Concept Note
on
The Smart Customs, Smart Borders and Smart Connectivity Cooperation

On 24 June 2022, Chinese President Xi Jinping chaired the High-level Dialogue on Global Development. Carrying out cooperation on "Smart Customs, Smart Borders and Smart Connectivity" ("3S") Initiative" was among the outcomes of the meeting.

I. Background

Currently, the world is caught between a pandemic and momentous changes both unseen in a century. Global industrial and supply chains have been disrupted, and unilateralism and protectionism are mounting, dealing a severe blow to economic globalization. Global development is facing serious challenges.

To meet the public's growing expectations for improving trade security and facilitation and achieving common development, higher requirements are made for customs to innovate working mindset, deepen international cooperation, and operate more effectively through smart control, so as to ensure a secure and stable global supply chain. customs are encouraged to strengthen international cooperation, promote connectivity and maintain global trade security and facilitation to serve the world's common development.

The international customs community needs to work together to improve the quality and level of services for supporting economic and trade development through smart approaches, thus transforming the management structure from "compartmentalization" to "vertical and horizontal integration", from "working alone" to "multi-management", and from "experience-based management" to "data-driven management". These efforts are geared towards promoting connectivity among customs administrations and the stakeholders involved in the global supply chain, ultimately securing and facilitating smooth global trade.

With the advent of a new wave of technological revolution, an ever accelerating fusion of brand-new information technologies such as mobile Internet, big data, cloud computing, and blockchain with robotics and smart manufacturing technologies, has brought opportunities for improvements in both efficiency and effectiveness of customs, promotion of connectivity and realization of common development in the international customs community.

In recent years, the international customs community has gradually put smart development on the top agenda and has applied disruptive technologies to reshape customs management structure to realize common sustainable development.

The WCO places technology and innovation on the forefront of three Focus areas in its Strategic Plan 2022-2025. WCO member customs responded to its call, actively committed to the introduction of new high-tech, innovative work models, and effectively responded to the impact of the new epidemic with technology and

innovation. The international customs community appreciates that "Smart" Customs is the key to breaking new ground on the path to development.

II. The "3S" concept

Based on the "Smart" mechanism and driven by advanced technologies, "Smart Customs, Smart Borders and Smart Connectivity" is to promote customs institutional innovation, smart supervision, border control and management, and customs collaboration, so as to enhance global trade security and facilitation. The "3S" concept aims to offer a path and blueprint for the future development of national (regional) customs. The foundation of the "3S" cooperation is the "Smart" mechanism, the core of which is the application of high-tech and equipment and the extensive introduction of innovative thinking.

Smart Customs encourages technological innovation, optimization of means of control in order to modernize customs management system and capabilities. Smart Customs pursues smart infrastructure, smart customs control, and smart internal management.

Smart Borders encourages all customs and border agencies to share information and strengthen joint operation and risk control to achieve coordinated border management. Through smart approaches to border control, cross-agency collaboration and cross-border cooperation, the concept of "Smart Borders" comes true.

Smart Connectivity encourages interconnection, compatibility of systems and standards, and cooperation of stakeholders among global supply chain to ensure trade security and facilitation. It aims to realize smart connection of customs information networks, smart compatibility of customs management modes and smart cooperation with supply chain stakeholders.

III. Basic Principles

(I) **To follow the principles of joint development, shared growth, openness and inclusiveness.** Cooperation under the "3S" Initiative serves as an open and inclusive platform on which customs administrations, related agencies, organizations and enterprises can work together, sharing the achievements and benefiting more regions.

(II) **To advance cooperation in a customized and gradual manner.** To fully respect the differences of customs management modes, laws and regulations and application of technologies among countries (regions), cooperation should be conducted in various ways and at different phases according to the unique circumstances and the needs of customs in different countries (regions).

(III) **To pursue collective wisdom, mutual benefits and win-win outcomes.** It should take into account the concerns of all stakeholders, pool their wisdom, and seek the convergence of interests to the greatest extent possible. It can bring all the stakeholders into full play so as to share results upon mutual assistance and win-win cooperation.

(IV) **To keep pace with the times and seek common development.** To advance with the changing times and adapt to the world trend, and improve the quality and effectiveness of "3S" cooperation by enriching its methods and contents based on

different customs' developing goals and requirements, in order to achieve common development.

IV. Initiatives

The "3S" cooperation will play a significant role in strengthening connectivity, improving the resilience of the supply chain and promoting rapid economic recovery with the assistance of "Smart" development and cooperation. China Customs looks forward to the participation of more customs administrations of different countries (regions) in the "3S" Initiative through smart cooperation projects in light of different national circumstances.

Initiative 1: To apply smart technologies and innovative thinking to promote the development of "Smart Customs" in all countries (regions).

The international customs community actively explores the application of 5G communication, big data, AI and other technologies in customs clearance, risk management, customs control and other areas. With concerted efforts, the community promotes the reform of customs operations in an all-round way, introduces innovative thinking, and adopts scientific methods to improve regulatory systems and optimize the allocation of customs control resources, thus creating Smart Customs with digital processing, network transmission and smart identification capabilities.

Cooperation could include, inter alia: first, to promote the digitalization of government services, allowing enterprises to inquire and receive customs control information online. In addition, self-help questioning and smart inquiry services are also provided. Second, to reconstruct the customs risk management system by applying AI, big data, cloud computing and other technologies to automatically collect, identify and compare risk information, so as to accelerate the automatic and quick release of low-risk profile shipment and promote the smart early-warning system for high-risk profile. Third, to upgrade the customs control mode. To use cutting-edge technologies such as 5G and AR to carry out non-intrusive inspection in the distance in order to achieve remote monitoring of loading, unloading and online monitoring.

Initiative 2: To promote "Smart Borders" in all countries (regions) through information sharing and mutual recognition of customs control.

To enhance cooperation between customs and other government agencies and jointly explore effective border management solutions. To accelerate the upgrade of smart border facilities and equipment, and to promote the building of information platforms for port comprehensive management, so as to foster the transformation of digital port and realize information exchange and sharing. To conduct innovative border cooperation based on mutual recognition of the customs control results and to promote "green channels" and "fast lanes", in order to attain joint prevention and control of risks and smart management of border operations.

Cooperation could include, inter alia: first, to promote cooperation between border agencies. To accomplish information sharing, joint early warning and coordinated management of border agencies through joint contribution, shared benefits and maintenance of the border control infrastructure and software system.

Second, to encourage cross-border control cooperation. To carry out mutual assistance in cross-border smart cooperation, such as mutual recognition of customs control and inspection results, data comparison of trade statistics, and data sharing between cross-border customs, to streamline import and export declaration procedures. Third, to reinforce Single Window cooperation in international trade. To promote the inter-connectivity of "Single Window" among countries, the electronic exchange and sharing of trade documents and data, so as to expand the coverage of Single Window services and build a one-stop trade platform serving the entire chain of cross-border trade.

Initiative 3: To deepen cooperation with the stakeholders to promote Smart Connectivity of global supply chain.

The international customs community has continuously improved the integration, promoted cooperation ensuring the connectivity of the supply and industrial chains to safeguard the security and stability of the supply and industrial chains, thus improving its resilience. Meanwhile, the international customs community aims to promote closer coordinated relationships and build strategic partnerships with businesses and societies. It also attempts to fully understand the needs of private sectors to promote more active interaction and achieve mutual benefits and win-win results.

Cooperation could include, inter alia: First, to promote the implementation of key tasks such as technology and innovation and digital strategy in the Strategic Plan 2022-2025 of WCO, and to promote global customs information and data exchange to facilitate network connectivity, AEO mutual recognition and international on-line verification of electronic certificates. Second, to facilitate the stakeholders in the international supply chain to achieve seamless connection through technologies such as blockchain and electronic evidence chain, and jointly promote the security and facilitation of global trade. Third, to encourage importers and exporters to submit the electronic declaration information to customs before the arrival of consignments for fast clearance.

Initiative 4: To provide capacity building assistance to develop smart management together.

First, customs administrations of the developed countries (regions) should actively assist and support the smart border control infrastructure and software application system development in the cooperation with those of developing countries (regions), thus bridging gaps between different customs. Second, to share the best practices of "3S" construction and cooperation, and to form a complete set of cost-effective experiences to be promoted and duplicated, improving smart management of the customs. Third, to establish "3S" cooperation platform, and to provide a well-developed smart benchmark system and evaluation mechanism for customs administrations in countries (regions) to identify their room for improvement in smart development. Fourth, to encourage consistency in policies and standards to jointly explore and tailor-make smart cooperation plans for customs administrations at different levels of and stages of the development.