

Trade and Investment Facilitation in East Asian Region

Progress and Opportunities

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Trade and Investment facilitation and its benefits to the regional economy as well as individual country have lately been the subject of considerable attention in East Asian countries. Accordingly, many trade and investment facilitation measures have been addressed at multiple levels among East Asian countries.

ASEAN

The Asean approach of trade and investment facilitation (TIF) is based on various frameworks of declarations and agreements that aim at creating a single market. Asean's TIF have been focused on the simplification, harmonization and integration of custom procedures and structures with the view to reducing the delays and costs of customs clearance. Significant progress has been made with regard to customs procedures. Asean has adopted "Asean Customs Valuation Implementation Code" which was developed on the basis of WTO Agreement on Customs Valuation. In addition most Asean countries have implemented the "Asean Harmonised Tariff Nomenclature" (AHTN) and procedures for Post Clearance Audit (PCA).

Asean has also harmonized a number of the differing technical standards and developed product specific mutual recognition standards in conformity assessment so that product related standards and regulations are no longer technical barriers to trade. In addition many activities are being undertaken to ensure that standards, technical regulations and conformity assessment procedures operating in member countries are transparent and accessible to all parties concerned.

In respect of investment facilitation member states are undertaking appropriate measures to achieve a more liberal and transparent investment environment to facilitate the desired flow on investments. Some of these specific measures are intended to progressively reduce regulations and conditions which may impede investment flows and the operation of investment projects in Asean. To ensure transparency, Asean member countries have agreed to make available through publications or through other means, all relevant measures, laws regulations and administrative guidelines pertaining to investment operations.

ASEAN +3 LEVEL

At the Asean +3 level, a number of TIF measures are being addressed in “Asean Plus Three Cooperation Work Plan 2007-2017”. Besides, all the concluded FTA’s in East Asia including both bilateral and regional Asean +1 FTA’s, also contain provisions relating to trade and investment facilitation. They pertain to customs procedures and standards and conformance aiming at the simplification and harmonization of all relevant

procedures and regulations as well as provisions on paperless trade, e-commerce and movement of natural persons.

APEC

Trade and Investment Facilitation is an important pillar of economic cooperation in APEC. APEC's work in this area has centred on identifying barriers to trade and investment and encouraging members to collectively commit to reduce or eliminate these barriers on a voluntary basis.

Specifically, APEC has set a quantitative goal of reducing transaction costs and proposed a series of actions and measures aimed at achieving a reduction in transaction costs across the region in the form of Trade Facilitation Action Plan (TFAP) I and II. The APEC leaders agreed to reduce cross border transaction costs by 5 percent between 2002-2006. Now the Leaders have called for a further reduction of the costs by 5 percent by 2010.

Actions and measures implemented are centred on priority areas such customs procedures, standards and conformance, business mobility and e-commerce. To date APEC members are reported to have completed about 62 percent of the 1,400 actions and measures. Some of the outcomes achieved include:

Customs Procedures

- Information is now increasingly made available on websites, including posting of on-line border services;

- Introduction of electronic / paperless systems in one form or another by member economies, including the payment of duties, customs and trade related document processing.

Standards and Conformance

- Increased alignment by member economies of national standards with international standards in areas including electrical and electronic appliances, food labeling, machinery and safety of information technology equipment.

Business Mobility

- At the conclusion of TFAP I, 17 Member economies are participating in the APEC Business Travel Card Scheme
- Some economies are reported to have extended visa exemptions to partners as well as extending visa exemptions.

E-Commerce

- Implementation of a work programme to reduce trade transaction-related paper documentation, including documentation on customs clearance and financial settlement.

APEC's work on Investment facilitation is focused on :

- progressively working towards reducing impediments including those investments related to e-commerce
- undertaking business facilitation to strengthen APEC economies
- initiating investment promotion and facilitation activities to enhance investment flows within APEC economies.

A Investment Facilitation Action Plan is also being developed to improve the Investment climate in the region. Emphasis is being placed on three areas :

- the further development of rules and regulations;
- business facilitation;
- capacity building to narrow economic gaps to enable developing economies to benefit from investment liberalization and facilitation.

Opportunities

The goal of trade and investment facilitation must be to strengthen trade and investment integration in the East Asian region. Although there exist various TIF measures and activities in the region, they have remained less binding, general and aspirational. Besides they are dispersed and not regionally coordinated and often overlap each other.

Thus, there is an opportunity to work towards consolidation of the TIF on a region wide basis. It is both desirable and feasible to develop East Asia Trade and Investment Facilitation Plan that can be regionally coordinated and implemented within a specific time frame. Priority should be given to those areas that can have a positive impact and enhance inter-regional trade and investment flows.

Work could focus on the following areas :

Customs Procedures

- Simplify customs laws, regulations and procedures by aligning them with International standards and develop harmonized procedures, forms, and formats between all East Asian Countries.
- Improve transparency of customs laws, regulations, procedures and forms through appropriate publications in English. Reduce customs control at the frontiers through the development of post clearance, post release control regime etc.

Inspection and Quarantine Measures

- Introduce and align quarantine and inspection laws, regulations and procedures in each country with commonly agreed standards and develop a harmonised approach.
- Enhance the transparency of technical standards, inspection and quarantine laws, regulations, procedures and format.
- Enhance cooperation and exchange of conformation in the areas of SPS/Technical regulation, standards and Conformity Assessment Procedures among East Asian countries.

Trade Logistics

- Improve and develop facilities to support the development of an efficient and integrated regional trade logistics network.
- Upgrade and build capacity within the Logistics/freight forward industry through human resource development.

Business and Professionals Mobility

- Streamline and standardize procedures to enhance mobility of businessmen and professionals.

Rules of Origin

Harmonise the differing rules of origin in the Asean +1 FTAs (Japan, Korea and China).