

Data culture, the obstacle to SMART
customs in the face of disruptive
innovations – a Jamaican
perspective.

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DEFINITIONS

Data Culture – “The collective behaviours of people who value, practice, and encourage the use of data to improve decision-making” – tableau.com

Data culture being referred to is the collective behaviours of customs officials, other border regulatory agencies (BRAs) and agencies of government involved in or affecting clearance processes and general border management

Disruptive innovations, in this discussion, speaks to e-commerce and “fast couriers”

S. M. A. R. T. CUSTOMS

(WCO & WTO, 2022)



Secure



Measurable



Automated



Risk Management
based



Technology
driven

BACKGROUND

- Innovation in courier and delivery services model – the end point of eCommerce supply chain
- Shift from business to business (B2B) to business to person (B2P) and person to person (P2P) supply chain in the trading space while customs processes and requirements have remained the same
- Evident challenges to customs operations using legacy systems and conventional approaches to manage a new and fast evolving digital trading environment



BACKGROUND

NUANCES OF A NEW GLOBAL SUPPLY CHAIN



LARGE, BULKY CARGO LOADS OF CONSOLIDATED SHIPMENTS BEING CLEARED WITH THE SAME CLEARANCE REQUIREMENTS AS PERSONAL SHIPMENTS



SPEEDY CLEARANCE ('FAST COURIERS') FOR CONVENIENCE TO CUSTOMER BUT COMPROMISE TO BORDER PROTECTION PROCESS AND THE POSSIBILITY OF DETECTIONS



ALL CARGO BEING SHIPPED UNDER THE IDENTIFICATION OF "FAST COURIERS" MASKING THE IDENTITY OF TRADERS

LITERATURE REVIEW

- The global economy's move toward more open societies and liberalized economies does not just facilitate the movement for products and workers – it also expedites passages for terrorists, small arms, drugs, illegal immigrants and diseases (Beyond Border Control Flynn, 2000)
- Disruptive innovation refers to the use of technology that upsets a structure...Disruptive innovation refers to innovations and technologies that make expensive or sophisticated products and services accessible and more affordable to a broader market. (Investopedia, Twin, 2022)
- In the context of trade and trade policies, the growing importance of data for the digital economy has one crucial implication: Data must flow across borders. Many of the economic innovations based on digital technologies do rely on global data flows (European Union, 2017)

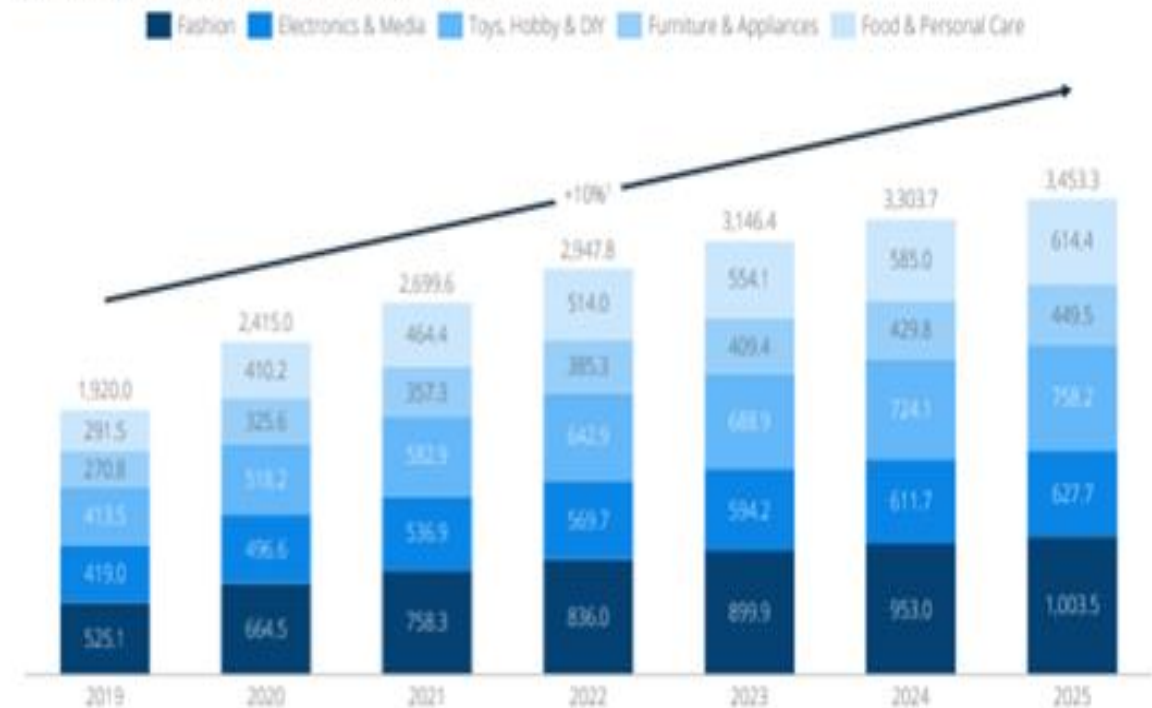
E-COMMERCE PROJECTION

- Revenue in the eCommerce market [*for Jamaica*] is projected to reach US\$654.60m in 2022.
- Revenue is expected to show an annual growth rate (CAGR 2022-2027) of 15.46%, resulting in a projected market volume of US\$1,343.00m by 2027. (Statista.com)

The global eCommerce revenue is expected to grow to US\$3,453.3 billion by 2024

Estimated market development (1/2)

Global eCommerce revenue forecast in billion US\$



1: CAGR: Compound Annual Growth Rate / average growth rate per year

METHODOLOGY



Qualitative



Explorative study



Interviews

FINDINGS

1. A sort of “phantomization” of trade and traders due to the closeness of the relationship between couriers and importers, where all packages are named under the courier.
2. The absence of regulation

“It’s hard to regulate a fast-growing industry like fast couriers. Unlike [conventional] freight forwarders who are regulated, we have no control over [fast couriers] who are interacting with us on behalf of customers...the vulnerabilities are major!”

(T. Foote, personal interview, October 12, 2022)



FINDINGS


3. Innovation through digitization is the trending approach to managing said challenges in other jurisdictions

E.g. Details of sender, receiver, description of each content etc. is mandated to be submitted *beforehand* as part of the strategy for processing and managing vulnerabilities with eCommerce for US border security, for example.

THE S.M.A.R.T. THRUST

“Customs authorities have embraced advanced analytical technologies. Around half use some combination of big data, data analytics, artificial intelligence and machine learning. Those who do not currently use them have plans to do so in the future. Many customs authorities see clear benefits from advanced technologies, particularly, regarding risk management and profiling, fraud detection and ensuring greater compliance.” (WTO & WCO, 2022)

Jamaica Customs is no less and has made significant strides



OVERVIEW OF THE JCA'S DIGITAL ECOSYSTEM

Measurement and Risk management:

- Tableau for data mining, reporting and decision making
- Data use in Research and Planning
- Risk management draws on data to aid in profiling and targeting

Automation and technology:

- ASYCUDA – Automated System for Customs Data
- JSWifT – Jamaica Single Window for Trade
- SYSAID – System for managing stakeholder complaints
- RAiS – Revenue Administration Information System
- Breach database
- Scanning machines

DATA MANAGEMENT



Understanding the purpose of the type of data to be collected



Defining the parameters of the data



Having standards for collecting data



Enforcing the standards of collecting that same data

CURRENT CHALLENGES IN JCA

Insufficient entries into
Inspection Act of
ASYCUDA – Customs
Officials

Omitting to use fraud
code features of
ASYCUDA – Customs
Officials

Stakeholders putting in
“place holder”
information in order to
meet submission
deadlines and changing
information later

Manipulation of entries to
capitalize on changes in
exchange rates

Refusal to regard data
entry or data intake
processes as necessary or
important

Data integrity issues



CURRENT CHALLENGES IN JCA

“From the border perspective there are a lot of levels of risk [when dealing with fast couriers]. Processing time [for import] is very speedy, and we are unable to do intelligent targeting before-hand because breakdown manifest is not available before wheels down. Also, couriers act on behalf of importers, so Customs does not have information on [potential] persons of interest because goods are under courier names. For export: the relationship between client and freight forwarder is so close that it is the freight forwarder’s name on exports, hiding the true exporter, and this is used as a strategy to circumvent targeting.”

THE CHALLENGE TO BEING S.M.A.R.T.

- “Fast couriers” are numerous and are unregulated
- Not subject to the requirements for Customs Brokers and Freight-forwarders whose status and terms of operations are consistent the data management and border security processes.



S.M.A.R.T CUSTOMS = INNOVATIVE STRATEGIES

- A truly SMART customs recognize the threats inherent in modern cross-border trade and is agile enough to pivot, in a timely manner, to meet the unique demands and threats of digitization..
- E-commerce and ‘fast couriers’ leverage the fast-paced nature of digitization for a successful business model
- Customs need to meet the market at the same level with innovative strategies

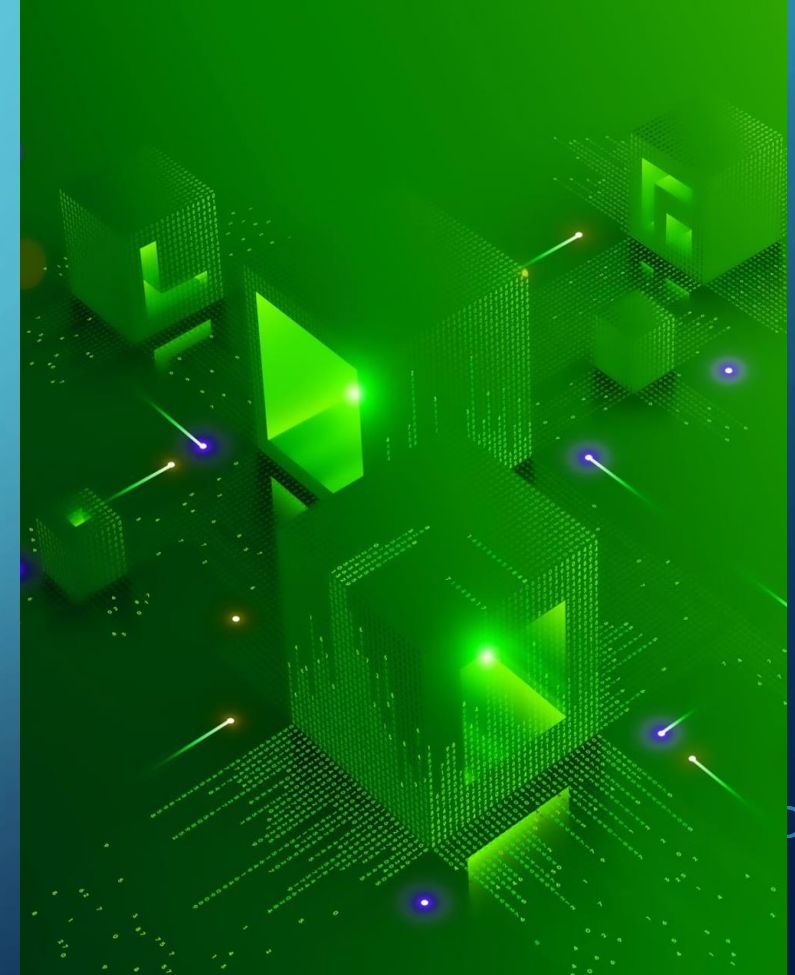
S.M.A.R.T CUSTOMS = INNOVATIVE STRATEGIES POLICY SOLUTIONS

An Innovation Management Strategy such as provided under the ISO 56000

- Guide in establishing a framework to manage the uncertainties of an innovative trading environment
- Guide the institution of data management that would force acculturation
- Educate staff on the importance of data and innovation in

Digitization of invoicing

Institute policy to mandate clearance of certain goods valued less than US\$5000 to also be done by an authorized, regulated person/entity



POLICY SOLUTIONS

- National digital and technology policy
 - Engage technocrats to formulate a framework that determines a standard for technological products and services made available to government agencies.

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THE END

THANK YOU!