Experience Sharing: AccelerateD Implementation of the WTO Trade Facilitation Agreement Through China's Smart Governance
in Customs Administration

Communication from China

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The following communication, dated 15 June 2021, is being circulated at the request of the delegation of the China.

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1. Efforts by the international Customs community to accelerate implementation of the WTO Trade Facilitation Agreement (TFA) are widely recognized globally. In 2019, WCO marked International Customs Day with the theme of "Smart Borders for Seamless Trade, Travel and Transport", aiming to facilitate swift and smooth cross-border movement of goods, people and means of transport.
2. Some Members have been investing heavily in digital development and adopting disruptive technologies to reengineer Customs governance for better global connectivity, which greatly enhance the effectiveness and efficiency of Customs administrations and further expediting the movement, release and clearance of goods. The EU has applied Blockchain to improve ATA carnet management and communication between governments and businesses. Georgia has developed smart contracts, which allow digital management of certificates of origin, and so on. These efforts are of great significance to the current global response to COVID-19 and the recovery of global economy as well.
3. As one of the first group of Members to join the Agreement, China recognizes the implications of TFA on the world economy and that of China and has been committed to take various measures to accelerate the implementation of TFA. One of these measures is to put technological innovation as a priority and explore a new model of smart governance in Customs administration. We would like to share some experience as follows.

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1. We realize Members can accelerate the implementation of TFA through Customs' SMART governance in the following three aspects:
* First, building up Customs' capacity and capabilities in adoption of advanced technologies, use of data and smart management, in line with Article 1 and 7.
* Second, promoting cooperation among border agencies by establishing a Single Window and enhancing mutual assistance and recognition of law enforcement, in line with Articles 8 and 10.
* Third, promoting international customs cooperation through comprehensive, multi-tiered and high-level connectivity, in line with Articles 12 and 13.

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SMART CUSTOMS

1. We recognize the role of hardware and software infrastructures in Customs capacity building. Smart and automated equipment and software systems are widely employed by China Customs and other border agencies. Logistics information are collected through digital processing, risks are identified automatically, intelligent assistance is provided for field operations, and smart management is achieved in administrative process.

Article 1: Publication and Availability of Information

1. With the introduction of Single Window, all information and forms and documents related to importation, exportation, and transit are available online. Information services are provided through mobile devices as well, and enquiry points are established or maintained through Internet or telephone to make smart and self-service enquiry easily accessible.

Article 7: Release and Clearance of Goods

1. We encourage traders to advance filing of electronic import declarations and information using Electronic Data Interchange (EDI) to expedite the release of goods, especially critical medical supplies and medicines upon arrival. With the help of Single Window, we also encourage stakeholders in global supply chains to utilize electronic toolkits to streamline processing and minimize use of paper.
2. By adopting leading technologies such as AR (Augmented Reality), AI (Artificial Intelligence), Big Data and 5G, we have reengineered Customs risk management and Customs control. We are now able to automatically collect, identify and compare the information and documents of vehicles, containers, goods and personnel. With the adoption of this risk management system, the release of low-risk consignments is expedited automatically, while high-risk consignments are warned early. Remote and non-contact monitoring, inspection, quarantine, disinfection and so on are now an important part of the Customs control operations.
3. By connecting with businesses' ERP systems, data of AR video monitoring, customs data and warehouse data are verified online in real time. In this context, we can provide additional trade facilitation measures related to import, export or transit formalities and procedures for authorized operators.
4. For expedited shipments and perishable goods, Customs physical border operations are replaced by digital administrative services, automotive operations and remote collaboration among stakeholders. AR Inspection and remote monitoring of live animals are available at some borders. Online consultation on issues related to classification, Customs evaluation and origin, is conducted through an interactive video platform to reduce face-to-face contact.
5. We have established a total information system for epidemic prevention and control at major ports of entry and exit across the country, to implement modular and data-based management of health and quarantine operations at ports. We can implement health measures in a way that minimizes disruption to international transportation and trade.

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Smart Borders

1. We recognize the importance of cooperation and collaboration among border agencies in smart management and trade facilitation, therefore we have integrated Customs and inspection and quarantine services, facilitated border infrastructure sharing, rolled out Single Windows among border agencies.

Article 8: Border Agency Cooperation

1. We have integrated China's entry-exit inspection and quarantine duties and workforce into China Customs. Cross-agency information sharing is achieved through a "Single Window", providing almost all services related to Customs and port procedures online. Several free trade zones (FTZs) in China have established Blockchain-based public service platforms, which enable sharing of enforcement data across agencies. Also, by developing and maintaining border control infrastructure and software together with other agencies and sharing information, we are able to centralize management of border operations and support each other in law enforcement.

Article 10: Formalities cONNECted WITH Importation, Exportation and Transit

1. 100% of trade documents are processed through Single Window, allowing importers and exporters to submit documents only once. Through digitalization of almost all forms and documents required for importation, exportation and transit, we greatly decrease and simplify the documentation requirements. Submission of contracts, packing lists and manifests for import as well as Submission of contracts, invoices, packing lists and manifests for export are exempted.

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**SMART CONNECTIVITY**

1. Recognizing the role of all stakeholders in global supply chains in promoting cross-border trade facilitation, China has adopted new technologies to facilitate mutual-assistance in cross-border law enforcement and establish inter-connectivity with all stakeholders.

Article 12: Customs Cooperation

1. Based on the concept of WCO "Globally Networked Customs" (GNC) construction, China has established a Customs Data Exchange Platform aiming to promote the interconnection of Customs data among different countries or regions. We further promote seamless communication among parties in the global supply chains and deepening smart cooperation among all parties for trade security and facilitation by making use of Blockchain, Electronic Evidence and other leading technologies.

Article 13: (General Principles) Special and Differential Treatment Provisions for Developing Members and Least-Developed Country Members

1. Due to their level of social and economic development, developing Members, especially least developed country Members, need to make greater efforts in implementing TFA. So, we advance cooperation with developing Members by taking full consideration of their systems, policies and standards and work with them in various areas such as modernization of border control infrastructure and digitalization of Customs procedure.

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COMBATING COVID-19

1. We reshape Customs clearance procedures by applying disruptive technologies to establish a "Green Lane" for medical supplies and make every effort to provide fast-track customs clearance services for medical products, drugs, vaccines and other epidemic prevention materials. By means of advance declaration, online reservation for Customs clearance, risk management, destination detection, and post clearance audit, the time and space of customs supervision have been pushed forward and moved back as needed. We have also advanced digital operation in the whole process of customs clearance, increased non-intrusive inspection capacities, adopted guarantee release, special counters and other measures to minimize unnecessary paper-based operations and personnel contact. Traceability technology is adopted to tighten quality control to meet safety and quality standards of epidemic prevention materials.

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SUPPORTING ECONOMY RECOVERY

1. We help optimize business environment at ports by reducing Customs clearance time and costs. In terms of time, a Customs Clearance Time Evaluation System has been established to conduct real-time monitoring and provide early warning for goods that fail to be released within 24h. With the implementation of TFA, the average Customs clearance time of imports and exports in 2021 was reduced by two third compared to 2017. In terms of cost, administrative charges such as port construction fees have been cut or reduced, and a list of fees and charges for customs processing and port operations are published at Single Windows. According to the World Bank's Doing Business 2020, China's "Cross-Border Trade" ranked 56th instead of 97th in 2017.

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1. To date, the COVID-19 pandemic is not yet under control globally. It will take more time for the world economy to recover. We share the experiences of Customs smart governance to promote best practices for the implementation of TFA. We believe these practices can help us combat the pandemic and promote world economic recovery in an effective way. We look forward to hearing the experiences of other WTO Members in the upcoming meetings.

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