

**APEC SUB-COMMITTEE ON CUSTOMS PROCEDURES  
REPORT OF THE FIRST MEETING OF 2008**

**LIMA, PERU  
21-24 FEBRUARY 2008**

**Introduction**

1. The APEC Sub-Committee on Customs Procedures (SCCP) held its first meeting for 2008 on 21-24 February 2008 at the Lima Chamber of Commerce in Lima, Peru.
2. Delegates from Australia; Brunei Darussalam; Canada; Chile; People's Republic of China (China); Hong Kong, China; Indonesia; Japan; Republic of Korea (Korea); Malaysia; Mexico; New Zealand; Papua New Guinea (PNG); Peru; Republic of the Philippines (Philippines); Singapore; Chinese Taipei; Thailand; United States; and Viet Nam attended the meeting. The list of participants appears as document number 2008/SOM1/SCCP/027.
3. Mr. Shunji Yoshida, ABAC Representative, participated in the meeting.
4. Mr. Armando Arteaga, Peruvian National Deputy Superintendent of Customs, chaired the meeting.

**Chair's Opening Remarks**

5. The Chair began by welcoming all delegates to the meeting and noted that Customs is the main and essential actor in the great scenario of international trade globally, pointing out that a contribution from Customs and the SCCP must be relevant to achieve and support the goals established by the Leaders and Ministers. He observed that within the framework of 2008 Draft Set of Priorities and Actions, issues relevant to trade facilitation, IPR enforcement, secure trade and dialogue with business sector will be developed.
6. Finally, the Chair thanked Australia for preparing the Good Practice Guide for the SCCP Chair, which will be updated by Peru for the upcoming Chair, Singapore.

## **CTI Remarks**

7. The CTI Chair welcomed the delegates and thanked them for their participation in the joint session with IPEG. She also noted that a meeting will be held to endorse the Key Performance Indicators (KPIs) for Trade Facilitation Action Plan 2 (TFAP2) and advised that the selection of the KPIs by SCCP should be indicative of the reduction in business transaction costs.
8. The CTI Chair also posed another question on what elements should be made aware to APEC members with regard to the WTO trade facilitation negotiations, and what capacity-building needs must be implemented. She requested SCCP to keep considering CAP to meet the Bogor goals.
9. The CTI Chair wondered which were the best practices needed to be adopted in order to strengthen regional economic integration. She mentioned other work on the Investment Facilitation Action Plan in which experts have been working on and evaluating the possibility to make an impact on investment since 2008.
10. The ABAC representative addressed the meeting to explain its new scheme to enhance ABAC cooperation with APEC. So far ABAC has been very successful in offering input to APEC, ABAC proposes to further develop the relationship and to establish a more institutional and systematic scheme.
11. ABAC recognized that SCCP has an excellent scheme of ACBD (APEC Customs Business Dialogue); they hope in this new scheme of the ABAC liaisons representatives, they will be able to promote further interaction and collaboration and contribute to the sustainable and prosperous development of the region.

## **Adoption of the Agenda**

12. The Draft Agenda was amended. Item 5(i) on Trade Facilitation Action Plan 2 would be discussed later in the

meeting. For that purpose Hong Kong, China and Peru were requested to review KPI proposals based on earlier contributions received from Member Economies in order to become measurable and doable so they can be implemented by Member Economies to demonstrate their fulfillment before CTI.

13. The final approved agenda appears as document number 2008/SOM1/SCCP/001.

## **Friends of the Chair**

### 2008 Priorities and Actions

14. Chile, as a representative of the Friends of the Chair, briefed the SCCP on the Set of Priorities and Actions for 2008 drafted by the FOTC. The actions are grouped under the priorities of trade facilitation, IPR enforcement, transparency, secure trade and industry dialogues.
15. Japan supported the actions and priorities drafted by FOTC, and submitted a proposal to carry out a Heads Customs meeting from APEC Member Economies, taking into consideration the importance of this forum. Japan also informed that it would submit a more specific proposal in the second SCCP meeting.
16. The SCCP approved the 2008 Draft Set of Priorities and Actions without amendments, and appears as document number 2008/SOM1/SCCP/002.

## **Trade Facilitation**

### Single Window

17. Australia, as Single Window Working Group (SWWG) Chair in Phase 2, briefed on description and actions held in 2007 by the Single Window Working Group. Australia reported that while in 2007 ten economies participated in the working group, in 2008 there were thirteen participating economies.
18. A SWWG Phase 2 meeting was held on 28-30 January, 2008 in Singapore to develop key documents for the Working

Group. The meeting report appears as document 2008/SOM1/SCCP/023. Three documents were prepared: Single Window Working Group Phase 2 Terms of Reference, Work Plan (tasks and timelines) and Tier 2 Stakeholder List.

19. The Terms of Reference recognize three-tier participants. The first one corresponding to SWWG thirteen members, supported by the World Customs Organization, UN/CEFACT; ASEAN Secretariat and ECSG.
20. Tier 2 Stakeholder shall consist of relevant industry and/or government representatives nominated by the SCCP Members from within their economy. SWWG Chair is responsible for updating a non-economy specific stakeholders list such as World Trade Organization and World Bank.
21. In Tier 3, all SWWG Phase 2 members are responsible for the unrestricted distribution of the final products developed by SWWG.
22. The Work Plan is based on the six recommendations of the Single Window Strategic Plan and on the established timelines.
23. The SWWG presented for approval the following documents: Terms of Reference, Tier 2 Stakeholder List and Work Plan and timelines. These documents appear as document number 2008/SOM1/SCCP/024, 2008/SOM1/SCCP/025 and 2008/SOM1/SCCP/026. These documents were approved by SCCP.
24. Chinese Taipei invited all of the member economies to join its APEC Customs Data Harmonization Workshop, which will be held in October 2008 in Taipei. The complete proposal of the workshop will be submitted to SCCP prior to the second 2008 SCCP meeting.
25. Australia, as SWWG Chair, expressed a concern on the duplication of work of the data harmonization project initiated by ECSG. The US proposed that the Chair of SCCP write a letter to the Chair of ECSG expressing this concern. Canada

supported the US's proposal. The SCCP agreed with this proposal.

### Business Outreach

26. The Chair informed that the APEC Customs-Business Dialogue (ACBD) will be held on 12 August 2008 in Lima. The participation of approximately 200 to 300 people related to Customs and business, such as businessmen, Customs agents, trade organization, Chambers of Commerce, among others, is expected. The agenda will be developed in the next month, for which Economy Members' participation and support was requested.
27. Japan announced that it would consider sending speakers for ACBD meeting. Australia thanked Japan for its support with regard to ACBD.

### CAP Evaluation and Development

28. The United States, as a new leader of the CAP Evaluation Working Group, acknowledged the contributions of Australia as the former Chair of this Group and the members of the Working Group for its work on improving the CAP evaluation process. The United States is transitioning to become the Chair of the CAP Evaluation Working Group during SOM1 and will hold its first meeting during SOM3.
29. CAP Evaluation Working Group noted that recommendations were made to the Friends of the Chair, as required under the Terms of Reference, and taken into consideration in developing the Proposed 2008 Work Program. In moving forward, United States as Chair will emphasize a Gender Focal Point when evaluating project proposals.

### Common Data Elements

30. Canada, as leader of the Common Data Element Working Group, reported that it distributed a survey to the economies requesting technical assistance. It received response from Peru, Malaysia, Indonesia and the People's Republic of China, all of which, with the exception of Indonesia, have requested assistance.

31. Work done by the Common Data Element Working Group is intended to complement the work underway at the WCO and Canada would be pleased to provide assistance in conjunction with the WCO Information Management Sub-Committee and Data Modeling Project Team Meetings.

#### Time-Release Survey

32. Japan briefed on the CAP item progress and workshop outcomes held in 2007 and also made an introduction on what the TRS consists of and on the TRS main objective, which refers to measuring the time consumed in each step of the clearance procedure and to identifying bottlenecks for cargo clearance procedures, promoting process improvement and measurements on economic impact. TRS was proposed by Japan as one of the KPIs on TFAP II. A presentation appears as document number 2008/SOM1/SCCP/013.
33. Japan mentioned that in 2007 there were workshops on TRS methodology in Chile, Peru and Viet Nam and that similar events are planned this year for Brunei Darussalam and the Philippines.
34. Australia expressed its appreciation for the valuable information and advice provided to Australia by Japan and Korean Customs, as they prepared its first TRS. Australia also reported that the WCO Regional Office of Capacity Building provided a regional practice paper on TRS.
35. China thanked Japan for its comprehensive presentation and shared the result of China's TRS research in 2006 for maritime cargo, determining that Customs clearance only accounted for 6.6% of the whole process. China also noted that it is going to organize another TRS research to conduct a comparative research and expressed its willingness to make more efforts to enhance capacity building at the individual and regional levels.
36. Chile reported that a TRS workshop was held on 22-23 August 2007 with the participation of Chilean, Japanese and Korean experts in order to learn from the experience in terms

of TRS application methodology. Chile requested technical assistance from Japan, Korea or Hong Kong, China.

37. Peru made a presentation regarding the first TRS workshop held on 4-5 December 2007 in Lima, with experts from Japan and Korea who reported on WCO TRS methodology to measure time required in clearance and release processes, and to identify any problems or existing delays in Customs clearance of goods. Peru mentioned that the Japanese and Korean experiences were very valuable. This presentation appears as document number 2008/SOM1/SCCP/005.
38. Viet Nam reported that the first TRS workshop was held on 23-24 October 2007 in Ha Noi. It appreciated the fruitful and practical experiences shared by Japanese and Korean Customs, with regard to the content and implementation methods of TRS, as well as its Customs administration efforts to improve Customs procedure and to facilitate trade based on the TRS studies, such as advanced information, automated system and single window, as well as the valuable recommendations to effectively implement TRS in Viet Nam.

#### ATA Carnet Implementation

39. United States provided a presentation on ATA Carnet progress. Besides the general overview of the ATA Carnet, additional covered items included benefits, the export validation process and work under way. Work under way has included discussions within the World Customs Organization on an e-ATA Carnet system. This will convert the paper based carnet system into an electronic document, which is consistent with APEC goals to implement paperless trading measures. However, implementing an electronic carnet system would require further study because of requirements for a centralized data base and dedicated funding. This presentation appears as document number 2008/SOM1/SCCP/015.
40. United States expressed that it received no inquiries or requests for assistance from any member economy.

41. Peru requested the United States technical assistance in this process. United States responded that it would be glad to assist Peru.

### Trade Facilitation Action Plan (TFAP2)

42. The ABAC representative mentioned that one of the strong points of this Trade Facilitation Action Plan 2 is that it seeks to further reduce trade transaction costs by 5% over the period of 2007 to 2010. It stated that it is a unique challenge for APEC to set such a numerical target for the trade facilitation and that is why TFAP 2 has been highly appreciated by ABAC.
43. ABAC has high expectations, because the reduction of transactions costs is one of their biggest concerns, and it will have considerable positive influence on the facilitation of trade and investment in this region. At the same time, through their participation in the appraisal of TFAP 1, it recognizes how difficult it is to determine the actual result of such an ambitious plan.
44. The Chair briefed on KPI proposals reviewed by the FOTC. One indicator per TFAP2 action has been established. Hong Kong, China expressed that the KPI proposal had been carefully considered and deliberated by the FOTC members and respective CAP leaders rendering them doable and achievable in measuring the progress in TFAP2. The proposed KPIs were endorsed by the SCCP and appear as document number 2008/SOM1/SCCP/004.

## **Secure Trade**

### APEC Framework for Secure Trade

45. United States reported on the outcome of the APEC Framework for Secure Trade Seminar supporting CAP Item 15 held in 2007. There were two related seminars scheduled at the International Law Enforcement Academy Training Center in Bangkok, Thailand.
46. The first seminar, entitled "Essential Legal Authority", took place in July 2007. The Agenda outlined the legal and

regulatory structures that are fundamental to the implementation of the APEC framework of standard. Eleven economies participated in this seminar.

47. The second phase of the Seminar took place in September 2007 at the Law Enforcement Academy Training Center in Bangkok, Thailand. This Agenda outlined the second pillar of the WCO Framework, focusing on the Customs-Private sector Cooperation Program. Nine economies participated in this seminar. A report on these seminars appears as document number 2008/SOM1/SCCP/012.
48. The last and final phase of this training seminar will be held from March 31 to April 4, 2008 in Guangzhou, China. This will be the United States' contribution for 2008 with China as co-sponsor. This seminar is a natural progression of the first two seminars. The Agenda will enable APEC economies to carry on with the implementation of APEC Framework for Secure Trade by training security professionals and performing validations of the participating companies' security practices and methods in order to determine companies' eligibility for benefits offered as part of the partnership program. A report appears as document number 2008/SOM1/SCCP/016.
49. China invited APEC economies to nominate delegates to participate in the third APEC Framework seminar.
50. New Zealand thanked the United States for their continuing efforts in promoting the trade security issues.
51. New Zealand also noted that it was a good opportunity to take back to the U.S. Government, taking into consideration 100% scanning initiatives. If we are already building a strong and recognized and safe trading system, perhaps the need for 100% scanning may be slightly rejected.
52. Chinese Taipei described the Amity Customs Seminar held on 16-25 October 2007. The theme was APEC framework, based on the WCO framework of standards to secure and facilitate global trade. Chinese Taipei hosted self-funded capacity building in this seminar. A presentation appears as document number 2008/SOM1/SCCP/017.

53. The objectives of this program included three main points of study as proposed by Chinese Taipei and the seminar was to assist APEC member administrations to develop a greater understanding of how to meet the constant challenge by striking a balance between trade facilitation and supply chain security, which is a difficult task. This also included the development of Human Resources in the Asian Pacific Region to manage Customs policies and the practice in this regard.
54. Sharing the practical experience of member administrations was also an important part of this seminar. The seminar provided participants with an effective channel to learn and understand relevant issues through lectures and presentations in a face to face interactive manner. In addition, the program also entrusted the Customs officials with the responsibility of trade facilitation or network enforcement. This will contribute to future collaborations on relative issues across the Asian Pacific Region.
55. Chinese Taipei thanked Australia; People's Republic of China; Japan, Korea and the United States for sharing experiences and expertise.
56. Korea reported on their Authorized Economic Operator Program and talked about the background behind Korea's introduction of the AEO program, the efforts made by Korea to adopt the program and major progress made so far, and finally the future plans. A presentation appears as document number 2008/SOM1/SCCP/018.
57. Japan reported on their AEO program which requires e-systems from the private sector for Customs procedures, compliance programs and financial integrity. The compliance program must contain provisions for organizational set up, cargo security, management and educational training. Now Japan's AEO program covers exporters, importers and warehouse operators. This presentation appears as document number 2008/SOM1/SCCP/014.
58. Japan is planning to expand coverage of the AEO system to customs brokers, forwarders, shipping companies and airlines. Similar procedures and compliance programs will be

required for this authorization. Benefits permission and confirmation processes for Customs services will be simplified.

59. Japan is conducting consultations and discussions with the United States, the European Union, Australia, New Zealand, China, Korea, Malaysia and Singapore, based on the idea that the mutual recognition of AEO programs could maximize the benefits of honest stakeholders.
60. Malaysia made a presentation on their Customs Golden Client (CGC) Scheme, which is Malaysia's brand name for the Authorized Economic Operator program. This program was introduced in Malaysia in 2004. With the introduction of WCO Framework of Standards, more stringent requirements are imposed upon existing Customs Golden Client so as to ensure that it fulfills the requirements set by the standards.
61. Malaysia reported that this CGC scheme uses a secured web-based system which provides for the use of simplified Permission Request Slip (PRS) for fast clearance of consignments. It also offers facilities exclusive to CGC such as deferred payment of duty, consolidated monthly statement for control purposes and export-in-situ program for export compliance. This presentation appears as document number 2008/SOM1/SCCP/0029.
62. Australia reported on its AEO program which started in July 2006. It identifies future opportunities for trade facilitation built on a platform of security conformance. The main goals of this program are to explore how joint management of international trade with other customs administrations might improve the outcomes for government and industry. A presentation appears as document number 2008/SOM1/SCCP/008.
63. Australia's project also had two primary objectives: to test and fine-tune the assessment, validation and accreditation processes and procedures for Australian companies and to reach agreements on mutual recognition outcomes with overseas economies. In January 2008, the evaluation report detailing the findings, recommendations and benefits proposition for the establishment of an Australian Authorized

Economic Operator program was considered by the Australian Customs Executive. In response to the report, Australia Customs will now develop a forward work program to identify requirements and make preparatory steps towards an operational program building on the findings and outcomes of the project.

64. Australia has been undertaking an 18-month project to test the application of the AEO concept, which was completed in December 2007, providing an explanation of Australia's approach to the development and consideration of a partnership program for supply chain security, in addition to key findings and outcomes from the project.
65. Peru presented its achievements on activities against the illegal trafficking of goods. In the last years, international trade has faced a new reality that required a customs world's change, which has been previously oriented to foreign trade facilitation. In this context, new responsibilities require finding the balance between facilitation and security, both with opposite demands. Peru also presented its achievements in the fight against illegal trafficking of goods by using hi-tech tools and equipment to examine goods, transportation means and persons.

#### Tracking Cross-Border Shipments

66. Australia informed that it is conducting a feasibility study into using Unique Consignment Reference (UCR) and Radio Frequency Identification Devices (RFID) for tracking cross-border shipments. This feasibility study is expected to be completed by mid-2008. Australia anticipates that it will be in a better position to share further information on this feasibility study at SCCP 2 later this year. This report appears as document number 2008/SOM1/SCCP/010.

#### Trade Recovery Program (TRP)

67. Singapore briefed that is organizing an APEC TRP capacity-building workshop from 23-24 July 2008. There are three objectives which this workshop aims to achieve: raise awareness and elaborate on the APEC TRP, explore

possible ways for economies to cooperate and coordinate with each other to ensure the continuous flow of trade in the event of a disruption and develop possible approaches for conducting a TRP pilot, as endorsed by the Leaders in September last year. A report appears as document number 2008/SOM1/SCCP/006.

## **IPR Enforcement**

68. The Chair briefed on the outcomes of IPEG – SCCP Joint Session held on February 21st, in which delegates of 20 Economies participated.
69. The SCCP Chair stated that the objectives of the session were not only to exchange information, but to better understand the current situation and the problem of IPR when coping with counterfeiting and pirated goods, the kind of information and enforcement mechanism that the economies have at their border. Also, another objective includes enhancing this information exchange so that customs or any other authority dealing with IPR border enforcement will be able to carry out its work much more effectively.
70. The SCCP Chair stated that Japan (METI) made a proposal for a second IPEG-SCCP Joint Session at SOM3, but that IPEG and SCCP Chairs agreed that both groups would discuss that issue separately.
71. Japan reported that IPEG had problems to schedule a second joint meeting with SCCP, and therefore asked for support in favor of a statement that “SCCP members agreed with the importance of making efforts to continue cooperation between SCCP and IPEG, including information sharing, among IP authorities, IP experts and border- enforcement authorities”. The statement was endorsed by SCCP.

## **Transparency**

### Integrity

72. Australia, as leader of the integrity CAP item, reported to SCCP on the activities regarding the implementation

progress. Integrity remains the main issue for APEC, which was reaffirmed by APEC leaders in 2007. Australia considers it an appropriate time to review and share SCCP members' experience in implementing the integrity CAP item and consolidate their knowledge with the objective of identifying new initiatives or renewed focus on particular areas under the CAP item. A report appears as document number 2008/SOM1/SCCP/009.

73. Australia proposed and Hong Kong, China, as co-leader of the CAP item, supported the SCCP endorsement to undertake the survey, led by Australia, to document SCCP members' experience under the four phases of the CAP item. Australia will continue consulting with economies that have indicated in the CAP evaluation matrix that they require assistance.

### **APEC-Funded Projects**

74. APEC Secretariat presented a document on the progress report of APEC-funded projects in 2006-2008. Two 2006 projects of a two-year length were extended to December 2008 and two 2007 projects are in progress. Six 2008 projects are in preparation/progress. A report appears as document number 2008/SOM1/SCCP/019.
75. APEC Secretariat submitted the 2009 timeline for the presentation of new project proposals. The timeframe of this proposal presentation shall last until the next SCCP meeting in August this year. Also, the establishment of a gender focal point was proposed and endorsed for SCCP. The APEC Secretariat suggested that the Economy chairing the CAP Evaluation Working Group assumes this role.

### **Other Business**

76. Peru reported on the following four projects endorsed last year.
  - The Workshop on Experience Exchange in Adoption of International Instruments and Standards for Single Window to be held in Arequipa on 20 – 22 May 2008. A

consultant has been hired for this project. The invitations for the workshop will be sent soon.

- The Workshop on Application of Valuation Criteria in Advance Rulings in APEC Member Economies will be held in Arequipa on 23-24 May 2008. Malaysia and Japan confirmed participation of their experts. Australia, Canada, United States and Chile communicated their support, but the participation of their experts is still pending. The invitations were submitted to different economies to propose their speakers, who will develop issues for this workshop.
- The APEC Customs Business Dialogue (ACBD) will be held on August 12, 2008 in Callao. A Communication from ABAC Peru has been received, which mentions the participation of their speakers and suggests subject proposals. Currently, Peru is working on the definition of the subjects to be discussed in the ACBD meeting regarding Trade Facilitation and Intellectual Property Rights Enforcement. Peru is also preparing the SCCP blueprint for this year.
- The Study to Identify Best Practices in Processes from Transportation Arrival to the Presentation of Goods Declaration is being held since January and is scheduled to end in August, 2008. A consultant has been hired for this project, who is currently drafting a questionnaire for the economies.

77. Australia reports to the plenary that the SCCP blueprint was developed in 2007 and was made available on the APEC Secretariat website.

### **Future Meetings**

78. The Chair indicated that the next meeting of the SCCP would be held on 14-17 August 2008 in Cusco, Peru.
79. The Chair noted that with SCCP2 scheduled for 14-17 August 2008 and STAR VI from 29 – 30 August 2008 may limit some SCCP members from attending STAR VI and

undertook to investigate the possibility of making these meetings closer together.

### **Adoption of the 2008 SCCP Work Program**

80. The 2008 SCCP work program was adopted and appears as document 2008/SOM1/SCCP/003.

### **Adoption of the Report of the First SCCP Meeting of 2008**

81. The SCCP adopted the report of the first SCCP meeting of 2008. The report appears as document 2008/SOM1/SCCP/028.

### **Chair's Closing Remarks**