MANAGEMENT TEAM COMMITMENT IS KEY FOR SUCCESSFUL AUTOMATION IN CUSTOMS ADMINISTRATION

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Abstract

Besides its traditional revenue collection and enforcement tasks, Customs places great importance on facilitating and promoting trade and automation provides tools to accomplish this. Customs plays a pivotal role in international trade transactions and in this paper, the use of an automated systems approach to the processes involved in cargo clearance is highlighted. The successful implementation of automation projects largely depends on an effective project team and the unequivocal commitment of senior management. Better results can be achieved by simplifying procedures in accordance with international best practices instead of simply automating manual systems.

From traditional tasks to trade facilitation

Customs formalities at border crossings are key elements in international trade insofar as they serve to monitor and control the movement of goods and passengers through customs barriers. The collection of revenue by way of duties and taxes is one of the main activities of any customs administration. The percentage of revenue collected by the customs administrations of developing countries can be up to 50 per cent of total government revenue.

Certain commodities require the approval of other statutory agencies before they are released from the border-crossing point (for example, quarantine and health authorities). Statutory agencies rarely delegate authority to clear such cargo to Customs. As a result, the cargo clearance procedure has become complicated and cumbersome.

The World Customs Organization (WCO), the United Nations Conference on Trade and Development (UNCTAD), the World Trade Organization (WTO) and other international organisations all promote trade facilitation. As a result, several countries have established their own bodies to promote and implement trade facilitation measures, for example, SITPRO (**S**implification of **I**nternational **T**rade **P**rocedures) of the United Kingdom, and JASTPRO (**J**apan **A**ssociation for **S**implification of **I**nternational Trade Procedure).

Nowadays, trade facilitation is one of the key activities in most customs administrations. Many have changed their mission statements to reflect this fact and refer explicitly to ‘trade facilitation’.

Customs automation

It was soon recognised that automation was an important means of trade facilitation and the automation of customs processes marked a giant leap forward in its implementation. During the 1980s, customs automation gathered momentum: developed countries created their own systems while UNCTAD designed a system now known as ASYCUDA (**A**utomated **SY**stem for **CU**stoms **DA**ta) to assist

developing countries. Now, decades later, most customs administrations use automated systems in relation to cargo processing. During this time, the number of ASYCUDA user countries has risen to 90.

Not all customs administrations have automated at the same pace. Some have attained a paperless trading environment while others are still at an early stage of automation. Even where administrations use the same or similar software, there are still different levels of automation.

There are a number of articles, books and guides written on customs automation. For example, the Customs Compendium No. 2 published in 2004 by the WCO is a useful guide that highlights issues relating to this subject.

There are many sound reasons for automating customs processes: among the most important are expediting cargo clearance, the timely and accurate reporting of statistics, greater integrity and transparency, and more effective monitoring and control mechanisms – to name but a few. Whereas automation measures in a private company mainly seek to improve profit, those in customs administrations focus on striking a balance between revenue collection and trade facilitation.

Once the decision has been taken to automate, careful planning is required. Any information and communication technology (ICT) project follows certain steps, including a feasibility study, establishment of project management, system development, procurement, installation, implementation, testing, training, post-implementation review and maintenance (see Customs Compendium No. 2, p. 8).

There are many textbooks explaining exactly what the tasks are and what is expected at each step. Therefore, what follows in this paper is my experience gathered from automation projects in which I have been directly or indirectly involved, and includes some recommendations for an effective automation process. It is not my intention to belittle the efforts made by those involved in unsuccessful attempts.

Contribution of the project team

In one of the automation projects in Sri Lanka (which I will refer to as 'Project X') the customs administration decided to develop software locally and awarded the contract to a reputable and well-established local software company. Most members of the project team were from statistical and administrative backgrounds – generally they had worked in Customs for a few years before moving on to another department. They were the only people the software developer met regularly. After an initial study of the tasks performed by the department to be automated, they hardly discussed the progress or the proposed new procedure with the users themselves. They proceeded to design and install the system. At the training stage, potential users pointed out some flaws and shortcomings of the system. However, by then it was too late to modify the software. As a result, users felt that they were being forced to use a flawed system and, moreover, that the system did not 'belong to them'. Soon after, the decision was taken to abandon the project.

A few months after Project X was abandoned, the customs administration decided to use an off-the-shelf package for its automation of the cargo clearance procedure and the Ministry of Finance arranged the necessary funding. This time, the project team consisted of customs officers selected from various sections of the department. They brought a wealth of customs experience to the project and were prepared to make changes. The project team had regular meetings with both potential users and representatives of the trading community. By the time it was ready to implement, users had a good idea of the proposed procedure which meant there was minimum resistance. The users also believed that they were under an obligation to implement the system because they had contributed to its development. The project was implemented successfully by the target date.

One could argue that there were several reasons for the failure of Project X, but one of the most important was the composition of the project team. That team has a pivotal role in the successful implementation of

any automation project. The team's experience and its ability to work effectively as a team, its acceptance of change, and its ability to convince colleagues and users of the significance and viability of the project are all equally important.

If it is decided to entrust software development to in-house or external developers, the project team must also include computer specialists. In this situation, detailed discussions should be carried out with users prior to the software design stage. It is always better to design a prototype and evaluate the feedback from potential users because any changes to the software after installation and acceptance will prove very costly. Had the project team followed these basic recommendations, Project X would probably have been successful.

Commitment of the management team

Guides and articles written on customs automation always emphasise the commitment of politicians and management. Commitment from senior management is the most important: even the best software and most dynamic project team will not achieve the goals of the automation project if senior management is not willing to accept the changes. Moreover, the commitment and support of senior management are required not only during the project implementation period but also during the entire life cycle of the system. There are a series of decisions to be taken when introducing an automated system. Management is required to take drastic action and must have the courage to make changes. Otherwise, the automated system could be lumbered with the remnants of the old manual system. The most common example of this is where manual records and a computerised system exist side-by-side. A comparison of the processes of countries that use the same version of ASYCUDA software reveals that some have almost attained a paperless environment whereas others still require several copies of cargo declarations.

Simplification of procedures

According to the UN/CEFACT definition, trade facilitation involves the simplification, standardisation and harmonisation of procedures and associated information flows that are required to move goods from seller to buyer and to make payment.

A customs automation project should not simply aim to automate a manual system or to upgrade an existing computer system with modern, high-tech equipment. Rather, the aim should be to eliminate or reduce all unnecessary elements and duplications in formalities, processes and procedures and to align national formalities, procedures, operations and documents with international conventions, standards and best practices. Internationally agreed formats for practices, procedures and data fields should be used, and data requirements limited to those data fields referred to by the WCO Data Model.

A couple of decades ago, the main aim was to link processes within customs administrations. Today, it is necessary to link other departments and government agencies such as those departments regulating agriculture, health and standards that are involved in the processing of customs declarations. The 'one-stop-shop' and Single Window concepts have been realised and authorisations are issued electronically instead of on paper. In computer terms, we are progressing from 'Vertical Integration' to 'Horizontal Integration'.

Conclusions

Technology has evolved to such an extent during the last two decades that software today can handle even the most complex customs formalities. The most difficult aspect that is often overlooked by management is the streamlining and simplification of the processes. As far as possible, those processes should be

aligned with the best practices set out in the Revised Kyoto Convention. Better results could be achieved if automation is introduced as part of customs reform and modernisation projects.

Customs automation is no longer a one-off exercise or isolated event. It influences or stimulates the use of ICT in other departments and statutory bodies as well as in the private sector. What is required are a transparent and collaborative approach and the commitment of senior management. It is the responsibility of the latter to sustain the computer system. Due recognition should be given to staff of the ICT section and they should be motivated and rewarded appropriately.

References

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