

## Automated (Single Window) Customs System in Facilitating Trade

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### Abstract:

This research paper leads to the results of an analysis methodology (SWOT) of the Jordanian National Single Window for Trade. The research conveys a view of the Current situation procedures and methods used in domestic trade facilitation within international trade, and presents gap bridges identification for each changing and transformation Axis from a realistic, transparent and neutral researcher's point of view. This research provides suggestions and recommendations to Ministry of finance and customs officials for the JNSW project's development and overcoming some of the obstacles that thwart the development and modernization process based on the seven changing axes. Furthermore, this research reviews some of the success factors' elements for the national window project.

**Keywords:** Single Window, Trade facilitation, Automated systems, SWOT analysis.

### Introduction

Globalization must have cast a shadow over the whole world, and thanks to technological development and the information revolution of the fourth and fifth generation. On the one hand, it has accelerated the pace of the flow of goods, people and capital. On the other hand, it has increased threats of transnational organized crime and its negative impacts on societies.

This study will shed light on the automated customs system (the single window for trade) in facilitating the flow of goods to consumers within international, regional and local trade, especially in the Hashemite Kingdom of Jordan.

Accordingly, the aim of this research is to study and analyze the implementation of such projects at the local level in Jordan. All countries that apply and have actually started implementing the same system are measured on that and come up with results and recommendations to be submitted to the decision-maker to be reconsidered.

We should pay a deep attention to such projects as it has a great positive impact on the national, regional and global economy, particularly in times of crises like the one we are living with (COVID-19), which surely had and still having negative impacts on many states' vital fields; but in a disproportionate affect, each depending on the followed strategies using different tools/methods to

face such threats and challenges to achieve the final required goal, decreasing the negative impact of COVID-19 on economy.

No doubt that, The Hashemite Kingdom of Jordan was one of the pioneer states in the region to apply the NSTW. More than eighty states applied same project in their customs procedures. Jordan Increased its human and technical capabilities to implement this project and expand it to include all customs centers, especially in light of the current situation. The Jordanian Customs Department achieved 55% of the completion of customs data of all kinds, through the use of the application of the national window for trade despite the Corona pandemic, whose course prevails in the Kingdom and the whole world since the beginning of year 2020, and is based on the principle of eliminating duplication and conflict between government departments and getting rid of Paper information, document automation and computerization between the parties involved in the customs process.

The project also works to improve the work environment and make Jordan an attractive environment for investment, increase the competitiveness of the national economy, improve the efficiency of the transport fleet and clear goods from the first border point, and enhance integrity and transparency.

## Review of Literature

### 1.National Single Window Concept.

**a-** The Term Single Window is being used to describe a multitude of different platforms, systems and environments, and the use is not limited to the trade context. The most commonly accepted definition of a SW is the one provided by United Nation Economic Commission For Europe (**UNECE**) **Recommendation No. 33** and The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) who describes the SW as "a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export, and transit-related regulatory requirements." "If information is electronic, then individual data elements should only be submitted once".

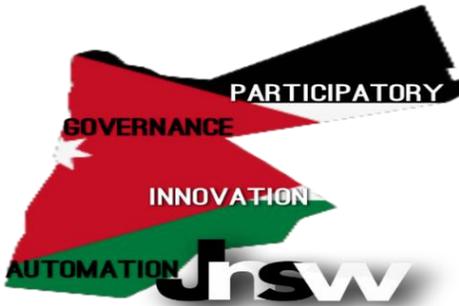
**b-** A trade facilitation platform that allows building a cooperative partnership between all parties, stakeholders and participants, as it contributes to enhancing efficiency and effectiveness in the direct electronic management of commercial and trade-related operations to and from the Kingdom, whether with Arab countries or emerging economies or with the world as a whole.

**c-** A tool to improve the Kingdom's economic competitiveness and openness

to more export markets for Jordanian goods and services within the framework of the digital economy strategy.

**d-** Single electronic platform for procedures related to trade operations.

**2. The principles underlying the National Single Window for Trade**



**a. PARTICIPATORY**

a.1. The National Window targets both the public and private sectors, realizing at the same time that the interaction between the two sectors and their complementarity are essential to achieving comprehensive and sustainable growth.

a.2. The partnership between the public and private sectors makes a major contribution to modernizing regulatory practices (performed by government agencies) and transactions (performed by the private sector).  
 a.3. The electronic platform participates in the government agencies related to trade operations, each within his powers, duties and tasks

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**3. Development steps in the project’s strategy.**

The development of the second generation of the National Single Window is transformation process that relies mainly on partnership and teamwork. The technical team of the United Nations Development Program cooperated with the Jordanian authorities to define the necessary work methodologies in line with various international standards and practices in this field. Among these methodologies are the methodology for developing business processes, the methodology for consulting with stakeholders, the **SWOT** analysis of strengths, weaknesses, threats, opportunities, and the results-oriented methodology.

The use of SWOT analysis as a complementary methodology to the basic methodology, and this contributed to identifying the aspects that should be addressed and the relationship of these aspects to the data processing platform.

This task has been executed in parallel, taking into account the functions of the regulatory authorities as specified in the relevant laws and regulations. The import, export ports operations carried out by the relevant authorities (importers, exporters, and dealers with the seven regulatory authorities in the Customs Department in the capital Amman) have also been taken into consideration and analyzed

and the relationship between the regulatory authorities with special focus on relations between officials and traders and mechanisms for implementing rules, policies and technology, that support these mechanisms.

#### **4. The success factor's elements of the National window project.**

##### *a- The Legislative element.*

It is represented by the laws and legislations that regulate the operations and procedures that take place in the electronic trading platform, in addition to the legislation that defines the legal responsibilities of all parties.

##### *b- The Organizational element.*

It includes the regulatory and institutional framework of the National Window, including financial and material support tools for the project, working methodologies and partnership with the private sector.

##### *c- The Human Resources element.*

Starting from senior management to work teams, and it includes the structure and distribution of human resources according to the required experiences, qualifications and competencies, and the training programs required to raise efficiency, (performance appraisal system).

##### *d- The Technical element.*

The technical infrastructure of the project, which is based on deploying information technology in work procedures.

#### **4. The role of the project during COVID-19 pandemic.**

**a-** Elimination of paper transactions by 90%.

**b-** It contributed to reducing the mixing of service recipients and employees.

**c-** Contributed to the continuity of goods flow to Jordan.

**Methodology**

The researcher followed the SWOT analysis methodology to state the current situation of clearing the cargo and to reveal new automated solutions for the same process.

**5- SWOT Analysis for Jordan National Single Window.**



<p>a. Applying of the Jordanian government's electronic transformation strategies.</p> <p>b. A prerequisite for the trade facilitation agreement.</p> <p>c. It is compatible with other government projects and with the procedures of the private sector</p> <p>d. The widespread use of digital and electronic tools in the Jordanian society</p>	<p>a. lack of integration of the electronic transformation elements.</p> <p>b. Complexity and interdependence of procedures and government agencies' requirements.</p> <p>c. The phenomenon of refusing to change for some service providers and recipients.</p> <p>d. The infrastructure is insufficient and cannot accommodate the pressure and required transformation.</p> <p>e. Insufficient financial allocations to implement the project phases.</p>	<p>a. New support resources from international organizations.</p> <p>b. Partnership with private sector.</p> <p>c. Increasing Jordan's exports</p> <p>d. Electronic connectivity with neighbouring countries.</p>	<p>a. Weak confidence in government services.</p> <p>b. Resistance to change by some service providers and recipients.</p> <p>c. Career rotation for some experienced people.</p> <p>d. Information security and protection require high effort.</p> <p>e. The current financial budget is limited.</p> <p>f. High work pressure and effort.</p>
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**6.Current situation analysis and gaps identification.**

Changing Element	Current situation	Required situation
<p>The Legal and Legislative element</p>	<ul style="list-style-type: none"> <li>-Jordan has passed important laws for dealing with electronic transactions and provisions related to electronic signatures to support e-commerce.</li> <li>-The Electronic Transactions Law of <b>2015</b> and its predecessor provides the platform for digital transactions That takes place within the e-government environment, provided that the requirements of electronic transactions are met Contained in this law. Article <b>04</b> is one of the main principles on which to build on.</li> <li>-Articles <b>06</b> and <b>04</b> of the above law legitimize the principles of employment equivalence (Article <b>06</b> specifically) and non-existent Discrimination.</li> <li>-The Ministry of Information and Communications Technology is the official body responsible for issuing certificates, electronic authentication of electronic signatures. It is possible contract with a public authority specialized in this Field to perform this task.</li> <li>-Finalizing the draft summary of customs declaration.</li> </ul>	<ul style="list-style-type: none"> <li>-To strengthen the legal framework of the National Window: Establish the legal and legislative basis for the Jordanian National Single Window.</li> <li>- Identification, documentation and authorization.</li> <li>- Submit documents and data electronically for the purposes of regulatory control.</li> <li>- Issuing and using electronic / digital signatures in specific institutions and entities that participate in the National Single Window operations.</li> <li>- Communicating data from users / merchants to regulators, and vice versa.</li> <li>- The authority to access and exchange data between government agencies.</li> <li>- Electronic / digital evidence.</li> <li>- Electronic processing.</li> <li>- Verify electronic processing outputs</li> <li>- Protection of intellectual property rights and ownership of databases.</li> <li>- Consumer protection to enhance confidence in the e-commerce Market.</li> <li>- Competitiveness.</li> <li>- Rivalry.</li> <li>- Data protection and quality.</li> <li>-Privacy.</li> </ul>

		<ul style="list-style-type: none"> <li>- Information systems crimes.</li> <li>- Arbitration and disputes.</li> </ul>
The Political element	<ul style="list-style-type: none"> <li>- <a href="#">The Jordanian government approved the National Window Project. And it was launched in the year 2018.</a></li> <li>- There are 52 ministries implementing various procedures within the national single window system including 16 participating ministries Directly in the window.</li> <li>- A number of procedures have been adopted that allow stakeholders to view the progress of operations</li> <li>- A number of electronic exchanges have been adopted between logistics and Customs.</li> <li>- The level of awareness among citizens of the project is still low.</li> <li>- A linking agreement was signed with the Arab Republic of Egypt.</li> </ul>	<ul style="list-style-type: none"> <li>- The need for support by 100% of government leaders and departments for the project.</li> <li>- Inclusion of all institutions and agencies related the national window system.</li> <li>- Inclusion of all institutions and agencies related the national window system.</li> <li>- Citizens support for the project.</li> <li>- Expanding linkage agreements with Arab countries.</li> </ul>
	<ul style="list-style-type: none"> <li>- The work system is now based on expanding the procedures on the traditional platform that relies on linking two parties (end-to-end connections).</li> <li>- The governance system has been activated and all procedures are periodically evaluated.</li> <li>- Object Oriented Analysis and Design methodology was applied to analyze the processes, functions and tasks necessary to design the method of information processing and flow between jobs and partners.</li> <li>- Procedures associated with trade operations have</li> </ul>	<ul style="list-style-type: none"> <li>- An integrated and interconnected intra-system for transactions that can be performed by the public or private sector.</li> <li>- Mapping coordinate implementations within the reengineered process.</li> <li>- Periodically reviewing digital readiness.</li> <li>- Reviewing the job structures and ensuring their alignment with the goals.</li> <li>- It requires a stronger governance structure and</li> </ul>

<p>The Institutional element</p>	<p>been re-engineered for all partners.</p> <ul style="list-style-type: none"> <li>- The work on the project was divided into phases of evaluating each phase before starting the next phase.</li> <li>- Pre-arrival processing, electronic payment, and audit-based controls are approved.</li> <li>- A central platform for licenses and permits has been established that feeds processing centers in the national single window with the data and information necessary to Make a final decision on clearance and release of shipments.</li> </ul>	<p>activity based on consensus and partnership between regulators and on regular communication with the private sector.</p> <ul style="list-style-type: none"> <li>- Separate the release of the final report on customs duties, taxes, and wages owed, as well as self-declaration / self-assessment, and activation of trade facilitation measures under the WTO Agreement on Trade Facilitation and the Revised Kyoto Agreement.</li> </ul>
<p>The Human Resources element</p>	<ul style="list-style-type: none"> <li>-A supreme steering committee has been formed for the National Window Project, which is concerned with drawing up the national policies and strategies necessary to establish and activate the National Single Window to ensure continuous improvement in the performance of logistics service operators, clearance / release procedures for shipments, transportation and management of cross-border operations.</li> <li>- In early <b>2017</b>, the Jordanian Customs Department took over the leadership of the National Window project, and a working group was established that included more than <b>30</b> entities.</li> <li>- Trade / Transportation Procedures Working Group, Technical and Technical Affairs Working Group has been established. A group of these groups is responsible for several activities and communicate with each other to ensure compatibility and time coordination to the maximum extent.</li> </ul>	<ul style="list-style-type: none"> <li>- Operations teams have been established to implement and complete the procedures related to the release of goods and all trade-related operations.</li> <li>- Expert Teams: Expert teams fall within working groups and consist of highly specialized experts such as international experts, universities, sub-teams specialized in single window operations, data sets, other standards, IT infrastructure, and legal requirements. The expert teams act as technical assistants to the national single window IT governance team.</li> </ul>

	<ul style="list-style-type: none"> <li>- Operations teams have been established to implement and complete the procedures related to the release of goods and all trade-related operations.</li> </ul>	
<b>The Financial readiness</b>	<ul style="list-style-type: none"> <li>- The project phases depend on support from the government budget, and international institutions and bodies.</li> <li>- Current support is not enough for all project requirements.</li> </ul>	<ul style="list-style-type: none"> <li>- Providing financial support that covers all project requirements.</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>- The stakeholder discussion methodology was activated and thus work procedures were cleared for partners and based on it, procedures that harmonize between the requirements of government agencies and partners were re-engineered, the most important them being (Aqaba Containers Terminal, Aqaba Port Management and Operation Company, Nafith Company, Shipping Agents, Aqaba Logistics Village and Royal Jordanian).</li> <li>- A periodic evaluation of all project phases is carried out with the partners.</li> <li>- Mechanisms of regular dialogue and discussion were activated with business establishments, unions and chambers of industry to take their requirements and their needs into account.</li> </ul>	<ul style="list-style-type: none"> <li>- 100% coverage for all procedures</li> <li>- Establish cost recovery mechanisms</li> <li>- Involving the private sector in supporting the project</li> </ul>
	<ul style="list-style-type: none"> <li>- The Single Window based on the ASYCUDA system has been expanded to include procedures that have been re-engineered and procedures that have been automated.</li> <li>- Electronic connectivity has been adopted with some partners - Limited software available.</li> <li>- Information exchange between government parties remain Limited.</li> </ul>	<ul style="list-style-type: none"> <li>- The single window electronic commerce platform that includes all parties.</li> <li>- Adopting the National Window Law to ensure the protection of the information and digital bases for exchange.</li> </ul>

**7.Gaps Analysis and Recommendation**

Changing Elements	Gaps Bridging ( <b>Recommendations</b> )
The Legal and Legislative framework	-Harmonization of Jordanian legislation and laws with the law and instructions of the National Trade Window. -Expedite the adoption of legislation related to the work of the project.
The Political framework	-Employing all government support tools for the National Window Project. -Preparing a media plan that supports the project
The Institutional framework	- Providing support to the private sector as a key partner to the government in designing and activating this easy platform for trade and investment. -When any process, function or task is approved, the extent to which it meets the requirements of an organized treatment should be studied and electronic transformation and centralization of information processing.
Human resources framework	-Focusing on building the capacities of experts and officials in the Kingdom's regulators and the private sector.
Financial support framework	-Inclusion of support for the National Window project in the government budget
Partners framework	- Establish structured strategies to disseminate information about the achievements achieved, enhance the exchange of views, public participation in the policy-making process, awareness of future trends and most importantly, awareness of what is required of the public of dealers to improve compliance with rules and regulations.
Infrastructure framework	-Develop business tools (supported by technology) and systems for these agencies to guide information Integrated, secure and protected. -Enhancing the information infrastructure of various government agencies

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