

VIETNAM'S EXPERIENCES IN TRADE FACILITATION

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Presentation Outline

- Framework for Trade Facilitation
- Vietnam's trade facilitation experiences
- Lessons learnt

Framework for Trade Facilitation

- No unified definition of trade facilitation
- Trade facilitation is to simplify and standardize procedures and associated information flows required to move goods internationally from seller to buyer and to pass payments in the other direction.
- Mandate: stated in the Annex D July Package 2004: develop a set of multilateral rules on trade facilitation.
- Objectives:
 - Clarify and improve relevant aspects of Articles V (Freedom of transit), Article VIII (fees and formalities for importation and exportation) and Article X (publication and administration of trade regulations) of the GATT 1994 to further expediting the movement, release and clearance of goods, including goods in transit.

Framework for Trade Facilitation

- Take fully into account the principle of special and differential treatment for developing and least-developed countries
- Enhance technical assistance and support for capacity building in this area to help developing and least-developed countries (i) implement the commitments resulting from the negotiations, in accordance with their nature and scope (ii) enable them to fully participate in and benefit from the negotiations

TRADE FACILITATION NEGOTIATIONS – STATE OF THE PLAY

Latest developments:

- Several plenary and intersessional meetings held since the Hong Kong Ministerial Conference
- Members' increasing commitment to the process by submitting new proposals and refining existing ones
- Informal exchanges amongst Members
 - ◆ Individual and collective exchanges conducted regularly
 - ◆ To identify areas of interest/concern and to find possible solutions

Major issues in TF negotiations: Costs & Delay

- Infrastructures for automation
- Rationalization of documents and procedures
- Risks assessments
- Lack of coordination of internal agencies
- Discretionary rules
- Full and additional S&D

Trade Facilitation activities within APEC framework

- TFAP I:
 - Launched in 2001 with the Shanghai Accord, laid out the objective of reducing the transaction costs in the APEC region by 5% by 2006;
 - Undertaken through 3 vehicles: IAP, CAP and Pathfinder Initiatives
 - Each member selected its own Menu of Actions and Measures to facilitate trade in 4 areas: movement of goods, standard and conformance, business mobility and e-commerce.
 - Overall assessment: carried out last year. General result: the set target was within reach. Though in terms of measurement, it's tough to come up with a unified methodology to produce a numeric outcome, APEC members prove to have gained significant achievements

Trade Facilitation activities within APEC framework (cont'd)

- TFAP I:

- Most commonly implemented measures are in the area of customs and standards conformance.
- Unanimously agreed to reduce another 5% transaction costs in the next five years

Trade Facilitation activities within APEC framework (cont'd)

- TFAP II:

- Respond to a call by APEC Leaders at their meeting in Busan 2005 for a further reduction in transaction costs by 5% in the period of 2007-2010
- Under the process of formulation
- Scope is broader: ease of doing business
- More focus on CAPs, rather than confining to the 4 traditional areas in the TFAP I's Menu of Actions and Measures (customs procedures or movement of goods; standard and conformance; business mobility and e-commerce)

Trade Facilitation activities within APEC framework (cont'd)

- TFAP II:
 - Collective activities/ Pathfinder initiatives:
 - Customs Procedures: Single Window Initiative
 - Business Mobility:
 - Standards and Conformance: APEC Food Safety Cooperation Initiative
 - Electronic Commerce: Protecting Data Privacy

Vietnam's experiences in trade facilitation

1. Framework for facilitating movement of goods

- Customs procedures is administered by the General Directorate of Customs Procedures
- Laws and regulations on customs procedures:
 - Customs Law adopted in 2001 and the amended Law passed in 2005 and put into effect from January 1st 2006
 - Implementation guidance documents such as Decrees by the Government and Circulars by Ministry of Finance basically comply with KYOTO Convention and WTO's obligations

Vietnam's experiences in trade facilitation (cont'd)

- Improve the management mechanism of e-clearance
- Standardize the import-export nomenclature to HS system;
- Gradually complete e-clearance to meet the demands of auto fill-in, auto check of specialized management license, auto tax declaration and tax payment;
- Complete and apply risks management system in various stages of customs clearance process.

Vietnam's experience in trade facilitation (cont'd)

- Availability of customs related information: frequently update the website of the General Directorate of Customs Procedures
- Guarantee the transparency of customs laws and regulations
- Specific rights and obligations of customs officers at different positions and adopt the code of ethic for customs officers

2. Vietnam's TFAP Menu of Actions and Measures

- At SOM III, 2003, Vietnam submitted its selected menu of actions and measures, with 96 actions and measures in all four areas
- In the area of movement of goods alone, Vietnam selected 60 measures
- These include measures in the followings:
 - Public availability of information on Customs and other Trade-related Laws and Regulations
 - Appropriate, Transparent and Predictable Trade-related procedures

2. Vietnam's TFAP Menu of Actions and Measures

- Harmonization of Tariff Structure with the HS Convention
- Simplification and Harmonization on the Basis of the Kyoto Convention
- Paperless and/or Automation of Trade-related Procedures
- Adoption of Standard Electronic format and Harmonized data elements
- Adoption of the Principles of the WTO Valuation Agreement
- Clear Appeals Provision
- Risk Management
- Guidelines for Express Consignments Clearance
- Provisions for Temporary Importation, e.g. Acceding to the A.T.A Convention or the Istanbul Convention

3. Cooperation and Capacity Building activities

Vietnam has accelerated its international cooperation in the field of customs by actively participating in organizations such as WCO, APEC.

In APEC alone, Vietnam has been active in participating APEC cooperative arrangements.

Among CAPs, Vietnam is now implementing:

- Phase I:
 - Implement Kyoto Convention
 - Harmonize APEC's trade data

3. Cooperation and Capacity Building activities (cont'd)

- Phase II:
 - Implement HS Convention
 - Enhance public awareness
 - Paperless trading
 - Implement Clear Appeal Provisions
 - Risk management system
 - Custom Integrity
 - Customs – Private Dialogue

3. Cooperation and Capacity Building activities (cont'd)

- Phase III:
 - Implement Valuation Agreement, TRIPS
 - Introduce the Pre-shipment Classification System
 - Introduce Provisions for Temporary Importation (acceding to the A.T.A Convention or Istanbul Convention)
 - Express Consignments Clearance
 - Survey on the Time Release conducted by Japan and New Zealand

3. Cooperation and Capacity Building activities (cont'd)

- In addition, Vietnam has been actively involved in Single Window Scheme
- Implement APEC Framework which is built upon the WCO Framework of Standards to Secure and Facilitate Global Trade
- Notably, the partnership between Vietnam Customs and USTDA, in which Vietnam Customs works closely with Fedex and UPS, the two express firms, has been highlighted as the model for partnerships in facilitating trade (Demonstration project).

3. Cooperation and Capacity Building activities (cont'd)

Demonstration project:

- In 2006, USTDA (US Trade and Development Agency) agreed in 2006 that USTDA provides USD 601,893 for Vietnam Customs to fund partially the costs of services and goods required for the eManifest Pilot Technical Assistance to modernize Vietnam Customs.
- This project aims at assisting Vietnam to implement recommendations approved by the WCO on the improvement of customs-business partnership.
- Accordingly, Vietnam Customs work closely with Fedex Hanoi and UPS Ho Chi Minh City to expedite the customs clearance process applicable with express delivery by air.

4. Achievements

Achievements:

- Menu of Actions and Measures: Recent review has reported that Vietnam has completed 13 measures. 20 measures are in progress and 10 measures categorized pending.
- The reasons for the pending measures, to name a few: develop an APEC Trade Facilitation database over the APEC website, make available importers precedent-based rulings in e-format etc. are outdated, inappropriate with the current context of Vietnam and excluded by APEC.
- Vietnam has been actively participating in the APEC Single Window Initiative within the SCCP
- The simplified customs procedures and more advanced in automation have led to decrease in time release and confidence building in the importers and exporters.

Lessons learnt

1. *Strong internal coordination*

- Strong political will
- Strong commitments of both public and private sectors
- Strong coordination of public and private sectors

2. *Cooperation in technical assistance and capacity building with other member economies*

- Update on needs and priorities for trade facilitation;
- Compilation of the needs and priorities to submit to the WTO;
- Intrusion of needs and priorities in work plan of relevant working groups in APEC

Lessons learnt

- Targeted investments are needed to realize TF benefits
- The enhanced public – private partnership could narrow the gap of expectations by governments and businesses through information sharing, engagement in policy-making process, infrastructure improvement, human resource development and institutional capacity building and outreach activities.
- Close linkage between public and private sectors are key to identifying and addressing urgent needs and priorities of businesses in movement of goods
- Targeted and sustainable capacity building could be mobilize through improving synergy between APEC, ABAC and other international organizations including the OECD, UNCTAD, the World Bank etc.

THANK YOU