Mr Chairman, I was delighted to receive the invitation to address this distinguished Conference because it provides me with an opportunity to share with you the clear views the World Customs Organisation has on the critical issue of integrity and also to give you some information about the steps that our Organisation is taking to assist the 144 countries who are our members to combat the insidious problem of corruption.

As the Organisation of American States has so aptly noted, "Corruption undermines the legitimacy of Government institutions and strikes at society, moral order and justice, as well as at the comprehensive development of people."

There are few public agencies in which the classic pre conditions for institutional corruption are so conveniently presented as in a Customs administration. The potent mixture of administrative monopoly coupled with the exercise of wide discretion, particularly in a work environment that may lack proper systems of control and accountability, can easily lead to corruption. A Customs administration infected with corruption is going to be seriously dysfunctional and the impact of the corruption will be felt throughout the society.

I want to tell you that the real casualty is not Customs but the societies that they are charged with serving. I am talking about ordinary men and women who place their faith in an important public institution that then fails to either deliver the protection they should reasonably expect or the revenues that they need to build the basic infrastructure of their community.

I am also referring to the impact that these ordinary citizens feel when honest trade is deliberately impeded by greed thus subverting the opportunity for them to benefit from the prosperity and economic well being that the globalisation of world trade now offers. Make no mistake, ordinary citizens are the real casualties of corruption.

It is time to put corruption in a coffin, nail down the lid of that coffin and bury corruption once and for all.

Ambitious? At the WCO we think it is not impossible, although we are pragmatic and experienced enough to understand the size and complexity of the task that we have embarked upon.

Let me say that our determination is born from our mission to improve the efficiency and effectiveness of Customs administrations and no single factor undermines achieving this very worthy objective more than a culture of corruption.

We also understand that to bring our work to a successful conclusion we must have powerful and effective support from two sectors who, more than anyone else, have the ability to influence cultural change. National political leaders and members of the international trading community must champion integrity.

Firstly, therefore I issue a challenge to political leaders to provide us with the first nail to hammer shut the corruption coffin. They can do that by leading through example and by valuing and rewarding integrity within Government institutions. Behaviour within a Customs Administration is often symptomatic of a wider malaise within a society. It often presents as a sub-
culture that mimics the values and behaviours of those who have influence. As an example of political leadership, I commend to you the Organisation of American States Inter-American Convention against corruption, the OECD's 1994 Anti-Corruption Recommendation, the anti-corruption activities of the World Bank and IMF, and the 1996 UN Declaration Against Corruption and Bribery in International Commercial Transactions.

Political leaders must provide support to modernise their Customs administrations and to fund programmes that will upgrade and automate Customs processes thus assuring the correct collection of revenues while reducing the arbitrary intervention that occurs in non automated processes. They can also ensure that the remuneration levels for Customs employees are sufficient to provide them with an adequate and dignified lifestyle. These actions will remove negative role models, opportunity and economic need from the corruption equation.

The second sector that must join the fight against corruption consists of all the participants in the international trade environment. By this I mean importers, exporters, airlines, shipping companies, port and airport authorities, trade consultants and others with international commercial interests. They should act individually and collectively with leadership from their regional and international associations. They should simply say no to ever being a party to corrupt practices. No is a simple word that is understood by everyone. Corruption at and beyond borders must be regarded as the Devil's Contract.

We at the WCO, urge that those in international commerce establish strict enforceable ethical standards to ensure that all international trade transactions are conducted with propriety and not on the basis of commercial expediency or the seeking of an unfair competitive advantage. The only commercial interests that we want to be associated with are those who are good corporate citizens. Impropriety must be exposed at every turn for public exposure is a powerful weapon. Corporate reputation is going to become a far more important criteria for Customs inspection programmes than it has been in the past. Selectivity, after all, is about targeting risk and not unreasonably it is likely that an importer or exporter with a reputation for dubious dealings will be subjected to closer Customs scrutiny. In this area, we are most appreciative of the efforts of the International Chamber of Commerce and Transparency International.

International commerce also has another vital role to play in the issue of Customs integrity and that is by providing the transaction data in a format for automated systems that will enable Customs to make informed decisions on consignments within a seamless process that will eliminate unreasonable and unnecessary physical intervention.

There you have it - two more nails are driven home against pervasive corruption and I have not yet begun to talk about what we in the WCO are doing ourselves to improve the situation or the action that some individual Customs administrations are themselves taking.

At the WCO we have a number of programmes that we have developed and are developing that will harmonise and simplify globally, the Customs clearance processes. We make available the Harmonised System to our members to provide a uniform method of classifying and describing goods being traded internationally. We administer the set of rules to determine the value of goods using the GATT valuation method, and in conjunction with the VVTO, we are currently developing rules which will enable the origin of goods to be determined in a uniform and consistent way, world-wide.

The existence of all these instruments provides certainty to international trade and removes the fertile ground from which corrupt practices can flourish. If the trade documentation correctly describe the goods, correctly value the goods and correctly certify the origin of the goods then there is little room for dispute and the consignment should benefit from swift release from Customs control. It all adds up to much greater consistency and transparency and it makes it extremely difficult for individuals to impose arbitrary interpretations for personal benefit. To a very great degree this disempowers would be corrupt officials - and so another three nails are hammered home.

In 1993, members of the World Customs Organisation held their annual general meeting in Arusha, Tanzania and agreed on a code in relation to integrity within Customs administrations. We know it as the Arusha Declaration and it lists 12 specific practical steps that can be taken by a Customs Administration that should either prevent corruption or assist in detecting it. It is a veritable box of strong sharp nails. Some, I have touched on already but let me enumerate the critical elements because each is of considerable importance in the Customs environment. I am sure many may also be relevant to your own organisations or area of interest.

- Customs legislation should be clear and precise. Import tariffs should be moderated where possible. The number of duty rates should be limited. Administrative regulation of trade should be reduced to the absolute minimum and there should be as few exemptions to the standard rules as possible.
- Customs procedures should be simple and consistent and easily accessible and should include a procedure for appealing against decisions of the Customs, with the possibility of recourse to independent adjudication in the final instance. The procedures should be based on the Kyoto Convention (a WCO Convention which seeks to simplify and standardise international Customs procedures) and should be framed as to reduce to a minimum the inappropriate exercise of discretion.
- Automation (including EDI) is a powerful tool against corruption, and its utilisation should have priority. This is of utmost importance in the international trade environment today and the benefits of a proper system far outweigh the cost of development and installation.
In order to reduce the opportunities for malpractice, Customs managers should employ such measures as the strategic segregation of functions, rotation of assignments and random allocation of examinations among Customs officers and, in certain circumstances, regular relocation of staff.

Line managers should have prime responsibility for identifying weaknesses in working methods and in the integrity of their staff, and for taking steps to rectify weaknesses.

Internal and external auditing are essential, effective internal auditing being a particularly useful means of ensuring that Customs procedures are appropriate and are being implemented correctly. The internal auditing arrangements should be complemented by an internal affairs staff that has the specific task of investigating all cases of suspected malpractice.

Management should instil in its officers loyalty and pride in their service, an "esprit de corps" and a desire to co-operate in measures to reduce their exposure to the possibility of corruption.

The processes for the recruitment and advancement of Customs officers should be objective and immune from interference. The process should include a means of identifying applicants who have, and are likely to maintain, a high standard of personal ethics.

Customs officers should be issued with a Code of Conduct, the implications of which should be fully explained to them. There should be effective disciplinary measures, which should include the possibility of dismissal and prosecution.

Customs officers should receive adequate professional training throughout their careers, which should include coverage of ethics and integrity issues.

The remuneration received by Customs officers should be sufficient to afford them a decent standard of living, and may in certain circumstances include social benefits such as healthcare and housing facilities, and/or incentive payments.

Customs administrations should foster an open and transparent relationship with Customs brokers and with the relevant sectors of the international trade and business communities. Liaison committees are useful in this respect.

So there you have it - twelve very sensible and practical steps, each of which, represents a vital nail to assist us in securing the lid on corruption.

The Arusha Declaration has been recognised and endorsed by UNCTAD. At the UNCTAD Trade Efficiency Symposium held in Columbus, Ohio in October 1994, a recommendation was adopted that stated, Governments should take steps to ensure the highest level of integrity and professional standards within their Customs administration. The measures identified by the WCO in its Arusha Declaration on Integrity in Customs should be implemented. The UNCTAD recommendation went on to say that effective measures are also required to discourage low standards of integrity in the international trading community.

Since the Arusha Declaration, the WCO has put a tremendous amount of time and energy in designing a comprehensive Customs Reform and Modernisation programme that integrates the principles set out in the Arusha Declaration into a wider package that our members can use to undertake the fundamental reform of both their processes and organisation.

The need for such a programme arises because of a number of different influences - the reduction of tariff barriers, the projected growth in world trade, the intolerance of Governments to unreasonable Customs intervention, the need for Customs to facilitate prosperity and not stand in the way of it, and of course, the important issue of integrity.

In some instances, the Customs patient has been so ill that the Government has directed that in order to protect revenues, inspection activities should be undertaken by foreign private inspection services. This is obviously a second best option because an effective Customs administration is an integral part of any nation's sovereignty. At the WCO, we accept the use of private inspection services only in extreme cases and then only as a temporary measure to provide a breathing space so that the affected Customs Administration has an opportunity to reform and modernise its processes and organisation in a holistic way to ensure that it is able to meet the expectations of Government.

Our Customs Reform and Modernisation programme consists of a number of critical elements. The first and most important is to win the support of high level policy makers and get their commitment to providing the support and resources to facilitate the necessary change. A diagnostic study is then undertaken by the top management of the Customs administration assisted by an external team of experienced Customs experts.

The plan that emerges from this study - which is likely to involve the introduction of automated solutions, new human resource development strategies (including educational qualifications, desired skill sets, remuneration, ethical standards, tenure and accountability) and redesigned inspection selection processes based on informed risk assessment and organisational criteria (not criteria set by individuals for their own purpose) is then implemented. Subsequent to the introduction of the changes, their success is evaluated and measured against specially designed performance criteria.

As I mentioned earlier we have put a tremendous amount of time and creativity into designing what is essentially a structured
and guided self help programme of reform and in doing so we have been enormously encouraged by the support and encouragement we have received from international organisations such as the WTO, OECD, World Bank, IMF, UNCTAD, ICC and Transparency International plus commercial interests involved in international trade and donor administrations who provide expert personnel and funding to assist our reform programmes around the world. Indeed, in July, a special course was held in Viña del Mar, Chile to train a group of reform and modernisation facilitators from South American Customs administrations. We also have a number of projects underway in other parts of the world which we are sure will deliver positive benefits to the respective Governments and international trade generally.

Let me say that these are real benefits and I can do no better than to provide you some details of the outcome of a reform and modernisation project that was undertaken by the Peruvian Customs Administration and which were reported in April to an international Forum on Customs Reform and Modernisation which was held in Brussels. They are indicative of what can be achieved through determined action.

Peruvian Customs have increased revenue receipts from a level of US $ 625 million in 1990 to US $2 billion 675 million in 1995, against a background of tariff rates being dramatically reduced. Duty collection has been automated to enable payments to be made using electronic banking and the average consignment clearance time has been reduced from 5 days to 2 hours. The Customs workforce has been reduced considerably and new recruitment and training policies put in place. Staff with professional backgrounds now represent over 70% of the workforce in sharp contrast to the 2% employed in 1990. There is zero tolerance for corruption and a single act of corruption, no matter how small, leads to immediate dismissal.

I let these outstanding results speak for themselves. It shows that while we have the ability to nail shut the coffin on corruption in the Customs environment by using the means that I have discussed here today, a well organised and determined Customs Reform and Modernisation Programme is a big part of the answer.

In closing, I want to remind you that no government, organisation or administration is going to be able to rid the world of corruption in politics, international commerce and law enforcement unless we work together with vigour and determination to change the underlying culture that makes such dishonest practices acceptable. Let us forge a partnership to do all we can in every sector of international trade to bury the corruption coffin forever. We owe it to those we serve.