UNESCAP - WORKSHOP ON FACILITATION OF CROSS-BORDER PAPERLESS TRADE

APEC EXPERIENCE IN CROSS BORDER TRADE INITIATIVES

By:

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A. PRESENTATION OUTLINE

- INTRODUCTION OF APEC ECSG
- ECSG (PTS & DPS) INITIATIVES
- PAPERLESS TRADE INCLUDING CROSS BORDER
- ISSUE & CHALLENGES ON PAPERLESS TRADE (EXPERIENCES & PRACTICES)
- WAY FORWARD
B. APEC MEMBER OF ECONOMIES:
1. INTRODUCTION OF APEC - ECSG
INTRODUCTION

APEC E-Commerce Steering Group

● The APEC ELECTRONIC COMMERCE STEERING GROUP (ECSG) under APEC COMMITTEE OF TRADE & INVESTMENT (CTI).

● Meets twice annually - SOM1 and SOM3.

● Two (2) Subgroups:
  - Data Privacy Subgroup (DPS): CBPR
  - Paperless Trading Subgroup (PTS): e-Commerce

● The recent ECSG Meeting 19-20 February 2014 Shangri-La Hotel, Ningbo, China was the 29th Meeting.
APEC - ECSG:

- **Objectives:**
  - promotes **electronic commerce**.
  - explores best **develop predictable**, **transparent** and optimised **legal**, **regulatory** and **policy** environments for Member economies.
  - enable economies **utilise information and communication technologies** to **drive economic growth** and **social development**.
Cont’d ECSG:

- ECSG agreed that numerous e-commerce related initiatives have been endorsed since 1998.
- However, the degree of success in reaching the implementation stage varies.
- Moving forward, ECSG agreed to take stock of the on-going initiatives and develop indicator / KPI, to better monitor the implementation of future projects.
2. **ECSG (DPS & PTS) INITIATIVES**:  

i. CBPRs  

ii. Assessment and Best Practices on Paperless Trading to Facilitate Cross Border Trade in the APEC Region  

- APEC Electronic and Commerce Steering Group  
- APEC Committee on Trade and Investment  
- June 2010
i. ECSG DPS INITIATIVES
In November 2004, Ministers for the twenty-one APEC Economies endorsed the APEC Privacy Framework.

The Framework is comprised of a set of guiding principles on:

- developing consistent domestic approaches to personal information privacy protections; and
- regional approach to promote accountable and responsible transfers of personal information between APEC Economies.
BACKGROUND
APEC Cross Border Privacy Rules System (CBPR):

- Endorsed by APEC Leaders in 2011.

- A voluntary accountability-based system.

- APEC Cross Border Privacy Rules (CBPR) System developed by participating APEC economies.

- In collaboration between Government and representatives of industry and civil society.
Compliance & Requirements

- Participation is voluntary. Once an organization has been certified for participation in the CBPR System, these privacy policies and practices will become binding.

- Participant will be enforceable by an appropriate authority, such as a regulator to ensure compliance with the CBPR program requirements.
Structure of the APEC Cross Border Privacy Rules (CBPR) system

**ECONOMY “A”**

- **Designated APEC Government Delegate**
- **Privacy Enforcement Authority**
- **Accountability Agent**

**Letter of Intent to Participate in the CBPR system**
- Confirm participation in the CPEA
- Confirm intent to use of at least one APEC-recognised Accountability Agent
- Describe laws and regulations that apply to CBPR system activities of an Accountability Agent
- Complete APEC CBPR System Program Requirements Enforcement Map

**Notification of Intent to Participate in the CPEA**
- Confirm that agency meets definition of PEA
- Letter from appropriate government official verifying agency’s authority status
- Supply contact point
- Provide statement of practices, policies and activities

**Application for Accountability Agent through Nomination or Notification**
- Information about location in a CBPR system participating Economy, or being subject to jurisdiction otherwise.
- Description of how the Accountability Agent Recognition Criteria have been met.
- Demonstration of how intake and review processes meet CBPR Program Requirements
- Map (if not using APEC intake document and program requirements)

**APEC Member Economies**

- **APEC Electronic Commerce Steering Group Chair**
- **Data Privacy Subgroup Chair**
- **CPEA Administrators**
- **Joint Oversight Panel (JOP)**
3. PAPERLESS TRADE, CROSS BORDER –

i. **APEC’s EXPERIENCES:**
The 1998 Blueprint for Action on E-Commerce:

- The 1998 Blueprint for Action on E-Commerce was designed to consolidate and reinforce various APEC initiatives related to e-commerce.

- Among the initiatives introduced is the Paperless Trading Initiative where APEC members have agreed to reduce or eliminate the requirement for paper documents needed for customs and other cross-border trade administration by 2005 for developed economies and 2010 developing economies.
Electronic Initiative:

- Electronic single windows are directly relevant for APEC supply chain connectivity
- Need to broaden current approach to enhance trade facilitation:
  - focus also on legal framework
  - encompass B2B transactions
- APEC member economies in ideal position to adopt uniform law of electronic transactions and the Electronic Communications Convention
ADVANTAGES:
The Benefits on Paperless Trade, Cross Border:

• Revenue losses from in-efficient border trade procedures;

• Harmonizing & simplifying on-line documents would reduce trade costs;
Cont’d…

● Streamlining procedures bring trade cost reductions for ESCAP Regional economies;

● Automating processes would reduce trade costs for all countries;

● Ensuring the availability of trade-related information generate cost savings for all countries.
**ECSG PTS INITIATIVES**

i. Paperless Trading Cross Border
Electronic Single Window Facilities in APEC member economies:

APEC supply chain connectivity framework and electronic single windows:

- **chokepoint 4**: improving clearance of goods by customs;
- **chokepoint 5**: simplifying customs documentation

  - equivalence to various functions of paper documents (original, signed, etc.); e-archiving.
Key Chokepoints:

Lack of transparency / awareness of regulatory issues

- Inefficient clearance of goods at Customs
- Burdensome customs documentation
- Variations in cross-border standards and regulations
Other Chokepoints

- Lack of capacity of local / regional logistics sub-providers
PTS PRODUCED FEW GUIDANCES PAPERLESS TRADING TO FACILITATE CROSS BORDER TRADE IN APEC REGION:
ECO Project: A PPP Project under APEC ECSG

Participants from public and private sectors in ECO Pathfinder Project:

- **South Korea**: Ministry of Knowledge Economy (MKE), Korea Chamber of Commerce and Industry, KTNET (Customs service provider).

- **Chinese Taipei**: Bureau of Foreign Trade (BOFT, MOEA), Department of Customs Administration (MOF), Directorate General of Customs (MOF), FTNet (Trade-Van, Customs service provider of FTNet).
EXAMPLE FOR IMPLEMENTATION:
MY-JP Exchange Project Scope

● Integrating ePCO with NACCS Japan
  - One way communication

● MITI send e-PCO data to Japan Customs
  (17 selected companies historical data)

● Enhanced Message
  - e-PCO message specification
  - Enhanced Acknowledge message specification
  - Enhanced CO Utilization Report message specification
MY-JP MJEPA EXCHANGE PROCESS FLOW

1. MJEPA Application
   - Exporter

2. Approved MJEPA Details
   - MITI

3. Approved MJEPA Details
   - MY NSW

4. View MJEPA Details
   - Japan Customs System

5. Acknowledgement
   - NACCS

6. View ACK
   - MY NSW

7. Utilization Report
   - Japan Customs System

8. Utilization Report
   - NACCS

9. View Util Rpt
   - MY NSW
ASW PILOT PROJECT PROCESS FLOW BETWEEN MALAYSIA - INDONESIA

1. Approved CEPT Form D
2. Acknowledgment of Receipt
3. Utilization Report
4. Approved CEPT Form D
5. Acknowledgment of Receipt
6. Utilization Report

ASW Exchange Gateway

Technical Infrastructure for Networking
● Demonstrated **feasibility of electronic e-PCO exchange to ASEAN Member States**

● **ASW Technical Working Group** - taken results of **Technical Feasibility Initiative** as it option to start the technical architecture to link ASEAN Member States in the ASW;
BENEFITS OF CROSS BORDER E-TRADE FACILITATION

● **Simplification:**
  - Fast and efficient exchange of data
  - *Strengthen custom revenue collection through custom reform*

● **Automation:**
  - *Lowering transaction cost*
  - Ability to predict delivery time and cost for investors
**BENEFITS OF CROSS BORDER E-TRADE FACILITATION (cont.)**

- **Harmonization**
  - Harmonize and standardize international trade transaction

- **Greater transparency**
  - Increase Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI)
  - Reduce revenue leakage due to corruption and fraud
Benefit of Technical Feasibility Testing

- Test environment where 3 APEC economies’ NSWs integrate and operate simultaneously;
- Enable seamless routing and communication between NSWs;
- Expedited customs clearance & release of cargoes;
- Reduce costs & time of doing business;
- Standardized & harmonized data exchange;
- Preparation for electronic readiness for future regional data exchange (ASW, APEC, ESCAP Region);
- Discover potential errors / shortfall; and
- Gaining experience from domain expertise of participating economies.
D. ESCAP REGION PAPERLESS TRADE INITIATIVE:
The United Nations Economic and Social Commission for Asia and the Pacific Members.
The in-depth analysis of existing practices & thorough assessment of regional requirements detailed will help to lay the foundation for conducting further studies on designing implementation measures.

It supports the development and implementation of practical regional arrangement (s) in the Asia-Pacific region, as mandated by ESCAP Resolution 68/3.
C. PAPERLESS TRADE, CROSS BORDER

At Country level:
• Study the **business process** of the stakeholders involved in **export/import activities** in each country.

• **Formulate and recommend** **re-engineering of processes** that are **appropriate** in order to **reduce** the **time taken**, **number of documents** involved and the **also the cost** for **export/import activities** in Malaysia.

• **Work with the relevant stakeholders to implement** the necessary **re-engineering of processes**.

• **Initiate improvements** based on the World Bank **Ease of Doing Business report** as one of the **benchmark with other economies**.
World Bank Report

Ease of Doing Business

Trading Across Borders
Process the application- ePCO?

(AS IS) Transaction Type: Application for ePCO

Customer
- Start
- Submit Form Online
- Notify Customer
- Print COO
- Submit COO at Counter
- Customer Collect
- End

Processing Unit
- Value Added
- Non-Value Added
- Sort Form
- Stamp
- Sort Form

Reviewer
- Verify CO Form
- OK?
- Yes: Proposed to Approve
- No
- Approve

Approver
- Sign
4. **ISSUES & CHALLENGES ON PAPERLESS TRADE**
The Two Faces of ESCAP Region Challenges:

**Competence and quality of logistics staff**

**Leverage use of Information Technology**

**New Multi-disciplinary skill**

**Capability Enhancement**

**Transparency & Openness**

**Access of Information**

**Simplification of Processes**
How do we could implement for ESCAP Regional Arrangement for Paperless Trade & Cross Border..?
APEC’s EXPERIENCES:

What need to be done to ESCAPE Regional Arrangement?
Where .. Within & Beyond..

● Economic benefits are evident
● We are ready to work together
Collaboration Among ESCAP Regional Arrangement Member Countries:
Proposed Solutions
WAY FORWARD

IT Application  Std’ize Legal Arrangement  Simplific’t’n Process
ESCAP REGION - Building The Road Ahead:

- COLLABORATION
- INFRASTRUCTURE
- LEGAL
- HARMONISATION
- SIMPLIFICATION, etc.
Proposed Action

1. **Each Member State need to establish their NSW**;

2. **Accelerate establishment of ESCAP Regional Arrangement for Single Window system for advanced data sharing between customers and government / regulatory agencies.**

3. **Intensify and broaden ESCAP Regional Arrangement for Business-to-Customs co-operation**

4. **Develop self programs for cargo screening security requirements; high risk assessment data, etc.**
1. Utilize **consistent and standardized business processes** across **ESCAP Region (participating countries)**;

2. Deploy **common IT systems and business processes** to drive the business
NEXT STEP

● Implementation :
  • Member countries already establish their NSW ;
  • Steering Committee;
  • Technical Committee;
  • Legal Committee;
  • Adopt & develop the end-to-end process flow for the entire value chain ;
  • Etc …
THANK YOU