



**Submission to the
Joint Standing Committee on Foreign Affairs, Defence and Trade
Inquiry into Australia activating greater trade and investment with Pacific island countries**

Charles Sturt University's Centre for Customs and Excise Studies (CCES) is an international centre of excellence for research and education in customs, border management and related areas. CCES has for many years worked closely with Pacific customs administrations and their representative body, the Oceania Customs Organisation (OCO), and it is in this context in which we provide these comments.

CCES is actively involved in the delivery of a range of world-class training and management programs to provide customs officials with the knowledge and skills required to effectively and efficiently carry out their regulatory responsibilities. One such program, which was last conducted in 2012, is the Pacific Customs Management Program (PCMP), an Australian Government-funded program that was hosted by what is now the Australian Border Force. Its purpose was to develop the operational leadership, skills and knowledge of Pacific Island Country (PIC) customs managers in order to strengthen the capacity of PIC administrations to support regional economic integration, international trade facilitation and enhanced cross-border controls. The program was very well received by PIC administrations and the OCO is keen to see its reintroduction.

Sustainable economic growth through international trade is greatly dependent upon the efficiency of a country's customs administration, as is the degree of certainty and clarity that an administration is able to provide to its international trading community. This is true of any economy, regardless of its size. In this regard, the breadth of border management responsibilities in a PIC does not vary significantly from that of a developed economy such as Australia - the regulatory issues are the same, even though the volume of internationally traded goods is much smaller. As a result, while a developed economy may devote a large team of officers to the management of one particular aspect of customs activity, there is an expectation that a handful of PIC customs officers will manage every conceivable cross-border situation that may arise.

Due to the absence of economies of scale, most PIC customs administrations face significant capacity building challenges in introducing reforms and applying international customs standards. PIC countries tend to rely on development and regional partners to provide the necessary education and training in these areas, which is generally delivered on an *ad-hoc* basis rather than being integrated into national or regional training plans and human resource strategies. For example, as part of the implementation of the PACER Plus Agreement, the Australian Government through the OCO provided Rules of Origin training to those countries that are signatories to the Agreement. Whilst this is to be commended, it typically reflects the tendency for donors to provide subject-specific or country-specific training that can justifiably fit within the (often restrictive) terms of reference of a particular aid project, with little regard to the overall context in which it must be applied.

OCO Professional Standards Framework

At the 2017 OCO Conference, member countries supported the introduction of a framework to develop and strengthen their capacity to achieve both national reforms and regional priorities. The framework is also designed to provide a systematic approach to the professional development of customs officers in the region. OCO Professional Standards Framework (OPSF) aims to:

- ensure that PIC customs officers understand and enforce customs laws and procedures uniformly;
- standardise regional customs training and provide a framework for continuous learning; and
- create a professional cadre of officers in the region who will be able to deliver regional capacity building to members when requested whilst at the same time supporting their respective national training efforts. This aim is in response to the shortage of customs specialists (experts) in critical technical areas of customs.

The OPSF, which we have been assisting the OCO to implement, is designed to deliver accredited customs training that will provide a systemic approach to developing and strengthening the technical and operational capabilities of OCO members, enabling them to efficiently perform their duties through the acquisition and development of a wide range of skill sets, knowledge, attitudes and behaviours. By developing a regional package, the uniform application of international customs standards across all PIC administrations is achievable.

The OPSF also addresses the need to quickly build capacity in specific areas such as the Harmonized System nomenclature (tariff classification), customs valuation and rules of origin to encourage members to harness the opportunities provided by preferential trade regimes within the Pacific, including PACER Plus and other international and regional trade agreements. Enhanced knowledge of customs responsibilities under these arrangements will strengthen the technical and professional capacity of PIC administrations to uniformly apply and interpret their cross-border provisions and obligations. Moreover, the enhanced capacity will allow Customs administrations to provide necessary outreach activities to the private sector and other institutions involved in the implementation of free trade agreements.

An equally important objective of the OPSF is to strengthen and consolidate existing capacity building efforts at the regional level with a view to not only establishing and strengthening members' competencies in the more technical customs subjects, but also strengthening the leadership competencies required to drive customs reforms in the Pacific.

The main purpose of this brief submission is to draw the Committee's attention to the fact that customs policies and practices represent a potential impediment to trade and investment; to highlight the strategy that has already been identified by PIC administrations through the OCO; and to encourage the Australian Government to support these initiatives through an holistic, regional approach rather than in a piecemeal manner.

I would be pleased to further discuss this submission with the Committee and provide further information and clarification as required.

Professor David Widdowson AM
Chief Executive Officer
Centre for Customs and Excise Studies

11 February 2020

