There may also be language issues, as customers who mail internationally may not be proficient in the local language.

Such an environment is not conducive to customers' learning about how to properly complete postal customs declaration forms.

### *3 Recommendations*

#### *Inform the customer*

A one-page poster-type document (A4 and/or A3 size) could be displayed in post offices to show customers how to fill in customs declaration forms, including an explanation of the reasons for the information. This would help customers review the material prior to bringing items to the counter. Posters should also be available at the post office for customers to pick up and take away.

The POC Committee 1 Customs Group could develop a model of such a poster using UPU model forms CN 22 and CN 23 (i.e. the first part of the CP 72). DOs could then use this model and apply their own forms, using their own logos, etc. A link to the poster could also be provided on the DOs' websites.

(Note: There could also be a one-page poster showing pictures of the various types of dangerous articles, similar to the displays often seen at airports.)

Posts should make every effort to include important information regarding customs declaration forms on their websites and in any other publications customers may use.

#### *Quality control and feedback*

Employees who erroneously accept international items will continue to do so until they are made aware of their error; otherwise, the error will recur indefinitely.

In many Posts, the dispatch process is a key point in the supply chain process during which it is appropriate to monitor compliance with customs declarations. A designated operator may have many post offices where international mail is accepted from customers, but very few offices of exchange where dispatching takes place (in some cases only one). Regardless of the office of posting, all items requiring a customs declaration pass through an outward office of exchange, making it an ideal place to assess the quality of customs declarations.

With digital photographs, there is now an effective and inexpensive way to precisely document problems with the completion of customs declaration forms.

Origin Posts could establish a quality control feedback process that:

- takes place during the dispatch process at the outward office(s) of exchange;
- focuses on a sample of outbound items subject to customs control – i.e. those items that have, or should have, a CN 22 or CN 23 customs declaration;
- includes the photographing of items with wrongly completed or missing customs declaration forms and the sending of a report, along with the photo, by mail or e-mail to the origin post office;
- requires the origin Post to then confirm that the error has been corrected.

*Involve the addressee*

In many cases, a poorly completed customs declaration will cause a delay in delivery of the item, thus penalizing the addressee. Often an addressee can take steps to inform the sender of the problem to avoid future issues.

Destination Posts or Customs could apply a form or label to items delayed on account of poor customs declarations. The objective would be to inform the addressee of the problem caused by the sender, and to encourage the addressee to inform the sender.

*Inform the origin Post*

If a destination Post notices a large number of incorrectly completed customs declarations arriving from a specific origin Post, it should notify the origin Post of the problem and include digitally photographed examples. This may be more effective than the destination Post requesting the International Bureau to issue a circular to all Posts.

As example, if a destination (Post and/or Customs) detect items from commercial senders with the value under-declared on the customs declaration (e.g. as compared with the invoice), the origin Post should be informed who, in turn, should take the issue up with its customer.

*Seek feedback from Customs on electronic data*

When CN 22/23 data is exchanged in electronic form, the receiving Post should have regular discussions with Customs with regard to the quality of the data, and obtain the feedback Customs would seek to provide to senders regarding data quality. The receiving Post should then provide these observations to the sender Post(s), to try and increase the quality of the electronic data.

*Provide incentives for electronic data capture by the sender of the postal items*

Posts should consider the development of incentives and tools for international shippers, to encourage these customers to prepare the customs declaration via online or other self-serve systems, prior to lodgement with the Post. This will encourage improved quality of data and creation of a legible (printed) label, and permit the electronic capture of the content of the Customs declaration which can then be used to facilitate Customs clearance on arrival at the destination.

*n Examples of mutual engagement: When Posts and Customs coordinate to support each other's mission*

Examples to be added as they are submitted, examined and approved.

*o Systems used by Posts/Customs*

Posts and Customs may use a number of systems, some of which are intended for use by Posts but not by Customs, and vice versa. Some systems may be used by both Posts and Customs. Posts and/or Customs may purchase systems from commercial suppliers or develop their own systems.

*1 Customs IT systems*

Around the world, public authorities are now expected to deliver public services electronically. It was natural that Customs, with their key responsibilities for goods control, revenue collection and border enforcement, should have used automation systems, initially, to control inspection and examination of goods, and collection of associated revenues. Customs administrations then began to use Information and Communication Technologies to shift the focus of inspection from goods to relevant information on paper-based import and export declarations. They found that they could also reduce obligations on traders to submit numerous copies of original paper documents, as key information was being captured by an automated system, which could not only validate and process data but also stock them at much below the cost of storing paper records.

Nevertheless, in the then rudimentary state of Information and Communication Technologies, Customs still needed the physical presentation of paper by declarants or their representatives, at a place and time convenient to, and specified by, Customs. Subsequently, with advancements in IT, the later use of enhanced ICT, originally by business, and shortly afterwards by Customs administrations, and created the possibility of instant, direct communication. These technologies finally displaced paper documentation and transformed the prevailing procedural structures and rules. For instance, Customs could now meet their own needs and those of their commercial trading partners by separating release from clearance. Electronic information received well in advance of the goods could give Customs all necessary physical control information to apply controls.

Customs administrations use a variety of information technology systems. Some have developed their own systems, while others have adapted packages that can be tailored to national requirements.

In a customs IT system, data may be captured through:

- keying of data by customs officers;
- keying of data through direct trader input (DTI), by trading partners or bureau services;
- scanning of barcodes, auto-identification devices and optical character recognition (OCR);
- sensors and location-aware devices;
- data transmission.

Most countries use either direct trader input or electronic data interchange (EDI).

A typical automated customs system performs the following functions:

- cargo inventory control;
- management of licences, permits, certificates, etc.;
- release notification;
- selectivity (including risk assessment and targeting);
- revenue accounting;
- external trade statistics and management information system (MIS) reporting.

Some countries have separate systems for postal clearance, while others have integrated postal clearance functions into their national customs systems. It is, however, not unusual that even when customs clearance procedures in one country are automated, this functionality is missing in clearance of postal items.

## 2 WCO Data Model

The WCO data model is the result of genuine, cooperative effort to simplify and standardize documents. The data model has been developed by WCO members in cooperation with industry and international organizations. The WCO data model is available at [www.wcodatamodel.org](http://www.wcodatamodel.org).

The WCO data model is a set of carefully combined data requirements for cross-border regulatory agencies. These data requirements are organized systematically to be mutually supportive. The data model is updated on a regular basis to meet the procedural and legal needs of cross-border regulatory agencies. It is consistent with other international standards such as the United Nations Trade Data Elements Directory (UNTDDED).

The WCO data model also provides the solution for optimized electronic data exchange. It provides a global standard for cross-border data requirements needed for the release and clearance of goods, containers, means of transport and people. It is published in two parts:

- Standardized components including the data elements and standard definition and formats. Structures to help arrange the data elements into meaningful information and the context in which information is used in the course of operating a business process.
- Information packages, which are useful artefacts, are created by combining the standardized components of the WCO data model. Information packages include standard electronic templates linked to business processes. They can also be used to illustrate business functions.

WCO data model information packages are designed to capture and package useful information, with a view to developing solutions for the exchange of trade data. Information packages are produced and arranged according to the context in which they are used.

The WCO–UPU Customs–Post standard electronic messages are based on the WCO Data Model. The Data Model in version 3.4 contains an Information Package explaining how the WCO–UPU Customs–Post messages use the Data Model.

## 3 WCO–UPU Customs–Post EDI message

The UPU and WCO have jointly developed Customs–Post EDI messages (CUSITM and CUSRSP messages) in line with the WCO Data Model. CUSITM pre-advice messages are intended to be sent from the post office of export receiving an item, to the Customs authority in the country of import. Such messages provide Customs with pre-advice regarding an item, including the sender, addressee, contents, postage paid, and declared value. This information allows the Customs authority to decide whether or not an item should be held for security inspection, and whether taxes and duties should be assessed. CUSRSP messages, intended to be sent from a Customs authority to a post (usually in response to a CUSITM pre-advice message), advise the post on whether an item can be released for onward processing or whether it must be retained for security inspection or the assessment of taxes and duties.

#### 4 UPU messaging standards

The UPU messaging standards directly applicable to customs-related processes are described in the table below.

<i>Message standard</i>	<i>From/to</i>	<i>General description</i>	<i>Business purpose</i>
M17 EMSEVT V1  Newer version: M40 EMSEVT V3	Exchanged between DOs handling trackable items (e.g. registered letter post, parcel post and EMS).	Item-level event tracking message for trackable items as they progress along the supply chain.  S10 is the most commonly used postal item ID standard (13 characters).  The primary benefit of M40 is that it supports more item tracking events than M17, several of which are related to customs, both at export and import level.	Track and trace for customers, enabling visibility of their items on DOs' websites.  Quality of service measurement, in some cases as an element of postal financial settlements.
M33 ITMATT	Origin DO to destination DO  Related UPU forms: CN 22 and CN 23	Item-level message.  Includes information about the contents of postal items.	Primarily to provide customs-related data to the destination operator. The data can be used for both customs clearance and risk assessment. ITMATT is intended as a source of data for M43a CUSITM.
M14 PREDES V2.0  Newer version: M41 PREDES V2.1	Origin OE to destination OE <sup>16</sup>  Related UPU forms: – Letter bills CN 31 and CN 32; – Parcel bill CP 87 and special lists CN 33 and CN 16; – Receptacle labels CN 34, CN 35, CN 36, CP 83, CP 84, CP 85.	Dispatch, receptacle and item-level message defining the item-to-receptacle relationship, i.e. the logical location or receptacle ID, for trackable items (e.g. registered letter post, parcel post and EMS).  M41 supports postal accounting better than M14.	PREDES/RESDES enables: – operational control of receptacles; – analysis of the OE-to-OE component of the supply chain for quality of service; and – volume-related network analyses.  It also supports financial settlement processes.

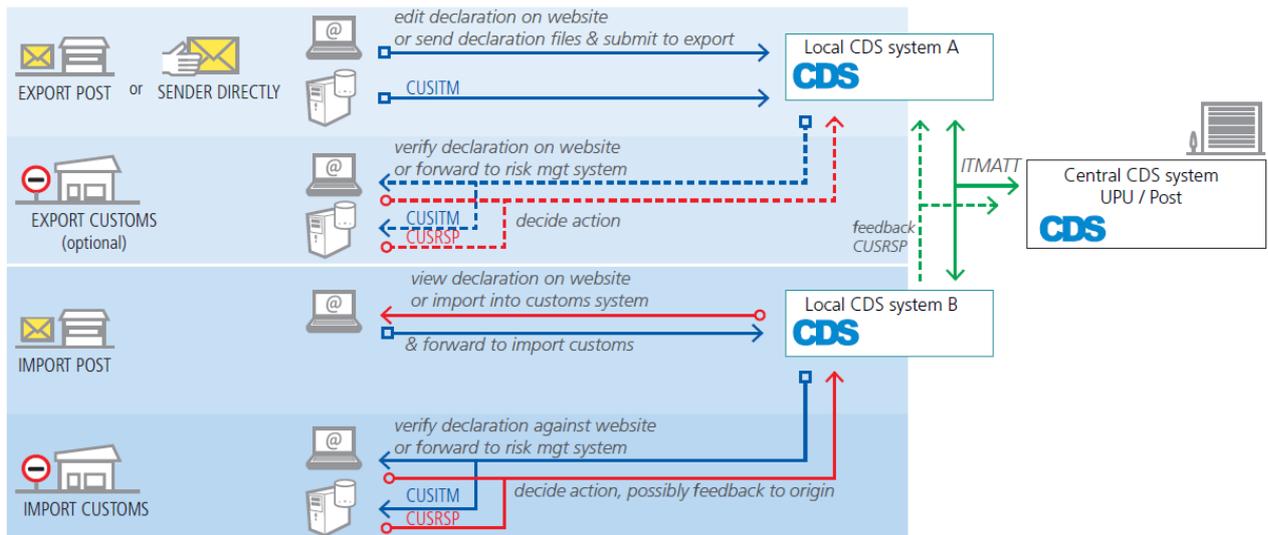
<sup>16</sup> PREDES/RESDES messages are electronically exchanged between designated operators. However, from a business standpoint, they are communications between offices of exchange.

<i>Message standard</i>	<i>From/to</i>	<i>General description</i>	<i>Business purpose</i>
M13 RESEDES V1.1	Destination OE to origin OE	RESEDES is a receptacle-level message according to which the destination OE advises the origin OE of the date/time of processing (either arrival or opening) of receptacles pre-advised by PREDES. A RESEDES may optionally contain some exceptional conditions.	
M43a CUSITM	Destination DO to destination Customs	Item level. Includes information about the contents of postal items.	To provide Customs with information to enable customs control, such as determination of duty or tax.
M43b CUSRSP	Customs to destination DO	Item level	To provide destination DO with feedback from Customs concerning the item, including customs clearance information.

### 5 UPU Customs Declaration System (CDS)

The UPU CDS is a software application provided by the UPU's Postal Technology Centre (PTC) and developed on the basis of the WCO–UPU Customs–Post EDI messages. It performs the following functions:

- Implements and supports customs-related UPU–WCO standard EDI messaging (CUSITM/CUSRSP) and inter-postal standard messaging (ITMATT);
- Links postal operators with Customs and other border/security agency systems;
- Conveys pre-advised electronic customs declarations and responses;
- Assists in manual data entry and the sharing of declarations and responses using a web interface;
- Enables interconnectivity with other systems to import/export mail item declaration and customs response data through a platform-independent standard interface (SOAP protocol);
- Supports automated risk assessment through a rules engine, and plug-in API (access for other IT systems);
- Facilitates the automated calculation of duties and taxes through a rules engine, and a plug-in API (access for other IT systems);
- Provides a watchdog list functionality that can be integrated into operational processes handled by mail management systems (e.g. International Postal System);
- Allows for the provision of security or other feedback from import country to origin Post via CUSRSP message;
- Offers two implementation modes:
  - Infrastructure-free: a central system hosted at the UPU;
  - Self-hosted CDS: a locally installed version of the system operated by Posts or Customs (or both), allowing for tighter system integration, better performance, fine-tuning for high volumes, and local control of the data held by the system.



More information on CDS is available on the PTC website at [www.ptc.upu.int](http://www.ptc.upu.int).

## 6 Dematerialization of supporting documentation

Customs administrations by and large have introduced automated systems for cargo clearance, and are committed to applying information technology to support customs operations, where it is cost-effective and efficient for Customs and trade. However, paper-based documentation in international trade is still prevalent. This method is expensive, time-consuming, and prone to error and fraud. Chapter 3 of the General Annex to the Revised Kyoto Convention provides ample guidance on the electronic submission of supporting documents to Customs. Meanwhile, owing to advances in information technology, there has been a rapid development of cost-effective, secure and trusted solutions for electronic document management, and repository services have been developed and are being adopted extensively by governments and businesses. International organizations, government agencies and industry associations are increasingly introducing standard formats for electronic documents such as licences, certificates and permits, and are promoting their use in the entire course of international trade transactions.

The WCO therefore recommends that its members adopt measures to comprehensively dematerialize supporting documents. The aim is to promote paperless transactions for customs clearance as an alternative to paper-based documentary requirements. The benefits of paperless trade are obvious. IT reduces the cost of trade and simplifies trade procedures by alleviating the burden of delivering, storing and presenting original paper-based supporting documents during customs procedures.

Customs and other cross-border regulatory agencies require supporting documents for verification purposes. With digitized supporting documents, such verification would be automatic and can be linked through a risk-based approach to verification.

In order to achieve effective dematerialization, cross-border regulatory agencies are advised to identify supporting documents that are normally required to accompany cargo and goods declarations, and to examine the need for those documents for customs clearance with a view to eliminating them. Firstly, it is suggested to discontinue the requirement of presenting supporting documents in hard copy if they have already been presented in electronic form. The release and clearance of cargo should be based only on electronic declaration and automated verification. To support a seamless cargo clearance process, Customs administrations should enable their automated customs clearance systems to automatically verify information contained in dematerialized supporting documents, where such information is accessible electronically. Information required for release is typically available in the databases of other government agencies, in single window solutions, in cargo community systems and in repositories operated by private sector entities.

In single window solutions, supporting documents are also one of the main causes of cargo clearance processing delays. There must be a comprehensive approach to address the issue of handling supporting documents through digital means.

*Recommendation of the WCO on the dematerialization of supporting documentation (June 2012):*

The Customs Co-Operation Council,<sup>17</sup>

**Acknowledging**

that the Customs Administrations by and large have introduced automated systems for cargo clearance and have committed to apply information technology to support Customs operations, where it is cost-effective and efficient for Customs and for the trade,

**Considering**

that the use of paper-based documentation in international trade is expensive, time-consuming and prone to error and malpractice,

**Having regard**

to provisions of Chapter 3 of the General Annex to the revised Kyoto Convention, with regard to electronic lodgement of the supporting documents with Customs,

**Recognizing**

the rapid development of cost-effective, secure and trusted solutions for electronic document management and repository services, and extensive adoption of these solutions by the industry and administrations,

**Recognizing**

that international organizations, government agencies, and industry associations are increasingly introducing standard formats for electronic documents such as licences, certificates, and permits, and are promoting their use in the entire course of the international trade transaction,

**Aiming**

to promote paperless transactions for Customs clearance as an alternative to paper-based documentary requirements,

**Desiring**

to reduce the cost of trade and to simplify trade procedures by alleviating the burden of delivering, storing, and presenting original paper-based supporting documents during Customs procedures, and

**Desiring**

to enhance Customs control through the effective use of automated verification and by adopting the principle of risk management,

*Recommends*

that Members of the Council and all members of the United Nations Organization or its specialized agencies, and Customs or Economic Unions should as far as possible:

- 1 identify supporting documents that are normally required to accompany the cargo and goods declarations and examine the need for those documents for Customs clearance with a view to eliminating them;
- 2 discontinue the requirement of presenting supporting documents in hard copy, if they have already been presented in electronic form;
- 3 process the release and clearance of cargo based only on electronic declaration and automated verification;
- 4 enable automated Customs clearance systems to automatically verify information contained in dematerialized supporting documents where such information is accessible electronically in:
  - a other government agencies' databases;
  - b single Window environments (and Cargo Community Systems);
  - c private repositories,

<sup>17</sup> Customs Co-operation Council is the official name of the World Customs Organization.

## Requests

Members of the Council and members of the United Nations Organization or its specialized agencies, and Customs or Economic Unions which accept this Recommendation to notify the Secretary General of the Council of the date from which they will apply the Recommendation and of the conditions of its application. The Secretary General will transmit this information to the Customs Administrations of all Members of the Council. He will also transmit it to the Customs Administrations of the Members of the United Nations Organization or its specialized agencies and to Customs or Economic Unions which have accepted this Recommendation.

## V. Safety and security issues

While safety has always been very high on the list of concerns for governments in cross-border movements, the security agenda has been growing steady in the last decade. Developing the SAFE Framework of Standards to Secure and Facilitate Trade in 2005 represents an important milestone. Ever since, WCO has invested major efforts into supporting its Members develop capacity to achieve strong supply chain security while at the same time facilitating and meeting the demands of international trade today.

Vulnerability of the postal supply chain has moved into focus following an air courier incident in Yemen in 2010. This brought together international organizations in their efforts to enhance air cargo security in a coordinated manner. The International Civil Aviation Organization (ICAO), International Air Transport Association (IATA), UPU and WCO have ever since been working actively together and participated in each others' security related meetings.

### a WCO SAFE Framework of Standards

The WCO's SAFE Framework of Standards to Secure and Facilitate Global Trade<sup>18</sup> is a customs instrument covering all modes of transport to secure and facilitate goods moving through international supply chains. The framework has both national and international implications and is composed of distinct standards that call for, *inter alia*:

- partnerships to be established between Customs administrations, between Customs administrations and the private sector, and between Customs administrations and other government agencies at borders;
- harmonized electronic advance information requirements for conducting risk assessments to address security threats;
- the use of modern, non-intrusive detection equipment;
- the introduction of authorized economic operators (AEOs) which, having satisfied pre-determined security standards, receive the benefit of enhanced facilitation; and
- mutual recognition between Customs administrations of their respective AEOs and customs control procedures.

Traditionally, Customs has been responsible for implementing a wide range of government policies, spanning areas as diverse as revenue collection, trade compliance and facilitation, interdiction of prohibited substances, protection of cultural heritage, and enforcement of intellectual property laws. This breadth of responsibility reflects the fact that customs authorities have long been entrusted with administering matters for which other government ministries and agencies have policy responsibility, such as health, agriculture, environment, trade statistics and, in some cases, immigration. Border management responsibilities stem from the more traditional customs role of collecting duties on internationally traded commodities, a common extension of which is the collection of other forms of tax, such as value-added tax, and excise duties.

<sup>18</sup> The SAFE Framework of Standards can be consulted at [www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/~/\\_media/55F00628A9F94827B58ECA90C0F84F7F.ashx](http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/~/_media/55F00628A9F94827B58ECA90C0F84F7F.ashx).

Customs has the authority to inspect cargo and means of transport entering, transiting or exiting a state. It may even refuse entry, transit or, in certain cases, exit. While these powers are extensive, a holistic approach is required to optimize the securing of the international trade supply chain, while ensuring continued improvements in trade facilitation. Customs administrations have therefore developed cooperative arrangements with other government agencies in a so-called coordinated border management environment.

Following the terrorist attacks of 11 September 2001, states required Customs administrations to reassess and strengthen the global cargo security regime. At the June 2005 annual session of the WCO Council in Brussels, Directors General of Customs representing the members of the WCO adopted the SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework). This international instrument requires end-to-end management of goods moving across borders and recognizes the significance of closer partnerships between Customs and other government agencies and between Customs and businesses. It is kept up to date and relevant by the WCO SAFE Working Group.

The WCO also issued its SAFE Package,<sup>19</sup> which groups together all WCO instruments and guidelines that support implementation of the SAFE Framework. The package includes the following: SAFE Framework; Integrated Supply Chain Management Guidelines; AEO Implementation Guidance; AEO Compendium; Model AEO Appeal Procedures; AEO Benefits: Contribution from the WCO Private Sector Consultative Group; Guidelines for the Purchase and Deployment of Scanning/Non-intrusive Inspection Equipment; SAFE Data Element Maintenance Mechanism; Trade Recovery Guidelines; FAQ for Small and Medium Enterprises; Guidelines for Developing Mutual Recognition Arrangements or Agreements; and AEO Template.

Capacity-building assistance under the WCO Columbus Programme remains a vital part of the SAFE implementation strategy, and WCO members that have requested support are receiving it in a structured and ongoing manner, which will ensure sustainability in implementing the provisions and spirit of the SAFE Framework. Implementation is further supported by Customs and private sector bodies working in close collaboration to maintain the relevance of the SAFE Framework in a changing trade environment.

As the SAFE Framework has developed, the importance of export controls, including controls on dual-use goods, is now widely recognized by the international community.

*b Integrated customs supply chain (pre-arrival and pre-departure information)*

Everything entering or leaving a customs territory is subject to customs control. In an integrated customs supply chain, the integrity of a consignment has to be ensured from the time the goods leave the place of origin until they arrive at the absolute final place of destination.

This usually starts with the advance electronic transmission of prescribed information by the exporter or its agent. This information should be filed with Customs before the goods are loaded onto the means of transport (or container) used for their exportation.

A further initial transmission may be required from the carrier at an agreed later stage. For security purposes, Customs administrations usually limit their information requirements to the information available in carriers' normal documentation, based on the requirements set out in Annex II to the SAFE Framework of Standards.

Similarly, there will be advance electronic transmission of prescribed information by the carrier or its agent to the customs administration at entry, followed by the complementary transmission by the importer at an agreed later stage.

The WCO SAFE Framework includes provisions for any business involved in moving goods through the international supply chain to become validated as AEOs by Customs if they meet supply chain security requirements. AEOs are allowed to submit reduced data sets, which must nonetheless contain the minimum information necessary for Customs to conduct a security risk assessment.

<sup>19</sup> Available at [www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/safe\\_package.aspx](http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/tools/safe_package.aspx).

These arrangements may be extended by the concept of an authorized supply chain, in which all operational participants in a transaction are approved by Customs as meeting specified standards in the secure handling of goods. Consignments passing from origin to destination entirely within such a chain will ordinarily be assessed as low risk and may benefit from enhanced facilitation as they cross borders.

In the integrated customs control chain, Customs administrations carry out risk assessment for security on an ongoing basis. This may commence on receipt of the initial export declaration, and be updated as further information becomes available at later stages, e.g. data from the cargo declaration. This ongoing process prevents the unnecessary duplication of controls.

At any point in the supply chain where Customs has reason to suspect that a consignment presents a risk, it has the authority to ask for more information, carry out further inquiries, subject the goods to non-intrusive inspection, or open the consignment for physical examination.

Goods are released (for export or import) as soon as all customs formalities have been met. Customs will, within a specified time limit, notify the party having submitted prescribed information whether the goods may be loaded, unloaded or released. Consignments being moved by AEOs within a secure supply chain enjoy enhanced facilitation, including priority treatment for examination and clearance.

Customs at the office of departure will usually take action to enable the office of destination to identify the consignment and to detect any unauthorized interference. In addition, Customs administrations at departure and destination should agree to use an electronic messaging system to exchange customs data. In particular, this should apply to control results and arrival notifications for high-risk consignments.

As part of the integrated customs control chain, Customs administrations along the supply chain may have routine Customs-to-Customs data exchange, in particular for high-risk consignments.

#### *Information management*

In cases where electronic systems allowing for the exchange of information between interested parties (so-called "cargo community systems") have been established at airports by transport chain stakeholders, Customs administrations usually participate to access data required for risk assessment. Modernized Customs administrations use automated systems to manage security risks. They also seek to avoid the burden of different sets of requirements to secure and facilitate commerce and, where possible, recognize other international standards to avoid duplicating or contradicting other intergovernmental requirements.

For the purpose of standard and harmonized customs data requirements at import and export, the WCO has developed the customs data model, which defines a maximum set of data for completing export and import formalities and electronic message formats. The data model includes the data necessary for customs control and risk assessment purposes, as well as data elements required by other border agencies.

#### *c UPU Convention Article 9 on Postal Security*

The Doha Congress endorsed an important revised strategy direction, as indicated in the changes to Convention article 9 (new text is underlined):

##### Article 9 Postal security

Member countries and their designated operators shall observe the security requirements defined in the UPU security standards and shall adopt and implement a proactive security strategy at all levels of postal operations to maintain and enhance the confidence of the general public in the postal services, in the interests of all officials involved. This strategy shall, in particular, include the principle of complying with requirements for providing electronic advance data on postal items identified in implementing provisions (including the type of, and criteria for, postal items) adopted by the Postal Operations Council and Council of Administration, in accordance with UPU technical messaging standards. ~~†-The strategy shall also include the exchange of information on maintaining the safe and secure transport and transit of mails between member countries and their designated operators.~~

The UPU bodies (CA, POC and International Bureau) will work to implement this new and important strategy.

The 2012 POC established an Interim Group on advanced information for customs and aviation requirements (IGAIR) to deal with this issue and report its results to the 2012 Doha Congress.

It is expected that a standardized postal model will be developed to support this strategic initiative. Such a model will be incorporated into and be an integral part of the Postal Customs Guide.

#### *d Dangerous goods*

Dangerous goods are separate and distinct from articles that may be prohibited by a UPU member country for reasons other than being dangerous. Although dangerous goods are prohibited, not all prohibited postal articles are prohibited because they are dangerous.

The UPU interacts with the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA) and the WCO on matters relating to dangerous goods. Within the POC, the Postal Security Group primarily deals with dangerous goods. However, there is extensive interaction with other groups such as the Transport Group, the IATA–UPU Contact Committee, the ICAO–UPU Contact Committee, the Customs Group, and the WCO–UPU Contact Committee.

#### *Dangerous goods admitted exceptionally*

In accordance with the UPU Convention and Regulations,<sup>20</sup> some dangerous goods are "exceptionally admitted": they can be mailed, but only under stringent conditions, namely, in limited quantities, with special packaging and labelling, and when addressed in accordance with the restrictions identified by the destination country. This includes admissible radioactive materials, infectious substances and equipment containing lithium batteries. With the exception of equipment containing lithium batteries, exceptionally admitted dangerous goods are typically mailed by and to specialized institutions such as medical laboratories.

#### *Equipment containing lithium batteries*

The conditions for mailing equipment containing lithium batteries, as agreed between the UPU and ICAO, are outlined on the UPU website at [www.upu.int/en/activities/postal-security/dangerous-goods.html](http://www.upu.int/en/activities/postal-security/dangerous-goods.html). The website also contains a list of designated operators that have met the necessary conditions.

#### *Objective*

As related in this guide, the primary objective of Posts regarding dangerous goods is to prevent such articles from being included in postal items or, where dangerous goods are exceptionally admitted with specific conditions (e.g. quantities, labelling), to ensure that the requisite conditions are met.

#### *e Chemical, biological, radioactive, nuclear and explosive materials (CBRNE)*

The possibility that terrorist groups or extremists might gain access to sensitive strategic and dual-use goods represents a clear and present danger to both domestic and international security.

The international community is engaged in counter-proliferation of weapons and materials of mass destruction through various international instruments, including UN Security Council resolution 1540. The resolution imposes binding obligations on all states to adopt legislation to prevent the proliferation and means of delivery of nuclear, chemical and biological weapons, and establish appropriate domestic controls over related materials to prevent their illicit trafficking. Among other things, the resolution calls on states to develop and maintain appropriate and effective border controls, and to continue law enforcement efforts to detect, deter, prevent and combat illicit trafficking.

<sup>20</sup> The Doha Congress decided to move this subject from the Convention to the detailed Letter Post and Parcel Post Regulations.

Customs has a responsibility to monitor and control all cross-border flows of goods, people and conveyances. Customs aims to fulfil these functions through an intelligence-enabled risk-based approach that focuses controls on high-risk consignments, while at the same time facilitating low-risk transactions. The key building blocks of such an approach include the use of pre-arrival information and intelligence, systematic deployment of risk analysis, use of non-intrusive inspection technologies, and Customs–business partnerships.

In relation to cross-border trafficking of strategic and dual-use goods and CBRNE, Customs administrations, together with their law enforcement partners, have a critical role in the government-wide control systems. Postal consignments provide a potential vehicle for criminals and extremists to smuggle materials or components that can be used to create or launch weapons of mass destruction. The international customs community has acknowledged this risk and is actively taking measures to effectively manage it.

In 2011, the WCO produced a comprehensive Customs Risk Management Compendium, which includes a generic module in relation to commodities that are of concern from a security perspective. The WCO Information and Intelligence Strategy Project Group has created an additional risk indicator module in relation to postal consignments, which was included in the compendium in June 2013.

The two aforementioned modules provide Customs administrations with a solid basis to develop their risk management practices in preventing cross-border trafficking of CBRNE in postal supply chains. The WCO strongly encourages its members to consult these modules and to apply them in practice. The documents are law-enforcement sensitive and for WCO members only. They can be accessed through the member section of the WCO website.