

Understanding Risk Management

Modern Customs administrations are faced with the challenge of facilitating the movement of legitimate passengers and cargo while applying enough controls to detect Customs offenses.

Risk Management is the process of analyzing exposure to risk and determining how best to handle such exposure. The process involves the use of Risk management techniques to identify, assess and prioritize risks while ensuring enforcement, security and trade facilitation.

As part of the reform and Modernization Project, Customs will be adopting risk management to strengthen our ability to identify high risks. Through the use of ASYCUDAWorld, risk profiling will determine low, medium or high risk. Each of these may require a different level of attention from Customs. For instance, low-risk cargo is unlikely to cause much economic loss and should therefore require only minimum Customs intervention. On the other hand, high risk cargo can have serious socio-economic effects and therefore Customs should apply more resources and conduct thorough physical examinations.

The ASYCUDAWorld system utilizing risk profiling, will automatically determine which declarations require examination. The following are the possible results of the selectivity process:

- a) A RED lane signifies that the Importer/Declarant must present goods and corresponding documents respectively for physical examination.
- b) A YELLOW lane signifies that the Importer/Declarant must take all documents to the designated Customs office for a documentary check.
- c) A BLUE lane signifies that the Importer/Declarant may have goods release but be subjected to an audit check at a later date.
- d) A GREEN lane signifies that the Importer/Declarant may take delivery of goods upon payment of all taxes without documentary or physical examination.

Benefits to Traders

Compliant traders will benefit from a low risk profile and enjoy:

- Faster clearance through better targeting of high risk cargo;
- Facilitation of the vast majority of low risk transactions; and
- Reduced delays for industry, cutting the cost of doing business.
- Lower transaction costs
- Improved collaboration with Customs

Benefit to Customs

- Accurate selection of high risk transactions,
- Efficient allocation of human resources,
- Elimination of time and resource wastage

