

Implementation of the E-Customs Project in Russia and the Golden Customs Project in China: Opportunities for Cooperation and Coordination

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Abstract-The article considers the projects of customs digitalization in Russia and China known as Electronic Customs and Golden Customs. The first project has recently been developed, and the second has fully been implemented and is aimed at active expansion into the external environment. With a common goal - the creation of a single information space - approaches to the implementation of the two projects vary considerably. The current research is based on the “text-by-text” scheme, which implies a detailed description of the Chinese project and then the Russian one. In the chronological order, the development stages of the projects are analyzed and possible areas for cooperation and coordination are suggested. Further, the alternatives for joint Russian-Chinese projects to deepen cooperation in the customs field are introduced. The article also examines the contributions of the Russian and foreign researchers and legal and regulatory acts in the sphere of interstate coordination.

Keywords-customs service, golden customs, electronic customs, foreign economic activity, “One Belt, One Road”

I. INTRODUCTION

The article examines two projects of this kind (Electronic Customs and Golden Customs), which are being implemented on the territory of Russia and China, respectively. Both projects are being introduced in the customs authorities: in Russia - to simplify the process of moving goods across the border, in China - to build a socialist customs system with Chinese characteristics.

The research section of the article provides the description of each system and then makes comparison on the set of criteria. The aim is to offer tools to facilitate cooperation and coordination of customs services in the two countries. In the conclusion, the article sums up the data from the comparative analysis and provides a timeline that clearly demonstrates the differences in customs reform in Russia and China. Also, it contains a number of proposals on the possibility of a deeper interstate cooperation within the electronic customs systems.

Both customs projects are particularly relevant in the context of one of the most ambitious and large-scale international projects – “One Belt, One Road”. Building effective international trading network is simply impossible in the traditional “paper” format. Therefore, for the countries

participating in the project, it is particularly important to introduce systems that can be mutually integrated and will facilitate cargo movement across the borders. Russia is one of the key members of the “One Belt, One Road” project, which is the reason for the development of electronic customs adapted not only for domestic but also for external use.

II. ELABORATION OF THE PROBLEM

Prospects for Russia-China customs cooperation is an increasingly popular matter under consideration for Russian researchers. This is not surprising, since China accounts for one of the largest trading volume indicators (18% in 2017).

For example, Atanov and Ayusheeva [1] arrived at the conclusion that the foreign trade conditions in the border areas of the two countries are asymmetrical. In China, the activities of traders are actively stimulated by administrative resources, while Russia has created only the minimum necessary conditions. Lepa [2] considers the opportunities for the development of new scopes in the interstate cooperation (tourism, in particular) and indicates the potential threat of the Chinese expansion into the outside world (e.g., the uncontrolled migration of the Chinese citizens).

The English sources specifically focus on the innovation projects in China. Lovelock, Clark and Petrazzini [3] analyze in detail the Golden projects and conclude that they are successfully implemented, although the country has chosen a different from European path in terms of the introduction of digital technologies. Ure and Liang [4] put forward a thesis that the Chinese government uses electronic technology to both simplify coordination of businesses and authorities, and consolidate the current socialist regime.

III. RESEARCH METHODOLOGY

The research is based on the method of comparative analysis and examines two approaches to implementation of information technologies in public sectors. The approaches are identified in the connection with the Golden Customs project and the Electronic Customs project (the E-Customs project), which demonstrate quite similar content characteristics, but have some significant differences.

Accordingly, the above-mentioned projects in Russia and China serve as objects of research.

The Russian and foreign publications, as well as legal and regulatory documents of the two countries constituted the information base for analysis; in particular, the customs code of the customs union, the Customs Law on the customs regulation of the People's Republic of China, and the websites of Russian and Chinese customs.

The article is organized according to the “text-by-text” scheme: first, it gives a detailed description of the Chinese project, and then the Russian one. The final part presents a time vector which assists in visualization of the consistency of activities, the list of current innovations and the availability of time lag, which should be taken into consideration when developing integration activities. Also, the variants of joint Russian-Chinese projects to deepen cooperation in the customs sphere are shown.

IV. PROJECTS IMPLEMENTATION

A. *Golden Customs Project in China*

In fact, the market economy with Chinese characteristics is a covert government control over the actions of all market participants, from government organizations to street vendors. To ensure this kind of penetration through traditional method is quite challenging and, therefore, innovative solutions like electronic technologies can come to the rescue. The project was named the “E-Government” and started in 1999, with the active participation of the largest telecommunications company China Telecom and the Economic Information Centre of the State Economic and Trade Commission (SETC).

Previously, in 1993, the Central Government and the former Ministry of Electronics Industry (now part of the Ministry of Information Industry) launched the Golden projects - a set of individual infrastructure initiatives aiming at the development of information economy and administrative capacity for the implementation of the global system “E-Government”. The first three projects were Golden Bridge, Golden Card and Golden Customs. Later, the list was expanded significantly. The Vice-Premier Li Lanqing initiated the Golden Customs project (GC) in June 1993. The project was focused on the development of an integrated system of data transmission between foreign trading companies, banks, as well as customs and tax bodies. The system was supposed to speed up customs clearance and improve the collection of taxes and duties. Also, it aimed at shortening of customs clearance.

A large-scale reform of the customs system was launched in 1994, and in 1998, the State Customs Administration issued the Resolution on the Development of the Modern Customs Regime, which set out the basic framework and the two-step development strategy for the customs service. The first stage of the electronic data tracking system identified the episodes of smuggling worth about 80 billion Yuan (in 1999),

and the amount of the collected customs duties increased by 71 billion Yuan, compared with the same period before the introduction of the system (1999 compared to 1998).

The first stage of development was completed by 2003. To assist in the implementation of the second stage, the Strategy for the Establishment of the Modern Customs Regime (2004-2010) was adopted. The strategy involved the creation of a new management mechanism, including the system of risk analysis as an essential element. By 2010, the creation of a modern customs regime, that meets the objectives of the national policy and is adapted to the well-developed socialist market economy, was planned to be integrated into the international community. China Customs faced a major challenge to shift away from traditional state authority to the most progressive through the introduction of advanced scientific technology. The authors of the strategy were of the view that the use of information technology will allow a balance between strict supervision, effective operation and the honesty of customs officers. The risk management system was implemented overall in 2004, and in the first year of its operation there were revealed 5,820 episodes of smuggling and customs fraud in the amount of 6.4 billion Yuan, while the fine for customs evasion amounted to 0.36 billion Yuan.

At the end of the second stage, the GC reached the point of the so-called experimental exploitation and acceptance process. It should be noted that over the next five years, China Customs has become a leader in innovations in workflows, when compared to other agencies. By 2016, there had been implemented such major systems as the national system of customs control, the credit management system for enterprises engaged in import and export, the logistics monitoring system, the mobile application for business, the platform to support participants of foreign economic activity, the “Electronic Port”, the customs intelligence system, and the system of prevention and control of corruption risks. In 2017, the customs service of the Republic of China announced a full transition to the “single window” system that combines eleven departments. The following steps assume a complete rejection of the printed form of documents. It should be noted that the preliminary cargo declaration is not stipulated.

The Chinese GC system is sufficiently convenient in terms of electronic document flow and interchange between the countries. Moreover, the participants of the “One Belt, One Road” project will be dealing with it. Opportunities for collaboration could be offered on the basis of comparison of GC with the existing similar system in the partner country. In particular, it will be interesting to examine Electronic Customs, operating on the territory of Russia, the largest country participating in the project “One Belt, One Road”.

B. *E-Customs Project in Russia*

The transition of the Russian public services to a digital format began in 2002, with the approval of the federal target program “Electronic Russia (2002-2010)”. The program

anticipated creation of E-Government that would simplify the process of interaction between the country, businesses and citizens. However, by 2010, the effectiveness of the implementation had been assessed as low, and, in fact, the program had been considered a failure.

But at the end of 2010, the government approved a new federal target program “Information Society (2011-2020)” which consisted of six directions (subprograms): quality of life of citizens and conditions for business development; electronic state and effectiveness of public administration; the Russian market of information and telecommunication technologies; basic infrastructure of the information society; security in the information society; digital content and cultural heritage. The ministries and agencies were given the programs for the development and road maps under the new program that introduced the stages of implementation of new information technologies.

In 2012, for the Federal Customs Service were adopted the “Strategy of Development of the Customs Service of the Russian Federation up to 2020”, the road map “Improvement of Customs Administration” and the road map “Foreign Market Access Support and Export Support”. At the federal level, the principle of single provision of data was secured and that significantly shortened the list of necessary documents for the declarant when repeated clearance of cargo is taking place.

Since 2012, the communication between the customs authorities throughout the country has been established, and the border mechanism of integrated control has been implemented. It allows the customs to independently verify the documentation provided by the participants of foreign economic activity when passing the borders [5]. The introduction of electronic technologies in 2014 allowed a complete cancellation of customs declarations on paper and a shift to electronic form [6]. In 2017, the total number of customs declarations in electronic form amounted to 99.98%. Moreover, the declarant has the opportunity to declare goods in advance. However, most of the accompanying documents are still required in printed form. Besides, the risk management system, which will be interdepartmental, has been introduced and is successfully operating.

Russia is a member-state of the Eurasian Economic Union (EAEU), which involves the creation of a common market with the participating countries (Armenia, Belarus, Kazakhstan, and Kyrgyzstan). In order to simplify the procedure for clearance when moving through both internal and external borders of the EAEU, the participating countries have implemented the “single window” mechanism. Since 2017, the “single window” has been implementing in test mode on the territory of Russia, both in seaports and at land crossings. It is planned to merge twenty-eight offices into a single network. However, at the end of 2017, the implementation rate on basic characteristics is at the level of 58% (similar to Kyrgyzstan) [5].

The “single window” is an integral part of the electronic customs system, which is built from individual innovative introductions in the customs service. The mechanism should soon be launched throughout Russia and the EAEU territory.

Undoubtedly, the E-Customs project looks more ambitious than the Golden Customs project. However, one of them has been implemented, and the launching time for the second project is still unknown. The main problem of the Russian project is the need to integrate the systems, existing in different departments, into a single mechanism. The program was originally created for a specific agency, without compliance with the principle of the uniformity of the provision and processing of information.

The Federal Customs Service of Russia in the long term aims to create a global customs network, which would bring together “single windows” of the participating states. To date, the negotiations on the exchange of data between the Chinese and Russian customs offices are underway. It will include the project “One Belt, One Road”. However, one of its challenges is the disclosure of prices of goods. In China, the price of goods is a commercial secret, so the customs authority has no right to transfer information to a third party.

V. OPPORTUNITIES FOR COOPERATION AND COORDINATION OF PROJECTS

Information technologies are being actively introduced in the state bodies of Russia and China. Despite the fact that informatization of the customs service in Russia was launched last, the current state of affairs is at a high level. Every country carries out the process in its own rhythm, which should be considered when developing a plan for interstate synchronization.

Phases of development of Golden Customs project:

1. Preparation for implementation:

1993 – The approval of the “Golden Projects”.

1994 – The start of the project “Golden Customs” (GC).

2. First stage of the project:

1998 – Adoption of a resolution on the development of a modern customs regime. Approval of the 2-stage GC project implementation plan.

1999 – Implementation of an electronic data tracking system.

2003 – The end of the 1st stage of the GC project implementation.

3. Second stage of the project:

2004 – The development strategy for stage 2 has been adopted. Risk management system implemented

2010 – The end of the 2nd stage of the GC project.

4. The project is operational:

2011 – Stage of trial operation and acceptance.

2016 – Systems of customs control, credit management for enterprises engaged in import and export, logistics monitoring, customs intelligence, prevention and control of corruption risks; support platform for participants of foreign economic activity, electronic port; mobile application for business.

2017 – Full transition to the “Single Window” system.

Phases of development of Electronic Customs project:

1. Project Background:

2002 – Start of the project "Electronic Russia".

2010 – The end of the project "Electronic Russia". The project failed.

2011 – Start of the federal target program "Information Society.

2. The project implementation:

2012 – The “Development Strategy of the Customs Service of the Russian Federation until 2020” was adopted. Road maps “Improving Customs Administration” and “Supporting Access to Foreign Markets and Export Support” were adopted. The principle of one-time provision of data is fixed. Information interaction has been established between customs authorities throughout the country; implemented an integrated control mechanism.

2014 – Transition to electronic declaration. Preliminary declaration of goods.

2017 – Testing of the "Single Window" in individual customs posts.

2020 – The end of the project.

Based on the data, the projects for customs cooperation may be elaborated.

A. Interdepartmental Integration Within the Framework of the “Single Window”

Both countries have implemented the "single window" system, which, on the one hand, brings together departments, one way or another involved in foreign trade, and on the other hand, directly interacts with the participants of foreign economic activity. In the framework of the interstate "single window", the integration may take place among similar functional departments. In the long term, the cooperation of governmental structures in handling movement of goods can become the basis for a full-scale Russian-Chinese “single window”.

B. Use of a Single Declaration

The development of the customs service, its flexibility and a well-timed response to changes in the business environment directly affect the position of the country in the

Doing Business ranking. In 2018, Russia took the thirty-first place, while China won three positions: the special administrative regions Hong Kong and Taiwan were ranked fourth and thirteenth respectively, and the continental part of the country took the forty-sixth place. Promoting interstate cooperation of supervisory authorities would not only raise the rating, but would also increase the attractiveness of countries for both importers and exporters. As mentioned earlier, the customs of China and Russia are in the process of negotiations on synchronization. In fact, export declaration provided in one country corresponds to the import declaration in the other, and the two countries can carry out movement of goods using a single export-import (or import-export) declaration.

C. Binding Data to Goods

The Russian version of electronic customs declaration is an impressive list of documents in the traditional printed form. As a rule, many of them duplicate those that were provided by the Chinese exporters to the customs service of their country. There is a possibility that documents with unchangeable characteristics will be tied to specific goods, transported across the border, and will be available in electronic form to the customs services of the two countries. For example, the exporter removes construction equipment from China. To confirm the correctness of the declaration (e.g. code in the commodity nomenclature of foreign economic activity), technical regulations, ISO certificates, and data on the direct producer are provided. Thus, the content of this documentation will not change with the border crossing. The customs inspector shall have access to such documents, but shall not request them from the declarant.

VI. CONCLUSION

Projects “Golden Customs” and “Electronic Customs” share a common goal - the creation of a single interstate network. This goal can be achieved through the consistent and thoughtful integration of existing systems.

The “Golden Customs” project has been known since the early 1990s and to date has moved from implementation and final adjustment to the stage of full operation. It is completely ready for integration with the programs of the customs of partner states. This is particularly important for China as the initiator of the OBOR project. Theoretically, electronic systems of customs services of OBOR member countries can “connect” to the existing electronic network between governments and foreign trade participants. As for the Russian project “Electronic Customs”, it exists since 2012, and at present is in the process of adjustment and fine-tuning. This is a definite advantage, as it is possible to create an already integrated system of interstate interaction, rather than reshape existing formats under new criteria.

The study ends with the proposal of the projects which will contribute to effective coordination and cooperation of

customs services. Integration between similar agencies creates a solid basis for building a Russian-Chinese “single window” at the governmental level. A single declaration for the goods and data-binding system to transferable goods will significantly reduce clearance time at the border.

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