

TRADE FACILITATION

Chile's Experience with the Modernization of Customs Administrations Based on the Use of Information Technology

The following communication, dated 26 October 2000, has been received from the Permanent Mission of Chile.

Introduction

Chile considers that increased international trade flows bring economic development in their train, and trade facilitation measures, *inter alia*, are therefore a key factor to that end. One way of achieving this goal is through the streamlining of customs procedures.

The Chilean customs authorities have been operating in an environment marked by a sharp increase in foreign trade; from 1990 to 1998, the cumulative expansion of trade totalled approximately 142 per cent in real terms. This has led to the introduction of new technology in the Chilean customs service under the State modernization programme, using Electronic Data Interchange, with the aim of providing a modern alternative to the existing customs processes and improving the quality of the services associated with customs processing of goods.

Incorporation of information technology in customs management.

The Chilean National Customs Service is an integral link in the chain of private and public organizations involved in foreign trade, which together produce and issue a large number of documents. The introduction of information technology facilitates paperless trading among traders in goods or services.

The benefits which the Government expected from the introduction of Electronic Data Interchange included the following:

- (a) Less paper-based inputs to the customs process;
- (b) longer opening hours;
- (c) shorter time required for processing;
- (d) release of staff from repetitive duties which contribute little added value to the service.
- (e) better inspection and control capacity of the customs service;

- (f) shorter time spent by goods in warehouses; and
- (g) interconnection of organizations involved in foreign trade.

The cost of implementing the project amounted to some US\$5 million, two thirds of which was defrayed by the private sector which had joined in the discussions and planning that accompanied the reform process. It was estimated that the business savings from implementation of the system would amount to more than US\$1 million per month.

Evaluation of the implementation of the Electronic Data Interchange system

Following an evaluation of its implementation, it was found that the new electronic data transmission system brought many benefits to users of the service, such as the following:

- (a) Customs agents nowadays use electronic data interchange with a national coverage of 85 per cent, which is rising towards full coverage;
- (b) users can transmit their customs declarations from 8 a.m. to 6 p.m. and receive authorization to withdraw goods in a maximum of 1 hour and 50 minutes. Previously, they could submit their declarations only between 8.30 and 9.30 a.m. and received replies the following day;
- (c) 98 per cent of declarations of entry for goods are processed by EDI. This is the equivalent of roughly 2,800 declarations per day, representing 54 per cent of the total number of customs documents processed;
- (d) the number of data inputting errors has fallen from 14 per cent to 2 per cent;
- (e) a single form has been introduced for the entry of goods;
- (f) the possibility has been approved of resubmitting an import declaration on the same day (instead of the following day), and as many times as necessary, until it is error-free; and
- (g) administrative functions have been redesigned, releasing a number of officials for reassignment to other duties, especially inspection-related-tasks.

Studies are currently in hand on an overhaul of the existing system of electronic data interchange, with a view to introducing new technology to facilitate, accelerate and reduce the cost of consumer access to customs services.

The main new technological advance aims at effecting all transactions via the Internet as a medium for the transmission of information by foreign trade agents. This should serve to substantially increase the number of computers in regional customs offices and ensure the online connection of most customs control points; foreign trade operators will only be able to transmit data in electronic form. The information will be transmitted to the customs service directly by the originators.

These new technological developments are expected to have their main impact in the following areas:

- (a) Considerable improvement in the logistical chain (ports, airports, advance customs processing, etc.).

- (b) Customs Agents will no longer need to send their employees to customs offices or other premises in order to carry out administrative duties.
 - (c) Improved transparency in customs operations.
 - (d) Savings for the various participants in foreign trade through the use of low-cost and universally accessible technology.
 - (e) Release of staff currently engaged in administrative duties, so that they can be reassigned to other – mainly inspection-related – tasks.
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