

March 2023, Issue 16



# PEN-CP

Pan-European Network of  
Customs Practitioners

PENCAST WITH  
RICARDO TREVIÑO CHAPA,  
THE WORLD CUSTOMS ORGANIZATION



# MAGAZINE



## Editorial

Dear Readers

Hope that the year 2023 has been so far interesting, rewarding and productive for you and your colleagues! In PEN-CP, examples of key activities during the first quarter of the year include the following:

**Innovation Awards and Prizes:** we have been busy in promoting the PIP-2022/23 and GCIA-2022/23 calls for submissions, succeeding so far quite well with the former one (minimum 8 submissions made by external innovators); with the latter one, we are still in the process of approaching few dozens of Customs administrations, to attract some more submissions.

**Relaunch of Pencast:** the PEN-CP podcast has been rebranded and relaunched with the punchline “Pushing the Envelope - Life at the Cutting Edge of Customs Innovation”. In fact, in Magazines 16 and 17 we publish the first Pencast episode in two parts: an interview with Ricardo Treviño Chapa, Deputy Secretary General of the World Customs Organization. Please check out the interview, consider subscribing to the YouTube channel, and stay tuned for the future exciting episodes.

**The PEN-CP Expert Teams:** the three PETs have held technical meetings with the focus on the upcoming calls with the advanced innovation instruments. Each of the PET-teams is working on a tangible topic for the first round of Technology grant calls. Then, PET-1 (data & risks) is working on the announcement for the PEN-Hackathon; PET-2 (detection technologies) is working on the script for the PEN-Tournament; and, PET-3 (laboratory equipment) has started to draft a call text for a Challenge competition. The goal is to work further on the key documents during Year-4 Annual event; particularly on Tuesday 25 April afternoon.

**Year-4 Annual Event:** all is set to go for the Year-4 event, to be held in Tirana, Albania, during 25-28 April; and kindly hosted by the Albanian Customs Administration. The latest draft agenda is also published in this Magazine.

Hope to meet most of you live in Tirana! And, next Magazine, issue nr.17, will be published soon after the Tirana event.

Juha Hintsa

### The PEN-CP Magazine:

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# Pencast with Ricardo Treviño Chapa, the World Customs Organization



## Part 1 of 2

The PEN-CP podcast has been recently rebranded and relaunched with the punchline “Pushing the Envelope - Life at the Cutting Edge of Customs Innovation”. On the show, we explore the frontiers of customs, creativity, and conversations with customs and logistics experts, technology innovators, research scientists and other leaders in the field. Industry insiders call the show the Pencast, because it’s part of PEN-CP, a network for boosting customs innovation, funded by the European Union under the Horizon 2020 program.

Published in YouTube on 14 March 2023:  
<https://www.youtube.com/watch?v=zp4DIfgPRbw>

**Tom Mueller:** Today, I’m very honored to be speaking with Ricardo Trevino Chapa, Deputy Secretary of the World Customs Organization, who holds advanced degrees in finance, international banking and strategic management, most recently from Oxford. His public service career spans 20 years, first in his native Mexico, where he served the federal government in high positions in revenue collection, social security, and as Mexico’s customs administrator general, and subsequently as vice chair of the Americas and Caribbean region, to the World Customs Organization. And now of course, Deputy Secretary General of the WCO for the last five years.

Ricardo, thank you very much for joining me today on the podcast.

**Ricardo Treviño:** Thank you, Tom, thanks for the invitation. My pleasure to be here. I’m very happy to contribute to this project, the PEN-CP project, through this Pencast. And looking forward to some of the good points of discussion in the coming minutes.

**Tom Mueller:** Yeah, it’s going to be a great conversation. Let’s talk a bit about your background and how you came to the WCO. For instance, in 2007, you became the youngest ever Director General for revenue collection for the Mexico federal government. During your time in this position, you implemented new technologies and procedures, which resulted in revenue collection tripling. Can you talk a little bit about these technologies and procedures, and why they were so effective?

**Ricardo Treviño:** Sure, of course. Thanks, Tom. Yes, back in 2007, I was just 28 years old. This was my first director general position back then, but this was the director general position for revenue collection at the State of Mexico, the government for the State of Mexico. And yes, after five years that I stayed there as DG for this position, we tripled the incomes basically, and it was due to this strategy of trying to simplify and facilitate payment of taxes through automation, and through better coordination. And also through transparency. Before I was there, for instance, not every payment was bankarised. The use of technology, the use of payment online, was not accessible back then. So we had to change the law, actually. We did a reform to the regulatory framework, in order to allow the use of these technologies.

And it was quite difficult to go through the local Congress and to convince many of the stakeholders, because people were used to going to the income local office, paying with cash their taxes, and getting a paper with a stamp to prove that they paid. So it was like a cultural change, a cultural shock for people even within the government. Many stakeholders were – well, not very optimistic about the result of moving all

the incomes to bank and to online payments. In the end, we did several campaigns for communication and people got used to it. I think the result was quite positive, with tripling the income, lowering corruption, increasing transparency in the process. And through simplifying the procedures by decreasing also the number of requirements – making it easy for people to pay. I mean, it's already a tough decision to come and, and pay you know, as a citizen – you know it hurts to pay for taxes! So why make it complicated, if you can make it easy, right? So putting forward all these facilitation procedures, and using new technologies based on transparency, basically, was what resulted in this tripling of the incomes.

**Tom Mueller:** Fantastic. I mean, the words that you use, “simplify,” “facilitate automation,” “transparency,” these are the golden words for so many areas, and certainly for customs innovation. I'm trying to just picture you, a 28 year old, going to a variety of different offices to people who might have been twice your age. Just from a personal standpoint, was it a challenge to convince people who were set in their ways and perhaps felt more senior than you, to revolutionize their approach to revenue collection, tax collection?

**Ricardo Treviño:** Yes, of course it was hard. But in the end, I also had the support of the governor, of the minister. And together we did all this work. So I had their trust. And we had to convince all the rest of the stakeholders. But of course, some people would have called me maybe a bit

immature or young Director General to be even proposing these kinds of things.

**Tom Mueller:** Yeah, I mean, that's, of course, when people are threatened by change, they pull out whatever defenses they can, but obviously, the results speak for themselves: tripling revenue collection, it's a pretty unambiguously good result. And eight years later, when you were Mexico's Customs Administrator General, you also served as Vice Chair of the Americas and Caribbean region to the World Customs Organization, where you developed the first coordinated regional strategic plan. Could you describe that plan a bit?

**Ricardo Treviño:** Sure, thanks. Indeed, I was suggested by the President of Mexico to take the Customs Administration around 2014, I was then ratified by the Mexican Congress to take this position. And as such, during that transition, I was elected as well to become the Vice Chair for the Americas and Caribbean region here at the WCO. So when I came leading the delegation from Mexico to the WCO, I was already Vice Chair back then. But I started questioning: what is the role of the Vice Chair? What is the impact of the WCO around the globe? And the first thing that struck me is that as Vice Chair of the region, there were no clear objectives. There was no clear mandate. There, there were no targets. So it was basically kind of a political appointment, which you could use to make your name sound better, probably. But with not a real task or objective.



So what I proposed back then was, let's do at least the first strategy – a plan for the two years that I will serve as Vice Chair for this region. And this was the first time that the region had a strategic plan. So we developed a plan on what were the needs for capacity building for the region. What kind of priorities we had back then, some of which are still relevant, like coordinated border management, exchange of information, e-commerce and integrity for the region. And we made a plan to work together with WCO, in order to strengthen our coordination, our communication as a region with the organization, but also seeking support from the organization to deliver technical assistance and capacity building on these specific matters.

**Tom Mueller:** So you came in as a sort of a political appointment and you created, or reformed, the job, to actually make it operational?

**Ricardo Treviño:** Yes, to make it operational: to have a vision and objective, where to move to, and not just being called the “Vice Chair” because it's a beautiful name! (laughs)

**Tom Mueller:** It sounds good on the resume, but you made it into something strategic and actually concrete! That sounds like a theme in your work. Overall, how has your background in customs shaped your work at the WCO?

**Ricardo Treviño:** Well, it really has helped. Not only my work in customs, but as you mentioned before, I already started a bit over 20 years – 23 years – ago, as a public servant in Mexico. And my first job was always in the financial sector, but I started in the banking regulation sector, and then I moved to the fiscal part. Of course, when I came to the fiscal part of my career, that's when I started having some more interactions with customers. In the middle, I had a brief stay at the Social Security and pension system, which we reformed as well. And this also helped me to develop many other skills. When I led the Institute for Social Security of the State of Mexico to make a reform, I had to negotiate and had to develop a lot of political skills to deal with the union leaders, with the workers, with the practitioners – medical practitioners – also serving. And it was quite a complicated task. But in the end, we did it.

So all these skills, I think, that I've been trying to

gather in my career, have also helped during my stay here at the WCO. Of course, when I also was appointed as head of the internal evaluation, and anti-corruption unit of the fiscal agency. I had to start dealing very much with other international organizations. I was the head of delegation for Mexico for the anti-corruption working group in the OECD for the anti corruption Working Group at UN ODC. I led the Mexican delegation in the work done at the G20 on anti-corruption, where Mexico – myself – was proposing back then to consider customs as a sensitive sector, and a strategic sector, for combating corruption. And this was accepted by the G20. And the G20 mandated Mexico to lead this proposal, and to develop some high level principles in order to tackle corruption in customs.

Also back then, still as head of this unit, I had to deal with WCO, I had to deal with the OECD, UNODC and the G20 members, in order to develop these high level principles for integrity and anti-corruption in customs. And that was really kind of a big experience for me, in learning how to deal with international organizations.

**Tom Mueller:** And that's a wide range of organizations that you're dealing with, but also, as you mentioned earlier, the political and interpersonal skills to be able to bring together a bunch of people with very different backgrounds, very different stakeholder interests, and reach a consensus. That's a real skill. And that takes a lot of practice to get good at.

**Ricardo Treviño:** Well, it takes a lot of patience as well. As it has been said in many other cases, patience will bring good things to you. And when I came here at the WCO, after being elected as Deputy Secretary General, one of the colleagues here took me aside and told me, “Congratulations, you're going to do a good job and so on. I just want to suggest that you not get frustrated. Because if things move slowly at the national level, at the international level, they go even slower. So be patient, don't get frustrated, and just work hard.”

**Tom Mueller:** Excellent advice for everyone, but particularly someone who wears as many hats as you wear, and has to do with as many different diverging interests to bring together, as you have. You know, the customs mission is often described as a delicate balance between control

and facilitation: ensuring that harmful goods don't cross borders, but also facilitating global commerce. What are the best ways in your view to strike this balance? And what are the key roles that the WCO plays in this balancing act?

**Ricardo Treviño:** I'm gonna be a bit controversial on this. Not everyone in the customs sector would agree with me on this one. Yes, traditionally customs has been about balancing facilitation and compliance, in many ways. But in my view, at least in the last few years, I think we have to stop saying that we need to find a balance between facilitation and compliance. Because in my view, saying "to find a balance" means that you're going to sacrifice at least a little bit of one or the other, to make them both work, but sacrificing at the same time some efficiency in one of them.

For me, that shouldn't be the right view right now, especially with the technologies that we have available. With the right use of technology, with intensive use of technology, with real international cooperation, I think we can achieve both 100% – compliance and facilitation. And there is no

need to "balance" both. Although it sounds like they contradict each other, I would say there is a way of doing them both 100%: being efficient, through the right use of technology, by developing a very comprehensive and real risk management strategy. Which has to be updated frequently, of course, because the bad guys, the organized criminals, are evolving constantly – you cannot remain static, just develop a risk management strategy and leave it at that. You have to keep evolving. But current technology, if you build it correctly, would allow you to predict these movements, and would allow you to adjust accordingly, in a very quick way.

So in my view, it's not about balancing anymore. It's about really fulfilling both of these tasks at the same time.

**Tom Mueller:** That's very interesting. And it shouldn't be controversial, because in fact, when you talk about the right and intensive use of technology, that's something on everyone's lips. And this balance, as you say, should go hand in hand. I mean, it's in the best interests of good



players in business, to let their compliance take care of any particular problems before they even arrive at customs, right? It's in the best interests of everyone to play according to the same rules. So getting all members of the global transport activity to work together, collaborate, share experience – that can foster general economic growth and prosperity, and benefit everyone, right?

**Ricardo Treviño:** Yeah, of course. Also, the role of customs has been evolving throughout the years. I mean, if we go decades back to when customs was created, the purpose for customs was merely revenue collection. This was the main reason why customs existed. And this means that customs is naturally an invasive authority, unfortunately. So this was the reason why customs was created.

Throughout the years, more and more objectives have been thrown on our way, and these have of course complicated many of our actions. After that came, of course, the era of protectionism and how customs could defend some of the national economic interests. But then also came all these trends on safety regarding drugs and fake medicines that customs needed to stop. But after this came the facilitation trend together with the WTO – WTO created this wording of “facilitating trade” – it was not customs, it was trade. We took on board the objective of facilitating trade as well,

and this has become a strategic objective for customs. So, now we have protection of society, revenue collection and facilitation of trade as main objectives. And after facilitation, again, came a strong trend after the 2001 terrorist attacks, of protection of society through security, and being the first line of defense for many countries, and becoming a national security institution.

This is now the view of customs in many places in the world. We've been adding more and more objectives. And now some customs administrations are advocating and are suggesting that a new objective be added, protecting the environment, and that now customs should focus more and more on greening supply chains. So customs has been seen historically as a toolbox to fulfill many strategic objectives.

**Tom Mueller:** Yes, and while the job of customs is constantly growing, the resources available are probably not growing in line with the new tasks that need to be fulfilled by customs. So, there again, your mention of the right and intensive use of technology is spot on for this.

**Ricardo Treviño:** Absolutely.

*The Pencast continues in the PEN-CP Magazine 17*



# PEN-CP Year-4 Event Agenda

## Tirana, Albania, on 25 April - 28 April 2023

### Tuesday 25.4 at 2pm - 5pm

PEN-CP Expert Teams (PET-teams) parallel workshops (PET-1 on data and risks, PET-2 on detection technologies, PET-3 laboratory equipment)

POP-platform demonstration & tutorial -stand and Help-stand on Periodic reporting questions and Information desk on Horizon Europe projects PARSEC and MELCHIOR

### Wednesday 26.4 at 9am - 3.15pm

Opening, objectives and expectations for the Year-4 event

PEN-CP Innovation Prize and Innovation Award 2022/23 (PIP-2022/23 & GCIA-2022/23) - reviewing submissions and voting for winners

- Explanation on PIP-2022/23 & GCIA-2022/23 voting protocols (using Pencards)
- PIP-2022/23 Submissions presented via Vimeo-streaming (written submissions are available for downloads at POP/ Year-4 group, as of 1 April)
- GCIA-2022/23 Submissions presented
- Filling in and collecting votes with PIP-2022/23 & GCIA-2022/23 Pencards

PET-teams: summaries of Tuesday afternoon workshop outcomes & way forward presentations

Keynote speech and main Year-4 Customs innovation panel

### Wed at 3.30pm onwards: visit to Durres port town & Year 4 common dinner

During dinner: Announcement of the PIP-2022/23 & GCIA 2022/23 winners





## **Thursday 27.4 at 9am - 5pm**

Overview of the project progress:

- Pendants, Pencasts, Penblogs, PEN-CP Magazine, social media & community building - status update & way forward
- Innovator & industry outreach and actions - status update & way forward
- Annual studies: Green Customs; Past Projects; Customs & AI; Illicit market size - status update & way forward
- Standardization roadmap & pre-standardization activities - status update & way forward
- Advanced innovation instruments - status update & way forward
- Training materials - status update & way forward
- POP platform - status update & way forward

PEN-CP long-term sustainability, vision (snapshot) by the coordinator

WP-centric updates, highlighting schedules and what is expected from task leaders and partners regarding the final round of formal deliverables 2023-25

- WP1 Project management (CBRA presenting)
- WP2 Continuous monitoring and innovation ideation (GBR presenting)
- WP3 Studies, user requirements and standardization (IRL presenting)
- WP4 Prototypes, grant programs and expert services (BEL presenting)
- WP5 Dissemination, communication and community building (CBRA presenting)
- WP6 Exploitation, education and sustainability (HUN presenting)

Reflections and feedback on “Reporting Period 3 & full PEN-CP activities” by Project reviewer & REA & EC officer(s)

General Assembly: discussions and conclusions

Reflections and feedback on “full PEN-CP activities and future sustainability”, by the PEN-CP Advisory Board

## **Friday 28.4 at 9am to 12pm**

Training materials - Part 2/2

Expert reports: ER6 (EU AI Act & Customs) final presentation; status update with ER7 & ER8 (e-seals); introducing new calls ER9 & ER10

Open discussions: moving forward with the final 21 month of the project & ensuring long-term PEN-CP sustainability (from February 2025 to the long-term future)

Any volunteers to host Year-5 (March 2024) and Final (January 2025) PEN-CP events?

Closure of the Year-4 Annual event

# **PEN-CP Year-4 Annual Event takes place at the MAK ALBANIA Hotel in Tirana**

<https://makalbania.com/>



## **PEN-CP social media channels:**

[https://twitter.com/PENCP\\_NET](https://twitter.com/PENCP_NET)  
<https://www.linkedin.com/groups/8183667/>  
<https://www.facebook.com/groups/pencp>  
<https://www.youtube.com/@cbr3452>  
<https://youtu.be/OXwQPHHS5Ls>  
<https://www.researchgate.net/project/PEN-CP-EU-H2020>

All open calls (Experts Reports, Open Innovation instruments etc.) by PEN-CP:  
<https://pen-cp.sym.place/groups/profile/302707/pen-cp-innovation-instruments-and-innovation-events>

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