TRADE OBSERVER

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Resilience and adaptability

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Suez canal : which lessons from the blockage ?

""We can celebrate the success of the release of the ship and the unblocking of the Suez, but this is not the end of the story here," said Douglas Kent, executive vice president of strategy at the Association for Supply Chain Management.

"Certainly it will continue to clog the ports and other delivery mechanisms as a result, and then of course the chaos that disrupts afterwards," he added.
According to experts the consequences of this blockage will continue over time.The subject of Ever Given has been covered at length, let's talk instead about what it tells us.

Between covid-19, the container shortage and now this one, the lessons of the last few months have been many.They can all be summarized in one sentence: extended supply chains are a risk.

Photo by CNN
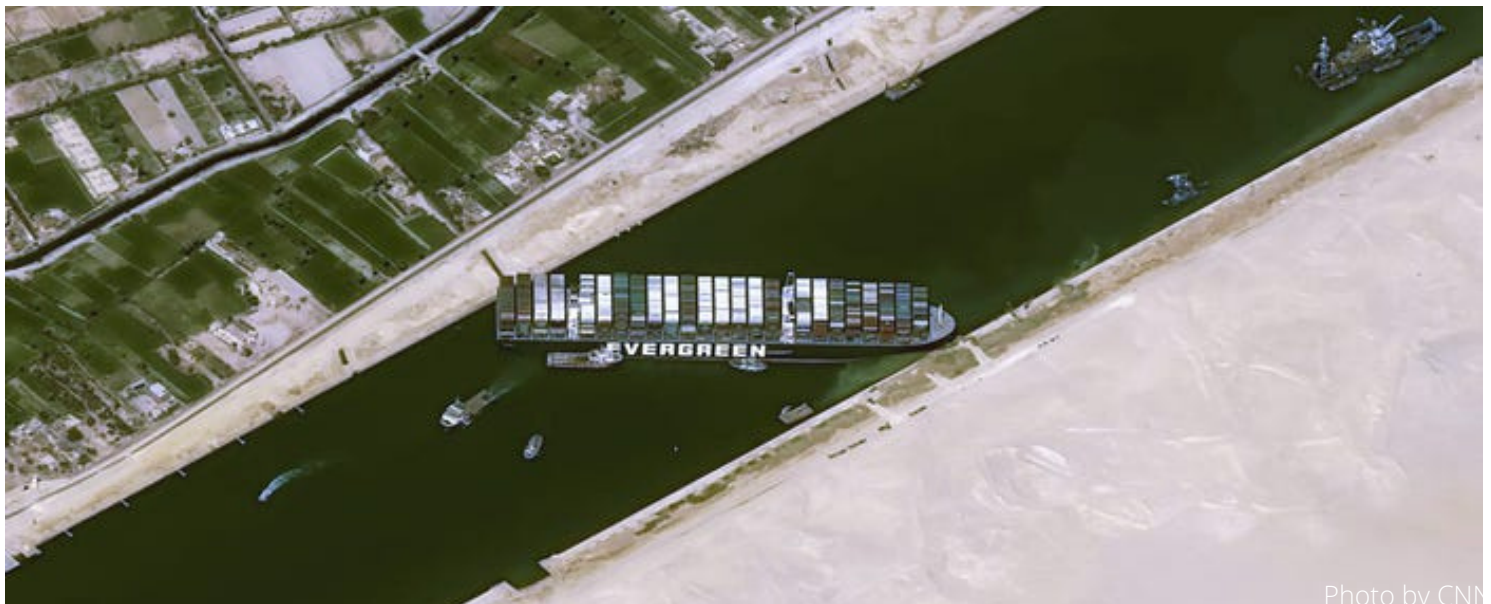
As we know, the key factor in the choice of supply is obviously the price of the product and it is well known that China and Asia often defy all competition in this regard.
However, if we take into consideration the transport costs, customs duties, but also (as we have seen) the risks of disruptions, it may be more interesting to source closer, pay a little more for the product but increase its margin by having more advantageous customs duties and reduce its delays and transport costs.
Let's take for example the customs issue: it is possible that by importing the same product not from China but from Africa for example, the final cost of your product (transport and customs duty included) can be lower than by importing from China.
Generally, most of the products coming from China have higher duties while there are many free trade agreements for countries closer to Europe, so you would be importing from closer countries, which means not only a reduction of time and transport costs, but also a healthier impact on the environment.
A shorter supply chain would mean a much faster container turnaround, avoidance of bottlenecks such as Suez or Panama, and also a better flexibility in adapting to demand.
Short supply chains are therefore an alternative to be seriously considered, and consumers are becoming more and more sensitive to it.

The potential of blockchain in customs

Nowadays, the importance of our data is crucial, between security and confidentiality, our data have a priceless value. To those problems, the technology of "blockchain" try to provide a solution. Secutiry, immutability, traceability and automation, those are the words being used to talk about the blockchain. It can apply to sectors where exchanging information is highly important, such as logistics and customs.

What is the blockchain ?

A blockchain quickly secure and transfer all kind of data. It reliably saves any change instantaneousely using cryptography. It resists any modification of data because once it is saved, it can't be changed retroactively without damaging the following blocks. Once the information is inside a blockchain, it remains here forever and cannot be modified or changed except for completing it with more relevant information. Governance is decentralized, but there is nonetheless a ruler functionality deciding on the rules, which is often embodied by goverment institutions.

Possibilities of using blockchain in customs

This technology can be applied in customs to an extent that parties involved in customs procedures must exchange information in an instant and secured way. This system is more of a distributed system rather than a centralized system, every participants have access to all the information of a same register, it creates trust between parties that don't always know each other by ensuring the integrity of their data. Fraud can more easily be detected because all the transactions must be checked and approved by all the parties involved. The use of blockchain also enables better compliance, in fact, the full chronology of all the events is recorded, therefore, customs's analysis and risks targeting capacity are significantly improved, thus, facilitating trade. Let's take a practical example, with that of the customs declaration.

Customs declaration is not always an easy task to do. It is sometimes difficult to gather, often manually, all the required information from multiple documents and several parties. Blockchain can collect in a common register, from the order of origin until transporation of products, all the necessary information. It is very advantageous for every parties because the workload to validate a customs declaration is reduced as well as the delivery time of products from beginning to end.

The OVH Strasbourg fire : Customs Bridge's adaptability

Over the night between Tuesday 9th and Wednesday 10th of march 2021, OVH Strasbourg's SGB2 data center caught fire. 3,6 millions websites ended up offline, and among them, some of Customs Bridge's servers. Fortunately, thanks to our IT department's skills and reactivity, we were ready to quickly switch to an other solution. Indeed, since early march, our IT department has been working on setting up a new software engineering approach called Continuous Integration/Continuous Deployment (CI/CD). This practice, providing the means to frequently and automatically update software, has enabled our IT team to restore our services before noon.

Credit : channelnews.fr

Continuous Integration is a software engineering practice that aims to prevent conflicts between developers working on the same software. It aims to ensure that those updates are releasable, and if so, to deploy them quickly. Writing an automated test suite as well as configuring the buildautomation is a serious workload. But an effort that had to be made, given how much Customs Bridge has grown. At the same time, we must keep on frequently delivering new features and upgrades, while keeping a high quality of service. This new system has undergone it's baptism by fire during the morning on the 10th of march. After evaluating the consequences of that incident, the services that went offline were automaticallyredeployed on servers in Gravelines. After a simple change of URL, we were back online only 2 hours after we took notice of the incident. Therefore, unless a nuclear accident happen, we hope that OVH will not have any trouble with it's Gravelines Datacenter ... we knock on wood ... hopefully it's fireproof !

This kind of event reminds us that it falls under everyone's responsability to overcome problems and to organize plans to constinuousely keep our services online. Anticipating repetitive backups and services in different places, and if possible, with different service providers, brings a much greater resilience when facing such events. It's impossible to foresee every possibility, but building our infrastructure while keeping in mind the various risks enables us to gain in reactivity. This is what we strive to do at Customs Bridge, and with this incident, we demonstrated our responsiveness.