



FIRST ANNIVERSARY STATUS REPORT ON THE 1997 DOCUMENT

**A Blueprint for APEC
Customs Modernization:
Working with Business
for a Faster, Better Border**

APEC Sub-Committee on Customs Procedures (SCCP)
October 1998

ASIA-PACIFIC ECONOMIC COOPERATION

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Contents

Foreword	1
Introduction	3
Building on Past Success	5
Endorsements and Direction in 1998	6
Major Achievements and Deliverables in 1998	7
Customs - Industry Partnerships in Trade Facilitation	14
International Linkages and Cooperation	16
Next Steps for the SCCP	17
Conclusion	18

Figures and Tables

List of APEC Member Economies	i
List of Acronyms	2
Pledge of the APEC Sub-Committee on Customs Procedures	4
SCCP Guiding Principles “FACTS”	5
Table 1: SCCP Collective Action Plan Objectives and Expected Outputs	8
Table 2: SCCP Collective Action Plan Implementation Schedule	9
Table 3: Benefits to Business	17
List of SCCP Members including Fax Numbers and E-mail Addresses	19

ASIA-PACIFIC ECONOMIC COOPERATION MEMBER ECONOMIES

Australia

Brunei Darussalam

Canada

Chile

People's Republic of China

Hong Kong, China

Indonesia

Japan

Republic of Korea

Malaysia

Mexico

New Zealand

Papua New Guinea

Republic of the Philippines

Singapore

Chinese Taipei

Thailand

United States

Observers

ASEAN Secretariat

Pacific Economic Cooperation Council (PECC)

South Pacific Forum

Peru, Russia and Vietnam have been members-designate and observers since January 1998 and will become full members of APEC at the November 1998 Economic Leaders' Meeting in Kuala Lumpur. New membership in APEC is frozen until 2007.



This document contains information on progress towards implementing the SCCP Collective Action Plan and work programme. Originally published in October 1997, the SCCP blueprint document has not changed. Although it is a "living" document, to be updated periodically, the SCCP stands by the commitments made one year ago. This first anniversary status report and the original SCCP blueprint are provided on the SCCP Home Page at <http://www.sccp.org>.

The SCCP invites the business community to provide input to the SCCP through the Internet at info@sccp.org or by faxing/e-mailing any of the SCCP members listed at the back of this document.

Foreword

In 1997, the APEC Sub-Committee on Customs Procedures (SCCP) published “*A Blueprint for APEC Customs Modernization: Working with Business for a Faster, Better Border*”. This report described the SCCP’s objectives, target implementation dates and the major initiatives directed at improving the accuracy, certainty, speed, and transparency of customs procedures in the region. In addition, it demonstrated the SCCP’s desire to involve business in the modernization process and provided “draft” guidelines for establishing strategic partnerships with business.

In summary, 1998 has been a very successful year for the SCCP.

This first anniversary status report highlights key achievements over the last year. These include progress in providing technical assistance related to the SCCP’s twelve Collective Action Plan (CAP) initiatives; steps taken to increase the use of electronic commerce; and continuing efforts to develop better tools for forging strategic partnerships with business. A

particular highlight of the year was the APEC Customs-Industry Dialogue held in June 1998 in Kuala Lumpur, Malaysia.

This status report is also intended to provide business with a summary of the goals and the future direction of the sub-committee as we move towards the new millennium and to outline the mechanisms in place for the SCCP to deliver on its promises. The SCCP is committed to modernizing the customs environment throughout the Asia-Pacific region for the benefit of business and travellers.

The momentum achieved during 1997 has been carried through to 1998, and the SCCP continues to be focused and committed to improving the economic viability of the region through trade facilitation.

This status report is a “living document”. It is not a stand-alone record of achievement and but rather the first in a series of reports on the status of plans and initiatives of the SCCP as outlined in the 1997 blueprint.

List of Acronyms

Asia-Pacific Economic Cooperation	APEC
APEC Business Advisory Council	ABAC
APEC Custom-Industry Dialogue	ACID
Association of South East Asian Nations	ASEAN
Admission Temporaire - Temporary Admission Carnet Convention	A.T.A. Carnet
Australian Agency for International Development	AusAID
Budget and Administrative Committee	BAC
Collective Action Plan	CAP
Committee on Trade and Investment	CTI
Conference of Asia-Pacific Express Carriers	CAPEC
Electronic Data Interchange	EDI
Facilitation, Accountability, Consistency, Transparency, Simplification	FACTS
Canada, United Kingdom, France, Germany, Italy, Japan, United States ¹	G7
Harmonized System of Tariff Classification	HS
International Air Transport Association	IATA
International Bureau of Chambers of Commerce	IBCC
International Express Carriers Conference	IECC
International Federation of Customs Brokers Associations	IFCBA
North American Free Trade Agreement	NAFTA
Not applicable	N/A
Organization for Economic Cooperation and Development	OECD
Pacific Economic Cooperation Council	PECC
Sub-Committee on Customs Procedures	SCCP
Senior Officials or Senior Officials' Meeting	SOM
To be determined	TBD
Trade and Investment Liberalization and Facilitation	TILF
Trade Related Aspects of Intellectual Property Rights	TRIPS
United Nations	UN
UN Electronic Data Interchange for Administration, Commerce and Transport	UN/EDIFACT
World Customs Organization	WCO
World Trade Organization	WTO

¹ the G8 includes Russia

Introduction

In this era of ever-increasing volume in global trade, it is critical for APEC economies to facilitate international trade within the region as well as trade between APEC and non-APEC economies. The result will be regional growth and an enhanced role for APEC economies in the international market place.

The SCCP was established to work towards achieving the harmonization and simplification of customs procedures in the Asia-Pacific region. Efforts by the SCCP support the *Bogor Declaration* and the APEC Economic Leaders' aim of achieving free and open trade and investment in the region by the year 2010 for industrialized economies and the year 2020 for non-industrialized economies.

The SCCP strives continually to remove costly impediments to trade in order to encourage trade and investment within the Asia-Pacific region. The SCCP's twelve point CAP is aimed at reducing costs for business through, for instance,

- more transparent customs rules and regulations
- faster release of goods
- standardized procedures in line with WTO and WCO international agreements and protocols

These initiatives and others contribute to the improvement of overall market accessibility and economic growth for all APEC members, both within their national borders and across the region.

The SCCP is also looking to technology to address the needs of the future, keeping in mind that modern customs administrations must keep up with advances in electronic technologies and make use of these technologies to facilitate the harmonization and simplification of customs procedures.

Currently, projects and pilots are underway to enhance the use of electronic processing of travellers and low-risk trade, and where possible, the use of electronic data interchange (EDI).

“... the private sector applauds progress that has been made to date by the SCCP. The private sector encourages APEC to maintain momentum ...”

Statement by PECC at the second SCCP meeting of 1998 held June 11-13, 1998, Kuching, Sarawak

Another major focus for the SCCP in 1998 has been providing industry with the opportunity to become involved in the initiatives of the SCCP. SCCP members are seeking technical expertise, resources, and insights from the business sector through consultations, open dialogues such as the APEC - Customs Industry Dialogue, and by developing partnerships with industry. Our goal is to ensure that the SCCP's work programmes continue to reflect the changing needs of business.

1998 has been a year of growth. A year in which new member economies, Peru, Russia, and Vietnam, will join both APEC and the SCCP. We look forward to their full participation in our work programme.

***Pledge of the APEC
Sub-Committee on Customs Procedures***

The SCCP will strive to :

- Facilitate legitimate trade and investment in the APEC region
- Maintain our role in protecting the community
- Simplify and harmonize customs procedures
- Improve the speed, accuracy and transparency of customs transactions
- Establish levels of service to provide traders with certainty
- Promote the professionalism and integrity of Customs Administrations
- Encourage voluntary compliance in APEC member economies
- Consult regularly with the APEC business community to ensure our activities meet their needs
- Form strategic partnerships with interested APEC business representatives
- Provide members with the required technical assistance to promote efficiency, effectiveness and equity
- Tailor the pace of progress to the diverse needs and abilities of APEC member economies

Building on Past Success

Since its early days, APEC has progressed through the efforts of a number of committees, sub-committees and working groups. Among these is the Customs Procedures Working Group which, in 1994, became the Sub-Committee on Customs Procedures (SCCP), reporting to the Committee on Trade and Investment (CTI). The sub-committee's mandate is to facilitate trade by simplifying and harmonizing customs procedures.

SCCP Guiding Principles FACTS

(February 1995, Fukuoka, Japan)

Facilitation: While ensuring proper enforcement of Customs laws and regulations, APEC Customs Administrations should strive to improve facilitation of Customs clearance procedures.

Accountability: Customs Administrations should be accountable for their actions through a transparent and easily accessible process of administration and/or judicial review.

Consistency: Customs laws, regulations, administrative guidelines and procedures should be applied in a uniform manner within each economy.

Transparency: Customs laws, regulations, administrative guidelines and procedures should be made publicly available in a prompt and easily accessible manner.

Simplification: Customs laws, regulations, administrative guidelines and procedures should be simplified to the extent possible so that Customs clearance can proceed without undue burdens.

Under the chairmanship of Japan in 1995 and the Republic of the Philippines in 1996, the sub-committee made great advances, resulting in some notable achievements. During Japan's year, members focused on **FACTS – facilitation, accountability, consistency, transparency, and simplification**, reaching a consensus on the SCCP Action Program in Sapporo in June 1995. Members agreed on a vision statement, a guiding framework and principles, a collective action plan (CAP), individual action plans, and statements on technical assistance.

In 1996, the SCCP developed a comprehensive framework for technical assistance and human resource development, providing a foundation for implementation of the collective action plan. Coordinators were identified for each of the nine CAP initiatives. Canada and Japan continue to be lead shepherds responsible for the guidance and direction of the APEC technical assistance framework. In 1997, Canada co-hosted a customs-industry symposium and helped expand the CAP work programme from nine to twelve initiatives.

With the SCCP's guiding principles in place and the CAP work programme identified, the focus for Malaysia, in chairing the SCCP during 1998, has been on meeting commitments made, soliciting the expertise and assistance of business in forging strategic partnerships, and ensuring that the SCCP implementation timetable remains on course.

Endorsements and Direction in 1998

Shown below are examples of support provided to the SCCP in late 1997 and early 1998. The work of the SCCP has been endorsed by, among others, the APEC Business Advisory Council and the APEC Finance Ministers.

The APEC Business Advisory Council (ABAC) has commended APEC for its work on customs harmonization in promoting cross-border flows.

Source: ABAC Report to APEC Economic Leaders (1997) as reported to SCCP members at the first SCCP meeting of 1998 held February 23-25, 1998, Penang, Malaysia

We welcome the progress made by the Sub-Committee on Customs Procedures (SCCP) in their twelve point collective action plan to facilitate trade in the region. The Blueprint for APEC Customs Modernization and the Guidelines for SCCP and Business Strategic Partnerships are important contributions for strengthening cooperation with the business community. Reaffirming that trade facilitation and enforcement must be well-coordinated, we encourage customs authorities to continue strengthening such cooperation.

Source: APEC Finance Ministers' Meeting, Joint Ministerial Statement, May 23-24, 1998 Kananaskis, Alberta

Also in 1998, direction has been provided to the SCCP by APEC Senior Officials (SOM). Specifically, in February 1998, SOM directed the Committee on Trade and Investment (CTI) to which the SCCP reports to:

- *intensify work on the simplification and harmonization of customs procedures, standardize approaches to reduce and simplify documentary requirements (both in print and electronic) for business;*

and to

- *enhance work on trade facilitation paying due regard to the priorities of the business sector.*

The sub-committee has endeavored, through the collective action plan and other ongoing initiatives, to respond to SOM's direction. In addition, the CTI requested the SCCP to consider specific financial management issues, including finding ways of working more closely with business. This issue has been researched by the SCCP, resulting in the development of a proposed mechanism to facilitate funding from the business sector directed towards SCCP initiatives.

The proposed mechanism is discussed further under the section entitled **Customs-Industry Partnerships in Trade Facilitation**

Major Achievements and Deliverables in 1998

The implementation of the twelve point action plan initiatives is a major undertaking for the SCCP. Member economies, with the full support of their respective governments, have developed multi-year technical assistance frameworks for each action plan initiative. All of the CAP items received funding support for 1998 from the Trade and Investment Liberalization and Facilitation (TILF) Special Account, funded by Japan. In an environment of ever-increasing competition for funding among all APEC fora, this is indicative of the importance that APEC has assigned to the SCCP's work programme.

The objectives and expected outputs of each CAP initiative are summarized in Table 1, while Table 2 indicates the year by which individual SCCP members have committed to full or partial implementation of each CAP initiative. Below are highlights of some of the key achievements for each action plan item during 1998. Detailed status reports can be viewed on the SCCP website at www.sccp.org.

1. Harmonization of Tariff Structure with the HS Convention

Japan is the coordinator for this project and, in collaboration with other interested donor economies, is providing technical assistance to APEC member economies requesting it. There are five recipient economies: Brunei Darussalam, Chile, Mexico, Papua New Guinea and the Republic of the Philippines.

Assistance for this project is being delivered through a phased approach and covers a wide range of issues and activities including workshops, advisory missions/dispatch of experts, and technical advice to Customs central laboratories.

The first technical assistance activity was an overview workshop held in Manila, the Republic of the Philippines in August 1998. HS experts from the WCO and some SCCP economies provided the training.

2. Transparency of Customs Procedures, including Information on Customs Laws, Regulations, Administrative Guidelines, Procedures and Rulings

Singapore and Hong Kong, China are the coordinators for this project. Singapore has compiled a handbook using input provided by SCCP members on their "best practices" in disseminating customs information to the public. This publication is available to the public on the SCCP website at www.sccp.org/frames-library.htm. Hong Kong, China has produced a video introducing the current dissemination methods of the Hong Kong, China Customs Administration. The coordinators are assessing the need for revisions to the "best practices" handbook, based on additional input provided by SCCP members in 1998.

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

New Zealand and Japan are the coordinators of this project and are providing technical assistance to requesting SCCP members. An Overview Seminar was held in April 1998, in Suzhou, People's Republic of China based on the ongoing revisions to the Kyoto Convention being made by the WCO.

TABLE 1: SCCP Collective Action Plan Objectives and Expected Outputs

OBJECTIVES	EXPECTED OUTPUTS
<p>1. Harmonization of Tariff Structure with the HS Convention To ensure consistency of application, certainty and a level playing field for business through the HS Convention, the standard international harmonized system for the classification of goods.</p>	<ul style="list-style-type: none"> ◆ The accurate, consistent and uniform application of the HS Convention by all APEC member economies.
<p>2. Public Availability of Information on Customs Laws, Regulations, Administrative Guidelines and Rulings provided to the business sector on an ongoing basis To ensure traders have access to all the pertinent information for business decisions through the provision of accurate, consistent and user-friendly information to business on an ongoing basis.</p>	<ul style="list-style-type: none"> ◆ To improve transparency of APEC Customs Administrations. ◆ To enhance the APEC Customs Administrations' competency in the dissemination of information on customs laws, regulations, procedures, rulings and guidelines.
<p>3. Simplification and Harmonization on the Basis of the Kyoto Convention To improve efficiency in customs clearance and the delivery of goods in order to benefit importers, exporters and manufacturers through simplified customs procedures and best practices.</p>	<ul style="list-style-type: none"> ◆ Simplified and standardized customs procedures implemented by all APEC members.
<p>4. Adoption and Support for the UN/EDIFACT To use the standard UN electronic messaging format for automated systems, the United Nations/Electronic Data Interchange for Administration, Commerce and Transport, to promote an electronic highway for business.</p>	<ul style="list-style-type: none"> ◆ The implementation by member administrations of UN/EDIFACT international electronic messaging standards as the basis for their computerization programmes.
<p>5. Adoption of the Principles of the WTO Valuation Agreement To facilitate administration of the World Trade Organization's Valuation Agreement on standard procedures for valuing goods.</p>	<ul style="list-style-type: none"> ◆ The implementation of the Agreement by members, in a timely and orderly manner, to meet members' international obligations under the Agreement.
<p>6. Adoption of the Principles of the WTO Intellectual Property (TRIPS) Agreement To implement border enforcement procedures for protecting intellectual property rights.</p>	<ul style="list-style-type: none"> ◆ A strategic programme designed and developed to implement border endorsement of the Agreement by members, in a timely and orderly manner, to meet international obligations under the Agreement.
<p>7. Introduction of Clear Appeals Provision To provide business with an opportunity to challenge potentially erroneous or inequitable Customs decisions through mechanisms for transparent, independent and timely appeals.</p>	<ul style="list-style-type: none"> ◆ Implementation of customs appeal mechanisms by all members. ◆ The enhanced transparency and effectiveness of the appeals process and client service initiatives within APEC customs administrations.
<p>8. Introduction of an Advance Classification Ruling System To establish simplified procedures for providing classification information prior to importation, thus bringing certainty and predictability to international trading and helping traders to make sound business decisions based on legally binding advice.</p>	<ul style="list-style-type: none"> ◆ The introduction of simplified procedures for an advance classification ruling system to the customs procedures of each APEC economy, by the year 2000.
<p>9. Provisions for Temporary Importation, e.g., acceding to the A.T.A. Carnet Convention or the Istanbul Convention To help business move goods such as commercial samples, professional equipment, tools of trade and exhibition material across borders with a high degree of certainty as to how these goods will be treated by Customs by having standard procedures for admitting goods on a temporary basis.</p>	<ul style="list-style-type: none"> ◆ The implementation of the terms of the A.T.A. Carnet and Istanbul Conventions. ◆ The provision of a common import/export document for the temporary importation of goods. ◆ An internationally accepted security for goods entitled to temporary admission without payment of duties and taxes.
<p>10. Harmonized APEC Data Elements To develop a comprehensive directory supported in UN/EDIFACT which includes a simplified "core set" of data elements, largely derived from commercially available data, that would satisfy the standard data requirements of the majority of APEC trade transactions and so facilitate the exchange of information and provide a foundation for common forms and electronic commerce.</p>	<ul style="list-style-type: none"> ◆ The development of a set of trade data elements required for ordinary goods for home consumption. ◆ The development of a set of best practices guidelines for the processing and clearance associated with the movement of goods until the goods are no longer under any customs controls.
<p>11. Risk Management Techniques To focus Customs enforcement efforts on high-risk goods and travellers and facilitate the movement of</p>	<ul style="list-style-type: none"> ◆ The implementation of a systematic risk management approach will allow APEC Customs administrations to facilitate legitimate trade and

<p>low-risk shipments, through a flexible approach tailored to each APEC economy.</p>	<p>travel while maintaining control.</p>
<p>12. Guidelines on Express Consignments Clearance To implement principles contained in the <i>WCO Guidelines on Express Consignment Clearance</i>, the international standard procedures for clearance of express goods, working in partnership with express industry associations.</p>	<ul style="list-style-type: none"> ◆ The timely implementation of the international standard for customs clearance of express shipments. ◆ Trade facilitation while maintaining essential customs control responsibilities.

TABLE 2: SCCP COLLECTIVE ACTION PLAN IMPLEMENTATION SCHEDULE

	HS Convention	Public Availability of Information ?	Kyoto Convention	UN/EDIFACT	WTO Valuation Agreement	TRIPS	Clear Appeal Provisions	Advance Classification Ruling System	Temporary Importations	Common Data Elements	Risk Management	Express Consignments Clearance
Plan Coordinators	Japan	HK, China Singapore	New Zealand Japan	Australia Philippines	Canada USA	USA	Canada Philippines	New Zealand Korea	USA Chinese Taipei	Canada Australia	Australia USA	USA China
Target Dates	1996	1998	1998*	1999	2000	2000	2000	2000	2000	1999	2002	2000
Australia	?	?	?	1999	?	?	?	?	?	1999	?	?
Brunei	?	?	*	1999	1998	1998	2000	2000	2000	1999	2002	2000
Canada	?	?	?	?	?	?	?	?	?	1999	?	?
Chile	?	?	*	?	2000	2000	?	?	2000	1999	?	?
China	?	?	?	1999	+	?	?	1999	?	1999	2002	2000
HK,China	?	?	*	1999	N/A	?	?	N/A	?	1999	2002	2000
Indonesia	?	?	*	?	2000	?	?	?	?	1999	2002	2000
Japan	?	?	?	1999	?	?	?	?	?	1999	?	?
Korea	?	?	?	1999	?	?	?	?	?	1999	2002	2000
Malaysia	?	?	*	?	2000	2000	?	?	?	1999	2002	2000
Mexico	?	?	?	1999	?	?	?	?	1999	1999	2002	2000
New Zealand	?	?	?	1999	?	?	?	?	?	1999	2002	2000
PNG	?	?	*	?	?	2000	2000	2000	2000	1999	2002	2000
Philippines	?	?	*	1999	?	?	?	?	?	1999	2002	2000
Singapore	?	?	*	1999	?	1999	?	?	?	1999	?	?
Chinese Taipei	?	?	*	?	?	?	?	2000	2000	1999	2002	2000
Thailand	1998	?	*	1999	1998	?	?	?	?	1999	2002	2000
United States	?	?	?	1998	?	?	?	?	?	1999	2002	2000

Legend

? Implemented

¹Peru, Russia and Vietnam are to be included in the CAP implementation schedule. These economies have been APEC members-designate and observers since January 1998 and will become full members of APEC at the November 1998 Economic Leaders' Meeting in Kuala Lumpur.

For each CAP item, the level of implementation will vary among Customs Administrations. For the most recent additions to the CAP (common data elements, risk management and express consignments clearance), although the implementation date is shown as the target date, some economies have already implemented the item in full or in part. All member economies will have implemented the CAP item to varying degrees by the target date.

?	Improving public availability of information is an on-going process	*	Actual implementation date subject to progress in the WCO
+	Actual implementation date subject to China's accession to WTO	N/A	Not applicable

4. Adoption and Support for the UN/EDIFACT

Australia and the Republic of the Philippines are the coordinators for this CAP initiative, which directly supports the adoption of the UN electronic messaging format for automated systems, the United Nations/Electronic Data Interchange for Administration, Commerce and Transport.

Following the completion of a needs analysis study, training seminars/workshops were conducted in Singapore in April 1998.

This project also supports related initiatives being undertaken in other APEC fora, such as the Telecommunications and Transportation Working Groups. The International Air Transport Association (IATA) has been involved by conducting introductory workshops on UN/EDIFACT.

5. Adoption of the Principles of the WTO Valuation Agreement

Canada and the United States are the coordinators for this project, and together with Australia and New Zealand, are providing technical assistance to SCCP members requesting it. Recipient economies include Brunei Darussalam, Chile, the People's Republic of China, Indonesia, Malaysia, the Republic of the Philippines, Papua New Guinea, Chinese Taipei and Thailand.

The technical assistance programme is being delivered in a phased approach, covering a wide range of issues and activities including: the legislative framework; creating the organization; clearance and verification procedures; undervaluation; and training needs.

Following Needs Analysis Workshops conducted in all 10 recipient economies in 1997, technical assistance began in March and April 1998 with the delivery of the WCO's valuation course to Brunei Darussalam and Thailand. Specific valuation training modules were developed and designed, and delivery of this technical assistance began in the third quarter of 1998.

6. Adoption of the Principles of the WTO Intellectual Property (TRIPS) Agreement

The United States is the coordinator for this CAP initiative. Through a coordinated effort involving Australia, Canada, New Zealand and Japan, technical assistance will be provided to economies requesting it in order to implement the border enforcement aspects of the TRIPS Agreement.

A major conference was held in Tokyo in October 1997 which included two days of individual economy assessments to tailor the assistance to individual economy needs. Training will begin in the last quarter of 1998 to provide assistance to six economies.

In addition, training will be provided to any economies which did not attend the 1997 Tokyo conference but which may come forward to request technical assistance (e.g., the three members-designate).

The following training partnerships have been established: Chile: U.S./New Zealand; Papua New Guinea: U.S./Australia; People's Republic of China: U.S./Canada; Republic of the Philippines: U.S./Japan; Indonesia: U.S./ Japan; and Thailand: U.S./Canada.

7. Introduction of Clear Appeals Provision

Canada and Republic of the Philippines are the coordinators for this project and are providing technical assistance to SCCP members requesting it. There are five participating economies: Hong Kong, China; Indonesia; Papua New Guinea; the People's Republic of China; and the Republic of the Philippines.

A detailed needs analysis discussion paper was sent to participants in March 1998, to determine each economy's requirements pertaining to such areas as legislative framework, organizational structure, client services delivery, risk management and the decision-making process. Discussions held in June 1998 with each participating economy focused on the principles of a transparent appeals system.

8. Introduction of an Advance Classification Ruling System

New Zealand and the Republic of Korea are the coordinators of this project and will be providing technical assistance to SCCP members requesting it, with the assistance of other donor members. Papua New Guinea, the Republic of the Philippines and Chinese Taipei have requested technical assistance. Brunei Darussalam has requested train-the-trainers assistance. Technical assistance was provided to the Republic of the Philippines in 1997.

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

Chinese Taipei and the United States, as the coordinators of this project, have planned a number of activities to meet the goals of the SCCP. There are currently five APEC economies targeted for assistance: Brunei

Darussalam, Chile, Indonesia, Papua New Guinea and the Republic of the Philippines. The Customs Administrations of Canada and New Zealand have offered technical expertise to this project.

The relevant expertise for private sector responsibilities in the A.T.A. Carnet System resides within the International Bureau of Chambers of Commerce (IBCC), which plays a key role in the operation of the A.T.A. Carnet System. It is therefore appropriate that the IBCC coordinate guidance and training of the Chambers of Commerce or other guaranteeing organizations in each implementing economy.

In cooperation with the IBCC, training materials have been developed for use in this technical assistance initiative. The technical assistance work programme includes a September 1998 overview seminar in Taipei hosted by Chinese Taipei.

10. Harmonized APEC Data Elements and APEC Customs Import Procedures

Canada and Australia are the coordinators of this project. New Zealand, the United States, and Hong Kong, China have offered technical expertise. The aim of this project is to develop a comprehensive directory supported in UN/EDIFACT which includes a simplified "core set" of data elements largely derived from commercially available data.

These data elements would satisfy the standard data requirements of the majority of APEC trade transactions and so facilitate the exchange of information and provide a foundation for common forms and electronic commerce.

There are similar projects in the G7, under NAFTA, in ASEAN and related projects in the WCO, OECD and other fora. With the

emphasis being on the identification of redundant or outdated data and processes, it is hoped to build on the G7 work to date and develop a consensus on data element definitions and coding.

Although some economies have been contacted, the specifics on how to involve economies requesting assistance has yet to be determined. A coordinators' planning session took place in April 1998 to agree on a schedule of planned visits, methodology, and deliverables. Discussions have also taken place between the coordinators, the United States and Mexico, to resolve issues.

The International Federation of Customs Brokers Associations has agreed to assist by providing information on international trade which IFCBA members have on file.

11. Risk Management Techniques

Australia and the United States are the coordinators for this project and are providing technical assistance to SCCP members requesting it. Australia is working in partnership with the Air Express Courier industry to implement a risk management approach in APEC customs administrations.

Recipient economies include Brunei Darussalam; Chile; the People's Republic of China; Hong Kong, China; Indonesia; the Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; the Republic of the Philippines; Chinese Taipei; and Thailand.

In May 1998, a Management Theory Workshop was held in Sydney, Australia. It was attended by the People's Republic of China, Indonesia, Malaysia, Papua New Guinea, the Republic of the Philippines, Singapore and Thailand.

Australia has been successful in obtaining funding from the Australian Agency for International Development (AusAID) for this workshop.

During the fourth quarter of 1998, study missions will visit each of these economies to assess management commitment, to advise on development of a supporting infrastructure, to develop priorities, and to define timelines for implementation.

12. Guidelines for Express Consignments Clearance

The People's Republic of China and the United States are the coordinators for this project being carried out through an active partnership with the International Express Carriers Conference (IECC) and the Conference of Asia-Pacific Express Carriers (CAPEC). Canada and Australia are also providing assistance.

Seven specific principles have been identified by members including establishment of *de minimis*, facilitative clearance procedures for low-value shipments; risk assessment; and hours of operation suited to business needs. Automated procedures are preferred where possible.

In 1998, assessment missions for the purpose of establishing short term schedules for implementation were completed for Indonesia, Malaysia, the Republic of the Philippines and Chinese Taipei. In addition, a questionnaire was prepared to determine specific technical assistance needs for the recipient economies. Phase 1 includes development of a best practices handbook which could be uploaded to the SCCP website.

As well as the CAP technical assistance programmes, the SCCP has a number of ongoing projects which support trade facilitation in the region. These include the following major initiatives:

Electronic Commerce

In Vancouver, Canada, in November 1997, Economic Leaders directed that electronic commerce become a major priority for APEC in 1998. Within the SCCP, a SCCP Virtual Customs Group has been established under the leadership of Australia, for members to share ideas and experiences, and to develop common approaches to electronic commerce as it pertains to customs.

During 1998, this working group developed a survey on members' experiences with electronic commerce. The SCCP will be taking a serious look at how electronic commerce, and the use of this technology, can improve and simplify customs procedures, thereby benefiting business and travellers with reduced costs, improved accuracy and speed of transactions, and greater standardization where possible.

Facilitation of Business and Traveller Mobility

One of ABAC's priorities related to customs, as indicated in the 1996 ABAC Report to Ministers, is the easing of cross-border flows by facilitating the movement of goods, services, people and technology in the region. Several SCCP members have undertaken a number of projects designed to facilitate the movement of travellers.

The Advance Passenger Clearance project and the APEC Business Travel Card project are successful pilot projects. These projects are designed to assist entry into participating

economies and improve customs clearance procedures for frequent travellers.

SCCP Website

The SCCP has established an Internet website, **www.sccp.org**, to relay status reports on SCCP CAP items to members and the business community, and to communicate plans and accomplishments, upcoming events and schedule of meetings. The website is currently managed by Canada on behalf of the SCCP.

The main objective of maintaining this website is to reinforce the SCCP's commitment to transparency and accessibility for business and industry.

In response to comments received from the Pacific Economic Cooperation Council (PECC) at the second meeting of the SCCP, held in June 1998 in Kuching, Sarawak, the website has been enhanced by providing the business community with access to the APEC Tariff Database and Compendium on Rules of Origin through hyperlinks to the APEC Secretariat's website. The SCCP website also contains a library of SCCP published documents and links to other related APEC sites.

The SCCP is interested in making this site as useful to business and industry as possible, as a tool for accessing information on customs procedures in APEC economies. Comments from business on improving the site are encouraged, and may be forwarded through any of SCCP members listed at the back of this document, or by contacting the SCCP through its email address **info@sccp.org**.

APEC Customs-Industry Dialogue (ACID '98)

Annual symposia are a means for the SCCP to meet with business to identify issues which are of importance to trade, thus ensuring that the SCCP's work programme is current and relevant. This year, Malaysia hosted an APEC Customs - Industry on June 8-9, 1998, in Kuala Lumpur.

The ACID '98 conference provided participants with an interactive forum, with the assistance of rapporteurs, facilitators, and interveners, to discuss the following issues: Harnessing Human Resource Development in Facing Future Challenges; Information Technology – Its Development and its Importance to the New Global Business Environment of the Next Millennium; and Integrity For a Better Smart Partnership Between Customs and Business.

Over 200 participants from government and business attended ACID '98, which helped make this event a great success. The recommendations which resulted from the symposium included a call for greater transparency; bridging the electronic commerce gap by encouraging developed APEC economies to share experience, information and best practices with less developed APEC economies; creation of smart-partnerships with industry; and the development of a code of conduct based on the Arusha Declaration and the Columbus Declaration.

At the SCCP's second meeting of 1998, held June 11-13, 1998, in Kuching, Sarawak, the SCCP established a working group composed of Australia, New Zealand, Malaysia, and Hong Kong, China with the mandate to draft the Code of Conduct and make recommendations relating to integrity.

The development of a Virtual Customs Group, headed by Australia, has also positioned the SCCP to not only provide SCCP input for the APEC Electronic Commerce Task Force but, also, to address the ACID '98 recommendations relating to Information Technology.

Customs – Industry Partnerships in Trade Facilitation

APEC recognizes that trade facilitation and liberalization can be achieved only with the commitment of governments and the cooperation of industry. The SCCP is open to cooperating with business to develop a modernized customs framework which “fits” the needs of business.

Towards this end, the SCCP developed “draft” guidelines governing the involvement of business in the SCCP CAP and other initiatives. These guidelines, which were published as an Appendix to the 1997 blueprint document, were endorsed by Ministers in Vancouver.

To date, several successful partnerships with business have been formed. Industry has provided the SCCP with valuable technical expertise and financial assistance on some CAP projects, as well as offers of assistance in the form of goods such as computers.

In managing the twelve point CAP, the SCCP is seeking, on an ongoing basis, to optimize the use of limited APEC and business resources through efficiency measures and to measure the progress of the SCCP initiatives against the established CAP objectives. This is needed to ensure that CAP implementation continues to meet the expectations of SCCP members and

industry and that assistance from business is managed responsibly.

The SCCP is striving to provide members with greater access to industry, and to inform business about SCCP initiatives. Because business has a stake in the outcomes of the SCCP CAP, it is important for business to participate in its implementation.

Members are seeking to further develop channels of communication with industry, such as through the SCCP website and the APEC Customs - Industry Dialogue, so that industry can take full advantage of, or contribute to, the SCCP's work programme.

Managing SCCP Activities while Optimizing Limited Resources

Managing the SCCP work programme involves responding efficiently and effectively to a wide range of management issues, such as:

- the establishment of priorities;
- charting and reporting on progress;
- evaluation of individual CAP programmes;
- accessibility of information to industry;
- expenditure guidelines for handling resources;
- coordination with other APEC fora or international organizations;
- the involvement of industry in SCCP activities; and lastly,
- the successful integration of the three new members into the technical assistance and implementation programmes.

During 1998, members have been working together on these management issues under the leadership of the Malaysian chair.

Measuring Progress and Programme Evaluation

With the technical assistance programmes well underway for CAP initiatives, and work on other pilot projects progressing well, it has become apparent that for continued success, and the support of industry, the SCCP's focus in 1998 would have to shift from a planning perspective toward ensuring implementation.

The SCCP has agreed that CAP coordinators will present a report, at the first SCCP meeting of each year, on progress to date in providing technical assistance. The coordinators will consult with the implementing economies, and prepare progress reports highlighting any gaps, inconsistencies, or difficulties so that the necessary adjustments may be made to the CAP programmes in a timely manner.

Evaluation reports are required by the APEC Budget and Administrative Committee (BAC) for all technical assistance activities. BAC will consider these evaluation reports in deciding whether to approve continued funding of these projects. These evaluation reports will also assist SCCP CAP coordinators in managing the progress of the technical assistance projects, and making adjustments where necessary.

The evaluation reports will help CAP coordinators to ensure that the technical assistance activities are well designed, taking into account the needs of individual APEC economies, and will provide economies with an opportunity to provide feedback on the technical assistance they have received.

Mechanism for the Responsible Financial Management of Business Funding

During 1998, the SCCP developed a “proposed” mechanism to encourage financial assistance from business. To ensure responsible financial management of business funding for SCCP activities, the mechanism includes three major components:

- the Business/SCCP relationship, which incorporates the principles of mutual understanding, transparency, and accountability;
- the administration of money received, which incorporates the principles of clear and limited authority to the APEC Secretariat, and efficient administrative procedures; and
- guidelines on managing expenditures, which incorporate the principles of limited discretion, clear guidelines, accountability, and efficient procedures.

Essentially, the proposed mechanism provides rules and guidelines governing establishing a “trust” for the business funds, which would be managed by the APEC Secretariat or, alternatively, direct contributions to a SCCP member for a specific activity. To avoid the possibility of any actual or perceived conflict of interest, it is important to make clear that the contributions are directed at program delivery, and are in no way for the benefit of an individual SCCP member.

To date, there is no precedent for this type of funding within other APEC fora. As the SCCP will be establishing a precedent and paving the way for other fora to work with business, the sub-committee has spent considerable time and resources studying the issues, and developing

the *Guidelines for SCCP and Business Sector Strategic Partnerships*.

Potentially, with the approval of the SCCP and APEC Senior Officials (SOM), the rules and guidelines established for the SCCP could be applied to other APEC fora.

Recognizing the benefits which can accrue to both customs and industry from business involvement in SCCP activities, the SCCP has included project status reports on the SCCP website, highlighting those areas where industry can become directly involved.

Those businesses which would like to make inquiries can contact either the individual coordinators directly, or may contact SCCP members via the SCCP’s Internet e-mail address at info@sccp.org.

International Linkages and Cooperation

Currently, the SCCP is working closely with the World Customs Organization (WCO) and the World Trade Organization (WTO) on the implementation of various international agreements. These include the WCO Kyoto and HS Conventions and the protocols for the WCO Rules of Origin, as well as the WTO ‘TRIPS’ and Valuation Agreements.

The technical assistance programmes will continue to support bilateral and multilateral initiatives in the Asia-Pacific region, and the SCCP is working towards establishing formal communications linkages with other international fora.

TABLE 3

Benefits To Business

- Improved customs clearance and inspection procedures generate faster, more certain and, ultimately, less costly trade transactions.
- Certainty, ease and speed of clearance make transactions more compatible with “just-in-time” inventory practices and promote business competitiveness.
- Computerization of customs procedures results in time and cost savings due to the reduced need to prepare, handle, store and deliver customs documentation.
- Improvements in communications, access to information and the transparency of customs processes and appeals increase the level of certainty and fairness.
- A good compliance track record will result in faster clearance and less intrusive verification techniques.

Importers will know the amount of duties and taxes owing as a result of the clear and consistent rules. More efficient clearance will produce time and cost savings and provide the certainty required to exploit modern business practices such as “just-in-time” inventory.

Exporters will benefit from having similar customs rules and procedures apply across the entire APEC market, thus increasing market access opportunities, while reducing costs and complexity.

Investors will be encouraged to build new enterprises, knowing that offshore inputs and products will be cleared through customs quickly.

Customs Brokers will have the opportunity to refocus their services from dealing with forms and complexity to using their expertise and knowledge to bring a new range of professional services to clients operating in an expanding and evolving trade market.

Carriers will benefit from faster service, lower costs and the ability to use their equipment to its utmost capacity rather than having it delayed at customs.

Next Steps for the SCCP

At the final SCCP meeting of 1998, held on September 3-5 in Langkawi, Malaysia, members expressed their thanks and praise for the efforts and achievements of Malaysia as chair of the SCCP during 1998, and welcomed New Zealand as the incoming SCCP chair for 1999.

As the target delivery date for many CAP items is the year 2000, next year promises to be a productive year for the SCCP *vis-à-vis* CAP implementation. The SCCP is committed to an ambitious work programme.

The SCCP’s technical assistance programme makes provision for many training sessions, workshops, and conferences during 1999.

For example, more seminars, workshops and expert missions will be held towards adoption of UN/EDIFACT. An advisory mission to the People’s Republic of China on temporary importations (A.T.A. Carnet Convention) is also planned.

A training workshop on risk management will be conducted in 1999 and study visits by experts on risk management are planned over

the next three years, with funding assistance to be provided by AusAID.

Delivery of WTO Valuation Agreement and WTO Intellectual Property Agreement (TRIPS) technical assistance will continue.

Related to the HS Convention, advisory missions will be carried out in implementing economies. Other facets of the training include a second workshop on the new (2000) version of the HS to be conducted in 2000 and technical training to customs laboratories to be provided in 2001.

Related to the Kyoto Convention, further technical assistance is planned for 1999. The final text of the revised Kyoto Convention, which has been under review by the WCO for the last three years, is to be presented to the WCO Council in June 1999.

Technical assistance related to introduction of an Advance Classification Ruling System will be provided to Chinese Taipei and Papua New Guinea in 1999 and Brunei Darussalam in 2000.

During 1999, SCCP members will have to provide for the technical assistance programmes being adjusted to incorporate the assistance requirements of the three new members, Peru, Russia, and Vietnam.

In 1999, the SCCP will strive to:

- complete its work in establishing guidelines for the management of the SCCP work programme, including guidelines on charting progress and programme evaluation;
- finalize guidelines for the direct funding of SCCP initiatives by business;
- prepare papers on Electronic Commerce related to customs;
- develop a Code of Conduct in response to the needs of business on the issue of integrity within APEC; and
- continue to develop official communications and coordination links with other related international fora.

Conclusion

As APEC moves towards the new millennium, the SCCP will be facing new challenges, developing new programmes, and working closely with the business and traveller community to ensure the success of SCCP initiatives in the future.

To guarantee the success of the SCCP in achieving the ultimate goals of harmonization and simplification of customs procedures within APEC, the SCCP is looking to business to provide the SCCP and customs administrations in the region with the benefit of their experience. The result will be development of a customs administration framework in the region benefiting both business and government.

We encourage you to contact any of the SCCP members listed below if you have any questions or comments.

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In all matters of interpretation, the SCCP's official record takes precedence over the contents of this document.



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