

APEC'S TRADE FACILITATION

ACTION PLAN:

A MID-TERM ASSESSMENT

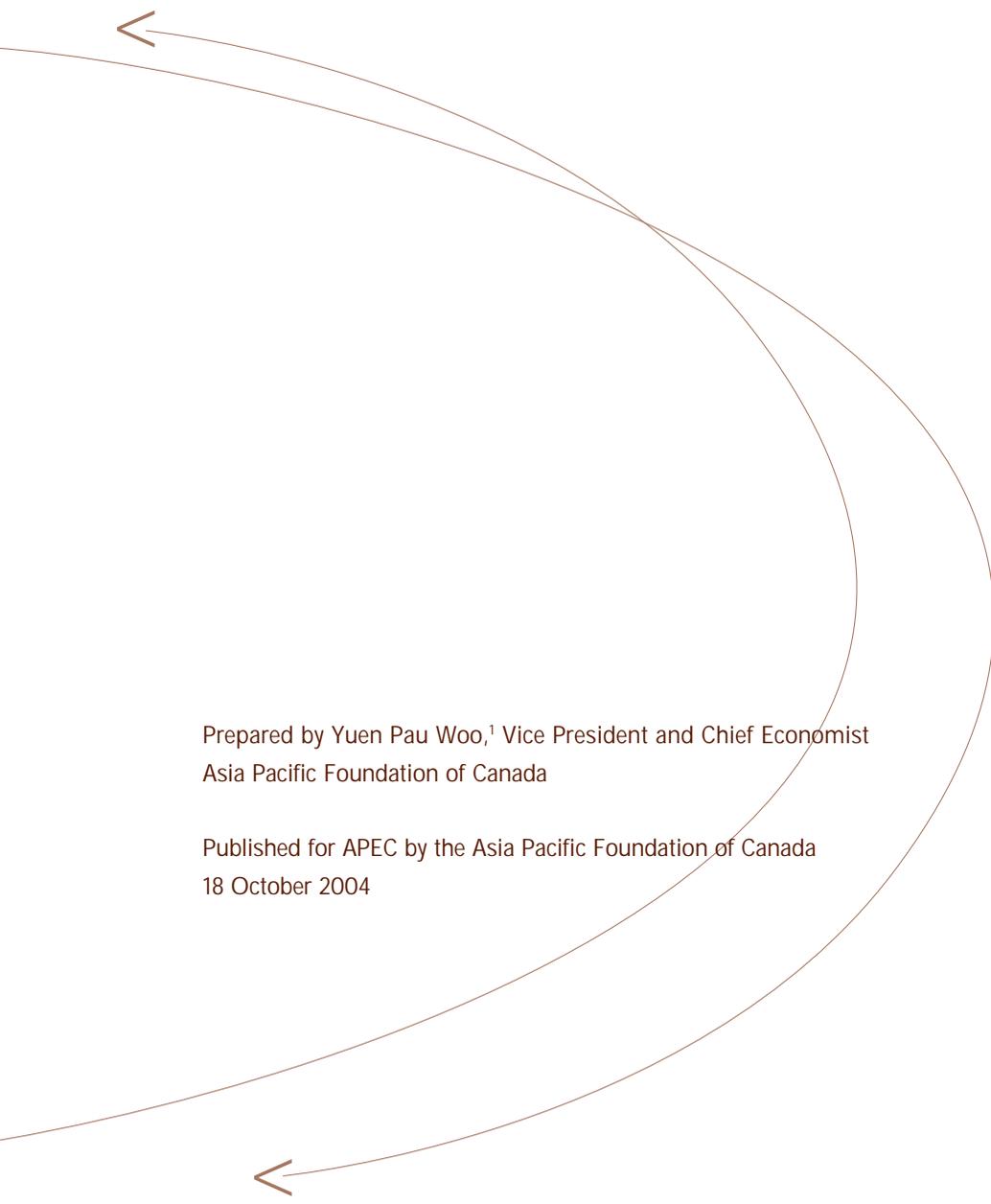
A Report Prepared for the APEC Committee on Trade and Investment



Asia-Pacific
Economic Cooperation

APEC's Trade Facilitation Action Plan

A MID-TERM ASSESSMENT



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1.0

INTRODUCTION

In 2001, APEC leaders meeting in Shanghai announced a goal to reduce transaction costs across the region by 5% over five years. Responding to this challenge, officials the following year developed a Trade Facilitation Action Plan (TFAP), operating under the auspices of the Committee for Trade and Investment. Member economies agreed on a set of trade facilitation measures covering customs procedures, standards and conformance, business mobility, and electronic commerce, and have reported annually on their progress in these areas. Under the TFAP, a mid-term review was slated to take place in 2004. The APEC Secretariat contracted the Asia Pacific Foundation of Canada to undertake this assessment, which took place in August and September 2004.

This report provides an assessment of progress in the implementation of APEC's TFAP by member economies. The report is based on the "2004 Individual Action Plan / Highlights on Trade Facilitation Work cum Mid-Term Review," which we have dubbed as "Trade Facilitation Individual Action Plans" (TFIAP). TFIAPs were submitted by 18 member economies. For the three economies that did not submit 2004 TFIAPs in time for the assessment, the report draws on trade facilitation submissions for 2003 and, where applicable, on their 2003 APEC Individual Action Plans. We have also drawn on information from the reports of relevant APEC sub-fora, in particular the sub-committees on customs procedures, standards and conformance, business mobility, and e-commerce. Based on the best available information, the economies are assessed on cumulative improvements since the 2001 Shanghai Accord in the four trade facilitation areas: Customs Procedures, Standards and Conformance, Mobility of Business People, and Electronic Commerce. Information from the TFIAPs and from other APEC documents has been taken at face value, accepting the accuracy of information provided.

In addition to a quantitative assessment based on metrics used in the TFIAP, the report also provides a qualitative assessment of improvements in the four major areas of trade facilitation. The report also identifies commonalities and differences in the TFIAPs and highlights the respective roles of the private and public sectors. The report includes a discussion on measurement issues and capacity building needs, and concludes with a list of recommendations.

2.0 AN OVERALL QUANTITATIVE ASSESSMENT

The quantitative assessment of APEC's Trade Facilitation Action Plan was based on metrics used in the TFIAPs, namely variances between the number of action items listed in the TFAP and the number of items selected, in progress, and pending. The complete set of tables is available at www.asiapacific.ca/about/apec/index.cfm. Summary statistics are presented in the table.

	Selected [a] ²	Base (100%)	Completed[c]	In Progress[d]	Pending[e]
Customs	806	858	576 (67%)	152 (17%)	130 (16%)
S&C	254	289	124 (43%)	103 (36%)	62 (21%)
Mobility	79	83	49 (59%)	23 (28%)	11 (13%)
Other	161	177	60 (34%)	79 (45%)	38 (21%)
Total	1300	1407	809 (58%)	357 (25%)	241 (17%)

The number of action items selected under *Customs Procedures* ranges from 12 to 60 (maximum). There are relatively few items pending and the number of items completed far outnumbers items still in progress.

In the area of *Standards and Conformance*, the number of action items selected ranges from 0 to 20. Nearly a quarter of items selected are still pending implementation. The number of items in progress is greater than the number of items completed.

In the area of *Business Mobility*, most economies selected 6 items, with only 1 or 2 items pending for each economy. About 60% of the selected items are completed.

Under the category of *Other* actions (including electronic commerce), the number of items selected ranges from 2 to 19. It is in this area that we find a high percentage of items still in progress and pending implementation. Conversely, the percentage of completed items is also lowest in the *Other* category, at 34%.

On the face of it, APEC members have made good progress in achieving the goals of the Trade Facilitation Action Plan, with over half of all selected action items already completed. These statistics, together with other information in the TFIAPs, should however be used with great caution as they provide limited information on the quality of any given action item or on the effectiveness of these actions. It is also not advisable to draw comparisons among member economies based solely on the TFIAPs.

3.0

QUALITATIVE ASSESSMENT OF TRADE FACILITATION ACTIONS³

A) CUSTOMS PROCEDURES

Measure 1: Public Availability of Information on Customs and Other Trade-related Laws and Regulations

All member economies reported having customs and other trade-related information and documents available in paper form and electronically/online.

Measure 2: Appropriate, Transparent and Predictable Trade-related Procedures

Most member economies have public-private partnership programs and/or hold regular consultations with private sector stakeholders. Most have put in place a Code of Conduct/Good Practice.

Measure 3: Harmonization of Tariff Structure with the HS Convention

Based on the available information, at least 18 members have adopted the HS Convention. All members are in the process of harmonizing their customs system with international standards. Canada and Japan maintain customs laboratories. China, Indonesia, Republic of Korea, Russia and Thailand have indicated plans for customs laboratories and other economies are considering such an initiative. In the United States, a number of the HS Convention's principles are covered by the functions under the Automated Commercial Environment (ACE) information system recently introduced.

Measure 4: Simplification and Harmonization on the Basis of the Kyoto Convention

Based on the available information, at least 15 APEC economies are signatories to the Convention. Many economies reported a reduction in document processing and cargo inspection time. A number of economies that have not yet acceded to the Kyoto Convention (Hong Kong, Mexico, Peru, Philippines, PNG and Russia) have nonetheless taken steps to follow some of the Convention's principles. Peru, for example, has implemented facilitative measures in importation for consumption and warehousing regimes. PNG was planning on accession in 2002, but has not reported on the progress since.

Measure 5: Paperless and/or Automation of Trade-related Procedures

All members have electronic/paperless systems in one form or another. These include the payment of duties, customs- and trade-related document processing, electronic procedures for customs clearance, "single window" projects and e-lodgement for exports. In many economies, however, complete electronic integration and automation of all governmental responsibilities at the border remains a work in progress.

Measure 6: Adoption of Standard Electronic Format and Harmonized Data Elements

Many economies have mechanisms for the transmission and exchange of customs and trade-related information. There is insufficient information, however, on the electronic formats used and whether these data elements can be used in different jurisdictions.

Measure 7: Adoption of the Principles of the WTO Valuation Agreement

Most economies have indicated consistency of their customs procedures with WTO regulations in general. However, very few provide specific details regarding the principles of the Valuation Agreement or measures to ensure compliance with the agreement.

Measure 8: Clear Appeals Provision

Most member economies have an appeals provision in their customs procedures or some sort of mediation/dispute resolution mechanism. It is unclear, however, if these appeal procedures are widely known and if they are transparent, and easy to use.

Measure 9: Risk Management

Members are at different stages of implementing risk management systems. All members have advance risk methodologies/techniques in place or are developing them. In a number of cases, risk management techniques have been fully incorporated into various customs operations.

Measure 10: Guidelines for Express Consignments Clearance

Most economies have adopted laws/regulations consistent with the World Customs Organization and have established, or are in the process of establishing, special clearance windows as well as round-the-clock customs for express consignments. In a small number of economies, express consignment undergoes regular clearance, and no consideration is being given to establishing separate windows.

Measure 11: Provision for Temporary Importation

(e.g. Acceding to the ATA Convention or the Istanbul Convention)

Most member economies have acceded to the ATA Convention or have introduced a new ATA carnet document since the 2001 Shanghai Accord. A small number of economies are not signatories to either the ATA or the Istanbul Convention, for unspecified reasons. Based on the information provided in the TFIAPs, efforts to establish a collaborative system for electronic carnet (refer to measures in the Trade Facilitation Action Plan, 2002) do not appear sufficient.

Measure 12: Other Actions/Measures Implemented Since the Shanghai Accord

Other measures cited in the TFIAPs include tax exemptions, increase in staff with expertise, and reduction of time/costs in customs-related operations.

B) STANDARDS AND CONFORMANCE

Measure 1: Align Regulations, Rules and Procedures, Standards and Codes

Affecting the Acceptance of Goods Between Economies and Markets on the Basis of International Standards Where Appropriate (e.g. ISO Standards)

All economies indicated there were ongoing efforts to align domestic standards with international standards. In most cases, standards alignment has increased considerably as a result of national standardization programs. All members are signatories to the global MRA on measurement.

Measure 2: Achieve Recognition of Conformity Assessment in Regulated and Voluntary Sectors

Many economies have accreditation/certification programs. Most have participated in a number of other regional (APEC) and international MRAs.

Measure 3: Technical Infrastructure Development

Few economies provided details with respect to technical infrastructure development. This item appears to cover domestic technical infrastructure development as well as assistance to developing member economies on technical infrastructure development. Japan, for example, listed activities providing assistance to developing APEC members.

Measure 4. Ensure the Transparency of the Standards and Conformity Assessment of APEC Economies

Most economies described their standards and conformity assessment systems as transparent, usually making reference to the widespread availability of information through published and electronic sources, as well as through public consultations.

C) MOBILITY OF BUSINESS PEOPLE

Measure 1: Streamline and Standardize Procedures to Enhance Business Mobility

Most economies have in place or are implementing measures for intra-company transferees, improved visa or eligibility requirements, and participation in the ABTC scheme. The majority of the members have arrangements in place for intra-company transferees. However, visa-exemption policies and processing time vary greatly among the economies. Currently, 16 economies participate in the ABTC scheme with a few more expected to join in 2004.

Measure 2: Enhance the Use of Information and Communications Technology

All economies have up-to-date entry-relevant information online as well as through the APEC Business Travel Handbook. A number of economies offer on-line visa applications. Advance Passenger Processing (APP) or Advance Passenger Information (API) is in place for some economies, with others still considering the feasibility of these initiatives.

D) OTHER

Measure 1: Removing Barriers to Electronic Commerce

Many economies simply stated that they had identified barriers to e-commerce. Others listed "interoperability among government departments" as a priority. Specific measures listed in the TFIAPs include secure banking/e-payment systems.

Measure 2: Speed the Use of E-Commerce

Most economies have an e-government procurement system in place. In some cases, governments are assisting business/private citizens in upgrading the level of computerization and use of e-commerce.

According to the APEC Electronic Commerce Steering Group, 15 economies have Paperless Trading Individual Action Plans. These outline the steps APEC economies are

taking to meet APEC's target to reduce or eliminate the requirement for paper documents needed for customs and other cross-border trade administration and other documents relevant to international sea, air and land transport, where possible, by 2005 for developed and 2010 for developing economies. In general, there should be greater emphasis in the TFIAPs on the adoption of information technology that expedites procedures for the release of goods, including provision of electronic submission and processing of information and data before arrival.

Measure 3: Other Initiatives

Most economies are implementing measures for transparent government procurement and IPR protection. Other measures include tariff/non-tariff measures, services, investment, competition policy, and deregulation/regulatory review. Very few specific examples were provided in the TFIAPs with respect to investment, competition policy and deregulation/regulatory review.

4.0

THE ROLE OF THE PRIVATE SECTOR AND PUBLIC/PRIVATE PARTNERSHIPS

This section draws attention to trade facilitation initiatives in APEC member economies that involve the private sector, with a view to identifying best practices in public/private sector partnerships. The need for cooperation between government authorities and the trading community is highlighted in the WTO Geneva agreement as a fundamental principle for trade facilitation, in that it allows “policies to be implemented and administered more easily and effectively.” In general, the role of the private sector was given insufficient emphasis in the TFIAPs.

A) CUSTOMS PROCEDURES

All economies reported that customs authorities and other public bodies involved hold regular consultations with the private sector or have partnership programs and other liaison mechanisms with private-sector stakeholders. Some economies use private-sector contractors in the delivery of customs-related services.

B) STANDARDS AND CONFORMANCE

Only a small number of economies reported initiatives involving the private sector, but very little detail was provided. Use of voluntary standardization, as opposed to regulations, was given insufficient emphasis.

C) MOBILITY OF BUSINESS PEOPLE

The involvement of the private sector in this activity was not specified in most TFIAPs.

D) OTHER

The involvement of the private sector in this activity was not specified in most TFIAPs.

5.0

MEASURES DEMONSTRATING SUCCESSFUL TRADE FACILITATION ACTIONS

The TFIAP exercise does not provide a direct measure of progress toward the Shanghai target of 5% reduction in transaction costs by 2006. Nonetheless, a number of member economy submissions provided examples of measures used to demonstrate the success of trade facilitation actions. Some of these measures are quantifiable and may lend themselves to adoption more widely across APEC. In general, the TFIAPs are lacking in the use of specific measures to demonstrate the success of their action plans.

A) CUSTOMS PROCEDURES

- Cost reduction and simplification in customs-related operations including processing declarations resulting from the following improvements: active pursuit of automation in commercial procedures, simplified bank guarantee system, and simplified bond systems.
- Time reduction per transaction in customs-related procedures resulting from the following logistical improvements: paperless declarations, automation of procedures, implementation of EDI system, additional and/or priority lanes, X-Ray inspection system, single-window clearance, issuance of special cards to preferential importers/exporters, reduction in items subject to various confirmation including quarantine, and others.
- Enhanced security resulting from integrated ICT procedures, electronic data transmission, modernization of risk management techniques, interconnection of various clearance systems, harmonization of commercial processes for clearance, container security initiatives, and new legislation.
- Conclusion of MOU with various industries/services in the private sector on customs surveillance, thus enabling cooperation to create an environment with rapid clearance and enhanced safety.
- Enhanced capacity of customs officials.
- Accessibility to customs-related information to the visually impaired.

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- Availability of customs-related information in English/other languages.
- Specific case studies of recent customs initiatives and their benefits for business and government are found in the Mid-term Report on Trade Facilitation, submitted by the Sub-committee on Customs Procedures.
- Elimination of tariff and non-tariff trade-related restrictions as part of multilateral trade liberalization endeavours.

B) STANDARDS AND CONFORMANCE

- Increase in number of domestic standards aligned with international standards.
- Increased participation in regional and international MRAs, as well as in various Conformity Assessment Bodies.

C) MOBILITY OF BUSINESS PEOPLE

- Increased number of short-term visa exemptions.
- Eligibility for residency permits for investors.
- Reduction in time for processing business and working visas. To streamline arrangements for intra-company transferees, 11 economies have implemented the APEC 30 day processing standards, while another four economies are implementing further measures.⁴
- For the signatories to FTAs, inclusion of entry-related procedures into the agreement.
- Separate lanes for the holders of ABTC and investors at a number of airports.

D) OTHER

- Reduction in transaction costs due to the introduction of e-payment system.
- Enhanced security of the e-payment system.

6.0

CAPACITY-BUILDING NEEDS AND ASSISTANCE

Only a few economies gave specific examples of their capacity-building needs or examples of assistance provided to other members. Examples of capacity-building needs include the following.

A) CUSTOMS PROCEDURES

- Building of a customs laboratory.
- Technical and managerial training on trade facilitation and ICT solutions.

B) STANDARDS AND CONFORMANCE

- Capacity-building needs in the Metrology Network.⁵
- Acquisition of international standards documents (OIML) at lower cost. APEC suggested a request to this organization to allow reproduction of the documents at lower cost if used by a national metrology institute.⁶
- Assistance in technical infrastructure to metrology laboratories of the developing economies enabling them to have inter-laboratory comparisons in order to establish their equivalence in the MRA.⁷
- Financial assistance to implement peer review visits and laboratory evaluation for developing economies.
- Subsidized training on measurements and calibration.
- Upgrading the technical capabilities through training programs and upgrading of testing equipment and technology for participation in MRAs.
- In order to progressively adopt and implement the Global Harmonization Task Force (GHTF) guidance documents, there is need for training on various aspects of the GHTF including, pre-market-review, vigilance system and knowledge of STED. Hardware and software systems will need to be acquired to develop a database, which is important for the implementation of medical device regulations.⁸
- Seminars on Globally Harmonized System on chemicals would also be necessary to facilitate implementation, although this can be coordinated with the planned activities of the Chemical Dialogue Steering Group.⁹

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C) MOBILITY OF BUSINESS PEOPLE

- The Bureau of Immigration (BI) of the Philippines held exploratory talks and studies on API with other APEC economies with the purpose of receiving assistance to acquire new equipment and technology.

D) OTHER

- Achievement of technological interoperability among government, business and individuals.
- Completion of e-government procurement portal, if not available.

In addition to the items above that were listed specifically as requiring capacity-building assistance, it can be surmised that many of the TFAP action items “pending” have been held up in part because of a need for some form of capacity building. While there are “pending” items in all four trade facilitation areas, the standards and “other” categories have the highest percentage of pending items. It would be helpful in future reporting for economies to indicate the reasons for pending items, and to identify constraints that might be addressed by capacity-building activities.

Examples of capacity-building assistance listed by developed member economies of APEC include:

- Time release surveys to measures improvements in customs-related procedures (Japan).
- Assistance on the dissemination of WTO TBT and SPS to domestic stakeholders in developing member economies (Canada).
- Training program for APEC and ASEAN economies to facilitate completion of the country pages by Food Standards Australia New Zealand.
- Project to strengthen ASEAN Standards and Conformity Assessment Systems (Australia).
- Assistance in conducting API feasibility studies and implementation (Australia).
- Proposed technical assistance program to aid in the implementation of GHTF guidance documents on medical devices (United States).

7.0

SUMMARY OF EXPANDED DIALOGUE ON TRADE FACILITATION

The APEC Expanded Dialogue on Trade Facilitation (EDTF) took place on 1 October, 2004, in Santiago, Chile. It was organized by the APEC Committee on Trade and Investment (CTI) and the APEC Business Advisory Council (ABAC). The Dialogue brought together government officials, business people, academics, and representatives of international organizations, and was chaired by Mr. Hernan Somerville of ABAC.

The EDTF was mandated by the 2002 APEC Trade Facilitation Action Plan (TFAP) as a mid-term review of progress on the Shanghai Accord's target of cutting transaction costs by 5% in the region.

A draft of this report was presented at the EDTF and feedback obtained at the Dialogue has gone into the preparation of the final document. There were also presentations from ABAC members on standards, customs, e-commerce and business mobility. While recognizing that progress has been made, business representatives pointed to a number of additional actions that were needed.

There was a session at EDTF on measurement issues, which included presentations from the OECD, the Chinese Academy of International Trade and Economic Cooperation and Dr. Catherine Mann from the Institute of International Economics. While most of the measures developed to assess progress against the Shanghai target are still works-in-progress, the available evidence suggests that there has already been significant progress toward the goal of a 5% reduction in transaction costs. Indeed, some measures suggest that the 5% target has already been reached in a number of APEC economies. There was general agreement on the need for diversity in the use of measures to assess progress in trade facilitation, covering not only transaction costs, but also other indicators of importance to the business community (for example, wait times for customs clearance, visa applications, etc.). There was also discussion on the need to measure not only the benefits of trade facilitation, but also to take into account the costs of such initiatives.

In addition to the discussion of APEC's TFAP, there was considerable interest in how APEC can support the recent Geneva agreement to begin negotiations on trade facilitation in the WTO. ABAC has issued a statement on "APEC Advancing Trade

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Facilitation at the WTO," which will be part of the submission to Leaders in November 2004. Hong Kong, China, which is hosting the WTO Ministerial Meeting in 2005, also offered some concrete ideas on APEC's potential contribution to the WTO trade facilitation agenda.

The need for capacity building in trade facilitation was emphasized repeatedly at the Dialogue. There were a number of suggestions on improving the TFAP process for identifying capacity-building needs of developing member economies as well as in mobilizing financial support for these initiatives.



8.0

CONCLUSIONS AND RECOMMENDATIONS

Based on the reports provided by member economies on the implementation of APEC's Trade Facilitation Action Plan, overall progress is good, with more than half of the selected TFAP measures completed and 25% of remaining items underway.

Among the four trade facilitation areas, the *Other* category (including electronic commerce) is showing the slowest progress. It has the lowest percentage of completed items, as well as the highest percentage of items still in progress and pending implementation.

The qualitative summaries suggest that a wide range of trade facilitation initiatives have been undertaken by member economies in recent years. While the quality and effectiveness of these initiatives is not clear from the reports, the TFIAP process provides a vehicle for reporting on these actions that other APEC members and the private sector can assess and seek more information on. Specific suggestions on a number of the trade facilitation action items are provided in sections 3.0 and 4.0 of this report.

The TFIAP exercise does not provide a direct measure of progress toward the Shanghai target of a 5% reduction in transaction costs by 2006. Nevertheless, a number of member economy submissions provided examples of measures used to demonstrate the success of trade facilitation actions. Some of these measures are quantifiable and may lend themselves to adoption more widely across APEC. In general, the TFIAPs are lacking in the use of specific measures to demonstrate the success of their action plans.

Reporting on capacity-building needs and assistance in the TFIAPs was inconsistent and can be strengthened. On the assumption that some of the "pending" items have not been implemented because of the need for capacity building, these needs can be spelled out more fully in future reporting.

Based on the findings of this study and the discussion at the EDTF, the following recommendations are proposed:

8.1 APEC AND THE WTO DOHA DEVELOPMENT AGENDA

With the agreement in August 2004 to launch negotiations on trade facilitation in the WTO, APEC is in a position to make a unique contribution to world trade talks. APEC has an institutional comparative advantage over other organizations on trade facilitation issues because of its focus on trade policy as well as capacity building. The TFAP covers

a much broader range of issues than the WTO trade facilitation agenda and has the potential to provide substantive support for WTO negotiations on Articles 5, 8 and 10 of the GATT. Specifically, APEC should:

- a. Commit to working on approaches for moving the negotiations forward, and submitting these approaches to the WTO. As a first step, APEC economies should support ABAC's call that trade facilitation negotiations in the WTO include commitments on transparency, efficiency, simplification, non-discrimination, procedural fairness, cooperation and capacity building. APEC can also contribute to a stocktake on the readiness and needs of member economies (especially developing members) concerning Articles 5, 8 and 10, and in so doing contribute to the negotiating process.
- b. Use the Geneva Caucus to showcase trade facilitation initiatives in individual economies, thereby providing practical examples of improvement in trade facilitation, and their relevance to the WTO negotiations.
- c. Design and deliver capacity building for developing economies to better understand the issues involved in the WTO trade facilitation negotiations and to participate more effectively in the negotiations. A separate set of APEC capacity-building initiatives should be directed at broader trade facilitation activities in the four areas of the TFAP (*see below*).

8.2 THE APEC TRADE FACILITATION ACTION PLAN

APEC economies should deepen and better monitor the implementation of the Trade Facilitation Action Plan. Specifically,

- a. In 2005, APEC economies should update their lists of concrete measures and actions, taking into account developments in the past two years. Special attention should be given to reporting on incomplete and pending items (including reasons for any delays), as well as on measures of progress in each of the trade facilitation areas. To supplement the overall TFAP reports prepared for CTI, APEC sub-fora — particularly SCCP, SCSC, BMG, and ECSG — should develop case studies of economy-level initiatives that provide concrete evidence of progress in trade facilitation. In 2006, member economies should submit final reports on their implementation of the TFAP measures.
- b. Starting in 2005, APEC economies should, on a voluntary basis, develop a plan for trade facilitation peer reviews, in order to assess and better support the implementation of the TFAP by individual economies. These peer reviews should be based on "performance" measures rather than on reported "commitments", and should cover all four of the TFAP areas.

- c. All APEC fora dealing with trade facilitation, in particular the SCCP, SCSC, BMG and ECSG, should organize dialogues with ABAC and other private-sector representatives in 2005. These Dialogues will be aimed at developing public-private work plans on trade facilitation.
- d. The Committee on Trade and Investment should continue to be represented at ABAC meetings and regularly update ABAC's TILF working group on progress on trade facilitation.

8.3 MEASUREMENT ISSUES

The Shanghai target of a 5% reduction in transaction costs by 2006 is relatively easy to achieve but it is difficult to measure. Preliminary work on the measurement of transaction costs presented at the EDTF suggests that the target is well within reach. At the same time, some of these measures are not considered to be very relevant to business and are of limited value in policy formulation. Having specific measures to assess progress in the TFAP, however, remains an important objective. Accordingly,

- a. Further investment in the measurement of progress in trade facilitation should go beyond transaction costs to include time-based and other measures. Time-release surveys based on the World Customs Organization methodology should be considered as one measurement tool that provides for comparability across economies. These surveys can also help in identifying bottlenecks in customs procedures.
- b. APEC members should be encouraged to develop measures that are relevant to their economies, and to use them in the TFAP reporting process. Other members can then adopt these measures on a voluntary basis, where appropriate. Progress in the TFAP should be based on a range of trade facilitation measures that are relevant to particular economies or sectors, rather than on a single measure that has to work for all economies.
- c. The private sector, and in particular ABAC, should work with CTI and its sub-fora in devising methodologies to measure progress on trade facilitation that are meaningful to business.

8.4 CAPACITY BUILDING

In addition to capacity-building activities that are specific to the WTO trade facilitation agenda (Recommendation 8.1c), APEC should formalize a process of identifying, developing, and implementing capacity-building projects in broader trade facilitation

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areas. Recognising, however, that APEC is not a development agency and does not have the funds to support large-scale technical assistance, the scope of APEC's contribution should focus on needs assessment and project definition. Specifically,

- a. Individual economy action plans should list, where applicable, capacity-building needs as well as capacity-building assistance in the four trade facilitation areas. Particular emphasis should be given to TFAP measures that are "pending" because of a need for capacity-building assistance.
 - The identification of capacity-building needs should not be for the sake of having such a list, but should lead to the possibility of project design, funding, and implementation, using APEC as well as non-APEC sources.
- b. In 2005, APEC economies should identify a short list of common capacity-building needs, and design capacity-building programs to meet those needs in 2005 and 2006. It is expected that some of these programs will be offered to non-APEC funding sources, including member economy development agencies, regional and multilateral development banks, and private foundations.

NOTES

1. I am grateful to Anna Turinov, who provided valuable research assistance; and to participants at the APEC Expanded Dialogue on Trade Facilitation, Santiago, 1 October 2004, for comments and suggestions on the draft report.
2. According to Part II Mid-Term Review – Status of Implementation, TFIAP 2004, $[a] = [c] + [d] + [e]$. However, due to incomplete entries, under-reporting, and/or calculation errors in some TFIAPs, $[a]$ is lower than the sum of $[c]$, $[d]$, and $[e]$. For the purpose of this report, we have recalculated the base (100%) to be $[c] + [d] + [e]$, rather than using $[a]$.
3. Please refer to Qualitative Summary Tables and the economy-specific Trade Facilitation Individual Actions Plans (TFIAP) 2004, available at www.asiapacific.ca/about/apec/index.cfm.
4. Reported in *Comments on APEC's Progress in the APEC Trade Facilitation Action Plan (Mobility of Business People)*, a review conducted by ABAC Japan, 2004.
5. Reported in Chile's TFIAP, 2004.
6. Suggested for all APEC economies in the Philippines' individual submission, 2003
7. Ibid.
8. Reported in the Philippines' TFIAP, 2004. In 2003 and 2004 the United States sought TILF funding for a capacity building proposal that would address this need, but in neither year was funding approved.
9. Suggested in the Philippines' individual submission, 2003.

ANNEX

TRADE FACILITATION ACTION PLAN

MENU OF ACTIONS AND MEASURES

The following list of trade facilitation actions was approved by APEC Ministers in 2002. This list was developed in consultation with the private sector and served as a menu of options from which individual economies could select items for implementation. The mid-term review was based on reporting against these action items.

MOVEMENT OF GOODS

1. Public Availability of Information on Customs and Other Trade-related Laws and Regulations

- a. Make customs and other trade-related laws, regulations and guidelines accessible to the public in paper form (e.g. publication) as well as electronically such as via Internet.*
- b. Establish inquiry points for customs and other trade procedures.*
- c. Provide opportunities for consultation with stakeholders and adopt process to obtain public comments when formulating, implementing and reviewing rules and procedures related to trade; and express opinions clearly in response to the comments of stakeholders with specific turn-around times.*
- d. Establish and maintain updated customs and other trade-related websites. These websites should also be accessible through common web portals such as the APEC web-site.*
- e. Develop an APEC Trade Facilitation database over the APEC web-site, which contains information on trade-related procedures in APEC economies and a list of contacts of trade related administrations.*

2. Appropriate, Transparent and Predictable Trade-related Procedures

- a. Reduce administrative regulation of trade and realize swift customs and other trade-related procedures for low risk cargos, with a view to minimizing unnecessary physical examination and facilitating the flow of legitimate trade such as 'Green Channel'.*
- b. Implement customs and other trade-related laws/regulations in a consistent and uniform manner across the economy and avoid any inappropriate exercise of discretion by Customs and other trade-related administration officers.*
- c. Issue trade-related certificates, approvals or other documents required for import/export without delay, with a view to avoiding any documentation requirements that could disrupt cross-border flow of goods.*
- d. Draw on the Arusha Declaration of the World Customs Organization concerning integrity in customs in the management of operations and personnel and raise the level of integrity to provide more accountable, consistent, reliable and transparent Customs administrations, for example through the development and implementation of a code of conduct.*
- e. Enhance capacity of Customs officials of physical inspection of import/export goods in order to prevent inspected goods from being damaged and to realize efficient and effective inspection.*
- f. Review and simplify procedures for refund/reimbursement of customs and other trade-related duties and taxes, and process such request without delay and within the time period, specified by laws/regulations.*
- g. Minimise necessary amount of security/surety across the economy.*
- h. Build open, transparent and cooperative partnerships with stakeholders in the international movement of*

commercial goods including customs brokers, shippers, warehouses etc.

- 1. Fully implement all principles and obligations of the PSI Agreement and refrain from posting minimum import prices, referring to generic price databases, or using PSI companies in such a way that is not compatible with the obligations of the Agreement.*

3. Harmonization of Tariff Structure with the HS Convention

- a. Fully implement the HS Convention and incorporate the HS 2002 changes.*
- b. Adopt laws/regulations to provide binding tariff classification to importers and ensure consistent and uniform application of the HS, by providing the WCO HS Explanatory Notes in local languages to relevant parties including front line customs officers.*
- c. Build capacity of Customs laboratories.*
- d. Make available to importers precedent-based rulings in electronic format.*

4. Simplification and Harmonization on the Basis of the Kyoto Convention

- a. Adopt and fully implement the Body and General Annex of the revised Kyoto Convention and, to the extent possible, the Specific Annexes.*
- b. Provide expeditious clearance for traders who meet the criteria specified by Customs.*
- c. Establish an effective advance ruling process, such as an advance classification ruling system, with an office responsible for providing advance rulings that are binding at the time of import. Rules, guidelines, and procedures employed by these offices for advanced rulings should be transparent and operational. The ruling process should include specific time limits for rulings and an opportunity to appeal those rulings. Rulings could include: a) Classification of Goods; b) Determinations of Value; c) Marking and Labeling; d) Quotas; and e) Any other admissibility requirement.*
- d. Establish a surety bond system to allow for entry of goods with payment of duties to be delayed and identify financial institutions that will underwrite surety bonds for international trade (similar to the ATA Carnet system of the International Chamber of Commerce but expanded to include all goods entry).*

5. Paperless and/or Automation of Trade-related Procedures

- a. Simplify procedures and reduce the requirements for paper documentation in Customs clearance.*
- b. Ensure measures to replace paper documents for cross-border trade administration with electronic equivalents that are media and technology neutral, and secure and interoperability with and between all parties involved in the international supply chain of goods and services.*
- c. Establish a single-window and Web-based electronic access to trade-related documentation and data transmission among relevant government agencies to enable permit-issuing agencies to approve permits online and forward documentation electronically to Customs. For example, certain economies allow their customs agencies to use the data to clear goods, and users to track their document status throughout the entire process. Reduce the requirements for paper documentation in customs clearance and other trade-related procedures.*
- d. Establish an electronic system to allow shipping companies to compile and issue cargo manifests and transmit them to Customs and other relevant administrations.*
- e. Establish a Web-based electronic system for application for and issuance of quarantine documents, health certificates, certificates of origin, and standard certification, with electronic transfer ability to importing authorities.*

- f. Eliminate paper certificates of origin and requirement for “counselorization”/certification by Chambers of Commerce. Revise entry documentation to allow certification of country of origin on entry document eliminating the need for separate documents. Allow economies that have automated entry facilities to accept electronic declaration of country of origin and eligibility for preferences.*
- g. Adopt common frameworks for trade-related procedures among enterprises, such as Trade Electronic Data Interchange (TEDI) and Pan-Asian E-Commerce Alliance (PAA), or other standardize formats of transportation related B2B documents, including bills of lading, arrival notice advice, insurance certificates etc.*
- h. Standardize common data elements and the format of trade-related documents, including B2B documents, such as bill of lading, arrival notice advice, and insurance certificates.*
- i. Establish cross-border exchange and mutual recognition arrangements pertaining to official trade-related e-documents*
- j. Establish a common framework for the secure exchange of trade-related, e-documents among the private sector.*
- k. Implement electronic sanitary and/or phytosanitary certification systems.*
- l. Implement electronic e-government procurements systems.*
- m. Implement certificates of origin systems.*
- n. Introduce web-based solutions for Customs clearance and transaction status inquiry.*
- o. Develop an electronic reporting system for importers/exporters and international carriers to declare dangerous goods to Customs and the port authority.*
- p. Establish a fully computerized platform for shipping and harbor operations.*
- q. Develop an automated system, integrated with customs declaration system, for payment of duties, taxes and levies on traded goods and accept such payment through the banking system by Electronic Funds Transfer (EFT) in addition to cash or check.*
- r. Adopt account-based import processing for importers. Create and account for each importer that accumulates imports and collects duties and other taxes on a periodic basis (rather than complete import transactions one at a time).*

6. Adoption of Standard Electronic Format and Harmonized Data Elements

- a. Adopt UN/EDIFACT (United Nations/Electronic Data Interchange For Administration, Commerce and Transport) or other standard electronic formats for customs and other trade-related procedures.*
- b. Implement strategies to ensure security and confidentiality of customs and other trade-related data.*
- c. Adopt standardized and simplified common data elements and formats created by WCO/G7. Adopt the WCO data harmonization project elements when it is completed.*
- d. Use Internet compatible systems for the transmission of trade-related data elements.*

7. Adoption of the Principles of the WTO Valuation Agreement

- a. Fully implement all of the principles of the WTO Valuation Agreement.*
- b. Adopt laws/regulation to provide binding valuation decision to importers and ensure consistent and uniform application of the Agreement.*
- c. Refrain from posting minimum import prices in such a way that is not compatible with the obligations of the Valuation Agreement.*
- d. Implement Post Audit Clearance systems and such systems should be searchable by importers.*

8. Clear Appeals Provision

- a. *Adopt laws/regulations to establish appeal system with transparent review and/or judicial process to appeal customs decisions and actions.*
- b. *Adopt procedures to provide written rulings on issue.*
- c. *Publish rulings and make available the procedures for publication where possible.*

9. Risk Management

- a. *Develop and adopt advanced risk management methodology, such as systemic cargo-profiling techniques, and/or a computerized risk management system to identify high-risk shipments and minimize physical examination.*
- b. *Promote the exchange of information, intelligence and documents among Customs authorities on a bilateral as well as APEC-wide basis.*
- c. *Develop an electronic reporting system for importers/exporters and international carriers to declare dangerous goods to Customs, the port authority and other relevant administrations.*

10. Guidelines for Express Consignments Clearance

- a. *Adopt laws/regulations for express consignments based on WCO Guidelines on Express Consignments and establish a simplified customs procedures for express consignments.*
- b. *Establish dedicated clearance windows to process express consignments.*
- c. *Provide round-the-clock customs clearance service for express consignments.*

11. Provisions for Temporary Importation, e.g. Acceding to the A.T.A. Convention or the Istanbul Convention

- a. *Accede to the A.T.A. Carnet Convention and/or Istanbul Convention on Temporary Admission and ensure all laws, regulations and procedures are consistent with the conventions.*
- b. *Adopt standard document and procedures for handling goods under temporary admissions.*
- c. *Establish dedicated windows for clearance of temporary importation goods.*
- d. *Establish a collaborative system for Electronic Carnet.*

STANDARDS

1. Align APEC Economies' Domestic Standards with International Standards; Implement Good Practices for the Development and Implementation of Technical Regulations.

- a. *Align with International Standards in agreed priority areas and provide updated information in the IAP.*
- b. *Align regulations, rules and procedures, standards and codes affecting the acceptance of goods between economies and markets on the basis of international standards where appropriate, eg ISO standards.*
- c. *Implement WTO TBT Committee Decision on Principles for the Development of International Standards, Guides and Recommendations and use language consistent with the WTO TBT Committee decision in trade agreements and national laws and regulations when referring to international standards.*
- d. *Implement the Work Program on Trade Facilitation in Information Technology Products (2001-SOM1-CTI-048). APEC economies should, where appropriate, align domestic laws, regulations, and procedures with relevant international standards and adopt the supplier's declaration of conformity that is underpinned by relevant accredited conformity assessment. Co-development with ITI of roadmaps with interested economies.*

- e. *Adopt Good Regulatory Practice through revising regulations to reflect the three documents endorsed by the SCSC: Principles and Features of Good Regulatory Practice; APEC Information Notes on Good Practice for Technical Regulations; and Guidelines for the Preparation, Adoption and Review of Technical Regulations.*
 - f. *Align domestic regulations for medical devices with the principles of the Global Harmonization Task Force (GHTF). Progressively adopt and implement GHTF guidance documents. Align domestic hazard classification and labeling schemes for chemicals to the Globally Harmonized System (GHS), an international set of criteria developed by the United Nations.*
 - g. *Begin the process to implement the GHS on hazard classification and labeling of chemicals and safety data sheets as soon as feasible after its adoption by the United Nations in 2002.*
 - h. *Sign on to the global MRA on measurement coordinated by the International Bureau of Weights and Measures (BIPM).*
 - i. *Participate in international and regional comparisons of measurement standards organized by the International Committee on Weights and Measures (CIPM) and the Asia Pacific Metrology Program (APMP).*
- 2. Achieve Recognition of Conformity Assessment in Regulated and Voluntary Sectors.**
- a. *Adopt/implement the APEC Electrical and Electronic Mutual Recognition Arrangement (EEMRA).*
 - b. *Implement the Work Program on Trade Facilitation in IT products.*
 - c. *If appropriate, establish accreditation services for any relevant additional conformity assessment activities, and extend the scope of existing accreditation services, where necessary.*
 - d. *Participate in the APEC Food MRA*
 - e. *Participate in the APEC Tel MRA*
 - f. *Participate in the Asia Pacific Laboratory Accreditation Cooperation (APLAC) multilateral MRA.*
 - g. *Participate in the Pacific Accreditation Cooperation (PAC) multilateral MRA.*
 - h. *Participate in the global MRA on Metrology developed jointly by the Asia Pacific Metrology Program (APMP) and BIPM.*
- 3. Technical Infrastructure Development**
- a. *Participate in the Mid-Term Technical Infrastructure Development Programme.*
- 4. Ensure the Transparency of the Standards and Conformity Assessment of APEC Economies**
- a. *Provide information on contact points for technical information relating to standards and conformance in individual economies.*
 - b. *Contribute to TIC-CAR Project through the APEC Cooperation Center for Conformity Assessment. To provide a comprehensive source of information about conformity assessment bodies in the region.*

BUSINESS MOBILITY

1. Streamline and Standardise Procedures to Enhance Business Mobility

- a. *Develop standards for a) travel documentation examination; b) professional service; c) travel document security (and issuance systems); d) immigration legislation.*
- b. *Streamline arrangements for intra-company transferees in accordance with the agreed APEC 30 day processing standard.*
- c. *Implement and promote the APEC Business Travel Card and/or visa free or visa waver arrangements or at least 3 year multiple entry visas for short term business visitors such as those engaged in the negotiation of*

the sale of services or goods, establishing an investment or participating in business-related conferences, seminars or workshops.

2. Enhance the Use of Information and Communications Technology

- a. Introduce e-lodgement arrangements for temporary residency applications.*
- b. Introduce an advanced passenger information system which pre-clears passengers to ensure faster clearance on arrival.*
- c. Make available visa information and application forms on the web, including through the APEC Business Travel Handbook.*

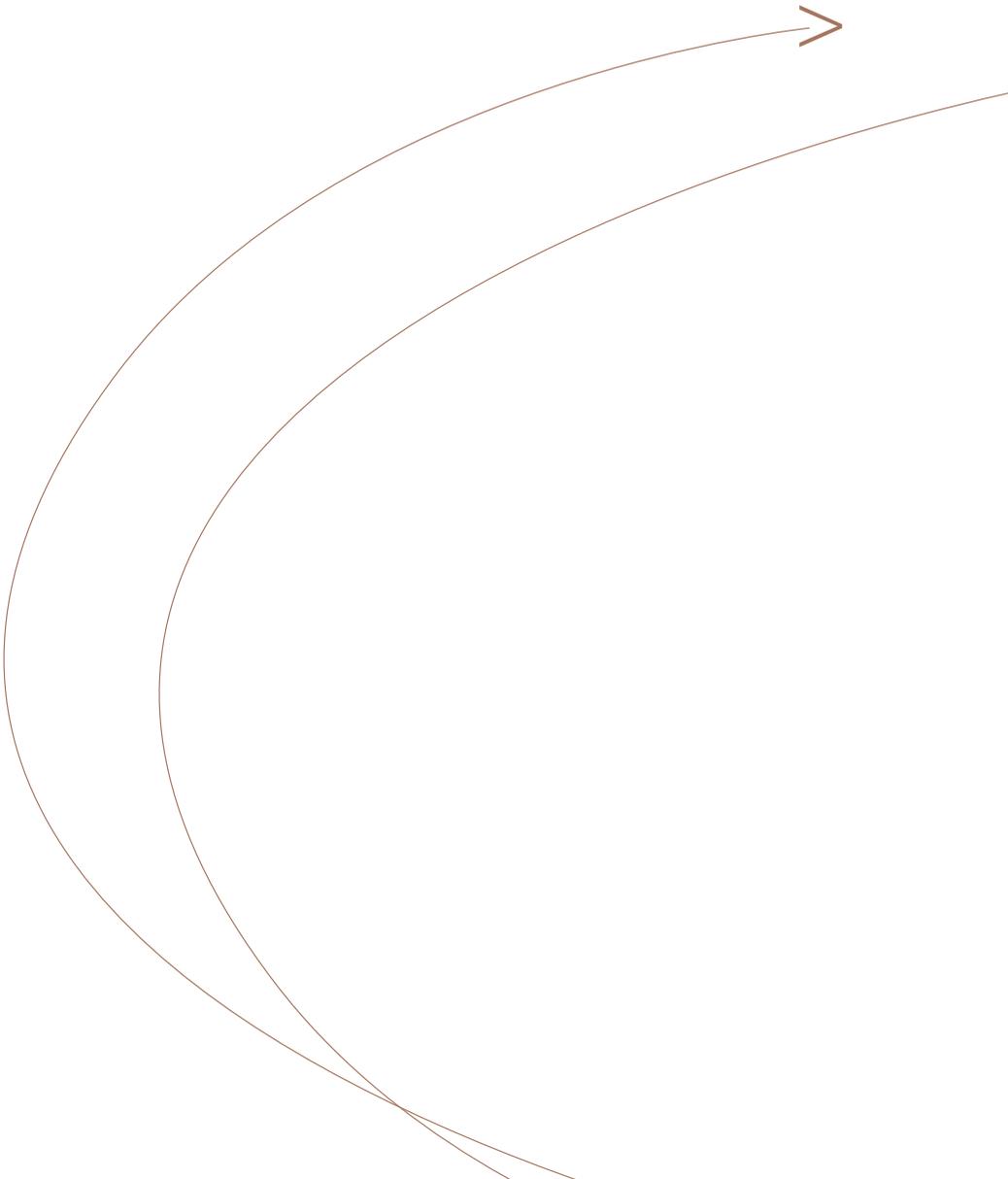
ELECTRONIC COMMERCE

1. Removing Barriers to Electronic Commerce

- a. Identify and map out major barriers to e-commerce through the exchange of practices, including but not limited to laws, regulations and policies, on e-commerce across APEC. Work to identify processes that have been effective at removing barriers and increasing efficiency, and seek out the most effective methods to create efficiencies among economies. Get senior level commitment to overcome the barriers identified in each economy and among economies*
- b. Ensure interoperability among government, business and the community in on-line interactions including providing for authentication, confidentiality and non-repudiation in online interactions.*
- c. In consultation with the private sector, develop a Web portal that will allow all data collected as part of the exchange of practices on e-commerce be entered directly via the Internet. In addition to streamlining responses and data gathering, the data will be more easily extracted to create an external (unrestricted) site that economy constituents can reference regarding current trade practices on general concepts as well as export-related forms and financing assistance.*

2. Speed the Use of E-Commerce

- a. Facilitate the use of secure electronic payment methods.*
- b. Promote consumer and business education on legal issues.*
- c. Facilitate technological interoperability.*
- d. Implement policies that result in the competitive and affordable supply of information and communication services.*
- e. Reduce business costs through increased transparency.*
- f. Formulate a "business case" for information security that assists the private sector with their network security efforts and explains the economic reasons behind developing sound network security practices.*
- g. Develop an e-government portal for procurement that will produce improved and faster information flows, more informed and predictable supply chain and logistics from better requirements tracking, and increased potential for improved oversight and visibility of suppliers and bidding processes.*
- h. Develop online authentication solutions to increase trust and confidence in electronic transactions and e-commerce and to counter problems associated with a lack of effective authentication. For example, identity fraud, the illegal transfers of funds, the unauthorized ordering of goods or the mischievous alteration of data. It is important to note that authentication is not the same as security and must operate in conjunction with an overall security framework.*



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