SMART Customs Initiative 2020 (the bird's-eye view)

－Working toward being **the world's leading customs** for sound development of trade, a safe and secure society, and a prosperous future－

I. Predicted changes in the context of our work in the medium- to long-term	II. Responding to increased diversity and complexity in customs operations	III. Medium- to long-term vision	Measures	[Short-term measures (1-3 years)]

I. Predicted changes in the context of our work in the medium- to long-term

1. Flow of Goods
(1) Expansion of cross-border e-commerce
(2) Conclusion of EPAs and growth of the FTA ratio
(3) Increasing in the size of ships and the construction of marine transport networks

2. Flow of People
(1) Increases in the number of foreign visitors to Japan
(2) Increases in the number of Japanese travelers overseas

3. Flow of Money
(1) Emergence of crypto-assets
(2) Promotion of cashless systems

4. Changes in Social Structure/Disaster Risk, etc.
(1) Changes in the total population and the labor force
(2) Work-style reform
(3) Preparation for disaster risks, etc.

5. Progress of Cutting-edge Technologies
(1) Application of AI and other cutting-edge technologies
(2) Launch of 5G services
(3) Application of distributed ledger technology to trade

6. Changes in the International Security Situation
(1) The ongoing threat of international terrorism
(2) Growing sophistication of smuggling by North Korea
(3) Increased activity among international criminal organizations and increased sophistication of crimes

II. Responding to increased diversity and complexity in customs operations

Promotion of Trade Facilitation
(1) Ensuring trade facilitation in response to changes in the context of our work
(2) Improving user convenience in the application of EPA rates
(3) Contributing further toward making the country a tourism nation

Appropriate and Fair Collection of Customs Duties, etc.
(1) Handling the confirmation of applicable rates for EPAs
(2) Further strengthen measures against tax evasion and fraudulent tax refunds

Realizing a Safe and Secure Society
(1) Ensure the effectiveness of counterterrorism measures and North Korea sanctions
(2) Respond to increasingly sophisticated smuggling tactics and international criminal organizations
(3) Strengthen controls on exports

III. Medium- to long-term vision

Solution
Aim to ensure more appropriate and prompter customs clearance by providing solutions to improve compliance and convenience in customs procedures for trade-related businesses, travelers, and others.

Multiple-Access
Aim to expand and strengthen information-sharing with relevant agencies and trade-related businesses to further implement both facilitating trade and strengthened border control.

Resilience
Aim to maintain and develop customs administration while ensuring the convenience of customs procedures in preparation for changes in social structures and disaster risks.

Technology & Talent
Actively incorporate AI and other cutting-edge technologies into our customs operations and aim to enhance operations by finding new ways to make customs procedures convenient and to implement more effective, efficient, and sophisticated enforcement. Alongside the use of cutting-edge technologies, we aim to train personnel, review our operations, and improve the work environment.

Measures

Solution
(1) Further digitization of customs procedures
① Strengthen cooperation and information sharing with the Immigration Services Agency and other relevant ministries and agencies
② Digitize tax reduction and exemption procedures, etc.
③ Digitize verification procedures for goods suspected to infringe intellectual property
(2) Further improve the convenience of responding to inquiries
Investigate the use of automatic response programs, etc. for responding to inquiries
(3) Handling cross-border e-commerce
Improve and enhance the efficiency of inspections and other operations through automation and the acquisition and use of advance information. Consider developing a declaration procedures or customs clearance systems for small-lot shipments

Multiple-Access
(1) Further cooperation with relevant agencies
Cooperation and information sharing with the Immigration Services Agency, the police, the Narcotics Control Department, and the National Tax Agency, etc.
(2) Further cooperation with businesses
Trade-related businesses including AEOs, e-commerce platform providers, etc.
(3) Cooperation with universities, etc.
(4) Further cooperation with foreign customs authorities, etc.

Resilience
(1) Investigate systems resistant to disasters and other emergencies
Investigate ways to further improve the resilience of the customs clearance system
(2) Implement cutting-edge technologies for monitoring and control of coastlines, etc.
Consider measures for monitoring/control and the use of unmanned aerial vehicles (e.g., drones) and satellite information
(3) Review examination and inspection methods
Investigate measures to ensure uniform operation and proper and prompt customs clearance

Technology & Talent
(1) Proactive deployment and use of cutting-edge technologies
① Incorporate cutting-edge technologies, optimize operations, and reallocate resources
② Explore a wide range of fields where AI can be applied
③ Explore the possibility of using cutting-edge technologies (e.g., distributed ledger technology, IoT, drones, virtual reality, etc.)
④ Investigate the effective use of AI for the control of goods that infringing intellectual property
⑤ Examine the scope of application of cutting-edge technology and outsourcing of business operations, keeping privacy protection in mind
(2) Infrastructure provision
① Investigate the proper use of cloud services
② Study and examine the introduction and application of equipment based on cutting-edge technologies (e.g. X-ray CT scan inspection equipment)
(3) Consider Business Process Reengineering (BPR)
Review work process in line with the use of cutting-edge technologies such as RPA
(4) Technical support for AI and systems

[Short-term measures (1-3 years)]

Solution
(1) Improve the E-Gate app and communicate information for improved use
(2) Implement cashless payment of customs duties
Investigate payment of duties using credit cards, etc.
(3) Support the use of EPAs
Develop a support system for importers and exporters with regard to rules of origin, etc. and improve communication of EPA-related information, etc.
(4) Improve the Japan Customs website

Multiple-Access
(1) Enhanced information-gathering
Obtain and use advance information on cargo and passengers more efficiently and quickly
(2) More efficient information-gathering
Test web crawling technology, investigate the use of new technology, and strengthen cooperation with relevant ministries and agencies
(3) Put in place an environment for closer cooperation
Introduce videoconferencing systems, etc.

Resilience
(1) Preparation for disasters, etc.
① Investigate the use of AI-based information-gathering services
② Update the business continuity planning (BCP)
③ Conduct regular drills
④ Reduce the risk of document loss
(2) Create an environment for flexible working styles
Increase efficiency of telework by improving the telecoms environment

Technology & Talent
(1) Proactive deployment and use of cutting-edge technology
① AI analysis of Big Data
② Support inspection by AI analysis on X-ray image
③ Use of RPA
④ Nuclear Quadrupole Resonance (NQR) device (for stimulant concealment detection)
(2) Digitizing operations
Investigate digitizing of operations and the use of data for implementing advanced technology
(3) Development of the system for consideration, Human resource development, and securing staff resource
① The Customs and Tariff Bureau and Japan Customs work together with external experts to introduce cutting-edge technologies
② Establish a system that considers the fusion with private sector technologies at the initiative of Japan Customs
③ Conduct training and recruit personnel in the fields of cutting-edge technologies and data science

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(1) We will continue to monitor changes in the global context and conduct review the situation constantly. In doing so, we will keep in mind new perspectives caused by the novel coronavirus (COVID-19) outbreak.
(2) We will consider human development that enable us to focus on the design and development of work methods, and the appropriate planning, maintenance, and management of cutting-edge technologies implementation in the future.
(3) We will work on each measure while maintaining an organizational mindset of the "three Is" (*)
By steadily implementing the above measures, we will improve the sophistication and efficiency of our customs operations, improve convenience for our users, and meet citizens' expectations even 20 or 30 years from now.
By doing so, we will strive to achieve a safer and more prosperous society and ensure a happy future for each and every citizen.

* The 3 Is
① Innovative
② Inclusive
③ International