

#### 15<sup>th</sup> PECC General Meeting

**Brunei Darussalam** 



#### **Focus Workshop on Trade**

September 1, 2003 Room J-3 International Convention Centre

#### **Trade Facilitation and Security**

Hidehiro Okayama

Japan Chamber of Commerce & Industry

#### Pacific Economic Cooperation Council





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September 1, 2003 Hidehiro Okayama Japan Chamber of Commerce & Industry



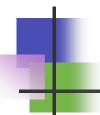
### Cargoes by sea (1)

- From receipt of order to loading of ship
  - Qualitative and quantitative export inspection
  - Packing
  - Vanning
  - Land transport to bond area
  - Export customs
  - Other costs (port fees, documentation, etc.)



### Cargoes by sea (2)

- Maritime shipping costs
  - Freight
  - Container terminal handling charge at origin
  - Container terminal handling charge at destination
  - Maritime insurance
  - Other



### Cargoes by sea (3)

- Domestic land transport costs
  - Pickup from container yard
  - Unloading in bonded warehouse, devanning
  - Non-customs inspection
  - Import customs inspection, import declaration
  - After loading by domestic carrier, land transport to factory, distribution center, store
  - Other (port fees, documentation, etc.)



### Cargoes by air (1)

- From receipt of order to loading of aircraft
  - Qualitative and quantitative export inspection
  - Packing
  - Cargo booking fee
  - Export customs
  - Use of air cargo customs shed
  - Cargo handling
  - Issuing shipping order
  - Other costs until loading



#### Cargoes by air (2)

- Air shipping costs
- Domestic land transport costs
  - Pickup from airline, unloading in customs shed
  - Non-customs inspection
  - Import customs inspection, import declaration
  - Delivery
  - Other

(Source: METI, Japan)

### Potential for Cost Reduction

The estimated ratio of total freight costs to import goods value

- World total: 6.21%
- Developed market-economy countries: 5.21%
- Developing countries total: 8.83% of which:

America: 8.58%

Asia: 8.51%

Oceania: 11.94%

Source: UNCTAD (Based on data supplied by the IMF)

## Shanghai Accord

Principles on Trade Facilitation

Realize a significant reduction in transaction costs by endeavoring to reduce them by 5% across the APEC region over the next 5 years



#### Statement on Counter-Terrorism

#### **Enhance Counter-Terrorism Cooperation**

Strengthening of APEC activities in the area of critical sector protection, including telecommunication, transportation, health, and energy



Trade facilitation generally refers to the simplification, harmonization, use of new technologies, and other measures to address procedural and administrative impediments to trade (APEC Principles on Trade Facilitation)

### OECD Report

New maritime security measures will cost the global shipping industry at least \$1.3 billion to implement and will increase subsequent annual operating costs by \$730 million.



### Impact of 24-Hour Rule

- Shipping companies require shippers and forwarding agents to submit cargo data 72 hours prior to loading
- Members of the Trans-Pacific Stabilization
   Agreement (TSA) require shippers to pay \$25 in an advance submission surcharge per B/L

OECD estimates approx. \$281.7 million (\$25.00 X 11,268,000 TEUs)



#### Proposed Advance Electronic Presentation of Cargo Information

- Requires advance presentation of cargo information
- Cargo that is either brought into or sent from the US
- Any mode of commercial transportation (sea, air, truck or rail)
- By way of electronic data exchange system

### Proposed Requirements Inbound

Sea	24 hours prior to loading at foreign port
Air	4 hours prior to arrival
Truck	0.5 or 1 hour prior to arrival
Rail	2 hours prior to arrival

### Proposed Requirements Outbound

Sea	24 hours prior to departure
Air	2 hours prior to departure
Truck	1 hour prior to border crossing
Rail	4 hours prior to attachment of engine



- Develop a single-window system
  - Complete review of current procedures
- Develop and adopt advanced risk management methodology
  - Concept of "authorized operator"
- Publicize updated trade-related procedures, laws, and regulations



## Benefit of a Single-Window System Costs and Time Required for Imports

Japan (manual)

Port entrance \490 / 14 hrs

CY: unloading \180 / 3 min

Procedures other than customs

\9,800 / 2 hrs 20 min

\14,350 / 6 hrs 20 min

\1,750 / 30 min

\26,570 / 23 hrs 13 min

Customs

CY: loading

**Total** 



# Benefit of a Single-Window System Costs and Time Required for Imports

Singapore (electronic)

Port entrance

CY: unloading

Customs

CY: loading

Total

\18 / 1 hr 58 min

\143 / 5 min

\1,715 / 1 hr 25 min

\720 / 1 hr 25 min

\2,596 / 4 hrs 38 min

(Source: JETRO)

### Airport Security Charges

- Canada CAD24.00 (USD17.04)
- Hong Kong HKD13.00 (USD1.69)
- Singapore SGD6.00 (USD3.42)
- USA USD2.50

(Exchange rate: August 27, 2003)



- Develop a unified immigration control system
- Develop risk-based standards to screen travelers



### Thank you



