

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

CUSCO, PERU
14-17 AUGUST 2008**

Introduction

1. The APEC Sub-Committee on Customs Procedures (SCCP) held its second meeting for 2008 on 14-17 August 2008 at the Cusco City Hall Convention Center in Cusco, 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. Mr. Luis Quesada, representative of SOM Peru, also participated in the meeting.

3. Ms. Maria Ysabel Frassinetti, Peruvian Customs Director, chaired the meeting.

Chair's Opening Remarks

4. The Chair began by welcoming all delegates to the meeting and mentioned the progress made since 2008 SCCP1 meeting such as the approved Set of Priorities and Actions, Work Plan, KPI and TFAP2. She also noted the progress of the Single Window Working Group Phase 2 and the development of workshops sponsored by APEC.
5. The Chair stated that it is expected to finish all the established activities related to secure trade, intellectual property rights protection and transparency. Finally she thanked Member Economies for their suggestions and recommendations and encouraged them to provide all efforts to ensure the success of the meeting.

Adoption of the Agenda

- 6.The final approved agenda appears as document number 2008/SOM3/SCCP/001.

Trade Facilitation

Single Window

- 7.Australia, as Chair of the Single Window Working Group (SWWG) Phase 2, briefed the SCCP on the progress of their Work Plan designed to deliver the six Strategic Plan Recommendations. A presentation appears as document number 2008/SOM3/SCCP/002.
- 8.The SWWG is committed to a broad communication strategy to actively engage with a diverse range of stakeholders. One of the key ways the SWWG is seeking to communicate within APEC is through the establishment of the SWWG site in the APEC Collaboration System which will be used to display key working documents.

9. In support of delivering Recommendations 3, 4, 5 and 6, concept papers have been drafted. Recommendation 3 concept paper provides information on internationally recognized instruments and standards that will directly assist APEC Economies in the design and development of their single window systems. Recommendation 4 concept paper provides information relating to the development of a repository to capture information related to pilot projects and initiatives in international trade facilitation and supply chain security. Recommendation 5 concept paper provides information relating to the development of capacity-building initiatives to deliver the assistance requested by SCCP Member in 2007. Recommendation 6 concept paper proposes the creation of a tool that will help the Economies to formulate a strategy that can be mapped against a timeline in a way that best suits the unique operating environment. The SWWG agreed to keep the Recommendation 6 Concept Paper in draft to conduct more work to ensure we deliver a product that is practical, useable and achieves the intended purpose. The concept papers appear as document numbers 2008/SOM3/SCCP/002attA,

2008/SOM3/SCCP/002attB,
2008/SOM3/SCCP/002attC and
2008/SOM3/SCCP/002attD.

10. It is proposed that all six recommendations be presented as draft deliverables at the APEC SWWG Phase 2 Workshop to be held in Singapore in April, 2009. Members were encouraged to update the Tier Two Stakeholder List as this will be used to invite stakeholders to Workshop 4. The Tier 2 Stakeholders List appears as document number 2008/SOM3/SCCP/002attE. The SWWG encouraged the on-going participation of all APEC Member Economies and asked for their support of the project proposal. Peru and Singapore expressed their strong support to the SWWG. SCCP endorsed concept papers 3, 4 and 5 presented by the SWWG.

11. SCCP Chair briefed on actions relating to concerns on duplicity of work by the SWWG and ECSG. At SCCP1, a concern about the duplicity of work by the ECSG project to conduct a data collection and data harmonization exercise was raised by the SWWG. The ECSG project proposal included

a data collection and harmonization exercise and the creation of an international trade data repository for APEC Economies. The inclusion of Business – to – Government elements was of particular concern to Australia, the United States and Canada and it was approved that the SCCP Chair would send a letter to the ECSG Chair and reaffirm the concern that the ECSG project was duplicating the work at the World Customs Organization in their development of the WCO Data Model and suggested to have a meeting to address this issue and see how this duplicity could be avoided.

12. The ECSG Chair agreed to work more closely with SCCP and agreed to have a joint session with Australia, Canada, the U.S., and the WCO, which was held on 12 August in Lima, Peru. ECSG advised that they will present results of its project in a workshop in December and the ECSG Chair will request that the focus of their activities be concentrated on the Business-to-Business domain. SWWG would focus on Government-to-Government and Business-to-Government. The ECSG Chair proposed a joint discussion to exchange information on the work of both

groups to be held in the margins of SOM1 in 2009. The notes of this meeting appear as document number 2008/SOM3/SCCP/027.

13. SCCP endorsed the proposal for a joint discussion in the margins of SOM1 in 2009 and agreed to coordinate this event with ECSG.
14. Chinese Taipei made a brief review on what Chinese Taipei has done during the past few years such as a series of self-funded APEC Amity seminars, in 2002, 2005 and 2007 successfully organized. The topics for those seminars have been following the main stream of international Customs core issues such as Trade Facilitation, Risk Management and best practices of the Revised Kyoto Convention, etc. Chinese Taipei expressed it was honored to host another self-funded capacity building program and thanked Australia since they have worked closely together to bring in the Customs Data Harmonization workshop as the first one of the SWWG Capacity Building Workshop Series.

15. Chinese Taipei also provided a detailed proposal of the Customs Data Harmonization Workshop highlighting issues such as the venue of the workshop which will be at the Training Institute, Ministry of Finance in Taipei and a special arrangement to visit Kaohsiung Port, which deals with 6 Million TEU per year, ranking as No. 8th of all sea ports in the World. As for number of participants, due to facility constraint, the total number of overseas participants will be up to a maximum number of 23. Member Economies were encouraged to send one Customs official or to nominate one representative and one alternate. A document appears as number 2008/SOM3/SCCP/020.
16. Chinese Taipei also thanked Australia, Canada, China, Peru, Singapore and the United States for sending experts to share their knowledge and experiences at the workshop, and requested Economies' support and active participation to have a successful workshop and bring Economies together towards the smooth implementation of the Single Window Strategic Plan.

17. Peru briefed on the outcomes of the Workshop on Experience Exchange in the Adoption of Instruments and Standards in Single Window Initiatives held on 20 – 22 May 2008 in Arequipa, Peru. A presentation appears as document number 2008/SOM3/SCCP/017.
18. Peru elaborated a questionnaire, which was sent to the Economies and held the workshop to collect, analyze and prepare a report related to experiences of the Economies on the adoption of instruments and standards recognized internationally. So far 16 Economies had completed and returned the questionnaire. Peru encouraged remaining Economies to send their completed questionnaires. The final documents will be distributed in CD and will be uploaded in the APEC website. Australia thanked Peru for the work done.

Trade Facilitation Action Plan (TFAP2)

19. SCCP Chair briefed on the latest e-mail sent by CTI Hong Kong, China, whereby it was suggested that SCCP use only one KPI for TRS and its methodology. Some

Economies raised the concern that electing only one KPI among the approved six will limit the scope of SCCP. Chile expressed its concern about the suggested measurement dates.

20. SCCP agreed to keep the approved six KPIs and to provide an update of the progress of each of the economies before the end of October this year. For that purpose Economies were requested to send their information to the CAP Leader Economy of each KPI by 26 September and CAP Leader Economy to send the collected information to SCCP Chair by 10 October for reporting CTI.

21. A draft letter to CTI Chair, prepared by Chile, Japan and Peru, was submitted and considered by the Plenary. SCCP endorsed the letter that appears as document number 2008/SOM3/SCCP/026. This letter will be sent by SCCP Chair before CTI meeting to be held on 19-20 August 2008.

Business Outreach

22. Peru briefed on the Development and Outcomes of the APEC Customs-Business

Dialogue (ACBD) held on 12 August 2008 in Callao, Peru. A report and a presentation appear as document number 2008/SOM3/SCCP/022.

23. The APEC Customs - Business Dialogue had 8 speakers, 2 panelists and 230 participants from APEC Member Economies, business sector, academia and international organizations. The main issue for this meeting was "Towards an Effective Trade Facilitation and Protection of Intellectual Property Rights", which was split into two sessions, the first one called "Promoting Mechanisms of Intellectual Property Rights Border Protection" and the second called "Security in the Supply Chain and Trade Facilitation".

24. The presentations were related to Fight against Counterfeiting and Piracy, Identifying Counterfeited and Pirated Goods, Data Exchange as an Assistance Tool in the Intellectual Property Rights Border Protection from Customs perspective, Participation of Business in IPR Border Protection, Study to Identify Best Practices in Processes from Transportation Arrival to the Presentation of Goods Declaration, Supply Chain security and

Trade Facilitation, Prevention and Risk Control as a tool for Trade Facilitation, and ATA Carnet System benefits to APEC Customs Authorities and to Business Community.

Common Data Elements

25. Canada reported to SCCP that there were no activities since 2008 SCCP1 meeting with respect to capacity building or any technical assistance on this CAP item. Nevertheless, over the next several months there will be two initiatives that will progress the work on this CAP item. The first will be the October workshop in Chinese Taipei that will focus on the WCO Data Model, and the second will be the third Single Window workshop in Singapore in April, 2009.

New Customs Clearance Process

26. Peru conducted a presentation on its New Customs Clearance Model project.
27. This project was initiated in 2007 and is part of a group of projects of the Peruvian

Customs Competitiveness Plan in order to achieve a modern and competitive Customs by 2011. Peru noted that the New Customs Clearance Model is a project to modernize Customs management through the implementation of international best practices and the intensive use of ICT. Peru mentioned that the New Customs Clearance Model project would allow to ensure the continuity, transparency, simplification and harmonization of Customs procedures, and the security of the supply chain. A presentation appears as document number 2008/SOM3/SCCP/018.

28. Thailand congratulated Peru on a successful development of the New Customs Clearance Model and expressed its support to all the projects that Peru has implemented.

Risk Management

29. Malaysia presented its Risk Management System called Customs Verification Initiative (CVI). Malaysia noted that the overall objective of the risk management system is to protect revenue collection and facilitate trade by focusing enforcement efforts on high-risk

goods while expediting the flow of low-risk goods. A presentation appears as document number 2008/SOM3/SCCP/021.

30. Malaysia briefed on the CVI system that was developed in 2007 using modules in Customs Information System (CIS) aiming at improving Customs control and management where all declarations would be screened by the CVI system.

31. The CVI unit is responsible to screen all declaration forms, establish risk indicators and ensure that all traders comply with law and regulations. CVI process consists of the following four steps:

- (i) Collection of data and information
- (ii) Identify, analyze and assess risks
- (iii) Address risks
- (iv) Review risk and feedback into the information phase.

Implementation of APEC projects

32. Peru briefed on the Outcomes of the Workshop on Application of Valuation Criteria in Advance Rulings in APEC Member

Economies held on 23 – 24 May 2008 in Arequipa, Peru. A presentation and a report appear as document number 2008/SOM3/SCCP/15.

33. Peru noted that five speakers from Australia; Japan; Korea; Malaysia and United States participated in the development of this workshop by sharing their experiences on applying Valuation Advance Rulings in their Economies. Peru also noted that 43 participants attended the workshop. Peru briefed that through presentations of the speakers the attendees were able to learn experiences in applying valuation advance rulings on logistic issues required for VAR implementation, computing systems required for application, framework of standards and legal features, operational process, and on benefits obtained.

34. Peru also briefed on the outcomes of the Study to Identify Best Practices in Processes from Transportation Arrival to the Presentation of Goods Declaration. Peru noted that a questionnaire was developed as the main tool for this study in order to identify the most relevant issues and reasons for

delay that affect the smooth development of transport operations and administrative processes of the international supply chain segment known as “transit time”, between the time a transport means and its cargo enter a territory and the time cargo interests submit the corresponding goods declaration to Customs.

35. Based on the problems identified, best practices have been proposed in the following three areas: intermodal transfer operations, administrative processes and use of information and communication technologies (ICT)

Modernisation

36. Papua New Guinea (PNG) presented a paper on its Customs Modernisation based on the WCO Revised Kyoto Convention (RKC). A report appears as document number 2008/SOM3/SCCP/029. PNG noted the work undertaken since 2003 in order to comply with the provisions of the General Annex to the RKC in order to accede to it and use the standards in the RKC to modernize both

systems and procedures and achieve harmonization.

37. A number of reforms have been introduced in PNG consistent with specific standards to the RKC and continue to be improved to meet the demands of Customs stakeholders. At the end of 2006, PNG completed all legislative, administrative and procedural changes as regards the General Annex in order to accede to the RKC and it is currently in the process of completing constitutional and diplomatic process prior to acceding.

Cross-Fora Collaboration

SOM

38. Mr. Luis Quesada Senior Official from Peru, briefed on APEC Corporate Social Responsibility (CSR). Mr. Quesada noted that the CSR is the commitment of business to contribute to sustainable economic development as it is an initiative for solving social problems affecting essentially the achievement of trade and investment facilitation goals.

39. Mr. Quesada noted that SOM have prepared a study of CSR in Asia-Pacific which showed that CSR has been developing in different speeds and different directions and in recent years, depending on local factors, distinct business cultures and economical structures.

40. Mr. Quesada also noted that CSR is currently the focus of APEC work in a number of fora. APEC is undertaking work on CSR as a 2008 priority. Mr. Quesada noted the relevance of CSR to the APEC Agenda and also that APEC could play a facilitating role in promoting CSR awareness and capability in both the public and private sectors. A presentation appears as document number 2008/SOM3/SCCP/025.

Secure Trade

APEC Framework for Secure Trade

41. United States briefed on the Outcomes of the APEC Framework for Secure Trade Seminar held in Guangzhou – China from 31

March to 4 April 2008. A presentation appears as document number 2008/SOM3/SCCP/014.

42. Two workshops had previously been held on Essential Legal Authorities and Establishment of Industry Partnership Programs in Thailand. In the third and final phase of training, Supply Chain Security Specialist Training, 15 APEC Member Economies participated. The key objectives achieved in this seminar were promoting better understanding of key principles contained within the APEC Framework for Secure Trade, informing Customs administrations of basic elements needed to enact practices consistent with the Framework, and providing an overview of validating and auditing private security procedures to personnel who will be involved in supply chain security, which is essential to the Authorized Economic Operator program as described in the Framework. The United States expressed its appreciation to China for hosting the Third Workshop in Guangzhou, China.

43. United States presented a project proposal for 2009 workshop to continue

capacity training for the implementation plan of the APEC Framework for Secure Trade, which is a KPI. The workshops include “Targeting and Risk Management” and “Border Enforcement Training”. United States asked support for the proposal which was also sponsored by Peru, and invited all Member Economies to participate in both workshops. New Zealand expressed its support to both workshops and Australia expressed that it has agreed to co-sponsor the project proposal.

44. United States briefed SCCP on the Secure Freight Initiative (SFI) and 100 Percent Scanning. A presentation appears as document number 2008/SOM3/SCCP/024.

45. United States noted that to meet the requirements of the Security and Accountability for Every (SAFE) Port Act and the 9/11 Commission Act, U.S. Customs and Border Protection and the U.S. Department of Energy jointly announced the formation of the Secure Freight Initiative (SFI) in December 2006. Key elements of SFI are to pre-screen high-risk shipments prior to arrival to the United States, use non-intrusive imaging and

radiation detection equipment, provide host governments with greater visibility into potentially dangerous shipments, reduce redundant exams, provide additional data elements for improved risk management capabilities and facilitate trade resumption protocols, which are still currently under development.

46. United States reported there were many challenges and significant costs associated with 100% scanning, that limited resources should be focused on more significant threats, and that 100% scanning may only be worthwhile in high risk trade corridors. United States also identified several challenges to achieving 100% scanning at all foreign ports, which included technical, logistic and diplomatic. The U.S. legislative branch is currently reviewing the report on the SFI pilot which detailed the challenges faced.

47. Chile and New Zealand thanked United States for sharing information about this program and the acknowledgement of the challenges that it poses. New Zealand noted that the objectives for secure trade include both security and facilitation. This involves

strong government-to-government relationships, which includes Customs-to-Customs relationships, and also strong partnerships with industry. New Zealand recognizes that the way forward on this issue should be consistent with the WCO SAFE Framework and we must ensure we continue to focus on the ongoing importance of risk management and information sharing.

48. China conducted a presentation on the implementation of China-EC Pilot on Smart and Secure Trade Lanes. A presentation appears as document number 2008/SOM3/SCCP/007.

49. China stated that a pilot project known as the China-EC pilot project had been produced. The expected outcomes were to increase security and trade facilitation throughout the supply chain through mutual recognition of security standards, trade partnership programs, to use the latest technology to secure the supply chain, to increase trade facilitation through the port of entry with minimum intervention by Customs to enhance Customs cooperation, and to

contribute to the development of control standards and AEO criteria.

50. China stated that the main issues for the development stage include legislation, data exchange, selection of participating companies, mutual recognition of control results, application of joint risk rules set and the uses of container security devices. Likewise, China mentioned that since the operational phase had been launched a lot of further efforts would be needed to be conducted, which includes joint testing of container security devices, mutual recognition of AEO status, a trial implementation of UCR, inclusion of further companies, as well as the joint evaluation of the 1st phase.

51. The project significance is that it is the first inter-continental pilot project for implementing the Framework of Standards; it aims at establishing a safe, facilitated and smart international trade supply chain, and makes Customs virtual territory a reality. China stated that it is committed to work with other customs administrations shoulder to shoulder, stepping forward and enhancing the security and facilitation of global trade.

Tracking Cross-Border Shipments

52. Australia briefed on its Tracking Cross-Border Shipments Feasibility Study. A presentation and a report appear as document number 2008/SOM3/SCCP/005.
53. In early 2008, a project proposal was developed for consideration by Australia. In reviewing the proposal against its corporate priorities, Australia considered that a shortened, self-funded feasibility study on the use of the UCR and RFID was required to examine the benefits, constraints, technology and standards associated with the use of the UCR as a business process and RFID as a cross-border tracking technology.
54. The detailed findings of the feasibility study were divided into the categories of strategic, process and technology findings. The principal conclusions of the feasibility study were:
 - a. UCR is a potential enabler of automated data exchanges and a facilitator of Customs capabilities;

- b. Full end-to-end supply chain adoption of RFID would provide the ideal platform for UCR implementation, but RFID adoption in the supply chain is unlikely to occur in the near future;
- c. RFID used for container tracking or e-seals might prove to be the best way of using UCR and RFID together;
- d. RFID would enhance UCR communication by improving data consistency;
- e. The UCR concept should be assessed in association with the WCO Data Model, planning for a Single Window and participation in the Authorized Supply Chain;
- f. Regional alignment and shared milestones with other APEC Economies would facilitate UCR adoption.

55. Finally, Australia mentioned that given the hesitancy shown by the Australian trading community and the limitations with this technology, UCR-RFID will not be pursued as a priority, but Australia will continue to monitor global developments through its Enhanced Trade Solutions Program.

Trade Recovery Program (TRP)

56. Singapore briefed on the outcomes of the APEC Trade Recovery Programme (TRP) Capacity-Building Workshop held on 23-24 July 2008 in Singapore. A report appears as document number 2008/SOM3/SCCP/011.
57. The workshop was attended by 240 participants from 17 Economies including APEC Member Economies and the speakers were from APEC Economies, international organizations including the WCO, WTO and WSC, and the private and public sectors.
58. The key outcomes of the workshop can be summarized as follows:
- a. APEC economies were encouraged to implement the APEC TRP.
 - b. The WCO announced its decision to incorporate a trade recovery standard in its SAFE Framework of Standards (FoS) and that this standard would likely be based on the APEC TRP.
 - c. Singapore announced that it was leading a group of economies in planning and conducting a TRP pilot exercise in 2009.

59. Australia, Japan and the United States supported Singapore to continue TRP.

Study on Customs Strategic Outlook 2015

60. Australia briefed on the Customs Strategic Outlook 2015 paper commissioned by the Chief Executive Officer of Australian Customs to provide a strategic overview of the future challenges of border management out to 2015 and to propose ways in which Customs may respond. It is a forward looking document to assist in formulating policy guidelines, developing strategies, and operational responses and identifying capability development requirements. A presentation appears as document number 2008/SOM3/SCCP/012.
61. The document provides the strategic context for current and proposed projects that are positioning Customs to the future. The outlook has identified the global drivers and key trends likely to impact customs operations out to 2015.
62. The Outlook proposes the principles that will underline Customs response to these

challenges, such as working ahead of the border, focusing on intelligence, having non intrusive technologies and unobtrusive intervention processes, being flexible and scalable in the intervention approach, global partnerships to manage cross border flows, assist industry to participate efficiently in international trade, and a workforce plan in place.

63. Australia also stated that the opportunity exists for APEC Economies to exchange ideas and views on the future of border management and present a picture to the trading community and business stakeholders on what we think the future will bring and provide opportunities to engage stakeholders in the development of solutions. Australia recommended that SCCP endorse Australia bringing forward a proposal in 2009 as a means for APEC economies to exchange views on the future of border management. SCCP endorsed the Australian proposal.

64. New Zealand congratulated Australia for undertaking this study. New Zealand noted that the future of border management is a highly relevant topic which should be

considered by all Customs administrations. New Zealand added their strong support for Australia 2009 proposal to provide economies with an opportunity to exchange views on this important topic.

Intellectual Property

65. Japan briefed on its participation in ACBD. Japan sent one speaker from Customs and one speaker from the private sector to ACBD meeting held in Callao and they made a presentation on IPR protection focused on the importance of information exchange from the viewpoint of customs administrations and the private sector. These presentations were made as a part of IPEG-SCCP joint activities. Japan asked Member Economies for their cooperation in future activities in this field.

CAP Evaluation and Development

CAP Evaluation Working Group

66. United States, as leader of the CAP Evaluation Working Group, briefed on progress and status of CAP items. A report appears as document number 2008/SOM3/SCCP/023.
67. SCCP approved to maintain in stage 1 Harmonized APEC Data Elements CAP, Implementation of APEC Framework based on the WCO Framework of Standards to Secure and Facilitate Global Trade CAP, Time Release Surveys CAP and Simplification and Harmonization on the Basis of the Revised Kyoto Convention CAP; to maintain in stage 2 Harmonization of Tariff Structure with the HS Convention CAP; and to move Integrity CAP to stage 3.
68. The Working Group reviewed eight project proposals. However, one proposal was withdrawn and two projects were combined into one and will be jointly developed by two proposing economies. The final total of projects was reduced to six which were endorsed and ranked in the following order:

- i. Capacity Building Workshop Series and APEC Single Window Working Group Phase 2 Workshop (Australia).
- ii. Implementing the APEC Framework for Secure Trade (Peru and United States)
- iii. Organizing the APEC Customs-Business Dialogue in 2009 (Singapore)
- iv. Workshop on Implementation of Valuation Advance Rulings in APEC Member Economies (Peru)
- v. Seminar on Implementation of Border Measures for IPR Protection (Peru).
- vi. Experience Exchange in the Adoption of Tools for Goods Identification (Peru).

The SCCP endorsed the six proposed projects as ranked and recommended by the Working Group. The proposals will be forwarded to CTI for consideration.

69. The Working Group also shared several observations and encouraged Economies to carefully examine the extent of work required in project proposals, whether surveys or other work, to encourage full participation. It also encouraged economies to tap into existing work done by other organizations, such as the WCO and others, to reduce duplication of work. Finally, the Working Group noted the

importance of mapping out the schedule of proposed events related to the project proposals to ensure that events are evenly spaced to encourage full participation.

70. Papua New Guinea (PNG) presented a report on its Time Release Survey Project. PNG stated that in August 2006 there was a Time Release Survey Workshop conducted by Japanese and Korean Customs and in 2007 a working group was formed to undertake activities to achieve the intended objectives of TRS.

On completion of the activities a report and input of TRS data for analysis will be referred to ROCB for assessment. The results will be discussed with industry. Japan congratulated and supported PNG, and also encouraged other economies to conduct surveys for trade facilitation measurement.

Peer Review

71. Peru briefed on the Technologic Improvements to Facilitate Clearance Process. Peru explained its New Customs Management Integrated System which aims to efficiently support the new customs

clearance process and its Enterprise Architecture and IS Processes project which allows the IT area to provide high quality services by contributing to the completion of their strategic objectives. A presentation appears as document number 2008/SOM3/SCCP/019.

72. Canada briefed on their Peer Review that took place in March of 2008 for the assessment of their progress towards the implementation of the goals of free and open trade and investment in the APEC region by 2010 for developed economies. The peer review team consisted in Brunei Darussalam, Peru and New Zealand developed a report where Canada is identified as one of the most open and liberal economies among the APEC and WTO members.

73. United States briefed on their Peer Review that took place in March 2008. The final study report was prepared by Singapore and Japan. United States noted that the analysts indicated that overall US trade has increased in recent years and has contributed significantly to its economic growth and that

due to its open trade policy, the US economy enjoys healthy foreign investment activity.

APEC-Funded Projects

74. The APEC Secretariat briefed the SCCP on outcomes of BMC1 held in Lima on February 2008 and BMC2 held in Singapore on April 2008. APEC Secretariat noted that BMC conducted this year a comprehensive review for improving project management.
75. The APEC Secretariat briefed on a progress report from 2006 and 2008 APEC funded-projects. The APEC Secretariat asked member economies to submit APEC Secretariat the evaluation report once their projects have been completed in order for CTI and BMC to consider the results of their projects. A progress report appears as document number 2008/SOM3/SCCP/003.
76. The APEC Secretariat noted that the approved projects in this SCCP meeting will be sent to CTI for approval and to BMC for final approval.

Transparency

77. Chile briefed on Transparency in the Publication on Customs Regulations. Chile noted that the advance publication is a procedure stated to circulate the drafting of any prospective customs regulations previous to definite adoption in order to give traders the opportunity to comment or give their own opinion regarding regulatory projects.
78. Chile noted that in 2007 more than 45 regulatory projects were published with over a hundred comments and observations received from users resulting in the high interest on this initiative. A presentation appears as document number 2008/SOM3/SCCP/006.
79. Australia, as Integrity CAP leader, briefed SCCP on the implementation progress and outcomes of a survey on Member Economies' experiences in implementing and monitoring Integrity Action Plans. Australia noted that the purpose of the CAP item was to deliver a program of technical assistance, practical advice and support for economies in order to develop and implement Integrity Action Plans tailored to the unique requirements.

80. Australia developed the survey in consultation with Hong Kong, China as co-leader. Australia noted that all economies responding to the survey developed a code of conduct which applied to their customs administrations. Australia briefed that all economies have an integrity action plan, integrity program, or other framework, and that all economies face a range of implementation challenges.
81. Australia encouraged economies who have yet to respond to the survey to do so and also to provide Australia with copies of their code of conduct or other integrity related material they consider would be useful to circulate on the CD ROM which will be circulated among member economies. Australia proposed to move the Integrity CAP item to stage 3. A presentation appears as document number 2008/SOM3/SCCP/031.
82. Hong Kong, China thanked Australia for the presentation. Hong Kong, China, as co-leader, deeply appreciated the efforts made by Australia in coordinating and leading this CAP item. Hong Kong, China fully supported

the recommendation put forth by Australia based on the survey results of this CAP item.

83. The SCCP Chair noted that the SCCP had already approved to move Integrity CAP item to stage 3.

Other Business

84. The Secretariat briefed that an information-only report on the APEC Tariff Database appears as document number 2008/SOM3/SCCP/004.

85. Japan briefed on its proposal to hold a one-day APEC Heads of Customs meeting at the margin of SCCP 2 in 2010. Japan also reported it will present more detailed information at SCCP1 in 2009, and TILF project proposal will be presented at SCCP 2 2009 for consideration. A document appears as document number 2008/SOM3/SCCP/013.

86. Papua New Guinea supported Japan's initiative by stating that the initiative had some value to the work of APEC and the SCCP in particular to the extent that the meeting of

APEC Heads of Customs has potential to bring future direction to the work of the SCCP.

Future Meetings

87. Singapore advised the SCCP that the next meeting would be held in Singapore in February 2009.

Adoption of the 2008 SCCP Work Program

88. The SCCP Chair noted that a status report on the 2008 SCCP work program appears as document number 2008/SOM3/SCCP/032.

89. The SCCP Chair indicated that they are still waiting feedback from the Automotive Dialogue regarding provisions of the expedited clearance assessment.

Formation of the 2009 Friends of the Chair Group

90. Based on the SCCP terms of reference, the standing members for the friends of the Chair for 2009 are: Peru (as outgoing Chair); Singapore (as incoming Chair); and Japan (as future Chair).

91.The Chair called for volunteer economies to complete the membership of the Friends of the Chair. Australia; Canada; Chile; Hong Kong, China; New Zealand and United States volunteered. Therefore the 2009 Friends of the Chair group will comprise Australia; Canada; Chile; Hong Kong, China; Japan; New Zealand; Peru; Singapore and United States.

Adoption of the Report of the Second SCCP Meeting of 2008

92.The SCCP adopted the report of the Second SCCP Meeting of 2008. The report appears as document number 2008/SOM3/SCCP/033.

Chair's Closing Remarks