# Enhancing customs control in Cambodia through risk management policy

*Hong Sreya*

## Abstract

International agreements and the strategy of the Royal Government of Cambodia emphasise strengthening trade facilitation and customs control through risk management policies. The General Department of Customs and Excise of Cambodia has made significant progress in managing risks associated with revenue fraud and prohibited goods, and has restricted smuggling while facilitating legitimate trade through its reform and modernisation efforts. This research explores policy options to strengthen technology systems and the capacity of customs officials to manage risks.

## 1. Introduction

On International Customs Day 2019, the World Customs Organization (WCO) (2019) highlighted the importance of fast and efficient global trade, movement of people and transportation of goods through the slogan 'SMART borders for seamless Trade, Travel, and Transport'. With globalisation, international trade has increased significantly and is expected to continue to rise. In most developing countries, Customs has three major roles: collecting revenue from imported and exported goods, providing border security and facilitating trade. Therefore, key objectives are preventing revenue loss and providing border security while allowing goods to flow across borders with less delay. However, achieving a balance between control and trade facilitation can be seen as a 'zero-sum' game in Cambodia and elsewhere. To reach the optimal level of both, the effective application of risk management policies is needed (Widdowson, 2005).

Customs around the world have modernised and reformed their administrations through all areas so that they can respond to the challenges. The General Department of Customs and Excise of Cambodia (GDCE) is the leading agency at the Cambodian border, operationally responsible for ensuring that international trade is compliant with national laws and international agreements (Royal Government of Cambodia, 2007). The GDCE (2015) has been working towards achieving a robust risk management system that meets international standards and best practice through its Strategy and Work Programs on Reform and Modernisation. However, challenges regarding information technology (IT) and human capacity remain.

This paper first outlines the international and national legal frameworks regarding risk management policies and poses research questions. It then presents the methodology for the research investigation before identifying gaps in the current practices in Cambodia. Next, it summarises the key findings to the research questions and proposes an 'improvement' package that consists of a collection of actions that fits the context of Cambodia Customs. Finally, it analyses options against the status quo and recommends the next steps that the GDCE should take based on the results of the analysis.

## 1.1 Definition

'Customs risk' refers to the risk of noncompliance with customs legislation (WCO, 2010). WCO (2008)[1] defined 'customs risk management' (CRM) as the system of managing customs policies, procedures and practices through having the necessary information and intelligence in order to identify, analyse, monitor and address risks of imported consignments (WCO, 2008). This process is set out in Figure 1.

*Figure 1: Standard customs risk management process (WCO, 2008)*
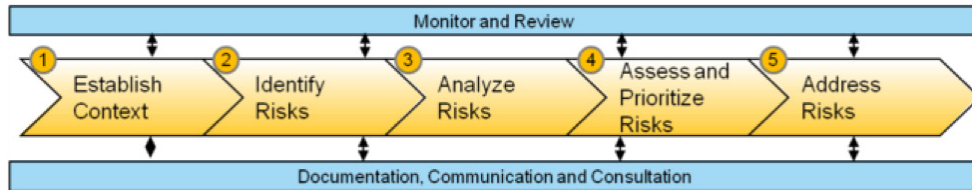


## 1.2 Types of customs risks

There are many types of risks that Customs around the world need to manage, including risks of revenue fraud, public health and environmental harms, illegal importation of prohibited and restricted goods, and fair economic competition. These are set out in Table 1.

*Table 1: Type of risks facing Customs (Zivkovic & Sutevski, 2018, p. 9)*

|  | Revenue collection | Public health | Environmental protection | Fighting against terrorism | Fair competition |
|---|---|---|---|---|---|
| Non-declared goods | ✓ | ✓ | ✓ |  | ✓ |
| Proper tariff classification | ✓ | ✓ | ✓ |  | ✓ |
| Proper valuation | ✓ |  |  |  | ✓ |
| Proper country of origin | ✓ |  |  |  | ✓ |
| Trade policy measures |  | ✓ | ✓ | ✓ |  |
| Proper customs procedures | ✓ | ✓ | ✓ |  |  |
| Intellectual property rights |  | ✓ |  |  | ✓ |
| Trade agreements compliance | ✓ |  |  |  | ✓ |
| Money laundering |  |  |  | ✓ |  |
| Environmental crime |  | ✓ | ✓ |  |  |
| Smuggling |  |  |  |  |  |
| Drugs and precursors |  | ✓ |  |  |  |
| Weapons of mass destruction |  | ✓ | ✓ | ✓ |  |
| Firearms |  | ✓ |  | ✓ |  |
| CITES |  |  | ✓ |  |  |

| | | | | | |
|---|---|---|---|---|---|
| Nuclear and radioactive materials | | ✓ | | ✓ | |
| High customs duty goods | ✓ | ✓ | ✓ | | |

## 1.3 Background

### 1.3.1 International framework

The guidelines in Chapter 6 of the Revised Kyoto Convention on Customs Control state that Customs should use risk analysis to identify high-risk goods for further examination and use risk management systems for customs control (WCO, 2008). Moreover, Standard 4 of the WCO SAFE Framework of Standards (FoS) states that 'Customs should establish risk-management systems to identify potentially high-risk cargo and/or transport conveyances and automate that system' (WCO, 2010, p. 13).

Risk management systems allow Customs to limit intrusive customs inspections, aligning with trade facilitation agreements (World Trade Organization, 2014). Due to a significant growth of international trade in the 21st century, the identification and mitigation of risks at the operational level and the application of risk management beyond the operation level are among the key building blocks for the new strategic direction (WCO, 2008).

### 1.3.2 National legal framework

The Royal Government of Cambodia (RGC) (2018) commits, in its Rectangular Strategy Phase IV, to strengthen trade facilitation by reducing cross-border control mechanisms and other unnecessary formalities that delay the flow of goods. The RGC (2018) also aims to prevent and suppress illegal activities, including smuggling, money laundering and illegal drugs trafficking and emphasises (RGC, 2019) medium-term revenue mobilisation during 2019–2023. The GDCE is responsible for mobilising revenue from importation and exportation of goods while protecting the border (RGC, 2007). These objectives and the associated primary responsibilities require the GDCE to have robust systems in place to effectively and efficiently control the importation, exportation, and transit of consignments with the least possible time and cost.

The RGC (2006) adopted a risk management policy under Sub-decree No. 21, *The facilitation of trade through risk management*. Article 5 of the sub-decree states that the GDCE is responsible for inspecting goods at the borders and checkpoints, while Article 15 states that inspections need to be based on risk-operative procedures. This means that the physical inspection of goods will be conducted only for those goods that are identified as high risk. The framework underlies the rationale of why the GDCE needs to have effective risk management policies. The RGC has established a Risk Management Unit (RMU) in the GDCE as it is an implementing agency (RGC, 2013). The RMU is under the Department of Customs Audit of the GDCE.

## 1.4 Research methodology and scope

The research draws upon academic studies of CRM practices, published and internal government reports, and the guidelines and standards of international organisations. Data are drawn from international standards and guidelines, the RGC's documents, and the GDCE's published documents and reports. Gap analysis is conducted on two main aspects: information technology (IT) and human resource management and capacity.

There are two important aspects to note in the scope of the research. First, it focuses on the risks associated with the importation of goods. Second, the research only focuses on policy aspects regarding IT system and human resources capacity and management.

# 2. Current policy analysis

## 2.1 Information technology

This section assesses the capability of the GDCE to use IT for effective implementation of CRM policies based on the SAFE FoS of the WCO ('the standard').

### 2.1.1 Submission of data

The standard states that importers should lodge an electronic cargo declaration to Customs before the arrival of goods.

With the support from the World Bank, the GDCE implemented the Automated System for Customs Data (ASYCUDA) in 2006 so that it could provide electronic submission of customs declarations to improve the business environment in Cambodia (World Bank, 2012). ASYCUDA has now been installed at all customs branches and offices in Cambodia. The ongoing development of ASYCUDA has contributed to enhancing the logistics performance in Cambodia by improving the rank from 129th in 2010 to 73th in 2016 (World Bank, 2016).

Gap analysis: The GDCE has successfully conformed to the standard regarding submission of customs declarations electronically. Since ASYCUDA covers all customs transactions, the GDCE can easily monitor and control trade data in Cambodia. However, the GDCE still faces challenges to receive electronic shipping information before the goods arrive. Therefore, unnecessary time and cost may occur.
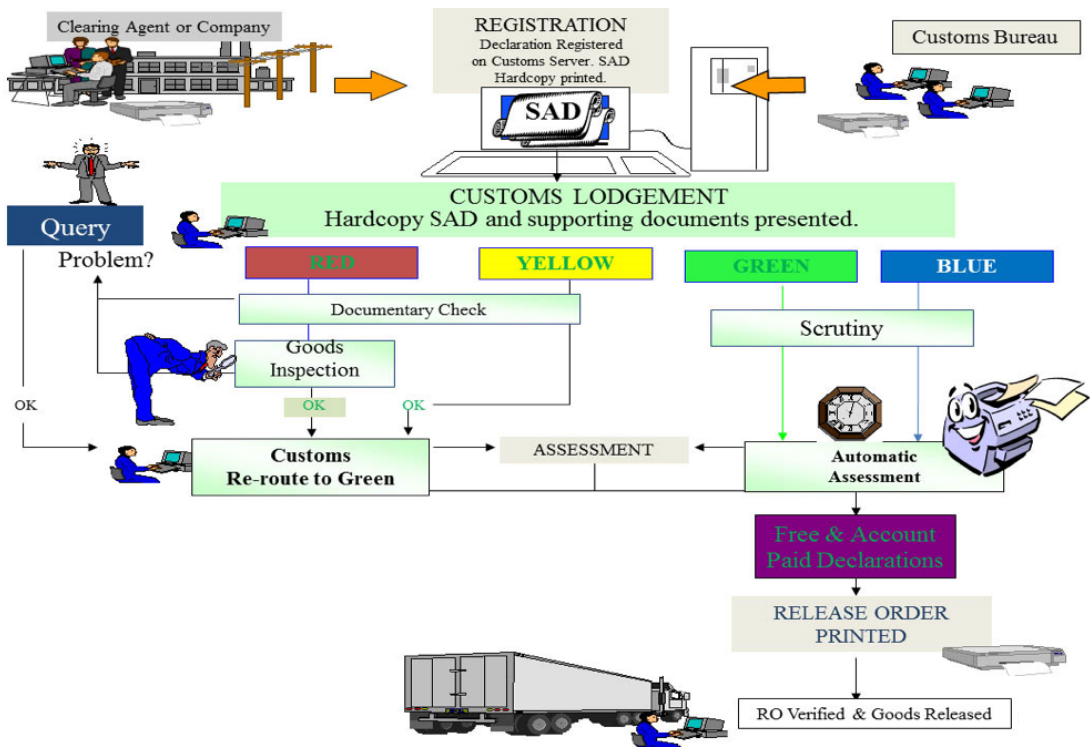
### 2.1.2 Risk management systems

The standard states that Customs should use IT for effective implementation of risk management systems as IT supports faster analysis of selectivity criteria:

1. A national database for Customs to store all important information of all trading consignments and risk profiles can easily be updated and shared internally.
2. The database can be used as the basis for targeting, profiling and identifying risks through the selectivity module of automated clearance system.

So far, 28 risk indicators and nine selectivity criteria have been added to ASYCUDA. The list of prohibited and restricted goods has also added to ASYCUDA (RGC, 2007). The system assesses customs declarations, which are known as single administration declarations (SAD), according to its risk profile, then allocates them to one of four lanes (Ministry of Economy and Finance, 2007) as Figure 2 illustrates.

*Figure 2: ASYCUDA risk-based procedures (Ministry of Economy and Finance, 2007)*



The GDCE also developed a Customs Risk Management Database System (CRMDS) in 2011, with support from the Japan International Cooperation Agency (JICA) (Ministry of Economy and Finance, 2011). The CRMDS is an independent web-based system that has risk-assessment functions similar to ASYCUDA's SAD processing system, but CRMDS is more specific and detailed. However, only consignments identified as Red Lane by ASYCUDA are manually entered into the system by frontline customs officials so that RMU officials can assess the detailed risks further.

The CRMDS has been installed in 10 main border checkpoints in Cambodia: Sihanoukville International Seaport, Phnom Penh International Port, Phnom Penh International Airport, Poi Pet, Bavet, Tropaing Plong, Tropaing Sre, Uy Nhong Dry Port, Sokorn Dry Port, Hong Leng Hour Dry Port (Ministry of Economy and Finance, 2011). These offices are responsible for collecting data and entering it into the system.

**Gap analysis:** ASYCUDA and CRMDS are not connected. Frontline officers are required to enter the information of importing companies and consignments manually to the CRMDS to perform risk indication. Overall, there is no integrated system for the GDCE to connect all aspects of the supply chain together in order to control and manage risks.

### 2.1.3 Selectivity, profiling and targeting

The standard suggests that Customs should use effective approaches to profile and identify high-risk goods through receiving electronic information about shipments of consignments, strategic intelligence, and automated trade data before they arrive in the country. Additionally, Customs should require importers to submit electronic information in advance and allow enough time for Customs to conduct risk assessment properly.

The GDCE currently receives information on cargo shipping documents in hard copies, sometimes as soon as the shipment arrives (The PM Group, 2015). Customs officials identify high-risk goods based on its profile and selectivity criteria indicated by ASYCUDA's SAD processing, and the CRMDS identifies the level of high-risk consignments in detailed. The GDCE is the leading agency to implement the national single window, which allows all traders to submit shipping documents of consignments electronically in advance to save time and cost of doing business in Cambodia (GDCE, 2015).

In 2016, the Royal Government of Cambodia officially joined the UNODC-WCO Container Control Programme (CCP) with other 54 member states to enhance security in the international containerized supply chain. As a result, Container Control Unit (CCU) and Air Cargo Control Unit (ACCU) have been inaugurated in Sihanoukville International Port and Phnom Penh International Airport respectively. CCU and ACCU officers are trained and equipped with risk analysis and identification skills and they are responsible for profiling and targeting high-risk consignments at the frontline using equipment and tools available to the units.

**Gap analysis:** Effective and successful selection of high-risk goods depends significantly on pre-arrival information (Zivkovic & Sutevski, 2018). With the importance of trade facilitation, customs officials at RMU, CCU and ACCU cannot take sufficient time to assess the risk associated with the goods to identify the high-risk consignments. Moreover, the CRMDS does not allow frontline officials to create emerging risk profile with the combination of potential risk indicators or suspicion even though they are the operators who meets consignment directly.

### 2.1.4 Modern technology in inspection equipment

The standard recommends that Customs should install non-intrusive inspection and radiation detection technology equipment for conducting inspection following risk assessment.

The GDCE has installed scanning machines at the main customs checkpoints: Phnom Penh and Sihanoukville International Port, Bavet office, Poi Pet Office and Phnom Penh International Airport (GDCE, 2015). The GDCE has also installed radiation detection equipment at Phnom Penh International Port, Sihanoukville International Seaport, Siem Reap and Phnom Penh International Airport, with support from the United States Department of Energy's Office of the Second Line of Defence under Megaports Initiative Programme.[22]

**Gap analysis:** The scanning machines have not yet been installed at all border checkpoints yet. This means that some checkpoints still need to conduct intrusive physical inspections, which take longer and it is harder to detect concealed illegal items.

### 2.1.5 Intelligence exchange for high-risk consignments

The standard suggests Customs should adopt Customs-to-Customs electronic messages to exchange data for high-risk consignments to assist in assessing risks. These messages include arrival notification and inspection results. The provisions to enable Customs to send information to Customs in country and other countries for the purpose of targeting high-risk goods should be developed.

The GDCE has used the Customs Enforcement Network Communication Platform (CENcomm) by WCO (2008) as it is an online platform that allows customs officials in risk management areas to communicate and share intelligence. Currently, customs officials in the department of suppression and prevention, RMU, container control unit (CCU), and air cargo control unit (ACCU) can get a username and access the platform (GDCE, 2015). It provides:

• real-time intelligence exchange

• seizure record details

• reports on control or inspection action taken by customs of other countries.

Furthermore, department of suppression and prevention is a part of WCO's Regional Intelligence Liaison Offices in which intelligence is shared regularly among members.

**Gap analysis**: There is not yet a formal electronic system within the organisation for sharing real-time data among relevant departments and offices. Intelligence is a key factor for frontline officers to effectually detent and seize high-risk consignments. IT systems to support real-time data exchange is an important component for a smart risk management system (Zivkovic & Sutevski, 2018).

## 2.2 Human resource management and capacity

This section assesses the human resource management and capacity of the GDCE based on the Risk Management Compendium of the WCO (2010).

### 2.2.1 Human resource management

The standard recommends that work in RMU should be assigned based on an official's skills, experience and capability related to risk analysis and relevant functions. Unfortunately, there is currently no monitoring and evaluation process to assess an RMU official's competencies in risk management skills.

**Gap analysis:** Having specialists in any specific field is key for the organisation to achieve the best outcome. RMU officials should have competent skills related to analysing and identifying risks. Without these qualities, the outcome cannot reach its best yet.

### 2.2.2 Human resources capacity

The standard states that training should be regularly provided to officials in RMU to ensure that they are capable and knowledgeable in applying all areas of risk management policy. Moreover, all customs officials in Customs need to understand and be able to apply the concepts and functions of risk management and its role in the customs clearance process.

National training and training abroad by development partners is provided for the officials in the RMU (GDCE, 2015). However, no introductory training related to the risk management system to frontline customs officials is provided. RMU officials receive training with assistance from development partners, but there is an insufficient number of in-house instructors to conduct continuous internal training.

**Gap analysis:** Without all customs officials, particularly frontline officials, having risk management knowledge it is hard for the risk analysts to perform their work, as customs officials do not correspond in a required by RMU officials. USAID (2018) points out that risk analysts' capacity is important, and so is the capacity building of all customs officials across the organisation, which is necessary for the risk analysts to perform risk assessment effectively and efficiently.

## 3. Key findings of alternative approaches

## 3.1 Information technology

An integrated customs risk management system has been used by several countries to ensure effective and efficient customs control. For example, New Zealand Customs and Ministry for Primary Industries (MPI) established the Joint Border Management System (JBMS) in 2016 to integrate business intelligence, data mining, and trade single window to improve the CRM capabilities (New Zealand Customs, 2017). Furthermore, Ukrainian Customs has successfully integrated their Automated Risk Analysis and Management System (ARAMS) into a customs database system and other developed systems (Komarov, 2017). When submitting customs declarations into the customs data system, those

goods are automatically assessed by the ARAMS. As a result, in 2014, Ukrainian Customs conducted further rigorous examination and control of only 4.1 per cent of total customs declarations and was able to facilitate 95.9 per cent of consignments that had low-risk profiles.

Electronic advance cargo information (ACI) has been found to be an effective policy that allows Customs to perform advanced risk assessment. ACI refers to the dataset of information that is necessary for Customs to profile and identify high-risk consignments before they arrive in each country (WCO, 2010). SAFE FoS of the WCO (2010) seeks to harmonise the ACI for arrival, transit and departure of consignments and advises Customs to implement an electronic ACI program. Incorporating ACI into the current CRM system enables Customs to increase their control over territory and supply chains and decreases risks. In addition, ACI enables Customs to have more time to scrutinise shipments in order to take the right action. Notably, setting up ACI is costly for Customs, other relevant agencies and business.

For example, in 1991, Japan Customs implemented the electronic ACI and pre-arrival examination, which aims to process customs procedures before the arrival of goods (WTO, 2010). In 2010, the percentage of traders who used this was 36 per cent for sea cargos, and 52 per cent for air cargos. This policy has allowed Japan Customs to provide trade facilitation for low-risk consignments and focus more on high-risk shipments. According to a time-release study conducted by the Ministry of Finance of Japan (2009), the clearance time was reduced to 48 per cent for goods shipping through sea and 95 per cent for goods shipping through air. The WTO (2010) also states that the implementation of a pre-arrival examination does not require a high cost as customs administrations can use their existing facilities combined with changes to their legislation.

Moreover, USAID (2018) recommends each Customs to implement the Cargo Targeting System (CTS) developed by the WCO (2018) as it is a system provided to its members with best practice for assessing and managing customs risks. The function of the system is to profile risk from all manifests and imported shipment data submitted by traders and to provide transactions for customs officials to review. The system is also easily integrated with other systems. The implementation of CTS needs to comply with the national laws and legislation of each country.

The guidelines in SAFE FoS of the WCO (2010) suggest that members establish a customs intelligence system to manage and share intelligence with others. The South-East European Law Enforcement Center has adopted the South-East European Messaging System (SEMS) as a tool for exchanging data among customs administrations of participating countries (Zivkovic & Sutevski, 2018). The SEMS allows each law enforcement agency to securely and accurately exchange real-time data. In addition, the system can be used to collect data for risk assessment, profiling and targeting. The systems play an important role to support CRM functions. The European Union and China also set out EU-China Smart and Secure Trade Lanes to exchange customs data.

For managing risks related to passengers leaving or entering the country by air, New Zealand Customs launched the SmartGate automated passenger processing system at Auckland International Airport in 2009, and Wellington and Christchurch international airports in 2010 (New Zealand Customs, 2017). SmartGate is a technology that uses electronic information and facial recognition against passport photos to perform customs and immigration control and verification. This system is effective and efficient as it allows customs officers to focus on high-risk travellers. Until 2015, approximately 3.9 million passengers air had gone through the SmartGate and the figure was equal to 36 per cent of the overall air passengers. New Zealand Customs is working to expand SmartGate to more airports and increase the eligibility to more nations in order to reduce manual border clearance.

## 3.2 Human resources

Technology systems can produce results if staff know how to use the systems. Komarov (2017) warns that automated risk management systems are only able to analyse information electronically. However, customs officials in the RMU are responsible for adding, reviewing or editing indicators of risk, combinations and value into the risk profiles to ensure effective selectivity. For instance, in Ukraine Customs, the organisation allocated IT specialists in both the IT and risk analysis departments to raise the efficiency and capacity of the risk assessment process.

Human resources management is also an important factor to bring the best outcomes in managing risks. Laporte (2011) recommends Customs to adopt a modern human resources management in which the recruitment of CRM staff should be based on clearly defined job descriptions and assigned to work on a long-term basis. For example, Angola Customs has used an annual appraisal system to verify and rearrange staff to job descriptions based on their skills (Wulf, 2005). This allows Angola Customs to allocate staff in the area they have expertise in and identify who should be promoted.

There should be a clear process of determining how Customs should manage their human resources effectively. Wulf (2005) advises Customs to manage human resources by dividing the process into five stages. The first stage is to identify desired staff profile. For risk management, staff need to have expertise in IT, as modern risk assessment is based on intelligence-gathering techniques and be able to conduct risk analysis and post-clearance audits on the business. The second stage is to establish recruitment processes to find the needed skills, including analysis and technology skills. An interview should also be conducted to assess the ability of each individual. The third stage is to provide training to enhance their knowledge and skills. The fourth stage is to offer incentives for good performers so that they are motivated to work hard and improve themselves. The final stage is to conduct an evaluation to identify weaknesses and poor performers, and to find ways of improving their capabilities.

# 4. Policy analysis and recommendations

## 4.1 Policy options

### Action 1: Integrated CRMDS with e-Customs

The GDCE should streamline CRMDS with all current technology systems of e-Customs for RMU to effectively improve the selectivity and cover all information of consignments. When CRMDS is connected to the ASYCUDA and the national single window, all shipping transactions will be automatically recorded to the CRMDS, and customs officials will not need to manually record data. After that, the integrated risk management system should be available to all customs and excise branches and offices. All frontline officials who clear goods for traders can identify the high-risk consignments by relying on the new integrated risk management system.

### Action 2: Electronic advance cargo information

After establishing the integrated risk management system, the GDCE can introduce electronic advance cargo information. This requires importers to submit all shipping documents two days before the goods arrive the port. The 48-hour duration will allow the customs officials to profile and assess the risk of the consignments before the goods arrive. If there is any identification of high-risk consignments, those goods will be scrutinised and inspected physically.

**Action 3: Capability-based staff system for RMU**

The staff at RMU should be allocated and evaluated based on the three main competencies: technical skills, risk assessment skills and analytical skills. The officials who are based in that unit should have those competencies in order to obtain the best outcome from the integrated risk management system. Accordingly, the allocation and recruitment process into the RMU should also be based on competency in those skills.

**Action 4: Ongoing and in-depth training for RMU officials**

Having allocated sufficient capable people to the RMU, GDCE should conduct in-depth training to those officials every six months to keep knowledge and skills up to date. This could enable them to keep up with the trends in order to manage risk effectively. The GDCE can request support from the WCO and other development partners to provide experts for regular training twice per year and seek support to send officials for overseas training in order to learn from practical experience from a more developed country.

**Action 5: Induction training for all customs officials at the border checkpoints**

Induction training should be provided to all customs officials at the border checkpoints. The training should provide frontline customs officials with an understanding of customs risk management and effective use of the systems. It may be organised annually, and officials at RMU could be the trainers. The training should provide key concepts for customs officials to use the integrated risk management system successfully. The training would also provide opportunities for frontline customs officials to ask questions if they do not understand how to use the system.

## 4.2 Associated program logic and outcome analysis

The program logic framework below (Figure 3) illustrates the model of the recommended policy. The five actions are designed to improve IT and human resources. Implementing these actions can lead to outputs of having sophisticated risk management systems and competent and skilful customs officials in the GDCE. Having these outputs enables the RMU and frontline officials to conduct more effective risk assessment. This immediate outcome assumes that the RMU can receive all the information of trade and cooperate with frontline officials smoothly. Better risk assessment could lead the GDCE to make more seizures, collect more revenue, and reduce clearance time and cost. All of these can contribute to the seamless flow of trade and effective and economic growth in Cambodia.
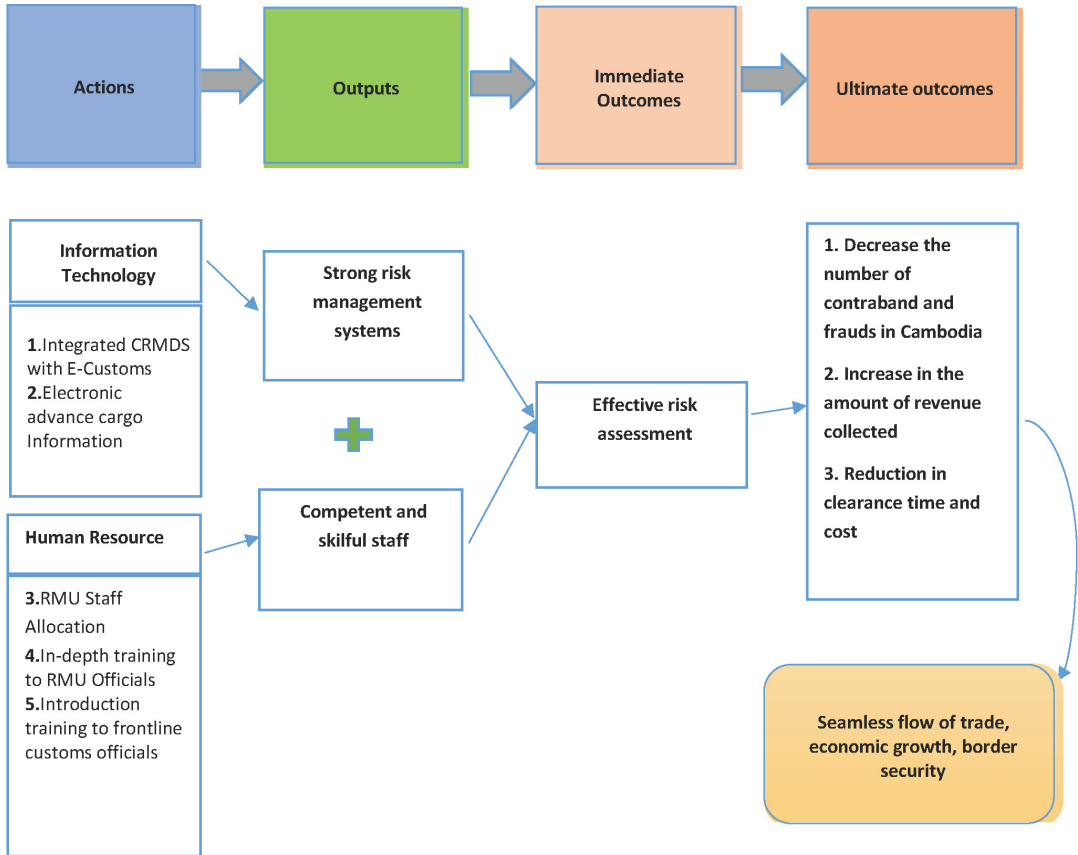
*Figure 3: Program logic*



*Table 2: Outcome matrix*

| Value | Criteria | Status quo | Proposed policy |
|---|---|---|---|
| Effectiveness | Effect on the number of false risk indications | Neutral | Significantly reduced |
| | Effect on the number of seizures by Customs | Neutral | Initially: The number will increase gradually: the number can be declined |
| | Effect on the amount of revenue collected | Neutral | Significant reduction in revenue leakage |
| Efficiency | Effect on the customs clearance time in Cambodia | Neutral | Decrease |

## 4.3 Recommendations

Based on the results from the findings and option analysis, the paper recommends that the GDCE implements the proposed policy after the national single window is fully established.

The GDCE can start to streamline e-Customs operations with CRMDS and make it an integrated risk management system to be installed in the main border checkpoints of the GDCE. Then, it can continue to expand until it covers all customs offices. The system should enable frontline customs officers to add risk profile or contribute risk indicators they have into the system for effective risk assessment.

Simultaneously, the GDCE can include the RMU staff reform initiative in the next recruitment process. After adequate human resources are in the team, the GDCE can start to seek support for conducting in-depth training for RMU officials. When the RMU officials are fully equipped, the RMU officials could become the trainers to conduct introduction risk management training to the frontline officials.

Once the system functions effectively, GDCE could introduce electronic advance cargo information, which can boost both customs control and trade facilitation. GDCE could commence implementation at the main checkpoints first such as the Sihanoukville International Seaport and Phnom Penh International Airport. Once the initiative has proved successful, GDCE could expand it to other offices throughout the country.

## 5. Conclusion

The increasing complexity of global trade creates challenges for Customs who require sophisticated risk management policies to strengthen control and improve trade facilitation. Risk management policies need to cover various areas in order to ensure that the importation of goods is compliant with all national legislation and international agreements. Technology and human resources play key roles and the GDCE needs to focus on these, based on the assessment from the WCO.

The GDCE has made progress in implementing an effective risk management policy, having adopted a risk management system and established the RMU as guided by international standards. Several gaps of the GDCE's technology practices and human resources factors still remain. Based on the key findings from international guidelines, practices and literature, this paper proposes a reform program of the customs risk management systems to tighten those gaps. The program consists of five actions: an integrated risk management system, electronic advance cargo information, capability-based staff system for the RMU, in-depth training to RMU officials, and introductory training for frontline customs officials. The proposed policy is likely to have a significant positive effect on GDCE. It is proposed that the next steps that GDCE should take are:

1. Streamlining e-customs operations with CRMDS, commencing with the main border checkpoints and then expanding to other border checkpoints while, simultaneously, introducing a RMU staff allocation recruitment process and focusing on building the capacity of RMU officials to become the trainers for new officials and frontline customs officials.

2. Introduce electronic advance cargo information once the integrated system is fully operational.

# References

Afanasieva , V., Ivanov, L., & Yanushkevych, D. (2017). Modern Approaches to Risk Management and Their Use in Customs. *Path of Science, 3*(4), 6.1-6.14. doi:http://dx.doi.org/10.22178/pos.21-6

Bardach, E., & Patashnik, E. M. (2016). The Eightfold path. In E. Bardach, & E. Patashnik, *A practical guide for policy analysis; the eightfold path to more effective problem solving* (5th ed., pp. 01–82). CQ Press/SAGE.

Davaa , T., & Namsrai, B. (2015). Ways to modernise customs risk management in Mongolia. *World Customs Journal, 9*(2), 24–37.

Drobot , E., & Klevleeva, A. (2016). *Risk management in customs control.* Russian Presidential Academy of National Economy and Public Administration. Retrieved from https://mpra.ub.uni-muenchen. de/71677/

General Department of Customs and Excise of Cambodia. (2013). *Time Release Study in Cambodia.* General Department of Customs and Excise of Cambodia. Retrieved from http://www.customs.gov. kh/wp-content/uploads/2015/10/TRS-Report-Cambodia-revision-28-11-2014.pdf

General Department of Customs and Excise of Cambodia. (2015). *Handbook on Customs Clearance.* General Department of Customs and Excise of Cambodia. Retrieved from http://www.customs.gov. kh/wp-content/uploads/2015/10/Handbook-on-Customs-Clearance-EN-Final.pdf

General Department of Customs and Excise of Cambodia. (2015). *Strategy and Work Programs on Reform and Modernization of the General Department of Customs and Excise of Cambodia.* Phnom Penh: General Department of Customs and Excise of Cambodia. Retrieved from http:// www.customs.gov.kh/wp-content/uploads/2015/10/Strategy-and-Work-Programs-on-Reform-and-Modernization-2014-2018.pdf

General Department of Customs and Excise of Cambodia. (2016). *Annual Internal Report.*

General Department of Customs and Excise of Cambodia. (2018). *Process Diagram of ASYCUDA risk-based procedures.* General Department of Customs and Excise of Cambodia. Retrieved from http://www.customs.gov.kh

Geourjon, A. M., & Laporte, B. (2005). Risk Management for Targeting Customs Controls in developing countries: A Risky Venture for Revenue Performance. *Public Administration and Development*(25), 105-113. doi:10.1002/pad.336

Inter-American Development Bank. (2010). *Risk Management for Cargo and Passengers.* Integration and Trade Sector of Inter-American Development Bank. Retrieved from https://webimages.iadb.org/ publications/english/document/Risk-Management-for-Cargo-and-Passengers-A-Knowledge-and-Capacity-Product.pdf

International Organization for Standardization. (2009). *Risk Managment: Principles and Guidelines.* Geneva: ISO. Retrieved from https://shop.standards.govt.nz/catalog/31000:2009(AS%7CNZS%20 ISO)/scope

Komarov, O. (2017). Customs Control and Risk Managment System on the Example of The Ukrainian Customs. *Customs Scientific Journal, 6*(2), 85-96. Retrieved from https://scholar.google.co.nz/ scholar?hl=en&as_sdt=0%2C5&as_vis=1&q=risk+managment+customs&btnG=

Laporte, B. (2011). Risk management systems: using data mining in developing countries' customs administrations. *World Customs Journal, 5*(1), 17-28. Retrieved from http://www.akmal.gov.my/files/ periodic/wco/WCJ_Volume_5_Number_1.pdf#page=23

Larbi, G. (2013). *Overview of Public Sector Management Reform.* United Nations Research Institute for Social development. Retrieved from http://siteresources.worldbank.org/INTROADSHIGHWAYS/ Resources/338993-1115316483571/3-public_sector_mgmnt_reform.pdff

Ministry of Economy and Finance. (2007). *No. 1447 MEF.BK Prakas on Provision and Procedures of Customs Declaration.* Royal Government of Cambodia. Retrieved from http://www.customs.gov.kh/wp-content/uploads/2015/10/Customs-Law-and-Regulations-EN-GDCE.pdf

Ministry of Economy and Finance. (2011). *Letter No. 009 MEF Decision on Establishment and Functioning of Customs Risk Management Database System (CRMDS).* Retrieved from http://www.customs.gov.kh/wp-content/uploads/2015/10/Customs-Law-and-Regulations-EN-GDCE.pdf

Ministry of Economy and Finance. (2011). *MEF Decision No. 009 dated 31 August 2011 on the implementation of Customs Risk Management Database System - CRMDS.* Ministry of Economy and Finance.

Ministry of Finance of Japan. (2009). *9th Time Release Study.* Ministry of Finance of Japan.

New Zealand Customs. (2017). *Annual Report.* New Zealand Customs. Retrieved from https://www.customs.govt.nz/globalassets/documents/corporate-documents/nzcs-annual-report-2016-2017.pdf

Royal Government of Cambodia. (2006). *Sub-Decree No.21 on The Facilitation of Trade Through Risk Management.* Phnom Penh: The Royal Government of Cambodia.

Royal Government of Cambodia. (2007). *The Enforcement of The List of Prohibited and Restricted Goods.* Phnom Penh: The Royal Government of Cambodia. Retrieved from http://www.customs.gov.kh/wp-content/uploads/2015/05/Anukrit-209-on-Enforcement-of-the-List-of-Prohibited-and-Restricted-Goods.pdf

Royal Government of Cambodia. (2013). *Sub-decree of the Royal Government of Cambodia No 488 Dated 16 October 2013.* Phnom Penh: Royal Government of Cambodia.

Royal Government of Cambodia. (2018). *Rectangular Strategy Phase IV.* The Royal Government of Cambodia. Retrieved from http://cnv.org.kh/wp-content/uploads/2012/10/Rectangular-Strategy-Phase-IV-of-the-Royal-Government-of-Cambodia-of-the-Sixth-Legislature-of-the-National-Assembly-2018-2023.pdf

Royal Government of Cambodia. (2019). *Medium-term revenue mobilization.* Phnom Penh: Royal Government of Cambodia.

Second Line of Defense Office of U.S. Department of Energy and the Secretariat of the National Counter Terrorism Committee of the Royal Government of Cambodia. (2013). *Second Line of Defense (SLD) Megaports Initiative Program Joint Transition Plan (JTP).* Sihanoukville.

Seng, S. (2014). The facilitation of trade in Cambodia: challenges and possible solutions. *World Customs Journal*, 113-128. Retrieved from http://worldcustomsjournal.org/Archives/Volume%208%2C%20Number%201%20(Mar%202014)/11%20Seng.pdf

Steering Committee of the Public Financial Management Reform. (2015). *Report of the Evaluation on The Public Financial Management System of Cambodia.* Retrieved from http://gs.mef.gov.kh/contents/uploads/2016/08/PEFA_report.pdf

The PM Group. (2015). *Blueprint for Cambodia National Single Window.* Phnom Penh: Cambodia Customs. Retrieved from http://www.customs.gov.kh/wp-content/uploads/2015/10/6.-Blueprint-for-CNSW-Final-for-printing.pdf

The PM Group Team. (2015). *A Blueprint for Cambodia National Single Window.* Retrieved from http://www.customs.gov.kh/wp-content/uploads/2015/10/6.-Blueprint-for-CNSW-Final-for-printing.pdf

Thiel, S. V. (2014). Chapter 9: Desk Research. In S. V. Thiel, *Research Methods in Public Administration and Public Management : An Introduction* (pp. 102–117). Routledge.

USAID. (2018). *Customs Modernization Handbook: Applying Risk Management In The Cargo Processing Environment.* The United States Agency for International Development (USAID). Retrieved from https://www.nathaninc.com/wp-content/uploads/2018/08/USAID-Customs-Modernization-Handbook-Applying-Risk-Management-July-2018.pdf

WCO Asia Pacific Regional Office for Capacity Building. (2018). *ROCB A/P E-Newsletter NO.61*. Bangkok: WCO Asia Pacific Regional Office for Capacity Building.

Widdowson, D. (2005). Managing Risk in the Customs Context. In L. D. Wulf , & J. B. Sokol , *Customs Modernisation Handbook* (pp. 91-100). Washington: World Bank. Retrieved from https://elibrary. worldbank.org/doi/pdf/10.1596/0-8213-5751-4?download=true

World Bank. (2005). *Customs Modernisation Handbook*. World Bank. Retrieved from https://siteresources.worldbank.org/INTEXPCOMNET/Resources/Customs_Modernization_ Handbook.pdf

World Bank. (2016). *Logistics Performance Index*. World Bank. Retrieved from https://lpi.worldbank. org/international/global/2016

World Customs Organization. (2003). *Customs Capacity Building Strategy*. World Customs Organization. Retrieved from http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/capacity-building/ overview/cap-buil-strat.pdf?la=en

World Customs Organization. (2008). Chapter 6: Customs Control. In W. C. Organization, *International Convention on the Simplification and Harmonization of Customs Procedures* (pp. 24-26). World Customs Organization. Retrieved from http://www.wcoomd.org/-/media/wco/public/global/pdf/ topics/facilitation/instruments-and-tools/conventions/kyoto-convention/revised-kyoto-convention/ body_gen-annex-and-specific-annexes.pdf?la=en

World Customs Organization. (2008). *Customs Enforcement Network Communication Platform (CENcomm)*. World Customs Organization. Retrieved from http://www.wcoomd.org/en/topics/ enforcement-and-compliance/instruments-and-tools/cen-suite/cencomm.aspx

World Customs Organization. (2008). *Customs in the 21st Century*. World Customs Organization. Retrieved from http://www.wcoomd.org/~/media/wco/public/global/pdf/topics/key-issues/customs-in-the-21st-century/annexes/annex_ii_en.pdf?la=en

World Customs Organization. (2010). *WCO Customs Risk Management Compendium* (Vol. 1). Brussels: World Customs Organization. Retrieved from http://www.wcoomd.org/-/media/wco/public/ global/pdf/topics/enforcement-and-compliance/activities-and-programmes/risk-management-and-intelligence/risk-management-compendium-common-part.pdf?db=web

World Customs Organization. (2010). *WCO Risk Management Compendium Volume 2*. Brussel: World Customs Organization.

World Customs Organization. (2010). *WCO SAFE Framework of Standards*. World Customs Organization. Retrieved from http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/ facilitation/instruments-and-tools/tools/safe-package/safe-framework-of-standards.pdf?la=en

World Customs Organization. (2018). *Advance Cargo Information (ACI): Implementation Guidance*. World Customs Organization. Retrieved from http://www.wcoomd.org/-/media/wco/public/global/ pdf/topics/facilitation/instruments-and-tools/tools/safe-package/aci_implementation-guidance. pdf?la=en

World Customs Organization. (2018). *WCO Cargo Targeting System*. World Customs Organization. Retrieved from http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/wto-atf/information-sheets/cts-wto-overview.pdf?la=en

World Customs Organization. (2019, January 26). *International Customs Day 2019*. Retrieved from World Customs Organization: http://www.wcoomd.org/en/about-us/international-customs-day/icd-2019.aspx

World Trade Organization. (2014). *Protocol Amending the Marrakesh Agreement Establishing the World Trade Organization*. Bali: World Trade Organization. Retrieved from https://www.wto.org/english/ thewto_e/minist_e/mc9_e/balipackage_e.htm#trade_facilitation

World Trade Organization. (2010). *Trade Facilitation Implementation of Pre-arrival Examination: A case study of Japan.* World Trade Organization.

Wulf, L. D. (2005). Human Resources and Organisational Issues in Customs. In L. D. Wulf, & J. B. Sokol , *Customs Modernisation Handbook* (pp. 31-50). Washington: The World Bank. Retrieved from https://elibrary.worldbank.org/doi/pdf/10.1596/0-8213-5751-4?download=true

Zhu, G. (2008). *Presentation on Risk Management at the 13th WCO Asia-pacific Regional Heads of Customs Administrations Conference.* Retrieved from China Customs: http://english.customs.gov.cn/topic/html/info226556.htm

Zivkovic, A., & Sutevski, D. (2018). *Facilitating Trade: Improving Customs Risk Management Systems In the OIC Member States.* The COMCEC Coordination Office. Retrieved from http://ebook.comcec.org/Kutuphane/Icerik/Yayinlar/Analitik_Calismalar/Ticaret/Toplanti11rev2/files/assets/common/downloads/publication.pdf

## Notes

1   Standard 6.3 of the Revised Kyoto Convention (RKC)

2   (Second Line of Defense Office of U.S. Department of Energy and the Secretariat of the National Counter Terrorism Committee of the Royal Government of Cambodia, 2013).

---

### Hong Sreya

After passing the customs entrance exam, Sreya was assigned to work at a small customs border checkpoint in Cambodia. Regardless of her work condition, she took that as a good opportunity to experience all aspects of customs procedures and seek out for training and workshop in-country and abroad. After showcasing her potential, Sreya was then assigned to work at the Container Control, Unit which was established under the framework of UNODC-WCO Container Control Programme, and simultaneously, she was also transferred to work at Customs and Excise Branch of Sihanoukville International Port, which is the biggest seaport in Cambodia. Sreya was awarded a New Zealand scholarship and holds a Master degree in Public Policy from Victoria University of Wellington in New Zealand.