

ICC Trade and Investment Knowledge Centre

Commission on Customs and Trade Facilitation

MEETING MINUTES

Tuesday 29 October 2019 – Wednesday 30 October 2019

Sheraton Saigon Hotel, Ho Chi Minh City, Vietnam

DAY 1 – Tuesday 29 October 2019 | 09:30 – 17:30

1) Opening session

- a. Welcome remarks and opening of the meeting
 - Norm Schenk, Chair, ICC Commission on Customs and Trade Facilitation
- b. Approval of last meeting's summary record (06-07 November 2018, Paris, France)

2) Implementation of the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA)

- a. Update on TFA implementation
 - Guest speaker: Mr. Aimé Murigande, Representative, (WTO)
 - b. Update on Global Alliance for Trade Facilitation
 - Valerie Picard, Deputy Director, Global Alliance for Trade Facilitation, ICC
- a) Status of ratification and implementation - TFA
- 146 ratification – nearly 90%
 - Category A - 118, Category B - 96, Category C – 86
 - Article 9 Movement of goods – highest implementation rate
 - Article 8 Border agency – least implementation rate
- b) Update on Global Alliance for Trade Facilitation
- Host organisations – CIPE, ICC, world Economic Forum
 - Supported by - USAID, Australian Government – look at slide for more
 - Private sector engagement – over 400 companies and business associations engaged in the project or global-level work from January 2018 through June 2019; 2 official multinational business partners bringing knowledge and expertise; since Jan 2018 leverage USD 715K of business expertise and resources in-kind to support work. (look at slide for more statistics)
 - Vietnam project – launched September 2017 -- introducing a modern customs bond system for the conditional release of goods, strengthening Vietnam as a regional manufacturing powerhouse.

3) World Customs Organization (WCO) update

Update and exchange of views on latest developments of ICC-WCO strategic work

4) Special Customs Zones (SCZs)/Free Trade Zones (FTZs)

- a. ICC-WCO Joint Survey
 - b. WCO Research Paper and Draft Guidance on Special Customs Zones
 - c. Review of ICC Special Project Business Action to Stop Counterfeiting and Piracy's (BASCAP) paper [Controlling the Zone](#) (2012)
- Complication of preferential and non-preferential origins
 - Vehicles finished in Sweden are actually Chinese – direction of trouble are authorities are ruling on trading rather than actual facts.
 - Wrong origin declarations – \$68 million case

5) Revised Kyoto Convention (RKC)

Update on WCO Revised Kyoto Convention Working Group and next steps ICC engagement

6) E-commerce

- a. Update on ICC's involvement in the WCO working group on e-commerce and next steps
- b. Update on ICC's engagement in the WTO discussions on e-commerce and next steps

- Definition – tangible goods
- Outcome – ‘the enemy of good is perfect’ WCO website for details
- WCO – focus on e-commerce tangible goods; WTO – focused on digital things that you cannot see or hold in your hands
- WCO – areas of roles and responsibilities still need a fair amount of work in terms of definition used.
- Australia vendor module – Amazon and Alibaba -the Australian government was highly scrutinized.
- Express carriers – do not have point of sale confirmation as opposed to Alibaba.
- WTO – upcoming papers will be launched on E-payments.

7) Authorized Economic Operators (AEOs)

- a. Update on recent developments at the WCO and next steps for ICC engagement
 - Norm Schenk, Chair, ICC Commission on Customs and Trade Facilitation
 - Valerie Picard, Deputy Director, Global Alliance for Trade Facilitation, ICC

8) Customs valuation

- a. Updates on developments in Vietnam, Customs Post – Clearance Audits
Guest Speaker: Tran Manh Cuong, Deputy Director, General Department of Vietnam Customs (GDVC) (in Vietnamese)
- b. Update on work of the ICC delegation at the WCO Technical Committee on Customs Valuation (TCCV) 48th Session.
Update led by Jean-Marie Salva, Vice-Chair, ICC Commission on Customs and Trade Facilitation

9) Incoterms 2020 and its impact on Customs

Update on the launch of Incoterms 2020 and the Customs impact

- Revised on regular basis to be in line with commercial practice. Incoterms rules:
 - 1) Obligations allocation
 - 2) Costs allocation
 - 3) Risks allocation
- All risk coverage for CIP - minimum coverage for CIF
- Preparation of the 2020 version of Incoterms rules
- Main Innovations of Incoterms 2020
- What propositions have not remained
- Incoterms rules 2020 Multimodal

10) Developments in transport and logistics

Update led by Oliver Peltzer, Vice-Chair, ICC Commission on Customs and Trade

- a. Supply chain connectivity and blockchain
 - Guest Speaker: Feng Huang, Asia-Pacific Model E-Port Network (APMEN)

- APMEN
- Terms of reference of APMEN; overreaching goals – promoting trade facilitation and supply chain connectivity
- APMEN members - 1-stop (Australia), NSW Ports (Australia), Intercommerce (Philippines)
- APMEN Empirical studies on implementation measure for SCFAP II and supply chain integration 4.0
- Import and export common events defined with GS1 standard
- Visualization of sea freight logistics project scope
- Digitalization of Air Freight Logistics

DAY 2 – Wednesday 30 October 2019 | 09:30-12:30

11) Welcome and ICC strategic overview

Update on the implementation of the new ICC work programme

12) WCO Harmonized System Committee (HSC)

- a. Update on 64th HSC Session
 - Update led by Jeff Bensing, Senior Advisor, USCIB
- b. Update on the WCO HS Strategic Review

Update on the 64th session of the HSC

- Report by the secretariat.
 - Re-examination of the 'classification of a tobacco product called EHTP' – requested by Saudi Arabia.
 - Re-examination of the classification of 'Qudra 440XL Chrome' tap serving instant boiling and shilled filtered water – requested by the Philippines. – some parties thought heating was important and other places they thought cooling was important. However, the most important aspect was seen as the filtering aspect.
 - Re-examination of the classification of an emergency kit for motor vehicle – requested by the Philippines – need to look at the essential character of the product and they looked at GRI 3 c.
- Member economies have 2 months after meeting to file committee objection
 - ICC send report of meeting outcome
 - 158 parties signed HS Convention - harmonised system made up of 5000 6 digit codes
 - Govern how goods are classified in the system
 - For example: how should hybrids be defined? Running watch is an issue - some parties view anything on wrist as a watch VS others view anything with digital capability as not a watch (depending on how much communication and processing is required)
 - HS committee make decisions approved by Policy Commission

Future of the HSC:

- Will need to go to Policy Committee
- Position of ICC? Not most interesting topic - but very important
- Could go directly to secretariat outside of the process
- International Customs Association involved
- Question on advanced rulings? Not sure how it will fit into HS reform

13) Developments in transport and logistics

a. Last mile and urban access

- Guest Speaker: Ruiyuan Lin, General Manager, Contract Logistics Sinotrans (HK) Logistics

- Main business – professional logistics, agency and related business and e-commerce
- Urbanisation in south east Asia – cities are becoming denser in population, Last mile distribution
- E-commerce in south east Asia is still at nascent stage which only less than 5% of total retail sales
- South east Asia e-commerce will be worth USD 88 billion by 2025
- Last mile delivery of goods involved several levels of complexity which include multiple stakeholders
- Each stakeholder has diverging interests and objectives
- Lack of communication results in no common shared priorities and aligned actions
- The complexity often leads to inefficiency sub optimal or even non-productive solutions

Last mile delivery stakeholders:

- Environmental, economic, political - interrelated but each have own objectives - they don't share information
- This complexity often leads to inefficiency sub optimal or even productive solutions
- More Co2 and congestion is being created - south east asia

Impact on Last mile Delivery

- Traffic worsens
- Pollution worsening
- More trucks on the road
- Higher energy consumption

Improvement on Last Mile Delivery

- Looking at reducing impact on urban logistics

Last Mile Strategies

- Urban Consolidation Centre: more efficient delivery of goods
- Off hour night distribution
- Pick up points (locker box) reduce wastage from attempted delivery
- Shared economy - lesser transport vehicles

Discussion on the impact of rising trade tensions and free trade agreements

- Update US/China trade tension
- EU trade was initiated in March 2108, with first effective imposition on July 2018. Few traffic exemptions were granted.
- On Feb 7, 2018: the US implements “global safeguard tariffs”, placing 30% tariffs on all solar panel imports, except for those from Canadian and a 20% tariff on washing machine imports.
- The US implements multiple rounds of china-specific tariffs.
- The US-china Trade War have been a positive for Vietnam.
- As goods produced in China are aimed by US tariffs, many investors are looking for other production sites. Vietnam gain a central position in this new investment relocation.

14) World Chambers Federation (WCF)

- a. ATA Carnet: A private sector perspective
 - Update led by Curt Wilson, President, Boomerang Carnet
 - China/India convention enhancements
- b. Rules of Origin
 - Update led by Martin van der Weide, Advisor, Netherlands Chamber of Commerce

Brexit carnet solution

- Uncertainty in the trade community.
- Brexit carnet – solution for uncertainty.
- E carnet Beta Version Pilot Participants: Belgium, china, Germany, Russia, Switzerland, United Kingdom, United States.

15) Regional ICC update

- a. Regional Action Programme for Sustainable Transport Activity in Asia and the Pacific
 - Guest speaker: Mr. Weimin Ren, Director, Transport Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)
- b. ASEAN Trade Facilitation Framework (ATFF) implementation
 - Guest speaker: Cuong Ba Tran, Assistant Director, Trade Facilitation Division, Association of Southeast Asian Nations (ASEAN)
- c. Discussion on the impact of rising trade tensions and free trade agreements
 - Update led by Jean-Marie Silva, Vice-Chair, ICC Commission on Customs and Trade Facilitation and Ngoc Huong Dang, Partner, DS Avocats
 - US/China Trade tensions. Vietnam improving legal framework to facilitate manufacturing and for countries who want to export to the US (through Vietnam).
- d. Private sector engagement:
 - Discussion on the role of the private sector in customs reforms and trade facilitation in the region

Discussion on the impact of rising trade tensions and free trade agreements

Update US/China trade tension

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16) ICC strategic overview

Update on the implementation of the global ICC work programme

17) ICC Academy

Presentation of ICC Academy (training) and opportunities for future collaboration.

ICC Academy is the globally accredited educational arm of the ICC and a trusted source of information on trade practices, trade finance and many more.

18) Date and location of next meeting

June 2020, Paris, France