



15th PECC General Meeting
Brunei Darussalam



Focus Workshop on Trade

September 1, 2003
Room J-3
International Convention Centre

Trade Facilitation and Security

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Transaction Costs

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.)

Transaction Costs

Cargoes by sea (2)

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


Transaction Costs

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.)


Transaction Costs

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

Transaction Costs

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

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

Recommendations

Movement of Goods

- 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
■ Customs	\14,350 / 6 hrs 20 min
■ CY: loading	\1,750 / 30 min
Total	\26,570 / 23 hrs 13 min



Benefit of a Single-Window System

Costs and Time Required for Imports

■ Singapore (electronic)	
■ Port entrance	\18 / 1 hr 58 min
■ CY: unloading	\143 / 5 min
■ Customs	\1,715 / 1 hr 25 min
■ CY: loading	\720 / 1 hr 25 min
Total	\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)

Recommendations

Movement of Businesspeople

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

Thank you

