



**Asia-Pacific
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Cost of Customs Procedures

Submitted by: Washington CORE



**Utilizing Digital Technology in the Field of
Trade Facilitation Under the Current COVID-19
Pandemic and Beyond: Best-Practices
Sharing Workshops (Phase II) – First
Workshop on Technology to Support
Customs Procedures
3 August 2022**



The Cost of Customs

Utilizing Digital Technology in the Field of Trade Facilitation under the Current COVID-19 Pandemic and Beyond: Best-Practices Sharing Workshops (Phase 2)

1st Workshop – Technology for Customs Procedures

Washington CORE

3 August 2022

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New Opportunities

“The rapid digitalization of the global economy has created opportunities for new traders to participate in global trade, as well as opened the window for governments to simplify procedures thus lowering trading costs.”

– *Guidelines for Paperless Trade, APEC Sub-Committee on Customs Procedures, 2021*

“As economies continue to adopt measures to bring the pandemic under control, international transport and trading systems remain under pressure. Transport networks and border agencies face the challenge of linking supply chains, delivering goods, expediting imports, exports, and transits, including vital medical supplies and relief consignments to prevent the virus's spread. All of the challenges mentioned above need to be addressed while maintaining effective customs clearance and compliance controls for goods and transport personnel.”

– *The Future of Customs with the WCO and Trade, WCO Private Sector Consultative Group, 2021*

New Challenges

Reducing Costs

A move to paperless trade can reduce transaction costs significantly. The estimates range **between 15 percent and 45 percent in cost savings** depending on the stage an economy has reached implementing paperless trade facilitation measures at the border.

(United Nations 2014; UNCTAD 2020; Duval 2017; WTO 2015).

- A single shipment could pass through 30 different organizations, with up to 200 communications about that shipment. If a form is missing or there is a problem with some information, then delays are inevitable.
(APEC Customs Business Dialogue, 2021)

Inclusive Trade

While larger firms have the resources and the people to deal with the transaction costs associated with trade, smaller firms (including MSMEs, SMEs, indigenous firms, and women-led firms) have high fixed costs and variable costs. **Anything that would reduce these costs (such as paperless trade) will improve participation rates by smaller firms.**

- More efficient consultation processes and appeal processes increase the probability that smaller firms will stay in exporting by approximately 3 percent.
(Comments by OECD, APEC Customs Business Dialogue, 2021)

There are barriers both at the firm and government levels that need to be further understood and mitigated. These include:

- 1. Capital needs**
- 2. Skill support**
- 3. Working guides**
- 4. Consistency**
- 5. Overcoming opposition**
- 6. Using public status**
- 7. Creating cooperation**

“Digital Islands”

A 2019 UN report found that of the economies surveyed, only 39 percent of economies had instituted paperless trade initiatives. The report described a fragmented set of “digital islands” across APEC and the world.

Manual paper-based processes

- Many economies still have paper-based processes for the submission and checking of documents.
- This results in more touchpoints being required to check and verify paperwork, which leads to additional staff being needed at these touchpoints, both from the relevant government agencies and from the companies that are transporting the goods.

Movement of goods through ports

- In some ports, multiple touchpoints are required to move containers through them, necessitating teams at ports from logistics companies to ensure that the containers are cleared successfully.



Limited cooperation between border agencies

- Initiatives that facilitate more timely and cost-efficient trade involve many different participants and require cooperation between agencies to function properly.
- Through cooperation, agencies can agree on aspects such as controls, inspections and standards conformity, generating significant savings.

Slow turnaround times for permits

- Permits are required for the movement of goods across borders. At times, special permits may be required when moving goods to specific economies. It may take time to apply for and obtain these special permits, delaying the movement of goods across borders.

Lack of transparency and predictability

- When laws and regulations are not clearly set out and easily accessible, traders may be unaware of their rights and obligations and the resolution of complaints or findings against traders may take a while.
- Traders require predictability in their operations, such as ensuring that rulings made on tariff classifications and customs origins are made in advance and are binding for a set period. This will increase the confidence of companies to conduct trade due to the increased predictability of elements such as costs. Companies will also have assurances that they will avoid disputes while their cargo is in transit.



Recent actions by the APEC Committee on Trade and Investment to improve transparency and predictability

- Guidelines for Paperless Trade
- Analysis and Pathway for Paperless Trade Report
- Best Practice Guidelines for APEC Customs Administrations
- APEC Trade Repository
- 2021 Workshops on Single Window systems, MSME participation in trade, the global state of eCommerce, and the state of trade platforms
- Workshop on Customs at the Forefront of Facilitating COVID-19 Vaccines and Essential Goods (held in Wellington, NZ, June 2021)
- APEC Customs Business Dialogue (last held in August 2022)

Helpful Interventions

Intervention	Benefits
Automated customs solutions	Can ease the burden of data and files, and can speed up the transmission of information, facilitating engagement between customs agencies. Can include AI solutions.
Electronic single-window systems	Electronic single-window systems allow simultaneous and sometimes one-off submissions of customs documents and other government agency information that enable clearances in a shorter time. Costs can also be reduced by limiting the duplication of processes and the need to physically submit documents.
Digitizing of processes and procedures	Information could be captured once and disseminated to all relevant parties, reducing time and monetary costs, as well as minimizing the loss of documents and risk of fraud that could take place during the process.
Cargo scanners	Electronic tools that allow for non-intrusive inspection and monitoring of containerized goods.
Electronic tracking systems	RFID and GPS/GPRS technologies to track cargo and ensure that it undergoes the correct clearance processes and reduce the number of inspections required.

Establishing Legislation

Legislation needs to be supportive of the changes that will be made if these changes are to be widely accepted and implemented. This includes legislation surrounding electronic signatures and transactions or the use of digital tools (e.g. the use of drones for tracking cargo).

Human Resources Development

Customs officials and traders need to be sufficiently trained in the use of the technologies to extract the maximum benefit from digital solutions.

Agency Buy-in

Buy-in from various government agencies involved in customs processes is vital to the implementation of digital tools.

Public-Private Collaboration

While the public sector will provide the necessary digital tools to improve efficiency, making changes without consulting private-sector stakeholders who will also be users of the upgraded systems may result in users feeling frustrated if they believe that the changes made do not increase efficiencies. Consultations through the *APEC Customs Business Dialogue* and other venues can avoid mismatches between public and private goals.

Thank you!