

KEYNOTE ADDRESS FOR THE
HON MINISTER PHILLIP
PAULWELL ON THE OCCASION
OF THE LAUNCH OF THE
PROGRAMME FOR E-PAYMENT

July 9, 2003,

Greetings and opening remarks.....

It has always been the case that the same goods represent one person's export and another person's import. Increasingly today, given the growth in related trade transactions, the importer and the exporter are the same corporate entity; and a corporate entity is always searching for ways and means to reduce transaction costs.

Customs regimes across the world have attempted to reduce transaction costs by harmonizing and simplifying customs procedures in an effort to facilitate trade. Their efforts have been hampered by the deepening of globalisation and by increased economic integration. Globalization has led to astonishing increases in global trade. Trade currently represents 30% of world GDP and is expected to grow to 50% of world GDP by 2020. National Customs authorities now have to process a much higher volume of trade. This is often with the same number of employees or, in many cases,

fewer employees. Meanwhile, the private sector as well as the individual customers who use the courier services, are expecting and demanding, faster clearance of goods through Customs and increased administrative efficiency for all varieties of Customs programs. These consumers expect goods to be cleared immediately. The net result is an increase in the paper burden for both the public and private sector.

The net result is an increase in the paper burden for both the public and private sector, and very high administrative compliance costs which are currently estimated at somewhere between 7% to 10% of global trade. APEC countries report that the internal cost of preparing separate and distinct Customs paperwork for automotive exports, exceeded the duties paid on these exports.

The application of technology such as the increased use of electronic commerce is providing solutions to facilitate trade while creating efficiencies in the delivery of service by customs authorities. I must congratulate our Jamaica Customs for keeping in step with the international trends to embrace the technologies in service of their customers.

The trade facilitation challenge has traditionally been to establish common procedures and customs operations based on the international laws and international standards or common trade and customs "legislation" for all countries, as indicated by the WTO and various conventions. And it has been the experience of trading giants such as Singapore that, trade (or enterprise) and regulation have been a theme and counterpoint - that is, when regulation receded, trade flourished.

Today, there is throughout the concept and practice of trade facilitation, one dominant and ever-present thread: electronic commerce. Electronic transactions, including electronic commerce can simplify, clarify and harmonize market access techniques. Electronic transactions can be a means to address the issue of Customs integrity. Above all, the implementation of electronic processes represents an opportunity to modernize existing procedures, rather than only transferring existing, paper-based procedures, to an electronic format.

Cabinet recently approved an Electronic Transactions policy for Jamaica that forms the basis for the

draft Electronic Transactions Bill. The Bill is scheduled to go to the Legislative Committee of Parliament within this quarter of the financial year. The Bill when enacted will address security in respect of declarations related to transborder data flows, digital signatures, consumer protection. The guiding principles to facilitate e-commerce activity in Jamaica will be:

- That electronic transactions should be no more difficult than paper transactions;
- The rules for paper and e-transactions should be the same and where exceptions exist, these be made clear and along very defined criteria;
- The fundamental principles of law should remain uncompromised, and
- Any governing legislation should be technologically neutral to accommodate future technological developments and capacities.

Issues, which the Electronic Transactions Bill addresses include:

- Legal support for e-commerce transactions;
- Strong legal protection for processing and storage of networked information, the development of a Legal and

regulatory framework to address and prosecute cyber crimes, authorize digital signatures, and enable key infrastructures;

- Progress in protecting intellectual property rights; and,
- Measures of consumer protection and efforts to protect privacy.

Since Information and Communication

Technologies make it so easy for information to be collected, stored, manipulated, retrieved and transferred, any automated systems for customs data and management will simplify and automate customs functions. The implementation of such systems and have resulted in higher revenues, faster clearance of cargo and improved data collection and dissemination, the elimination of unnecessary administrative burdens, and the lowering of technical barriers to trade.

The embrace of electronic transactions to support processes, signal the move toward a paperless and harmonizing customs system; and the implementation of the mutual recognition arrangement on conformity assessment for standards and alignment with international standards. For customs procedures, the reduction in transaction costs

arising from complex administrative requirements with the move to a paperless system, will be beneficial.

Customs will also reap the benefits of a closer working relationship with the tax department and the exchange of information and data on foreign trade activities of importers and exporters can help improve revenue assessment. The tax department needs to know the amounts of GCT paid on imports and, in the case of exports, that the goods have actually left the country. There are benefits to joint audits by Customs and the tax department, particularly for GCT administrations.

Service orientation and goods relations with the trade community will also improve compliance, and support even closer working relationships between customs, importers, brokers, freight forwarders, and port and airport authorities.

The government is actively implementing the electronic processing of other activities in order that customers may benefit from having access to government services through a web interface . Those recommended include -

- Filings and Collection of Income Tax;
- Filings and Collection of General Consumption Tax (GCT);
- Vehicle Registration;
- Drivers' Licenses;
- Customs Import Filings and Duty payments; and
- Customs Export Registration.

Making these activities web-accessible, would prove significant time and cost savers for citizens and businesses. For good example is the process of payment of GCT. is a monthly or bimonthly ordeal that involved filling in forms and standing in line to file the papers and make payments - a process that may take as much as 1/2 day. Payment of taxes via the web would be a significant improvement over traveling to one of the regional Collectorates and standing in line.

Trade-related agencies which pay an important part in import and export processes, can also benefit from delivery of services electronically. JAMPRO, Bureau of Standards, The Agricultural Boards, The Trade Board, the Port Authority of Jamaica also have sometimes-cumbersome business processes that would benefit from restructuring. They are

candidates for e-Government conversion.

Customs and Inland Revenue however are to be commended for the development of web-based services that include information delivery and transaction support. Some business service providers will realize significant increases in efficiency, as well as a substantial reduction in costs throughout the system, it is expected that this will be passed along to the customers.

The Customs administration of the future must be totally flexible and able to respond quickly to the needs of its customers. Jamaica Customs is to be commended for taking Jamaica into the new global economy. I believe that customs has recognized that it is not enough to introduce the most sophisticated technology, as this alone will not guarantee success. The technology has been embraced as a tool to support the modernization of the service to ensure a customer friendly and service oriented organization. The Ministry will continue to support the work of government agencies in using technology to add greater value to the work that they do.

I again congratulate Jamaica Customs and pledge our continuing support.