



**Asia-Pacific  
Economic Cooperation**

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**2014/SOM2/049anx7**  
Agenda Item: 2.1

## **Annex 7: Capacity Building Plan to Improve Supply Chain Performance**

Purpose: Consideration  
Submitted by: CTI Chair  
Forum Doc. No.: 2014/SOM2/CTI/045



**Second Senior Officials' Meeting  
Qingdao, China  
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# **Proposal on Establishing a Capacity Building Plan to Improve Supply Chain Performance**

Committee on Trade and Investment

May 2014

Submitted by the United States, China, Australia, and the Philippines

At Bali in October, APEC Leaders recognized that achieving APEC's 2015 objective of a 10% improvement in supply chain performance in terms of reduction of time, cost, and uncertainty of moving goods and services through the Asia-Pacific region will require robust capacity building efforts.

APEC Leaders agreed to accelerate work to achieve that objective including by advancing the systematic approach to improving supply chain performance. They also instructed officials to develop a capacity building plan to assist economies, particularly developing economies in overcoming specific obstacles they face to improving supply chain performance. In that regard, they established an APEC Sub-Fund on Supply Chain Connectivity and encouraged contributions of necessary resources to execute this capacity building plan. Also at Bali, we completed Stage 1 of the systematic approach, when Ministers endorsed the inventories of policy recommendations for all eight Supply Chain Connectivity Framework Action Plan (SCFAP) chokepoints. Lead economies are working hard to complete Stage 2, namely diagnostic reports for these chokepoints based on the inventories, which will identify specific performance improvements economies should make to meet our 2015 objective and provide economies with ideas on future projects to include in the capacity building plan.

As Stage 2 progresses, it is critical that we begin work on Stage 3 by providing targeted, focused capacity building to help economies overcome obstacles they face in improving supply chain performance.

This proposal outlines how the CTI should implement the above instruction by Leaders to develop a capacity-building plan and take advantage of the resources in the Sub-Fund to execute the plan. It details steps and mechanisms that the CTI should take in Stage 3 that will make the most effective use of economies' limited resources and time, while leveraging the expertise and assets of individual economies, multilateral institutions, and the private sector.

## **Proposal**

Taking forward Leaders' above instruction, the CTI should endorse the following actions:

### **CAPACITY BUILDING PLAN**

- 1. Endorse at CTI 2/SOM 2/MRT 2014 a comprehensive capacity building plan for improving supply chain performance** (see Attachment 1)

This draft plan is designed to reflect the past and future outcomes under Stages 1 and 2 of the systematic approach: 1) the inventories of policy recommendations endorsed in November at Bali; and 2) the diagnostic reports for Chokepoints 1-8 (recognizing the diagnostic reports are still under

development). While it is a living document and open for inclusion of additional projects upon completion of the diagnostic reports, it also is designed to give APEC economies and our stakeholders a very clear picture of the specific projects, if implemented, will help APEC reach its objective of a ten percent improvement in supply chain performance by 2015 in terms reduction of time, cost, and uncertainty of moving goods and services through the region. Projects emanating from this plan will go through for all four BMC cycles in 2014 and 2015 and draw from the resources in the APEC Supply Chain Connectivity Sub-Fund established by Leaders at Bali. Economies are welcome to co-fund these projects.

The five projects included in the plan below (pre-arrival processing, expedited shipments, release of goods, issuing advance rulings, and electronic payments) constitute the initial projects that the CTI would develop and implement for BMC 1 and 2 2014. After lead economies complete the diagnostic reports for their respective chokepoints, they and other economies may suggest additional projects to include in the plan in BMC 1 and 2 2015 to reflect the analysis in the reports. Executing projects from a single plan will ensure economies do not duplicate any work and that APEC focuses on the key capacity building efforts that will help us reach our 2015 supply chain performance improvement objective.

Economies proposing projects for inclusion in this plan should follow four key principles:

- 1) They should be designed to meet our 2015 objective of a 10% improvement in supply chain performance and yield the greatest reductions of time, cost, and uncertainty of moving goods and services through the region;
- 2) They should concern delivering technical assistance to economies who agree to participate; these projects should not concern additional information sharing exercises, workshops, or seminars;
- 3) They should help economies implement their WTO Trade Facilitation Agreement commitments; and
- 4) They should be tailored to participating economies' specific needs and directly involve officials in their supply chain agencies. The assistance would be delivered to economies wishing to adopt better practices in each of these areas, create new state-of-the art programs, or improve on existing programs.

Each project in the plan should contain ten key pieces of information, which the CTI, working with the APEC Alliance for Supply Chain Connectivity, will populate over time:

1. Synopsis:
2. Relevant Policy Recommendation(s):
3. Relevant WTO Trade Facilitation Agreement provision(s)<sup>1</sup>:
4. Co-sponsoring Economies:

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<sup>1</sup> Note: The WTO TFA text agreed at Bali is still under legal review. Therefore, the text, including numbering of articles, may be subject to change.

5. Participating Economies:
6. Overall Estimated Project Cost:
7. Available Tools and Methodologies for Implementation:
8. Available Technical Experts for Delivery of Technical Assistance:
9. Available Project Resources:
  - Supply Chain Sub-Fund:
  - Additional Resources from APEC economies:
  - Additional Resources from the private sector or multilateral institutions:
10. Post-Implementation Measurement Tools:

**2. Chokepoint Leads and other economies to provide inputs and draft capacity building projects relevant to their respective chokepoints intersessionally, consistent with the above principles, and working through the Friends of the CTI Chair Group on Supply Chain Connectivity for the purposes of coordination.**

In this regard, Chokepoint Leads and other economies are invited to include readily available, low cost tools and methodologies that economies can use to adopt the policy recommendations. Examples of tools could include software systems, infrastructure plans, and model laws and regulations. Examples of methodologies could include process re-engineering approaches, governance structures, metrics, and key performance measures. Chokepoint Leads and other economies, working with the APEC Alliance for Supply Chain Connectivity, should identify available technical experts to help deliver the capacity building and technical assistance, and identify the necessary resources to implement the projects. The Friends of the Chair Group will, in consultation with Chokepoint Leads, work to establish timelines for the delivery and completion of the capacity building, and provide a forum for discussion of the project proposals.

**3. Complete this capacity building plan by CTI 2, 2014, for endorsement by Ministers at the MRT.**

**Timeline:**

**2014 and 2015**

1. Endorse the completed capacity building plan at the MRT.
2. Propose capacity building projects in the plan during all four BMC cycles in 2014 and 2015, reflecting the policy recommendations endorsed at Bali in 2013 and the diagnostic reports for SCFAP Chokepoints 1-8, when completed.
3. Implement capacity building projects in the plan in 2014 and 2015.

**APEC Capacity Building Plan to Improve Supply Chain Performance**

**Projects for BMC 1**

**Project 1 – Pre-Arrival Processing (Concept Note has received funding from the APEC Supply Chain Connectivity Sub-Fund)**

- 1. Synopsis:** Allowing processing by customs agencies before arrival reduces time, cost, and uncertainty of moving goods through the region. Pre-arrival processing reduces delay and bottlenecks at border crossings, supports just-in-time delivery, reduces storage, insurance and transaction costs and enables more efficient use of human resources. A pre-arrival processing framework allows the trade community to provide customs data prior to goods' arrival, so customs and traders can better organize their work in advance of arrival. Economies participating in this project will receive hands on technical assistance at the operational level of their customs agencies to help them accomplish both objectives.
- 2. Relevant Policy Recommendation(s):**
  - Inventory for Chokepoint 4: Policy Recommendations 1, 4, 6 and 9
- 3. Relevant WTO Trade Facilitation Agreement provision(s):**
  - Article 7.1: Pre-arrival Processing
- 4. Co-sponsoring Economies:** The United States, Japan, China, and the Philippines
- 5. Participating Economies:** Malaysia
- 6. Overall Estimated Project Cost:** \$300,000
- 7. Available Tools and Methodologies for Implementation:**
  - WCO Immediate Release Guidelines
  - WCO Revised Kyoto Convention
- 8. Available Technical Experts for Delivery of Technical Assistance:** TBD
- 9. Available Project Resources:** TBD
  - Supply Chain Sub-Fund: USD 200,000
  - Additional Resources from APEC economies: U.S.-ATAARI – USD 100,000

- Additional Resources from the private sector or multilateral institutions: TBD

#### **10. Post-Implementation Measurement Tools:**

- Time Release Survey or WCO Time Release Study (Checkpoint 4: Policy Recommendation 11)

### **Project 2 – Expedited Shipments (Concept Note has received funding from the APEC Supply Chain Connectivity Sub-Fund)**

- 1. Synopsis:** Maintaining procedures that allow for expedited release of goods, whether on the ground, in ports, or through air cargo, can exponentially reduce the time, cost, and uncertainty of goods through the region. Economies participating in this project will receive hands on technical assistance at the operational level of their customs agencies to help them implement the elements of an expedited shipments program. Given that Article 7.8 of the WTO Trade Facilitation Agreement references de minimis programs, economies participating in this project can request technical assistance to build or improve their existing programs.
- 2. Relevant Policy Recommendation(s):**
  - Inventory for Checkpoint 4: Policy Recommendation 7
  - Inventory for Checkpoint 5: Policy Recommendation 3
- 3. Relevant WTO Trade Facilitation Agreement provision(s):**
  - Article 7.8: Expedited Shipments
- 4. Co-sponsoring Economies:** The United States, Japan, China, and the Philippines
- 5. Participating Economies:** TBD
- 6. Overall Estimated Project Cost:** USD 250,000
- 7. Available Tools and Methodologies for Implementation:**
  - WCO Immediate Release Guidelines
  - APEC Pathfinder to enhance supply chain connectivity by establishing a baseline de minimis value
  - WCO Revised Kyoto Convention
- 8. Available Technical Experts for Delivery of Technical Assistance:** TBD

**9. Available Project Resources: TBD**

- Supply Chain Sub-Fund: USD 150,000
- Additional Resources from APEC economies: U.S.-ATAARI – USD 100,000
- Additional Resources from the private sector or multilateral institutions: TBD

**10. Post-Implementation Measurement Tools:**

- Time Release Survey or WCO Time Release Study (Checkpoint 4: Policy Recommendation 11)

**Projects for BMC 2**

**Project 3 – Release of Goods**

- 1. Synopsis:** Allowing goods to be released prior to the final determination of customs duties, taxes, fees and charges reduces time, cost, and uncertainty of moving goods through the region. Separating the release of goods from the timing of determination of money owed supports a seamless supply chain and promotes just-in-time delivery. Traders' costs are reduced, particularly those related to warehouse fees, insurance, and inventory costs. Economies participating in this project will receive hands on technical assistance at the operational level of their customs agencies to help them accomplish this objective.
- 2. Relevant Policy Recommendation(s):**
  - Inventory for Checkpoint 4: Policy Recommendations 1, 4, 9 and 10
- 3. Relevant WTO Trade Facilitation Agreement provision(s):**
  - Article 7.3: Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges
- 4. Co-Sponsoring Economies:**
- 5. Participating Economies:** TBD
- 6. Overall Estimated Project Cost:** TBD
- 7. Available Tools and Methodologies for Implementation:**
  - WCO Immediate Release Guidelines
  - WCO Revised Kyoto Convention
- 8. Available Technical Experts for Delivery of Technical Assistance:** TBD
- 9. Available Project Resources:** TBD

- Supply Chain Sub-Fund: TBD
- Additional Resources from APEC economies: TBD
- Additional Resources from the private sector or multilateral institutions: TBD

#### **10. Post-Implementation Measurement Tools:**

- Time Release Survey or WCO Time Release Study (Checkpoint 4: Policy Recommendation 11)

### **Project 4 – Issuing Advanced Rulings**

**1. Synopsis:** Widespread issuing by APEC economies of advance rulings on tariff classification or the origin of goods in a reasonable, time bound manner will significantly reduce the amount of time, cost, and uncertainty of moving goods and services through the region. This capacity building project will assist economies at the operational level of their agencies responsible for issuing advance rulings. It will include assistance on issuing advance rulings on a broad range of matters, but focus primarily on tariff classifications, method or criteria for determining customs valuation, and origins of goods.

#### **2. Relevant Policy Recommendation(s):**

- Inventory for Checkpoint 1: Policy Recommendations 23 and 24

#### **3. Relevant WTO Trade Facilitation Agreement provision(s):**

- Article 3: Advance Rulings

#### **4. Co-Sponsoring Economies:**

#### **5. Participating Economies: TBD**

#### **6. Overall Estimated Project Cost: TBD**

#### **7. Available Tools and Methodologies for Implementation:**

- WCO Revised Kyoto Convention
- United States Customs and Border Protection Website on Advance Rulings:  
<http://rulings.cbp.gov/>
- USAID Handbook on Advance Rulings

#### **8. Available Technical Experts for Delivery of Technical Assistance: TBD**

#### **9. Available Project Resources: TBD**



- Supply Chain Sub-Fund
- Additional Resources from APEC economies
- Additional Resources from the private sector or multilateral institutions

**10. Post-Implementation Measurement Tools: TBD**

**Project 5 – Electronic Payments for Duties, Taxes, Fees, and Charges for Importation and Exportation**

1. **Synopsis:** In a world where information can move quickly and securely across borders, allowing companies to make electronic payments for duties, taxes, fees and charges can exponentially reduce the time, cost, and uncertainty of moving goods through the region. This capacity building project will deliver focused technical assistance to economies developing or implementing payment systems that accept payments electronically.
2. **Relevant Policy Recommendation(s):**
  - Inventory for Chokepoint 4: Policy Recommendation 8
3. **Relevant WTO Trade Facilitation Agreement provision(s):**
  - Article 7.2: Electronic Payment
4. **Co-Sponsoring Economies:**
5. **Participating Economies:** TBD
6. **Overall Estimated Project Cost:** TBD
7. **Available Tools and Methodologies for Implementation:** TBD
8. **Available Technical Experts for Delivery of Technical Assistance:** TBD
9. **Available Project Resources:** TBD
  - Supply Chain Sub-Fund: TBD
  - Additional Resources from APEC economies: TBD
  - Additional Resources from the private sector or multilateral institutions: TBD
10. **Post-Implementation Measurement Tools:** TBD