

## CUSTOMS PROCEDURES GROUP

3 - 4 NOVEMBER 1994 REPORT

TO

### THE COMMITTEE ON TRADE AND INVESTMENT

1. The fourth Customs Procedures Group (CPG) meeting was held in Jakarta Indonesia from 3 - 4 November 1994. Delegations from Australia, Brunei Darussalam, Canada, People's Republic of China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, Chinese Taipei, Thailand, and the United States participated in the meeting. Representatives of the APEC Secretariat, South Pacific Forum Secretariat and the economy of Chile also attended. The Secretary-General of the World Customs Organisation, Mr James Shaver was present for certain sessions as his schedule allowed.. The meeting was chaired by Mr Bob Mitchell, Australian Customs Service.

#### OPENING REMARKS

2. The CPG placed on the record its appreciation to the APEC Secretariat and the Indonesian APEC Secretariat for the arrangements made for its meeting.

3. The Chairman welcomed delegates to what may well be the last CPG meeting prior to the formation of a Sub-Committee on Customs Procedures. He recalled that the September SOM had agreed to the formation of a Customs Sub-Committee with a specific "sunset" clause of three years and that the CPG had been invited to finalise arrangements. The Chairman was relieved that this matter now appeared to be finalised and anticipated a positive role for Heads of Customs Administration in the work of the Sub-Committee.

4. The Chairman noted that the progress made by the CPG in advancing Customs harmonisation in pursuit of APEC's goal of a more open trading system in the region had been widely acknowledged. He expected that positive outcomes and concrete Customs achievements would be delivered to the Senior Officials and Ministerial Meetings.

5. Members unanimously commended the efforts of the Indonesian Customs with arrangements for the APEC Customs Trade Symposium in November.

#### ADOPTION OF THE AGENDA

6. The draft agenda was adopted and is at Attachment A.

## **AGENDA ITEM 2 : MATTERS OUTSTANDING FROM PREVIOUS MEETING**

### **APEC Customs Fellowships**

7. The United States tabled a Business Case for APEC Customs Fellowships which addressed an action plan for the Fellowship Program, including potential topics and budget implications. The CPG agreed that Fellows would need to deliver tangible results for APEC and that their topics of study be directly related to the Customs Work Plan.

The US undertook to further develop the paper incorporating funding options, administrative and secretarial support for the fellows.

### **Recommendations**

8. That the CTI note progress and that an amended proposal will be submitted by the Customs Procedures Group to the next meeting.

### **The Role of the Business/Private Sector**

9. Australia introduced a paper in May which proposed direct business/private sector participation in the activities of CPG meetings. Members considered a number of items in support of the notion of increased participation in the development of Customs procedures by the business/private sector. It was agreed that such participation should be limited to issues relating to trade facilitation and not to issues relating to the law-enforcement side of the Customs function. It was also agreed that their capacity should be as guests and not as members of any delegation. Finally, actual participation should be admitted on a case by case basis and subject to there being consensus. The foregoing should be made clear by the guidelines which include extracts from the yet-to-be endorsed Pacific Business Forum Report and "Draft Guidelines for a (Generic) Customs Trade Facilitation Program" from the recent UNCTAD Trade Efficiency Symposium held in Columbus, Ohio.

### **Recommendations**

10. That the CTI supports the incorporation of business/private sector input to future meetings with clear guidelines and in accordance with the draft Terms of Reference.

### AGENDA ITEM 3: CUSTOMS PROCEDURES SUB-COMMITTEE

#### Draft Terms of Reference for the Sub-Committee

11. Australia tabled revised draft Terms of Reference (Attachment B) which included a reference to a three year "sunset" clause in keeping with the direction from the September SOM. It was agreed that the terms of reference provided sufficient flexibility for the involvement of Heads of Customs in the direction of the group through appropriate means.
12. The Procedural and Organisational Guidelines (Attachment C) prepared by Thailand were also agreed.
13. The CPG agreed that, depending on final approval by SOM, the first meeting of the Sub-Committee could take place in May 1995 in conjunction with the second meeting of the SOM under Japan's Chairmanship.

#### Recommendation

14. That CTI endorses the TOR and the Procedural and Organisational Guidelines.

### AGENDA ITEM 4 : APEC CUSTOMS WORK PLAN

15. Individual Customs shepherds reported on progress and the CTI is invited to note developments:

- i. **Kyoto Convention : Survey of APEC members' priorities for annexes to the Kyoto Convention (Canada).**

16. The Group considered a draft principles paper which had been circulated in Bali at the May CPG meeting on the Convention presented by Canada. Canada undertook to consolidate comments and consult with the WCO on the best way in which to pass the findings to the Council and incorporate them in the WCO's Review of the Convention.

17. The US delegation made available a report by the Netherlands Customs administration which is to be considered by the WCO at its December meeting on the revision of the Kyoto Convention. Canada will continue to shepherd this matter.

#### Recommendation

18. CTI to note that Canada, the USA and China will advise the Working Group of the Permanent Technical Committee of the WCO that the APEC Customs Procedures Group will assist in the review.

ii. **Feasibility Study of proposal that APEC Customs administrations exchange tariff classification opinions, decisions and rulings, and case studies of the application of the Harmonised System (*New Zealand*);**

19. NZ advised the CPG that since the last meeting they had been made aware of the Pacific Business Forum's interest in the project and the effect that has on the original concept of the project.

20. To date NZ has been concerned with resolving the technical issues related to the development and it is intended to resolve the outstanding technical issues at the Tariff Database Expert's meeting on November 5.

21. Now that it has been decided that the tariff database project will be implemented using the CD-ROM technology, NZ will be working with economies to ensure that the group's business needs of the project can be met through the use of this option. This phase of the study will also address the question of access raised by business enterprise.

22. The CTI is requested to note that the feasibility study is close to resolving the technical issues related to how information can be collated and delivered and that the next phase of finalising Customs Administration's business needs will be completed by June 1995.

iii. **APEC Seminar/Workshop on the nature and significance of 1996 amendments of HS (*Thailand*);**

23. Thailand reported on the successful conduct of this Seminar in August and advised the Group that the matter of Rules of Origin (which CTI had directed to CPG for attention) was covered in Agenda Item 5. The Chairman once again thanked the Royal Thai Customs for its efforts in hosting the seminar.

24. The CTI is invited to note that the CPG will progress outstanding matters from the August HS Seminar in Bangkok.

iv. **APEC Customs Guide (*United States*).**

25. The United States advised the meeting that the Guide had been printed and advance copies sent to all APEC Administrations. The Guide would be advertised for sale and all Customs Administrations were asked to publicise it with the business/private sector.

26. The APEC Secretariat informed the CPG that copies of the Guide were displayed at the Customs Trade Symposium. An order form had been despatched to all members and should be publicised with the business/private sector.

27. The Chairman thanked the United States for a comprehensive effort which will contribute to the enhancement of harmonisation of Customs administrative

procedures within APEC, at the same time he encouraged members to ensure that it contained current information.

28. The CTI is asked to note that APEC Customs Guide has been printed and that it will be widely publicised by all APEC members.

v. **APEC Customs Symposium (Indonesia).**

29. Indonesia outlined final preparations for the APEC Customs Trade Symposium and thanked all those members who had contributed moderators and panellists. The overlap with other Customs/Tariff meetings was regretted and it was hoped that members would take the opportunity of attending as many sessions as they could.

30. The CTI is asked to note progress with this matter and that Indonesia is to be congratulated for the arrangements for the APEC Customs Trade Symposium in November 1994.

vi. **Air Express Carrier EDI Project (Australia).**

31. Australia circulated the draft Business Case for an Electronic Data Interchange project involving air express cargo traded between the economies of Singapore and Chinese Taipei. The Project is proposed to automate the information exchange process between the air express carriers, their clients as well as with the regulatory authorities replacing the present paper import/export declaration system with electronic messages.

32. The CPG was informed that in the light of the recent formation of the regional Conference of Asia Pacific Express Carriers (CAPEC), further discussion with the industry is necessary to ensure that the pilot project could be adopted as a system for the air express community. Due to the complexity of some of the suggested changes (which go beyond the automation of the present paper import/export declaration system) and the impending involvement of Australia in the project, the implementation schedule might have to change.

33. The CTI is requested to note that further discussion with the industry and the relevant regulatory bodies in the economies of Chinese Taipei, Singapore and Australia will be held to further advance the project.

(vii) **APEC Customs Mutual Assistance Agreement (US)**

34. There was general agreement amongst members that this is a most important and complex issue and that such agreement should be consistent with the Terms of Reference of the CPG to the effect that enforcement issues should be related to trade facilitation. The Chairman noted that members would need more time to consider the US paper. At the suggestion of Mexico, the issue has been re-named "APEC Customs Mutual Assistance Guidelines" and it is an item on the work program under 'APEC Customs Co-operation.'

35. The CTI is requested to note progress.

#### **AGENDA ITEM 5 : LONGER TERM DEVELOPMENTAL TOPICS**

36. The group discussed the need to rationalise the work plan. The plan was grouped under generic headings and includes only those items which had clear deliverables. Items were given priority and delivery dates as directed by the SOM for all work plans. Other issues would remain under the chairman's notice and would be considered for inclusion on the work plan as appropriate. The agreed plan for submission to CTI is attached (Attachment D).

(a) Expansion of EDI Pilot Projects with the Trading Community (Australia)

37. This topic was introduced with a demonstration of a proposed EDI project by Andrew Robertson, CEO of Tradegate Australia. The project is a commercial proposal involving the economies of Australia, Singapore and South Korea for the electronic reporting of container information on marine transport using the UN/EDIFACT message protocol. In the ensuing discussion several issues were resolved as recommendations to the CTI as listed below.

#### **Recommendations**

38. That CTI note that the CPG will accommodate any project which has a focus upon business outcomes and which has full private sector backing.

39. That the CPG assumes that the Economy Contact Person proposal for EDI co-ordination will be approved by the up-coming SOM and that the CPG will disseminate information about this (and any other) EDI/electronic commerce project through that mechanism.

(b) Advance Passenger Information Systems (APIS) (Australia/US)

40. The CPG noted the offer from the Transportation Working Group (TWG) to hold a joint session of the groups on this matter. It was further noted that the Travel Tourism and Leisure Working Group would also have a stake in the issue.

41. The CPG endorsed a proposal for the US and Australia to prepare a detailed paper on APIS which will be circulated to relevant industry and Government bodies, the TWG and the CPG. It was also decided to endorse the proposal to establish an expert team to provide advice to members considering adoption of APIS.

(c) Study of Appropriate Legal/Administrative Infrastructure for Customs Facilitation of Trade (Australia)

42. This item commenced with a speech from Geoff Short representing the American Chambers of Commerce in Australia. The consensus view was that the

important issues raised such as transparency, consistency and accountability are to be kept under notice by the group. The issues have potential relevance across a range of factors such as codes of conduct and Customs co-operation.

43. Canada raised the matter of future goals and that the CPG needs some sort of long-term visionary statement incorporating the concepts outlined under this item as well as various strategic inputs related to APEC's Customs work, for example the Pacific Business Forum Report, the EPG Report etc. The Chairman agreed and suggested that Canada prepare a discussion paper for the next meeting under the heading of APEC Customs Co-operation.

(d) Study of APEC Air and Sea Cargo Clearance Systems and Procedures with a view to their Possible Future Harmonisation (Australia)

44. The CPG noted that this topic ought to include reference to all systems, not only those which are automated. Australia offered to prepare a matrix of all APEC systems and the group endorsed this action.

(e) Development of Co-operation on the Customs Aspects of Intellectual Property Rights (United States)

45. The CPG agreed that this is a significant Customs issue which will need wide discussion and formal training in conjunction with the related CCC initiatives. The US will prepare a draft submission to the BAC for central funding for a series of regional seminars which are proposed to be held during 1995.

(f) APEC Customs Training Facilitation Module for use by APEC Customs Administrations. (Australia)

46. The CPG agreed to reconsider this issue at a later date.

(g) Harmonisation/Simplification of APEC Customs and Immigration Clearance Procedures for International Air Passengers. (Australia)

47. After some discussion concerning the relevance of this matter to the CPG it was agreed to reconsider the issue after ICAO findings are known after the meeting in April 1995.

(h) Extension of WCO Memorandum of Understanding (Australia)

48. This item was begun with a demonstration by Malcolm Rees representing the Conference of Asia Pacific Express Carriers (CAPEC). There were a number of administrative and policy issues raised in the demonstration apart from the MOU, such as pre-clearance, direct manifest release, amended Customs operating hours and guaranteed clearance times.

49. The CPG agreed that the issues raised were worthy of further consideration at a later date.

(i) GATT Valuation Code (Australia)

50. The CPG agreed that the US and Australia will work jointly to prepare a submission to the BAC with a project proposal to develop a program for specialised advice and assistance on GATT valuation matters to APEC members. It will be prepared in time for the June 1995 deadline for submission to the BAC.

(j) APEC Paper on Rules of Origin for Submission to the CCC Review (Australia)

51. The group agreed that Rules of Origin are a most sensitive issue. The CPG will keep this matter on its work plan pending the outcome of the WCO study. The CPG will assist that study as appropriate.

52. The CTI is asked to note that the WCO will undertake a three year study of Rules of Origin and the CPG will assist as appropriate from an APEC perspective.

**AGENDA ITEM 6 : OTHER MATTERS**

53. It was agreed that the first meeting of the Customs Sub-Committee would take place in conjunction with the mid-year meeting of CTI in 1995, under the Chairmanship of Japan.

54. The CPG agreed that members would consider the potential to demonstrate regional progress in electronic commerce matters to a global audience with a strong regional presence at the forthcoming Sydney Joint Rapporteur's Team (JRT) meeting in April 1995.

55. A proposed seminar in Canberra following the JRT covering electronic commerce matters from APEC work programs and relevant UN/EDIFACT matters was also put to the group. These initiatives allow for increased communication between the UN and APEC forums on Customs related electronic trading and commerce matters.

CTI is requested to note this proposal.

56. The Electronic Textile Visa System (ELVIS) and SANCRT sanitary/phyto-sanitary certification EDI projects are items on the CPG work program, having been transferred from the Working Group on Telecommunications. These projects will be discussed at the next CPG meeting.



**AGENDA ITEM 7 : CONSIDERATION AND ADOPTION OF THE REPORT  
TO THE COMMITTEE ON TRADE AND INVESTMENT**

57. The meeting considered and adopted this Report.

58. The CPG expressed its appreciation to the APEC Secretariat, the Indonesian Directorate General of Customs and Excise and the Indonesian APEC Secretariat for the arrangements put into place for the Customs Procedures Group meeting of 3 - 4 November 1994 in Jakarta Indonesia.

59. The CPG expressed its appreciation to Bob Mitchell for his sterling efforts as Chairman of the group through all four meetings since its inception in May 1993. He was thanked for his patient and strong leadership which is seen as a significant factor in the success of the group to date.

60. Garry Grant of the Australian Customs Service International Section was also praised for his untiring work in maintaining the information flow amongst delegates during the same period.