Mexican Customs Experience
Paperless Crossborder Trade Implementation on SW VUCEM
49 Ports of entry

<table>
<thead>
<tr>
<th>Kind of Ports</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land (North &amp; south)</td>
<td>21</td>
</tr>
<tr>
<td>Maritime</td>
<td>17</td>
</tr>
<tr>
<td>Inland</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>49</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personal</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Offices</td>
<td>17%</td>
</tr>
<tr>
<td>Field Ops</td>
<td>83%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,176</strong></td>
</tr>
</tbody>
</table>

- 230 Inspection points
- 778 Customs Brokers
Evolution of the Mexican Customs

1980's: Restricting Trade
1990's: Permissive to Trade
2000's: Trade Promoter
2010's: Encouraging Trade

Risk analysis
Risk Management
Background

1989
CADEPA: Data Capture Locally
MSA: Random but sistema Inspections 10%

1993
SAAI: Centralized Information

2001 – 2005
SYSTEM IMPROVEMENT
- PGA Integration
- Risk analysis
- 100% Electronic declaration
- Transfer payment of duties PECA

2008
SYSTEM MODERNIZATION
VUCEM, NII (X-ray and Gamma), CPED, Central Video VIVA, SCTCA – SIECA, SIAVE-SIRIA

2010 – 2012
SYSTEMS MODERNIZATION
PITA Customs Project for clearance: RFID, RNI (NII), CPED, MATCE

2016–2020
SYSTEM INTEGRATION
PITA Customs Project for clearance: RFID, RNI (NII), CPED, MATCE

Hoy

80s

90s

10s
Initially conceptualized a solution that lets the users only to capture information electronically, once and only in one place/website to make formalities and process regulations and non tariff restrictions for foreign trade that emits governmental agencies or ministers.

Through the platform evolution, it has incorporated many tools that will allow to send and receive information like commercial invoices or create electronic value of proof, digitalization of documents needed for customs declaration, EDI of the single manifest (air, rail and maritime), historical consult of documents.
Timeline of the implementation of VUCEM México

2005
Safe Framework was published and establish the recomm for the SW implementation

2010
Start to develop the concept of the SW in Mexico and define the TR for the bidding process

2011
Federal decree was published, establishing the PGAS commitment

2012
The first license/permission of the Ministry of Economy was released on website

2015
245 formalities operate on the plataform and the 2nd intnl bidding is published

2016
5yr contract is signed for the revolution of the SW

2017
DC Migration and BPM substitution; reengineering began
**SW’s Maturity levels**

1. **Paperless Customs**
   - EDI transmissions

2. **Regulatory**
   - Issuing permits and certificates

3. **Ports**
   - Involved communication with the ports of entry and the customs facilities

4. **Integrated**
   - Involve and connect all the PGAs, Industry, customs Brokers, logistics and customs

5. **Transborder and Interoperable**
   - Capable to interoperate with other systems and SW for the interchange of anticipated information

Countries:
- República Dominicana
- Costa Rica
- Panamá
- Belice
- Honduras
- Guatemala
- México
- Colombia
Single web portal for the Mexican stakeholders of the International trade that allow to capture, submit and comply the Non-tariff barriers of 10 Government Agencies.

Only point of contact for Licenses, Permits, Certificate, Notifications, and other regulatory Customs Processes realized before the clearance of the goods like the digitalization of the documents attached to the customs declaration and the value declaration for importation, exportation and transit. More than 300 LCPOs available.

- Log in with e-signature
  - Key, Certificate X509
- Capture Data and attach documents
  - Every process have specific requirements
- PGA evaluate, analyze and observe or authorize
  - Every process have time to comply
- User receive Electronic Notifications
  - All resolutions have electronic signature and are valid electronically
Some numbers on VUCEM

300 operating formalities

175.3 k Registered Users

170 millions electronic invoices transmitted (COVEs)

193 millions dof historical import and export declarations digitalized

3 e-cargo manifest

132.2 millions e documents

More than 19 millions formalities attended

(Daily basis)

*Data a February 2019
VUCEM actual interoperability and projects

**Chile**
Phyto and zoosanitary Certificates. UNCEFACT v.11

**Pacific Alliance**
Phyto and zoosanitary certificates on Uncefact D13B; Certificate of Origin. Project to interoperate Customs Declarations base on WCO DM

**Colombia**
Certificate of Origin (Bilateral) Phyto, zoosanitary, Origin and Declaration on alliance

**United States**
E-Cargo Manifests EDIFACT 309 355 358, Rail and Maritime (testing)
In a next phase Cargo XML IATA on Air Truck manifest 2020
Textile Quotas control via WS
Promote the use of the Single Window for international trade of the countries members of the Pacific Alliance but more important the Interoperability like an instrument to facilitate the cross border paperless trade with the interchange of data including the content of the fito and zoo sanitary certificates and origin certificates.

Why the Pacific Alliance?
High level political will and presidencial decree
Commitment and disposition of the technical teams
The single window maturity is similar and accomplish the technical minimum requirements for interoperate
Rail Manifest
ANSI X12
2,500 daily messages

Air Cargo-XML
IATA Standard with 35,000 daily messages

Maritime
ANSI X12 (10+5)
Expect 500k msgs daily

Truck (US)
ANSI X12 seems
US is defining new version

Actually operating on 5 crossborders Nogales, Mexicali, Ciudad Juárez y Piedras Negras; Nuevo Laredo will be fully implemented 100% paperless 2q 2019

Operating 100% for importation.
Every airwaybill its validated on the customs declaration
Soon apply for exportation (Change management)

The software ts in testing period and waiting for the biggest companies to build their component to make integral UAT
Hope to release first port in 2Q 2019

CBP and SAT work together on the data set
For its complexity, volume and time of response has been let it at the final phase 2020
The global data will measure a staggering 40 zettabytes by 2020.

Structured data is growing at the rate of 40% every year.

Content, which includes all types of data including unstructured is growing at a steady rate of about 80% annually.

IoT Data generated will increase by 15 times by 2020.

CUSTOMS ISN´T AN EXCLUSION

The future has pointed out that the following aspects...
Other paperless implementations on México
RFID Customs Badges

Simplifying the process to obtain a electronic badge, all the actor in customs are in a centralize DB

- Customs Borkers
- Drivers
- Customs officers

With 2 RFID chips the possibilities increase and have biomertics for security
Customs has created an api to generate the “Documento de Operación para Despacho Aduanero DODA” (Customs Clerance Operation Document), con el código de barras bidimensional Quick Response Code (QR).

This can consolidate (documentary) up to 999 customs declaration. Before the customs officer have to sscan lineal bar code and print a certification direct on the paper.

It’s transparent because everyone can trace by scanning the QR code.
You can check and verify the status of the transaction and the time stamps of the status
PITA
Proyecto de Integración Tecnológica Aduanera

Technological Integration Customs Project
Technology used on Cargo containers /truck

- **Indicador de Carril**: Abierto/Cerrado - Avance/Espere
- **Lector de Placa Trasera**
- **Lector de Placa Delantera**
- **Lector de n° Contenedor**
- **Antena RFID**
- **Interfon**
- **Barrera de control de paso**
- **Alarma visual y sonora**
- **Ponchallantas**
- **Sensores de presencia**
- **Sensor de andén**

**En plataforma**

- **Sensores de Esclusa**
- **Etiqueta de esclusa**
- **Esclusa hidráulica**

**En carriles**

- **Panel informativo**
- **Lector de Placa trasera**
- **Lector de Placa frontal**
- **Lector de número contenedor**

**Sistema de verificación de vehículos de carga vacíos**
Customs Broker
Also ask for the Badge

Customs make the customs declaration and then obtain DODA number.

The components of PITA cargo on the lines

Good clearance

Destino final

Toughpad to scan short chio and run Risk model

Cargo inspection area are incorporate, sensor of presence, RFI and a INFO TV will guide the users

Truck companies required the formality for the badge on the sW

The components of PITA cargo on the lines

Customs National Targeting Center

MATCE

Despacho con lectura de Gafete

Gafete Único

Cargo inspection area are incorporate, sensor of presence, RFI and a INFO TV will guide the users

The components of PITA cargo on the lines

Good clearance

Destino final

Toughpad to scan short chio and run Risk model

Cargo inspection area are incorporate, sensor of presence, RFI and a INFO TV will guide the users
Facilitate Operation
Make it easy and more simple, the operation will increase and the revenue too.

Risk Management
Make Data Driven Decisions focus on Trade and actors perception.

Reduce Corruption
And Illicit trade or behaviors.

3rd Supplier Integrator
Many services, best price and Cost Reduction.

Improvement of the clearance process
Best SLA and reduce the time in the good release.

Smart Security
Convert the Video surveillance in to a Sponsor for trade.
5 Elements of the renovation

01 TRANSPARENCY
Availability of all the users in one place, all regulations and customs process

02 EFFICIENCY
Improve the platform to give better performance

03 INNOVATION
We transform the way the platform and PGAs bring our services

04 SIMPLICITY
Eliminate complicated menus and unnecessary clicks, becoming more intuitive

05 CONSISTENCY
We keep changing and evolving upon demand and requirements with new formalities, procedures and tools
- Dashboards for tracking your formalities or requirements
- Real time notification (Dictamination, solution, requirement)
- Download bulletins and publication
- Search HS code and calculate duties & taxes

App VUCEM for iOS and Android
Work teams VUCEM

- **ACMA**
  - Design new image and portal, social media and web page
  - New browsers Multiplatform experience
  - New functionalities, Calculator for trade, HS classifier and Meet the user

- **Provider**
  - 20 pax
  - 20 pax
  - 24 pax
  - 70 pax
  - 21 pax
  - 12 pax
  - 3 pax

- **Project Management**
  - 6 pax

- **New formalities and procedures automation**

- **E-manifest and Bounded warehouses operation**

- **Moviles, app New gadgets**

- **Data Analitycs Business Intelligence COVE**

Our Team reach 250 people

- 20 on help desk
- 30 NOC and SOC
- Our Team reach 250 people
Consideraciones de la aduana para no extinguirse

- Go Digital
- Predict future behavior
- Redesign Processes
- Optimize revenue streams
- Develop a more dynamic workforce
- Machine learning
- Interoperable
- New Technologies like Blockchain, BigData, Data Mining
Conclusions

The journey to plan, set, build, operate and maintain a project to eliminate or simply reduce paper in the trade transactions is not, nor has it been easy.

The challenges for its implementation are bigger, but so are its benefits, especially for secure, competitive foreign trade and coordinated border management.

With the continue improvement and application of international standards I’m sure that the commitment of the actors will get to a total implementation.

México has encourage the paperless trade operation but we need to get involved with our trade partners country.