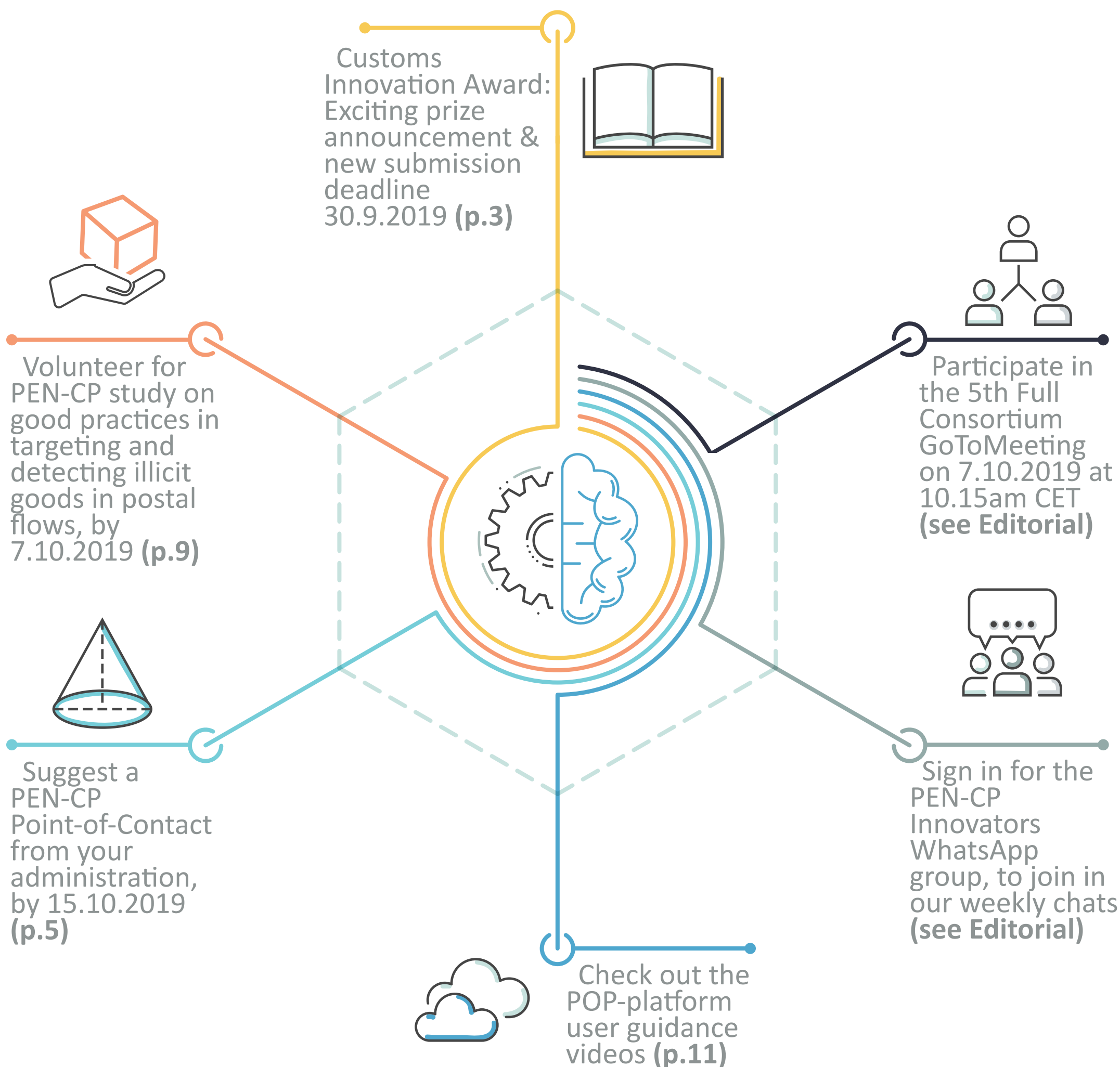




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## Dear PEN-CP Magazine Readers

The first year of PEN-CP has just come to the end, and now we have four years left to reach our overarching goal of “Proof-of-concept for a novel Customs innovation boosting network and community, with valuable innovation intermediary services, offered through an on-line platform”. I believe that we are well on track for this, thanks to all the hard & innovative work carried out by the consortium partners!

In particular, thanks to everyone for taking the actions we planned for the summer, including identifying relevant University departments and Research institutes across PEN-CP countries (data has been entered now in POP); joining the first stage survey on “measuring the impacts of PEN-CP innovation intermediary services” (article to follow in Magazine 6); and registering new users on POP, the PEN-CP Online Platform. Great actions this summer, indeed!

Topics in this Magazine 5 include: updates on the PEN-CP Customs Innovation Award competition (with a new deadline & an exciting prize announcement; all customs partners please submit!); introduction to the PEN-CP Point-of-Contact scheme (all customs partners, please suggest one or more experts for this!); detailed agenda for the Year 1 Annual event (everyone please book your hotel rooms!); and more. We have also included a preview section on the next PEN-CP Magazine, Issue 6 which comes out in two months from now (and yes, after checking that page, one can barely wait for November to come – we wish...)

Moving forward in the spirit of the cover text of last Magazine 4: “Lets keep innovating together; Lets keep working together”!

In Thun, 8.9.2019

Juha Hintsa

*PS. The 5th Full consortium GoToMeeting will take place on Monday 7.10 at 10.15am CET (max duration 1 hour 45 mins) - if you would like to test GoToMeeting before the meeting, please send an email to: [pen-cp@cross-border.org](mailto:pen-cp@cross-border.org)*

*PPS. We trialed this summer a “PEN-CP Innovators” WhatsApp group, with some 20 PEN-CP experts joining the it. This WhatsApp group proved to be useful, and now we would like to invite everyone in PEN-CP to join the group, for frequent idea exchanges, opinion polls, ad hoc chats and more. If you would like to join, please send email with your phone/WhatsApp number to: [pen-cp@cross-border.org](mailto:pen-cp@cross-border.org)*

### PEN-CP Magazine Editorial Team

Susana Wong Chan, UNIL  
Gillian Castle, CBRA  
Johan Pontén, CBRA  
Toni Männistö, CBRA  
Juha Hintsa, CBRA (Project Coordinator)



# PEN-CP Customs

## Innovation Award 2019

– make your submissions by 30.9.2019!

The innovation award submission **deadline has been extended until 30.9.2019**. Please make your innovation submissions – up to 3 candidates – now! Use the PEN-CP Online Platform, or, send an email to: [susana.wongchan@unil.ch](mailto:susana.wongchan@unil.ch)

### THE WINNING ADMINISTRATION

will be invited for a **2-day training session** on container control at the Dutch Customs National Practice Training Center in Rotterdam, in 2020. Travel and hotel costs are paid by the PEN-CP project (up to 1500 EUR, which may enable two experts to participate; and even more experts, up to eight in total, may join, if the winning administration covers their travel and hotel costs)



Enter your Customs Innovation Award candidates to the PEN-CP Online Platform

<https://cmt.eurtd.com/groups/profile/85016/pen-cp>

&

### CLICKING THIS BUTTON



**The purpose of the PEN-CP Customs Innovation Award** is to shed light on recent and on-going innovation work, across the 13 PEN-CP Customs partners. By doing this, we increase awareness on the importance of Customs innovation efforts and ambitions, and, of course, learn from each other on interesting innovation initiatives.

**The scope of innovations for this competition can be very broad:** anything from what customs considers as “incremental innovations” all the way to “radical innovations”; improvements in existing solutions and technologies, and introduction of new solutions and technologies; improvements in existing processes, as well as introduction of new processes; and so forth, are all in the scope of the Customs Innovation Award.

**Scoring and selection of “best customs innovations” will happen in following two stages:**

1. The PEN-CP Advisory Board makes a pre-selection of top 4 to 8 innovations; the Advisory Board members will make their independent assessment and ranking, based on the Innovation description, impacts, uniqueness, generalisability and status; the outcomes of this process are shared with all PEN-CP partners (by 20.10.2019)
2. Live voting will be held during the Year 1 Annual Event (Budapest, 20-22.11.2019); each Customs partner will have a pre-determined set of votes (exact number of votes each Customs can use will be explained by 20.10.2019); and the winner will be announced during the common dinner.

**The plan is to share afterwards key information** (on the PEN-CP Online Platform, POP) with all PEN-CP partners on all the submitted innovations; and of course, to identify which of the innovations (in the full pool of maximum  $13 \times 3 = 39$  innovations) could be of interest for further assessment, sharing of further details between all customs partners etc.

For more information, please contact the task leader Mr. Ron Roelofs from Dutch Customs: [rkw.roelofs@belastingdienst.nl](mailto:rkw.roelofs@belastingdienst.nl) ; please copy Ms. Susana Wong Chan of UNIL, [susana.wongchan@unil.ch](mailto:susana.wongchan@unil.ch)



**The rules and process for the PEN-CP Year 1 Customs Innovation Award are the following - please note that maximum 3 submissions per Customs partner are allowed:**

1. The nature of innovations can be very broad: anything from what customs considers as “incremental innovations” all the way to “radical innovations”; improvements in existing solutions and technologies, and introduction of new solutions and technologies; improvements in existing processes, as well as introduction of new processes; and so forth, are all in the scope of the Customs Innovation Award.
2. The Customs innovations submitted to the competition can cover years 2018 and 2019; in other words, any innovations which were introduced/ implemented/ published during these two years qualify for the competition.
3. Deadline to submit your suggestions - maximum 3 per PEN-CP Customs - to the competition is 30.9.2019. In case your administration has (accidentally) proposed more than 3 innovations, by the given deadline, we will contact you to reduce the final submissions down to 3.
4. Only Ms. Susana Wong from the University of Lausanne – as a “trusted, non-customs party” - will have access to the full list of the submitted innovations. Once the submission is closed, she will assemble all the suggestions together, and pass them to the PEN-CP Advisory Board.
5. Advisory Board will score all innovations, and will produce a list of 4-8 top innovations. For this Year 1 Customs Innovation Award, we opted not to publish

exact scoring formula up-front; this is in planning from Year 2 onwards. Instead, the Advisory Board members will make their independent assessment and ranking, based on the Innovation description, impacts, uniqueness, generalisability and status.

6. The 4-8 top innovations are then shared with all PEN-CP Customs partners, by 20.10.2019, so that each Customs partner has one month time to consider which innovations they find as the best ones. In other words, each Customs partner should make their internal decisions on best innovations, before coming to the Year 1 Annual Event.
7. The final voting to find out the winner takes place during the Year 1 Annual Event, in Budapest, Hungary, 20-22.11.2019. And the winner will be announced & celebrated during the common dinner of the Year 1 event.
8. The plan is to share afterwards key information (on the PEN-CP Online Platform, POP) with all PEN-CP partners on all the submitted innovations; and of course, to identify which of the innovations (in the full pool of maximum  $13 \times 3 = 39$  innovations) could be of interest for further assessment, sharing of further details between all customs partners etc.
9. Next to the „recognition & fame“, the winning Customs administration will be invited for a 2-day training session on container control at the Dutch Customs National Practice Training Center in Rotterdam, in 2020. Travel and hotel costs are paid by the PEN-CP project (up to 1500 EUR, which may enable two experts to participate; and even more experts, up to eight in total, may join, if the winning administration covers their travel and hotel costs).

**Information you are asked to enter about the innovation(s):**

Which Customs administration you represent?

Name and email address for the contact person on the Innovation

Overview on the Innovation = Which Customs problem it aims to solve and how is it done?

The value/ benefits/ impact of the Innovation = Please explain

- For Customs it can be about new capabilities, faster performance, lower rate in false-positives/negatives, lower operational costs etc.
- You can also explain on positive impacts for supply chains and/or society.

Innovation novelty value/ uniqueness = Is the Innovation really a new way of thinking and/or doing things at customs? = Please explain

Innovation generalisability = Is it feasible to implement and to benefit from this Innovation in other Customs administrations? = Please explain

Implementation status (as summer 2019) of the Innovation (choose one):

- ☐ Research and Development -stage
- ☐ Proof of Concept -stage
- ☐ Partial implementation -stage
- ☐ Fully implemented

# ➤ PEN-CP Points-of-Contacts (PEN-POCs)

Continuous interactions with other relevant networks, projects, expert groups, commercial parties etc. is crucial for the full success of PEN-CP. The goal is that each PEN-CP partner, particularly the 13 Customs partners, would have minimum one role in representing PEN-CP in discussions and events with other parties, during the remaining four years of the project. During the past 12 months, the first version of PEN-CP Points of Contacts (PEN-POCs) table has evolved in an organic style, and by now we have 6 Customs (EST, NOR, BEL, HUN, IRL, GBR) of the 13 Customs partners with minimum one such role agreed. It would be great if by the Year 1 Annual Event we had each of the remaining Customs partners included in this table – considering of course that additional external entities, attractive for cooperation with us, will be identified jointly soon.

External entity (project, network, expert group etc.)	PEN-POC1	PEN-POC2
H2020 Police network iLEAD, <a href="http://i-lead.eu/">http://i-lead.eu/</a>	Janno Rätsep (EST)	Trevor Francis (GBR)
H2020 Police network iLEAnet, <a href="https://www.ileanet.eu/">https://www.ileanet.eu/</a>	Trevor Francis (GBR)	Janno Rätsep (EST)
H2020 Procurement network iProcureNet, <a href="https://twitter.com/iProcureNet_EU">https://twitter.com/iProcureNet_EU</a>	Hans Wilhelmsen (NOR)	Kevin Humphreys (IRL)
H2020 Security Research NCP Network, SEREN4, <a href="http://www.seren-project.eu/index.php/home/seren-4">http://www.seren-project.eu/index.php/home/seren-4</a>	Jonathan Migeotte (BEL)	Toni Männistö (CBRA)
H2020 SC7 Networks of Practitioners and Community of Users, <a href="https://www.securityresearch-cou.eu/">https://www.securityresearch-cou.eu/</a>	Juha Hintsa (CBRA)	Trevor Francis (GBR)
H2020 Security Research Events, <a href="https://www.sre2019.eu/about-conference">https://www.sre2019.eu/about-conference</a>	Freja De Middeleer (BEL)	Toni Männistö (CBRA)
C2020 Customs Eastern and South-Eastern Land Border Expert Team, CELBET, <a href="https://www.celbet.eu/about/">https://www.celbet.eu/about/</a>	Zsolt Dezsí (HUN)	TBD
C2020 Customs Detection Technology Expert Group, CDTPG	Kevin Humphreys (IRL)	Trevor Francis (GBR)
C2020 Customs Laboratories European Network, CLEN	TBD	Johan Ponten (CBRA)
WCO SAFE Working Group	Gillian Castle (CBRA)	TBD
WCO Permanent Technical Committee	TBD	Gillian Castle (CBRA)
WCO PICARD program	Susana Wong Chan (UNIL)	TBD
Pan-European Start-up/Scale-up organizations (for monitoring, promotion etc.)	Yannick van Ranst (BEL)	AP Hameri (UNIL)
Solution providers to match Customs user needs and challenges	Susana Wong Chan (UNIL)	Vladlen Tsikolenko (CBRA)

*Plus, the Coordinator is the PEN-POC towards C2020 TAXUD Office as well as towards WCO Management.*

The practical role of the PEN-POCs is quite straight forward, not requiring many working hours per year. For example, with the H2020 police network iLEAD, we have preliminary plans for two phone meetings per year, as well as joining each other's physical meetings twice during the coming four years. At the other end of the spectrum, we are in preliminary discussions with 1-2 entities on cooperating in the context of technology grants and open innovation instruments, which all would require more work from the PEN-POC.

**Please contact Juha Hintsa by 15.10.2019 to explore options for your administration to have at least one PEN-POC agreed this fall. All suggestions for additional projects, networks and expert groups to liaise with are most welcome – including of course adding one or more “PEN-CP relevant” C2020 expert groups to the list!**



# H2020 Secure societies National Contact Point (NCP) system - for the benefit of PEN-CP consortium partners

According to European Commission website, “the network of National Contact Points (NCPs) is the main structure to provide guidance, practical information and assistance on all aspects of participation in Horizon 2020.” (<https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/support/ncp>). The tasks of NCPs include for example: Guidance on choosing relevant H2020 topics and types of action; Advice on administrative procedures and contractual issues; Training and assistance on proposal writing; Distribution of relevant documentation; and, Assistance in partner search.

In PEN-CP, we can well benefit from engaging with the H2020 Secure societies NCPs, in all the 13 PEN-CP customs countries. We can first explain them about PEN-CP overall objectives, and, in more detail about the six customs security themes, i.e. big data & data analytics; detection technologies; customs laboratory equipment;

customs security performance measurement; customs – other agency collaboration; and, customs – business partnerships. Then, we can ask if they are aware about interesting Research-Development-Innovation projects; and start-ups/ scale-ups/ research institutes in each country. Third, we can start planning national “customs agency meets innovators events” (or other type of engagements) with the kind help and advice by the NCPs. And fourth, we can brainstorm on any kind of additional ways to enhance innovation monitoring and boosting across all PEN-CP customs countries.

Below you can find a list of NCP contacts in the 13 countries. Please note that some countries have more than one contact - the full list of NCPs can be searched at: <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/support/ncp>

Country	Contact person	Institution	Email
Albania	Enri Hide	European University of Tirana	enri.hide@uet.edu.al
Austria	Jeannette Klonk	Austrian Research Promotion	jeannette.klonk@ffg.at
Belgium	Pascale Van Dinter	Belgian Science Policy Office	pascale.vandinter@belspo.be
Estonia	Aavo Kaine	Estonian Research Council	aavo.kaine@etag.ee
Hungary	Gergely Meszaros	National Research, Development and Innovation Office	gergely.meszaros@nkfi.gov.hu
Ireland	Michael Murphy	Enterprise Ireland	michael.murphy@enterprise-ireland.com
Latvia	Kaspars Kalniņš	State Education Development Agency	kaspars.kalnins@viaa.gov.lv
Lithuania	Eglė Elena Šataitė	Agency for Science, Innovation and Technology	egle.elena.sataite@mita.lt
Macedonia	Nikola Dujovski	University St. Kliment Ohridski	ndujovski@fb.uklo.edu.mk
Netherlands	Paul Kruis	Netherlands Enterprise Agency	paul.kruis@rvo.nl
Norway	Berit Berg Tjørhom	Research Council of Norway	bbt@rcn.no
Slovakia	Peter Beno	CVTI SR	peter.beno@cvtisr.sk
UK	Tanja Aijo	Innovate UK	NCP-Security@innovateuk.gov.uk

**Go ahead and contact your NCP, to talk about PEN-CP – maybe s/he can help us to identify promising institutions and projects in your country!**



# ► Interview with Mr Gerard Rodrigues from Australian Border Force, as preparation for the PEN-CP Annual study chapter on “Global experiences and good practices with customs administrations in detecting illicit goods in postal and express courier flows”. Special thanks also to the interviewer, Professor Cristiano Morini from the University of Campinas, Brazil.

PEN-CP: Thanks Gerard for agreeing to contribute to this highly interesting study chapter. Let's talk first about overall situation with illicit flows in the postal and express courier sector, both parcels and envelopes. Can you please tell us about your overall experiences concerning postal and courier services?

**Mr. Gerard Rodrigues:** I have over 35 years of experience in Customs with the Australian Border Force (ABF), including 10 years as Director and as acting national manager for cargo operations. This role included national responsibility for customs risk assessment, processing and the clearance of international mail, sea cargo and air cargo, including fast parcels. From 2015-2018, I was the Australian Border Force (ABF) counsellor to Brussels and the ABF attaché to the World Customs Organisation (WCO). During this time, I was the Customs co-chair of the Customs/Universal Postal Union (UPU) contact committee with the key mandate to review, modernize and standardize global border procedures relating to the clearance of international mail. During my time in Brussels, I was also chair and member of the WCO Working Group on eCommerce, which developed a global Framework of Standards for the management of cross-border ecommerce.

The current WCO Working Group chair is Mr. Pashaputi Nath Pandey. Over the last two years the Working Group has been working on a framework of standards, which outlines 8-key principles, associated standards and technical specifications, on how to effectively manage increasing volumes in mail and to more efficiently regulate the flow of international mail. The key principles include the importance of advance electronic data, simplification of procedures, and security.

PEN-CP: Can you please name key challenges for this sector in your country?

**Gerard:** In Australia, like many other countries, we are facing a tsunami of parcels, due to e-commerce. From Australia's perspective, there are two key streams that are supposed to facilitate this trade: fast courier

service and mail system.

In sea and air cargo, there is a risk assessment and clearance methodology to facilitate a pre-arrival risk assessment of cargo. In international mail there is no pre-arrival data for clearance. Clearance is typically manual and performed in real time at the border. With increasing volumes, this has become unsustainable and there is very little opportunity to do the pre-arrival assessment.

The ABF relies on electronic data information from the Australia Post, which in the current environment is limited and therefore limits our ability to undertake pre-arrival risk assessment. The situation in mail is very different from general cargo, where over 90% is cleared prior to the arrival of the cargo (sea and air cargo).

One of the problems facing border agencies and governments is the steady decline in revenue collection under the mail stream due to increasing ecommerce. Revenue collection is a problem for developing countries, and it was also a problem in Australia. Commercial companies, retail stores and private citizens are using the international mail stream and courier services more and more. It results in a large amount of goods moving through the international mail stream. What is happening appears to be the exploitation of vulnerabilities in the mail stream and fast parcel industry to avoid paying taxes by this way.

In Australia, we have improved it a lot by using the 'Vendor Collection Model'. The problem is that many countries apply a 'de-minimis' regime. The 'de-minimis' is the value price of the goods below which no duty or sales tax is payable. We have one of the highest de-minimis thresholds in the world, 1,000 Australian dollars (AUD), which means goods imported through the international mail stream, are not liable to duty where the value is under \$1000. That is a problem, because with the increase of trade volume, many companies are moving goods to the international mail stream, thus avoiding paying duty and sales tax on goods valued under \$1000.

The solution was to reduce the de-minimis to zero for Sales Tax Purposes. Consequently, whilst there has been no change to the \$1000 de-minimis for duty, the threshold for sales tax is zero. In other words, all international mail parcels that are purchased from overseas vendors with a volume of trade in Australia exceeding \$75,000 AUD per annum, must pay the Goods and Services Tax (GST) on all imported goods through the mail (10% of the value of the goods).

We are now getting the revenue we did not get before. The new laws were introduced in July 2018, using the "Vendor Collection Model". Under the new laws, Companies like Alibaba, Ebay and Amazon and others who have a volume of trade in Australia exceeding \$75000 per annum, must register with the Australian Tax Office and then are required to collect the GST from buyers and remit that revenue directly to the Australian Taxation Office. Revenue collection since the new laws came in has increased significantly.

#### PEN-CP: What about samples?

**Gerard:** "Samples need to have a commercial value in Australia. Samples are covered in the Customs Tariff Act and are duty exempt as follows (see link): <https://www.abf.gov.au/importing-exporting-and-manufacturing/tariff-classification/current-tariff/schedule-4-by-law>

There are also tax concessions for certain goods as follows:

<https://www.ato.gov.au/Business/GST/In-detail/Rules-for-specific-transactions/International-transactions/GST-and-imported-goods/?page=2>

#### PEN-CP: What are the main cases of illicit trade related to postal and courier services in your country today?

**Gerard:** The international mail stream has become very popular for these kind of importations. The biggest issue at the moment is the importation of illicit drugs (crystal methamphetamine/ ice, cocaine, and heroin) and illicit tobacco. We put a lot of effort to tackle this. We also find counterfeit goods, tobacco and intellectual property violations in the international mail stream.

The duties for tobacco in Australia are very high. From July 2019, all tobacco importation must have a permit. Tobacco in Australia is sold for around 30 AUD a pack. In other countries, e.g. in southeast Asia, it is sold for as little as 2 AUD, thus making it very lucrative to smuggle tobacco into Australia.

The International Mail Stream is one of the biggest risks. This kind of smuggling is applied more frequently in the mail sector because of the perceived low risk. Drug importers have realized there is less risk and that it is safer to use international mail than sea or air cargo for small consignments of drugs, because they don't have

to make a formal declaration in advance to Customs. It is one of the main Customs challenges. There are many detections of illicit goods related to vulnerabilities in the International Mail stream.

Since the early 2000's, importers are required to report sea cargo 48 hours in advance, and for air cargo 24 hours in advance of arrival. All sea and air cargo must also have a formal declaration to Customs, using Integrated Cargo Service (ICS). That is not the case for international mail, which highlights the challenges of risk assessment where there is no pre-arrival electronic data available for risk assessment.

Australia Post requires a Customs Declaration in the form of a CN22 or CN23, which provides some basic information such as consignee, description of the contents of the parcel and value but this is only available on arrival.

#### PEN-CP: Can you please describe any technologies/ solutions/ processes in place at your administration today, focusing on targeting and detection various types of illicit items in this area? How did the implementation project go? Strengths and weaknesses in the performance today?

**Gerard:** We have been successful in terms of detection rates, which is about 25% of the parcels examined. We don't X-ray everything. For larger parcels, we do use X-ray and canine for letters and other class mail. Computer tomography and scanners, part of the aviation security measures, will be implemented in October 2019. We are working with 3D picture imaging and with the international providers to develop algorithms to improve identification.

Other non-intrusive examination technology is sound echo and audio systems to identify illicit substances in liquids. It is measured against a library of known substances. Existing X-ray technology is very good at picking up dense objects, but not as effective in identifying variations in density with substances such as powders and liquids. It is hard to say if the substance is illicit or not, and of course if illicit substances are mixed with other goods, so we need to rely on the skills of the analyst. It is very hard for the image analyst to keep focused for long periods of time and they are susceptible to fatigue when constantly looking at X-rays. We are looking to develop computer technology to address this issue. Tomographic technology can apply algorithms to identify images without human intervention.

Canines are used for mass screening of cargo and mail. We have a long history of canine use in this context in Australia. In 2019, Australia is hosting the Global Canine Conference.



**PEN-CP:** How do you think emerging technologies such as artificial intelligence and big data can change the way of customs targeting and detection capabilities in this area?

**Gerard:** ABF looks for suspicious patterns and behaviours in high volumes of international mail. We use data analysis and X-ray images to look at the parcels and the declarations, to check the addressee, the description of goods, value of goods in holistic terms both physically and mathematically to look for anomalies. The use of big data and AI can be utilized for this. This is the future of targeting.

**PEN-CP:** Is there anything customs can do better in the future in the context of detecting “problematic commodities”, such as counterfeit products, opioids and the like, arriving in postal and express courier parcels?

**Gerard:** Yes: Improve detection information (images) and share images in real time with border agencies. We need to work ahead of the border, work with the suppliers overseas before the goods enter the country. Different countries have different machines and different platforms. The problem that needs to be tackled is the common language of sharing information between countries. A framework of standards is a good way to work with it. We need to work ahead of the border and work with the supplier. The challenge is to try to identify goods before they depart.

It is important to have a common language for sharing data and information. Different countries use different X-ray and software. A key issue is to share data in a better way. The WCO may help in agreeing common data sets and common messaging standards.

In Australia, we have undertaken a ‘green lane’ trial with New Zealand (NZ). This trial allowed us to share data before parcels departed NZ using the UPU global messaging standards for data sharing. This worked very well.

There are Pre-arrival agreements with at least seven countries, where electronic data is provided before the arrival of the goods. Australian Post is currently working with other countries, like US, UK, and Canada to improve pre-arrival data provision.

ABF and Australian Post are working together to develop long term solutions of electronic sharing data. The main problem we have today is that we still have legacy systems in customs. We need to agree on a common platform and common data and we are working on that. Huge volumes require the improvement of pre-arrival clearance and data. Immediate Release guidelines from WCO provide some rules for pre-clearance which are helpful. To sum up, we need better use of data, better use of technology, and better utilisation of information sharing.

**PEN-CP:** Which other Customs administrations around the world you consider to be leading the pack in this area?

**Gerard:** China has implemented extremely good data tracking systems. There is a robust tracking system to export from China to other countries. Some other countries have improved good practices in this context: UK, US, Canada, and Mexico.

**PEN-CP:** Thanks a lot Gerard for this valuable interview, which feeds nicely into the PEN-CP Annual study chapter on “Global experiences and good practices with customs administrations in detecting illicit goods in postal and express courier flows”.



PS. All Customs administrations out there, inside and outside of PEN-CP consortium: please volunteer to become a good practice case for the PEN-CP Annual study chapter in targeting and detecting illicit goods in postal and courier flows! Please send an email by 7.10.2019 to: [pen-cp@cross-border.org](mailto:pen-cp@cross-border.org). Thank you in advance for your participation.



# ➤ PEN-CP Magazine interviews Mr. Pertti Woitsch, the Advisor for Intellectual Property Rights and Ethics matters in our project.



**PEN-CP Magazine:** Hi Pertti, and welcome to the group of PEN-CP experts, as the Advisor for Intellectual Property Rights (IPR) and Ethics matters. Can you please tell first a bit about your background, and what kind of work you are doing in the context of European Research-Development-Innovation projects?

**Pertti Woitsch:** Hello PEN-CP team, and thanks for having given me the honor to participate in this project as an advisor. I have an industrial background: after my studies (physics and computer science at the University of Helsinki) I started my career in the electronics and software industry in 1977 and have continued that ever since. During that time, I've been working in a wide range of innovation driven industries in Finland and abroad; the last 20 years in the security and defense domain. Since 2011, I've been offering my services to the industry as an independent advisor. I have participated in several EU-funded projects as partner or coordinator, and lately, I've also been advising several projects in issues related to security, ethics and intellectual property rights. Currently, I'm involved in four security-related EU projects.

**PEN-CP:** Thanks for this information. Although you only recently joined the PEN-CP activities, could you share already some views on where you see that PEN-CP could have a real impact, on the way that innovations are being stimulated, driven and managed in the world of customs?

**Pertti:** As a part of integration of European countries, it's really good that Pan-European initiatives are also started in areas which are mainly managed by the Member States, such as internal security, law enforcement, border control and controlling the movement of goods – that is, customs. I'm absolutely sure that the ideas of PEN-CP will create fruitful and versatile cooperation between the participating customs agencies, which will further lead to innovative development of operations and procurement, increased efficiency, and cost savings.

**PEN-CP:** Interesting views, hopefully we manage to match such high expectations. Now, specific to the IPR issues, first consortium internal dimension: do you foresee any challenges in the context of collecting user needs and solution ideas among the PEN-CP consortium members?

**Pertti:** It's obvious that when there are several parties developing and creating something valuable together, there are and always will be challenges in sharing and dividing the generated IPRs between the partners. But having said that, this is not a problem, if rules and principles have been agreed upon in advance. The challenges related to the ownership of innovation results can easily be solved if they are discussed openly.

**PEN-CP:** And second, do you foresee any IPR issues when dealing with external parties, particularly in the context of PEN-CP Prototype grants, NewView grants, Innovation prizes, Challenge competitions, Crowdsourcing ideas, and Hackathons?

**Pertti:** It's a bit too early to go into details, but principally, the same as above – let's make sure that we define the rulings and practices for all these actions, and then act accordingly.

**PEN-CP:** Yes, we better have a proactive approach on all IPR matters in the project! And lastly, how would you characterize ethics, data privacy and data protection issues in PEN-CP, based on your first impressions about the project?

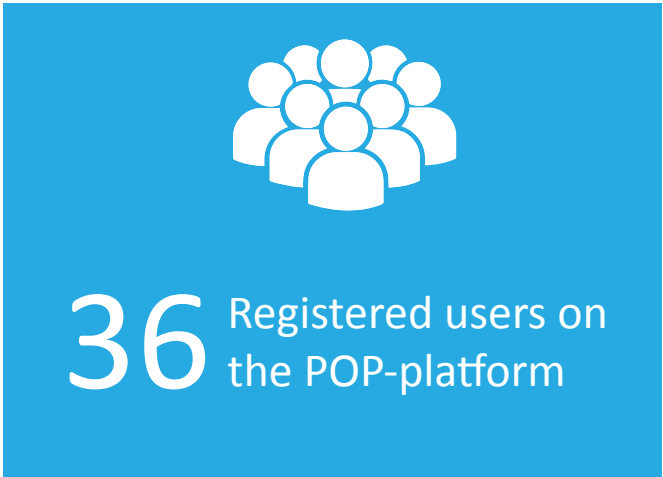
**Pertti:** Ethics is an important aspect as it offers a rigid skeleton that keeps the structures of our society together and functional. There are no big ethical issues in the PEN-CP project, as we will not deal with stem cells or medical treatment of humans or any other similar topics; neither do we collect any sensitive (political, ideological or religious) data from persons involved in the project – all ethical questions that will arise during the project can easily be solved.

**PEN-CP:** Thanks Pertti, and welcome again on board. PEN-CP consortium looks forward to collaborating with you throughout the coming four years, wishing also to meet you in person in Year 1 Annual Event!

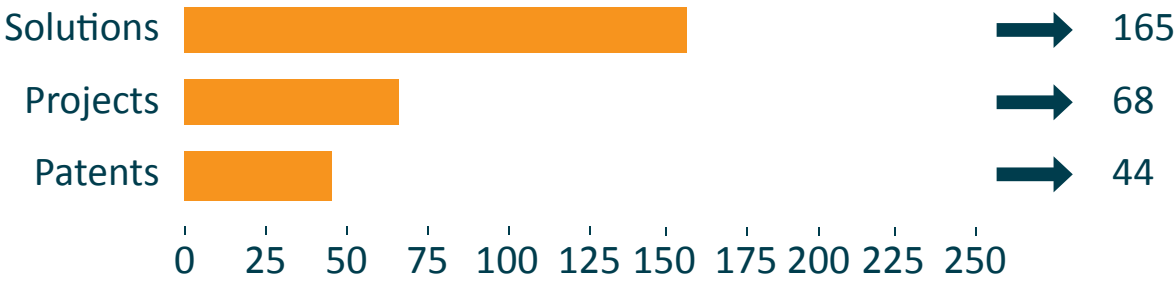
**Pertti:** Thank you, I'm also looking forward to that – see you in Budapest!

# ➤ PEN-CP Online Platform – “POP-Corner”

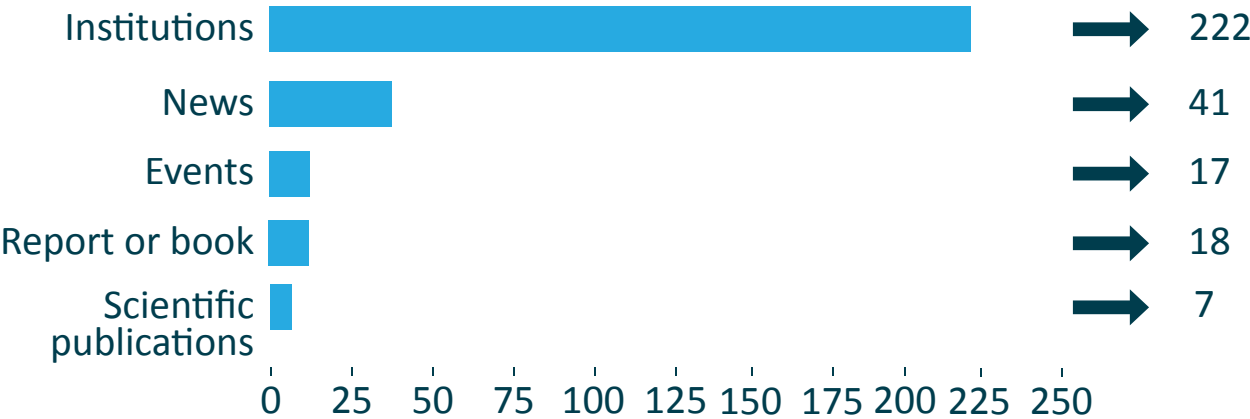
## Updated POP statistics



Number of Security Innovation Monitoring (PSIM) items: 277



Number of Information Observatory (PIO) items: 316



## POP USER GUIDE- VIDEOS ARE OUT!

### « PASSWORD »

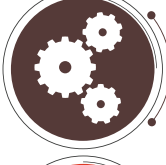
Email [pen-cp@cross-border.org](mailto:pen-cp@cross-border.org) for the password



How to create a PEN-CP Online Platform account  
<https://vimeo.com/349890798>



What is PEN-CP User Need Ideas (PUNI) and how to add one  
<https://vimeo.com/349891263>



How to add a potential solution  
<https://vimeo.com/349890596>



About PEN-CP Security Innovation Monitoring (PSIM)  
<https://vimeo.com/350704256>



About PEN-CP Information Observatory (PIO)  
<https://vimeo.com/349889753>



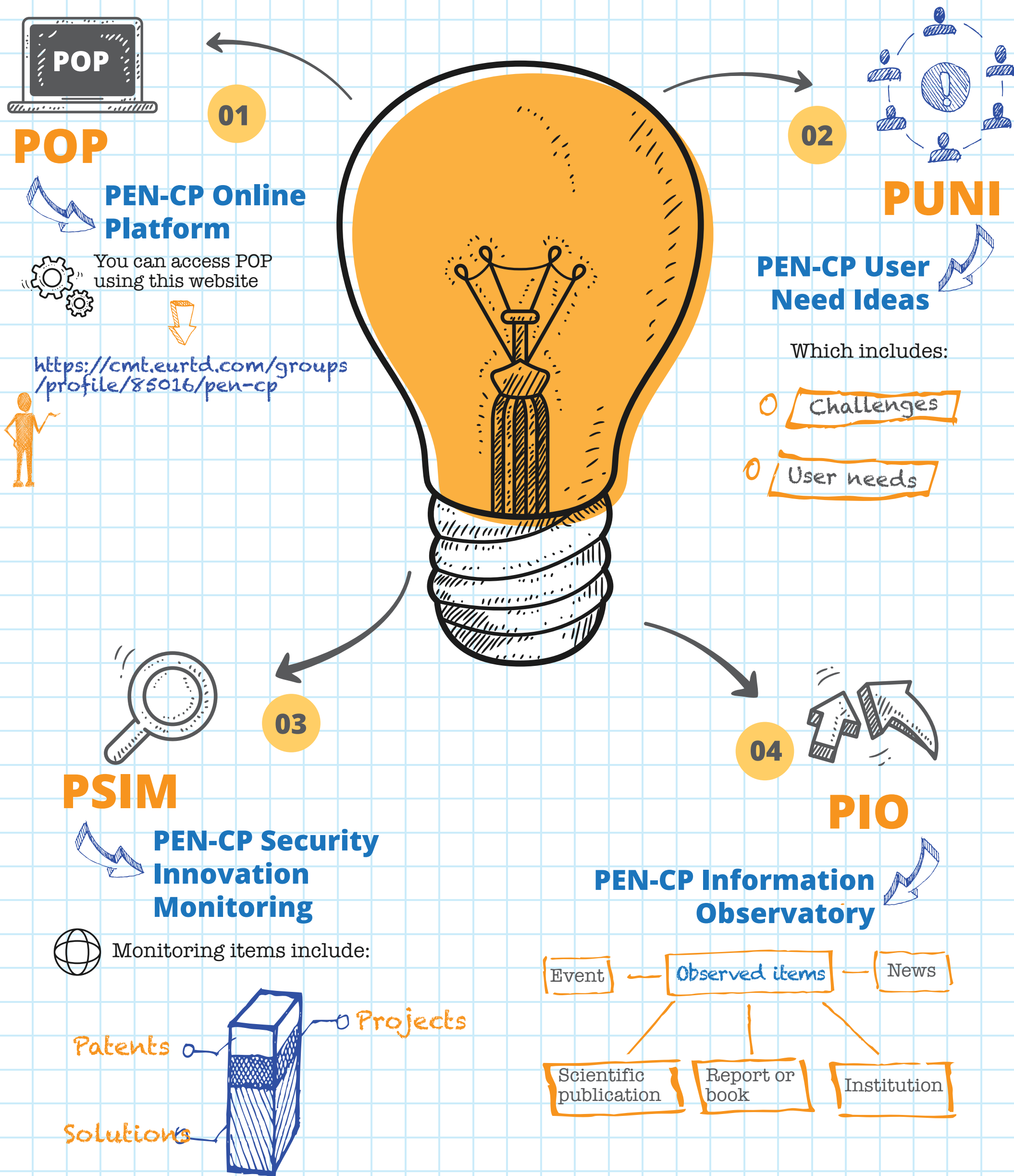
How to use the filters  
<https://vimeo.com/349891128>



How to manage notifications in the PEN-CP Online Platform (POP)  
<https://vimeo.com/349890949>



# PEN-CP KEY TERMS AND ABBREVIATIONS



# ► PEN-CP at the WCO IT/TI Conference & Exhibition

## General information

Date: 12-14 June 2019

Place: Baku, Azerbaijan

<https://www.eiseverywhere.com/ehome/2019itticonference/>

## Objectives of the conference & exhibition:

- Explore the implications of the digital world on Customs and other Government agencies – future perspectives
- Showcase recent technological developments by private and public sectors, impacting how Customs facilitates trade and performs its regulatory tasks.
- Monitor emerging trends, including in IT solutions, for the exchange of information between Customs administrations and between Customs and other agencies.
- Seek potential areas of synergy amongst relevant stakeholders on national, regional and international levels.

## PEN-CP joined the event in order to:

- Collect User needs and Customs challenges from all participating administrations
- Collect information from Solution providers and innovators about their products, services and projects.

## Actions and outcomes for PEN-CP:

- We presented the PEN-CP project during one of the conference presentation streams to multiple customs administrations and solution providers.
- We collected information from over 30 solution providers and innovators, which were also invited to participate in an interview (Aug-Sep 2019) to understand in more detail the products and services they offer towards the customs community, as well as the innovation processes that their organization follows, when improving existing products and services and/or when developing totally new ones.

# ► PEN-CP at the INTERPOL WORLD 2019

## General information

Date: 2-4 July 2019

Place: Singapore

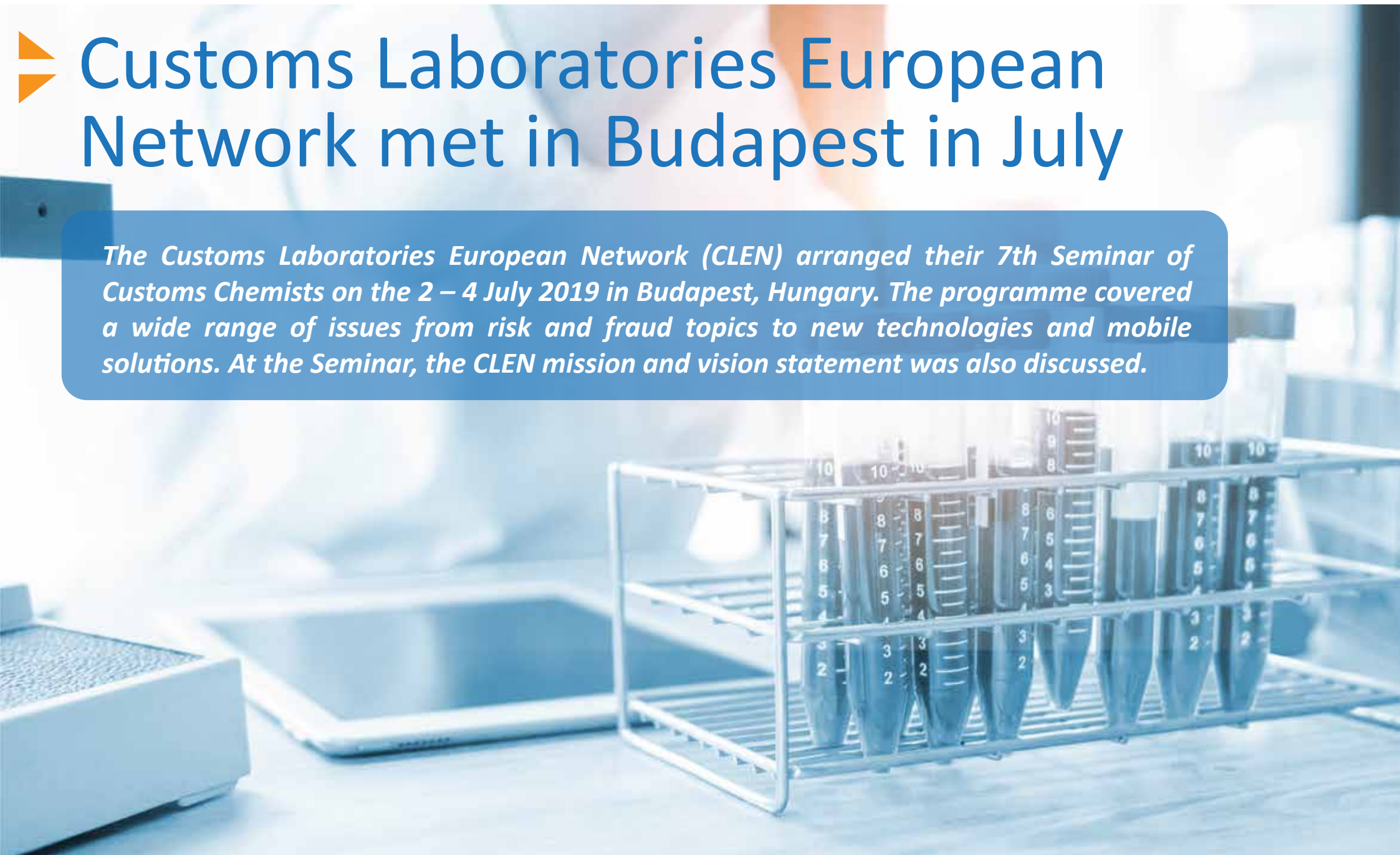
<https://www.interpol-world.com/>

## PEN-CP joined the event in order to:

Collect information from Solution providers and innovators about their products, services and projects – seeking for synergies between the global police and customs communities.

## We collected information from near 30 solution providers and innovators related to the following topics and technologies:

Anti-counterfeiting solutions, anti-narcotics, automatic vehicle location, baggage and passenger screening, big data analysis, biometric authentication and verification, border surveillance systems, brand protection technologies, cargo scanning, inspection and detection services, cargo tracking and monitoring, CBRN detection systems, crime analytics, data forensics, data recovery, data security, document/passport readers, document authenticity control equipment, drones, robotics and artificial intelligence, drug and alcohol enforcement, fraud detection software, intellectual property and brand protection technologies, imaging software, intrusion detection, mapping & tracking, optics/optronic, predictive policing, radar, RFID, risk management software, secure transaction processing, special media monitoring capabilities and analytics, thermal imaging cameras, threat management, track and trace, under-vehicle detection systems, unmanned systems, and video cameras.



# Customs Laboratories European Network met in Budapest in July

*The Customs Laboratories European Network (CLEN) arranged their 7th Seminar of Customs Chemists on the 2 – 4 July 2019 in Budapest, Hungary. The programme covered a wide range of issues from risk and fraud topics to new technologies and mobile solutions. At the Seminar, the CLEN mission and vision statement was also discussed.*

The CLEN counts 89 laboratories and mobile laboratories at present. Its activities are carried out on an adhoc and voluntary basis by the customs laboratories themselves and third country customs laboratories can participate under certain conditions. The CLEN aims to rationalise, coordinate and optimise the use of human and technical resources among the European Customs Laboratories. One of its most important missions is to anticipate changes in the Customs environment and to ensure that the Customs Laboratories are sufficiently prepared to meet both current and future challenges. The network also offers a possibility to benchmark and establish best practice in the field.

The title of the 7th seminar was "Combating Fraud through Cooperation and Innovation", and these themes were given a day each: Risk and Fraud was the theme for the 2 July, Cooperation the theme for the 3 July and Innovation for the 4 July. On the first day, Risk and Fraud, there were three parallel sessions in the afternoon: Fraud and mineral oils, Drugs and medicines related risks and Authenticity issues. On the second day there were also three breakout streams: Together against fakes, Let's go mobile and Protecting society together. Finally the third day saw another three separate streams: New products, New techniques and New management.

In the new products break-out session new materials and their impact on customs were discussed under headlines like "Edible insects as new sources for the feed and food industry" or "A sustainable society: 'green' plastics from a customs perspective". The new technology session discussed Raman spectroscopy for food analysis, molecular biology and customs, and the various drugs for brain doping, among others.

Beside the conference itself there was an exposition

from solution providers and a poster session. The latter was made into a competition where a contribution from the Regional Customs Laboratory of Barcelona won the most votes with a contribution named "Discrimination of cooked and uncooked starch containing products by Differential Scanning Calorimetry (DSC)".

On the programme was also a CLEN Vision and Mission Statement that was discussed in detail and eventually accepted to be sent to the Directors of all Customs Agencies for approval.

There was also a social programme foreseen with a much appreciated boat dinner on the Danube and on the third day the programme was interrupted by a drug dog catching a few of the unsuspecting participants with illicit products.

PEN-CP presented its activities at the conference in Budapest on 4 July in the session designated to relevant HORIZON 2020 initiatives. PEN-CP especially reached out to the CLEN Network for their input into search words used in PEN-CP's monitoring functions and for sharing user experiences on specific technologies and solutions – "subjective ratings" and "objective technical test -datasheets" PEN-CP also invited to cooperation in organising technology prototype and field-test exercises, where two field tests on laboratory equipment have already been foreseen in PEN-CP. In addition, cooperation with PEN-CP and CLEN was called in the context of Open Innovation initiatives: Challenge competitions, Crowdsourcing ideas, and Hackathons.

All feedback and suggestions from the CLEN community on future collaboration opportunities with PEN-CP are most welcome!



# ➤ Agenda for the PEN-CP Year 1 Annual Event

Continental Hotel Budapest Superior, Hungary, 20-22 November 2019

Wednesday 20.11, we start at 9am, and finish by 6pm

**Welcome notes**, and brief tour-de-table (20 mins)

**Presentation1** (30 mins): The first Expert report (v.0.9): Mapping start-up and scale-up landscape in Europe – and how to work further with the mapping outcomes.

**Panel1** (60 mins): User experiences, what works so far and what not, with the PEN-CP Online Platform (POP) - focusing particularly on Customs challenges & User needs (PUNIs), and Security innovation monitoring with solutions, projects, patents (PSIMs), and match-making & prioritization

**Breakout1** (60 mins): User needs and requirements for a future European customs operations related communication toolbox – something like “Whatsapp & LinkedIn & Gotomeeting for Customs” – each table works on the same task, and present key outcome in the plenary (30 mins breakout and 30 mins in plenary, same across all four Breakout sessions)

**Wed lunch break, 12.30–2pm**

**Presentation2** (25 mins): First round of measuring PEN-CP impacts in innovation acceleration – survey results with 13 PEN-CP customs partners, and with 20 external innovators.

**Panel2** (60 mins): Past experiences, on-going initiatives and future opportunities in customs country-level open innovation activities

**Breakout2** (60 mins): Brainstorming on topics for PEN-CP Prototype grants, NewView grants, Innovation prizes, Challenge competitions, Crowdsourcing ideas, Hackathons and more – PEN-CP customs security themes are divided between the tables.

**Presentation3** (25 mins): Annual study chapter: Value of data analytics in customs processes

TO-BE-CONFIRMED: **Reflections by European Commission**, DG HOME and TAXUD (25 mins)

Wed we finish by 6pm, and Wed evening is free program.

Thursday 21.11, we start at 9.15am, and finish by 5.45pm

**Presentation4** (25 mins): Annual study chapter: Examples on using external data sources, including Big Data, for prevention and detection of illegal activities in global supply chains, in tax fraud, irregular immigration and anti-terrorism activities.

TO-BE-CONFIRMED: **Panel3** (60 mins): Eye on productive cooperation between PEN-CP and Customs2020 expert groups (we could invite experts from CDTPG, CELBET, CLEN and/or 1 more to join the panel, tbd)

**Breakout3** (60 mins): An exercise where in each table we select 1 Customs challenge (PUNI) from the POP-platform, and work through the process of match-making (with 1-2 PSIMs), prioritization and selecting the follow-up PEN-CP action/ instrument.

**Thu lunch break, 12.15–1.45pm**

**Presentations5** (25 mins): Annual study chapter: Good practices in customs & postal targeting and detection – preliminary global review

**Panel4** (75 mins): Lessons learned and way forward in cooperating with other H2020 practitioner networks: Police networks (iLEAD and ILEAnet), Procurement network (iProcureNet), and possibly one more network.

**Breakout4** (60 mins): Identifying user needs and high priority topics for customs education and training materials, both management and operational aspects.

**General Assembly meeting for Project Year 1** (60 mins): Details to be determined.

Thu we finish by 5.45pm, and Thu evening we have the PEN-CP Annual Dinner, with the announcement of the Customs Innovation Award winner

Friday 22.11, we start at 9.30am, and we finish by 1.30pm

**Joint reflections on the Annual Study chapters** presented as Year 1 outcomes (including “which chapters we should we develop further”), and brainstorming for the next study topics (25 mins)

**PEN-CP Advisory Board members:** Reflections on Day1 and Day2 progress made (25 mins)

**Three parallel workshops**, where we split in three different rooms (90 mins):

- Workshop-A: PEN-CP Online Platform (POP) tutorial and exercises (great, if many participants have their own laptops with them!) - focusing particularly on Customs challenges & User needs (PUNIs), and Security innovation monitoring with solutions, projects, patents (PSIMs)
- Workshop-B: Proactive approaches to Intellectual Property Rights (IPR) management; and Protection of sensitive data (GDPR, privacy, security sensitive etc.), and any other legal or ethics issues, across the PEN-CP project.
- Workshop-C: Formal reporting in H2020 projects - tutorial and exercises: timesheets, work package level reporting, calculating working hour costs, filling in Form Cs (for Month 18, 36, 54 and 60), etc.

**Plenary:** Reporting insights and lessons learned in each of the three parallel workshops (30 mins)

**Open discussions** #WordIsFree: how can we drive maximum value of PEN-CP project, between now and August 2023 (25 mins).

**Closing the PEN-CP Year 1 Annual Event.**

## Additional information on participant profiles, registration process and hotel room booking

All PEN-CP partners are welcome to send up to three experts to the PEN-CP Year 1 Annual Event (in case your administration would like to send one more expert, please inform us by email, [pen-cp@cross-border.org](mailto:pen-cp@cross-border.org) ). Typical functions and job profiles for customs experts joining the event include the following: innovation management; technology procurement; risk management; detection technologies; laboratory equipment; performance measurement; and, international cooperation. If possible, it would be excellent if each administration could cover at least two of these profiles.

Regarding registering for the event, Ms. Susana Wong Chan will send guidance by mid-September on how to register at the PEN-CP Online Platform (POP-platform). And, if needed, you can always email her your registration information, [susana.wongchan@unil.ch](mailto:susana.wongchan@unil.ch)

Regarding the hotel room bookings, please click this link: <https://continentalhotelbudapest.com/> and, use the promotion code: **pencp2019**

The hotel is offering following room options and prices for anyone who wants to stay there:

- Superior double room for single use: EUR 105/room/night
- Superior double room for double use: EUR 120/room/night

The above rates are inclusive of taxes (VAT (18%), city tax (4%) and the breakfast) and free entrance to Wellness and Fitness area on the rooftop

Booking link: <https://continentalhotelbudapest.com/> and use the promotion code: **pencp2019**



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[continentalinfo@zeinahotels.com](mailto:continentalinfo@zeinahotels.com)  
<https://continentalhotelbudapest.com/>

# ➤ Preview on content for PEN-CP Magazine 6







# Follow PEN-CP online

**Twitter:** @PENCP\_NET

**LinkedIn group:** <https://www.linkedin.com/groups/8183667/>

**Researchgate:** <https://www.researchgate.net/project/PEN-CP-EU-H2020>

**URL:** [www.pen-cp.net](http://www.pen-cp.net)



## PEN-CP videos

**Short video:** <https://youtu.be/OXwQPHHS5Ls>

**Long animation:** <https://youtu.be/wq9y36J4ET8>

**What is PEN-CP?:** <https://youtu.be/4nLzL3viQ80>

**PEN-CP Key services:** <https://youtu.be/dcol-Gjihqo>

**PEN-CP Customs Challenges and User Needs:** <https://youtu.be/QfosnAgae3M>

**PEN-CP Security Innovation Monitoring:** <https://youtu.be/ZLnrvObLELc>

## Read more about PEN-CP



**WCO News:**

<https://mag.wcoomd.org/magazine/wco-news-88/the-pen-cp-project/>

**WCO RILOs ECE and WE:**

<https://bit.ly/2Tp905y>

**EU-C2020-CELBET:**

<https://bit.ly/2T9cSrX>



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