



**Asia-Pacific
Economic Cooperation**

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

Trade Policy Dialogue on Trade Facilitation Agreement (TFA) Category B and C Commitments

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Summary Report on the Trade Policy Dialogue on the Trade Facilitation Agreement (TFA), Category B and C Commitments

Background

The Project Proposal on Trade Policy Dialogue on the Trade Facilitation Agreement as being proposed by Papua New Guinea was co-sponsored by China, Australia and Peru. The project was approved by CTI, SCCP commenced in July 2018 and is expected to end in November 2018. In a nutshell, the project is aimed to support the Multilateral Trading System (MTS) on implementing the TFA by bringing together the 21 APEC economies' representatives to share their experiences and challenges in implementing their category B and C measures.

Of the 21 economies, 20 have ratified their TFA category A commitments and are working towards implementing their category B and C measures. It is therefore anticipated that the Policy dialogue will enable economies to explore possible ways to fully implement their outstanding commitments. The Dialogue is conducted in collaboration with SCCP as Customs Agency is the major stakeholder in the implementation of the TFA work that would also contribute to supporting the Cross Fora Collaboration Guidelines.

Introduction

The Trade Policy Dialogue on the Trade Facilitation Agreement, Category B and C commitments was held on the 13 August 2018 at the International Convention Centre in Port Moresby, Papua New Guinea. The project brought together representatives from other APEC economies to share their experiences and challenges in implementing their category B and C measures. A total 50 participants participated in this dialogue. Of the 50, 15 economies participated including 2 invited guests and the APEC Secretariat.

The presenters and the moderator for the dialogue were selected based on their profession and wider experience in the area of trade facilitation, hence the programme was designed to cover two (2) sessions. Session 1 focused on the factual findings and research by academics and institutions/organizations on the Trade Facilitation Agreement and its impact on trade in both the APEC region and the world. Session 1 was moderated by Ms .Lisa McAuley, Chief Executive Officer Global Trade Professional Alliance, Sydney, Australia. The three (3) speakers for session 1 were:

1. Mr Akhmad Bayhaqi APEC PSU – Singapore (Speaker 1).
2. Dr Hong Nguyen, Technical Officer - World Customs Organizations (Speaker 2)
3. Mr Jonathan Kirkby, Senior Operations Officer– World Bank: International Finance Corporation (IFC) – Port Moresby (Speaker 3).

Session 2 focused on economies and representatives from both the private sector/ businesses community present their views and opinion on how the WTO TFA had improved the ease of doing businesses and how it had contributed to the economic

growth of the respective economies and the performance of the businesses and firms in general. This session was moderated by Mr Jonathan Kirkby from the World Bank, IFC – Port Moresby, Papua New Guinea. The four (4) speakers for session 2 were:

1. Mr Joe Cannon, Manager– Central & Southern Ports, Customs Service (Speaker 1)
Representatives from the New Zealand Customs Services, Christchurch, NZ.
2. Mr PEH Kay Koon, Deputy Head – International Relations Branch. (Speaker 2)
Representative from the Singapore Customs
3. Ms Fatimah Alsagoff, Public Affairs Lead for SE Asia, Australia & NZ, (Speaker 3)
Singapore perspective on the TFA- Private sector representative United Parcel Service.
4. Ms Lisa McAuley, CEO, Global Trade Professional Alliance, Australia (Speaker 4)
Australia perspective on TFA- Private sector representative

Opening remarks

The Acting Chief Trade Officer from PNG's National Trade Office, Mr Richard Yakam made opening remarks to open the discussion. In his remarks, he mentioned the following:

- In May this year, the APEC 24th MRT noted the importance of the WTO TFA and welcomed all initiatives to implement the TFA, especially the category B and C Commitments.
- The TFA spearheads a global effort to reduce trade costs and help economies connect to the global economy. The full implementation of the TFA will enhance individual economies' competitiveness allowing trade in goods on time and with low transaction costs.
- Ratification of the TFA by all economies is commendable but the implementation of the commitments is challenging for most economies. That is why this project was initiated.
- Most economies are progressing well in implementing their category B and C commitments and it is believed valuable lessons have been learnt in our region. Encouraged all to share their experiences.
- It was highlighted that the three tier approach to implementing the TFA gives most economies the opportunity to schedule implementation of the TFA reforms as dictated by individual economy situations especially with respect to human, financial and technical capabilities.
- Whilst most economies continues to maintain implementation of TFA reforms as work in progress for obvious reasons, the need to run trade policy dialogues like this will help each other to see things from different perspectives.
- The role of the private sector through the NTFs is important. Trade compliance and trade facilitation are two sides of the same coin. Genuine consultation with private sector stakeholders will help prioritize which measure to implement first and in what order.
- In APEC; we must leave no one behind. Our future is a shared future.

Presentations / Discussions

Session 1 - Moderator: Ms Lisa McAuley

Session 1 focused on the factual findings and research by academics and institutions or organizations on TFA and its impact on trade in both the APEC region and the world.

Speaker 1: Mr Akhmad Bayhaqi, APEC PSU – Singapore

Mr Bayhaqi provided a brief overview of the progress of TFA implementation in APEC using the WTO Cat B and C notifications as well as other indicators from UNESCAP, OECD and World Bank. As a general observation, the following TFA articles have been notified by APEC Economies for Cat B and C: (i) Art 5: Notifications for enhanced controls or inspections; (ii) Art 7: Release and Clearance of Goods; (iii) Art 10.4: Single Window and (iv) Art 12: Customs cooperation. Data obtained from UN Global Survey on Trade Facilitation and Paperless Trade Implementation 2017, OECD Trade Indicators and Logistics Performance Index 2018 showed that APEC as a region appears to be performing well compared with the global average. However, there appears to be room for improvement to match the OECD average figures.

The APEC Trade Facilitation Action Plan helps with simplification and harmonization of customs procedures basically by cutting the bureaucratic red tape in order for the goods to be delivered in a timely manner. There are opportunities to improve further particularly in the area of paperless trade. In APEC, clearance time with and without physical inspection have decreased, improving efficiency of trade. Additionally, there has been an increase in electronically processed and submitted declarations, contributing towards an increasing trend towards paperless trade.

On the other hand, there are also many costs involved in complying with the WTO TFA such as adjustments to legislation, regulatory measures, institutional cooperation, infrastructure, human resources (capability), and improving awareness/ consultations with affected stakeholders.

For example, establishment of Single Window is very expensive. There were also large investment costs involved. Cost of implementation are wide for each specific measures hence economies are encouraged to look at benefits and returns in the short or long term before deciding whether to apply those trade facilitation measures.

Speaker 2: Dr Hong Nguyen, Technical Officer, World Customs Organizations (WCO)

Dr Nguyen briefed on WCO's role in assisting customs agencies in implementing the TFA. WCO had been providing assistance to its member economies around the world to improve their trade facilitation regime and also made linkages to the work with other

international organizations in facilitating trade. She further informed of the WTO TFA and its current ratification and notification status.

WCO also provides guidance and support for its members and members of the WTO. The benefit includes Special Differential Treatment. It was highlighted that the top 5 most notified measure in Category B includes Article 1.4, 2.1, 2.2, 10.2 and 6.1 whilst in Category C, the 5 measures that requires more time are: Articles 10.4, 5.3, 7.7, 7.2 and 7.6. WCO also provides tools to implement these measures.

Other aspects informed includes:

- The WCO and the Mercator Programme –established in 1952 as the Customs Cooperation Council that focuses on customs matters.
- WCO key functions focuses on standard setting and capacity building to provide support for members with donor engagement as well as working closely with other international organizations.
- WCO's prominent role in promoting trade to secure and facilitate a legitimate global supply chains by developing international standards and providing recommendations and support implementation of framework.
- WCO instruments and tools such as Transit handbook, WCO data model (data format, post clearance audit, coordinate border management) to implement Articles 7.4 and 7.7.
- Informed of Challenges and lessons learnt and Best Practices in Afghanistan and Bangladesh.

Speaker 3: Mr Jonathan Kirkby, Senior Operations Officer, World Bank, IFC – Port Moresby

Mr Kirkby briefed on World Bank's assistance in carrying out the feasibility study that had assisted PNG in preparing its Category A, B and C commitments. Assessment for PNG was made according to the WTO TFA with emphasis on TFA Articles in groups, transparency, fees, charges and formalities and institutional arrangements of customs cooperation. There is also big difference in time to import and export with respect to variation in documentation. Lack of information sharing, inefficient risk management, poor publication of average release time, needs improvement in documentation and formalities. It was note that like in most other economies customs are more advanced in trade facilitation while other border control agencies such as bio-security agencies is given less support and requires better coordination with customs. MSMEs in particular are disproportionately affected by trade costs.

According to World Bank, PNG is fully compliant with 11 articles whilst 14 articles requires more time to implement. Issues include overly complex rules and procedures and inefficient border processing. TFA solution requires evaluation of ability to implement TFA and link commitments to capacity and donor support.

PNG, Samoa and Fiji are the only Pacific Island Countries who have ratified the TFA. It was recommended that PNG should get support for implementation of TFA Category B and C for domestic reforms concentrating on border procedures to support bio security (quarantine), environment and health agencies. Single Window is also an area that needs support for TFA. This should come after appropriate reforms have been made.

Session 2 – Moderator: Mr Jonathan Kirkby

Session 2 focused on views and opinions from both the private sector/ businesses community on how the WTO TFA had improved the ease of doing business and how it had contributed to the economic growth of their respective economies, and the performance of businesses and firms, in general.

Speaker 1: Mr Joe Cannon, Manager – Central & Southern Ports, Customs Service

Mr Cannon briefed on New Zealand's overall economic development in terms of how the TFA had improve their capacity to trade. New Zealand is fully compliant with the TFA commitments hence the presentation focused on how they had advanced by sharing their experiences to the rest of the other participating 20 APEC member economies.

New Zealand Customs promotes predictability. Transparency and certainty for businesses by strengthening cooperation with other government agencies to simplify engagement for businesses. New Zealand Trade Single Window have enhanced facilitation of trade through electronic submission of documents with a single entry for documents. This information is stored in one place. Mr Cannon further shared New Zealand's cons and pros for both Traders and the Government. Main challenges includes facilitation of trade through e-commerce is quite tough as trade evolves cooperation between governments of respective economies.

Speaker 2: Mr PEH Kay Koon, Deputy Head of International Relations Branch,
Singapore Customs

Mr Kay Koon briefed on how the TFA had improve their trade and relieved some of the bureaucratic red tapes and barriers to trade and further explained how the TFA had contributed to Singapore's GDP and overall economic growth.

Singapore Customs acts as the Gate keeper for the nation in terms of entry and exit of people, goods and services. Its paradigm shift to securing and facilitating global trade at the border and behind the border has brought about ease, fairness and security through enhanced transparency (Publication and Availability of Information), coordination and consultation; and Innovation pillars. Singapore Customs promotes trade facilitation through a risk based approach.

Singapore Customs embarked on improved EDI system for advance clearance for courier. Single Window is 100% participated by all other trade related government agencies. Benefits include: one stop solution, enhance trade facilitation, convenient for revenue and cargo data electronically. Having a single window is not always sufficient, however, adapting to the changing business and the technologies landscape helps to retain their competitive edge.

Singapore remains at the forefront of trade financing and therefore emphasizes on the National Trade Portal (NTP) to connect all stakeholders to enhance digital trade. Singapore Customs recognizes the need to respond to the changing needs of business.

Speaker 3: Ms .Fatimah Alsagoff, Public Affairs Lead for SE Asia, Australia & NZ,
United Parcel Service (UPS)

Ms Alsagoff briefed on the private sector perspective on the TFA. The presentation focused on the importance and benefits of the WTO TFA taking into account how the agreement has already assisted so far in removing barriers to trade and how this will contribute to the improvement and enhancement of their businesses and the overall contribution to the economy.

Ms Alsagoff also spoke about how the trade environment and supply chains are evolving, with developments such as the rise of e-commerce giving rise to new challenges in border management such as a surge in low-value shipment volumes and more inexperienced players in trade. Ms Alsagoff recommended that the key is not to dismantle or complicate the existing trade policy infrastructure set by the WTO TFA. Rather, it should be supplemented with further measures to enable paperless trade and data exchange, as well as further facilitate clearance of low value shipments without compromising effective risk management.

Speaker 4: Ms Lisa McAuley, Chief Executive Officer. Global Trade Professional Alliance

Ms McAuley, a Private sector Representative from Australia provided Australia's private sector perspective on TFA and how it added value to their businesses and the economy as a whole with respect to the importance of WTO TFA. She pointed out despite adoption and implementation of the WTO TFA, some businesses still faced difficulties in moving goods across the borders especially on the cost involve in documentations and other requirements that is so cumbersome. So in reality the TFA needs more streamlining and work on how it will fully benefit the small businesses and MSMEs.

Question and Answers:

United States: Suggestions on any TFA plus initiatives that APEC could progress? – GTFA – possible acceptance of block-chain to promote paperless trade since block-chain has been tested to be a secure way of transmitting documentation online. This requires strengthening of institutional cooperation.

New Zealand: How do donors coordinate on trade facilitation support? – Consultative mechanisms at the multilateral, regional and national level through various foras and meetings.

Viet Nam: Involvement of MSMEs in the WTO Trade Facilitation Agreement – GTFA – important to harmonize and standardize import/export documents for commercial and personal use => often difficult for MSMEs trying to complete forms for import/export => in certain cases incorrect completion of documents for import/export the first time leads to hefty penalty fees for resubmission.

Closing remarks

Mr Philip Mercado, Assistant Secretary for Trade Policy and Information Division, National Trade Office of PNG made the closing remarks. In his remarks Mr Mercado highlighted that at this TPD the participants have learnt from the PSU about how APEC as a region is fairing in terms of its alignment with the provision of WTO TFA and also about how international organizations such as World Bank and WCO are assisting members implement the agreement. Experiences and views were shared Australia, New Zealand and Singapore on the benefits. He informed that business, industry and SMEs also shared their views about the benefits of the TFA and their priorities going forward.

Mr Mercado on behalf of the PNG Government, expressed thanks to all participants including all the distinguished speakers for facilitating the discussions. He also thanked the APEC CTI and APEC Secretariat for supporting this dialogue.

Participants' Feedback

Feedback of participants regarding the Trade Policy Dialogue on TFA Commitments in Category B and C as per the results from the Evaluation Survey

Participants (APEC Member Economies):

Australia (3), Brunei Darussalam (1), Canada (1), Chinese Taipei (2), Indonesia (2), Japan (2), Malaysia (2), New Zealand (3), Peru (1), Philippines (2), Russia (1), Singapore (3), USA (4), Viet Nam (2), Host (PNG) (18), APEC Secretariat (1) and *Invited Guest (2).

Survey Results:

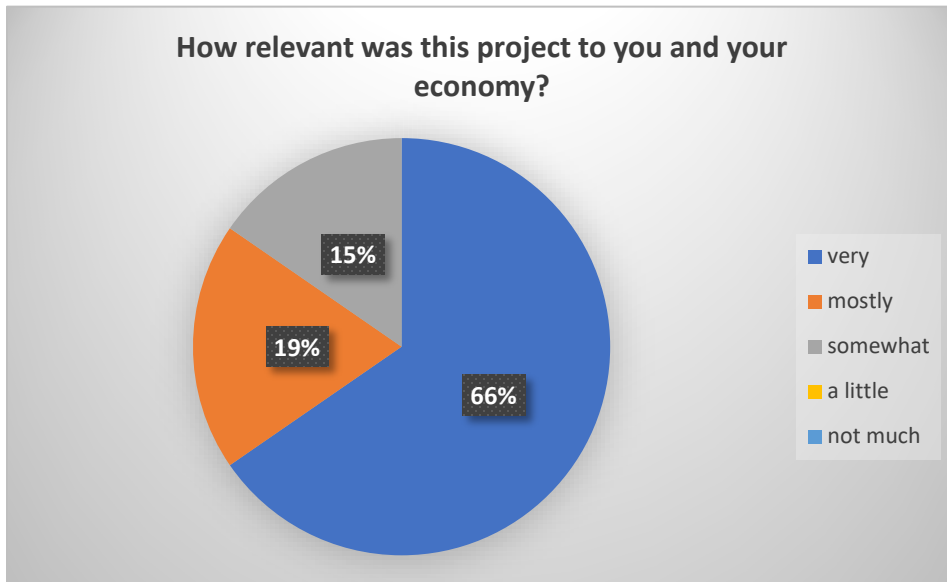
Generally, the Trade Policy Dialogue on TFA Commitments on Category B and C received overwhelming support with 100% of participants agree on the relevance of this project and rated the project at 96% to achieving its intended objective. Refer to Tables 1 and 2 below for more information regarding the survey results.

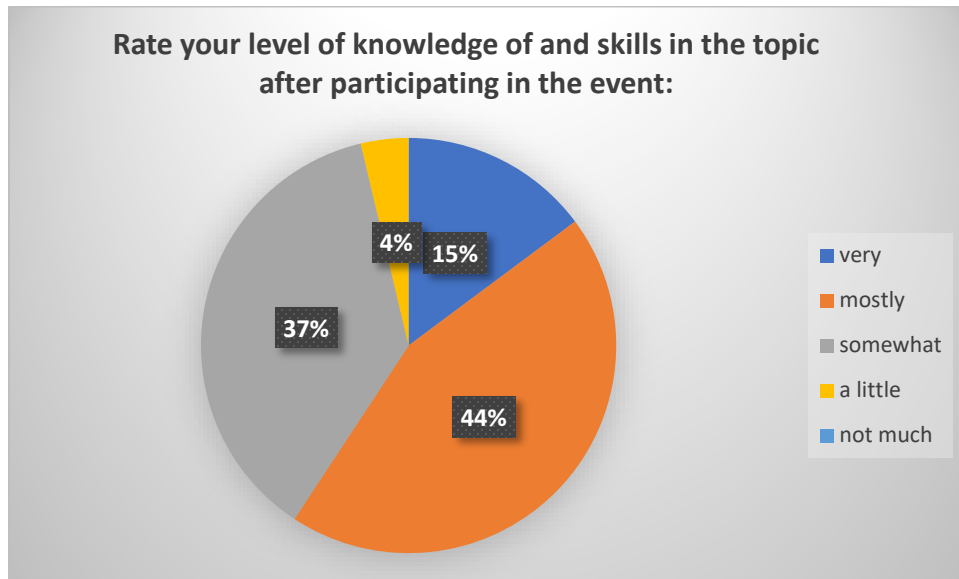
Table 1

	Strongly Agree	Agree	Disagree
Overall Satisfaction	67%	33%	
The objectives of the training were clearly defined	55%	31%	14%
The project achieved its intended objectives	61%	35%	4%
The agenda items and topics covered were relevant	77%	23%	
The content was well organized and easy to follow	70%	26%	4%
Gender issues were sufficiently accounted for and covered	46%	35%	19%
Resource Speaker is knowledgeable and an expert in his/her field i.e. as it pertains to the assigned topic	85%	15%	
Resource Speaker provided clear and accurate answers when questioned	78%	22%	
The materials distributed were useful	59%	26%	15%
The time allotted for the training was sufficient.	63%	30%	7%

Table 2

	very	mostly	somewhat	a little	not much
How relevant was this project to you and your economy?	66%	19%	15%		
Rate your level of knowledge of and skills in the topic <u>prior to</u> participating in the event:	11%	11%	48%	22%	8%
Rate your level of knowledge of and skills in the topic <u>after</u> participating in the event:	15%	44%	37%	4%	





Way Forward

Participants have recommended the following:

1. To apply knowledge gained in this dialogue by conducting awareness and Strengthen institutional collaboration in order to assist relevant agencies in development of relevant or appropriate policies, work plans/ strategic roadmap to implement TFA. Development of new policy initiatives to advance full implementation of TFA by APEC;
2. APEC to facilitate more similar dialogue or capacity building workshops and explore TFA plus element in future dialogue;
3. Identify relevant fora that should monitor the progress of implementation of each economy such as SCCP and A2C2; There are some discussions in these two (2) foras that needed to be considered to explore and advance the work and implementation of the TFA such as discussion on E-commerce and its role in facilitating trade, Global Data Standard (GDS) for supply chain connectivity and sharing of information and data across the border to facilitate trade;
4. Additional follow up workshop to show how TFA is progressing in the region; and
5. Other developed countries such as Singapore, New Zealand and Australia are willing to assist and would like to hear more from economies who have difficulty implementing the WTO TFA so they will know how best to assist.