Asia-Pacific Economic Cooperation

Advancing Free Trade
for Asia-Pacific **Prosperity**

Guidelines for Paperless Trade

APEC Sub-Committee on Customs Procedures

November 2021

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Introduction

In June 2021, APEC Ministers Responsible for Trade (MRT) directed officials to accelerate the implementation of the World Trade Organisation Trade Facilitation Agreement (WTO TFA). They specifically highlighted the importance of articles relating to the accelerated use of digitalization for border processes; pre-arrival processing of electronic declarations; electronic documents, electronic certification, electronic payments; expedited shipments; and border agency cooperation.

Moving towards paperless trade can have significant benefits for the APEC region, support APEC's recovery from the COVID-19 pandemic, as well as build resilience against future trade shocks. The rapid digitalization of the global economy has created opportunities for new traders to participate in global trade, as well as opened the window for governments to simplify procedures thus lowering trading costs.

It is acknowledged that there are existing frameworks associated with facilitating paperless trade, which focus on improving various aspects of efficient movement of goods and services at the border.

The *Guidelines for Paperless Trade* (the *Guidelines)* build on the direction given by the MRT in June 2021 and set out a non-exhaustive set of guidelines to assist APEC economies in implementing electronic/paperless customs procedures.

The *Guidelines* support the Putrajaya Vision 2040 as implementation of this project will "strengthen digital infrastructure, accelerate digital transformation, narrow the digital divide, as well as cooperate on facilitating the flow of data and strengthening consumer and business trust in digital transactions".

Adoption of the best practice guidelines can assist all traders, especially Micro, Small, and Medium Enterprises, to engage with the APEC customs authorities electronically. The *Guidelines* will be a living document published on the APEC website, which economies and industry can consider when dealing with paperless trade. They will be updated regularly by the Project Overseer to reflect the evolving nature of this work.

Guidelines for Paperless Trade

Implementation of the WTO Trade Facilitation Agreement

1. **Electronic implementation:** Economies should endeavour to implement those provisions of the World Trade Organization Trade Facilitation Agreement that are applicable to it through electronic means.

Automated Systems

2. **Single window:** Economies should establish and maintain a single window, enabling traders to submit documentation and/or data requirements for importation, exportation and/or transit of goods through a single-entry point to the participating authorities or agencies. After the examination by the participating authorities or agencies of the documentation and/or data, the results should be notified to the applicants through the single window in a timely manner. In cases where documentation and/or data requirements have already been received through the single window, the same documentation and/or data requirements should not be requested by participating authorities or agencies except in urgent circumstances and other limited exceptions which are made public. Economies should use information technology to support the single window.

    Source: Adapted from Article 10 4.1 and 4.2 and 4.4 of the WTO TFA

2. **Border agency cooperation for the single window:** Economies should ensure that their authorities responsible for border controls and procedures that deal with the importation, exportation and transit of goods cooperate and coordinate their activities in relation to the operation of the single window to more effectively facilitate trade.

    Source: Adapted from Article 8.1 of the WTO TFA

Data Standards

3. **Data standards for the single window:** Economies should implement common standards and elements for import and export data in accordance with the World Customs Organisation (WCO) Data Model.

Legal Frameworks

4. **Legal frameworks for paperless trade need to be flexible:** To maximise the benefits from paperless trade and to handle the increasing complexity of supply chains, economies should design regulatory regimes that are technology-neutral and flexible. Economies should consider taking a principles-based approach to the legislative framework that enables border processes to respond quickly and efficiently to changes in the trade environment to enable paperless trade.

5. **Single windows need to be firmly grounded in a clear legal framework**: Economies should note that single windows are reliant on accurate data input and need to be part of a legal framework that addresses the accuracy, integrity, privacy and security of the data that is submitted and stored in their single windows.

Procedures

6. **Electronic documents:** Economies should accept documents submitted electronically as the legal equivalent of the paper version of the document.

7. **Accepting electronic certificates:** If applicable, economies should work towards accepting electronic copies of certificates. If required, in a single window environment, an electronic certificate or scanned copy should be able to be submitted with the import lodgement.

8. **Submitting electronic import, export and/or transit declarations**: Economies should allow import, export and/or transit declarations to be lodged electronically into their single window via the internet or via electronic data interchange referring to the data elements of WCO Data Model.

9. **Risk assessment using post clearance audit:** Economies should minimize requests from traders for additional information or documentation post-arrival and instead use post-clearance audit, where possible.

10. **Submitting electronic inward cargo report (air and sea**): Economies should use their single window to allow their authorities to evaluate advance information about the arrival or transhipment of cargo so that risk can be assessed pre-arrival and authorities can plan in advance for either immediate release or for any activity required to manage the risks posed by a particular shipment.

11. **Electronic application and issuance of import and export permits and licences**: Economies should accept applications for, and allow authorities to issue, permits and licenses electronically to support the clearance of goods. To protect against fraud, permits and licences can be issued electronically using either a PIN or QR code as secure electronic signature, if applicable.

12. **Electronic payment:** Each economy should adopt or maintain procedures allowing the option of electronic payment for duties, taxes, fees, and charges collected by customs incurred upon importation and exportation.

Source: Adapted from Article 7, of the WTO TFA

13. **Pre-arrival processing:** Economies should adopt or maintain procedures that provide for advance electronic submission and processing of information before the physical arrival of the goods to enable release on arrival unless further processing is deemed necessary.

Publishing of Information

14. Economies should make available in electronic format the forms and documents that they require for paperless trade.