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Core principles for SISWS “Systemically Important Single Window Systems”

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Agenda

- I. Why a core principles for SISWS?;**
 - II. Definition of the Systemically Important SW system;**
 - III. Criteria for qualification of a SW as SISWS;**
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Why a core principles for SISWS?



- ✓ There are a number of international initiatives underway to maintain economic stability by strengthening national economy infrastructure;
- ✓ Safe and efficient single window systems are critical to the effective functioning and the competitiveness of the economy. In the event of a SW failure, adherence to the rules (core principles) for the operation of SISWS should prevent a domino effect on the other stakeholders and the economy;
- ✓ The core principles in this initial proposal are intended for use as universal guidelines after been introduced in a new recommendation to encourage the design and operation of safer and more efficient systemically important single windows systems worldwide. In emerging market economies and with the international context of trade facilitation they are likely to be of particular relevance, because of the efforts in train in these countries to improve systems or to build new ones in order to handle better the growing international trade flows from national and international markets;
- ✓ The core principles may also be of use to advisers providing international technical assistance on how to achieve safety and efficiency in SISW systems in the specific circumstances of individual countries.

Definition of the Systemically important SW systems

- ✓ Systemically important SW systems are SW which have the characteristic that a failure of these systems could potentially endanger the operation of the whole economy of country;
- ✓ Systemic risk: in the context of SWS this is the risk that the inability of one of the stakeholders to meet its obligations, or a disruption in the system itself, could result in the inability of other system stakeholders or of institutions in other parts of the economy to meet their obligations as they become due. Such a failure could threaten the stability of the system or of the economy. This effect is often justified by the nature of the transactions they process or by the value and the importance of these transactions for the economy;
- ✓ The core principles apply to systemically important payment systems - that is, systems which could trigger or transmit systemic disruptions in the economy because of the size or nature of operations which they handle, because of the aggregate value of those operations or interdependence between all the systems and the single window.



Criteria for qualification of a SW as SISWS

A single window can be qualified as a systemically importance if :

- ✓ It is the unique single window system for the foreign trade operations
- ✓ It's the single system who manages one or more operations positioned on the critical path of one or more important process of foreign trade in a country;
- ✓ It can paralyze a service provided by a vital system for the country when impacted;
- ✓ The country will be unable to supply necessary goods important for economic and social peace when out of service;
- ✓ The national economy will be in crisis because it manages important transactions characterized by large amounts or strategic operations.



Core principles for SISWS

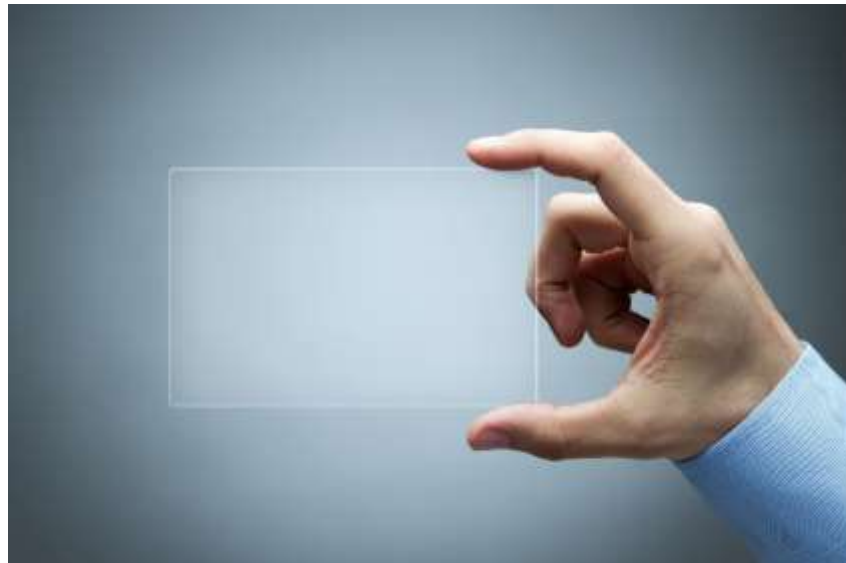
A SISWS should have a well-founded legal basis under all relevant jurisdictions

- ✓ The rules and procedures of a system should be enforceable and their consequences predictable. A system which is not legally robust or in which the legal issues are poorly understood could endanger its participants. Poor understanding can give participants a false sense of security, leading them, for example, to underestimate their exposure;
- ✓ The legal environment relevant to this principle includes the general legal infrastructure in the relevant jurisdictions (such as the law relating to trade, ports operations, security, safety, banking, customs,..) as well as specific statutes, case law, contracts (for example, single window rules) or other relevant material;
- ✓ The jurisdiction under whose law the system's rules and procedures are to be interpreted should be specified clearly. In most cases, the most important legal environment will be the domestic one, although, in particular where the system involves cross-border elements such as foreign exchange of documents, it will also be necessary to consider whether there are any material legal risks stemming from other relevant jurisdictions.



The SISWS rules should enable stakeholders to have a clear understanding of the system's impact on each of risks they incur

- ✓ Stakeholders, the system operator, and other involved parties - in some cases including customers - should understand clearly the different risks in the system and where they are borne. An important determinant of where the risks are borne will be the rules and procedures of the system. These should define clearly the rights and obligations of all the parties involved and all such parties should be provided with up-to-date explanatory material. In particular, the relationship between the system rules and the other components of the legal environment should be clearly understood and explained. In addition, key rules relating to risks should be made publicly available.



A SISWS must have a clear and efficient repository of rules

- ✓ Poor understanding of procedures and rules or wrong interpretation of them by the stockholders can lead to a false sense of security, which would lead, for example, to underestimate the exposure of the risks by the stakeholder due to the interdependence created by the single window through the connected different systems ;
- ✓ This referential procedures will also assign responsibilities for managing and controlling risks. They are therefore a key tool to handle different types of risk;
- ✓ This repository must be established with the implication of all stakeholders and they must also participate in its evolution and its keeping up to date.



The SISWS and partner systems should have an important scalable capacity and performance

- ✓ An SISWS is often exposed to regulatory risk: it must be able to adapt quickly to changes in the national and international regulations;
- ✓ If he can't adapt quickly to regulatory changes it could severely impact the country's foreign trade (for example : SOLAS);
- ✓ The design of a system must handle the scalable environment of foreign trade;
- ✓ All stakeholders should be at the same level of agility, otherwise the SISWS will be penalized by the late stakeholders;
- ✓ Systems should be designed and operated so that they can achieve a good performance and adapt to the development of the market for trade services both domestically and internationally. Their technical, business and governance arrangements should be sufficiently flexible to respond to changing demands, for example, in adopting new technologies and procedures.



Activity continuity plan is a key point in the management of a SISWS

- ✓ Operational risk is among the most likely to be realized risks, among the methods recommended to minimize the damage caused by the realization of this risk is the implementation of a business continuity plan;
- ✓ Experience feedback of the major crises show that organizations have undertaken a preliminary measures to ensure the continuity of their business are the most resilient to disruptive events;
- ✓ The different actors interacting with the single window should strongly contribute to the development of this plan and the various tests whose main objective is to ensure that different stakeholders are ready to manage a possible crisis situation.



The integration of the security and continuity component in the life cycle of a SISWS

- ✓ A failure of SISWS security can parallelize the economy of a country;
- ✓ The system should ensure a high degree of security and operational reliability and resilience and should have contingency arrangements for timely completion of daily processing;
- ✓ The security and continuity aspect is not limited to the IT but it must cover the human resources, business processes, buildings and data centers;
- ✓ The different stakeholders interacting with the SISWS should strongly contribute to the development of this plan and the various tests whose main objective is to ensure that different stakeholders are ready to manage a possible situation of crisis;
- ✓ The degree of security and reliability required to provide adequate safety and efficiency depends on the degree of systemic importance of the system, as well as any other relevant factors, such as the availability of alternative arrangements for processes in contingency situations.



The SISWS's governance arrangements should be effective, accountable and transparent

- ✓ SWS governance arrangements encompass the set of relationships between the SWS management and its governing body (such as a board of directors), its owners and its other stakeholders. These arrangements provide the structure through which the system's overall objectives are set, how they are attained and how performance is monitored;
- ✓ Because SISWS have the potential to affect the wider economic community, there is a particular need for effective, accountable and transparent governance, whether the system is owned and operated by the government or by the private sector. This is why the authorities should set up a general framework of governance of the SISWS;
- ✓ They also should designate an entity in charge of the oversight and supervision of the SISWS, its relations with partners and the way it is operated;
- ✓ Effective and transparent governance allows to align the objectives of the SISWS with the expectations of all stakeholders in the foreign trade community. It also ensures that the management of the SISWS has the right tools and skills to achieve those objectives.



The SISWS should have objective and publicly disclosed criteria for participation, which permit fair and open access

- ✓ The system should not be oriented to serve the interests of restricted communities;
- ✓ Access criteria that encourage competition amongst stakeholders promote efficient and low- cost trade operations. This advantage, however, may need to be weighed against the need to protect systems and their participants from participation in the system by institutions that would expose them to excessive risks. Any restrictions on access should be objective and based on appropriate risk criteria. All access criteria should be stated explicitly and disclosed to interested parties.



Traceability, efficiency and achievement of the foreign trade operations

- ✓ All foreign trade operations must be traced in time and responsibility;
- ✓ The speed of the transaction constitutes an essential criterion of the operation managed by the SISWS;
- ✓ The status of each operation must be clear and understandable by all stakeholders;
- ✓ The system should provide prompt final and irreversible status of achievement of operations;
- ✓ The system should provide a means of making operations which is practical for its users and efficient for the economy;
- ✓ Transaction costs must be mastered because it is directly impacts the price structure of all goods and also the competitiveness of operators.





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