

## The Role of Information and Data in Knowledge Management

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- The implementation of Knowledge Management in Customs Administration.
- The outcome of the implementation of Knowledge Management in Customs Administration.
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Distinguished guests, ladies and gentlemen,

Good morning! Let me introduce myself. My name is XuWenrong, the deputy director general of Anti-smuggling Bureau, China Customs. On behalf of China Customs, I would like to make a speech on the Role of Information and Data in Knowledge Management.

**● I would like to say something on the relationship between Knowledge Management and Customs Administration before I go to the major part.**

In recent years, the Customs all over the world including China Customs improve the administration by introducing the concept of knowledge

management. Customs implement the theories and measures of modernized management, focusing on people, basing on knowledge, using the information technology as the platform, and aiming at knowledge sharing, to improve the effectiveness and efficiency by collecting, utilizing and innovating all kinds of knowledge. There are two reasons for introducing the knowledge management.

#### 1. Outer factors

With the development of knowledge economy and economics globalization, Chinese volume of importation and exportation increased rapidly while the resources of inspection and surveillance were relatively limited. Meanwhile, the contradiction between facilitation and effective control is more and more outstanding. In 2010, the global volume of importation and exportation reached 30.6 trillion USD, of which, the volume of importation and exportation of China amounted to 2.97 trillion USD, accounting to 9.7%. According to the newest statistics, in the first 10 months of 2011, the volume of importation and exportation of China broke through 3 trillion USD. In the first 9 months of 2011, China Customs exerted control on 2.4 billion tons of import and export goods, 65.1million containers, 23.94 million vessels and vehicles and 3190 million entries and exits of passengers and their personal articles, processed 44 million import and export declaration forms, inspected 1.95million declaration forms, making an increase of 10.5%, 5%, 3.1%, 8%, 3.7% and 8% in comparison to last year. In the meantime, China customs filed 1036 criminal smuggling cases, increasing 48.4% in

comparison to last year. At the same time, the human resources and logistics resources for China Customs hadn't great increase. Knowledge, being another strategic resource, became more and more important. Therefore, China Customs is in great need of strengthen the collecting, utilizing and innovating all kinds of knowledge to enhance the supervision and control and suppression of smuggling, to raise the applicable strategies and tactics, to improve the working effectiveness and efficiency and to realize harmonized and sustainable development.

## 2. Inner factors

In recent years, the missions and roles of China Customs were expanding and became complicated. On the one hand, the supervision and administration on the imports and exports is more and more anti-terrorism oriented to ensure the border security. The non-traditional customs missions were expanding. On the other hand, the role of Customs was changing from the passive public service provider to active propellant of economy and society development. The public and entrepreneurs had higher and higher expectation on Customs for the clearance efficiency. In 2011, Minister Yu Guangzhou raised new Customs administration ideas, namely, well control the border, well serve the public, well prevent the risk and well lead the troops. To implement the ideas, Customs should not only protect the border to ensure the economics construction, politics construction, culture construction, social construction, ecology construction, but also focus on people, enforcement for people. Customs should make contribution to the national and local economics

development, to the improvement of the innovative abilities and competitive abilities of companies by providing facilitation to the public. As the state administrator at the border, China Customs had numerous human, logistics and information resources. Therefore, China Customs should refer to the successful experience of knowledge management to improve Customs internal management to adapt to the new tendency and new requirement.

- **The implementation model of Knowledge Management in Customs Administration.**

Now, I will take the anti-smuggling work for example to illustrate the implementation model of Knowledge Management in Customs Administration. At present stage, China is experiencing a special period, during which the economics is restructuring and the society is transforming. China Customs is facing a challenging smuggling tendency as the severe smuggling activities exist for long due to the gaps in the economics and social management, the big difference between the export price and the domestic price and the license requirements for some controlled commodities. In recent 3years, the number of smuggling cases detected by China Customs has increased continuously. In particular, in the year of 2010, the volume of importation and exportation increased 34.7% while the cases detected by China Customs increased 29.1%. However, the human resources and logistics did not increase. Therefore,

introducing the model of knowledge management to encourage the intensive development and to improve the capacity of smuggling suppression became more and more important. The applications of knowledge management in customs anti-smuggling work includes the collection, analysis and utilize all kinds of data and information to guide the anti-smuggling strategy making, to improve the effectiveness and efficiency and to detect and combat the smuggling. The mechanism is collecting all kinds of data and information from the law-enforcement environment, analyzing the intelligence of smuggling, giving the policy-makers the directions with intelligence, transforming the policy-maker's decision to concrete tactics and actions, and to changes the law-enforcement environment. This is a benign circle. To be concrete, the knowledge management in the anti-smuggling work includes the following characteristics and factors.

## 1. Characteristics

**1.1 Intelligence and information is crucial.** Intelligence and information is comprehensive knowledge, includes all intelligence work, which serves the decision making and operation taking. The sources consist of the special technique, under covered agents, the data produced in customs work, tip off by the public, and the other law enforcement agencies. The intelligence and information reflects the whole enforcement environment for the customs. Intelligence and information guides the direction of the decision, leads to the detection, and instructs the operation, which is a crucial element in the anti-smuggling knowledge management.

**1.2 The decision making based on intelligence and information is the core point.** The success of the anti-smuggling work depends on the correct strategy and tactics and appropriate allocation of the resources. The anti-smuggling work will succeed and play a best role only if the decision is made based on correct, timely and comprehensive intelligence and information and only if the resources are correctly allocated.

**1.3 Proactive detection and accurate combating are the important goals.** The anti-smuggling work is more foreseeable, pertinent and effective as the intelligence and information gives early warning and instructions. By adopting the knowledge management, the detection is more proactive and the combating is more accurate.

## **2. Factors**

To realize the goals mentioned above, we need technique, organization, human resources and mechanism.

### **2.1 Technology guarantee--An effective intelligence and information system**

With the development of information technology, the modernized knowledge management was raised. Most Customs in the world have the common practice of establishing an effective network, within which the information and intelligence can be reported, produced, circulated and shared. At present, China Customs is exploring a new Customs Intelligence and Information System to include both customs interior data and information exterior. On this platform, customs intelligence officers

can make analysis, issue the alert and early warning, and evaluate the working effectiveness, etc. By using the information technology, China Customs will realize more effective knowledge management.

### **2.2 Organization guarantee—An intelligence and information center**

To make the best use of intelligence and information, it is necessary to establish an intelligence and information center to collect all the isolate, dispersive, open and confidential data at different departments to analyze and to serve customs' matters. Meanwhile, China Customs uses different law-enforcement measures to deal with the intelligence production. Up to now, three levels of anti-smuggling agencies have intelligence unit to collect intelligence and analyze the data.

### **2.3 Human resources guarantee—Professional intelligence officers**

The quality of intelligence analysis relies on the expertise and capability of professional intelligence officers. A professional intelligence officer shall be familiar with customs matters, has rich experience on the anti-smuggling work, broad knowledge and good psychological quality, and take on-job training to improve the analysis ability. At present, china customs has established a group of professional intelligence analysis officers and conducted professional training regularly.

### **2.4 Mechanism guarantee-Standardized intelligence and information working procedure.**

The intelligence and information collected will be standardized only if the working procedure is standardized. After collecting, integrating and utilizing all information produced during the customs formalities, the

effectiveness of intelligence work will be improved. China Customs is revising the intelligence working procedure to standardize the collection, collation, circulation, analysis, utilization and evaluation of information and to integrate all basic information scattered in different places.

- **The outcome of the implementation of Knowledge Management in Customs Administration.**

China Customs is a government agency that supervises and manages all arrivals in and departures from the Customs territory of the mainland of the People's Republic of China. It has numerous data on the imported and exported commodities, companies, passengers, vessels and vehicles and their declared information. The statistics, risk profiling, law-enforcement evaluation, anti-smuggling cases, performance appraisal and integrity management systems derived from data mentioned above produced mass secondary information. In addition, Customs has large amount of information through the international law-enforcement cooperation and cooperation with associations, other law-enforcement agencies. This information, together with the personal expertise and techniques of customs officers constitute the whole "knowledge" of Customs. In recent years, China Customs has made rich outcomes in the knowledge management. I would like to illustrate some examples.

1. Integrate Customs knowledge with information technology and contribute to the policy making.

At present, China Customs established centralized information system, national real-time customs clearance system and analysis and targeting platform. The state macroeconomic policies can be implemented nation wide rapidly and accurately as the parameters can be entered into the database. The import and export statistics and profiling and targeting information can be provided any time. The customs statistics and macro economics early warning became one of the most important bases of state's policy making and became the most important reference for the high-level decision.

2. Exchange the knowledge with industry associations and other law-enforcement agencies to improve customs capacity of supervision and service.

In recent years, China Customs coordinated the other government agencies at border to construct "E-PORT". On the one hand, with the development of new technology, to simplify the declaration procedure, lower the companies' cost and improve the competitive capacity of Chinese companies, companies can declare to Customs and the other border management agencies on the E-PORT and connect with finance, logistics, processing industry and intermediate services directly. On the other hand, based on the state's telecom network, China Customs created inter-agency, inter-district, and inter-industry information center and data exchange center to share the information within ports. With this center, the management agencies at each port can check the logistics flow on the net so as to avoid the smuggling, VAT evasion from the source, through

which the government improves the law-enforcement ability of government.

3. Enhance the knowledge exchange among customs of the world to promote the international trade security and facilitation.

In recent years, WCO and customs over the world pay more and more attention to the international trade security and facilitation, highly recommend the implementation of standardized construction such as GIIS, WCO module and UCR. The key concept of those is to realize the information exchange and to interact with one another among the customs in the world by use of new technology. China Customs echoed to these recommendations actively. Taking the opportunity of hosting RILO AP, China Customs encourages the members within AP region to exchange smuggling case information and enter the data into WCO CEN. In addition, China Customs proposed China Customs and EU Customs to conduct “Mutual Recognition of controls, Mutual administrative assistance and Mutual exchange of information” to the second HED and EU Customs gave positive response. Thereafter, the cooperation between China Customs and Russian Customs, USA DHS, ASEAM Customs , Japan Customs and Korea Customs is developing in this way. In addition, on the website of China Customs, the guidance for fulfilling customs formalities abroad was launched so as to help the companies to overcome the financial crisis and to provide support for the companies to go to the international market.

The knowledge management in the anti-smuggling work also made

fruitful achievement. For example, in September 2011, Xiamen Anti-smuggling Bureau got a piece of intelligence from Anti-smuggling Bureau of GACC provided by Australia Custom, stating that a company in Xiamen had connection to a cigarettes smuggling case. An intelligence officer entered this information into a database. In Nov, 2011, Xiamen Anti-smuggling Bureau had a tip off, stating that a consignment of cigarettes will be exported from Xiamen Port. After the analysis, the legal person of the company notified by ACS has another company and had exportation recently, the characters of which were similar to what was told by the tip off. However, 7 containers exported by the company were exported to different countries. ASB notified relevant Customs through international enforcement cooperation channel. Finally, Australia, South Africa, Jordan, France, Egypt, Ireland and Spain detected 4594 master cases of counterfeit cigarettes, which is the biggest seizure through international enforcement cooperation in recent years.

- Epilogue

At present, with the globalization of economy, Customs stands in the teeth of the storm. Facing the increasing volume of imports and exports, it is necessary for Customs to collect and master overall information and intelligence to improve the capacity of supervision and facilitation. Therefore, we wish to strengthen the cooperation with Customs of the world, and the companies and the industries to maintain a fair and rational international trade order.