

OP-ED GUEST COLUMNIST

A.I.-Powered Efficiency: How ChatGPT will transform the work of Import/Export Tariff Classification Analysts in the Texas-México Border

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The Texas-México border region is a bustling economic hub where the import and export of goods play a critical role in the global supply chain, processing over half a trillion dollars of U.S. trade with the world.

At the core of this process, import/export classification analysts work to ensure smooth trade operations. As technology continues to evolve, advanced A.I. tools like ChatGPT and other large language models (LLM) will transform the work of these specialists, helping them to navigate the intricacies of global trade more efficiently and accurately than ever before.

Recently, I had dinner with a local Customs Broker friend, a knowledgeable professional on cross-border trade in the Texas-México border region. As we conversed, I shared with him the amazing capacity of ChatGPT and how it could be a game-changer for import/export classifications. Intrigued by the opportunities, he invited me to his logistics distribution center to further discuss A.I.'s potential and put it to the test.

I visited his facility in the following days. I asked him to provide me with the most recent tariff classifications his analysts had worked on, complete with product descriptions and assigned codes. While he was retrieving them, I logged in to ChatGPT

(V4) and asked it to classify these goods. Within seconds, the A.I. delivered its classifications, surprising us with its accuracy and speed. Each tariff code matched what the trained analysts had resolved. At this moment, I recognized the tremendous potential ChatGPT had for transforming the work of import/export classification analysts. This eyeopening experience inspired me to write this column and share the potential benefits of incorporating ChatGPT into the complex

world of international trade.

To better understand how ChatGPT and other LLMs will revolutionize this field, it's essential to first comprehend the elaborate work that import/export classification analysts daily do repetitively. These specialists are responsible for accurately classifying products for import and export, assigning them Harmonized System (H.S.) codes and Schedule B numbers, and ensuring compliance with elaborate trade rules and regulations. Their functions involve reviewing thousands of product categories, consulting with customs authorities, and adapting to periodic updates in tariff codes, government regulations, and country-specific trade agreements. Accuracy is critical, as errors can lead to substantial penalties, shipment delays, and potential reputational damage to a company's standing.

Tariff classification analysts at U.S. customs broker firms usually follow a three-step process to classify products: 1. Gather information. The first step is to collect as much data as possible about the product, including its data specs sheet, physical description, and intended use.

2. Research the Harmonized Tariff Schedule (HTS). The HTS is a comprehensive index of all goods subject to import duties in the United States. The tariff classification analyst will use the HTS to find the proper classification for the product. 3. Make a preliminary determination. Once the analyst has identified the correct classification in the HTS, they will determine the product's duty rate, taking into account the product's country of origin as well. The entire process can take anywhere from a few minutes to a few days, depending on the product's complexity, information availability, and the analyst's workload.

ChatGPT, and other advanced A.I. large language models, are fast-emerging as game-changers for import/export tariff classification analysts. By leveraging its natural language processing capabilities, ChatGPT can quickly and accurately process vast amounts of data, including trade regulations, tariff schedules, and other applicable information and documentation. This will enable tariff classification analysts to access

real-time, accurate information when determining the correct codes and classification for the products they review and classify.

In practice, ChatGPT can help import/export tariff classification analysts in the following ways:

Enhanced research capabilities: By automating the process of scouring through extensive tariff schedules, ChatGPT can help analysts find the correct H.S. codes and Schedule B numbers more efficiently. These A.I. models can also aid in staying up-to-date with ever-changing trade regulations and agreements, decreasing the time-consuming research tasks typically undertaken by these specialists and allowing them more time to classify more products efficiently.

Improved accuracy: By using A.I., tariff classification analysts can provide more accurate product classifications faster. ChatGPT can recommend applicable codes based on product descriptions and other information, allowing analysts to cross-reference and validate their decisions, minimizing errors in the process.

Customized automation: ChatGPT can be trained to understand specific company requirements and guidelines, tailoring its suggestions to the unique needs of individual firms. This level of customization ensures that the A.I.-generated classifications are aligned with the company's compliance policies and industry best practices.

Enhanced collaboration and training: Import/ export classification analysts can use ChatGPT to create internal knowledge bases, wikis, or frequently asked questions (FAQs), supplying a centralized repository of information for their colleagues. This helps streamline the classification process and is a valuable training resource for new analysts joining the team.

Multilingual support: Given the global essence of trade, language barriers can sometimes delay the work of classification analysts. ChatGPT's multilingual capabilities can assist analysts in understanding and interpreting foreign language documents, regulations, and product descriptions, ensuring accurate classification across various markets.

By harnessing the power of ChatGPT, and other LLMs, import/export classification analysts can work through the complexities of global trade more efficiently and at a faster pace. These A.I.-driven tools facilitate their work processes and ensure increased accuracy and compliance, ultimately leading to more efficient and cost-effective operations. However, it is essential to recognize that while ChatGPT brings undeniable benefits, it should not be seen as a replacement for human expertise. Instead, it serves as an invaluable tool to increase the skills and knowledge of tariff classification analysts, empowering them to excel in their roles.

During my speaking engagements, I often encounter concerns from students and attendees about A.I. replacing current jobs. My response to these worries is always the same: rather than concentrating on the potential loss of employment, we should focus on learning how to work with these new technological tools and utilize them to make us more productive and efficient. Welcoming these advancements will enhance our abilities and allow us to tackle the ever-increasing complexities of our respective fields.

Those who should be concerned about losing jobs or struggling to find them are those who resist adjusting to these emerging technologies. In today's rapidly evolving world, it is critical that we continuously learn and familiarize ourselves with these expanding technologies. By embracing and integrating technologies like ChatGPT into our professional lives we can develop new levels of efficiency, accuracy, and innovation -- helping us succeed in our careers.

As trade at the Texas-México border region continues to grow exponentially, the demand for accurate, efficient, and streamlined operations will only advance. By adopting this cutting-edge technology, import/ export tariff classification analysts can significantly enhance their accuracy, compliance, and productivity...ultimately contributing to the overall growth and success of businesses involved in cross-border trade.

As we look to the future, it's clear that integrating A.I.-powered tools like ChatGPT will play an increasingly important role in shaping the global trade, logistics, and supply chain sectors, presenting a new era of efficiency and innovation.

At the Texas A&M International University Logistechs Living Lab, we are analyzing the impacts of A.I. and other advancing I technologies on the logistics and supply chain industries, exploring transformative solutions that will drive cross-border trade and economic growth in the Texas-México region.

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