**APEC SUB-COMMITTEE ON CUSTOMS PROCEDURES (SCCP)**

**MEDAN, 19-21 JUNE 2013**

**REPORT OF THE SECOND MEETING OF 2013**

***Introduction***

1. The APEC Sub-Committee on Customs Procedures (SCCP) held its Second Meeting for 2013 from 19-21 June 2013 in Medan, Indonesia.
2. Delegates from Australia; Brunei Darussalam (Brunei); Canada; Chile; People’s Republic of China (China); Hong Kong, China; Indonesia; Japan; Republic of Korea (Korea); Malaysia; New Zealand; Peru; Republic of the Philippines (Philippines); The Russian Federation (Russia); Singapore; Chinese Taipei; Thailand; The United States (United States); Viet Nam; representative from ABAC and APEC Secretariat; invited guests namely representatives from the WCO, and Colombia attended the Meeting.
3. Mr. Syarif Hidayat, from the Directorate General of Customs and Excise, Ministry of Finance of the Republic of Indonesia chaired the SCCP Meeting.

***Agenda Item 1: Opening Remarks by the Director General of Indonesian Customs and Excise***

1. Mr. Agung Kuswandono, the Director General of Indonesian Customs and Excise, recalled SCCP’s contributions to APEC in supporting trade facilitation that aims to create Free and Open Trade Investment in Asia Pacific. Director General also acknowledged the positive progress of priorities in the 2013 Work Program during the intersession.

***Agenda Item 2: APEC SCCP Chair’s Remarks***

1. The SCCP Chair welcomed delegates and invited Assistant to Chair to brief the meeting with summary of the first meeting and progress during intersession.

***Agenda Item 3: Adoption of Agenda***

1. Member economies adopted the draft agenda of the meeting.

***Agenda Item 4: Supply-Chain Connectivity Framework***

1. Chile presented the ongoing work on Chokepoint 8. Besides conducting survey and report about Chokepoint 8, Chile also prepared analysis on a comparative study of the free trade agreements. The result of the analysis enables Chile to diagnose current condition and to demonstrate that there are too much different behaviors between treaties in force both between different economies and in the same economy. To give more predictability to the whole supply chain in our region, it is necessary to give remedy to the lack of arrangements and harmonization on transit matters. To share best practices and be able to establish new guidelines concerning this topic, Chile intends to propose a concept note on a focalized workshop about chokepoint 8 in China next year. Korea, and New Zealand expressed their support to the initiative. China regarded the view from private sector as very important and noted that, as the incoming Chair, China would work hard to accommodate members’ need if members so agreed. WCO mentioned that ECP workshops had been held in Africa and Hong Kong, China to discuss transit issue.
2. As the lead economy of Chokepoint 4, Japan reported the result of the questionnaire on Chokepoint 4. With regard to WCO Guidelines for the Immediate Release of Consignments, the responses indicates that most economies have regulations in line with the guidelines, but the expansion of categories applied to the guidelines still poses a challenge. Responses concerning Time Release Study (TRS) indicate that many economies have understood the importance of TRS. Japan encouraged for more response from other member economies and it will submit the report to CTI. Korea expressed its support to this questionnaire.

***Agenda Item 5: AEO and Partnership with Business Community***

1. The United States reported the result of the first AEO workshop on February 27-28, 2013 in Bangkok, Thailand and the second AEO workshop on May 14-15, 2013 in Santiago, Chile. The workshop is intended to promote AEO as best practice and facilitate its implementation in Asia Pacific region. The notable outcomes are action plans development and best practices, initial identification of key areas and next steps, range of development stages, and role of APEC to be revisited in 2015 in a similar forum. In the interim, we will continue to promote AEO as best practice and we will work intersessionally and in 2014 through evaluation, assessment, and information sharing. Canada, Chile, China, Indonesia, Japan, New Zealand, Phillippines, Peru, and WCO expressed their gratitude to the United States for organizing the workshop, and to Thailand and Chile for hosting the workshop. Canada, Indonesia, Thailand, and Colombia, as an invited guest, provided updates on their current AEO status. China believes that promoting Mutual Recognition Arrangement (MRA), getting more government agencies to be engaged, conducting assessment/evaluation, and introduction of more best practices and harmonization are very important. Japan commented that AEO discussion in APEC should be in line with WCO SAFE Framework of Standards and outcomes of AEO works in APEC should be informed to WCO.

***Agenda Item 6: Intellectual property Rights***

1. Japan informed member economies that it is planning to conduct a workshop on IPR along with Hong Kong, China in the latter half of February to the beginning of March 2014. ABAC acknowledged the importance of the workshop and informed that it had facts and details concerning loss suffered because of IPR infringement that might be useful for the success of the workshop.
2. The United States shared the result of the enforcement operation on counterfeit electronics. The objectives of the operation are to enhance border enforcement of IPR, and to protect consumers and economic security from counterfeit electronics. The operation managed to seize various products originating mostly from China, Hong Kong, China and Southeast Asia. Hong Kong, China expressed its gratitude to the United States for the operation while stating that being one of the most busy transshipment hub in the region, it had stepped up their risk assessment, and regarding that intelligence sharing as the effective way to combat counterfeit electronics.

***Agenda Item 7: Information Technology and Risk Management***

1. Indonesia shared the analysis result of the questionnaire on the initiative “Exchanging Outward Cargo Manifest through Single Web-based Application”. From the response submitted by member economies, it was concluded that most economies consider manifest data exchange among members necessary, so it is recommended to search suitably interested third parties consultants to conduct further study with a clear goal of proposing *single portal* or *economies-to-economies* configuration business models. China thanked Indonesia for the initiative and suggested that if single portal is deemed difficult, this initiative can be started by exchanging cargo manifest bilaterally first through establishing CMAA. To obtain more clarity, Indonesia intends to work intersessionally with member economies that have practiced such exchange bilaterally, so that they could share experiences to other economies prior to moving forward with the recommendation. Australia expressed its willingness to participate in such discussion.
2. Indonesia shared the analysis result of the questionnaire on the initiative “Implementation of PNRGOV Standard Message for International Flights among Airlines of APEC Members”. The result of the questionnaire indicates that most economies believe that the submission of passenger information from airlines to customs administration in the form of Advance Passenger Information and Passenger Name Record (PNRGOV) is necessary. Thus, Indonesia submitted a Concept Note to APEC Secretariat on Regional Workshop on the Implementation of PNRGOV Standard data Message. Japan support the initiative because PNRGOV will reduce expense of airlines, and contribute to counterterrorism and to prompt passenger processing. Besides Japan, Australia, Korea, New Zealand, the United States, and WCO also supported this initiative. Singapore observes that the proposal was related to traveler facilitation and understood that there were ongoing discussions at the Business Mobility Group and Counter-Terrorism Task Force, and requested Indonesia to consult these fora in its consideration to take the project forward. Indonesia explained that there was a difference in API initiative in the BMG with PNR initiative in SCCP. However, both initiatives are complimentary because API is related to passenger’s master data, while PNRGOV is related to passenger’s movement data.
3. Indonesia proposed to hold a regional workshop on the “Implementation of PNRGOV Standard Message in APEC Economies”. The workshop is scheduled to be held on October 2013 in Jakarta with participants from both customs administrations and private sectors. Indonesia expected that the workshop will enable its participats to learn about best practices from economies that have implemented this program.
4. Hong Kong, China provided extensive report concerning the development of Computer Forensic Investigation in Hong Kong Customs. Hong Kong, China also shared notable cases solved by Hong Kong Customs with the help of computer forensics. In the future, Hong Kong, China intends to develop customs-business partnership through information and knowledge sharing; strengthen international cooperation through intelligence exchange and experts networking; and intensify capacity building through experience sharing and workshops. China expressed its interest and gratitude to Hong Kong, China because it realized that cyber crime is a serious challenge. Hong Kong, China added that on August there will be a workshop on this topic while emphasizing that although such investigation is conducted by the police in some member economies, customs officials need to learn the skill.

***Agenda Item 8: Single Window***

1. Japan reported the result of the Single Window questionnaire that is developed jointly with Chinese Taipei. The questionnaire identifies that functions related to Customs procedures that are effective for trade facilitation have been covered by the systems of most of the economies, whereas functions which are effective for risk management and security need more progress. Japan would also like to report to CTI that the SCCP would continue the work to identify the needs for capacity building based on the questionnaire result. Chinese Taipei and Japan are planning to hold another Single Window workshop in Taipei next year.
2. Colombia shared information regarding the improvements in the Single Window for Foreign Trade aimed at increasing the competiveness. Colombia has reduced the answer time providing prior permissions in imports. Colombia also develops a risk management system in order to optimize evaluation and approval of the requests transacted through the Single Window. To depend the trade facilitation policy, at maritime ports, Colombia implemented a simultaneous inspection of merchandise for containerized cargo exports and 7x24 service, and is developing a system for simultaneous inspection of merchandise for imports and a logistics module. Other measures to increase the trade facilitation are the reengneering of the Single Window, and the Inter-operability among Single Windows in Latin America.

***Agenda Item 9: Collective Action Plan***

1. Japan presented its proposal on progress reviews of Collective Action Plan (CAP) Items. Japan will provide draft questionnaires on 6 CAP items and coordinate the result by the end of 2013 before being approved at SCCP 1 in 2014.

***Agenda Item 10: Economic Competitiveness Package***

1. WCO presented the recent development of WCO Economic Competitiveness package (ECP), while also explaining the other 3 packages and relations between the WTO Trade Facilitation Negotiation and the ECP. WCO informed the meeting of the plan to hold regional workshops in all 6 WCO regions. WCO listed several examples of members showing innovative and good practices in the area of coordinated border management, transit, and SMEs. Based on the regional workshops and the collection of best practices, WCO will do the development of new WCO tools instrument by the end of 2014. Canada is willing to share its experience on Business Lens Checklist.

***Agenda Item 11: Cross Fora Collaboration***

1. Japan updated SCCP-related discussion matrix by adding item Global Data Standard to CTI. Japan also encouraged member economies to attend meeting of other fora that discuss agenda related to SCCP.

***Agenda Item 12: Other Business***

1. New Zealand, Co-chair of VWG, provided updates on the current situation of VWG. Actual mechanism to exchange information within the working group is still being disccussed with the possibility of developing online communication. New Zealand suggested that the SCCP could take advantage of the private sector participation at the workshop on Chokepoint 8 (proposed by Chile) and hold a physical meeting of the VWG . Chile, China and the United States concurred. Peru suggested ways to coordinate a virtual session.
2. The United States and Canada presented update on Beyond Border initiative jointly made between the United States and Canada. The Action Plan of the initiative identifies four key areas of cooperation, (i) addressing threats early; (ii) trade facilitation, economic growth, and jobs; (iii) critical infrastructure and cyber-security; and (iv) Cross-Border Law Enforcement. The outcomes of the action plan are to reduce regulatory impediments, improve the approach to identity management, improve information sharing between governments, and create immense economic benefits for both countries. A lot of achievements have been made by the initiative to date since its release in 2011. Canada added that such coordinated border management system brings together a lot of functions, such as immigration, transport, etc. Canada is willing to share more about this at SCCP I in 2014. Canada also expressed interest in learning about the best practices of other economies in establishing an exit system.
3. ABAC delivered a presentation on using Global Product Data Standards to address Supply Chain Connectivity and Chokepoint pressures that inhibit economic growth across the region. Thus, ABAC recommends to strengthen public-private partnership through capacity building activities, and to consider re-using already existing product data in the form of globally unique product identification, and global classification codes. New Zealand expressed support for the GDS proposal noting that their JBMS Single Window project will be able to facilitate and accept GS1 product identifiers and classification from the 1st of August. WCO commented on the positive and historic relationship and collaboration with GS1 in several areas including IPR, and others. WCO explained that the research and analysis on the correlation between HS and other coding systems was ongoing at the WCO Information Management Sub-Committee. The study covers a wide range of schemes that may have potential benefit for Customs administrations. The WCO also explained that this matter would be discussed at the WCO Policy Commission next week.
4. Indonesia and Chinese Taipei expressed their willingness to study and discuss more about global data standards. Peru stated that the benefits are concrete and clear, and emphasized the importance of having cross fora discussion regarding this matter. Japan pointed out that SCCP need to study more about the proposal and more detailed case and data for benefit and effect of using GDS is needed. China asked for further explanation of harmonization between current Customs working mechanism and standard proposed, and possible cost of investment if the standards proposed are to be used in Customs. ABAC encourages economies to initiate direct contact with the economies, such as the United States and New Zealand who have completed thorough analysis on the usage of global standard for Single Window purposes.
5. The SCCP Chair proposed to ask CTI to coordinate inter-fora meeting because related sub-fora, SCCP, SCSC and MAG should have good communication on this proposal in conjunction with representatives from WCO. .
6. The SCCP Chair called upon the SCCP Members to choose the new Friends of The Chair (FotC) for 2014. Indonesia and Phillippines as the outgoing Chair and Future Chair become FotC by default. Several member economies volunteered to become the Friends of the Chair of SCCP 2014. They are: Australia; Canada; Hong Kong, China; Japan; New Zealand; Peru; and the United States.
7. The SCCP Chair introduced the New Chair for 2014, China. In its remark, China showed its appreciation to Indonesia for hosting the meetings this year and noted that member economies need to look into the future to strengthen the partnership and achievement made and make new contribution to liberalization and facilitation of trade as well as the economic integration in Asia Pacific region under the principles and the guidance of Bogor Goals. In this opportunity, China also expressed its readiness to host and accommodate SCCP Meetings in 2014.

***Agenda Item 13: Adoption of Report of the 2nd Meeting of the SCCP in 2013***

1. SCCP member economies reviewed and adopted the summary report of the 2nd meeting of SCCP 2013.
2. SCCP member economies reviewed and adopted the SCCP Convenor’s Report to Committee on Trade and Investment (CTI).

***Agenda Item 14: Chair’s Closing remarks***

1. SCCP Chair expressed his gratitude to all delegates and Friends of the Chair of SCCP 2013 for the support during the meeting.