

PACER+PLUS

OUTCOMES: CUSTOM PROCEDURES



Customs Procedures

Pacific island country trade costs are among the highest in the world when measured as a proportion of total trade values. This burden impacts negatively on traders and domestic industries by discouraging direct investment and limiting options to participate in global and regional value chains. To some degree, high costs reflect circumstances that cannot be changed such as geographical isolation and small market size. But they also reflect circumstances that can be changed such as the efficiency of border processes.

Reducing trade costs through faster and more efficient clearance of goods is an important element of a multi-part strategy in PACER Plus to facilitate trade and people movement. The Agreement continues and intensifies Australia's active involvement in improving regional customs services. The big performance gap in trade facilitation between the Pacific island countries and many other developing economies in the Asia-Pacific region underlines the benefits – from increased trade to job creation to more foreign direct investment – that could arise from improving customs processes. The long-term objective is for the Pacific island countries to adopt and implement modern customs processes and procedures that contribute to increased trade and strengthened border security.



Scope

To complement trade facilitation efforts in the World Trade Organization (WTO), PACER Plus requires members to limit the administrative burden of customs processes by encouraging more cooperation between customs authorities, promoting efficient customs procedures and providing transparency and fairness to traders. Cooperation extends across:

- + implementing and applying provisions in the PACER Plus Customs Procedures Chapter
- + developing and implementing customs best practice and risk management techniques
- + using the internet to publish changes to laws, regulations, procedures and guidelines on customs processing
- + setting up enquiry points to address business and other concerns on customs matters
- + simplifying and harmonising customs procedures
- + improving technical skills and use of technology, including paperless trading across borders, and updating Harmonised System nomenclature for tariff classification.

PACER Plus will impose no substantive customs valuation obligations on WTO members (Samoa, Solomon Islands, Tonga, Vanuatu). Parties that are not WTO members (such as Cook Islands, Kiribati, Nauru, Niue, Tuvalu) will be required to apply the WTO Agreement on Customs Valuation only to the extent of their capacity. Assistance will be available to promote this reform.



Trade facilitation and the Pacific island countries

Trade facilitation can be defined in various ways but essentially covers a range of issues and measures spanning institutional arrangements (e.g. risk assessment by customs agencies, cooperation between border agencies, cooperation between customs agencies across borders, and alignment of formalities and procedures with neighbouring countries), transparency issues (e.g. online publication of regulations and advanced notification of new draft regulations), formalities (e.g. risk management, pre-arrival processing and estimated average release times), national paperless trading (e.g. border agencies linked into the internet, electronic single trade windows and electronic documentation), and cross border paperless trading.

In many economies around the world, inefficient border processes, unnecessary bureaucracy and redundant procedures add to the time and cost of border compliance. Based on global evidence, fairly basic trade facilitation measures – like harmonising and simplifying documents and automating processes and risk management – could reduce overall trade costs by around 10 per cent and considerably more for low and low-middle income economies.

According to the United Nations Economic and Social Commission for Asia and the Pacific, trade facilitation reform has been implemented unevenly across the Asia-Pacific region and has been particularly slow in the Pacific. PACER Plus could be instrumental in lifting the performance of all Pacific island countries in trade facilitation. The Agreement has many mandatory provisions across elements relevant to trade facilitation (as well as other areas of trade), and capacity building is available to assist in implementing commitments under the Agreement and, more generally, improving border processing capabilities.



Capacity building

During negotiations, almost every Pacific island country identified customs capacity building as a key priority for PACER Plus. Some Pacific island countries do not have an automated customs data system, valuation system or customs classification system. Others have reasonably well developed legal, regulatory and institutional infrastructure, and have considerable technical capability, albeit with gaps and future challenges. The PACER Plus Development and Economic Cooperation Work Programme on customs will build on Australia's and New Zealand's existing cooperation to strengthen and modernise customs systems in the Pacific. Specific objectives are to promote cooperation among the customs administrations of the Parties and support customs cooperation activities related to the implementation of the Agreement. The Work Programme may include:

- + assistance in implementing automated systems or upgrading existing automated systems,
- + training officials and private sector representatives to acquire expertise in customs procedures, including classification, valuation and risk management, and
- + assistance in reviewing existing, and drafting new, customs legislation and confidentiality laws and regulations.

In addition to the implementation assistance provided under the Work Programme, Pacific island countries may also receive assistance for improving customs processes and procedures through Australia's and New Zealand's bilateral aid-for-trade programs. Australia and New Zealand will continue to fund regional mechanisms such as the Oceania Customs Organisation to ensure efficient delivery of assistance targeted at Pacific island countries' customs administration and trade facilitation needs.