Asia-Pacific
Economic Cooperation

APEC Economies:
Breaking Down the Barriers –
Full Case Studies, 2001

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Proposal for Research on Best Practice in Administrative Arrangements

SANCRT Case Study

SANCRT: the international electronic transmission of data required for the clearance of animal, agricultural and fish commodities.

Background

AQIS controls the export of prescribed goods (animal, plant and fish origin) with an export value in 2000/01 of approx $15 bn. To carry out its export certification and control functions, AQIS operated a paper based documentation system following aligned format principles. Rationalisation of export control paper forms occurred in 1983 when all exporters of prescribed goods utilised the one form covering the exporter's notice of intention to export and the conjoined export permit.

Similarly health certificates required by overseas countries were rationalised by bringing them into line with internationally agreed aligned format. However the format and the variation in data requirements remained complex. For example, Australia produces some 540 permutations of meat health certificates to cover the requirements of the 130 countries with which we trade.

It was for these reasons that the then Export Inspection Service in 1987 commenced an examination of possible electronic means to both speed up and simplify the export clearance and certification process for prescribed goods. The initial task was to satisfy the needs of the export meat industry and then move to cover non-meat requirements. AQIS engaged a consultant to perform a cost benefit analysis in 1988 that demonstrated a clear benefit to be gained from the electronic processing of meat export documentation and by inference, a similar benefit for other export commodities.

An EDI solution was decided upon with system development commencing in November 1989 and completed in August 1990. However it was not until August 1992, following the development and testing of third party interface software that the system known as EXDOC went live. All meat exports since January 1994 have been processed electronically by EXDOC.

Oversight of the actual system development was by an AQIS/Meat Industry steering committee and a related sub-group. There were regular reviews of the developmental process by Departmental Internal Audit.

The international electronic transmission of certification data has always been regarded by AQIS as a logical extension of EXDOC. In 1992 AQIS, in conjunction with counterpart agencies in the USA and New Zealand, set out to develop an electronic equivalent of the certificates required for livestock, agricultural and fish commodity exports. It was agreed between these parties that UN EDIFACT(Electronic Data Interchange For Administration Commerce and Transport) message design standards would be utilised.

Overview

SANCRT (sanitary/phytosanitary certificate) as the 'document' was named, was finally cleared through the EDIFACT process in April 1994. The SANCRT format can be used as a health certificate, a certificate as to condition or as a phytosanitary certificate. Also, EXDOC has been developed so that it can automatically generate and send SANCRT messages to counterpart agencies for any of the certificate types it produces.

Since March 1998 all Australian edible meat shipments to Japan have been cleared by SANCRT. This position was reached following the successful piloting of the electronic message with the Japanese Ministries of Health and Welfare and Agriculture Forestry and Fisheries. Approximately 36,000 SANCRT certificates are transmitted annually to the two Japanese Ministries via the interface to the Japanese Customs Nippon Automated Cargo Clearance System (NACCS).

In practice SANCRT means the two Japanese Ministries have the certification data relating to individual meat shipments prior to the shipment leaving Australia. Not only does SANCRT offer a more secure and timely data transmission arrangement but it can also open the way to re-engineering of the way payment to the exporter is triggered.

The fact that the SANCRT message is transmitted directly between government agencies also considerably reduces the possibility of tampering with or falsification of the data; something that can occur under the paper regime.

The use of SANCRT as a replacement for the paper health certificate did not require legislative change within Australia. However some economies have either amended legislation to allow for electronic documentation in place of paper, or intend doing so.

SANCRT is an EDI UN EDIFACT standard message that is transmitted as an e-mail message by either X400 or internet mail protocols.

The development and EDIFACT acceptance process took some three years and AQIS commenced the process of gaining acceptance for SANCRT message in 1993 with Japan implementing the message as a meat health certificate in March 1998.

A Section within AQIS is responsible for SANCRT promotion, maintenance and its implementation by trading partners. Uptake by trading partners will be achieved by close co-operation that has extended to the offer of training in Australia of personnel from agencies intending to use SANCRT.

A necessary precursor to implementation is the conduct of a pilot which allows the intending user agency to become familiar with electronic transmission of certification data and to satisfy itself that all aspects of the government to government certification process are adequately covered.

Benefits of the reform

AQIS has actively pursued the use of SANCRT with a number of our APEC trading partners in recent years to a point where we are now contemplating pilots with Singapore, Malaysia, Thailand, the Republic of Korea, Mexico, Canada and the USA.

AQIS has already, or will, make available to pilot partners a SANCRT receival software package which will operate on a PC and allow receipt of the EXDOC transmitted SANCRT message and conversion to a Web based format - XML. It will then be in the hands of the individual agencies to proceed to the next step of developing appropriate infrastructure to allow automatic processing of the data.

In all cases the intent is to start the process using SANCRT as a meat health certificate. However AQIS has flagged with each economy its intent to expand the pilot to cover certification for other commodities as they come onto EXDOC. AQIS has also agreed it will pilot the receipt of incoming SANCRT messages (covering both meat and non-meat commodities) via the AQIS Import Management system (AIMS).

At the moment it is only those economies with either the necessary IT infrastructure in place, or that are prepared to invest in such infrastructure, that will move ahead from the pilot stage to everyday use. AusAID has made funding available to assist the process with Malaysia, Thailand, Indonesia and the Philippines. An important component of the AusAID project for these two economies is the provision through Monash University of training in electronic commerce project management. This training is aimed at assisting these participants to more readily understand and effectively manage the processes of IT infrastructure development.

Increasingly e-Commerce is regarded by exporters as a means for facilitating and adding efficiency to international trade. There is also an increasing expectation that government agencies will work with industry to provide integrated solutions. The electronic transmission of trade related data can impact favourably at the border by facilitating the entry process with customs and quarantine/health services.

e-Commerce is therefore seen as an important contributing factor towards micro-economic reform. It has been estimated that the documentation process associated with imported goods can at the point of destination represent up to 7 % of the value of those goods – another compelling reason to look toward more efficient ways of handling export/import documentation processes.

The ability to transmit government to government (G2G) certification via EXDOC/SANCRT opens the way for individual exporters to interact in a similar manner with those commercial entities involved in the export chain. These include land, sea and air transport, banks, insurance companies etc. It is estimated there is at least a 75 to 85 % data commonality in respect of information passed by the exporter to government (B2G) and to the commercial sector (B2B) for each individual shipment.

For some time work has been underway in Australia in both the public and private sectors in an attempt to develop electronic messaging mechanisms that will enable exporters to transact their export clearance business using single data entry principles. EXDOC covers the B2G aspects and SANCRT the G2G requirements. B2B initiatives are currently under examination by AQIS. AQIS believes these linkages are a critical next step to ensure exporters and importers gain the full benefits offered by paperless trading.

Under the paper health certification regime, banks in the exporting country release the importer's payment to the exporter upon sighting of the shipping documents, including the health certificate. But the banks have no authority/expertise to adjudge whether or not the health certificate will meet the importing country government's requirements.

With SANCRT, the importer upon receipt of an e-mail message from the exporter (which would be transmitted at the same time as the SANCRT message) detailing the SANCRT reference number and other data relevant to the shipment, would be able to enquire electronically of the appropriate government agency(ies) the status of the SANCRT message. A cleared status would allow the importer to instruct his/her bank to arrange release of the funds to the exporter.

This process could be accomplished in less time than it currently takes the exporter to collect the paper health certificate from AQIS and pass it to the bank concerned. It would also remove any doubt as to whether or not payment was being made on what could prove to be an unacceptable health certificate. This process would represent meaningful B2B as far as the traders were concerned and could be built upon through expansion of the data to include other entities in the import clearance chain.

Electronic Documentation and Registration Section
Australian Quarantine and Inspection Service
CANBERRA
17 July 2001.

Benefits of Reform of Technical Regulation in the Telecommunications Sector - Australia

Background

As Australia moved to a competitive telecommunications structure in the past decade responsibility for technical regulation was taken out of the hands of the monopoly carrier and given to an independent regulator. Recently the Australian Government, after consultation with industry, decided to move towards greater industry self-regulation, with the regulator's role being to ensure adequate safeguards for matters such as health and safety, and protection of telecommunications networks.

This case study describes the development of Australia's current regime of technical regulation. It outlines the stages of development, beginning from a monopoly carrier that set all standards and conducted all tests, then the transfer of these powers to an independent regulator and, most recently, the establishment of rules to allow these functions to be largely transferred to industry.

These changes were motivated by the recognition that failure to develop effective technical regulation could:

hold back innovation,

inhibit integration into the world economy,

fracture the market,

increase costs,

confuse consumers,

limit the range of products available on the market, and

inhibit competition in provision of telecommunications services

Australia's positive experience has shown that reforming technical regulation has major benefits for users and industry, including reduction of

costs, improved service delivery and enhanced competitiveness. Administrative costs to the Government are reduced and industry efficiency is improved.

Progress towards a more open and transparent regime has required extensive industry and public consultation. The reform of technical regulation has required careful management to set appropriately ambitious and achievable targets.

A time line, showing the major milestones in the changes to technical regulation in Australia is provided at Annex A.

Before the reforms were undertaken, Australia operated a permit system, under which a regulator had to approve a product before it could be placed on the market. The present system is characterised by:

a move away from pre-market regulation by government and

greater supplier responsibility—reinforced by a more appropriate level of post-market regulatory action by government.

While the regulator (Australian Communications Authority) continues to set regulatory requirements, it has involved industry in the development and management of compliance to a much greater extent than previously. The compliance structure used by the ACA is designed to minimise the cost of demonstrating compliance and to facilitate market access: no product registration or compliance charges are paid, and suppliers are not required to submit test reports or products to the regulator. The most significant benefit from this change is clearly the faster time to market for new products.

Suppliers of equipment now have responsibility for labelling their products to show conformity with standards. The regulatory requirements also include a declaration of conformity to be made by the supplier.

Overview of reform/initiative

Australia's technical regulation in the telecommunications sector has brought together previously separate arrangements for radiocommunications and telecommunications standards and conformity assessment.

Technical Regulation of Radiocommunications

Before 1983 radiocommunications was regulated under the Wireless Telegraphy Act 1905. The monopoly carrier provided most radiocommunications services in Australia. The Minister had a discretionary power to issue licences and an applicant for a licence had no recourse if the licence was refused. Licensees were required to use equipment that conformed with technical specifications developed by the Department.

Development of Standards-making Arrangements

Frequency planning has always worked within the framework of International Telecommunication Union agreements. From 1983, a process of public consultation was required before developing standards and frequency plans.

Until 1992 the Minister had sole authority to set regulatory standards for transmitters and receivers, and to establish frequency plans. Under the Radiocommunications Act 1992, the power to make the national spectrum plan and frequency band plans passed to the Spectrum Management Authority (SMA). Standards Australia was charged with the responsibility for developing standards, but standards with regulatory force could be adopted only by the SMA.

Development of Conformity Assessment Arrangements

Government laboratories conducted all conformity testing until 1992.

With the SMA's move to an increased focus on industry, independent testing laboratories were established in 1992. These laboratories (and Government laboratories) needed National Association of Testing Authorities (NATA) accreditation to ensure that they met International Standards Organisation standards of competence. No further regulatory assessment or designation of testing laboratories was required after NATA accreditation.[1]

Suppliers were given responsibility for labelling their products to show conformity with standards.

[1] NATA's web site is at www.nata.asn.au

Technical Regulation of Telecommunications

Before competition was introduced in 1991, monopoly operators provided telecommunications services in Australia. Until 1975 the Postmaster General's Department (PMG) provided all domestic telecommunications services and was responsible for technical regulation. In that year telecommunications services were corporatised and Telecom Australia became the monopoly telecommunications carrier of domestic services. Telecom was also the technical regulator and

set all the standards for terminal equipment,

tested every device in its own laboratory,

labelled every device as its own,

maintained ownership of every handset,

established all the relevant regulations, and

enforced compliance with them.

Independent Regulator 1988-1997

The strong powers of regulation that Telecom Australia enjoyed as a monopoly carrier came to an end when the Government announced in May 1988 that it would introduce competition in the provision of value-added services, and in the supply, installation and maintenance of customer premises equipment and cabling. To manage these and other changes, the Government announced that it would create an independent regulator. This independent regulator, AUSTEL, was given responsibility for technical regulation, protecting the carriers' exclusive rights, protecting competitors from unfair carrier practices, protecting consumers and promoting efficiency. The new technical regulatory arrangements included the following features:

A regime of both regulatory and voluntary standards allowed AUSTEL to control essential requirements for safety, interconnection and network integrity.

Strong consultative processes that allowed industry and users to participate in the development of Australian technical regulations through expert committees and working groups.

AUSTEL developed standards through a system of committees and those standards were then published by Standards Australia (Australia's national standards agency).

Standards Australia's procedures were used by industry to develop voluntary standards.

AUSTEL retained a reserve power to review the technical interface standards adopted by the telecommunications carriers.

AUSTEL accredited conformity assessment laboratories and test houses on the advice of the National Association of Testing Authorities.

Pressure for further change

In the early to mid 1990s there was a growing awareness that the existing technical infrastructure was approaching a new era because of:

the globalisation of the world economy;

deregulation of key sectors in the wider Australian economy;

the separation of operating, regulatory and policy roles which had once been combined in the government monopoly;

increasing awareness of the need for markets to drive standards;

rapid technological development, shortening product development times;

the blurring of boundaries between services and technologies (including radiocommunications, telecommunications and information technology); and

the limited government resources available for management of technical issues.

At the same time a series of reviews of technical regulation signalled the need for change. A Federal Government Inquiry into standards and conformity arrangements across the whole economy recommended a greater role for industry-based standards.

APEC Guidelines for best practice in the area of technical regulation were under development in parallel with changes in the Australia's telecommunications reforms, and it was helpful to compare developments in Australia with the emerging APEC principles.

The 1997 Telecommunications Reforms

New telecommunications legislation in force from 1 July 1997 introduced a more efficient and less costly regime geared to open competition in the provision of telecommunication services. The changes in technical regulation were designed to maintain a high level of integrity while

introducing greater industry self-regulation, lowering administrative costs, and allowing the market to determine technical network characteristics as much as possible.
The Government worked in consultation with industry to establish a telecommunications regime that would preserve the integrity of the network and maintain regulatory standards, while ensuring that consumers would benefit from a deregulated environment in the form of lower prices, greater choice and better service.

Common Regime for Radiocommunications and Telecommunications – A Summary of Developments

Prior to 1997, telecommunications and radiocommunications legislation regulated technical issues differently. In order to promote efficiency and save on administrative costs, the new regime harmonises these sectors under a common framework[2]. The new Australian Communications Authority (ACA), assumed responsibility for the technical regulation of both radiocommunications and telecommunications. [3]

Standards-making

The standards-making regime in Australia has developed through a series of steps:

Before 1975, the monopoly carrier set all standards for radiocommunications and telecommunications.

From 1975, radiocommunications standards were set by a separate Department of State.

The monopoly carrier continued to set all standards for telecommunications until 1989.

From 1989, the regulator (AUSTEL and then also the SMA) set all standards through a system of committees with active industry and user participation.

Standards Australia, which had a long history of developing non-mandatory standards was used by AUSTEL to publish its standards. The SMA began using Standards Australia committees to develop standards from 1993.

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[2] While there is a common framework, separate legislation continues to cover technical regulation of radiocommunications and telecommunications.

[3] The web site of the ACA is *www.aca.gov.au*. It contains details of many aspects of Australia's technical regulations.

Now an industry body, the Australian Communications Industry Forum (ACIF) has assumed responsibility for some of Australia's telecommunications standards activities. (Standards Australia is represented on the board and some reference panels of ACIF). ACIF recommends to the ACA standards which it believes should be adopted as mandatory.[4] The primary role of ACIF will be to develop and administer industry technical and operating arrangements that promote both the long-term interest of end-users and the efficiency and international competitiveness of the Australian communications industry. This means making sure that technical standards, industry codes of practice and support services keep up with industry and community needs.

Management of Conformity Assessment

A similar series of changes has occurred in the management of conformity assessment.

Before 1975, the Postmaster General's Department, as regulator and monopoly carrier, conducted all conformity testing of radiocommunications and telecommunications equipment.

After 1975, the monopoly carrier retained responsibility for conformity assessment and testing of telecommunications equipment, while technical regulation of the radio frequency spectrum, including responsibility for conformity assessment of radiocommunications equipment, passed to a separate Department of State.

From 1989, AUSTEL conducted all conformity assessment and testing of telecommunications equipment.

Later, the regulators (both SMA and AUSTEL) began to accept test results from other facilities in Australia. AUSTEL accredited these facilities directly, while the SMA required these facilities (and its own internal laboratories) to be accredited by NATA.

AUSTEL and NATA then began accrediting facilities beyond Australia to conduct tests, the results of which would be accepted by the regulator.

Confidence established through this experience led to the whole accreditation task being delegated to NATA. Government test laboratories are now subject to accreditation on the same basis as others, to ensure fairness and to encourage the development of competitive testing facilities.

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[4] The ACIF web site is www.acif.org.au

The regulator accepts test results from facilities in other countries that have been appropriately accredited by agencies with whom NATA has a mutual recognition agreement. Among APEC members, the implementation of the APEC Mutual Recognition Arrangement on Conformity Assessment of Telecommunications Equipment (APEC TEL MRA) has been accelerated where it has been possible to use the facilities of NATA and its cooperative arrangements with equivalent organisations in other economies. Not only has the process been accelerated, but also these arrangements have boosted confidence in the transparency, credibility and resilience of conformity assessments in partner economies.

Co-Regulation -- New roles for Government and Industry

Since the days of the monopoly, Australia's conformity assessment regime had relied on the issue of permits for connection of telecommunications terminal equipment to the network. A similar system required the issue of certificates of conformity for radiocommunications equipment. This permit system, like many similar systems around the world, required action and approval by the regulator before a product could be placed on the market. The permit system was costly for Government, industry and the wider community. Government was required to maintain an extensive approvals administration system which was put under increasing pressure as the pace of technological change increased. The time taken to approve products consumed an increasing proportion of a product's life cycle time, diminishing the benefits gained from new technology.

In response to these problems the Government examined the fundamentals of technical regulation. This resulted in two outcomes:

a move away from pre-market regulation by Government; and

greater supplier responsibility -- reinforced by a more appropriate level of post market regulatory action by government.

Under the Telecommunications *Act 1997*, the management of technical regulation by the Australian Communications Authority has entered a phase of co-regulation in partnership with the Australian telecommunications industry. This system retains some minimal dependence on regulatory action in certain key areas to ensure certain community expectations in relation to:

network integrity;

health and safety;

emergency service access; and

interoperability of the standard telephone service.

Electromagnetic interference requirements are also set for telecommunications equipment using the ACA's broader powers under the *Radiocommunications Act 1992* to regulate electromagnetic compatibility.[5] The ACA has been able to provide a common approach to compliance for regulation developed under both Acts.

Importantly, while the ACA still sets regulatory requirements within these specified powers, it has involved industry in the development and management of compliance to a much greater extent than previously. The compliance structure used by the ACA is designed to minimise the cost of demonstrating compliance and to facilitate market access: no product registration or compliance charges are paid and suppliers are not required to submit test reports or products to the regulator. The most significant benefit from this process is clearly the faster time to market for new products.

The common compliance arrangements now in force require equipment suppliers to do three things.

Make a declaration of conformity: the declaration of conformity is a supplier's attestation that the products which they place on the market meet the standards set by the ACA. The declaration of conformity is retained by the supplier and held in a *compliance folder*.

Establish a compliance folder: the 'compliance folder' refers to a body of documentation which suppliers must assemble and hold in order to adequately support the Declaration of Conformity for any device placed on the market. It includes:

test reports,

a signed supplier's declaration of conformity;

a description of the apparatus, including a photograph,

reference to specifications for conformity, and

Technical description of the device.

Label the device: before a product can be marketed it must be labelled.[6] Labelling provides a traceable link between a device and the supplier

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[5] The *Electromagnetic Compatibility Framework* is available from the ACA web site at *www.aca.gov.au*.

[6] The *Labelling Instrument* setting out the relevant requirements is available in the legislation section of the ACA web site at *www.aca.gov.au*.

responsible for placing it on the Australian market - that is the Australian manufacturer, importer or agent for an overseas manufacturer. The label comprises two elements:

a symbol which will be used to promote recognition by consumers of products that comply with the framework; and

a mark identifying the person responsible for placing the product on the Australian market.

Under this approach, the Government no longer takes primary responsibility for product compliance. That is a matter for the equipment supplier. [7] The ACA however retains two critical functions. Firstly it governs the regulatory framework in which suppliers operate, including the formal consultations with industry to help manage the process of change and the development of regulation. Secondly, it ensures the integrity of the system by conducting post-market audits of compliance documentation and where necessary by having samples of products tested.

The new approach to standards setting that underpins the compliance philosophy is a commitment to use international standards to the greatest extent possible. Under the monopoly, telecommunications equipment standards were developed with particular attention to the needs of the single carrier. With the introduction of competition in the supply of telecommunications services, it has been necessary to re-focus standards work to support a much wider range of interests and a more open market. This has included the need to develop enhanced cooperation with trading partners and the business community.

While much of the standards development work has now passed from the regulator to industry, it remains necessary for the ACA to be an active participant in standards setting with industry. This is particularly true where the ACA has responsibility for maintaining consistency with international obligations, or where standards may be applied as regulatory requirements.

[7] If the device does not meet mandatory standards then the person who wants to connect the device must obtain written permission from the operator of the network to allow the connection. (The network operator may allow connection if it is satisfied that connection of the device will not harm the network or people using the network). For non-compliant equipment, connection permits are available from the ACA for exceptional circumstances, such as education or research, testing, demonstrations or defence.

Benefits of the reform

It is clear that the new compliance regime provides a much faster route to market for new products than an approvals based system. The saving in time is of the order of 90 to 120 days and in the context of diminishing product life cycles this is a major benefit. Other benefits include:

reduced cost to Government;

greater choice of products for consumers;

greater transparency;

greater accountability;

enhanced accessibility of services to the consumer;

enhanced safety for the consumer;

support for interconnectivity, and portability of services;

provision of services at competitive prices;

easier exchange of information;

facilitation of exports by manufacturing to international standards;

simple and speedy implementation of the APEC TEL MRA; and

encouragement of innovation.

Other Lessons Learned

Australia's experience in developing the new regulatory structure has highlighted a number of key issues:

governments need to give as much attention to technical regulation as they do to consumer and competition issues.

with the shift to open competition, it became evident that the regulator did not have the resources to cope with 'old style' product testing.

transition periods need to be handled carefully so that interim arrangements are set up to facilitate moving from one set of rules to another and, in particular, continuity of standards and approvals needs to be carefully managed in the transition from one mode of operation to another.

industry consultation is essential at each stage.

staff of the regulatory agency need to be made fully aware, in advance, of the issues involved in moving to self-regulation to facilitate a smooth transition to the new environment.

retraining for new roles and functions for regulatory staff is essential, particularly in support of compliance auditing where a different set of skills are required from those necessary to conduct approvals

information, advertising and education about the new technical regulations must be arranged well ahead of time.

the government policy department and the communications regulator must be committed to change.

reform of technical regulation increases the number of stakeholders including industry, users, standards-makers and conformity assessment bodies, all of whom need to be consulted in reviewing the effectiveness of technical regulation, and in the exploration of alternative legal frameworks.

Information sources

Information may be obtained from publications by:

Australian Communications Authority (http://www.aca.gov.au)

Australian Competition and Consumer Commission (http://www.accc.gov.au)

Department of Communications, Information Technology and the Arts (http://www.dcita.gov.au)

Australian Communications Industry Forum (http://www.acif.org.au)

Australian Electrical and Electronic Manufacturers' Association (http://www.aeema.asn.au)

Annex A. Time line

Radiocommunications		Telecommunications
Wireless Telegraphy Act, 1905 Postmaster-General's Department control	**1901-5**	*Post and Telegraph Act 1901* Postmaster-General's Department monopoly
Department of State (Post and Telecommunications Department) controls radiocommunications licensing	**1975**	Telecom Australia established
Radiocommunications Act, 1983 A standards and conformity regime is established separate from licensing, and decisions are reviewable	**1983**	
	1989	*Telecommunications Act 1989* AUSTEL manages technical regulation
	1991	*Telecommunications Act, 1991* Telecom Australia and the Overseas Telecommunications Corporation merge to become Telstra Limited competition introduced in common carrier and mobile services
Radiocommunications Act, 1992 Spectrum Management Agency established	**1992** **1993**	
	1997	

Radiocommunications Act amended — *Telecommunications Act, 1997*

Radiocommunications and telecommunications harmonised
Open competition in telecommunications
Australian Communications Authority established to manage technical regulation
Australian Communications Industry Forum established by industry

Annex B. Glossary of Terms

ACA	Australian Communications Authority
ACIF	Australian Communications Industry Forum
APEC	Asia Pacific Economic Cooperation
APLAC	Asia Pacific Laboratory Accreditation Cooperation
AUSTEL	Australian Telecommunications Authority
Conformity	Fulfilment of technical requirements
NATA	National Association of Testing Authorities
SMA	Spectrum Management Agency

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APEC Market Access Group
Study on "Best Practice" Administrative Arrangements
Hong Kong, China: Regulation of Telecommunications Equipment

Background

Regulatory Authority

On 1 July 1993, the Office of the Telecommunications Authority (OFTA), hived off from the then Telecommunications Branch of the Post Office, was established as an independent government department. It serves as the executive arm of the Telecommunications Authority (TA) who is appointed under the Telecommunications Ordinance as the statutory body to oversee the regulation of the telecommunications sector in Hong Kong, China including the technical regulations for telecommunications equipment.

Technical Regulation of Customer Premises Equipment (CPE)

Before April 1992, all CPE to be connected to the public fixed telecommunications network required permission-to-connect (PTC) certification from the incumbent telephone network operator, Hong Kong Telephone Company Limited (HKTC)[1]. Starting from April 1992, the PTC certification for single-line equipment (e.g. simple telephone, fax machine and dial-up modem) was made voluntary under the compliance test scheme called network compatibility check (NCC) while PTC certification for multi-line equipment remained mandatory (e.g. keyline system and private automatic branch exchange (PABX)). The PTC/NCC tests were carried out in accordance with the technical specifications issued by HKTC.

Three new Fixed Telecommunications Network Services (FTNS) operators, namely New T&T Hong Kong Limited, New World Telephone Limited and Hutchsion Global Crossing Limited, entered the marketplace in the wake of the deregulation of the local fixed telecommunications market in July 1995. As the three new FTNS operators did not offer any CPE evaluation and certification services, HKTC continued to run the PTC/NCC certification system and was the only testing agency in Hong Kong, China offering compliance test services for wireline CPE. CPE with PT and NCC bore the HKTC's label for network connection.

Technical Regulation of Radio Equipment

Under the Telecommunications Ordinance, the possession or use of any radio equipment must be covered by an appropriate licence issued by the TA except for those specifically exempted from licensing under the Ordinance. It is a condition of the licences that the performance of the radio equipment must meet certain minimum requirements laid down by the TA. To avoid the need for the time-consuming testing of every piece of radio equipment, manufacturers and equipment suppliers are required to apply to the TA for type-approval of their equipment. Before 1996, the type approval

[1] HKTC has been renamed as PCCW-HKT Telephone Limited since January 2001.

tests were mainly carried out by the OFTA and only applied to radio equipment that was offered for licensing. However, the OFTA's tests, which were constrained by its resource, were found difficult to cope with the pace of technological innovation, and the trend of global marketing and short production cycles of radio equipment.

Drive for Review

To cater for the competitive environment and technological advancement in the industry and to follow the worldwide trend on removal of trade barriers in the telecommunications market, the TA considered it necessary to have a more effective and efficient framework for the technical regulations of telecommunications equipment, particularly in the area of conformity assessment.

Overview of Reform/Initiative

Industry Consultation

It is the TA's intention to make the process of formulating technical regulations of telecommunications equipment as transparent as possible and to encourage public participation in such process. A Telecommunications Standards Advisory Committee (TSAC) was set up in 1994 to provide a formal channel for the industry and the interested parties to advise the TA on matters concerning telecommunications standards and certification policies.

Standards Setting

Starting from 1996, technical standards for telecommunications equipment, including radio equipment for use in Hong Kong and wireline CPE for connection to the public telecommunications networks, are set by the TA in consultation with the TSAC. The telecommunications standards are set at a minimum level mainly for safety, prevention of interference and network interoperability reasons. Whenever possible, Hong Kong, China aligns its standards with international standards or other open and widely accepted standards.

Hong Kong Telecommunications Equipment Evaluation and Certification Scheme

Also in 1996, the TA started consulting the TSAC on the plan to introduce a new scheme for evaluation and certification of telecommunications equipment. The following principles were adhered to in setting up the new scheme.

- to remove trade barrier;
- to minimise the cost of conformity assessment;
- to reduce network connection problems; and
- to protect consumers' interests.

After considering the views of the industry, the TA launched a HKTEC Scheme in September 1998. The Scheme sets out the certification and evaluation requirements common to both the radio equipment and wireline CPE. To facilitate smooth migration from the PTC/NCC certification scheme for CPE operated by HKTC to the HKTEC

Scheme, a transitional period of nine months was given. In July 1999, the HKTEC Scheme was fully put in place after the cessation of the PTC/NCC certification.

Key Features of HKTEC Scheme

Under the HKTEC Scheme, certification requirement of telecommunications equipment is divided into two parts, namely "Voluntary Certification Scheme" (VCS) and "Compulsory Certification Scheme" (CCS). Certification of telecommunications equipment under the VCS is voluntary and the equipment can be marketed or used even it has not been certified. However, manufacturers and equipment suppliers should ensure their equipment complies with the relevant standard. Under the CCS, telecommunications equipment must be certified before it can be connected to the public telecommunications networks, marketed or used.

The TA is the certification authority for both radio equipment and wireline CPE under the HKTEC Scheme. The TA will appoint local and overseas testing agencies as RTAs to perform equipment evaluation against the Hong Kong, China's standards. Overseas RTAs are those testing agencies which are accredited by accreditation bodies, or recognised by OECD member countries and APEC member economies. The TA may grant a certificate to telecommunications equipment based on the result of an RTA's report. Alternatively, the TA may grant a certificate to the telecommunications equipment which has been certified by an overseas administration against a specification equivalent to Hong Kong, China's.

The HKTEC Scheme also stipulates the labelling requirement. Suppliers are authorised to affix a prescribed label to the telecommunications equipment which has received the TA's certification. The purpose of labelling is to help the general public identify the conformity of equipment with the relevant technical standards. Labelling applies to all wireline equipment and only some consumers' radio devices such as low power transmitter, model control equipment and cordless telephone.

Benefits of the Reform

The new framework for the technical regulations offers the following benefits:-

- In addition to the radio equipment, the TA takes up the roles of setting standards and granting certification for wireline CPE which were originally undertaken by the incumbent operator. This fosters a fair and competitive environment after deregulation of the fixed telecommunications market.

- Recognition of the importance of adopting international standards or other open standards reduces the difference in technical requirements of telecommunications equipment and removes the unnecessary obstacles to international trade.

- Wireline CPE and radio equipment are brought under a common evaluation and certification procedure. Consistency is achieved.

- The classification of certification requirements ensures minimal but adequate

control on different class of telecommunications equipment. Under the HKTEC scheme, mandatory conformity assessment mainly applies to high power radio equipment while the majority of CPE and low power radio devices are subject to voluntary certification or manufacturer's declaration of conformity.

- Acceptance of test results produced by overseas testing agencies and certificates issued by overseas administrations eliminates unnecessary evaluation procedures.

- Recognition of accreditation body's role in the assessment of the competence of conformity assessment bodies facilitates the development of mutual recognition arrangement with other countries. Hong Kong, China concluded the APEC MRA Phase I with Singapore, Australia and Chinese Taipei on 5 August 1999 for mutual recognition of test reports, and is prepared to implement the APEC MRA Phase II with other economies for mutual acceptance of equipment certification.

- In the past, evaluation tests of radio equipment were mainly conducted by OFTA. The HKTEC scheme provides suppliers with a greater choice in seeking evaluation services from other recognised testing agencies.

- The voluntary certification procedure under the HKTEC Scheme provides a channel for suppliers to demonstrate the conformity of certain radio equipment to prescribed standards. Labels can be affixed on such equipment to help consumer make informed choice.

The technical regulations of telecommunications equipment are set with a view to encouraging competition in the equipment market and ensuring the availability of the widest choice of equipment at competitive price to the customers. The TSAC will constantly review and give advice on the technical regulations in order to meet the needs of the telecommunications market.

Information Sources

Information about the regulation of telecommunications equipment in Hong Kong, China can be obtained from the Office of the Telecommunications Authority (http://www.ofta.gov.hk).

INDONESIA – TEMPLATE CASE STUDIES

THE PROGRESS OF A RAPID AND EFFICIENT CUSTOMS SERVICES IN THE GLOBAL FREE TRADE ERA

1. Background

1.1. Customs Services prior to 1995 Customs Law

Before the adoption of 1995 Customs Laws the Indonesian customs services system was associated with the customs law formulated during the Dutch colonial period in 1873. The custom procedures under the colonial law did not facilitate the flow of export as well as import goods and in fact impeded export and import activities. Some specific characteristics of a customs services system indeed contribute to the abovesaid condition, i.e.:

(1) Validity on import and export declared goods which relied heavily on the result of physical examination and which hindered the flow of export and import goods. Self-assessment methods for declaring import goods had not been fully implemented.

(2) Customs procedures process on import goods could only take place upon the arrival of goods at the port.

(3) Customs procedures process was conducted manually and as information technology system was not yet applied.

(4) Customs activities were still associated with receiving tariffs and improving services was not given due emphasis.

The abovesaid customs services have increased economic cost and subsequently reduced the competitiveness of domestic products both in domestic and global market.

1.2. Rationale for a change

Cognizant of the negative impacts of Indonesian arising from the escalating tariff in the customs procedures, the Government of Indonesia is committed to make positive changes that will alleviate the negative image of its customs services. Furthermore, the global economic condition focusing on free trade and open market had impelled Directorate of Customs, Indonesian Department of Finance to conduct an internal review for its performance.

The result of an internal review showed that there is a need to reorient the role of the Directorate of Customs toward that which could accommodate the interests of the private sector. The mentality of the Directorate of Customs officers must change from those who enjoy privileges to those who provides services.

II. Overview on important changes

2.1. Key changes

The essential change in the customs services will serve the needs of the private sector by applying a rapid and low cost customs procedures that will encourage domestic and international competitiveness. The new system contain several aspects:

- Self assessment system – exporters and importers inform and calculate the price amount of import duty
- Minimizing physical examination for import and export goods by imposing a red and green line system.
- Electronic Data Interchange which enables customs declaration to be informed, processed, examined and decided rapidly.
- Professional human resources
- Applying post clearance audit

2.2. Steps of Changes

a. A change of law

A Dutch colonial law was replaced by Law No. 10 of 1995 on Customs which was expected to meet the demands and interests in a global free trade.

b. Imposing *red* and *green line* system and procedures

This system will reduce physical examination by Directorate of Customs officers for import and export goods as well as passenger goods/cargo

c. Improving knowledge, ability and professionalism in human resources

d. Using information technology for custom procedures with Electronic Data Interchange (EDI)

e. Applying self-assessment system for customs declaration

f. Applying post audit clearance

2.3 The role of post clearance audit and verification

Post clearance audit and verification play an important role in inspecting and securing custom system and procedures from inappropriate actions, such as.:

- Informing a false customs declaration
- Not fulfilling custom requirement

- Smuggling goods by using green line system
- Giving a fictitious information

2.4 Audit regulation

Directorate of Customs has already an audit regulation on customs for evaluating the degree of market forces discipline as contained in Minister of Finance Decision No. Kep-12/BC/2000 which is a refinement of Kep-35/BC/1997.

Problems encountered in implementing post audit clearance are as follows:

(1) Not abiding fully to fair business practices, as evident in the following :
- Accounting
- Double Accounting
- Cash payment outside the banking system

(2) Limited number of auditors

The total number of auditors is not commensurate with the needs of cases to be audited.

(3) A weak information network system

Auditing could be completed successfully only if provided by an accurate supporting data accompanied by an easy and rapid data access. A weak information network system is not helpful for auditors due to the limited information it provides which could lead to an unsatisfactory auditing report.

III. Advantages of the current customs system

In general, the current customs system will improve the quality of services, by means of :

a. Facilitating the flow of import and export goods
b. Reducing cost of customs procedures
c. Increasing professionalism of the Directorate for Customs officers
d. Improving customs services and image of customs
e. Increasing awareness of fair business practices
f. Reducing illegal trade activities

The application of post audit clearance in customs system has the advantages of :

a. Abiding customs regulation
b. Increasing transparency, consistency and fairness in market forces
c. The existence of objection and plea mechanism, taking into account the response of the auditee.

APEC

Office of the Investment Ombudsman: A Case Study

By Dr. Kim Wan-soon
Ombudsman

Background

Since the 1960s, the Korean government has pursued an economic development policy based on a command-type economy entailing government intervention in the marketplace. This intervention came in the form of direct and indirect support for key, strategic industries (e.g. automobile, shipping, semi-conductor and IT-related industries) that the Korean government viewed as indispensable to the economic well-being of Korea. It is largely due to these government-led policies which allowed Korea to achieve an unprecedented rate of rapid industrialization. However, with the onset of globalization and economic interdependence and the increasing salience of international organizations such as the WTO and Korea's recent accession into the OECD in 1996, the Korean government's economic development policy has outlived its usefulness as the world has changed significantly since the 1960s. Instead of being a catalyst for economic progress, government intervention in the economy through burdensome and unnecessary laws and regulations has come to serve as a serious obstacle to FDI inflows into Korea. In combination with a number of other factors, this resulted in the financial crisis of 1997,which presented Korea with the opportunity to address and promote deregulation and active inducement of foreign investment for the purpose of improving its economic competitiveness and country image.

In recognition of the harmful effects of excess government regulation and intervention in the economy, the Korean government took the following specific measures. Beginning in April 1994, the Korean government established the National Ombudsman of Korea, a forerunner to the Office of the Investment Ombudsman, to resolve the deficiencies in government administration. In March 1998, the Regulatory Reform Committee was established to speed up deregulation in government administration as a means to contribute to economic recovery and stimulate the further growth of the market system. More importantly, the landmark Foreign Investment Promotion Act was passed on September 2, 1998 by the National Assembly and became effective on November 17, 1998. This cleared the way to make Korea's foreign investment climate more internationally competitive and attractive to foreign investors by offering further benefits in terms of investment incentives and simplified administrative procedures. It was under this legal umbrella that the Korea Investment Service Center (KISC) was created in April 1998 to provide one-stop service to potential foreign investors entering the Korean market for the first time.

In the course of liberalization, the Korean government recognized, however, that merely simplifying investment procedures and providing tax and rent incentives were not enough to improve foreign investment climate. Thus, the importance of aftercare service came to the forefront as an essential aspect of inducing continued FDI into Korea. With this realization, the Korean government benchmarked the previous National Ombudsman of Korea and established the Office of the Investment Ombudsman (OIO) in October 26, 1999.

The OIO is unique in terms of two salient features. First, the OIO has been specifically set up for the benefit of foreign investors. Second, the OIO is a quasi-government institution, giving it a degree of independence from the government bureaucracy. In sum, the establishment of the OIO is an example of the initiative and new approach the Korean government has taken to resolve grievances, either business or daily life to ensure that Korea provides an investment-friendly environment.

The concept of the Ombudsman is not a novel one in Korean history. The concept of the ombudsman in Korea can be traced back to as early as the 15th century with King Tejong. In 1402, the king set up the "shinmungo," or drum of justice, outside of the palace, and anyone who wished to report an injustice could do so by hitting the drum. One of the king's secretaries would then come out and hear the citizen's grievance. Today the word ombudsman has been adopted in many other areas describing people who perform this monitoring function in various sectors such as the media and politics.

Overview

The goal of the OIO is twofold: 1) to address and resolve the difficulties experienced by foreign-invested companies in Korea; 2) to help upgrade our bureaucratic/administrative system in conformance to global standards so that it fits the current international economic order.

No other organization fulfills the same role as the OIO. It is uniquely tailored to viewing problems from a foreign investor's perspective by tackling bureaucratic red tape and cumbersome administrative procedures. In the past, the foreign investor's voice had been neglected until the establishment of the OIO. The OIO aims to ensure that its team of 22 home doctors or specialists are composed of private sector specialists from various fields as stipulated in the Foreign Investment Promotion Act. This permits

the Ombudsman to operate free from government influence.

As a testament to the importance of attracting FDI, the problem-solving capabilities of the OIO will continue to increase as its legal role becomes more defined and established within the government structure. The Ombudsman will no longer be appointed by the Minister of Ministry of Commerce, industry and Energy(MOCIE) as in the past. Instead, the Ombudsman, for the first time, is to be appointed by the President of Korea. The Ombudsman's term has just become effective as of March 31, 2001. Not only will increase the organizational stature of the OIO, it will also enhance the leverage of the OIO when dealing with other governmental agencies. This is good news for foreign investors as it will facilitate the problem-solving abilities of the OIO. Within seven days after receipt of the OIO's request, the government agency must respond to the OIO. Furthermore, the Ombudsman is a member of the Foreign Investment Committee composed of 12 ministers and 16 high-ranking provincial and metropolitan government officials.

Grievance Resolution Process

When a foreign investor submits a complaint to the OIO, there are 5 steps in the grievance resolution process:

1. Reporting a complaint: Convenient system for filing a grievance related to management issues or cultural difficulties by phone, a visit by the home doctor, fax, email, etc.

2. Home doctor assignment and investigation: Assigning a home doctor by region or area of expertise who reviews relevant laws, and investigates both Korean and foreign cases.

3. Settlement by home doctors: Utilizing the office's capabilities to pursue a quick and favorable in-house resolution.

4. Solution through cooperation: Resolving difficulties through cooperation with government and related bodies on matters such as obtaining approval, administrative support, and legal interpretations.

5. Improving the system: Advising the Foreign Investment Committee and Subcommittee, Korea's main investment policymaking bodies, on the legal and systematic changes required for resolving grievances and enhancing the investment environment.

OIO as a window of communication for foreign-invested companies/Improved cooperation with foreign chambers of commerce

- In order to improve communication with the foreign chambers of commerce various events have been organized such as seminars, gatherings, and roundtables. Since the establishment of the OIO, about 30 seminars, gatherings, and roundtables have been conducted with AMCHAM, EUCCK, and SJC.

- During the OIO's anniversary celebration on November 21, 2001 over 400 guests attended, including the Minister of MOCIE, AMCHAM, EUCCK, and SJC. This reception provided a useful opportunity for foreign-invested companies to meet with high ranking government officials from Tax, Customs, and the Korean Food and Drug Administration (KFDA).

- On November 17, 2000 the OIO hosted the Roundtable Discussion not only to evaluate and celebrate the performance of the OIO, but also to consider ways to improve its services to foreign investors. The Minister of MOCIE also attended the gathering to hear the comments and suggestions of the various heads of the foreign chambers of commerce regarding the foreign investment climate in Korea. The business organizations in attendance were AMCHAM, EUCCK, and SJC. All three organizations expressed confidence in doing business in Korea, especially since the 1997 financial crisis. Among the reasons cited, the establishment of the Korea Investment Service Center (KISC) and the OIO has been praised for their role in facilitating business operations in Korea, giving them an advocate to help explain and guide them through the bureaucratic maze. In addition, AMCHAM, EUCCK, and SJC all indicated that the new government under the Kim Dae Jung administration has made the regulatory environment much more favorable to investment as Korea has begun to shift to an international mindset following the 1997 financial crisis. AMCHAM took special notice of the overall change in public attitude towards foreign businesses. There is now more of an acceptance of the idea that foreign businesses are good for the Korean economy, as they provide jobs

and a source of tax revenue for the government. This positive change in attitude has been the primary motivating factor encouraging foreign businesses to invest in Korea.

Educating and training foreign managers and staff in Korea

On June 5, 2001 the first ever Korean Business Culture Seminar was held by the OIO. The purpose of the seminar was to help foreign CEOs and staff become better acquainted with Korean business culture. Many labor disputes, business failures, miscommunication with Korean business partners and government officials result from the lack of knowledge of Korean culture, business mentality, business practices, attitude towards law and contracts, and mannerisms. The OIO contributes to improving foreign companies' knowledge of Korea business culture through various seminars. Korean executives and staff who wished to learn about the differences between Korean and Western business cultures also attended the event.

Media Blitz

The broad goal of the OIO is to act as a catalyst spurring on Korea's integration into the global economy by facilitating the entry of foreign-invested companies into Korea. For this goal to materialize, the OIO has been submitting weekly articles to the English-speaking newspapers, Korea Times (Global Leader section), as of November 20, 2001 and Korea Herald (Ombudsman's Diary), as of January 5, 2000. For 2001 thus far, 26 Korea Herald articles, 21 Korea Times articles, and 61 Choson, Joongang Ilbo articles have been submitted.

In addition, several interviews with the Ombudsman, Dr. Kim Wan-soon, have been conducted on Arirang TV Channel 2, SBS, and KBS.

To further bolster this effort, a handy pocketbook titled Guide to Living in Korea (English/Japanese version) is available. Tailored to the needs of foreign corporate personnel or their families newly-located or about to locate in Korea, the 2000 Guide to Living in Korea is packed with everyday information that newcomers will need to settle into their home. Do you want to know if your personal or household effects will incur customs duty? Do you wish to acquire a driver's license, a credit card, or check out suitable schools? You'll find the answers in this handy pocket-sized booklet.

Also, a 2000 Report on Foreign Grievances and Solutions (English version) was published. This publication is the first version of a report on foreign investors' grievances addressed by the OIO representing major cases affecting foreign investors. This book, which will be published annually, contains 115 cases representing commonplace problems faced by foreign investors. The case study approach may be helpful not only to foreign investors who might encounter difficulties while doing business in Korea, but also to the foreign companies seeking potential investment opportunities in Korea.

Finally, the Investment Ombudsman Brochure (English version) is available to provide a general introduction of the OIO.

In keeping up with the times, the OIO also has a website on the internet to inform the public of its services. All Korea Herald and Korea Times articles are stored in this site along with the Ombudsman's speeches. This site also provides the profiles of each home doctor and allows any person to submit a query to a home doctor via email. To assist those with general questions, a Q&A section is available with access to related links. The address to this website is www.i-ombudsman.or.kr.

Feedback through computer networking

By taking advantage of available technology, all grievances and complaints are processed by computer. As a result, this can allow for the receipt and input of information from other relevant government agencies connected to the computer network. Now, various government agencies and investment support centers can share their databases. Foreign investors can register their businesses online with KISC, whose information can then be accessed by the OIO allowing for contact with the newly registered investor and determining the nature of the grievance at the earliest stage possible.

Benefits of the Reform

Prior to the establishment of the OIO, no channel or intermediary institution existed to convey the concerns of foreign-invested companies to government agencies. The OIO in Korea fills that role admirably by not only listening to the problems of foreign investors but actively going out, identifying the issues and harnessing the voices of

foreign-invested companies clamoring for deregulation and liberalization.

Through its submittal of suggestions to the various government ministries, the OIO has played an indispensable role in helping to push for the revision of unreasonable laws and regulations in the direction of deregulation and market liberalization. In just a period of two years, the OIO has resolved about 826 cases. Of the 826 cases that have been settled, there were 65 tax cases, 79 customs & clearance cases, 61 legal-related cases, 60 investment procedures cases, 66 labor cases,10 environmental cases,46 construction cases, 25 real estate cases, 44 finance cases, 20 import/export cases, 26 daily life cases, and 18 visa cases.

Benefit from OIO service

For the year 2000, the OIO successfully handled 17 cases worth 1,670 million dollars. For the year 2001 (January – June), the OIO, thus far, has successfully handled 13 cases worth 500 million dollars in FDI. The fact that re-investment from foreign investors comprised about 60% of total FDI in the year 2000 reflects the enormous importance of aftercare service to FDI.

Celebrated Cases

The 4 cases below represent successful examples of the OIO serving the business interests of foreign investors.

Case 1 (Customs)

Foreign pharmaceutical companies must undergo another round of redundant and burdensome quality inspection tests for new medical products imposed by the KFDA even though their product has already been approved by their home country's government agencies guided by the strictest international standards. The OIO has suggested to the KFDA ways to resolve problems surrounding the import of foreign pharmaceutical goods so that they are conducted in a more efficient and reasonable fashion which provides preferential treatment for certain well-respected countries and/or companies. As a result of the OIO's efforts, the Ministry of Health and Welfare has agreed to in principle the idea of opening up the Korean pharmaceuticals market in line with its obligations to free trade as a WTO and OECD member.

Case 2 (Construction)

The OIO in conjunction with MOCIE and the Ward Office successfully worked out a

solution to permit the construction of a foreign wholesale discount market engaged in the distribution industry, without requiring the approval of the Seoul Metropolitan Committee for Urban Planning. As a result, the foreign-invested company was able to begin construction without further delay. The successful resolution of this case was worth approximately $386,000 in investments.

Case 3 (Legal)
A U.S. foreign-invested company complained that the excessive restrictions on outdoor advertisements on motor vehicles owned by a company significantly decreases the efficacy of advertisements while adding costs to business operations to reduce the ad to prescribed limits in Korea. The small size of the ad space defeats the purpose of advertising a company's brand product. The OIO suggested to the Seoul city government and to the Ministry of Government Administration and Home Affairs to adjust or eliminate the size restriction on advertisements in conformance to international standards. This suggestion is now at least under review by the Ministry of Government Administration and Home Affairs.

Case 4 (Daily life)
When supplying information to a Korean company through e-commerce, a residence registration number is required to be registered as a member of a department store, internet shopping mall, and hotels in Korea. Computer programs in some companies, however, cannot read the foreigner registration number, making it impossible for foreigners to register. The government will encourage the public sector to build an English home page, and complete translation of ePOST, an e-commerce site by the end of 2000. The government will request private organizations related to e-commerce to address any issues regarding the rejection of registration for foreigners.

Case 5 (Finance)
With the efforts of the OIO and Ministry of Finance and Economy (MOFE) it was determined that capital borrowed, up to six times the capital base, from overseas corporate headquarters could still be counted as an expense for tax purposes. The government has revised the Act on International Tax Adjustment so that it is flexible towards increasing the ceiling on borrowings for the financial industry. The raising of the financial institution's loan ceiling helped save about 20 billion Won in taxes for the foreign-invested company.

Case 6 (Customs)

While tariff-free end products are exempt from import tariffs under the Information Technology Agreement (ITA), various types of subsidiary raw materials necessary to produce the end product are currently subject to a basic tariff rate (8%), thus representing an obstacle to investment for foreign companies. To resolve imbalance in tariff rates for ITA items, tariff rate of 3% reduced from 8% is now levied for about 15 parts used exclusively to manufacture semiconductor equipment. This will also help foster the domestic parts industry in Korea with the introduction of foreign technological know-how and technology.

Case 7 (Customs)

Although new pharmaceuticals meeting the ICH (International Conference of Harmonization) guidelines are introduced into Korea after passing clinical tests in foreign countries, they must be re-tested in Korea. This constitutes a burden on foreign companies in terms of being time-consuming and redundant. Based upon the suggestions of the OIO, the Ministry of Health and Welfare agreed to the need to abolish the repetitive clinical testing process, if it can be proven that no differential in ethnic groups exist based on scientific data.

In addition, the labeling requirement on imported soap was relaxed. Before, every soap box had to be labeled, but after the OIO request this requirement was repealed. Also, the narrow definition of a small-medium sized enterprise (SME) was changed. Previously, an SME was based on the amount of total assets and employees but did not consider revenue. So, a company with a revenue of over 200 billion Won could still be classified as an SME and unfairly enjoy financial and tax incentives set aside for only SMEs. On the basis of the OIO request, MOCIE added revenue as part of the criterion in determining an SME. Finally, in the area of industrial relations, the Ministry of Labor is now reviewing measures to correct the inflexible labor arbitration system.

Thank you letters

In response to the successful resolution of foreign investor grievances, the OIO received about 30 thank you letters. Below are some sample thank you letters sent by foreign investors expressing their gratitude and appreciation for the services of the OIO. To buttress this positive perception of the OIO by foreign investors, the results of a recently

conducted survey have also been provided.

“We would like to express our sincere thanks and appreciation to you and your colleagues of the Ombudsman Office, which were involved in our dispute with Incheon City over the local tax issue in regard to our new plant. Incheon City has agreed to our portest and has returned the tax to our company. Thank you very much again for your support and help.” - *Heinrich Grunefeld, President, Messer Korea*

“Thanks for your full support to us to handle labour issue we had since January 1 and after all, we finished it in March 9th, 01. Your visit and recommendation have been helped us a lot to decide what we have to do and reminded us how your organization is useful for foreign companies.” – *Wayne Russell, Managing Director of Far East in Reebok*

CASE STUDY ON

"BEST PRACTICE ADMINISTRATIVE ARRANGEMENTS"

THE SUI GENERIS DESIGN, ORGANIZATION AND FUNCTIONING OF INDECOPI

"Indecopi is a passionate concept, a new idea….. that overcomes many traditional ways of doing things." -Douglass C. North, 1993 Nobel Laureate in Economics

Indecopi, the Peruvian National Institute for the Defense of Competition and Protection of Intellectual Property, is a government agency, that has found a way to solve the problem many countries have, of assuming different tasks, with a very reduced budget.

Indecopi has 8 years of experience and within those 8 years it has called the attention for its sui generis design and structure. Indecopi consolidates within a single institution, jurisdictional areas that in most countries are spread among the executive branch and several independent agencies. In the United States, for example, Indecopi´s responsibilities are shared by the Patent Office, Copyright Office, Department of Justice, Antitrust Division, Federal Trade Commission, Commerce Department, Consumer Protection Bureau, Bankruptcy Courts, US Courts of Claims and Court of Appeals for the Federal Circuit. For some people Indecopi is kind of a "Frankenstein", a rather big and ugly regulatory patchwork, but for Peruvians Indecopi has proven to be more than the mere sum of its parts. Indecopi is a consolidation of many activities under one single roof, which has found a way to reduce transaction costs, maximizing efficiency and, in turn, value, while providing quality services

Indecopi´s actions follow one main single goal: to facilitate market competition and promote welfare for all. Businesses and consumers are the main beneficiaries of Indecopi´s work. However the government has also learned a lot from this 8 years of Indecopi.

Background

During the 80s, Peru was immersed in the worst economic crisis of the nation history. Hyper-inflation, exchange controls, price controls and black markets have to be confronted by Peruvian entrepreneurs and consumers. Of course the operation of markets, the respect for the rights of consumers, and the "rules of the market game" were inoperative in our country. It was very difficult for a businessman to know what was right and what was wrong, since the market did not give the proper signals, but very distorting ones. Many big and small established firms went broke and very few survived the crisis during the 80's.

During the early 90´s inflation was controlled, we had a floating exchange rate, import quotas and licensing were not in force anymore, and the functioning of markets had to start again from scratch. However the rules of the "market game" were not really clear to entrepreneurs and consumers. That was the toll of almost 10 years of operating under a very severe business environment.

It is under these circumstances that the need for new rules of the game was required in order to put order to this crisis, but these new rules needed not only to be enacted and enforced but they needed to be present in the minds of every Peruvian. This task, results very hard to understand to most developed countries, since the functioning of a market and the rules behind it, are taken as granted or are naturally accepted, they do not have to be "learned" by the economic agents and citizenship.

The establishment of a competitive market environment, required in Peru a lot of education since practices that were "normally accepted" during the 80's, (like collusive price fixing, market sharing, production quotas, and a number of monopolistic and restrictive practices to which businessmen were used to), were eliminated when the anti-trust and other related legislation were enacted.

But to build an institution having as its only goal to promote a market culture was a luxury in a country with scarce resources like Peru. So what was done, is to design an institution that could serve both tasks, enforcement of the newly created laws and promotion of a market culture.

Overview of Reform Initiative

To initiate the reform it was necessary to enact news laws. Most of these laws were created in 1992 and 1993. And to enforce these laws a brand new public institution was created by Law Decree 25868, published November 24, 1992, INDECOPI.

Indecopi opened its doors in March 1993. It was designed as an autonomous agency, charged with being both arbiter and promoter of Peru´s free

market economy, focusing on two areas: market competition and intellectual property.

This autonomous agency was organized in two parts, the Economic Policy Units and the Jurisdictional Area, both supported by a third part, the Management. The division between the Economic Policy Unit and the Jurisdictional Area preserved the objectivity of economic studies done at the request of the Jurisdictional Area. The Jurisdictional Area is divided into two chambers: market competition and intellectual property. Both chambers are comprised of several different jurisdictional bodies, either commissions or offices.

The Market Competition Chamber has seven comissions:

- Consumer Protection
- Unfair business Practices
- Free Competition
- Bureauratic Barriers to Market Entry
- Coorporate Restructuring
- Antidumping and Countervailing Duties
- Technical and Commercial Standards

The Intellectual Property Chamber has three offices:

- Patents
- Trademarks
- Copyrights

The management led by Indecopi´s General Manager, serves as support for the entire organization, with the resulting economies in administrative costs.

Many times investigations required some field work, be it on infractions on intellectual property or in competition or antidumping cases, and in Indecopi there is a single unit denominated “Fiscalization Unit” in charge of field work. Having one single unit, to cover the field work of so many areas reduces a lot the budget of our institution, and allow specialization and expertise on this specific area.

INDECOPI is the national authority in Competition, Antidumping, Countervailing Duties, Bankruptcy and Corporate Restructuring, Consumer Protection, Standards and Conformance. It is also the national authority on Patents, Trademarks, and Copyrights and the Enquiry Point to WTO.

By the time Indecopi was created, Peru was not member of APEC, so APEC guidelines were not taken considered. Peru joined APEC in 1998. INDECOPI started in 1993.

There were no consultations involved in the creation of INDECOPI, it was more the idea of the Ministry of Industry, of that period. There were no

institutions like INDECOPI in Peru or in countries nearby by that time, that could set the example for it.

Some budget considerations were taken into account for its design. The intellectual property area (trademarks, patents, designs and copyrights registry) generates income in every part of the world, while competition agencies, most of the time had to be financed by government funds and produces very little income. In order to give operational and functional autonomy to an institution, it was thought that it had to be non dependent on government funds, so the idea of putting together intellectual property an competition, was to allow the self financing of the institution and ensure in that way, its autonomy.

To start Indecopi, new laws were enacted, both in the Intellectual Property Area and in the Competition Area, and besides a Decree Law for the creation of the institution and the definition of its powers was also needed. This was done during the end of 1992 and beginning of 1993. Indecopi opened its doors for the first time, in March 1993.

The responsibilities assigned to Indecopi, were before in the hands of other government institutions (like intellectual property, and standards and conformance) or did not existed at all (like antitrust, antidumping and countervailing duties).

Decentralization and privatization of government functions

Indecopi has gained a reputation of a very innovative institution, that has developed the idea of "franchising" public services in Peru. The work Indecopi was doing was mainly in Lima, the capital of Peru (where 8 million people live) but it was not reaching the rest of the country (Peru has a total population of 26 million people). To solve this centralization problem in an environment of really scarce funds, that were not enough to establish a subsidiary in other parts of the country, Indecopi decided to "franchise" its activities (or at least part of them) to universities, chambers of commerce, professional associations, and regional authorities. What this partnership with our stakeholders implied, was that the services provided by Indecopi could reach other cities of Peru, without the cost normally involved in these operations. Franchises pay a percentage of their income related to Indecopi activities to the principal in Lima.

Indecopi continues decentralizing and privatizing its activities by establishing a growing national network of offices managed by private partners, to which Indecopi delegates its official functions. In this way Indecopi has a greater reach throughout the country that otherwise was impossible to get with a limited budget. This system gives the private sector a central role in market promotion –consistent with the subsidiary role of the state.

Key Factor for Success:

Miss Beatriz Boza, past president of Indecopi (1995-2000), wrote: A key factor to the success of Indecopi was *"the political support from President Fujimori, without which Indecopi would have found it next to impossible to*

introduce such new ideas about the market and government in the face of traditional business and government mindsets and citizens attitudes that were deeply rooted and politically endowed".

Benefits of the Reform

- New legislation were enacted in areas like Antitrust, Antidumping, Consumer Protection, Fair Competition, within others, in 1993.

- Indecopi has demonstrated how the administrative capacity of a key competition agency can boost economic progress and performance. One single example is the "Waiting in Line meter" Program, that enhanced the services provided by banks to its customers. In 1997, a series of publications were made indicating the time spend by a customer waiting in line for a bank teller. The impact was very important. Peruvian banks established different systems to give their customers a faster service and a more comfortable wait (seats, tv).

- This agency has been designed to facilitate its provision of services and its provision of services have been designed to contribute to the development of Peru. In this sense, Indecopi has had impact in:

    - Reform of the administration of justice
    - Creation of value through formalized innovation
    - Facilitation of increased business competitiveness
    - Empowerment of consumers
    - Modernization of the State

- The benefits obtained by Indecopi´s creation are basically oriented to reducing transaction costs, maximizing efficiency and value.

- Indecopi´s transaction costs are indeed lower than they would be if Indecopi would be divided into several entities. It is expensive to develop a shared culture and vision, for example, conducting an extensive strategic planning process, but the cost of doing so would be much more if the process has to be replicated numerous times at various smaller organizations. A more fundamental economy of scale is found in the development of both know-how and goodwill. The sheer size of the organization provides it with sufficient resources, to make investments in know-how that, though efficient, might simply be unaffordable to smaller organizations. Indecopi´s size also decreases the cost of developing goodwill by generating more national press, for example.

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THE SUPER GREEN LANE
[The Philippines Case Study]

Simplifying and harmonizing customs procedures remains a high priority in the APEC trade facilitation agenda. This is so because work in this area has significant and concrete impact in lowering the cost of doing business. As pointed out in a survey conducted by the APEC Business Advisory Council (ABAC), customs procedures were considered the most important trade impediment in the region.

Against this backdrop, the case study attempts to highlight efforts of the Philippine government in the re-engineering and computerization of its customs processes to pave the way for greater efficiency. Particular emphasis shall be given to the Super Green Lane (SGL) facility, one of the reforms implemented by the Philippine Bureau of Customs (BOC) to facilitate trade.

BACKGROUND

The BOC has long recognized the central role it plays in facilitating international trade. Thus, it has continuously sought ways to improve the delivery of its services to its clients and stakeholders.

Outdated, inefficient paper-based manual processes have long characterized the work methods at the BOC.

> On the cargo release process, some 10 or more paper documents must be reproduced in triplicates that must pass thorough many desks and offices, such that the whole process usually took 6 to 8 days. The case of too many papers passing through too many desks and offices have opened up opportunities for graft and corruption. Further, cargoes may be inspected anywhere and anytime during the release process that sometimes would lead to pilferage.
>
> On the collection system, messengerial transmittal by banks to Customs of proof of payments was very slow and the manual matching of importers' bank payments with the actual amount determined by Customs was time consuming and inefficient. This was further compounded by the fact that it took about four months before Customs could verify whether banks have already transmitted Customs collections to the National Treasury.

Recognizing that customs operations must stay attuned to international developments in the light of the new challenges posed by the globalization process, the BOC in the early 1990's was grappling with the problem of how to improve the delivery of its services to clients and stakeholders.
In the quest to transform the BOC into a world class customs service held in high esteem in both domestic and international communities, major reforms were instituted that necessitated re-engineering and computerization of work processes. Hence, the BOC installed the Automated Customs Operations System (ACOS) that was not only timely but necessary for national survival.

In particular, the BOC adopted the Automated System for Customs Data Management (ASYCUDA ++), a system developed by the United Nations Conference on Trade and Development (UNCTAD) and in use in about 50 other countries. The ASYCUDA ++ was customized for the Philippine government environment to serve as the core system of the ACOS. The BOC and UNCTAD entered into a contract on 8 April 1994 for the supply, enhancement and implementation of the application software package, with another contract concluded on 29 June 1994 for the provision of hardware and system software as well as for other services (e.g., systems integration, project management, training, facilities management, technical support and maintenance).

The computerization program encompasses all the separate but complementary computer systems and the accompanying computer-related re-engineered customs work processes in the release of imported cargoes from the ports, computation and collection of duties and taxes on imports, prevention of technical and other forms of smuggling through the ports and the protection of the Philippine society from the entry of prohibited and harmful drugs and substances.

Automation has significantly contributed to work efficiency, particularly evident in the speed and efficiency of the customs clearance process, and in the accuracy and consistency in the assessment of customs duties and taxes, among others. Moreover, customs revenue is secured without additional financial burden to traders and without sacrificing customs enforcement.

With computerization in place, the BOC launched its risk assessment program under which the Selectivity System was developed. The System subjects all cargoes to computerized scrutiny to determine the extent of examinations based on their risk levels:

Green Lane	- Low risk shipments - No physical inspection and documentary checks required

Yellow Lane	- Commodity imports regulated by government agencies for reasons of health, safety, environmental concerns (e.g., Bureau of Food and Drugs and the Bureau of Product Standards) are normally directed to this lane. - No physical inspection - Documentary check
Red Lane	- High risk shipments - Complete examinations are conducted (physical inspection and documentary check)

At present, 40% of shipments are accorded Green Lane treatment, 40% Red Lane processing and the remaining 20% Yellow Lane processing. BOC's target is to have 80% of shipments processed under the Green Lane.

Since the selectivity system is not fail proof, the method of risk assessment should be complemented by a Post Entry Audit System whereby checks on importation would be done post facto rather than upfront during entry. It would give Customs the necessary safety net to recover lost revenue at the borders and likewise act as a deterrent against technical smuggling. BOC implemented the System only recently with the enactment of RA 9135 on 27 April 2001.

THE SUPER GREEN LANE

To further facilitate trade, the BOC introduced the Super Green Lane established by virtue of Executive Order 230 that took effect on 31 March 2000. The SGL is a special customs clearance facility that allows advance processing and clearance of imports without jeopardizing the collection of taxes and duties. Effectively, SGL shipments are cleared even before these arrive at Philippine ports. So far, the SGL is available at three major ports in Metro Manila.

It was installed for the following reasons:

a) need to enhance the customs clearance process in view of the expiry of the Comprehensive Import Supervision Scheme (pre-shipment inspection conducted under a contract of the Philippine Government with Societe Generale de Surveillance or SGS);

b) a good portion of customs revenue may be assured even as the BOC provides maximum facilitation to an easily definable group of big and regular importers;

c) under clearly defined conditions, the country's top most importers may be allowed to avail of the special customs clearance facility that will allow advance processing and clearance of their imports without jeopardizing collection performance; and

d) the SGL using the Electronic Data Interchange (EDI) will result in considerable savings in time and money for qualified importers.

APEC's guiding principles are clearly manifested in the uncomplicated and simplified features of the SGL that are directed mainly at facilitating customs clearance procedures. The System is also easily accessible.

a) Top importers are eligible for accreditation. From an initial 150 importers, the facility is now available to firms falling among the top 1,000 importers. This group was selected as they contribute to the bulk of the Bureau's revenue and their shipments' are normally low risk cargoes as they consist mainly of raw materials.

As shown in the table, the top 1000 importers (comprising about 17% of an estimated 6,000 regular importers) contribute 50% to BOC's revenues.

CATEGORY	PERCENT CONTRIBUTION TO TOTAL REVENUE
First 100 importers	27%
First 200 importers	34%
First 300 importers	39%
First 400 importers	42%
First 500 importers	45%
First 1000 importers	52%

Note that manufacturers are given more preference over traders in SGL accreditation as shipments of the former are more predictable, unlike traders who can bring in any commodity that would make pre-clearance of their cargoes very difficult. Those accredited, however, are mainly traders who supply top manufacturers with raw materials.

b) Shipments are pre-cleared. This is possible as accredited importers submit a list of their regular imports that allow the BOC to determine the correct classification and the corresponding rates of duty. Prices of the regular imports are likewise submitted allowing the BOC to determine beforehand whether or not declared values are those actually paid by the importer.

c) Entries' electronically lodged at importers' work stations. With the use of Electronic Data Interchange (EDI), qualified importers may lodge import entries from their own offices using computers connected to the BOC computer system. The EDI has greatly contributed to the speed as well as cost efficiency of the Customs clearance process. BOC estimates that for at least 25 entries, the use of the EDI translate to Php 24,026 cost savings (i.e., costs associated with manual procedures register at a much higher rate (Php 33,415) as compared to the EDI related expense placed at only Php 9,388.

Note that the BOC only accredits a manufacturer or trader who is a duly registered EDI user. SGL users pay approximately US $130 for EDI subscription and software, at least US $1,000 for hardware as well as service fees for the server.

d) Delivery trucks exempt from truck ban in Metro Manila roads. To further speed up the delivery of goods to importers' manufacturing facilities, delivery trucks carrying SGL commodities are exempt from the ordinance prohibiting trucks from plying the major thoroughfares of Metro Manila at certain times of the day.

e) Inspections conducted at importers' premises. Inspection of goods are conducted only when the BOC receives derogatory information relative to the subject importation. Inspection, however, is conducted at the importer's premises so as not to delay delivery of the goods to the importer's warehouses. This procedure frees the importer from demurrage charges. Moreover, since unloading and examination is conducted under the importer's expert assistance, damage to the goods during the process of inspection is prevented.

f) The Super Green Lane ensures its own sustainability. Importers are charged a service fee (US $50) for every importation processed under the facility. The amount goes to a trust fund that shall be used to maintain the SGL system.

A SGL Task Group was organized specifically responsible for the accreditation of importers, monitoring of the SGL system and in providing assistance to importers.

BENEFITS OF THE SUPER GREEN LANE

The scheme has benefited users through greater efficiency in customs processing i.e., fast release of imports, speedier delivery of goods (particularly, of raw materials), and lower costs. Since the shipments have undergone advance processing and clearance, these may be released from Customs in only about three hours (which before took 6 to 8 days) after their arrival at Philippine ports. Thus, the SGL is referred to as the "ship to truck" system. More importantly, importers are spared from lost time and wasted efforts queuing at Customs offices as they now file their import declaration from the comforts of their offices.

Importers accredited as users of the SGL facility are accorded a stature in the business community similar to those granted a "Good Housekeeping" seal or an ISO Certification. Some 62 firms have already been accredited as SGL users with the application of an additional 30 firms now being processed.

As part of efforts to further improve the system that has been in operation for only over a year, the BOC is undertaking discussions with representatives of the Philippine Chamber of Commerce and Industry. The BOC is seriously considering the possible reduction of the US $50 service fee without jeopardizing the maintenance of the system based on feedback received over the relatively high fees charged. It is also considering shifting to an internet-based SGL system in order to reduce costs and possibly time. The refinements and improvements to be introduced are expected to generate increased participation in the scheme.

Customs brokers, on the one hand, are installing their own EDI systems so they can continue servicing their clients. Industry associations are also promoting SGL among their members.

The Philippine government's efforts to promote transparency and efficiency of customs processes coupled with greater cooperation from the business sector and other stakeholders clearly manifest the country's determination to contribute towards achieving the APEC vision of free and open trade.

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SINGAPORE'S TRADENET SYSTEM

Background

In Singapore, traders are required to submit trade declarations for all imports into and exports out of the economy to relevant governmental agencies. These agencies include the Trade Development Board (TDB), Customs and Excise Department (CED) and Controlling Agencies[1] (CAs) if the goods are subject to control. Such declarations are used to:

- enforce controls laid down by trade control policies (e.g. in the interests of public health and safety, national security) and international trade agreements such as the Convention of the International Trade in Endangered Species of Wild Flora and Fauna (CITES);
- collect Goods and Services Tax (GST) and Customs duties;
- collect and compile trade statistics.

Prior to the implementation of TradeNet, the trade declaration process had always been accompanied by a huge volume of paperwork. Not only was the process tedious for traders, delays were also common, thereby increasing costs to businesses and slowing down trade flows. TradeNet was implemented in 1989 to minimise such inefficiencies.

Manual Trade Documentation System

Before 1989, traders had to prepare multiple copies of the import and export declaration forms and physically deliver them to the government agencies for processing. For controlled items, traders had to first obtain endorsements from appropriate CAs before submitting the trade declarations to TDB for processing. Traders would thereafter go to CED to pay duties and get their clearance after obtaining approval from TDB for importation of dutiable goods. The processing and approval times of the permit could range from 4 hours to 2 days.

Traders incurred high costs because of the need to employ dispatch staff to run errands to CAs and tolerate the delays and uncertainties associated with the manual documentation approval process. At least 2 trips would be required to get the documents processed and approved by the CA. Customer service level was poor. There were also instances where goods could not be cleared quickly due to documentation delays, resulting in traders having to incur additional warehousing expenses and bank charges.

Relevant government agencies were also overwhelmed by paperwork. Manual processing of the voluminous paper documents was labour-intensive and time consuming. As Singapore's trade grew, the government agencies had to constantly

[1] Examples of Controlling Agencies are Arms and Explosives Branch, Central Narcotics Bureau and Agri-Food & Veterinary Authority. There are a total of 14 Controlling Agencies in Singapore.

increase recruitment and training of processing staff to take care of the growing volume of trade declarations. This approach was not sustainable in the long term.

Overview of TradeNet

Planning and Implementing TradeNet

In 1986, a core team and several working groups comprising representatives from relevant government agencies and interested parties from the private sector were formed to conceptualise a nation-wide Electronic Data Interchange (EDI) system for traders to submit trade declarations electronically to the regulatory authorities.

Overseas study trips were organised to observe several existing EDI systems. Trade procedures were also streamlined and automated so that a single form could be used for all trade documentation requirements. Hence, TradeNet was born. The Singapore Network Services Pte Ltd (SNS) was formed to administer the TradeNet system.

TradeNet was implemented on 1 Jan 1989. To ensure a smooth implementation, a phased approach was adopted. First to be implemented was the electronic processing and approval of import and export permit applications for non-controlled and non-dutiable goods. The facility was later extended under the second phase to cover controlled and dutiable goods. Automatic inter-bank GIRO deductions and application for Certificates of Origins (COs) were later introduced in subsequent phases.

Starting off with an initial group of only 50 users back in 1989, there are currently more than 2,400 establishments linked with TradeNet. These include traders, shipping agents, freight forwarders, air cargo agents and service centres[2].

The TradeNet System

With TradeNet, users prepare a single permit application for submission to TDB, CED and the relevant CA. A trader can file the application from his own office.

The permit application is routed electronically to the relevant government agencies for processing and approval. Upon approval, the permit is routed back to the trader, who is able to print the hard copy in his office. Payment of GST, customs duties and other fees are automatically deducted from the traders' bank accounts.

Today, almost all permit applications for imports and exports are processed electronically through TradeNet. More than half a million permit applications are processed through TradeNet every month.

Figure 1 shows the schematic flow of the permit application and approval process under TradeNet.

[2] Companies that provide TradeNet declaration services to non-TradeNet registered users.

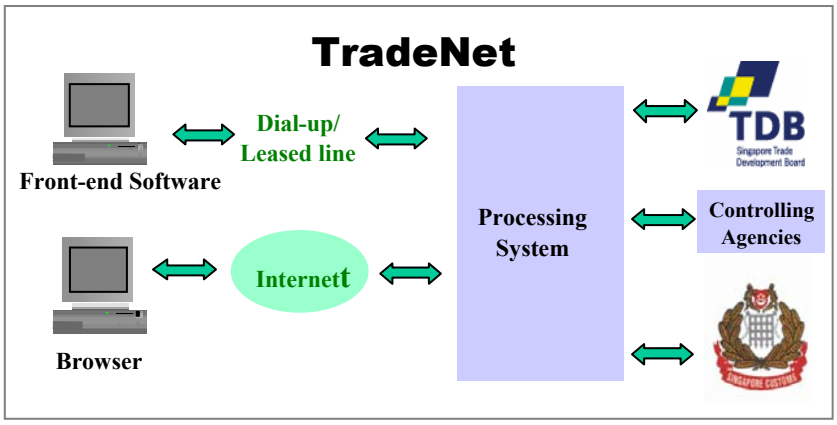


Figure 1: Schematic Diagram of TradeNet

Enhancements to TradeNet

TradeNet is constantly enhanced to make the system more efficient and user-friendly. Major milestones included the enhancement in 1994 in tandem with the implementation of GST and in 1999 to cater for the Year 2000 (Y2K) compliance. With the latest enhancement in Jan 1999, the processing time per permit application has been further reduced from 15-30 minutes to within 1–2 minutes. This latest version is also UN/EDIFACT[3] compliant and operates on both Windows and the Internet environment.

Benefits of TradeNet

TradeNet has revolutionised the trade documentation process in Singapore and has been a subject of 2 Harvard Business School Case Studies[4]. It has been identified as one of the strategic national information systems that has enhanced the competitiveness of Singapore as a global city of international trade. Surveys and studies have revealed that TradeNet has brought about the following benefits to the trading community:

- round-the-clock trade permit application services;
- only one permit application is necessary for submission to various agencies using a common interface;
- improved productivity resulting from shortened turnaround time for the processing of trade and customs declarations;
- convenience resulting from electronic payment services for Customs duties, GST, TradeNet fees and other charges, electronically.
- cost and time savings

[3] UNEDIFACT refers to the United Nations rules for Electronic Data Interchange For Administration, Commerce and Transport

[4] Harvard Business School 9-191-009 (Rev. 4/5/93) and N9-193-136 (3/25/93)

The implementation of TradeNet illustrates how Singapore has successfully leveraged on IT to speed up the application and approval of trade documentation. By streamlining and automating processes, TradeNet makes it cheaper and more convenient for the trading community to operate here, thereby creating an overall positive trading environment for Singapore.

Table 1 below provides a comparison between the previous manual process and TradeNet to illustrate the benefits to the trading community.

Characteristics	Previous Manual Process	TradeNet
Submission of documents	By dispatch clerks	From comfort of office
Time of submission	Within office hours only	Available 24 hours daily
Trips to Controlling Agency per document	At least 2 trips	No trips required
Copies of documents	Multiple copies	Single copy
Turnaround time for approval	4 hours to 2 days	1 to 2 minutes
Dutiable goods handling	Separate documents for Customs processing	Same electronic document routed to Customs for processing
Controlled goods handling	Separate documents to different Controlling Agencies for processing	Same electronic document routed to Controlling Agencies for processing
Customs duties collection	By cheque	Automatic bank account deductions

Table 1 - Trade Documentation Processing Before and After Implementation of TradeNet

The Reform of Chinese Taipei's Government Procurement Regime

A case study for best practice administration arrangement report
By Chinese Taipei

Background

Chinese Taipei's Government Procurement Law (GPL) was ratified by the President on May 27, 1998 and came into effect one year later. A number of related regulations pertaining to government procurement had to be modified in the intervening period in order to make them consistent with the overriding requirements of the GPL.

Prior to the GPL coming into being, Chinese Taipei's regulations on government procurement were coordinated under the auspices of the Ministry of Audit, using a set of assessment systems that the Ministry had established. In essence, Government Procurement was regulated by the following laws:

- Law of Audit
- Implementation Rules of the Law of Audit
- Statute for Inspection Procedures Governing Construction Works, Procurement of Products, and Disposal of Properties by Government Agencies
- Guidelines for Procurement of Technical Services from Technical Consulting Organizations by Government Entities

A complicating factor was that these laws drew no distinction between administrative authority and procurement auditing, and this compromised the ability of the regime to appear impartial and transparent. Additionally, no single agency was responsible for controlling procurement, which meant that, in the event that problems arose, it was not clear where responsibility for resolving the issue lay. This meant that it was sometimes difficult for interested parties to seek and achieve resolution to a problem.

In summary, there was no overall coordinated management of the policies, laws, and operational procedures in the government procurement area.

In recognition of this, the Chinese Taipei's Government sought to reform government procurement systems. The general consensus was that the processes were anachronistic in a modern commercial environment and that the lack of inter-agency coordination was also complicating budget decisions for the agencies involved. These institutional problems affected the image of the government as a whole and had a detrimental impact on the relationship between business and government with respect to procurement issues.

The government was also determined to prepare itself for WTO accession and to put itself in better position for signing the WTO Government Procurement Agreement. This was another major reason why Chinese Taipei changed the Government Procurement Law. Reflecting the need to integrate a wide range of views, the Government held 85 symposia and seminars with scholars, experts and consultants, 36 auditors' meetings, eight joint sessions of the Legislative Yuan, and many negotiations among the political parties, and these all contributed to the policy development.

Overview

Laws and Regulations

Procurement of construction services and goods is governed by two statutes. These are: the Statute for Inspection Procedures Governing Construction Works, Procurement of Products, and Disposal of Properties by Government Agencies; and the Law of Audit. There are several related regulations. Among them, the most important is the Implementation Rules of the Law of Audit.

With regards to the procurement of services, statutory control is pending until the GPA is fully enacted on accession to the WTO. The only existing administrative regulations are the Guidelines for Procurement of Technical Services from the Technical Consulting Organization by Government Entities and some other administrative orders relating to the procurement of computer services.

Some of the main features of Chinese Taipei's Government Procurement Law are as follows:

Scope of procurement

The government procurement regime covers the purchases of construction works, goods and services. The "procurement" refers to the contracting of construction work, purchase, order or lease of property, the retention or employment of services, etc.

Procuring entity

Any departments, agencies or units in the Chinese Taipei government, sub-central (provincial) governments, and county governments are included under the existing procurement system. The public enterprises owned by governments can also be required to follow the same procurement procedures required by the law.

Classification of tendering procedures

The tendering procedures are categorized into open tendering, selective tendering and single tendering procedures as prescribed in the Statute for Inspection Procedures Governing Construction Works, Procurement of Products, and Disposal of Properties by Government Agencies.

An open tendering procedure is used when the value of a proposed procurement of goods and construction works is estimated to equal or exceed the threshold NT$50 million. However, the open tendering may be waived and replaced by selective or limited tendering if it is approved by the Audit Authority under certain conditions prescribed by the law.

Either open tendering or selective tendering may be chosen and applied by a procuring entity under certain legal criteria in the case where the value of a proposed procurement falls within the range between NT$5 million and NT$50 million. When selective tendering is chosen, the procuring entity must select two or more responsible suppliers to provide quotations.

A single tendering procedure may be used in the case where the value of a proposed procurement falls below NT$5 million. In such cases only one supplier is selected for quotation.

Tendering preferences

Local content requirements may be demanded in the tender documentation when a decision has been made to implement an Industrial Cooperation Program, which is designed to promote and facilitate the domestic industrial development through the process of government procurement. Over the past few years, local content requirements have been applied to procurements for the metropolitan rapid transit system, aerospace equipments, the construction of environmental conservation projects, and electricity-generation projects.

Preferences for domestic enterprises are usually initiated for the procurement of machinery, electronics, and electric equipment. In the case of small-and-medium sized enterprises, no preferences are given in the awarding of a contract. Chinese Taipei does, however, provide various financial and information support to small-and-medium sized enterprises so as to improve their overall productivity.

Information

For procurements, including the purchase of goods, services and construction works, with the value not less than NT$50 million, tender notices are published by the procuring entity in local newspapers for at least two days and posted in the building of a procuring entity for at least five days. The procuring entity is also encouraged to include the tender notice in a databank operated by the Public Construction Commission. The Commission then publishes the data in a hard copy form in a Government Procurement Gazette. These Gazettes have been officially issued since Nov. 1, 1996.

In a normal situation, the time limit for receipt of tenders is no less than 14 days. The time limit for special or complex procurements is no less than 28 days. The time limit for procurements that are open to foreign tenderers is no less than 40 days. In urgent situations or in cases where an invitation to participate has been published for the second time, the time limit may be reduced at the discretion of the procuring entity.

Award criteria

Contracts are, in principle, awarded to the successful tenderer on the basis of two key criteria: the lowest price in comparison to the government estimate. The tender with the lowest price (which is not higher than the government estimate) will be awarded the contract. If the tender price is higher than the government estimate, the tenderer may be given a one-off-opportunity to reduce the price. If the reduced tender price is still higher than the government estimate, all potentially acceptable tenderers may be given the opportunity to re-tender. In the event that the lowest tender price is higher than the government estimate by 20 percent, or is higher than the budget amount, all tenders shall be rejected.

With a view to achieving value for money in procurement activities, parties designing a tender may prescribe and specify in the tender documentation that the contract could be awarded on the basis of either the lowest price or depending on an assessment of what is the most advantageous tender. In allocating an award on the basis of most advantageous tender criteria, such as technology, quality, function, commercial terms and/or price may be used when evaluating the products and services offered.

Channels for complaint

When the GPL was implemented, the Public Construction Dispute Settlement Committee (the DSC), which was under the Public Construction Commission (the PCC), was transferred to the Complaint Review Board for Government Procurement (the CRBGP), which is charged with fairly handling complaints filed by suppliers at the central government level.

The CRBGP also handles complaints from entities at the local government level. The tender can ask for the Fair Trade Commission to review the tendering procedure for alleged violations of the Fair Trade Law by the procuring entity. The tender also has the right to file an action in a court against the procuring entity for breach of the contract awarded and this is subject to judicial review.

Publication of Procurement Opportunities Through Electronic Media

Chinese Taipei has established a database of government procurement related information called the Government Procurement Information System (hereinafter named "GPIS") to collect and compile tender information, including details such as legal frameworks, tender opportunities, outcomes of tenders, bid challenge procedures and so on, so that it may be accessed through the computer network. In addition, Chinese Taipei is engaged in upgrading the functions of the GPIS to provide additional services such as accepting electronic bid offers, sending electronic tendering documents to potential suppliers and providing the electronic catalogue.

Administrative Structure and Policy Objectives

Chinese Taipei has implemented the GPL, which governs the operation of the overall procurement system and empowers the Public Construction Commission as the responsible entity to set government procurement policies, administer related matters and draw up the regulations related to the GPL. The procurements solicited by any government agency, public school or government-owned enterprise are governed by the provisions of the GPL. The Ministry of Audit, independent from the administrative system, has the authority to examine and investigate the government procurement at any time.

The existing procurement statutes specify that procurement decisions should be based on the most competitively priced goods and services and the promotion of domestic industrial development. Procurement officers must be accountable for their decisions. To achieve the objective of the best price, the tender with lowest price (under the government estimate) will normally be awarded the contract. Promotion of domestic industrial development is operated through the industrial cooperation program to assist local suppliers through local-content requirements or offsets. To ensure accountability of procurement officers, auditors are involved in the tendering procedure of procurement with the value over NT$50 million.

Objectives of Procurement policies

- Transparency: procurement notices for tendering opportunities and contract awards are published in a designated gazette. A government agency is responsible for supervising the economy-wide procurement operation, collecting and publishing data and keeping statistics regarding public purchases, and issues related regulations.
- Non-discrimination and national treatment: procurement is subject to the provisions of the WTO Government Procurement Agreement and the related offer of Chinese Taipei. This specifies that foreign suppliers will not be treated

less favorably than domestic suppliers in a tendering procedure.

- Efficiency: any budget-enforcement agency in the government will be authorized, if necessary, with the power to purchase as a procuring entity. To improve the discretionary power by a procuring entity, the audit authority will not be involve in the tendering procedures, but only examine the related records after the process has been completed.
- Accountability: the interested suppliers in a tendering procedure will be entitled to place complaints against the procuring entity in a mechanism as is provided for in the WTO Government Procurement Agreement.

Implement the APEC Principles on Government Procurement

In order to enhance openness and transparency in government procurement processes, Chinese Taipei has reviewed its government procurement regime for consistency with the APEC Government Procurement Expert's Group's (GPEG) non-binding principles on government procurement. These cover transparency, value for money, open and effective competition, fair dealing, accountability and due process, and non-discrimination.

In this context, the GPL and the related regulations have been examined. The conclusion is that there is general consistency with the GPEG non-binding principles although two stipulations do favor domestic suppliers (Article 43 and 44 of the GPL). However, the two stipulations will be nullified once Chinese Taipei joins the WTO/GPA.

Benefits

Implemented performance and results

1. Establishment of a law-based system: the "Implementation Rules of the Government Procurement Law" and 38 other related statues were approved on time before the Government Procurement Law went into effect. These made the procurement rules more comprehensive and established a sound legal environment for procurement. The opinions of all sectors were taken into consideration. Model contracts were drawn up and various work charts and rule related lists were provided to government agencies, to use for reference. These effectively reduced the extent to which government agencies would be unfamiliar or unable to navigate the new rules.
2. The building of an open, transparent environment for competition: According to various agencies' statistics on bid award decisions in the year 2000, 129,751 cases, or 74.2% of the total number of decisions (174,861), were handled by public announcements through the PCC procurement information system (GPIS). The amount of money involved in those cases was NT$614.3 billion, which is equivalent to 83.65% of the total value of bids awarded that year (NT$734.4 billion). By contrast, in the year before the GPL went into effect, only 28,000 bids, worth NT$429.2 billion, were handled. On average, more than 250,000 people per month use the PCC search engine to look for news on government procurement, and the number of hits on the website has reached 51,750,000. In 2000, the number of bid announcements published in the *Government Procurement Gazette* reached 500,000, and the number of messages announcing bid award decisions reached 200,000. It is estimated that the amount saved each year in advertising fees has been NT$3.0 billion.
3. Savings for government: Promoting the use of "Common Supply Contracts" has

simplified government procurement procedures and developed an economy of scale. Use of these contracts ensures that government resources are used effectively. In 1999, as a result of the centralized procurement procedures, the total amount of bid awards was NT$9.7 billion, which was NT$1.3 billion less than the budgeted NT$11.0 billion. In 2000, the corresponding figure was NT$19.1 billion, or NT$2.4 billion less than the budgeted NT$21.5 billion.

4. Easy access: The website makes it possible for agencies and businesses to publish and retrieve information quickly and conveniently and it does much toward reaching the goals of openness and transparency in government procurement.
5. Under the new law, all bid-related documents relating to special public construction projects or construction projects worth more than NT$50 million must undergo an advance public reading, according to the "bid document reading system" which has been put in place for public construction projects. This allows businesses or individuals to examine things in advance or the agencies concerned to revise or clarify their tenders, and it prevents bid-rigging.
6. The new system puts in place an appeal system for handling disputes, so a Procurement Appeal Review Committee has been established. On average, it handles 56 cases per month, thus making it the main channel for resolving disputes related to government procurement. The new system strengthens auditing and supervision and preserves orderliness in government procurement.
7. Educational and promotional programs have been designed to improve professional skills among government officials involved in government procurement.
8. The opinions of all sectors were taken into consideration while reviewing the Government Procurement Law.

Procurement Statistics

There is not an existing statutory requirement for data collection regarding procuring entities in Chinese Taipei. A study was nevertheless commissioned by Chinese Taipei, and initiated in August 1995, to collect procurement information annually. According to the study in the fiscal year of 1997, procurement of goods comprised 32% of the total value of all procurement, a figure of about US$4.2 billion. Procurement of construction works constituted 64%, or about US$8.2 billion. And procurement of services made up the remaining 4%, about US$0.6 billion. Also, the study indicated that the main foreign contractors for construction works were from Japan, Germany, the United States, and Canada; the main foreign suppliers of goods were from the United States, Japan, Germany, and Canada; and the main foreign providers of services were from France, Germany, the United Kingdom, and Canada.

The recent two half-year procurement statistics of Chinese Taipei are bellow:

1. From July 2000 to December 2000 (Value: NT$ billion)

Awarded tenderers	Construction Works		Services		Goods		Total	
Foreign/Domestic tenderers	Cases	Value	Cases	Value	Cases	Value	Cases	Value
	41,225	171.5	18,663	46.5	40,019	141.8	99,907	359.8
Foreign tenderers (1)	45	4.5	165	2.88	5,794	54.0	6,004	61.4
%	0.11%	2.63%	0.88%	6.22%	14.48%	383.07%	6.01%	17.06%
APEC Economies tenderers (2)	34	3.87	116	2.55	4242	41.4	4392	47.8
%	0.08%	2.26%	0.62%	5.5%	10.62%	29.22%	4.4%	13.31%
(2)/(1)	75.56%	85.9%	85.9%	88.56%	73.21%	76.76%	73.15%	77.98%

2. From January 2001 to July 20001 (Value: NT$ billion)

	Construction Works		Services		Goods		Total	
Foreign/Domestic tenderers	Cases	Value	Cases	Value	Cases	Value	Cases	Value
	23,369	170.0	19,028	59.1	33,273	160.6	75,670	389.8
Foreign tenderers (1)	31	0.57	172	2.31	5571	42.2	5,774	45.0
%	0.13%	0.34%	0.90%	3.92%	16.74%	26.74%	7.63%	11.57%
APEC Economies tenderers (2)	24	0.47	140	1.6	4,102	32.8	4,266	34.9
%	0.10%	0.28%	0.74%	2.71%	12.33%	20.44%	5.64%	8.96%
(2)/(1)	77.42%	82.28%	81.4%	69.04%	73.63%	77.82%	73.88%	77.43%

United States, Hong Kong, Japan, Indonesia, Australia, Korea are among the top economies in Chinese Taipei GP market.

Continued reforms

Chinese Taipei is in the process of acceding to the World Trade Organization and the WTO Government Procurement Agreement (GPA). In recent years, Chinese Taipei has obtained extremely significant reform of the government procurement system through implementation of the new Government Procurement Law (GPL), which is designed to bring Chinese Taipei's regime into conformity with the requirements of the WTO Government Procurement Agreement (GPA).

To date, Chinese Taipei has accomplished several major reform measures, such as extending the time-limits for tendering, publicizing procurement information, disclosing award information, making technical specifications reasonable, establishing a procurement opportunity database, publishing the Government Procurement Gazette, and establishing the Complaint Review Board for Government Procurement (hereinafter referred to as the "CRBGP") etc. Existing regulations have been modified so as to be consistent with the requirements of the GPL. These reforms strengthen the principles of transparency, non-discrimination and national treatment, efficiency and accountability. Procurement by public enterprises will also be liberalized through their privatization. Therefore, Chinese Taipei has obtained the remarkable reformation of the government procurement system under the GPL.

Chinese Taipei is developing the Electric Procurement Project to promote the efficiency and effectiveness of government procurement operation. Chinese Taipei will continue contributing to the understanding of GPA principles among member economies, provide its experience of pushing transparency on government procurement and GPA accession to other APEC member economies, and provide technical assistance where necessary, so as to encourage the accession of member economies to the GPA.

Following implementation of the GPL, the Complaint Review Board for Government Procurement (hereinafter referred to as the "CRBGP") was established for the purpose of handling complaints filed by suppliers who have disputes regarding procurements conducted at the level of central government. The CRBGP also handles the complaints arising from local government procurements. An introduction to the dispute settlement system has been included in the GPIS mentioned above.

Future Action Plans

Chinese Taipei will continue expanding the contents of the Internet database to supplement information regarding government procurement policies, practices and procedures, contact points, etc., and will focus on exchanging information with other member economies. We will continue upgrading the functions of the existing GPIS to provide additional services such as accepting electronic offers, providing the electronic catalogue and a multi-entity supply contract etc and we will continue reforming the government procurement regime to ensure efficient, open, fair and competitive procurement practices; and provide on-the-job training for procurement personnel with the goal of creating an efficient administration of procurement.

Chinese Taipei's consultation with existing GPA signatories regarding its accession to the GPA is very close to its completion. After its acceding to the GPA, the government procurement market will be opened through the Chinese Taipei GPA offer.

After its accession to the WTO/GPA, Chinese Taipei will expand circulation of the Government Procurement Gazette and publish a summary in English of the tendering notices in it as well.

Conclusion

Reform of the Government Procurement regime and the implementtation of the "Government Procurement Law" by Chinese Taipei has achieved the following benefits:

- The Government Procurement regime is now consistent with the WTO/GPA and APEC GP principles.
- It may result in a savings of approximate 10% of total government procurement.
- It will facilitate tender by foreign suppliers projected US$ 6 to 8 billion of Chinese Taipei's total Government Procurement market.

EDI: An One-Stop Service for Customs Clearance

Background

As the world economic environment becomes more and more interdependent, international trade relations will have to be further liberalised. Gone are the days in which governments are able to promote domestic development through protectionist tariff and non-tariff barriers. The Thai government is striving to provide a more 'user friendly' trade environment and the improvement of Thai customs regulations and procedures is imperative for Thailand's competitiveness in the international markets.

In order to facilitate more efficient customs regulations and speedy customs procedures, the Thai Customs Department, had attempting to introduce a number of measures aiming to reduce trade's impediments as well to streamline, rationalise and speed up Customs clearance. However, with a decreasing in number of manpower which direct conversely to an increasing of trade volume, and tremendous amount of manual paper work, those measures, therefore, had considerable success to some extent.

In order to improve its quality services, the Customs Department has introduced computerisation, namely Electronic Data Interchange system (EDI) in the execution of Customs procedures between entrepreneurs and the Customs Department. EDI allows for Customs entry information to be transferred via an on-line system which its objectives not only to increase efficiency to customs administration but also to increase its ability to support the expansion of trade in the future.

Customs Formalities Prior to EDI system

In manual procedures, there are overly complex and cumbersome customs procedures with a multitude of small steps. These can be seen as a following example.

Import Formalities by ship

1 Documentation

- obtain one set of customs declaration form (5 copies per set) from an officer together with all relevant documents such as an entry form, the invoice, packing list and a copy of the bill of lading import declaration etc.
- contact ship agent for the detail of arrival of goods
- inform insurance / contact controlling agent for permit or license for restricted goods (if any)
- tariff heading and the rate(if not sure, contact an officer)
- calculate goods import tariff rate, excise tax rate, municipal tax and value added tax etc.
- file all documents

2. Valuation

- Submit the import declaration form together with relevant document to a Formalities Section
- verify the submitted information and issue the entry number
- verify date of importation, foreign exchange rate
- state the name of officers for assessment and duty calculation
- verify the tariff heading and the rate, import value
- calculate duty and tax
- re-check
- receive an instruction of inspection
- receive the entry to pay duty and tax

3. Payment of Duty

- prepare cash or tax card or cheque, mostly in form of cashier cheque
- pay at the Cashier Division

4. Examination & Release of Cargo

- register the entry
- verify the import declaration form against the invoice or the cargo manifest
- balance the account in the cargo manifest
- state the name of inspector
- prepare the goods to be inspected and released
- record the examination
- examine documents, mark, the numbers and the numbers of packages
- release the goods at Checking Post

As illustrated above, the whole processing could take a day to 3 days with at least 3 trips (ship agent, customs office, customs custody, controlling agents etc.).

The availability of EDI

The new computer system and application development have just been completed. The following shows the availability of EDI:

- April 1998 - export processing available at Bangkok International Airport Customs Bureau
- August 1998 - export processing available at Bureau of Export at Bangkok Port
- February 1999 -- import processing available at Bureau of Import at Bangkok Port
- September 1999 -- import processing available at Bangkok International Airport Customs Bureau
- October 1999 - export and import processing available at other Customs offices.

Overview of EDI

The Customs Department has stared its computerisation project since March 1993 by contracting an Australian consulting company to study the existing Customs processing systems and design new system based on EDI system. Resulting from the study and several suggestions from meeting among the Thai Board of Trade (BOT), the Foreign Chambers of Commerce (FCC) and the Customs Department, ten major application systems and four supporting systems were identified. The systems support declaration processing, revenue collection, clearance of imported/export goods and duty drawback as well as prevention and suppression of customs – related offenses. After implementing these systems based on EDI, Customs can provide improved services to importers/exporters and involved agencies by electronic means.

Main Objectives for EDI

- Increase efficiency and quality of services provided to international trading partners as well as other organizations such as importers, exporters, Customs brokers, freight forwarders, and airline agents.
- Reduce management and administration costs for both private companies and government agencies by providing direct, on-line information transfers.
- Complement the Decision Support System or Management Information System used for making timely and efficient decisions.

EDI Standard

The Customs Department has selected "UN/EDIFACT" as the standard format for the exchange of information between the Customs Department and trading partners as well as other related organizations; The Federation of Thai Electronic Data Interchange (FTEDI) and Thai Industrial Standards Institute (TISI) have duly approved the internationally accepted UN/EDIFACT as the EDI standard for Thailand.

EDI Document Development

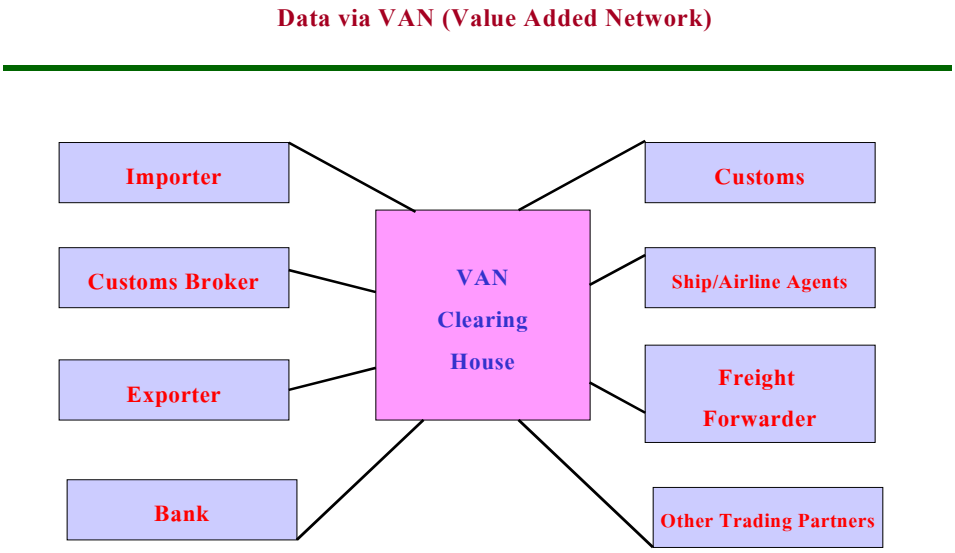
The Customs Department's EDI Working Group has designed EDI documents based on UN/EDIFACT standard (95B Directory and 96B Directory) and suggestions from the World Customs Organization. Currently, more than 140 member countries of the World Customs Organization aim to use this EDI standard for international trade.

In order to promote this standard within Thailand, The Federation of Thai Electronic Data Interchange (FTEDI) has appointed a Customs Working Group which consists of representatives from several international trade-related organizations such as The Customs Department, Port Authority of Thailand, Ministry of Commerce, NECTEC, Thai Airways International PCL., TAGS, TAFA, and TIFFA to review and approve EDI documents submitted by the Customs Department's EDI Working Group. They will formally announce all approved standard EDI documents to be used for international trade.

In addition, Customs Working Group requires some adjustments in order to comply with UN modifications. If trading partners have any comments or suggestion for improving documents, or notice any discrepancies, they can contact directly to the Customs Working Group.

General Specification of EDI

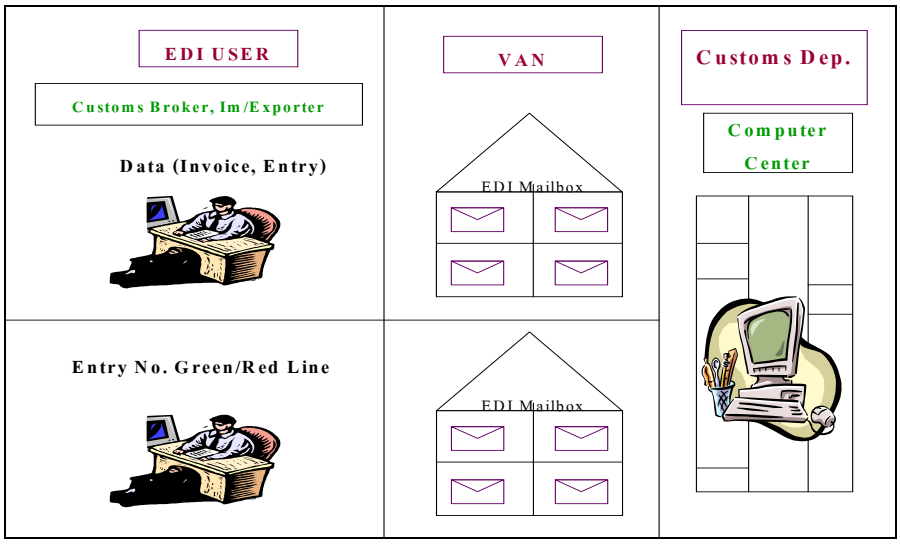
The Customs Department uses a-party networks as clearing house networks that offered the basic service of transmitting messages between the Customs and other trading partners.



This third-party network - the value-added network (VAN) - can be used in two distinct ways:

- an electronic mailbox
- for many of the additional services provided in the TPSP's (third-party service providers)

The main benefit of VANs is their ability to support multiple data format standards. The operators know all the customs rules, regulations, etc, and can provide the best service.



How EDI works

By computerizing Customs procedures with the Electronic Data Interchange (EDI) system, EDI allows for Customs entry information to be transferred via an on-line system. The trader may link to the system or may use a licensed Customs broker. The EDI system helps entrepreneurs save costs and time to a great extent, because they can rapidly submit Customs entry data for preliminary verification by Customs officers, which takes no more than 5 minutes and available 24 hours daily. Entrepreneurs will only need to meet Customs officers for document verification; the rest will be processed through the EDI system.

Customs Formalities in EDI System

Together with the new computer system and application development, all applicable rules, regulations, orders, and procedures have been modified to support EDI operations. The following example will show the simplified process, which will be finished in one step from im/exporter or Customs broker office.

Import Formalities by ship

1 Documentation

- obtain customs entry information, cargo manifest, permit or license (when available), etc. via EDI
- Trading Partners are able to prepare invoice and declaration data *in advance* by entering the data into their corporate computer systems while at the same time verifying the data, tax and duty computation, and standard codes etc
- be able to check tariff heading and the rates via EDI

2. Valuation

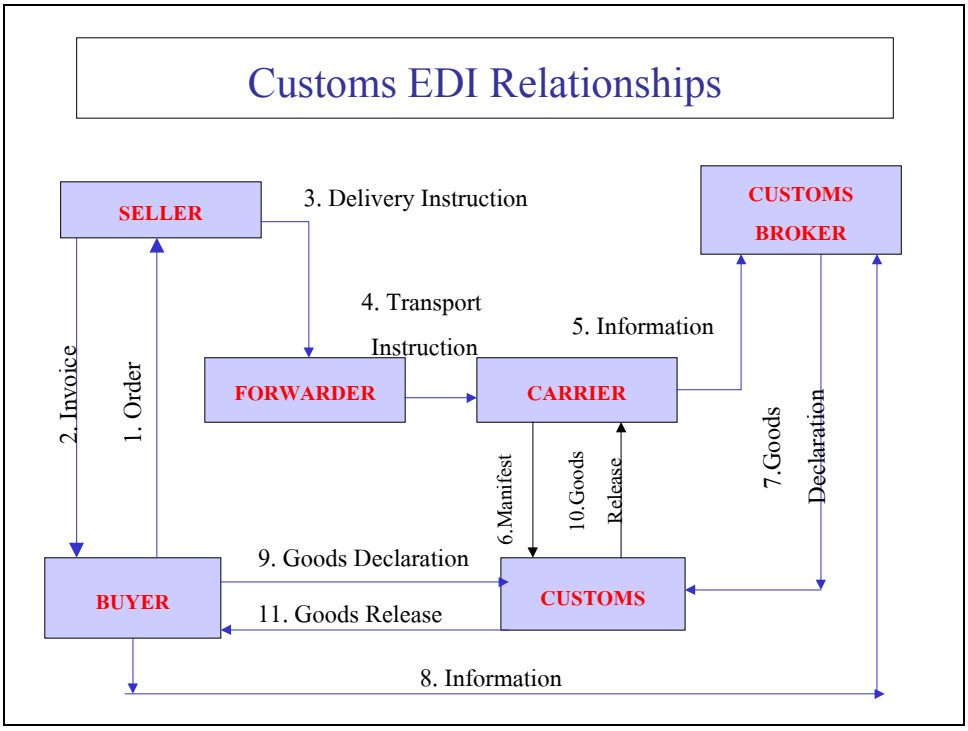
- transfer the data, which has been keyed into the computer and validated by their computer systems, to the Customs' computer via the EDI service provider of their choice
- after receiving the invoice and declaration data, the Customs' computer will validate the data including the right to use EDI with the Customs Department, tax and duty computation, standard codes, and other related details
- if the Customs' computer detects mistakes in the data receipt such as incorrect tax and duty computation, false code, incomplete data transferred etc., then an error messages will be electronically sent to trading partners for correction and re-transfer back to the Customs Department
- If the Customs' computer does not find any mistakes after completing the data verification process, then a declaration number will be issued and sent via computer together with duty payment instructions to the trading partners for updating their database and proceeding

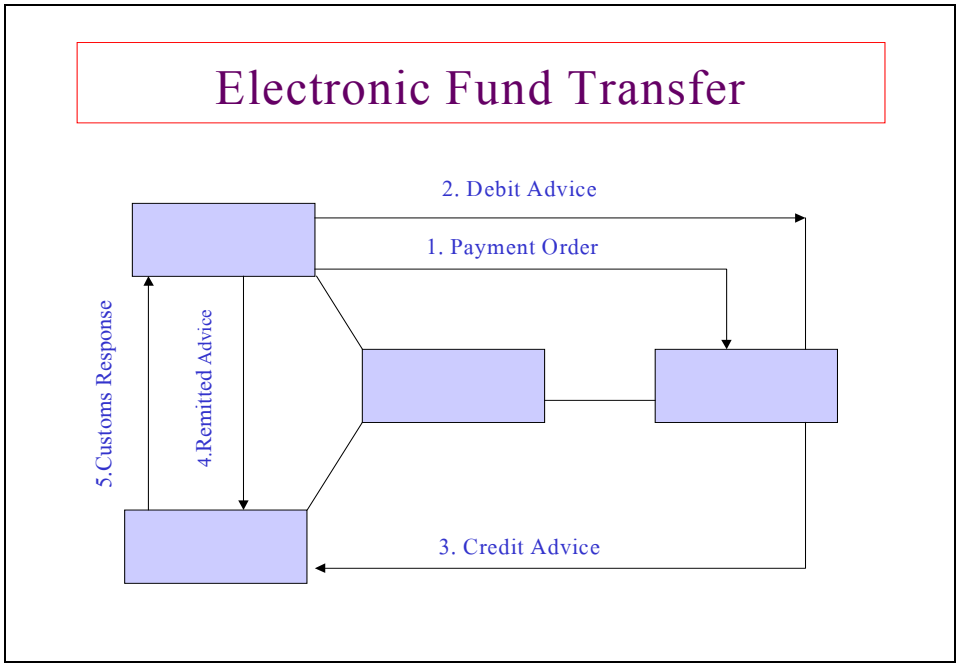
3. Payment of Duty

- use Electronic Funds Transfer (EFT)

4. Examination & Release of Cargo

- automatically verify the import declaration, the cargo manifest, and balance the account in the cargo manifest
- automatically assign Customs inspectors to undertake of goods
- automatically record the examination
- release the goods





Benefits of EDI

EDI brings substantial savings and benefits to all trading partners.
Effective use of EDI:

- Improved customs clearance and inspection procedures generate faster, more certain and, ultimately, less costly trade transactions which facilitates the cross-border flow of goods
- Ease and speed of clearance make transactions more compatible with "just-in-time" inventory practices and promote business competitiveness
- Computerisation of customs procedures results in time and administrative cost savings due to the reduced need to prepare, handle, store and deliver customs documentation
- Improvements in communications, access to information, the transparency of customs processes and appeals increases the level of certainty and fairness
- A good compliance track record will enhance ability to make timely and efficient decisions
- Reduction in data entry mistakes because all information are prepared by user and Customs' computer will check the accuracy before approval
- Timely receipt of compensation
- Improved cash management by using Electronic Funds Transfer (EFT)

Utilisation of EDI

The following tables show the volume of permit application for exports and imports via EDI during January 2001 and May 2001.

		Jan-01	Feb-01	Mar-01	Apr-01	May-01
Export	EDI	109596(67.53%)	120622(68.19%)	145236(71.74%)	130056(76.34%)	155806(78.32%)
	manual	52699(32.47%)	56272(31.81%)	57209(28.26%)	40306(23.66%)	43141(21.68%)
	Total	162295(100%)	176894(100%)	202445(100%)	170362(100%)	198947(100%)

		Jan-01	Feb-01	Mar-01	Apr-01	May-01
Import	EDI	78914(56.85%)	79926(58.86%)	93886(49.18%)	84865(58.49%)	92198(49.27)
	manual	59897(43.15%)	55871(41.14%)	97003(50.82%)	60226(41.51%)	94924(50.73%)
	Total	138811(100%)	135797(100%)	190889(100%)	145091(100%)	187122(100%)

As the end of May 2001, a number of direct EDI users (trading partners) were amounted to 1,641 users.

Thailand is now drafting 5 fundamental cyber laws, including the Electronic Transactions and Digital Signature Act, Universal Access Law, Data Protection Law, Computer Crime Law and the Electronic Funds Transfer Law. It is expected that parliament will enact these laws in the forthcoming year. With the EDI and the foundation of digital laws, Thailand will achieve the objective of Paperless Trading, which facilitates e-commerce placing Thailand well position in the Global new economy.

Information sources

http://www.customs.go.th/
http://www.customs.go.th/eng/index.htm
see EDI
see Custom procedures
see customs modernization reform
see customs laws

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Thailand

U.S. Government Provision of Trade-Related Data on the Internet

This case study examines ways in which the recent increase in U.S. Government provision of trade-related information on the Internet helps to improve service to the public and to demonstrate and enhance transparency of U.S. policies. The Internet makes available a large volume of information free of charge and instantaneously to any member of the public having Internet access, much of which was only available previously on a fee basis with a significant time delay, or not at all. The study focuses on three databases for which information conforming to the study template was readily available:

- DataWeb - Office of Operations, U.S. International Trade Commission. A self-service, interactive, trade and tariff data system which integrates U.S. international trade transactions with complex tariff and customs treatment, including a number of tools for searching and analyzing the Harmonized Tariff Schedule of the United States (HTSUSA) (http://dataweb.usitc.gov)

- Electronic Document Imaging System (EDIS) - Office of the Secretary, U.S. International Trade Commission. Provides access to public documents filed with the Secretary's office in USITC investigations, including antidumping and countervailing duty, safeguards, and general factfinding investigations. (http://dockets.usitc.gov/eol/public)

- Production, Supply, and Distribution Database (PSD) - Economic Research Service, U.S. Department of Agriculture. PSD is the U.S. Department of Agriculture's (USDA) official, short-term quantity forecast of supply and use by country and by commodity for 62 commodities, excluding fruits and vegetables, and more than 200 countries and regions in the world. Data are annual, in standard metric units, and for quantity only, not value. PSD covers area, yield, production, consumption, stocks, and trade. For trade, this product provides only total trade of the country for the commodity; it does not provide a country's bilateral trade in a commodity with each trading partner. This product is also known as Time Series (TS), which is the name of the software developed by the Economic Research Service of USDA to use the PSD data. (http://www.ers.usda.gov/data/psd/)

These services are a small sample of the types of U.S. Government trade-related information available to the public through Internet-based delivery, and do not even exhaust the products available through ITC (e.g. reports from general factfinding investigations pertaining to trade liberalization, and additional information about the HTSUSA) and ERS (e.g. the FATUS (Foreign Agricultural Trade of the United States) database). For example, the U.S. Trade Representative's office posts a variety of reports, press releases, Federal Register notices and speeches; the U.S. Commerce Department posts Foreign Commercial Service country guides, listings of specific export opportunities, and data on foreign direct investment; and the U.S. Customs Service posts information on import and export procedures, foreign travel by individuals, and enforcement issues. These links can be explored through the Library of Congress' list of executive department links (http://lcweb.loc.gov/global/executive/fed.html). The cases covered here are illustrative of the benefits arising from, and issues involved in, establishing specific Internet-based products for dissemination of information to the general public.

The material presented here was collected and organized by Michael Ferrantino, USITC Office of Economics, and William Chadwick, USITC Office of Industries, based on information provided by the primary administrators of the products involved - Peg MacKnight (DataWeb), Marilyn R. Abbott (EDIS), and Carolyn Whitton (PSD).

Background

· *What administrative system existed before the initiative?*

DataWeb - Prior to the 1980s, there was no common U.S.-Government wide source for tariff and trade information. The ITC's role as a data provider grew organically over time as part of negotiations support for USTR provided by the office now known as External Relations. During the Tokyo Round (1976-1979) several U.S. databases were set up, one using mainframe facilities at the United Nations International Computing Centre (UNICC) in Geneva, and another at the National Institutes of Health (NIH) in Bethesda, Maryland. An attempt was made to develop a single common database using U.S. Government proprietary software known as GIM-II, but this proved too difficult to maintain and was abandoned.

During the 1980s, USITC staff experimented with a variety of mechanisms for semi-automated retrieval of the NIH data, including use of the Wylbur, SAS, and COBOL programming languages, and eventually developed a self-service data retrieval system called COMPRO. Staff submitted batch jobs at locations remote from NIH to obtain hardcopy or electronic versions of data residing at NIH, which were processed with a significant (sometimes overnight) time delay. COMPRO was actively marketed within ITC, then to USTR and other agencies in the Trade Policy Staff Committee (TPSC) process. Within two or three years COMPRO became the U.S. government standard for routine trade data work, though ITC also did special or customized work for some purposes. Eventually, the maintenance of COMPRO migrated from ITC to USTR to the International Trade Administration in the Commerce Department, as relevant staff moved, but it remained available on an interagency basis.

In the early 1990's, NIH announced a decision to limit access to their facility to users within the Department of Health and Human Services. USTR and TPSC recognized that the trade policy community was very dependent on COMPRO, and determined to develop a replacement system.

EDIS - Prior to 1996, documents filed with the U.S. International Trade Commission (USITC or Commission), were maintained in paper form. The general public needed to go to the Commission's offices in Washington, D.C., to view documents and either contact the Commission or its on-site contractor to obtain copies of documents.

PSD - Prior to 1978, different agencies within USDA had differing data bases for country and commodity estimation. Consequently each agency often reported differing analyses and data for the United States and for other countries in the world.

To rectify this problem, in 1978, a USDA agency known as the World Agricultural Outlook Board (WAOB) was created and a process established for monthly release of "official USDA" statistics and analyses. The WAOB was tasked with chairing monthly meetings between the USDA economics agencies for release of country-by-commodity production, supply, use, and trade statistics. The committee consists of representatives from each of the following USDA agencies: the Economic Research Service (ERS), the Foreign Agricultural Service (FAS), the Farm Service Agency (FSA), and the Agricultural Marketing Service (AMS). In setting up this data release process it was decided that the Foreign Agricultural Service (FAS) would maintain the official USDA database for world production, supply, and use of agricultural commodities.

· *How long had it been in place?*

DataWeb - See above response.

EDIS - See above response.

PDS - From 1978, as a part of this data release process, extensive computer printouts containing the officially agreed upon USDA data were delivered each month from FAS to each other involved agency. This occurred one to several days after the scheduled monthly official data release. These data were then entered by each analyst into his/her own PC spreadsheets.

· *What were the key objectives of the existing system?*

DataWeb - The NIH database was designed to provide an electronic archive of U.S. import and export data. It is not clear whether paper copies of the data were generated from the NIH database, or vice versa.

EDIS - See above response.

PDS - Objectives of the monthly official USDA data release procedure were to produce a single consistent USDA set of estimates and out year projections for U.S. and world agricultural production and use (including, but not limited to trade). And to do this in a manner that would protect the data and release it simultaneously to all users, so as to not unfairly influence the commodity markets.

The distribution of computer printouts was designed to give every USDA analyst involved equal access to the entire data set so the analyst could answer questions from the public and do analysis for USDA publications.

· *What motivated the new system?*

DataWeb - The new system was made necessary due to the loss of the computing resources at NIH.

EDIS - In 1994 the Commission decided to undertake a survey of the Commission's business needs, performance requirements and the cost issues related to replacing the manual document filing and searching system with a self-service document research and retrieval system. One goal was to enhance productivity of existing personnel by absorbing increased workloads from the Uruguay Round Agreements, in particular the "sunset" provisions requiring review of earlier antidumping and countervailing duty cases; in essence to "do more with less". The result was a document imaging system, EDIS :(Electronic Document Imaging System).

In 1998 the Commission decided to make EDIS more user friendly and more widely available. The new system, EDIS On-Line (EOL) greatly expanded access to documents stored in EDIS. EOL not only presented the underlying EDIS data and provided some of the EDIS functions in a user-friendly manner but it also provided for requesting copies of documents from within the search-and-retrieval session.

PDS - The need to be able to answer an increasing number of questions and to produce quick

turnaround analyses for USDA policy makers on current issues movitated ERS to think about producing a new system. In addition, simply obtaining more timely access to the data was an important factor, as ERS analysts were not located in the same building physically and so were at a disadvantage in answering questions immediately after the data release since they did not receive the data until the next day at the earliest.

Overview of reform/initiative

· *Outline the key features of the initiative*

DataWeb - The ITC DataWeb is a self-service, interactive, Internet-based system that provides access to extensive trade and tariff data. The system is designed to enable even novice users to find their way - unassisted - through the numerous options available in working with tariff and trade data. The ITC DataWeb responds to user-defined queries rapidly, and it allows both expert and non-expert users to create and save customized country and product lists for future re-use from anywhere in the world.

The ITC DataWeb integrates international trade transactions with complex tariff and customs treatment. Import and export materials are updated monthly. Data are available for years 1989 through 2001 on a monthly, quarterly, annual, or year-to-date basis and can be retrieved in a number of classification systems, including the Harmonized Tariff Schedule (HTS), the Standard Industrial Classification (SIC), the Standard International Trade Classification (SITC), or the North American Industry Classification System (NAICS). Material is available on U.S. trade under special tariff preference programs or by country or country group. Pre-defined reports are also available by geographic region, partner country, and production sharing provisions (under which goods are exported for processing abroad and later returned to the United States). Current information on U.S. tariffs, which is maintained and published by the ITC as one of its statutory responsibilities, can be accessed via the DataWeb, where it can also be linked to relevant and current trade data.

EDIS - EDIS/EOL provides the public and staff with self-service access to documents filed with the Secretary to the Commission. The system stores in electronic form most of the documents the agency handles in paper form and permits electronic search and retrieval of documents and rapid output via a high-speed printing system. This system benefits the Commission in a number of ways and the benefits extend to a variety of agency functions and offices.

The conversion of paper documents into an electronic database benefits all offices that deal with investigative records because of the reduction in storage and handling of paper. The Secretary's Office has reduced its extensive and expensive on- and off-site storage of paper files. After the end of an investigation, employees more easily dispose of what paper they have retained, to the extent permitted by retention rules, knowing that documents remain available in the electronic archives. All users of the system are relieved of the manual document search and retrieval burden.

PDS - In 1989, one of ERS's commodity analysts began working with a computer programmer to design an analysis tool to be run on desktop computers, using the then common DOS technology and a spreadsheet format.

· *What is the objective of the initiative? What problem was it seeking to address?*

DataWeb - To improve public access to trade data available to the ITC. Prior to DataWeb, ITC received frequent requests from the public to look up import, export and tariff data, which could not consistently be filled due to limited staff resources.

EDIS - See above response. Better public access to Commission documents improves transparency in the administration of the trade remedy laws.

PDS - The objective was to produce a single computer program for use by all ERS analysts to quickly analyze USDA's production, supply, and use data for any country or commodity.

This program was to perform all the operations ERS analysts performed and to do this so the results would be easily and quickly replicable by someone else. These operations included: run various types of regressions of differing lengths on the data set, produce projections of 5-10 years from the historical data, make comparisons between variables within the data set or across countries, view the data, printout the data for other users, and save the data to a spreadsheet for other manipulations. The program was to be designed to be easily combined with other data sets, such as population or prices, for other kinds of analysis.

· *How was the initiative developed?*

DataWeb - During the mid-1990s, parallel efforts to replace the NIH-based COMPRO system were underway at the Commerce Department and ITC. The ITC's effort focused on using "small" in-house UNIX and Intel machines, replacing the previous complex file architecture with a more modern relational database built in Oracle with the aid of a consultant. Local desktop processing of data on a "client-server" basis was to be achieved using MS-Access software.

By 1996, the development of the Internet meant that Web-based tools were becoming available to provide data dynamically from an Oracle or other database "back end." This system proved to dominate the MS Access based system, since (a) it eliminated the substantial effort and expense to install and maintain Access on each user's desktop and (b) since it was Web-based, the system could be accessed from anywhere on the Internet at nearly zero marginal cost.

PDS - The ERS analyst and the computer programmer worked together. The ERS analyst also consulted with other ERS analysts to be certain all possibilities were covered when developing the software.

· *Were particular criteria used to evaluate the initiative?*

DataWeb, EDIS - See below, under the questions on "consultation" and "quantitative work"

PDS - Did it produce accurate and useable results? Did it produce these results in a timely manner? Was it easy for the analysts to learn to use software without a long start up time?

· *Were APEC guidelines/networks helpful in developing solutions?*

DataWeb, EDIS, PSD - No. (The beginning of PSD in 1989 predated APEC).

· *What kind of consultation was involved in developing the initiative?*

- *with business stakeholders?*
- *with counterparts in other economies?*

DataWeb - The initial development of the system involved consultations among ITC, USTR, and Commerce Department staff. During the two-year pilot period, ITC asked for and received extensive feedback from the public as well, including users from a wide range of foreign economies.

EDIS - Starting in 1994, and continuing over a 14 month period, the Document Imaging Oversight Committee surveyed the Commission's business needs, performance requirements and the cost issues related to document imaging. Site visits and interviews were conducted at other government offices, law firms participating in ITC investigations, and imaging system vendors as well as internal technical personnel, to identify the real-world value of document imaging. A survey of case studies was conducted to provide a framework for analyzing the Commission's document imaging needs. A document imaging consultant was retained to provide the Commission with a detailed technical study, implementation plan, and cost analysis as foundation for implementing such a system.

The Document Imaging Oversight Committee and the consultant recommended installation of a document imaging system to replace the microfilm system, to replace manual document searches with self-service key word search and retrieval for both Commission staff and the public, and to provide existing staff with the research tools necessary to handle increasing workloads.

The Commission's business needs were identified by a series of interviews with Commission offices. The system requirements were described from a user perspective. An audit of existing expenditures for microfilm services, photocopying, document storage, confidential document destruction, and the production of evidentiary and investigational records for appellate proceedings was also collected as an approximation of the hard dollar savings that would result from a document imaging system.

In November 1998 the Document Imaging Oversight Committee proposed a plan to make EDIS more user friendly and more widely available by providing access to it via an internet web browser. In February 1999, the Document Imaging Oversight Committee initiated testing of the EDIS On-Line (EOL) web browser interface in the Public Reading Room of the Office of the Secretary. After several weeks of internal testing external stakeholders were asked to test and comment on the system. In July 1999 EOL was made available to the general public.

PDS - One of ERS's experienced analysts represented the other ERS users. He worked in conjunction with a computer programmer who was at the time located at a University. ERS and other USDA analysts provided information about the operations they most commonly performed with the data, as well as the types of questions they were most commonly asked by both USDA policy analysts and the public.

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Was any quantitative work undertaken to assess the initiative?

DataWeb - Usage statistics are maintained on a regular basis and usage has increased. For example, total reports generated during the April-June quarter were approximately 67,000 in 1999, 88,000 in 2000 and 122,000 in 2001. There are 17,643 registered users of DataWeb as of late June 2001, of which about 15,100 are non-governmental. These break down as follows:

General public	11,195
Educational or charitable institution	3,189
U.S. Government (includes state and local)	2,429
Foreign governments	690
Multilateral institutions (UN, IMF, etc)	140

EDIS - The success of EOL is measured by public usage. Daily usage statistics are maintained as is a log of all questions/requests regarding EOL features or capabilities. Usage of the site has grown rapidly since EOL was first made available to the public. For example, so far this year an average of 5,385 users visit the site each month viewing an average 66,160 pages of documents. During the previous 12 months, the site was visited an average of 2,817 times and on average 34,268 pages were viewed each month.

PSD - ERS and other USDA analysts provided information about the operations they most commonly performed with the data, as well as the types of questions they were most commonly asked by both USDA policy analysts and the public.

- *Analysis of benefits and costs, development of performance standards*

DataWeb - A cost-benefit analysis was done at the time the upgrade of equipment was requested to serve the public on a permanent basis. DataWeb performance is reported annually to Congress (Senate Finance Committee and House Ways and Means Committee) in terms of data reports generated successfully and non-ITC customers reached.

EDIS, PSD - See under "Benefits of the reform"

· *How was the initiative implemented?*

PSD - As the programmer and ERS analyst were satisfied with the software development, other ERS analysts tested it and made additional suggestions. New arrangements also had to be made for ERS to obtain the raw data from FAS after the software was completed. ERS wanted to begin downloading the raw PSD data electronically from FAS. At first, FAS sent the data to a USDA mainframe computer located at Kansas City from which ERS technicians on the ERS mini computer obtained it. ERS commodity analysts still received the paper computer printouts from FAS for analysis purposes.

Then in 1994, ERS worked with FAS to obtain an electronic download of the data via modem instead, but only for 2 designated ERS downloaders, so as not to violate FAS computer security. At this time the paper printouts finally were discontinued.

In 1999 the ERS downloader was granted direct access to the FAS internal system. Once the ERS has the raw data, then it is processed in ERS into TS format, loaded onto the internal ERS LAN, sent to the web site, and sent to the subscription contractor.

· *Was legislation required?*

DataWeb - No. ITC did present the DataWeb proposal to staff of the agency's congressional oversight committees, whose response was enthusiastic. Congressional staff, both in the trade oversight committees and elsewhere in Congress, are heavy users of the DataWeb, as is the Congressional Research Service.

EDIS - see below

PSD - No. But prior to public release of the software ERS obtained agreement from both FAS and the WAOB and it was decided which commodities would be released. World data for some other commodities USDA covers has never been sufficiently cleared to release into this product.

· *Did it involve application of information technology or other new technologies?*

DataWeb, EDIS, and PSD all involve applications of information technology since they are Internet-based systems for delivery of information.

DataWeb - The equipment was upgraded in 2001 in order to be able to serve the public on a permanent basis.

EDIS - Beginning the initiative required the purchase of scanners in 1996, which at the time were the state-of-the art technology. For EDIS II, a switch from scanned documents to documents in .PDF format is being considered as this format is becoming increasingly widespread, particularly by the courts with which USITC and the trade bar interact.

PSD - Technologies existing in 1989 were used in the development of the software. Over time the methodology for accessing the data both within the main USDA building and for ERS, which is still located outside of that building, has evolved.

· *Was the initiative phased in over a period of time?*

DataWeb - Yes. During 1997-1999 the DataWeb was available only on an intra-government basis, first at the ITC, then at USTR, and then at Commerce and elsewhere in the government. Commerce's attempt to maintain COMPRO was running by this point, but it was agreed that the DataWeb provided a more efficient solution. Commerce agreed to specialize in intra-Government provision of older historical data and United Nations multilateral data, the latter being a significannt cost item which would have been difficult for a small agency such as ITC to undertake.

DataWeb was made available to the general public on a pilot basis on April 1, 1999. During 2001, equipment upgrades were undertaken in order to achieve the capacity necessary to make DataWeb public on a permanent basis, which took place on June 4, 2001.

EDIS - The EDIS and EOL were implemented following agency guidelines for major

information technology initiatives.

The Commission used a two step internet deployment. In the first phase, regular users of EDIS in the public reading room were advised of the available of EOL and were asked to provide feedback. Usage and performance data were collected. The second phase involved a progression of public exposure so that demands on the system grew in a controlled manner. The formal announcement process escalated through the steps of 1) the notification of participants in current Commission proceedings that EOL was available, 2) the addition of an EOL link to the Commission's internet home page, 3) formal announcements distributed via the official agency mailing list, 4) a Commission press release, and 5) including EOL in internet indexing search engines.

PSD - When it was finished, the software was immediately put into use on the PCs of all ERS commodity and country analysts. Progressively over time it has promoted itself to an ever wider range of users.

- *Was a new organization created to administer the initiative?*
  Or have existing organizations taken responsibility for administering the policy?

DataWeb - The position of Tariff and Trade Information Manager was created in part to manage DataWeb development.

EDIS - EDIS is administered by the Office of the Secretary, which existed prior to the initiative.

PSD - As users expanded it was necessary first to hire a contractor to maintain the subscriptions and produce and mail the disks. Subsequently, it was necessary to find a University willing to host an ERS web site. Now, with technology and staffing improvements, ERS maintains its web site itself and is gradually moving databases such as this back onto our own site as well.

- *Does the initiative involve enhanced cooperation with trading partners and/or the business community?*

DataWeb, PSD - Does not apply. Though these services generate benefits for trading partners and the business community by providing information, they are provided using data and resources internal to the U.S. Government.

EDIS - EDIS provides increased access to USITC materials for the business community. Queries from petitioners or respondents who seek to make correct and effective filings with the Commission can now be answered by USITC staff by making reference to examples of similar filings on EDIS which can be explained over the phone while the inquirer is viewing the document at their desktop.

PSD - In the sense that ERS and other USDA analysts spend much less time answering routine phone calls for data, we now have more time to provide analysis to the public. In addition, the more public users there are of this data product, the more they do their own analysis as well.

- *Are procedures in place to monitor and evaluate performance and to seek feedback from stakeholders?*

DataWeb - See above. Quantitative measures of performance are provided annually to Congress.

EDIS - See above.

PSD - On the ERS web site contact persons are listed for users who have questions the answers to which they cannot find on the site itself. Those individuals still get 100-200 calls per year about this system, which is far fewer than the number of analyst calls received prior to the web site release.

The ERS web site also maintains feedback statistics, such as number of visitors, web sites referring visitors, etc.

Benefits of the reform

· *What are the expected or realized benefits from the reform?*

DataWeb - The service fulfills a goal of the ITC Strategic Plan of increasing the availability and use of trade and tariff information to the public. It helps fulfill the ITC's ongoing commitment to the interagency ITDS program.[1] It fulfills a goal of the Government Paperwork Elimination Act to disseminate data by self-service means. The service allows the public to retreive trade data on a self-service basis rather than through ITC staff. Information helps the trade community to monitor and evaluate market opportunities and conditions of competition.

EDIS - The conversion of paper documents into an electronic database was expected to benefit all ITC offices because of the reduction in storage and handling of paper. The Secretary's Office could reduce and eventually eliminate its extensive and expensive on- and off-site storage of paper files. After the end of an investigation, employees could more easily dispose of what paper they had retained, knowing that documents remain available in the electronic archives. Provided that employees did not make excessive numbers of paper copies, imaging would result in less paper needing to be discarded, and a reduction in the amount and cost of destruction by burn bag and other methods. Several offices would benefit significantly from the electronic search and retrieval aspect of the imaging system. Employees would save time in searching for documents that would be harder to find in paper form. The public would benefit from "self-service" full text key word search and retrieval of the public records.

During the period that EDIS and EOL have been in place the average daily workload of the Secretary's Office has doubled. The filing and distribution increase has been handled with no increase in personnel. In fact, the overall size of the Secretary's Office has decreased.

EDIS/EOL is an integral part of the efforts to fulfill a goal in the agency's Stategic Plan to

[1]ITDS (International Trade Data System) is an inter-agency group charged with re-engineering and streamlining the collection and dissemination of trade data.

provide superior customer service. The increased usage of the internet site and the increased number of communications from customers located outside of the Washington, DC, metropolitan area, including overseas users, attest to this.

PSD - ERS and other USDA analysts spend much less time answering routine phone calls for data and more time providing analysis. Our analysis is more easily replicable. More sophisticated analyses can be performed in a more timely manner, enhancing the quality of our work. And more alternative scenarios can be quickly analyzed.

This technology also was helpful when ERS was faced with downsizing in the mid-1990s because it enabled fewer analysts to perform the same quality and quantity of work previously performed by more people.

· *In particular how have or will these benefits facilitate the cross-border flow of goods and services?*

DataWeb - See above

EDIS - Since EDIS is available equally to both petitioners and respondents, it increases transparency of the trade laws administered by the Commission. In addition to materials related to anti-dumping, countervailing duties, safeguards, and similar matters, EDIS also contains public submissions related to the general fact-finding investigations requested by the United States Trade Representative, Senate Finance Committee and House Ways and Means Committee under Section 332 of the Trade Act of 1930. These investigations are often requested in connection with trade liberalization initiatives being pursued by the requester. In most cases, the final report of the investigation is also posted on the Commission's website.

PSD - Traders, brokers, farmers, banks, and others, if they want it, now can quickly access and analyze world agricultural production, consumption, and trade competition for 62 commodities. This enables everyone to make more informed marketing and planting decisions and to thereby enhance their income potential.

· *Has the performance of the initiative been reviewed? And if so, are there measures of improved performance?*

DataWeb, EDIS - See response to the question on quantitative measures.

The ERS software product is now so widespread that other countries and academic analysts are producing their own products and web sites using this USDA data or software.

With the evolution of technologies, ERS also is developing an updated version of the software and data files that will run directly and interactively on our web site, so users no longer need to download the software and set it up first in order to use the product.

· *Has any quantitative work been done to estimate the benefits?*

DataWeb, EDIS - See response to the question on quantitative measures.

PSD - In the first six months of 2001, the ERS PSD web page received an average of 1,400 visitors each month.

· *What has been the response of stakeholders and trading partners?*

DataWeb - Stakeholder response, both domestic and foreign, has been extremely positive and encouraging. Within the U.S. Government, DataWeb is used by a much wider set of departments and agencies than the three originally involved in its development.

EDIS - The EDIS system is very popular, as demonstrated both by its rapidly increasing usage and by comments received from the public. The community of EDIS users is considerably broader than the community of trade lawyers with matters before the Commission who were originally envisioned as the primary users. EDIS is used by financial firms undertaking research into firms with matters before the Commission as well as by academic researchers, both inside and outside the United States. One graduate student from Thailand reported getting an A on a paper about U.S. safeguards (Section 201) measures because of the availability of research materials on EDIS.

PSD - Extremely enthusiastic.

Information sources (additional narrative)

Additional information can be found by means of the links to each of the three resources at the beginning of the document.