

## **Ninth Meeting of the APEC Alliance for Supply Chain Connectivity (A2C2)**

August 22, 2019, Puerto Varas, Chile

### **BACKGROUND & OBJECTIVES**

The ninth meeting of the APEC Alliance for Supply Chain Connectivity (A2C2) was held on August 22, 2019 in Puerto Varas, Chile and was attended by more than 24 public and private stakeholders from 8 economies. The meeting served as an opportunity to update A2C2 members on the impact of capacity building programs in a range of APEC economies, with deeper diver discussions on programs in Peru and Viet Nam. In addition, the meeting sought to lay the groundwork for future initiatives during Malaysia's 2020 host year to engage economies, industry, trade associations, and other stakeholders. The meeting built upon a robust year of capacity building activities in support of supply chain connectivity, and focused on how APEC can continue to implement the World Trade Organizations' Trade Facilitation Agreement (WTO TFA) to make meaningful improvements that facilitate trade across borders.

### **AN OVERVIEW OF SUPPLY CHAIN ACTIVITIES AND GLOBAL EFFORTS**

The meeting opened with an update from the Chair of APEC's Subcommittee on Customs Procedures (SCCP). The SCCP Chair gave a brief overview of the work Chile has championed during its host year, including the Integration 4.0 initiative and Integration of MSMEs in the supply chain both domestically and across APEC. In Chile, the SCCP held two events that supported these initiatives: 1) APEC Workshop on Integrating SMEs in Authorized Economic Operators Programs in the Asia-Pacific Region, and 2) APEC Customs Business Dialogue on Cross Border E-Commerce and Customs Regulatory Challenges. Both discussions made clear a need for simplified customs procedures, and the importance of private sector input to achieve transparent and efficient customs clearance practices. The SCCP Chair further touted the importance of coordinated customs procedures across APEC economies as a means to increase supply chain connectivity for importers and exporters. Customs procedures founded in risk management were of particular interest, such as: advanced rulings, expedited shipments, and Authorized Economic Operator (AEO) designations. The SCCP Chair reviewed the group's main outputs: the APEC Customs Transit Guidelines 2019, and the Customs Strategic Framework on Building Connectivity, intended to highlight the enhanced procedures related to customs cooperation, non-tariff barriers, and cross-border e-commerce among customs agencies in the APEC region.

Building off the SCCP chair's comments, USAID's US-Support for Economic Growth in Asia (US-SEGA) activity offered an overview of the technical assistance the United States has delivered in APEC economies under the APEC Supply Chain Connectivity sub-fund. Since 2014, the United States has implemented 6 projects in APEC economies, with multiple economy-level initiatives under each issue area, all of which focus on WTO TFA implementation and increasing supply chain connectivity both domestically and across the region. The six projects include economy-level volunteers ranging from Malaysia, Peru, Viet Nam, Chile, and the Philippines.

### **TECHNICAL ASSISTANCE AND FUTURE INTERVENTIONS**

Trade facilitation experts provided in-depth presentations on capacity building programs in Peru and Viet Nam. The initiatives focused on implementation of WTO TFA Article I (Publication and Availability of Information) and Article 7.8 (Expedited Shipments), respectively. In Peru, experts analyzed implementation of TFA Article I, delivering specific measures and recommendations on the findings from

that assessment. In collaboration with Peru's Institute of Trade Facilitation (IFCOM), the program reviewed procedures, forms and taxes required by Peru's customs division to receive and process goods. Results from this study demonstrated the constructive measures that Peru has taken to promote transparency and predictability in public administration. However, further measures will be required to coordinate transparent practices across customs agencies. Additional support provided through the APEC project will be enhance public-private dialogue, broaden collaboration across border agencies and build awareness across key stakeholders in the coming months.

Turning to Viet Nam, the lead consultant for Viet Nam's program provided an update on technical assistance associated with TFA Article 7.8. In 2019, the project collaborated closely with members of Viet Nam's Customs Division (GDVC) to assess the challenges and opportunities for strengthening expedited shipments practices and draft a roadmap for further technical support. This roadmap identified a number of areas in which GDVC can work with US-SEGA and private sector partners to improve supply chain connectivity. Key findings included that reduced specialized inspections, simplified procedures for compliant traders, and the utilization of data records to keep transparent records of goods crossing the border were priority areas for both customs agencies and industry. Recommendations for next steps include further capacity building and increased communication among key stakeholders, and efforts to increase the de minimis threshold with analysis on the impact of raising the de minimis to various levels.

Industry and economy-level trade and customs representatives were active participants across the discussion. Following updates on technical assistance programs, the A2C2 then focused on innovations in trade facilitation and how to increase collaboration between customs agencies and other ministries. Presentations from the U.S. Department of Agriculture and TradeLanes, a US-based customs and logistics SME, focused on real-life application and implementation of innovative customs procedures that level the playing field for businesses. The WTO TFA is especially important with respect to trade in agricultural goods, which have a short shelf-life and need to be cleared at the border efficiently. The presentation from TradeLanes further stressed the importance of innovative solutions that expedite cross border trade, in particular utilization of a digital options in place of paper waybills so they can be reviewed in advance of goods arriving at the border. The exchange of electronic phytosanitary certificates through the ePhyto program is a mechanism to ensure requirements are met in an efficient and secure manner while enhancing trade flows. .

Finally, an industry representative from the Global Alliance for Trade Facilitation (GATF) shared an update on their work in Viet Nam to implement a customs bonds program through public-private cooperation that expedites goods through ports of entry. The ongoing customs bonds program is a model of how economies are approaching TFA implementation issues and that could be replicated in other economies.. This is particularly beneficial for SMEs as having a bond program greatly reduces the financial burden on SME traders at the border.

As part of the discussion following presentations, the U.S. Council for International Business shared a study and recommendations on guarantee schemes focused on customs bonds and customs bonding.

## **CONCLUSIONS & RECOMMENDATIONS**

The Chair noted several reoccurring themes throughout the meeting, including the need for transparency at all points of trade, the need for greater engagement between business and government officials, and the importance of collaboration between customs agencies and other ministries. The Chair asked attendees to consider additional opportunities and resources for improving WTO TFA implementation and addressing challenges in supply chain connectivity. Economies acknowledged the importance of broadening A2C2 engagement with other APEC fora and on the importance of engaging other ministries in TFA implementation examine where TFA implementation will have a greater impact. Looking to 2020, the SCCP chair was hopeful that key issues such as implementation of AEO programs and other provisions in advanced rulings that encourage transparent, efficient trade could be implemented as pilot programs in economies across the region.