

# Trade Facilitation & Capacity Building in APEC: State of Play and Avenues for Progress

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# Overview

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- Background on Trade Facilitation in APEC
- Looking Back: Key Questions
- APEC's Past Involvement in Trade Facilitation
  - Capacity Building & Facilitation: Two-track evolution
  - APEC's Trade Facilitation Projects, 1993-2001
- Moving Forward
  - Key Questions
  - From Collective Actions to Projects
  - Trade Facilitation within the development context
  - Transaction Cost approach: 5 percent/5 year target

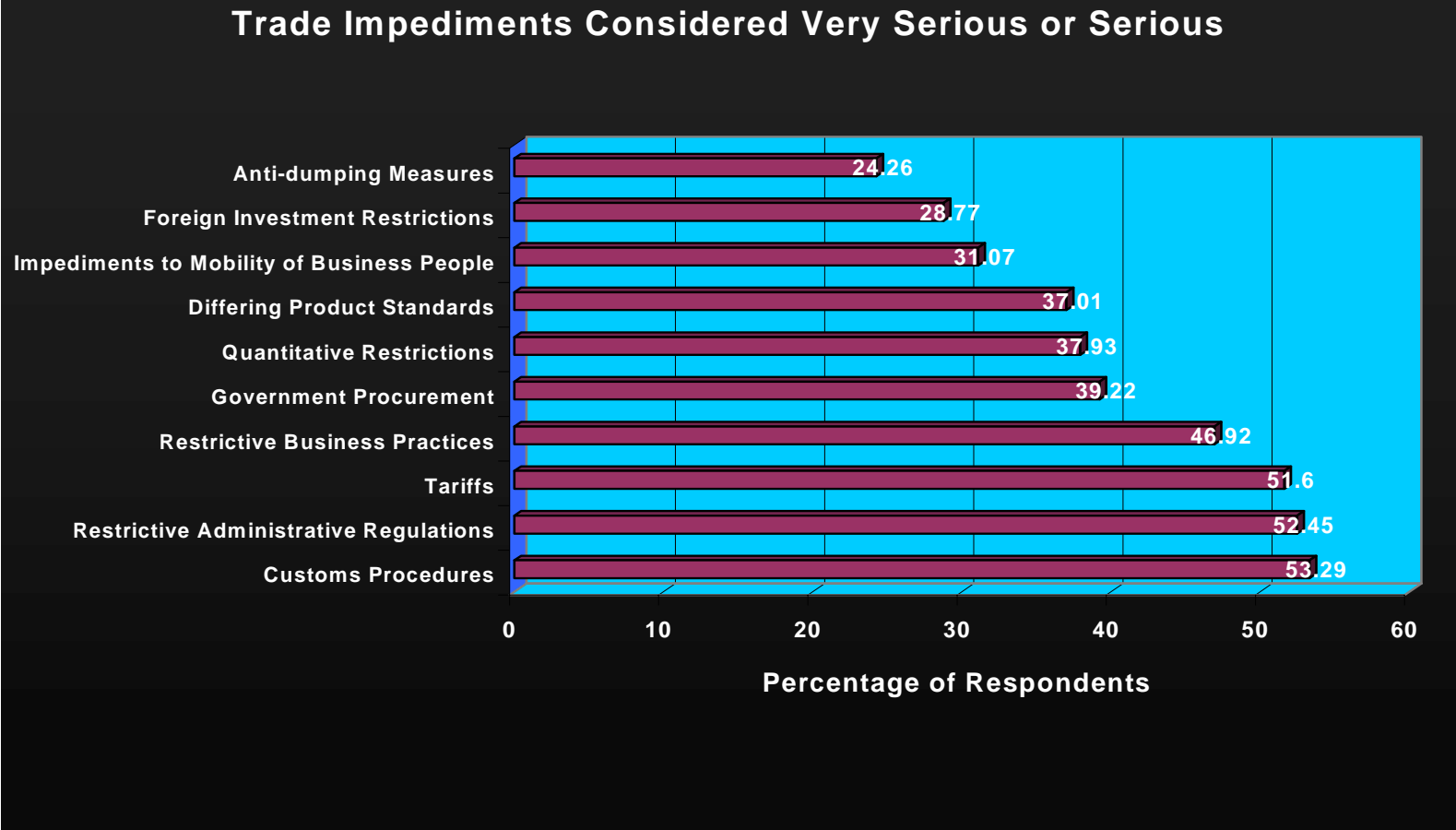


# Background on Trade Facilitation in APEC

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- Important part of APEC since birth of the regional forum
- All APEC Leaders' statements and declarations emphasized importance of trade facilitation
- From Declarations to Collective Actions: Osaka (1995)
- Implementing Collective Actions
- Shanghai Leaders Declaration: The 5 percent/5 year target on reducing transaction costs

# Overview of Trade Impediments





# Customs Issues Overview

## **“SERIOUS GREATER THAN NOT SERIOUS”**

**LACK OF INFORMATION ON CUSTOMS LAWS,  
REGULATIONS, ADMINISTRATIVE GUIDELINES AND  
RULINGS**

**CUSTOMS REGULATIONS TOO COMPLEX**

**CUSTOMS AUTHORITIES FAILING TO PROTECT  
INTELLECTUAL PROPERTY RIGHTS AT BORDER**

## **“NOT SERIOUS GREATER THAN SERIOUS”**

**PROBLEMS ASSOCIATED WITH CLASSIFICATION OF GOODS**

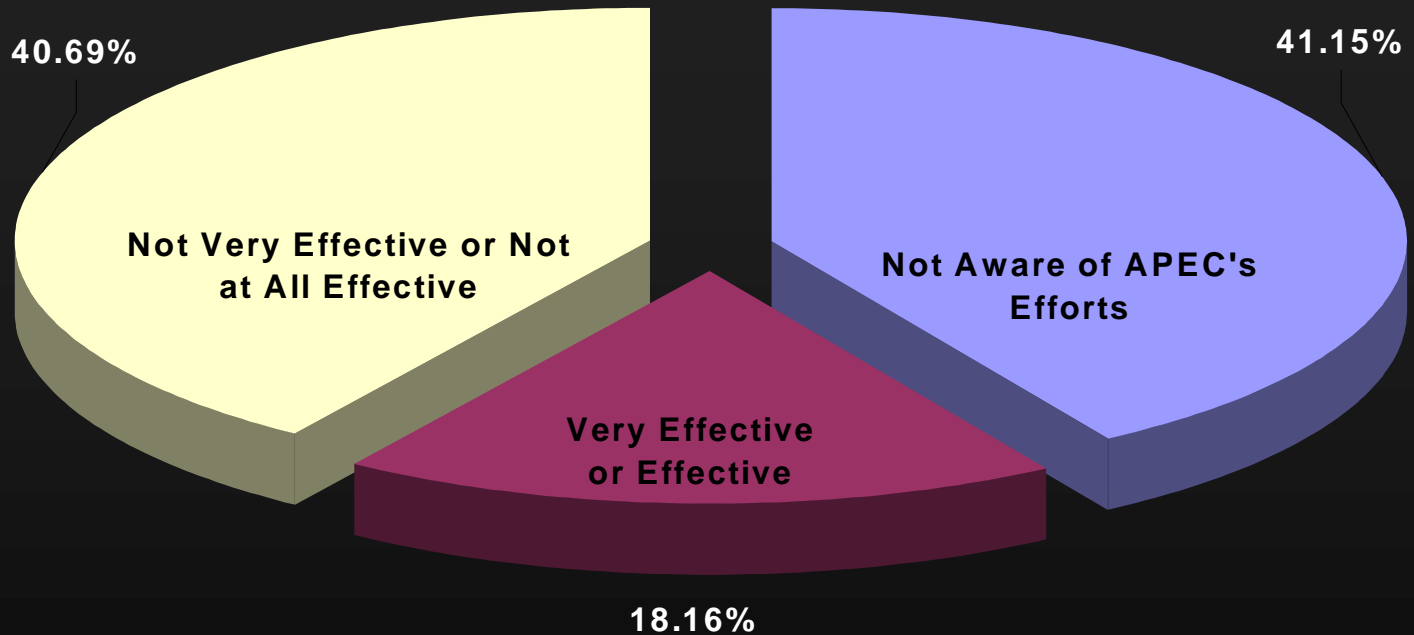
**CUSTOMS PROCEDURES NOT HARMONIZED WITH THOSE OF  
PARTNER COUNTRIES**

**PROBLEMS ASSOCIATED WITH VALUATION OF GOODS**

**PROBLEMS WITH MECHANISM FOR APPEALING CUSTOMS  
DECISIONS**

**PROBLEMS WITH TEMPORARY IMPORTATION OF GOODS**

# Customs Issues



**Effectiveness of APEC's Efforts to Streamline  
Customs Procedures**



## Looking Back: Key Questions

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- What were the broad facilitation objectives and how have these evolved?
- Under which fora and sub-fora are facilitation activities being mounted?
- What were the approaches to APEC facilitation activities?
- What are the linkages between facilitation areas in APEC?
- What are the linkages between facilitation activities and Ecotech Agenda?



# APEC's Past Involvement in Trade Facilitation

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- Facilitation Agenda has evolved independently from Capacity building Agenda
  - Emphasis, perhaps an over-emphasis, on policy actions without a clear mechanism to implement policies
  - Ecotech Agenda of Manila Declaration set independently from TILF agenda





# APEC's Past Involvement in Trade Facilitation

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- Last two APEC Leaders meetings have highlighted this two-track evolution
  - Bander Seri Begawan Declaration enshrines principles of coordination with development programs and collaboration on TILF issues with programs of multilateral institutions
  - Paragraph 12 of the Shanghai Declaration underscores need for TILF and Ecotech activities to be mutually reinforcing



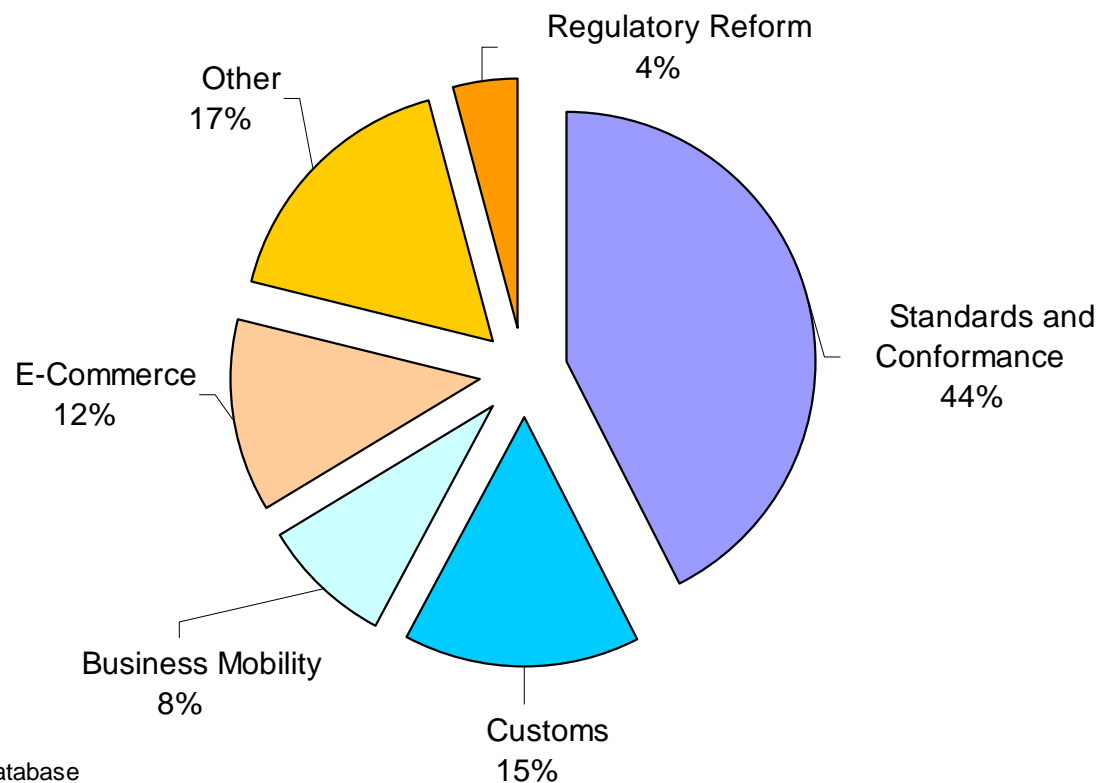
# APEC's Trade Facilitation Projects 1993-2001

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- APEC's on-line Project Database has rich inventory of project activity mounted by APEC fora
- Allowed searches based on project budgets, implementing APEC forum, type of funding available, Ecotech initiative and theme from which the project emerged.
  - No criteria for evaluating projects
  - No criteria for placing projects within facilitation areas such as "standards and conformance", "customs", "regulatory reform", etc.
- Methodology: Initial Key-word search; Downloading *all* projects available on database; and cross-referencing with key-word search

# APEC's Trade Facilitation Projects 1993-2001

**APEC Trade Facilitation Activity by Category, % of Budgets**



Source: APEC Project Database

# APEC's Trade Facilitation Projects 1993-2001

## APEC Fora & Sub-Fora breakdown of Facilitation Projects, % of Project Funding

	Standards & Conformance (1)	Customs (2)	Business Mobility (3)	E-commerce (4)	Regulatory Reform (5)	Other (6)	Total (7)
Agri. Tech. Coop. Exp. Gr.	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%
Energy Working Gr.	4.3%	0.0%	0.0%	6.0%	14.0%	1.2%	3.4%
Finance Working Gr.	0.0%	0.0%	0.0%	0.0%	0.0%	4.8%	0.8%
Fisheries Working Gr.	4.8%	0.0%	0.0%	2.3%	0.0%	0.0%	2.3%
HRD Working Gr.	12.0%	0.0%	20.3%	1.6%	0.0%	3.3%	7.6%
Industrial S&T Working Gr.	16.5%	0.0%	60.6%	1.4%	4.1%	3.4%	13.1%
MRC Working Gr.	20.2%	0.0%	0.0%	0.0%	0.0%	0.0%	8.6%
Policy Group on SMEs	0.0%	0.0%	0.0%	7.9%	0.0%	32.0%	6.4%
Telecom. Working Gr.	5.0%	0.0%	0.0%	22.7%	5.6%	1.5%	5.4%
Transportation Working Gr.	2.5%	20.2%	2.8%	0.0%	28.2%	12.0%	7.6%
Tourism Working Gr.	0.0%	0.0%	2.0%	3.7%	0.0%	1.9%	1.0%
CTI	27.4%	79.8%	14.3%	46.2%	48.1%	24.0%	36.9%
Other	5.5%	0.0%	0.0%	8.2%	0.0%	15.8%	6.1%

Source: Calculations from APEC Project Database

# APEC's Trade Facilitation Projects 1993-2001

## APEC Approaches to Trade Facilitation, Number of Projects

	Standards & Conformance (1)	Customs (2)	Business Mobility (3)	E-commerce (4)	Reg. Reform (5)	Other (6)	Total (7)	Total % (8)
Surveys, Studies, Reports, Needs Analysis	21	8	9	6	10	12	66	27%
Databases/Software	6	2	1	2	0	1	12	5%
Seminars/Conferences/ Workshops	32	2	2	6	5	7	54	22%
Guides/Best Practices Manuals/Blueprints	2	2	2	1	0	0	7	3%
Technical Assistance, Training, Study/Expert Visits	20	28	6	5	3	14	76	31%
Cross-Cutting*	14	0	0	2	0	3	19	8%
Information Not Discernable	2	0	0	0	1	0	3	1%
Administration**	3	2	0	0	1	0	6	2%
Total	100	44	20	22	20	37	243	100%

Source: APEC Project Database. \*Cross-Cutting approaches use multiple approaches to deliver projects. \*\*Administration refers to funding for travel of consultants or developing member participants, publication costs and other such administrative matters.



# APEC's Trade Facilitation Project 1993-2001

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## ■ Conclusions

- 37% of APEC projects are in Facilitation areas
- Facilitation projects distributed widely within APEC
  - Working Groups and Experts groups account for 57% of project budgets;
  - CTI accounts for 37% of project budgets;
  - Standards and Conformance related projects widely distributed
  - Customs projects focussed in CTI, Transportation WG
- 44% of facilitation projects received TILF or Operational Funding *only*
  - 80% of customs projects got TILF funding
  - Sharp contrast with other Facilitation areas

} Is there a  
Link to CAP  
Goals?



# Moving Forward

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- Key Questions:
  - What are the institutional obstacles to a more integrated approach to trade facilitation?
  - To what extent are APEC activities grounded in Development Plans of developing Member countries?
  - How can APEC leverage its technical assistance to gain greater support of bilateral donors for trade facilitation
  - Does the Transaction Cost approach provide new avenues on evaluating project outcomes?



# Moving Forward: Institutional Obstacles

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- From CAPs to Projects and Beyond

- Projects driven by CAP goals
- Good mapping between specific CAP goals and technical assistance (example Customs)
- General CAP goals resulted in more general Seminars/Conferences rather than Technical Assistance
- In conducting their activities APEC fora operated in isolation

## Recommendation:

- CAP goals may need to be revised to make them specific and link these to Technical Assistance initiatives
- Stand-alone committee/subcommittee to ensure that facilitation activities are coordinated





# Moving Forward: Facilitation in the Development Context

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- Bander Seri Begawan Declaration
- Large Technical Assistance/Capacity Building projects undertaken by multilateral/bilateral institutions
  - Need to mainstream APEC work into development plans
    - Ensuring Facilitation receives attention at national level
- Advantages:
  - APEC efforts remain focussed on priorities of developing countries
  - Capacity-building efforts are coordinated with multilateral/bilateral institutions
  - Avenue of influencing policy-making on trade facilitation *as it evolves* in developing countries

## Recommendation:

- Further study of development plans (relative importance of facilitation) + Coordination with multilateral institutions.
- Development Cooperation Ministerial?

# Moving Forward: 5 percent/5 year Shanghai Goal

- Significant reduction in “transaction costs” of 5 percent over 5 years.
- OECD Work on trade facilitation outlines “traditional” costs
- Little Information on translating these to monetary costs; Information that is available is not recent.
- What are the “transaction costs” associated in S&C, Business Mobility, Regulatory Reform, etc.?

## Recommendation:

- Detailed study of defining transaction costs: Sector specific (eg., Food trade); Product Specific (eg., canned fish)
- Placing transaction costs faced by businesses in priority sectors for each economy into IAPs.