

TAX TALK - WORKING TOGETHER FOR A SAFE AND SECURE BORDER ENHANCING TRADE

WCO Heads Meet

Fiji hosted the World Customs Organization Asia Pacific region 18th Heads Meeting at the Great Council of Chiefs Complex at Nasese, Suva this week. The meeting was focused on collaboration between Customs organizations, modernization of customs processes, drug trafficking, regional assistance and issues affecting the tax and customs administrations. Any border agent whilst focusing on border control, have a vital role in terms of Revenue collection. For small Nations this is critical for their economic wellbeing and growth. It is imperative that the Asia Pacific Region work together and share learning and capacity building initiatives.

Fijis commitment to WCO

Fiji's appointment as the WCO Vice Chair for the Asia Pacific Region last year fosters the Government's commitment in working together with our pacific neighbors in making our region better and subsequently connected to the global challenges and directions through the WCO. FRCA will implement the World Customs Organization (WCO) mandates, objectives and visions to ensure our borders are safe and secured and it will also adhere to International best practices. As Fiji continues to grow and progress in term of border management, we work closely with our Asia Pacific neighbors to ensure that our borders are secure and that illegal trade, drugs, and people traffickers have no way of entry and more importantly at the same time legitimate trade and travel is facilitated.

Corruption and Fraud

At FRCA Integrity is the key foundation for its administration and as such there is zero tolerance on corruption or fraud. Tax and customs administrations in the region are prone to corruption due to the complexity and technical nature of regulations and processes, the high discretionary powers of revenue officials, and the disproportionate financial gains which can be made compared to the risk and cost of getting caught. Corruption in this area generally takes the form of evasion by taxpayers and importers, collusion between taxpayers, importers and officials and extortion by officials. At FRCA our approach to mitigating corruption risks in tax and customs administration are as follows: simplifying laws and processes; strengthening risk-based management and improving employment conditions; strengthening the ethics and monitoring framework; and promoting greater transparency in operations.

Customs agencies in the region are considered to be particularly vulnerable to corruption due to the combination of monopoly over a specific technical process, the existence of tariff schemes with numerous exceptions and red tape, and the potential for large illicit financial gains which can be made.

The current trend on fraud established by the Customs organization are namely e- Commerce, security and illicit financial fraud. Number of importers are undervaluing the imports to get higher profit margins on high dutiable goods whilst others are over valuing the imported goods to siphon money out of the country.

Contraband Markets

The sale of counterfeit goods and medicines has become an important profit-machine for Asian crime syndicates, accounting for about one-third of the value of transnational organized crime flows, according

to the United Nations' Office on Drugs and Crime. Contraband markets in the Asia Pacific Region can be broken down into four categories:

1. Human trafficking;
2. Smuggling of migrants, illicit drugs, specifically heroin and methamphetamine;
3. Resources and pollution crime; and
4. Counterfeit goods and fraudulent medicines.

About 75 percent of the counterfeit products seized worldwide from 2008 to 2010 were made in East Asia - with a significant share of the world's manufactured goods as well the majority of fake consumer products according to the World Customs Organization. Fake goods can pose serious risks to unsuspecting consumers, as they are often of poor quality and do not undergo proper safety testing.

Illicit drugs seized in Fiji

Concealment	Description
Methamphetamine/ Amphetamine and Cocaine/ Crack Consignment 1:Weight: 7.92 kg US\$ 20.00 Consignment 2:Weight: 4.54 kg US\$ \$10.00	The drugs were packed in two Consignments sent from China addressed to an employee in Nadi.
44 Plastic Packs of White Powder Weight :52 kg AUD \$15.6m	The Drugs contained in 3 cartons STC Colored Pencils from Hong Kong revealed that white powder contained in various medium zip-lock plastic bags sealed in silver plastic bags
The consignment was on moved by a famous courier services from 77530 Benito Juarez, Quintana Roo, Mexico, with description entered in Mexican; OLLA DE PRESION (Pressure Cooker) and total weight entered was 68.5kg.	Imported from Mexico
17 Cocaine parcels - Approximately 30kg, 17 Amphetamine Type Substance parcels- Approx. 20kg FJD15million dollars. equivalent to AUD \$9m	Found on a vehicle transporting the illicit goods to Suva bound for a Sailing Yacht
1 Bottle Shampoo 1 Bottle Conditioner 2 X 1 Pacific Confectionary Total weight of the zip lock bag = 30gms. NZD \$24,000.00	Crystals were found inside a condom concealed in bottles contained in a zip lock bag.
The package contained snacks and toiletries including one (1) toothpaste. The contents were crystal like and weighed approximately 0.030kg. AUD \$42,000.00	Drugs contained in the toothpaste tube concealed in a small zip lock bag.
The box contained a total of 9 cans and 3 pairs of rubber slippers with a total weight of 4.92 kg. Total methamphetamine imported in this consignment of nine (9) cans totaled= 1.8kg.	The consignment delivered under controlled supervision by a well-known courier service company in Fiji.

Transformation Journey

With the change, adaptation and use of technology it is critical for Fiji to be equipped with knowledge and dynamic technology to address cross-border transaction effectively. FRCA has recently taken steps to accelerate its transformation journey. The WCO Asia Pacific Regional Secretariat Office based here in Fiji, is an added incentive to ensure that Fiji shares its experiences and also learns from the experience of other administrations in our Region. Fiji will continue to concentrate on ensuring opportunities for all to work together to identify critical areas that require collective attention in this diverse Region. FRCA is

working collaboratively to modernize Customs procedures and continue to strengthen its administrations, to build capacity and capability within respective administrations across the Asia Pacific Region.

Being a developing country, and because of our geographical isolation, the high tech revolution is a real challenge for Fiji. Information sharing is crucial as we work towards efficient trade and travel facilitation for better revenue yields and border security.

Enhancing Trade and Identifying risks

Across the customs supply chain, traders, agents, freight forwarders, carriers and border agencies are embracing new digital technologies. To remain attractive destinations for trade, FRCA has personalized its services hence making life easier for the trading community and other border agencies.

With the new waves of digital innovation emerging, FRCA has developed a common digital platform across the customs supply chain, FRCA uses ASYCUDA World which is a fully integrated Customs management information system which handles every step in the customs process, from pinpointing high-risk consignments for inspection to processing payments to release and delivery of the goods. . This new digital platform is accessible by the entire trade ecosystem as well as third party service providers. It will increase efficiency in the Customs clearance process and monitor international trade transactions and the production of Customs and trade statistics. The initiative which will greatly benefit taxpayers as well as the nation and this automated program will also reduce administrative costs for the trading businesses to a minimum.

With the new customs systems FRCA is able to provide actionable insights to pre-emptively tackle fraud and risk to promote legitimate trade and also create more personalized experiences for our users.