



Asian Council on Trade Facilitation Newsletter

Volume 1

September 2013

Message from the Chairman



We are pleased to publish this maiden issue of the Asian Council on Trade Facilitation (ACTF) Newsletter.

The ACTF was formed during the 26th CACCI Conference held on October 2, 2012 in Kathmandu, Nepal, primarily to promote trade among CACCI member countries. CACCI recognizes the importance of trade facilitation matters for several reasons.

First, international trade is a complex process, involving a large number of factors, regulations, procedures and documents.

Second, with falling tariff and quotas under GATT/WTO and regional trade agreements, improving the efficiency of trade has become essential to enhance trade competitiveness of developing countries.

Third, there is a need to reduce complexities and costs of trade, thus enhancing countries international trade competitiveness, particularly very important for least developed and least developed land locked countries.

CACCI members agree that the creation of the ACTF is very timely and important to develop trade between members in the region. They further agree that simplification and harmonization of documents within the region is of prime importance, and that non-tariff barriers should be minimized.

I would therefore like to call on CACCI members to take an active part in ACTF and encourage you to be committed and enthusiastic to the Council's future programs and projects. May I also invite member chambers to nominate representatives to the ACTF who may be able to make a valuable contribution to the work of the Council.

I hope that you will find this maiden issue of the ACTF Newsletter useful and informative, and I look forward to receiving your articles for our next issue.

R. B. RAUNIAR

Chairman

Asian Council on Trade Facilitation

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Newly-Created Trade Facilitation Council Holds First Breakout Session in Cebu

The newly-established Asian Council on Trade Facilitation (ACTF) held its first breakout session during the 27th CACCI Conference held on March 14, 2013 in Cebu City, Philippines. The ACTF was first formed during the 26th CACCI Conference held on October 2, 2012 in Kathmandu, Nepal.

Attended by over 20 delegates and members of the local press, the session was presided by Mr. R. B. Rauniar, Managing Director of Interstate Multi-Modal Transport Pvt Ltd. from Nepal and the current chairman of ACTF.

Mr. Rauniar started the session by explaining the aims of creating the Asian Council on Trade Facilitation. He made a Powerpoint presentation that underscored why trade facilitation matters, illustrated the international trade transaction process, and explained what trade facilitation is and what it does.

According to Mr. Rauniar, the World Trade Organization (WTO) defines trade facilitation as “the simplification and harmonization of international trade procedure” covering the “activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade”.

He further elaborated by saying that trade facilitation is a combination



of the following: (a) Simplification of trade procedures and documents; (b) Non-tariff measures; (c) At-the-border measures; (d) Infrastructure; (e) Behind-the-border measures; (f) Customs procedures; and (g) Trade and Security.

In underscoring what trade facilitation does, Mr. Rauniar said that helps move goods faster and cheaper across borders. It delivers win-win situation for: (a) traders (competitiveness); (b) Government (efficient and transparent procedure, better use of resources); and (c) Consumers (not paying hidden costs that are finally passed to them).

Moving forward, Mr. Rauniar proposed the possibility of organizing a

two-day brainstorming workshop with the executives of country chambers at a designated venue recommended by the CACCI secretariat. The agenda could include various issues of the region and specific country related issues to overcome the impediments of intra-regional trade, targeting time-bound action plan. He said that the goal is to make Asia Pacific region the 21st century trade, commerce and investment leader in the global scenario.

The open forum that followed focused on why regional trade integration is necessary. During the discussions, members were requested to send country information identifying

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Newly-Created

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impediments to trade.

A number of suggestions were raised during the discussions, including the following:

(a) identification of contact persons for matters pertaining of trade facilitation in each member country;

(b) setting up of a website to provide a platform for getting information from member countries;

(c) issuance of CACCI Business cards to CACCI members (similar to the APEC Business Card);

(d) publication of a membership directory to be distributed to members;

(e) adoption by CACCI of the Kyoto rule and circulating information on the Kyoto rule to members;

(f) establishment of a separate Asian Council on Trade Generation to generate more trade between CACCI member countries;



(g) requesting member chambers to nominate representatives to the ACTF; and

(h) exploring the possibility of conducting video-conferencing or teleconferencing to facilitate more frequent discussions among the ACTF members.

The delegates agreed that the creation of the ACTF is very timely

and important to develop trade between members in the region. They further agreed that simplification and harmonization of documents within the region is of prime importance, and that non-tariff barriers should be minimized.

The ACTF is expected to hold its next breakout session in Kuala Lumpur during the 28th CACCI Conference to be held in mid-September 2014. ■





RB Rauniar Named Chairman of Asian Council on Trade Facilitation

Rash Bihari Rauniar is appointed chairman of the newly-created Asian Council on Trade Facilitation (ACTF), one of the product and service councils of CACCI. ACTF was formed during the CACCI Council meeting in Kathmandu last October 3 to promote trade among CACCI member countries.

R B Rauniar, managing director

of Interstate Multi-Modal Transport Pvt Ltd, is with the transport and trade facilitation industry for more than 40 years. He serves as the chairperson for the transport and transit committee of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI).

A well known figure to the shipping fraternity in the whole of South Asia, Mr. Rauniar has offered significant contributions with his wealth of knowledge and experiences on regional growth of transport and trade. His expertise has led to several consultancy and advisory positions with top financial institutions like the World Bank, Asian Development Bank

(ADB), United Nations Conference on Trade and Development (UNCTAD), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Japan International Cooperation Agency (JICA), and South Asian Association for Regional Cooperation (SAARC), among others.

Mr. Rauniar invites Chamber members to take an active part in ACTF and encourages commitment and enthusiasm to the council's future programs and projects. He also requests respective Chambers to nominate representatives who may be able to make a valuable contribution to the work of the ACTF. ■

Harmonizing Administrative Procedures in PTA to Support Trade Facilitation

by

Australian Chamber of Commerce and Industry



AUSTRALIAN CHAMBER OF
COMMERCE AND INDUSTRY

Since the completion of the Uruguay Round of international trade talks in 1995, there has been little advancement in multilateral trade agreements. The current Doha Development Round is largely regarded as comatose, and in place of multilateral progress an explosion of bilateral and regional trade treaties (free or preferential trade agreements) has flourished, each carrying varying conditions and requirements for trade between the signatories. This phenomenon was a natural reaction by sovereign nation states to the frustrations of impassable international negotiations.

The popularity and growth in the number of preferential agreements was never intended to complicate

international trade. Rather, nations have sought to secure advances in competitive supply chains with major trading partners. This is because with the increase in global trade in goods, products are no longer made in one place with input from one country alone. Modern manufacturers seek component supply from many locations according to price and convenience, in order to produce a good at lowest cost and compete for consumer attention. Hence, with the Doha round stalled, the next logical option available to nations is to negotiate preferential agreements with local and regional trading partners.

Preferential agreements, while potentially providing 'freer' trade between the agreement parties, are specifically designed to be restricted

to the parties and so exclude non-parties by way of complex 'rules of origin'. When the hundreds of trade agreements across the globe are negotiated in aggregate by nations a complex barrier of administrative obligations and procedures emerges, which traders must understand and overcome for each specific agreement in order to obtain benefit. These agreement-by-agreement administrative barriers are an added cost to business, add risk for delay of goods should documentation and other requirements be addressed incorrectly, and ultimately risk reducing the streamlining of international trade. Thus, the post-stall growth in bilateral and regional free trade agreements risks strangling

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Harmonizing

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international trade in bureaucratic red tape, rather than meeting the goal of freer trade. The capacity of preferential trade agreements to strangle international trade is probably an unintended consequence of the operation of international law: although preferential trade treaties are legal instruments conducted between countries (or regions), the extraordinary global behaviour of international trade does not reflect the jurisdiction of the instruments seeking to regulate it.

International trade constantly pursues new markets, and will always move towards vacant favourable conditions; products and supply chains move where the market demands, not where the trade agreements exist. Thus, with the ever-increasing number of preferential agreements, inconsistency of procedures has become the norm, rather than the exception.

Given its international nature, international trade should be regulated via international oversight – such as that offered by the Doha round – reflecting the nature of the activity being regulated. Hence, the Doha round of trade talks is crucial to trade enjoying greater freedom under the rule of international law, rather than attempting cohesion under infinitely splintering rules of law attaching to each sovereign entity.

With traders facing multiplying preferential treaties and their aggregate complexity, harmonisation of the administrative aspects of these existing and future treaties should be the starting point of all nations seeking to better facilitate trade. Harmonisation of administrative procedures in these treaties will not only bolster the rule of international law surrounding norms of trade regardless of the type or direction of trade, but will more importantly pave the way for accomplishment of World Trade Organisation international negotiations. Ideally, the proliferating ‘smaller’ trade deals would be aimed

at WTO compliance, with the eventual goal of seeing them all linked together under the WTO. To this end, the more similar the trade deals, the more trade facilitating they will be.

The use of harmonised starting points from which to commence negotiations for trade agreements – for example the standards endorsed by the World Customs Organisation (WCO) in the Revised Kyoto Convention that reflect existing business practices – will aid in improving the streamlining of international trade and ultimately reduce costs for consumers. The problem of aggregate complexity in differing PTA can be overcome through the acceptance of a set of standard definitions and procedures for all border crossing and market access.

The commercial business interest is to be able to access and comply with the terms of each agreement in the most efficient way. To this end, standardisation of procedural requirements across international trade is trade facilitating. If producers and manufacturers know that by doing something the same way each time they develop a product, then they may predict the requirements with certainty. This means the process can be repeated and then automated, which reduces costs for repetitive processes. Trade documentation is no different. The costs of border crossing can be a sizable component of the final built up costs to production costs for manufacturers and ultimately end consumers. Complex market entry requirements mean that companies need to have staff or advisers analysing the entry systems. Internal staff at each level of the transaction process must understand these requirements so they can take advantage of the entry requirements. Business costs

are reduced when these systems are predictable and repeatable.

In the increasingly complex world of international trade (exacerbated for countries which are landlocked),¹ with goods passing through many hands before reaching the final consumer, the traceability of the origin of the goods has become increasingly important. The systems to support the statements that importers and exporters require – both for market entry and for specific rules relating to preferential trade agreements – need to be streamlined and harmonised to reduce costs and complexity to business. Harmonisation around commonly used systems reduces costs, and the best of these systems are harmonised and already well accepted by business outside the operation of PTA's. By co-opting the most commonly-used practices already employed by business and endorsed by the WTO, and the WCO in the Revised Kyoto Convention, rules of origin under PTA's will be less costly and more efficient.

The WTO has recently urged landlocked developing countries (LLDC) to play an active role in trade facilitation <http://www.wto.org/english/news_e/news13_e/lldc_20mar13_e.htm>. ACCI – Harmonising Administrative Procedures in PTA to Support Trade Facilitation – May 2013. ■

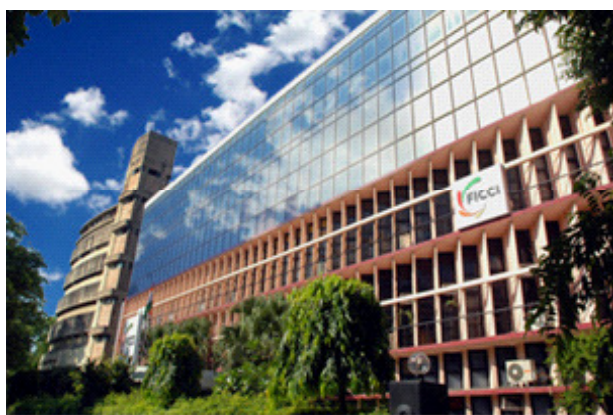




Facilitating Trade Across the World and Addressing Barriers to Foster Trade

by

The Federation of Indian Chambers of Commerce and Industry



Trade facilitation is a systematic rationalization of procedures and documentations for international trade, which encourages simplification of customs clearance procedures; transit-trade facilities; removal of barriers to investment; and business friendly visa regimes, etc.

Since its inception in 1927, Federation of Indian Chambers of Commerce and Industry (FICCI), the oldest and apex Industry body in India, has been actively involved in this task of trade facilitation. FICCI has been working constantly towards India's strategy to reach out to newer markets in Asia, Africa and Latin America. Provision of a stable policy environment has paid off. The addition of seven new markets to the Focus Market Scheme and 46 new items to the Market Linked Focus Product Scheme would enable the country to achieve the export target of US\$ 500 billion by end of fiscal 2013-14. FICCI's work on trade facilitation not only helps boost the economies of the

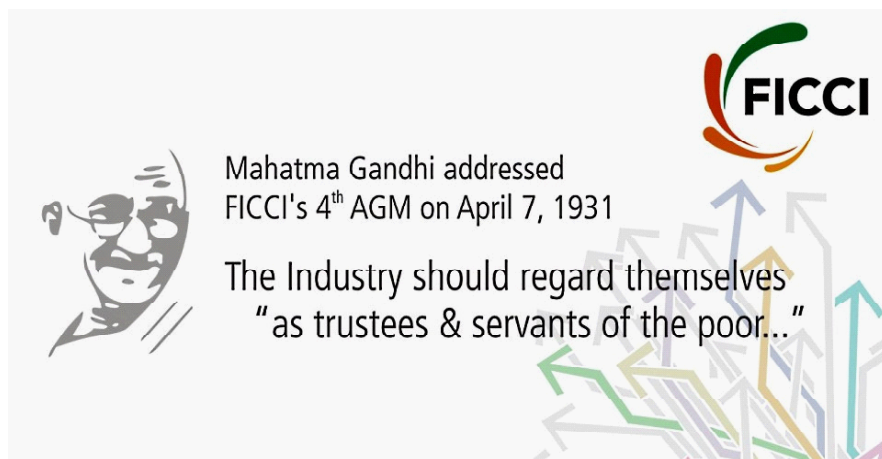
World and bring clear benefit to our business communities.

FICCI's dedicated International Division envisions taking India's growth story and its corporate sector's entrepreneurial zeal to newer markets and business entities across the globe. By initiating inter-governmental and intra-agency cooperation and collaborations, FICCI International has not only established itself as a focal point for policy makers and highest

decision making authorities at home and abroad for its pertinent inputs, but is constantly endeavoring to harness and showcase the very best that Indian corporate sector has to offer to the world.

Through its relationship with the Multilateral and Regional organizations like CACCI, ASEAN Secretariat, FICCI proposes that the Asian Council on Trade Facilitation should focus on the following:

- Address critical trade bottlenecks at global, regional, and national levels.
- Giving policy recommendations that can help initiate and enhance trade.
- Encouraging the exchange of technical advisory services and building capacity among the member countries and businesses for various projects.
- Assisting and supporting the small & medium enterprises across the CACCI countries. ■



Trade Facilitation Should Be Addressed Realistically: Hon. Amunugama of Sri Lanka

It is important for countries in the Asia Pacific region to address trade facilitation related issues in a realistic and a practical manner,” pointed out **Hon. Dr. Sarath Amunugama**, Senior Minister, International Monetary Co-operation addressing the inauguration ceremony of the Asia Pacific Trade Facilitation Forum (APTFF) 2012 on October 30, 2012.

More than 190 delegates from the Asia Pacific region involved in trade facilitation were joined by around 100 Sri Lankan officials, business leaders and representatives from regional chambers at the inauguration ceremony held at Galadari hotel, Colombo. The event was co hosted by the Ceylon Chamber of Commerce (CCC) along with United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and the Asian Development Bank (ADB).

Dr. Amunugama also noted that with the current economic situation in the United States and the Euro zone, Asian nations will not be able to expect a revival of trade relations to return to the way it was in the past, and therefore it is important for Asian nations to look at trade in a new light and promote intra regional trade. He pointed out that though products from Asia had a reliable market in the United States and the Eurozone in the past couple of decades, now countries such as the USA are promoting their own products resulting in more competition for exports from Asia. He also urged the participants from more than 30 countries to not only have a meaningful, practical and a realistic dialogue relating to trade facilitation but also to explore Sri Lanka during their visit to familiarize themselves with the diverse attractions in the country.

“Trade facilitation is an extremely important issue for Sri Lanka, given its small size, high dependence on international trade and its strategic geographical location,” said **Hon. Rishad Bathiudeen**, Minister of Industry and Commerce addressing the gathering. He went on to point out that even though Sri Lanka is a small country, it has been extremely active in developing as a commercial, logistics, naval and aviation hub of Asia and the world.

It was also pointed out at the event that trade facilitation is an extremely important mechanism for all countries, particularly for developing countries that are dependent on international trade for their economic development. Increase in trading opportunities, potential for trade across markets, diversification of exports – while all of these are extremely important for the enhancement of global trade, these would be un-achievable if the procedures in place for movement of goods prove to be so burdensome as to amount to impediments to trade. Sustainable Economic Development through trade can only be meaningfully achieved by the smooth movement of goods every stage of its progress.

Mr. Ravi Ratnayake, Director, Trade and investment division of the United Nations Economic and

Social Commission for Asia and the Pacific (UNESCAP) pointed out that implementing trade facilitation reforms for regional connectivity in Asia and the Pacific is not only important but it is also urgent. He also went on to note that meaningful progress in trade facilitation can only be achieved through effective consultations between the public and private sector. Mr. Ratnayake also pointed out that facilitating trade means looking beyond borders to develop systems that can facilitate information exchange between all parties involved in the international supply chains.

It was also observed at the inauguration ceremony that, with the increasing global inter-linkages, developments in technology and transport, and the rapid movement of goods, it can be safe to say that much work still needs to be done to achieve the end goal of a perfectly harmonized, transparent, consistent and expeditious international trade facilitation framework.

Addressing the gathering **Mr. Susantha Ratnayake**, Chairman, the Ceylon Chamber of Commerce noted that “the Ceylon Chamber felt it was important that this event be held in Sri Lanka as the country had emerged from a 30 year conflict and also due to the Government’s vision in making Sri Lanka a leading commercial and logistics hub in Asia, optimizing on our geographical location. This event provides us an opportunity to learn from the experiences of other countries, in working towards achieving this vision.”

Ms. Rita O’Sullivan, Country Director of Asian Development Bank also addressed the gathering and spoke on a wide range of activities that the Asian Development Bank is involved in with their Asian partners to promote trade facilitation and cross border trade. She mentioned that trade facilitation is one of the key focal areas of the ADB.■



From left- Mr. Susantha Ratnayake, Chairman, the Ceylon Chamber of Commerce, Mr. Ravi Ratnayake, Director, Trade and Investment Division, UNESCAP, Hon. Dr. Saratha Amunugama, Senior minister International Monetary Cooperation, Hon. Rishad Bathiudeen, Minister of Industry & Commerce and Ms. Rita O’Sullivan, Country Director, Asian Development Bank.



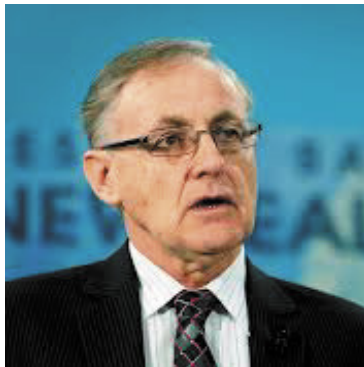
APEC Shows the Way on Trade

***Alan Bollard, Executive Director of the APEC Secretariat
and Pascal Lamy, Director-General of the World Trade Organization***

International trade today is very different from what it was 20, or even 10, years ago. Entrepreneurs around the world have changed the way they trade, what they trade and with whom they trade. Yet one thing has not changed: the importance of trade for growth, jobs and development.

More open access to global markets has been proven to promote resilient growth and recovery, but this is dependent on certain pre-conditions. Keeping a lid on protectionism is one. The further reduction and elimination of barriers is another. Asia-Pacific Economic Cooperation and the World Trade Organization have worked together closely for nearly two-decades to promote greater opening to trade and investment, and we believe it is essential that this cooperation be enhanced in the years to come.

At the meeting of APEC ministers responsible for trade over the weekend in Surabaya, Indonesia, APEC member economies re-affirmed their commitment to strengthen the multilateral trading system as embodied in the WTO. In their statement, the ministers expressed concern about the



Alan Bollard



Pascal Lamy

state of play in the negotiations on trade facilitation and agriculture, and called on WTO members to change the quality and level of engagement in order to expeditiously and effectively advance its work.

This year will see another period of sluggish trade growth, which, at 3.3%, is well below the 20-year growth trend of around 5%. Trade growth will be modest in advanced economies but still bright in emerging markets. The developing world will pull trade up in the years to come. But with unemployment running very high in many economies, the threat of protectionism remains.

It is important that authorities avoid making matters worse by adopting isolationist policies. Instead, they can take positive steps to unlock the potential for trade to grow stronger

by agreeing to conclude a deal on trade facilitation, one of the 20 topics in the Doha Round.

Globalized production processes and supply chains mean that many goods -- from blue jeans to tablet computers and smart phones to commercial jets-- now cross borders multiple times during assembly.

Today, over 50% of merchandise trade is comprised of parts, components and other intermediate goods. In Asia the figure is above 60%. Moreover, the import content of the average exported good is 40%, up from 20% two decades ago. Access to high-quality inputs at competitive prices is essential to the competitiveness of any exporter.

Cutting red tape for importers and exporters, at and behind the border, is thus part and parcel of ensuring that goods and services can be delivered quickly and cheaply. The numbers tell the story. The cost to exporters of moving goods across borders is, on average, about 15% of the value of the shipment. Of this, 5% is due to tariffs while 10% arises from administrative costs related to customs and border procedures.

This is not just a concern for

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APEC Shows

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the ledgers of large multinational corporations. For small and medium enterprises, which account for much of the world's businesses and jobs, these costs may even become impediments to trade.

Negotiators in Geneva are in the process of negotiating an agreement on trade facilitation which could cut those administrative costs in half. The idea is to strike a deal ahead of the WTO Ministerial Conference in Bali in December. APEC trade ministers, whose economies are all WTO members, can offer their peers a powerful example of how important this work is, and of how to craft an effective agreement.

All APEC economies have now adopted electronic customs processing systems that will reduce the average time needed for goods to clear customs in the region. As a result of measures like these, trade transaction costs in the region dropped by 10% between 2002 and 2010. Reductions during the 2007-2010 period alone saved businesses nearly \$60 billion.

These economies are currently working to improve the region's supply-chain performance by 10% by 2015, in terms of time, cost and uncertainty. This could add a further \$21 billion to the region's gross domestic product annually. APEC economies are further angling to make it 25% cheaper, faster and easier to do business by 2015. Priority areas include starting a business, getting credit, enforcing contracts, trading across borders and dealing with permits. These facts speak for themselves.

Given the gains seen in the Asia-Pacific, it's not surprising that the potential benefits for the global economy as a whole from a wide-spread trade-facilitation program would be immense. Global trade could increase by anywhere from \$350 billion to \$1 trillion annually.

Working from their experience, APEC ministers can help the global effort toward a trade-facilitation deal in several ways. First, with 21 members across such a large 'and economically



National University of Singapore

It's Time for a 21st-Century Trade Policy

**Razeeen Sally, Visiting Associate Professor
Lee Kuan Yew School of Public Policy
National University of Singapore**

Suddenly trade policy is in the news again after years of neglect. Japan in April announced it would like to participate in negotiations toward a U.S.-led Trans-Pacific Partnership (TPP) agreement. Washington and Brussels in January announced they will start negotiating a U.S.-European Union deal. Asian governments are working toward a regional trade pact of their own. Roberto Azevedo, the incoming head of the World Trade Organization, aims to

partially resuscitate the moribund Doha Round by the end of the year.

These efforts might breathe new life into trade liberalization after years when trade took a backseat to other economic concerns. But there's a big problem with the WTO and free-trade agreements (FTAs) generally. They are 20th-century trade negotiations, when the world desperately needs 21st-century policies.

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significant region, APEC can offer a critical mass of support for a global trade-facilitation agreement. The trade ministers' meeting over the weekend ready may inject energy into the discussion.

Meanwhile, APEC's previous work on this issue has created a wealth of knowledge about what works. In two specific areas, trade in environmental goods and the Streamlining of customs procedures, APEC's successes may offer inspiration to other WTO members. While APEC has fewer members than the WTO, it is a broad and diverse forum and its ability to reach consensus across its membership proves that international trade agreements can be attained.

The private sector also is playing an important part in achieving these collective goals. An effort is being made to improve the awareness among government agencies on policies affecting the logistics sector. And finally, the impact of these reforms would significantly enhance transport networks and infrastructure.

The APEC experience provides

a compelling case on the benefits of a multilateral deal covering trade facilitation. But it is also clear that for developing economies, the promise for benefits will not materialize without the technical and financial resources needed to implement the final agreement.

The good news is that donors, international organizations and development banks are stepping up to the challenge of providing this support. The fourth WTO Global Aid for Trade Review taking place in Geneva in July will provide a timely opportunity to ensure that the needs identified by developing economies are met with the necessary support.

APEC's success in facilitating trade is a beacon which could lead WTO members to a deal that would do more than simply increase trade flows. A deal on trade facilitation, coupled with an agreement on a range of agriculture and development issues by Bali, could send a signal that the WTO remains a relevant forum in shaping the rules of trade for the 21st century. *Source: Wall Street Journal, April 22, 2013.* ■

It's Time

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The Doha Round and the overwhelming majority of FTAs are wedded to an old vision of one country producing a good from beginning to end for export to another country. Most FTAs focus mainly on reducing tariff barriers. That makes these deals less relevant for a world in which a single good and its inputs can travel through multiple countries during assembly, in which tariff barriers are generally not the only or the most significant obstructions to trade, and in which trade in goods is only part of the overall trade picture.

In contrast, the defining feature of early-21st-century international trade is global value chains, or the fragmentation of production processes and lengthening of supply chains. Through outsourcing off-shoring and foreign direct investment (FDI), different parts of the value chain have come to be located in different countries. This process is most visible in manufacturing, but it is also happening in services such as finance and telecoms.

Trade along these value chains is the fastest growing element of global trade, and plays a crucial role in employment and productivity growth. Exports depend more than ever on imports. Import content is about 40% of the total value of exports, double what it was in 1990. Services are much more important than hitherto believed. They account for about 40% of international trade on a value-added basis, double the total that shows up in balance-of-payments statistics.

These characteristics of 21st-century trade should inform 21st-century trade policy. One practical implication is that although average import tariffs are now fairly low, "fairly low" is still too high when multiple countries' tariffs compound on each other as inputs cross borders multiple times. Another is that nontariff barriers, such as unnecessarily burdensome safety standards or regulatory hurdles for services trade and foreign direct investment, can no longer be overlooked in trade negotiations. Nor

can onerous customs procedures, which now account for about 10% of trade costs or double the cost of import duties.

The current crop of trade negotiations hasn't paid sufficient attention to these realities. Some of these negotiations have addressed non-tariff barriers such as technical barriers to trade and liberalization of services trade. Commitments in those areas tend to be weak, however. The TPP and the EU-U.S. "mega-regional" negotiations are more ambitious, as are the relatively few strong bilateral deals such as South Korea's FTAs with the U.S. and EU. But even they suffer some important short-comings.

The biggest is that FTAs discriminate against non-members, and their proliferation has created a "spaghetti bowl" of overlapping, bureaucratic trade procedures. While they can't ignore the reality of global supply chains, their solution is to impose onerous country-of-origin standards that create red tape for businesses that have to prove their products contain sufficient local content to be eligible for FTA benefits.

The new mega-regionals will do significant good if they seriously tackle regulatory barriers, and do so by making new rules non-discriminatory. Then they would establish a template for future global liberalization. Still, they retain their 20th-century blinkers.

For instance, they are all wedded to obsolete notions of reciprocity. The theory holds that in order for one country to liberalize, its leaders need to show the public that they can extract equivalent concessions from a trading partner. Negotiations focus on opening the other market as much as possible while keeping one's own market as closed as possible. But this is nonsense

in a supply-chain world where exports depend on imports.

The expansion of global value chains should cause leaders to revisit the idea of unilateral opening. New political blocs of import-dependent manufacturers and services providers are growing in many countries, counterbalancing the old protectionist interests. Especially since trade negotiations are time-consuming -- the Doha Round is in its 12th year and TPP talks have been underway since 2010 -- governments need to ask themselves why they're waiting to open their own economies to trade.

Meanwhile, it's time to breathe new life into the WTO as a venue for discussing those issues that can complement unilateral solutions. So far this has meant a focus on trade facilitation, or streamlining customs procedures, and there is an outside chance of an agreement by the end of the year.

The WTO should also tackle issues such as an updated Information Technology Agreement to widen the list of duty-free items and tackle non-tariff barriers to trade in information-technology products; new rules on openness to foreign direct investment; and much stronger commitments to opening up services markets. These would "lock in" previous unilateral liberalization, and set the stage for future unilateral opening by WTO members.

Above all, leaders need to recognize that 21st-century trade is happening already. The only question for policy makers is whether they're going to embrace measures that speed up the process, to the benefit of citizens and businesses alike.

Source: Wall Street Journal, May 28, 2013





ICC WCF Work and Initiatives on Trade Documentation

Millions of COs are issued every year by chambers of commerce, facilitating trade worldwide. With the strong support of members, ICC WCF International Certificates of Origin Guidelines, establishing best practices for issuance procedures, have been implemented by chambers around the world.

Widely accepted, they have been translated into 6 languages, with the World Customs Organisation (WCO) acknowledging its contribution to the harmonization of issuance procedures and as “a most welcome promotion to trade facilitation and contribution to a more efficient and effective trade environment, both for governments and the trading society”.

The ICC WCF standard also receives the support of the International Federation of Freight Forwarders Association (FIATA), the Asociación Iberoamericana de Cámaras de Comercio (AICO), the Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI) and the Pan African Chamber of Commerce and Industry (PACCI), the Caribbean Association of Industry and Commerce (CAIC), the Federation de Camaras de Comercio del Instro (FECAMCO), the Chamber of Commerce of the Russian Federation and the American Chamber of Commerce Executives (ACCE).

In September 2012, ICC WCF launched its International CO Chain, in response to members’ request to reinforce the global integrity of Certificates of Origin (COs), issued by Chambers.

Based on the International CO Guidelines, Chambers joining the CO Chain will be entitled to use the instantly recognizable international quality label. This label gives assurance of transparent, independent, reliable, responsible and accountable issuance procedures.

The CO Chain reinforces the unique position of Chambers as the competent, trusted third party with neutrality in the delivery of CO. Members of the Chain will benefit from the use of an international quality label, being found on certificates of origin issued by members of the Chain. This quality label will have a unique reference number assigned to the participating chambers and will confirm for chambers, customs and businesses alike that the chamber CO issuance procedures conform to those outlined in ICC WCF International Certificate of Origin Guidelines. The participating chambers shall also be publicly listed on the ICC website, allowing Customs agencies to check on the authenticity of COs issued.

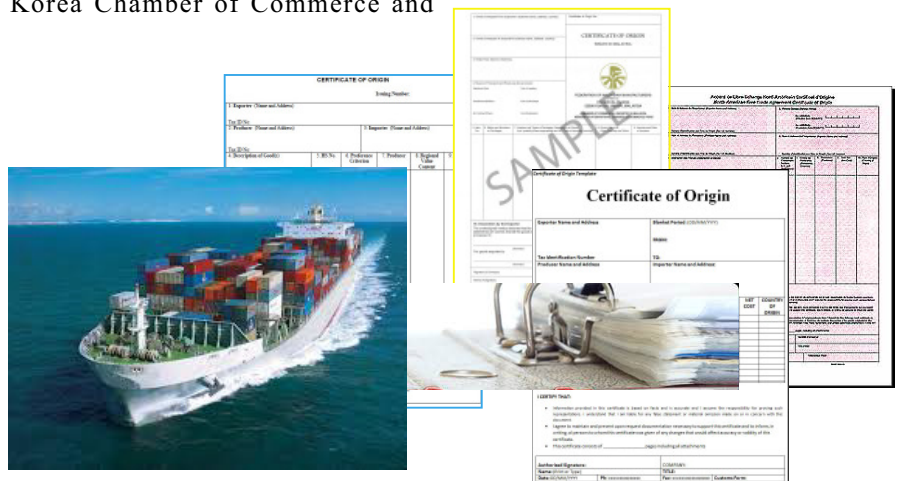
Pioneer members of the Chain are: British Chambers of Commerce, China Council for the Promotion of International Trade, Dubai Chamber of Commerce and Industry, the Federation of Belgian Chambers of Commerce, Korea Chamber of Commerce and

Industry, Netherlands Chamber, Paris Regional Chamber of Commerce, Singapore International Chamber of Commerce and Slovakia Chambers of Commerce and Industry.

The CO Chain will bring chambers the recognition that they are mutually responsible and globally interconnected with their peers, and gives reassurance to business, traders, banks and Customs administrations that COs are issued according to internationally accepted best practices.

In addition, the chamber’s participation in the CO Chain will bring other value-added benefits which will include:

- Recognition of member companies, particularly SMEs, of the benefits of the global chamber of commerce network.
- Supporting your chamber’s efforts nationally as well as regionally to ensure the protection and promotion of the role of chambers in the delivery of COs.
- Participation in ICC WCF’s advocacy work with the World Customs Organisation (WCO).
- Participation in ICC WCF’s CO intranet platform to reinforce authenticity of COs issued, protecting against false CO documentation.



Indonesia paves the way for ATA System implementation



Ms Lee Ju Song, Director of ICC Asia (5th from right, front row) poses with participants in the two-day workshop and series of meetings held in Jakarta on 1-5 July 2013 to understand the technical intricacies of the ATA System operation.

As part of Indonesia's move towards globalization, Indonesian Customs, jointly with ICC Indonesia and the Indonesian Chamber of Commerce and Industry, is preparing the implementation of the ATA System in Indonesia.

They aim to announce Indonesia's ratification of the Convention on the temporary admission of goods (the so-called Istanbul Convention) at the World Trade Organization Ministerial Conference, being held in Bali in December, as well as to implement the ATA Carnet System for the temporary duty and tax-free import and export of goods in Indonesia in early 2014.

Indonesia features among the 10 priority target countries where businessmen from countries already operating the system would like to

be able to use their ATA Carnets. To meet these expectations, Indonesian governmental authorities and business organizations invited Ms Lee Ju Song, Director of ICC Asia, to conduct a two-day workshop and series of meetings in Jakarta on 1-5 July 2013 to understand the technical intricacies of the ATA System operation. They benefited from very practical and technical training, as well as from guidance on steps they should take to finalize their affiliation to the ATA Chain.

The ATA Carnet System – celebrating its 50th anniversary in 2013 – is jointly administered by the World Customs Organization, holding the international conventions on the temporary admission of goods, and the ICC World Chambers Federation (WCF), acting as the administrator of



the ATA International Guarantee Chain. This chain comprises the chambers of commerce and other similar business organizations appointed in their respective countries to guarantee and issue Carnets.

ATA Carnets remove the need for exporters to provide Customs authorities with the otherwise necessary guarantees required for goods to cross borders. In the 73 countries where they are currently accepted, Carnets allow all kinds of goods to be temporarily transported. This usually pertains to professional equipment, commercial samples and material for trade fairs and exhibitions. Some examples of note include: a prototype solar car, World Cup yachts, Giorgio Armani apparel, McLaren Grand Prix cars, Munich Symphony Orchestra instruments, Australian Olympic horses, Harley Davidson motorcycles and equipment for the Bolshoi Ballet, Cirque du Soleil, BBC and CNN.

More than 175,000 ATA Carnets are issued yearly for thousands of customs transactions worth over US\$ 25 billion.

Source: ICC WCF Website ■



TPP and Bangladesh Perspectives

Md. Abdus Sobhan

The TPP, also known as the transpacific strategic economic partnership agreement is a multilateral free trade agreement that aims to further liberalize the economics of the Asia Pacific region. The original agreement between the countries of Singapore, New-Zealand Chile and Brunei was signed on June 03 2005 and entered into force on May 28, 2006. A number of other countries including Australia, Malaysia, Peru, Japan, United States of America, Vietnam, Mexico and Canada are negotiating to join the group. Other countries that have expressed interest on TPP membership are Taiwan, Philippines, Colombia, Costa Rica, Indonesia and Thailand.

The objectives of the original agreement were to eliminate ninety percent of all tariffs between member countries by January 01, 2006 and reduce all trade tariffs to zero by the year 2015. It is a comprehensive agreement covering all the main pillars of a free trade agreement including trade in goods, rules of origin, trade remedies, sanitary & phyto-sanitary measures, technical barriers to trade, trade in services, intellectual property, government procurement and competition policy.

There are some pros and cons on

the Trans-Pacific Partnership (TPP). On the pros side, the TPP may boost exports and economic cooperation, facilitate good businesses practices, expand financial and services industry to operate overseas improve foreign business environment, reduce tariffs and non tariffs barriers, prop up global growth, reduce risk, curb the inflation and interest rate, decline the poverty, lower barriers to trade and investment, generate good quality of jobs, protect working rights and the environment, create more goods available for consumers and building regional production, increase per capita income and business standard and promote development. On the other hand, the TPP may create trade deficits results in exploitations of labor forces, affects domestic products, ease import restrictions, create an impact on intellectual property right protection, patent right and copy right system and also affect the farm sector. The TPP needs sometimes transparency and public inputs.

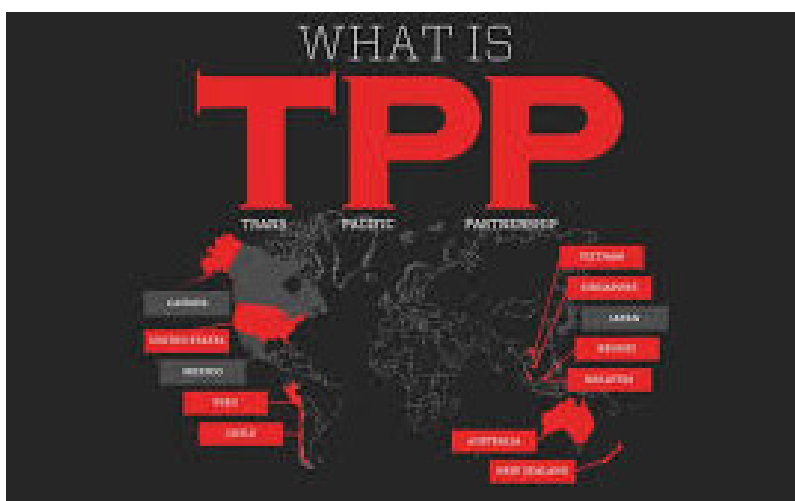
The key interest and benefits may be gained by the implementing member countries of TPP that the TPP has the potential to form a building block for Asia Pacific regional economic integration. Regional rules of origin



will provide new opportunities for concern member country exporters to tap into global supply chain. The TPP could provide additional market access for goods and services in to the markets of existing FTA future TPP partners. Inclusion of investment and financial services chapters in the TPP could provide improved opportunities for member countries financial services providers by mitigating barriers such as foreign restrictions on capital and investment flows. The TPP provides a framework for engaging with countries with which we do not have an existing bilateral trade agreement. For example, there is potential for better access for dairy products and mining services of Australia to Peru through TPP.

The Confederation of Asia-Pacific Chambers of Commerce and Industry's secretariat has recently sought the views of CACCI members on the TPP. Among the member's responses, Mr. Ho Meng Kit - chief executive offices of the Singapore Business Federation (SBF) said, "The attractiveness of the TPP is the high standard of the agreement that will better meet the needs of business in the 21st century. This agreement should contain provisions for companies using Singapore as part of their regional production network to benefit from the TPP through more simple, streamlined and favorable rules. The TPP should also have provisions which will encourage our SME to invest and trade internationally". "We hope that this high standard TPP will set a new global standard for global trade for Singapore's other bilateral and regional FTA's and be institutionalized at the

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TPP and Bangladesh

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WTO. The TPP is not a replacement but complement the important work done in the Doha development agenda at WTO."

In a news article that appeared in the November 15, 2011 issue of the Australian Financial review, Mr. Peter Anderson, chief executive of the Australian Chamber of Commerce & Industry was quoted as saying that "the TPP was a welcome and positive development for a trading nation like Australia. The TPP offers Australia a good opportunity to maximize the country's economic advantage in one of the fastest growing region of the world," he said. Mr. Anderson said that concluding a deal would be difficult but that did not mean a deal should not be pursued particularly amid the difficulties with the Doha Round of global trade talks. He said that the TPP had the potential to be a boon for services trade which now accounted for 21 percent of Australian exports and was out stripping Australian goods exports.

Mr. Suresh Shah, vice chairman of Ceylon chamber of commerce, a chamber leader of Sri Lanka concurrently vice president of CACCI noted that "In principal, multilateral free trade agreements should be encouraged since they provide businesses larger markets within which to operate thus helping economics to grow. Similarly, the TPP should also be encouraged. However, I doubt that TPP will replace the Doha Development Agenda."

US Ambassador in Dhaka Dan W. Mozena expressed the hope on Saturday, 31st August, 2013 that Bangladesh will seek to join free trade block - Trans Pacific Partnership (TPP) - saying it would boost to Bangladesh exports. "I believe joining TPP would

promote Bangladesh as a huge player in the global market – pharmaceuticals, finished leathers, jute and many other items. Bangladesh would be able to take full advantages using demographical dividend as millions of young Bangladeshi's entering into their productive years." He hoped that the Government of Bangladesh, business bodies and the civil society would rigorously explore possibility joining with the TPP. "It will help Bangladesh become a middle income country. The signing countries with Bangladesh partnership is at its all time high. The relationship & partnership among the countries will be deeper, broader and stronger,"

Bangladesh is such a well located country where there are so many competitive and comparative advantages than the other countries particularly in young forces, RMG dominating player

and other emerging sectors.

If Bangladesh joins this TPP group at this moment, she will get more benefit than the other members of TPP to boost export and would become a mid income countries and leave the status of least developing countries. Now the biggest concern is going to be slow growth and there has been some slow down in almost all developing countries & we need to discuss sources of long term growth, for sustaining long term growth which is more essential for Bangladesh as becoming an emerging tiger need to join the TPP without any delay. The sooner, the better if we move forward despite some difficulties we could achieve our desired developing goals by joining this type of prestigious TPP group.

The writer is a banker & may be reached at sobhan_bd2003@yahoo.com



ABOUT CACCI

The Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) is a regional grouping of apex national chambers of commerce and industry, business associations and business enterprises in Asia and the Western Pacific.

It is a non-governmental organization serving as a forum for promoting the vital role of businessmen in the region, increasing regional business interaction, and enhancing regional economic growth. Since its establishment in 1966, CACCI has grown into a network of national chambers of commerce with a total now of 29 Primary Members from 27 Asian countries. It cuts across national boundaries to link businessmen and promote economic growth throughout the Asia-Pacific region. CACCI is a non-governmental organization (NGO) granted consultative status, Roster category, under the United Nations. It is a member of the Conference on NGOs (CoNGO), an association of NGOs with UN consultative status.

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