

APEC SUB-COMMITTEE ON CUSTOMS PROCEDURES (SCCP) SINGAPORE, 23-26 FEBRUARY 2009

REPORT OF THE FIRST MEETING OF 2009

Introduction

1. The APEC Sub-Committee on Customs Procedures (SCCP) held its first meeting for 2009 on 23-26 February 2009 in Singapore.
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; Peru; Republic of the Philippines (Philippines); Singapore; Chinese Taipei; Thailand; United States; and Viet Nam attended the meeting.
3. Mr Loh Fook Meng, Assistant Director-General (Compliance) of Singapore Customs, chaired the SCCP meeting.

Agenda Item 1: Chair's Opening Remarks

4. The SCCP Chair welcomed delegates to the meeting and thanked Peru for successfully chairing the 2008 SCCP meetings. The SCCP Chair also thanked the Friends of the Chair (FOTC) for their support, advice and active participation.
5. The SCCP Chair noted that in the current difficult times, it was even more imperative for Customs to help reduce business costs by being as facilitative as possible without compromising trade security.

Agenda Item 2: CTI Chair's Remarks

6. The Committee on Trade and Investment (CTI) Chair noted that previously each host economy had listed new priorities during their host year, resulting in lack of continuity. Thus, in 2006, APEC launched the Hanoi Action Plan, which included a workplan to work towards the Bogor goals. In 2008, a multi-year workplan on Regional Economic Integration (REI) was endorsed by the APEC Ministerial Meeting (AMM) and focused on issues to help reduce business costs through concrete initiatives.

7. The CTI Chair informed that the recently concluded 2009 First Senior Officials' Meeting (SOM 1) had placed a high priority on rules of origin (ROO), as businesses had expressed serious concerns about the difficulties posed by ROO in utilising RTAs/FTAs. SOM had tasked CTI and its sub-fora to look at the three aspects of harmonisation, cumulation and simplification of procedures. The Market Access Group (MAG) was responsible for harmonisation and cumulation. The CTI Chair noted that Customs administrations were the implementers of ROO and they should work with MAG to look into simplification of procedures.

8. The CTI Chair added that, in view that production typically took place in multiple locations across the region, SOM had also placed priority on supply chain connectivity, which would replace TFAP II in 2010. The CTI Chair noted that single window is crucial to the logistics chain. As a lot of work had already been done under TFAP II to streamline logistics at the border, there was a need to look at behind-the-border issues; hence the CTI and the Economic Committee (EC) held a joint Trade Policy Dialogue to address behind-the-border issues. As a follow-up, the CTI was looking into:

- *Mapping* of what APEC and other fora were doing so that there would not be any duplication;
- identification of *Chokepoints*; and
- moving towards *Prioritisation* and development of a "Supply Chain Connectivity Initiative".

9. The CTI Chair noted that the key performance indicators (KPIs) helped to demonstrate that APEC had progressed. The Policy Support Unit (PSU) would be addressing the SCCP on how to measure the 5% reduction in trade transaction costs to be achieved under TFAP II. The CTI Chair acknowledged that the KPIs under TFAP II were developed without the sub-fora being fully aware of the need for quantifiable data to measure the 5% cost reduction.

10. The CTI Chair shared that, as directed by SOM, CTI examined 30 FTAs in the APEC region and concluded that recent FTAs showed a general trend of convergence. CTI was tasked to look at the remaining FTAs as at January 2009 to confirm this trend, identify the scope of convergence, and address any divergence. The CTI Chair stressed that SOM agreed that APEC was not to become a FTA negotiation forum. Instead, the approach was to identify options available to establish the Free Trade Area of the Asia Pacific (FTAAP), such as the possibility of merging bilateral FTAs and studying the EU and the ASEAN Economic

Community (AEC). There was no intention to move APEC away from being a voluntary forum as this approach was beneficial.

11. In conclusion, the CTI Chair noted the short timeframe before the next SCCP meeting, and that the work needed to commence before SCCP 2 in July, adding that the next CTI meeting would be held in May 2009.

Agenda Item 3: Adoption of Agenda

12. Chinese Taipei proposed to make a presentation under agenda item “6. Secure Trade” on best practices of using RFID for customs control on transit containers, which had been recently implemented.

13. Japan proposed to add an agenda item under “5. Trade Facilitation” on the current global economic situation, pointing out that this year’s APEC priorities includes global economic crisis. Korea and Singapore supported Japan’s proposal and each offered to table a paper on initiatives by their Customs administrations to help businesses during this time of economic crisis.

14. The meeting adopted the agenda which appears as document number 2009/SOM1/SCCP/001.

Agenda Item 4: Friends of the Chair

2009 Priorities and Actions

15. Peru, on behalf of the SCCP FOTC, presented the five priorities (three on Trade Facilitation, one on IPR Enforcement and one on Secure Trade) and their corresponding actions that had been discussed at the previous day’s FOTC meeting. The meeting agreed to defer the discussion on this agenda item to the end of Day 2 after the discussions on the global economic crisis and ROO had taken place.

16. The meeting resumed discussion on this item on Day 2. The meeting discussed the actions to be taken for the priority item on ROO. Making reference to the list of issues tabled by the MAG, Australia was of the view that, as an important first step, a survey of APEC Customs administrations’ role in relation to these matters should be undertaken so as not to create an unrealistic expectation about what the SCCP could deliver in regards to these concerns from businesses. Singapore agreed with Australia’s concerns, but felt that customs procedures for claiming

preferential tariff treatment on imported goods should also be collated as this function was a common function performed by most if not all APEC Customs administrations. This information would be useful for understanding the involvement of Customs administrations in the implementation of ROO.

17. The endorsed 2009 Priorities and Actions appears as document number 2009/SOM1/SCCP/030.

Agenda Item 5: Trade Facilitation

(i) Trade Facilitation Action Plan (TFAP II)

18. The Policy Support Unit (PSU) briefed the SCCP on their work in developing a methodology for measuring the 5% reduction in trade transaction costs under TFAP II. The PSU informed the SCCP that quantitative data would be required for measuring cost reduction.

19. Japan as Time Release Survey (TRS) CAP leader shared that eight member economies had implemented TRS and five member economies had implemented TRS-like surveys. Japan proposed that the survey results could be used as the quantifiable data. The PSU noted that the objective was not to identify which economies were better but to measure the quantum of improvement.

20. Canada sought clarification on how time reduction could translate into cost savings, and pointed out that they used their own methodology. In addition, some economies might find it difficult to further reduce time after achieving time reduction through conversion from paper to electronic processes. Canada suggested that methodologies other than TRS should also be considered for measuring the 5% cost reduction. Australia agreed with Canada that it would be difficult for the SCCP to collectively use TRS as the measurement for the 5% cost reduction. The PSU explained how time reduction could translate into monetary savings but agreed that other measurements could be considered.

21. Singapore recalled the CTI Chair's remarks that TFAP II was developed without full knowledge of the need to develop quantifiable KPIs to measure the 5% cost reduction. As such, it was not surprising that there would be difficulties in quantifying the contribution of the 6 KPIs of the SCCP to the 5% cost reduction. Singapore shared that although they had not achieved any significant reduction in the turnaround time for processing customs declarations in recent years,

real cost savings had been generated for the trading community through reduction in declaration processing charges made possible through adopting a Public-Private Partnership model for the TradeNet[®] system. Singapore noted that the PSU was still in the midst of gathering inputs to develop the methodology, and suggested that member economies could provide information on any trade facilitation initiatives implemented with quantifiable benefits.

22. The SCCP Chair requested member economies to provide him with information on any trade facilitation initiatives with quantifiable benefits for his onward transmission to the PSU. The PSU informed the SCCP that they would be thinking through the methodology within the next few weeks and would revert to the SCCP on any additional information required.

23. The SCCP KPI Progress Report appears as document number 2009/SOM1/SCCP/021.

(ii) Single Window Initiative

24. Australia made a presentation as Chair of the Single Window Working Group (SWWG) to update the SCCP on the progress of the Single Window Initiative and the SWWG's work on Strategic Plan Recommendations 3, 4, 5 and 6. The document appears as 2009/SOM1/SCCP/002.

25. Canada, who is leading Workshop 3, briefed the SCCP on topics to be covered in the workshop. The focus would be on mapping data requirements to the WCO Data Model, UCR implementation, and learning points from the ASEAN Single Window project. The document appears as 2009/SOM1/SCCP/004.

26. The SWWG Chair briefed the SCCP on the topics to be covered in Workshop 4 and encouraged Customs, other government agencies and private sector participation from member economies. The document appears as 2009/SOM1/SCCP/005. The SWWG Chair also informed the meeting that sponsorship would be sought to provide lunch for Workshop 4 and that a template letter was available for member economies to send to interested private sector sponsors.

27. The SWWG Chair informed the SCCP that a presentation was made on single window opportunities around the region at the APEC Business Advisory Council (ABAC) Seminar, Wellington, New Zealand, 9

Feb 2009. New Zealand elaborated that the Seminar was the fourth in a series of ten capacity-building seminars. The recent seminar focused on what APEC economies have done, and are doing, to facilitate the movement of goods across borders.

28. The SWWG Chair briefed the SCCP on the successful conclusion of capacity building Workshop 2 held in Canberra, Australia from 2 - 7 Feb 2009. The topics included single window development, IT architecture, messaging security and UN/CEFACT tools and methodology. Work was also undertaken to revise the Recommendation 6 Concept Paper which is now resubmitted to SCCP for consideration and endorsement. The document appears as 2009/SOM1/SCCP/003.

29. Canada expressed support for the Concept Paper addressing Recommendation 6 and offered to contribute to the final document. The SCCP endorsed the Recommendation 6 Concept Paper.

30. China noted the importance of single window for trade, and that there were three key success factors for single window implementation: high level commitment, the sharing of data across departments, and Customs involvement during single window construction.

31. Chinese Taipei made a presentation on the outcomes of Workshop 1, also known as Customs Data Harmonization Workshop, held in Taipei from 27 Oct to 1 Nov 2008. Participants learnt the fundamental concepts of the WCO Data Model and relevant standards/instruments. The presentation appears as 2009/SOM1/SCCP/026. Australia expressed appreciation to Chinese Taipei for organising the workshop on a self-funding basis.

32. The SWWG Chair briefed the SCCP on the joint session between the SWWG and Electronic Commerce Steering Group (ECSG) Paperless Trading Subgroup (PTS) where both groups gave updates on their work. Australia, Canada and the United States noted concerns over the PTS' data harmonisation project as it could result in two international standards being created thereby creating confusion and misalignment with the single window concept which encouraged interoperability supported by international standards. The SWWG Chair shared that the ECSG PTS had recommended having joint sessions with the SWWG at least once a year and noted that the SWWG was not a permanent group. The SWWG Chair sought the SCCP's views.

33. China highly commended the great progress achieved by the SWWG and doubted the necessity of joint sessions, though it was important to exchange information. China and Canada noted that it was difficult to speak on the duplication and overlap of work at the previous day's joint session as they were seated with their PTS colleagues. Canada added that the WCO had been studying data harmonisation for years and thus the ECSG should focus on business-to-business transactions.

34. The SCCP discussed the need to escalate to the CTI the concern over the ECSG PTS' data harmonisation project. The SCCP noted that (i) CTI had oversight of both sub-fora, and (ii) three letters had already been sent to the ECSG Chair and there was no response by the ECSG Chair to the three separate letters by: Australia, Canada and the United States to the ECSG Acting Chair dated 6 Feb 2008, the SCCP Chair to the ECSG Acting Chair dated 6 May 2008, and the US Department of Commerce and US Customs and Border Protection to the ECSG PTS Chair dated 13 May 2008. Peru noted that a joint meeting was also held on the margins of SOM 1 2008 and there was no result.

35. Singapore suggested that the SCCP first seek the APEC Secretariat's assistance to resolve the issue before writing to the CTI Chair. The SCCP noted that the ECSG Chair had not responded to the past three letters sent and the project was moving to recommend actions. Australia also informed that there was some urgency on this matter as the UN/CEFACT would soon be writing to the CTI regarding their concerns about this project. Philippines noted that the ECSG Chair had been invited to make a presentation at Workshop 4 and stressed on the need to have a good relationship with the ECSG. Australia agreed and reiterated that the concern was only with one project. The SCCP agreed that the SCCP Chair would write to the CTI Chair on this issue. The SCCP Chair would circulate the draft letter to member economies for comments before sending the letter to the CTI Chair.

36. The ECSG Chair was subsequently invited to address the SCCP regarding the SCCP's concerns over the ECSG PTS's project on Data Harmonization Towards Single Window Paperless Environment. The ECSG Chair proposed that the SCCP hold back the sending of their letter of concerns to the CTI Chair. The ECSG Chair offered to circulate the draft report and recommendation of the project to the SCCP for comments.

37. After the ECSG Chair left, the United States commented that it was unclear what further written inputs were needed by the ECSG Chair as three letters had been sent to the ECSG Chair without any response. Canada was concerned that the draft report of the ECSG PTS project would already have been posted on the internet while awaiting the SCCP's comments, and this would create incorrect public perceptions about the project.

38. Australia suggested that the SCCP approach the issue carefully to avoid being seen as if the SCCP had issues with the entire work of the ECSG, when the SCCP's concerns was only about one particular project. Australia also cautioned if the SCCP provide detailed comments to the report, the SCCP might be seen as endorsing the recommendations of the project.

39. Singapore stressed the importance of maintaining good working relationships between the APEC sub-fora and noted the goodwill extended by the ECSG Chair in approaching the SCCP to attempt to resolve the issue. Singapore preferred to hold back the sending of a letter to the CTI Chair.

40. The SCCP would consult inter-sessionally about how to move forward on this issue, after the SCCP had reviewed all draft documentation regarding the ECSG PTS project (ref: APEC/ECSG/05/2008T).

(iii) Time Release Survey

41. Japan as CAP leader provided a verbal brief of the progress of this CAP and welcomed requests for capacity building. Japan had conducted eight time-release surveys (TRS) since 1999, and the last survey was done in Mar 2006. They planned to conduct their next TRS soon.

42. Brunei briefed the SCCP on the outcomes of the TRS workshop held in Dec 2008 in Brunei. The workshop acknowledged the TRS was a tool to measure transaction time and cost reduction in order to improve customs procedures. Brunei would be conducting another workshop in Mar 2009. The document appears as document number 2009/SOM1/SCCP/007.

43. Papua New Guinea briefed the SCCP on their trial survey conducted in 2008 with the primary purpose of validating both the data collection process and methodology. The trial survey helped to establish

the baseline for a full survey to be conducted within the year or next. The document appears as document number 2009/SOM1/SCCP/024. Japan commended Papua New Guinea on their progress and indicated that Japan would be happy to extend further cooperation to Papua New Guinea.

44. Australia briefed the SCCP on their findings of TRS conducted in 2008 as a “snapshot” using 2007 data extracted from their Customs Integrated Cargo System (ICS) which showed arrival-to-clearance times in the sea environment averaging 1.8 days and 0.3 day in the air environment. Industry confirmed the validity of the TRS results. The key findings revealed that Customs was not a significant impediment to import trade. The presentation and document appear as document number 2009/SOM1/SCCP/008.

45. China shared that they conducted TRS in 2006 and would like to conduct another TRS in the first half of 2009, and hoped to conduct TRS every two years. China added that they could share their findings subsequently.

(iv) Business Outreach

46. The SCCP Chair reported on the preparations for the 2009 APEC Customs-Business Dialogue (ACBD) to be held back-to-back with SCCP 2 in Jul 2009. There would be three themes: harnessing IT for regional trade facilitation, securing and facilitating global supply chain, and open and transparent relationship between Customs and Business. The SCCP Chair further informed that the local industry and ABAC were consulted on the dialogue topics and they were supportive of the topics. He sought support from member economies to publicise the event to their business communities, and invited presentations by both public and private sectors. Chinese Taipei offered to request their private sector to make a presentation on using RFID to facilitate and secure trade.

(v) Customs Strategic Outlook 2015

47. Australia recalled that during SCCP 2 in Jul 2008, they had presented the Customs Strategic Outlook 2015 and the meeting agreed to further exchange views on the future of border management. The impact of the global financial crisis had been incorporated into Australia’s Strategic Outlook Update 2008. Australia welcomed member economies to share developments in their strategic plans in future SCCP meetings.

The presentation and paper appear as the respective document numbers 2009/SOM1/SCCP/009 and 2009/SOM1/SCCP/009a.

(vi) Global Economic Crisis

48. Japan stated that addressing the global economic crisis was a priority for APEC this year and felt that SCCP should also contribute towards addressing this priority. Japan also informed on the efforts by the WCO in this regard.

49. China informed the SCCP that their Government had provided financial support to support domestic demand and promote growth. China Customs would, amongst other measures, facilitate trade to the largest extent possible to minimise cost and time of clearance, meet traders' demand of fast trade flow, ensure compliant companies enjoy more facilitation, provide tailored legal assistance to help companies out of the financial crisis, establish more bonded areas, explore further international and domestic markets and combat illegal smuggling to ensure order of import/export.

50. New Zealand noted that the actions suggested in the WCO Communiqué were already undertaken by the SCCP, and questioned whether there was any additional specific action which the SCCP could undertake in response to the global economic crisis. Japan clarified that they were not proposing for any ambitious actions to be undertaken by the SCCP, but suggested that the SCCP could compile information on initiatives taken by APEC Customs administrations in helping businesses cope with the global economic crisis. This information could then be submitted to CTI and SOM. Japan's proposal was supported by China, Singapore and Korea.

51. The United States noted that Customs administrations have different responsibilities. Therefore the United States stressed that it should be broadly recognised that not all Customs administrations are in a position to initiate remunerative actions that can directly affect global economic recovery. Australia agreed and noted that in Australia, a collaborative government effort would be made in response to the global economic crisis. Australia also noted that there was work in SOM about responses to the global economic crisis, possibly on an economy basis and that the SCCP should ensure there was no duplication of efforts.

52. China stated that the SCCP could send a clear message to CTI, SOM or even Leaders that Customs could make some contributions to respond to the global economic crisis.

53. The United States shared Australia's views and proposed that the SCCP issue a statement reiterating support to work toward implementing the Collective Action Plan as a suitable response to the global economic crisis. Noting the earlier comments on the differing approaches amongst Customs administrations towards the global economic crisis, Singapore pointed out that it would be difficult for the SCCP to reach consensus on a collective statement. Singapore felt that Japan's proposal was a practical step.

54. After some deliberation, the SCCP agreed that the global economic crisis would not be listed as a priority for the SCCP but individual member economies could voluntarily provide information on their initiatives in responding to the global economic crisis. Japan offered to consolidate the inputs from member economies. Korea, China and Singapore volunteered to assist Japan in the compilation of inputs.

55. Korea briefed the SCCP on their activities in helping their importers and exporters during the global economic crisis. In an effort to overcome the economic crisis, the Korean Government has pushed for drastic tax cuts and expansion of fiscal expenditure, and Korea Customs Service was also expanding its Customs Assistance for Rehabilitation & Encouragement (CARE) Plan designed to relieve the temporary cash crunch of domestic businesses. The document appears as document number 2009/SOM1/SCCP/029.

56. Singapore briefed the SCCP on their continual efforts to facilitate the trading community especially in the current global economic crisis. Singapore had reduced business costs by reducing processing charges for customs declarations, and introduced the APEX licence which allowed companies to operate multiple licensing activities under a single licence. The document appears as document number 2009/SOM1/SCCP/025.

Agenda Item 6: Secure Trade

(i) APEC Framework for Secure Trade

57. The United States as CAP leader updated that they were working with Peru and China on training seminars on risk management and

Authorised Economic Operator (AEO) implementation to be held this year, and details would be made known to member economies in due course.

58. The United States briefed on their proposal to form a working group to draft an initial proposal on streamlining customs procedures for vetted and trusted industry partners. The goal was to establish guidelines for procedures and security verification processes that customs authorities can utilise in order to harmonise supply chain security procedures. This would address the divergent array of AEO programs in the Asia-Pacific and the resultant costs to businesses operating in the region. The paper appears as document number 2009/SOM1/SCCP/010. Canada, Japan, New Zealand and Singapore volunteered to join the working group led by the United States to work intersessionally on a proposal for consideration by SCCP 2.

59. Japan made a presentation on their AEO Program which was undergoing review as their law needed to be revised to expand the scope to include manufacturers in addition to importers, exporters, warehouse operators, customs brokers and logistic operators. Japan stated that they have signed a Mutual Recognition Arrangement (MRA) with New Zealand, and was presently negotiating MRAs with the United States and the EU, and studying future MRAs with Australia, China, Malaysia and Singapore. The presentation appears as document number 2009/SOM1/SCCP/011.

60. Korea made a presentation on their AEO Program, and shared the roadmap of AEO progress and implementation. After their pilot project which began in Sep 2008, the AEO Program would officially be launched in Mar 2009 as a voluntary initiative. Korea was also in discussions for AEO mutual recognition with the United States, China, Japan, EU, New Zealand and Singapore. The presentation appears as document number 2009/SOM1/SCCP/012.

61. Singapore made a presentation on their AEO Program – the Secure Trade Partnership (STP) – and shared that it was a voluntary certification program open to all companies based in Singapore that were involved in supply chain activities. Singapore also briefed the meeting on the STP-Plus which is a higher tier of the STP, and ongoing mutual recognition discussions with other economies. The presentation appears as document number 2009/SOM1/SCCP/013.

62. New Zealand made a presentation on developments of their MRAs. New Zealand outlined their trade security strategy, global and regional developments and possible future initiatives, and reported that they had signed two MRAs with the United States and Japan on 20 Jun 2007 and 14 May 2008 respectively. New Zealand shared some key partnership principles and lessons learnt, such as the need to understand each other's clearance processes and risks posed to the economy's border. The presentation appears as document number 2009/SOM1/SCCP/006.

63. Chinese Taipei presented on the best practices of using RFID for customs control on transit containers at the Kaohsiung Port. Chinese Taipei highlighted the challenges and benefits of implementing the RFID system, and their plans to expand the RFID system to other types of cargo and other ports. The presentation appears as document number 2009/SOM1/SCCP/027.

64. Australia enquired whether companies would be hesitant to make capital investments on deploying RFID systems in view of the current economic climate. Chinese Taipei replied that there were actually cost savings arising from the implementation of the RFID system due to waiver of Customs escort fees; hence response from the private sector had been positive. In response to Singapore's question, Chinese Taipei explained that they are planning to expand the RFID system to track container movements between different ports.

65. The SCCP Chair added that initiatives such as this would contribute to the 5% reduction in trade transaction costs. Member economies were urged to report such projects to the PSU through the SCCP Chair.

(ii) Trade Recovery Programme (TRP)

66. Singapore briefed the SCCP on developments in APEC and the WCO on the TRP initiative. The presentation appears as document number 2009/SOM1/SCCP/014.

67. Japan, who is a participant of the APEC TRP Pilot Exercise and WCO TRP subgroup, noted that trade recovery was a new concept aimed at rapid trade resumption after a major terrorist attack. Japan added that the results of the Pilot Exercise would be very useful and would be happy to work with Singapore for the successful conclusion of the APEC TRP Pilot Exercise.

68. Singapore thanked Japan and other member economies for their support in the APEC TRP Pilot Exercise and shared that participating economies were able to involve multiple agencies within their economies in the Exercise despite some initial concerns over coordination issues. Singapore noted that Pillar 3 would be developed under the WCO SAFE Framework which covered cooperation between Customs and other border agencies.

Agenda Item 7: Cross-fora Collaboration

(i) Intellectual Property Rights Experts' Group (IPEG)

69. The IPEG Chair briefed the SCCP on their activities, such as the exchange of information on member economies' intellectual property (IP) systems and capacity building activities. He acknowledged the differing roles on IP enforcement amongst Customs administrations. He said that he had suggested including an IP enforcement officer, not necessarily from Customs, in member economies' delegations to IPEG meetings. Moving forward after the first SCCP-IPEG joint session in 2008, the IPEG Chair proposed to focus on problems in enforcement of trade in pirated pharmaceutical products and building member economies' capacity in combating online piracy. He stressed the importance of involving SCCP for better results.

70. Japan reminded the meeting that intellectual property rights (IPR) was an item in the SCCP 2009 Priorities and Actions and fully supported collaboration between the IPEG and the SCCP. Japan volunteered to present their Customs administration's roles in IP enforcement at the next IPEG meeting in Jul 2009. Singapore supported Japan's proposal to share Japan's efforts with the IPEG.

71. In response to China's query on the joint initiatives that had been planned, the IPEG Chair replied that there was a proposal by the IPEG for a self-funded workshop that would cover issues such as innovative measures on IP enforcement at the borders. However, the IPEG Chair was unable to provide more details on this workshop because this proposal had not been approved by the IPEG.

72. The United States brought the meeting's attention to a similar workshop that Peru would be organising later this year. After clarification on the scope of the SCCP's workshop by Peru, the IPEG Chair agreed that this was a good opportunity to work together and would ask the

sponsor of the IPEG workshop to contact Peru to avoid duplication of efforts.

73. China acknowledged the importance of information sharing with the IPEG but expressed concern over possible duplication of efforts between the two sub-fora. Japan was of the view that the SCCP should maintain the momentum on collaboration with the IPEG. The United States supported Japan's views. The SCCP Chair suggested that joint initiatives and joint sessions could take place on an ad-hoc basis as and when the need arises.

(ii) Market Access Group (MAG)

74. The SCCP Chair briefed the meeting on the background of this issue by referring to document numbers 2009/SOM1/SCCP/015, 2009/SOM1/SCCP/022, 2009/SOM1/SCCP/031 and 2009/SOM1/SCCP/034.

75. The SCCP Chair recalled the CTI Chair's remarks regarding SOM's mandate for the SCCP to work on simplification of customs procedures relating to ROO. Singapore said businesses had expressed multiple concerns about ROO complexities in using RTAs/FTAs. While it could not be established right away which of these concerns were valid and could be attributed to Customs, it did show that there was insufficient information available to businesses concerning origin rules and procedures. Singapore suggested that a practical first step was for the SCCP to compile the customs procedures of member economies for claiming preferential tariff treatment on imported goods.

76. In response to Japan's question on the specific roles and responsibilities that fell under the MAG and the SCCP, the SCCP Chair reminded the meeting that the SOM had, through the CTI, clearly tasked the SCCP and the MAG to work together to simplify ROO documentation and procedures.

77. Australia, drawing reference to the eight examples in the MAG Chair's paper, said that the roles of Customs administrations in ROO matters differed between member economies.

78. China also cautioned that the task of simplification did not fall solely on Customs and explained that in China, while Customs determined ROO policies, the issuance of certificates of origin was done by the Quarantine and Quality Inspection Bureau and Trade Promotion

Commerce Council, and the other member economies might have different arrangements.

79. Singapore acknowledged the differing roles between Customs administrations on ROO matters, such as whether they were involved in policy making or in issuing certificates of origin. Nonetheless, Singapore noted that most, if not all, Customs administrations were involved in processing claims for preferential tariff treatment on imported goods. Hence, the compilation of customs procedures for claiming preferential tariff treatment was something which could be undertaken by the SCCP. Singapore also suggested that the roles of the respective Customs administrations could also be surveyed when compiling the information on customs procedures. Singapore suggested the information to be compiled before May 2009 as inputs for the MAG 2 and CTI 2 meetings. Singapore would quickly prepare information on their procedures and roles to aid other member economies in preparing the information. Singapore also volunteered to compile the information from member economies.

80. APEC Secretariat clarified that the MAG was not aware, in detail, the actual implementation of ROO and was thus seeking SCCP's inputs for a collective response to the SOM's mandate. To this end, the meeting agreed to first compile the information as suggested by Singapore.

Agenda Item 8: CAP Evaluation and Development

(i) CAP Evaluation Working Group

81. The United States, as Chair of the CAP Evaluation Working Group, reminded the SCCP of the emphasis on quality of projects and recommended that member economies utilise the Peer Review process available in the CAP Evaluation Working Group to member economies planning to submit proposals. At the request of the APEC Secretariat, the CAP Evaluation Working Group would be conducting post-project evaluations and would work closely with the APEC Secretariat on these reviews.

(ii) Peer Review

82. Chile briefed the SCCP on their IAP Peer Review, which showed that the average applied tariff duty rate on all imports has now fallen to 1.6%. The exception is the so-called Price Band system PBS, used to

reduce the impact of international price fluctuations on domestic prices. Regarding customs procedures, Chile Customs has complied with relevant international standards.

83. Mexico briefed the SCCP on their IAP Peer Review, which featured their progress in areas such as single window and FTA convergence. In addition, the reviewers had singled out risk management and paperless trading as Mexico's best practices, while encouraging to continue progress in trade and investment areas. Mexico noted that the peer review was a useful exercise and thanked member economies for their participation in the review.

84. Singapore presented on the various measures that were highlighted in their IAP Peer Review findings, such as extensive utilisation of IT in customs and trade operations. Singapore reaffirmed their commitment to the Bogor goals by staying focused on trade facilitation and finding new and innovative ways to ensure customs procedures were simplified and trade facilitative. The presentation appears as 2009/SOM1/SCCP/020.

(iii) APEC-Funded Projects

85. The APEC Secretariat briefed on the evaluation of APEC-funded projects. APEC Ministers had endorsed in Lima, Peru a number of project management reforms that would impact APEC's project approval and management process in 2009. The APEC Secretariat informed that 2009 would be a transition year as APEC prepared for four project approval sessions in 2010, and the introduction of new project management approaches. A brief overview of these transition arrangements, available funds in 2009, detailed project approval timeline, progress report of 2007-2009 APEC-funded SCCP projects were also provided. The documents appear as document numbers 2009/SOM1/SCCP/017 and 2009/SOM1/SCCP/018.

Agenda Item 9: Transparency

86. Australia as the CAP leader for Transparency briefed the SCCP on the progress of this CAP, noting that while integrity remained a key issue for economies, the CAP had progressed to Stage 3 since Aug 2008. The only outstanding item was the publication of the results of the integrity survey. Australia informed that this would be printed by SCCP 2 in 2009

87. Hong Kong, China, gave a presentation on the best practices of Hong Kong Customs in the field of integrity, such as transparency and the adoption of a human resources management strategy to ensure integrity at all levels. Hong Kong, China also responded to queries from the Chair, Indonesia and Singapore concerning declaration of assets, reporting of indebtedness, challenges in maintaining a high degree of integrity, and punishment for misconduct. The presentation appears as document number 2009/SOM1/SCCP/016.

88. Malaysia briefed the SCCP on the developments in the WCO on the issue of integrity. Malaysia chaired the 8th Integrity Sub-Committee Meeting in Nov 2008. It was attended by Customs officials from 36 countries as well as officials from international organisations and the private sector. The topics covered included development of Customs integrity, promotion and implementation of integrity programme, AEO integrity, procurement integrity, and development of the WCO Integrity Action Plan 2008/9 – 2010/11. The presentation appears as document number 2009/SOM1/SCCP/028.

Agenda Item 10: Other Business

(i) APEC Tariff Database

89. The APEC Secretariat updated on the current status of the APEC Tariff Database. FedEx, which provided support to develop and maintain the Database, had informed that they could no longer continue to support the Database from 1 Jan 2009. ABAC; Canada; Chinese Taipei; Hong Kong, China and Singapore had earlier provided feedback on the usefulness of the Database. The document appears as document number 2009/SOM1/SCCP/023.

90. The APEC Secretariat informed that FedEx had indicated that they were willing to continue the service if they were provided with funding.

91. The SCCP discussed in detail the possible options available and the way forward. As there were diverse opinions on the way forward for the database, member economies agreed to assess the usefulness of the current APEC Tariff Database and give their views intersessionally to the APEC Secretariat. The APEC Secretariat would examine the other options available such as the possibility of access to a similar tariff database in WTO as suggested by Australia.

(ii) Update of Communication Activities

92. The APEC Secretariat updated the SCCP on communication activities for the year and provided related statistical information on hits obtained by the APEC website.

(iii) APEC Heads of Customs Meeting

93. Japan updated the SCCP on preparations for the APEC Heads of Customs Meeting in 2010. An inter-ministry task force has been set up for the organising of APEC 2010. The APEC Heads of Customs Meeting would tentatively be held at the margins of SCCP 2. Japan would be seeking APEC funding to hold the Meeting. In response to the SCCP Chair's enquiry on the duration of the meeting, Japan advised that it was likely to be a one-day meeting held before SCCP 2 to give direction for subsequent discussions at SCCP 2.

(iv) SCCP Website

94. Canada briefed the SCCP on the modernisation of the SCCP website. The purpose of the website was to provide information on the SCCP's activities. Canada reported that they were approached by member economies in Aug 2008 and thus undertook the work to update the website. In revamping the website, the original domain name was lost and the new domain name is now <http://www.sccp-apec.org>. Canada welcomed member economies to contribute news and activities for the website, and suggested an option of putting the link of each member economy's tariff database onto the SCCP website for users to access.

(v) SCCP Terms of Reference

95. The SCCP Chair briefed the meeting on the review of the SCCP Terms of Reference (TOR). According to the SCCP TOR, a review was to be conducted every three years. As the last review was conducted in 2006, there was now a need to review the TOR. Member economies agreed to the SCCP Chair's suggestion to inter-sessionally provide comments on the current TOR so that the issue could be discussed and finalised at SCCP 2. The document appears as document number 2009/SOM1/SCCP/019.

(vi) Other

96. Canada and Japan made a joint announcement that their Customs administrations had signed a Memorandum of Cooperation on the occasion of the 80th anniversary of Japan-Canada Relations to further intensify their bilateral cooperation and exchange of information, through the Container Security Initiative. Following the signing of this Memorandum in Jun 2008, the Container Security Initiative operations were simultaneously implemented in Tokyo and Vancouver in Jan 2009. The document appears as document number 2009/SOM1/SCCP/032.

97. The United States congratulated Canada and Japan on their longstanding relationship and looked forward to a continued working relationship with both economies.

Agenda Item 11: Future Meeting

98. On the date and venue of the next meeting, the SCCP Chair informed the meeting that it would be held in Jul 2009 though the exact venue and date had not been firmed up yet. Member economies would be informed as soon as these details were available.

Agenda Item 12: Adoption of the 2009 SCCP Work Program

99. After some discussion, the SCCP agreed that the action relating to the ROO priority be amended to: "Collate information on role of customs administrations in ROO matters including procedures for claiming preferential treatment".

100. On the Secure Trade priority, the SCCP agreed to the United States' request to defer reporting the outcome of its technical assistance on targeting and risk management and border enforcement training from SCCP 2 to upon completion of the assistance, as the activities under this Action would not have been completed by SCCP 2.

101. The adopted 2009 SCCP Work Program appears as document 2009/SOM1/SCCP/033.

Agenda Item 13: Adoption of the Report of the First SCCP Meeting of 2009

102. The SCCP reviewed and adopted the 2009 SCCP 1 Final Report. The document appears as 2009/SOM1/SCCP/035.