

Global Production: measuring trade flows

Michael Wei

CTPECC

Co-coordinator of TPF Task Force

Global Production: measuring trade flows

- Issues of rules of origin and problems with having different sets of origin rules
- Difficulties in administering the origin rules
- MCRO a feasible solution? What problems?

Globalisation

- Production moving from a bilateral arrangement to multi trading arrangements
- Tariff Schedule still views trade as between two countries
- Current ROO no longer a good indicator

ROO: Non-controversial, neutral device

- Implementing country-specific or trade area-specific preferences or restriction to the imported good
- Compilation of statistics on trade flows

Difficulties in applying ROO

- Multi-stages, parts produced in different places increase complexity in applying ROO
- Falsifying import documents : the issuance of certificate of origin and customs declaration

Results

- Impact on trade administration
- Accuracy of trade Statistics

The Challenges

- Current accounting systems used to track the flow of goods do not fully account for multi-country manufacturing and assembly
- E-Commerce: new ambiguity (some products are services)
- Ensuring accountability, traceability and security following events of Sept 11 – complicate logistics and slow transactions and more costs
- How do we effectively monitor trade flows while improve necessary trade facilitation

Identification of Trade Flows

- HS product nomenclature: Which Product?
- ROO: Which Origin?

ROO: substantial transformation

- Change of tariff line
- Economic approach: local contents, value-added, etc.
- Technical approach: key manufacturing process

MCRO: a redtape ?

- Government need to change its Tariff Schedule to accurately reflect the components of a product
- Forms and information needed to collect the data to relect the components

How to find the Balance

- The needs of government
- The movement of goods on a timely basis

HS product nomenclature

- Alignment of product nomenclature in HS 6 digit, 8 digit
- Trade interests pressures

Worldwide Free Trade

- Reduce the red tape
- Make the rules simpler, less confusing
- Eliminate the complex regional value requirements
- Standardize and share electronic export and import data

Suggested Solutions

- Regional cooperation towards global initiatives
- Tariff classification harmonisation\
- Harmonize the classifications of imports and exports
- MCRO for complex products at APEC level

Suggested Solutions

- MCRO based upon pro rata allocation of the products' value above a certain de minimis level – not shift into value problem
- Common rules on issuance of certificate of origin
- Combat other customs frauds – int'l cooperation

Suggested Solutions

- A regionally-based harmonized trade statistics monitoring system to enhance the uniform, accurate tracking and reporting of trade flows
- Paperless trading: government-to-government information exchanges

Suggested Solutions: trade facilitation issues

- Better product traceability for increased surveillance
- Risk management

Infancy ideas for encouraging
“Brain Storming”

Thank you!

