

**COMMUNICATION FROM JAPAN, KOREA, MONGOLIA, NEW ZEALAND,  
THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU,  
KINMEN AND MATSU, SINGAPORE, AND SWITZERLAND**

The following communication, dated 9 May 2006, is being circulated at the request of the Delegations of Japan, Korea, Mongolia, New Zealand, the Separate Customs Territory of Taiwan, Penghu, Kinment and Matsu, Singapore, and Switzerland.

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**PROPOSALS ON RISK MANAGEMENT**

1. This submission is to present the key elements on the implementation of risk management which are summarized from existing proposals. Also identified are the elements that need further discussions among Members for greater clarification and specification.

**I. INTRODUCTION**

- According to the WCO Risk Management Guide, risk management refers to the systematic application of management procedures and practices providing customs and other relevant border agencies with the necessary information to address movements or consignments which present a risk.
- The main purpose of risk management is for border agencies to achieve both trade facilitation and appropriate border control.

**II. KEY ELEMENTS OF RISK MANAGEMENT**

- Members conduct documentary and physical examination based on risk management in order to concentrate on examination of high-risk goods and facilitate the movement of low-risk goods.
- Members draw on relevant international standards and practices<sup>1</sup> as a basis for risk management procedures except when inappropriate or ineffective for legitimate objectives pursued.
- Risk management procedures are not used as, or have the effect of creating, disguised discrimination and obstacles to trade.

**III. ELEMENTS THAT NEED FURTHER DISCUSSION**

- Scope of customs and other data for analyzing risks: (classification, valuation, origin of goods...).

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<sup>1</sup> International standard and practice include, Standard 6.3, 6.4 and 6.5 of the Revised Kyoto Convention and WCO Risk Management Guide.

- Continued monitoring/revision of risk profiles to take into account any change in their nature, level or significance.
  - Special and differential treatment, including potential:
    - Deferred implementation of commitments;
    - Specific temporary exemptions for part of commitments.
  - Technical assistance:
    - Assess situation, identify individual specific needs and priorities. Help in design and implementation of risk management procedures.
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