

# Ten Insights into Customs Modernization and Border Processing Solutions: Part 1



A Guide to Creating a Truly Modern  
Customs Programme

## Introduction

**As the leading firm specializing in Customs and Border modernization solutions, we at TTEK know that the business of border processing is complex and that many components, together, makeup a truly leading and modern Customs programme. To effectively balance trade facilitation, security and compliance requires an organisational level commitment to implement 'leading-edge' measures and new processes that transform border management and strengthen internal capacities.**

The World Customs Organization (WCO), through efforts such as the its SAFE Framework of Standards and Risk Management Compendium, along with the World Trade Organization's (WTO) Trade Facilitation Agreement outline comprehensive modernization paths for developing countries and all administrations using proven measures that are delivering desired results for leading countries. During our ongoing work with global Customs administrations, we have seen how these measures result in enhanced security capabilities, processes that facilitate trade, better use of internal resources, increased public trust, and a new approach to border management.

This is a two-part series and in Part 1, we focus on the technical solutions. The intent of this article is to provide our perspective, based on our international first-hand exposure, on some of the more common and critical components that we believe make up a modern Customs programme. While this information can be used as a preliminary checklist or self assessment for administrations, it is not intended to be an all-encompassing list.

**Insight 1:** A true single window solution consists of digital integration with Other Government Agency (OGA) processing.

**Insight 2:** Sub-optimal pre-arrival electronic automated risk assessment systems.

**Insight 3:** Valuation and classification inconsistencies are regular.

**Insight 4:** There is limited capture and analysis of Customs inspection results.

**Insight 5:** In-bond cargo movements including transit paperwork is labour intensive.

**In Part 2, we will focus on some of the critical policies and processes that make up a modern Customs programme.**

### **About the Author:**

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## Insight 1

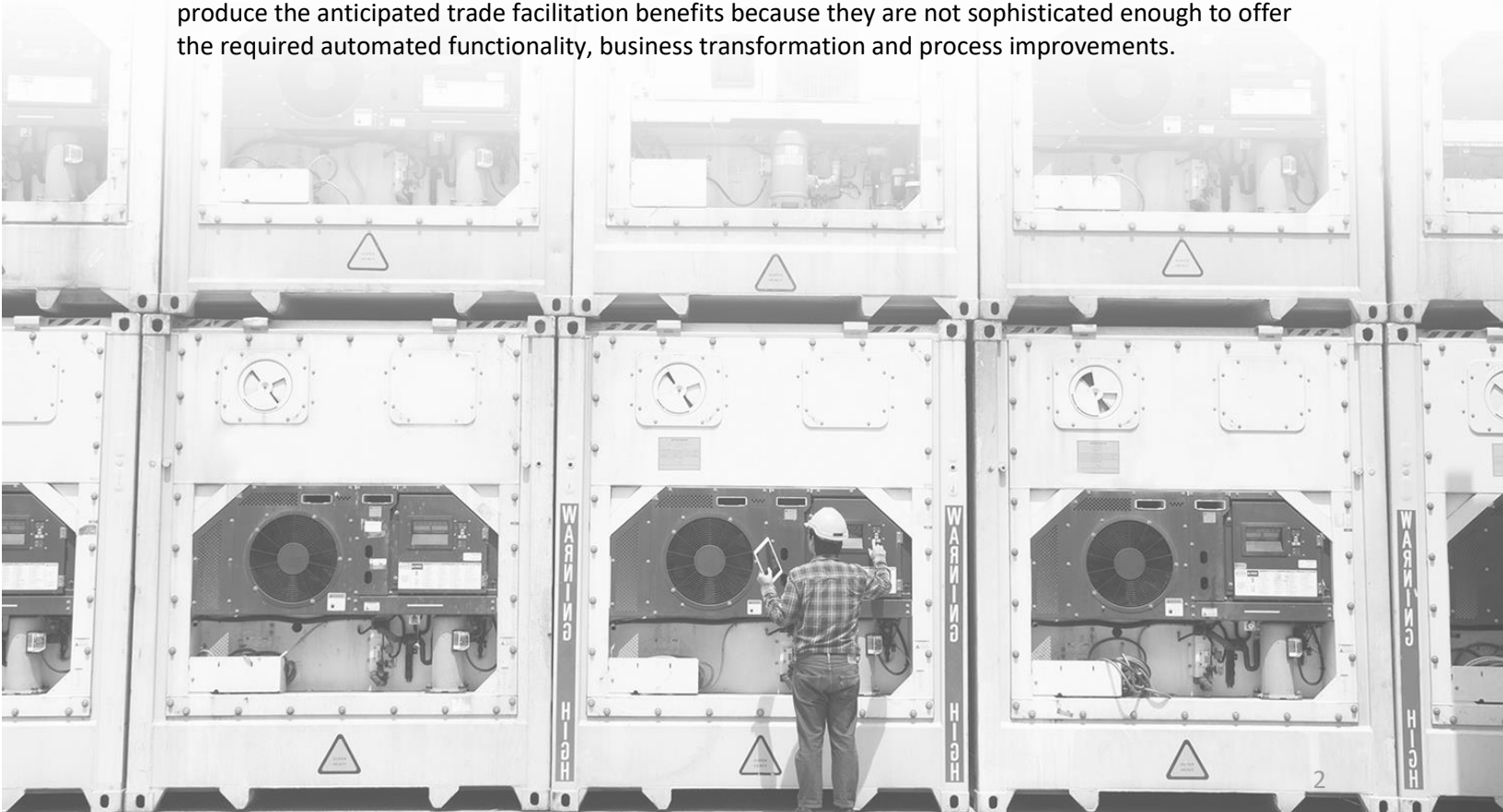
**A true single window solution consists of digital integration with Other Government Agency (OGA) processing.**

In our exposure to Customs administrations and the global industry of Customs Modernization, we very often see and hear the term “Single Window” used to describe systems and processes that simply do not come close to meeting the expected or advertised outputs of a modern Single Window System.

Administrations can begin to assess the comprehensiveness of their Single Solution by asking these basic questions:

- Does my single window solution provide fully electronic processing for licenses, certificates, and permits required for border clearance?
- Does my Single Window solution provide natural language processing?
- Does my Single Window solution still require Customs to print other government agency licenses, certificates or permits in order to facilitate clearance?
- Is Customs declaration processing still handled separately from OGA permitting?
- Are traders visiting one or many electronic portals to support border clearance requirements?
- Has my organization implemented a corresponding change management and business process re-engineering effort to match the technical system implementation?

We have witnessed first-hand how some systems claim to be Single Window solutions but do not produce the anticipated trade facilitation benefits because they are not sophisticated enough to offer the required automated functionality, business transformation and process improvements.



## Insight 2

### Sub-optimal pre-arrival electronic automated risk assessment systems.

While some advancements have been made to leverage technology to support more pre-arrival risk assessment decision making, only a few countries have actually implemented measures to obtain all of the data required to support this transformation.

In addition, even fewer have invested in modern tools sophisticated enough to provide Customs with deductive, inductive, and predictive functionality while effectively managing data quality issues through advanced AI and analytics.

“We see many countries embrace border decision making where “selectivity” is being driven by random selection and/or percentage assignment, using red, yellow, and green lanes within their current trade platforms. Therefore, we should question whether these systems allow for effective controls.” – Chris Thibedeau, CEO, TTEK Inc., “Perspective on Risk Management Systems for Customs Administrations”, WCO News, 2019.

## Insight 3

### Valuation and classification inconsistencies are regular.

Administrations are not using modern automated tools to identify cases of undervaluation and misclassification of goods; resulting in revenue leakage and trade non-compliance. While progress has been made by some countries by implementing valuation

databases, this falls significantly short as the future lies with the use of data analytics and predictive modelling to provide sophisticated and ‘live’ support tools to detect revenue leakage.

*For more information on how machine learning can be used by Customs Administrations to advance capabilities to detect undervaluation or misclassification, read our article written for the [February 2020 WCO News](#) by TTEK Chief Technology Officer [Mike Squirrell](#).*

## Insight 4

### There is limited capture and analysis of Customs inspection results.

While significant international effort has been made to improve risk management and risk assessment capabilities of Customs operations, even the most advanced countries struggle to collect and effectively use inspection and enforcement results. In order to ensure risk management systems, rules and decision making is current, Customs administrations must implement a process to collect and process accurate inspection results in a timely fashion to adjust decision making and appropriate tune risk rules or profiles in real time.

However, for reasons linked to underdeveloped system functionality, lack of sufficient management oversight, and restrictive administrative practises that control risk rule management many countries simply do not collect this information in a manner that can be used to conduct meaningful analysis and address emerging trends and risks.

## Insight 5

### **In-bond cargo movements including transit paperwork is labour intensive.**

In line with international standards such as the WCO's Revised Kyoto Convention, many countries have implemented a process to extend Customs control of in-transit or in-bond freight as it moves inland to a bonded warehouse, duty free zone or other approved location. While this option helps facilitate trade, support certain industry practises while helping protect outstanding duties and taxes, the process is often paper based, administratively heavy, has not kept up to speed with advancements in supply chain logistics. It also does not leverage the latest in technological advancements.

At TTEK, we have seen the future for this process, and it is based on modern camera tracking technology, mobile phone-based tracking applications for drivers and removal of paper-based controls. It also requires a new way for administrations to approach how this managed at the border by addressing any health, safety and security issues at the first point of arrival and moving away from physical point to point control for revenue-based risks. This supports international consensus that reducing and congestion or delays at the border have a larger positive impact on trade and national economic objectives.

**Ten Insights into Customs Modernization and Border Processing Solutions: Part 2** discusses the critical policies and processes that make up a modern Customs programme.



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