

A new normal or a temporary abnormal?

(How) Will cross border trade look different after the crisis?

Trade Intelligence Asia Pacific
April/May 2020



Key intelligence



Summary of COVID-19 related measures

43-44

Indonesia implements ASEAN-Hong Kong FTA

9

Signing of Digital Economy Partnership Agreement

10

China amends cross-border e-commerce returns policy

15

Indonesia and Malaysia relax COO procedure

23, 27

Quantity discrepancies for bulk import/exports in Indonesia

24

Value-adding activity in Malaysia's Licensed Manufacturing Warehouse

26

Malaysia and Philippines implement Registered Exporter System under the GSP / GSP+ Schemes

28, 36

Further extension of Thailand's voluntary disclosure program

39

Index

Trade Intelligence Asia Pacific seeks to capture the essence of selected issues that are of particular interest to clients of PwC. Our regional network of customs and international trade consultants routinely gather, analyse and disseminate information and knowledge to our clients. Based on studies as well as meetings and discussions that take place across the region with various trade and customs officials, we consolidate our findings into Trade Intelligence Asia Pacific.

Feature article

A new normal or a temporary abnormal? (How) Will cross border trade look different after the crisis?	4
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ASEAN

ASEAN is China's largest trading partner in Q1 of 2020	7
Release of Joint Statement from 29th RCEP TNC Meeting	7

Export control

Elimination of US licence requirement on exports, re-exports and transfers of certain electronics, computers and telecommunications products of US origin	8
Changes to Annex on Chemicals under the CWC enter into force on 7 June 2020	8
US further tightens Export Controls on military end-use and end-users in China, Russia and Venezuela	8

Free Trade Agreements focus

AHKFTA to enter into force for Indonesia on 4 July 2020	9
IA-CEPA to enter into force on 5 July 2020	9
Australia in FTA negotiations with the UK and EU	9
Cambodia negotiating with China, South Korea and the EAEU	9
Indonesia and South Korea commit to officially sign their CEPA	10
Japan and UK agree on strategic approach for FTA negotiations	10
Philippines and South Korea aim to finalise FTA by November 2020	10
More Singapore-originating goods to enjoy duty exemption from GSFTA	10
Signing of Digital Economy Partnership Agreement	10
Vietnam ratifies EVFTA after clearance from EU Council	11

Free Trade Agreements focus

Vietnam makes progress to implement FTA with Cuba	11
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Territory reports

Australia	12
China	13
Hong Kong, China	17
India	18
Indonesia	23
Japan	25
Malaysia	26
Myanmar	30
New Zealand	33
Philippines	34
Singapore	37
Taiwan, R.O.C.	38
Thailand	39
Vietnam	41

Around the world

Summary of COVID-19 related trade measures	43
Updates on US – China Trade War	47

World Customs Organisation

WCO encourages members to provide greater facilitation on ATA Carnet procedures	48
Data exchange agreements with international bodies to target illicit trade	48
Neural network model to assist Customs to detect fraudulent transactions	48

World Trade Organisation

WTO Goods Trade Barometer: Lowest value on record	49
Cancellation of WTO's 2020 Public Forum	49
Multi-party Interim Appeal Arbitration Arrangement enters into effect	49
Release of WTO's 2020 Annual Report	49

A new normal or a temporary abnormal?

(How) Will cross border trade look different after the crisis?

We are all aware of the many actions governments around the world are taking to protect health and safeguard economic wellbeing since the “virus crisis” intensified in mid March. From a customs and international trade compliance and management perspective, the impact of such measures has been immediate and often hard-hitting. Many goods have been stuck at borders. Some were not allowed to leave. Others did not have a port officer available to clear them. And those were the lucky ones that found a plane belly to travel in. Extra duties have been imposed. We have seen companies struggle to get applications processed or rulings issued. We are aware of some authorities imposing or thinking about imposing additional customs duties as a result of increased revenue pressures. And so on and so forth.

What is less clear is how temporary new measures are, and how adequate they are going to be if cross-border trade indeed changes as significantly and permanently as many observers seem to expect. History teaches us that temporary regulations, especially restrictive ones, have a tendency to stick around, to be used as bargaining chips in future trade negotiations.

With that in mind, are current measures to deal with short term disruptions sufficient, adequate or superfluous to address international trade concerns in the longer term? What are their intended and unintended consequences? What should be further reviewed and considered by the authorities after the crisis, to keep trade flowing with minimal disruptions, yet also be better prepared for a next crisis? What will trade facilitation look like in future? And how should companies prepare for such a future?

Examples abound. As a result of the crisis caused by the COVID-19 pandemic, questions have emerged concerning over-reliance on a single trade partner or a few key suppliers and extended global supply chains. In times of crisis, the principle of “just in time” can easily become “way too late”. Therefore, we have seen many governments starting to encourage, and companies starting to consider, the benefits of on-shoring production. This could easily lead to far-reaching customs and trade implications, especially if such actions are knee-jerk as opposed to carefully considered.

Now more than ever will it therefore be important for customs and trade managers to get on the radar. They need to step in to ensure business restructuring decisions take on board short and medium term customs and trade considerations at the outset, in the process adding value to their business and help it to come out of the current storm in a stronger, more competitive and sustainable position than before. They need to help their corporate affairs colleagues build positions to proactively engage with the authorities to lobby for or against particular changes.

The objective of this article is not to provide an overview of COVID-19 induced new regulations and ways to mitigate them (feel free to refer to our website for that!). Here we want to focus on matters that we expect to remain different well into the future. We want to make some calls on likelihoods and recommend some preparations, “no regret actions” for now and beyond the crisis. Realistically, not everything will change. Goods will continue to cross borders. Rules for tariff classification, preferential origin and customs valuation will likely remain the same for the foreseeable future and continue to apply and be relevant. Governments will continue to need revenues from import taxes and protect their populations from undesirable products.

But the goods that cross borders may be different goods. Perhaps less processed goods. They may follow simpler, more direct supply chains. But there may be more of such simpler supply chains for identical or similar goods. Shipments may become smaller, more splintered. Non-tariff measures may become more prevalent and invasive than they already are.

It clearly will be futile to try and predict the precise future for cross-border trade. But it is valuable to consider the options, how likely they are, and what can be done to prepare for as many of them as possible. We therefore first look at how global trade may be reshaped. We then look at actions that will likely be taken by the customs and trade authorities to manage this change, and to continue to meet revenue targets. Lastly, we consider preparations that can be taken by companies while this unfolds in order to be better prepared.



Global trade will continue, but will be rethought and reshaped

The COVID-19 situation, on the back of an emerging US-China trade war, has shown us how vulnerable global supply chains and trade can be. Over the past four decades, manufacturing has been organised in what have become known as global value chains or global trade. Raw materials and intermediate goods move around the globe and are assembled, packed and labelled in many different locations. Final outputs are then shipped to consumers located in all parts of the world.

Because of this evident supply chain vulnerability, many multinational companies have started to evaluate the risks inherent in them. They have started to consider diversifying sourcing, to reduce the risks of over-reliance on a single nation or a few key suppliers located far from their production facilities. Some companies have also started strengthening supply chain resilience by considering sourcing more from both local and regional suppliers. In addition, they have been taking steps to shorten their supply chains and eliminate or reduce transit and customs clearance times. As a result, regional collaboration and trade are likely to benefit, as are multi-sourcing within regions and increased utilisation of regional Free Trade Agreements.

Although this type of contingency planning looks great on paper and helps to protect disruptions in global supply chains, implementing and activating it at speed may prove challenging. More diversified supply chains will likely make customs management more complex. There will be additional pressure on import price comparisons, more complicated preferential origin management, more likelihood of inconsistent use of tariff classification and wildly differentiating labelling requirements, to name but a few.

The likely changes to the global trade landscape will also redefine the way borders are managed in the future. The idea of a smarter border, which hinges around minimising physical customs and other border formalities, doing more electronically before and after goods actually cross a border, is already being touted by many governments and may be more relevant and prevalent than ever. This means greater use of automation, sensors, advanced analytics and IT tools to secure borders, while relying less on direct human interaction. Practical implications would for example be the use of digital signatures, electronic submission and endorsement of customs declarations, e-certificate of origins, digital letters of undertaking or bank guarantees etc.

The current crisis has forced some of those ideas to be introduced faster than would otherwise have been the case. There is therefore an opportunity to reset a system that has historically relied on inefficient manual processes. Creating a smarter border is one of the keys to building a global trade network that is capable of weathering future storms more easily. To seize opportunities in the current cross border trade environment, it is important for businesses to find new ways of working and consider developing a digital supply chain and enhanced trade facilitation to keep goods moving as efficiently and smoothly as possible - including identifying key actions needed to ensure smooth customs procedures with limited human intervention. Obtaining a "trusted trader" status, or its equivalent, may become imperative to make international supply chains and cross border trade activities possible, let alone secure and efficient.

The success of the design and implementation of a smart border will require the support, cooperation and involvement from all key stakeholders in the entire value chain, from both the private and public sector. This crucially involves elements of trust, whether or not blockchain enabled, to share and exchange trade related information. This may not be easily achieved, as it requires balancing both the readiness and willingness of all such stakeholders. Prior experience suggests that obtaining broad buy-in from everyone may even today, in the midst of significant disruption, be more aspirational rather than practical.

We are from the government and are here to help

Cross border activities and customs proceedings have been suspended and delayed during the crisis and its related lockdowns. This has caused a huge impact on customs revenue collection. Customs authorities around the world are likely going to miss their revenue targets. Most customs administrations will therefore likely need to increase future audits to review historical compliance in frequency and intensity in order to have any chance to meet revenue targets.

For example, in Vietnam, a draft decision guides the application of risk management in customs operation which expands compliance assessment for all customs declarants, including import, export enterprises, customs brokers and international postal service providers. Vietnam Customs is also asked to take initiatives to analyse, evaluate and monitor the impacts of COVID-19 on revenue collection in the second quarter of the year. As another example, Philippines Customs are working to maximise the use of technology and looking for ways to improve audit reviews and voluntary disclosures that are suitable for a contactless environment. Philippines Customs is also planning to finalise and send out a new batch of audit notification letters which were suspended or delayed since the beginning of COVID crisis.

Globally, the World Customs Organisation (WCO) has recently put a team of data analytics experts together to develop an open-sourced AI model to help facilitate how customs authorities can screen large amounts of transaction level import data to better manage compliance. While this project is ongoing, it signals that customs authorities around the globe will improve their ability to identify and challenge non-compliant transactions. So, whether or not cross border trade picks up sooner or later, the customs audit landscape is likely to become more challenging for companies that are not ready for it.

The increased use of automation and data analytics means that more customs administrations will be able to establish Artificial Intelligence (AI) based processes to support their customs enforcement roles. They are likely to create more effective tools to identify non-compliance (e.g. for post clearance audit). In fact, a number of governments have been actively pursuing the use of AI and similar emerging technologies to modernise customs processes. For example, New Zealand is using advanced analytics to streamline cargo pathways to make goods move faster and reduce costs of delay in customs clearance. South Korea Customs took the opportunity for pilot blockchain projects to identify and overcome technical and institutional challenges and formulate ways to integrate blockchain technology into existing customs systems.

As the customs authorities are learning fast to use and leverage technology for transaction level data to challenge companies

more aggressively in a contactless environment, it may become increasingly difficult for importers and exporters to contest customs' reassessments or defend their position if they are not prepared. This already appears to be happening around the region, particularly in Australia, New Zealand, China and South Korea.

In addition, a lack of customs officers means that goods have been cleared with less oversight and queries at point of entry. It is therefore reasonable to expect that future audits will look at this period with additional attention, as the authorities would expect higher levels of non-compliance to have occurred accidentally or deliberately. Such additional focus has already been seen in China, Indonesia, New Zealand, Thailand, Vietnam and is likely to occur throughout the region.

No-regret actions

The virus and its impact on economic activity is proceeding in waves, with countries succumbing and recovering at different times. The recent experiences of second waves in China, Korea and the US reminds us that disruption and change are far from over. What is clear is that the virus and its aftermath look likely to be with us for some time. It is worth noting that while businesses are trying to adapt to many new changes, the core compliance areas such as tariff classification, preferential origin management, customs valuation will remain the same. This means continuous effort to better manage future compliance is critical. Let's look at some examples of how this might play out in practice.

When it comes to onshoring production, businesses may be able to leverage more government incentives or trade facilities that are aimed to promote the growth of local suppliers or manufacturers. It may also mean more imports of less-processed materials, which generally carry lower duty rates and are perhaps more likely to qualify for preferential origin given.

This may help companies, but not necessarily customs authorities for revenue collection. Consequently, greater scrutiny from the authorities in importing countries can be expected to review and challenge tariff classification, preferential origin and

customs valuation. Therefore, whenever there is a change in sourcing strategy, the importance of revisiting the accuracy of tariff classification, country of origin and customs valuation of imported goods, as well as safety and labelling requirements, cannot be underestimated. Using data analytics and visualisation to support scenario planning exercises and assess its customs and trade implications should be highly considered. PwC's "Game of Trade" can be a great starting point for this.

Importers and exporters would also be well advised to use any underutilised resources today to better prepare for a customs audit tomorrow. Strengthening processes and procedures to ensure or enhance trade compliance, reviewing accuracy, consistency and supportability of tariff codes, creating customs valuation support documentation, and getting ready for voluntary disclosures of transfer pricing (or other import pricing) adjustments are a few examples of such preparation. If time permits, it may be a good time to carry out some desktop mock audits of past compliance, focused especially on the period affected by the virus crisis. This will allow an appropriate assessment and implementation of steps to rectify or mitigate the potential impact of errors, and improve future compliance. Lastly, using technology is increasingly crucial, as the timeframe to respond to a customs audit is typically short, yet the information and data to be processed are huge.

Bring it on

Post crisis, businesses are going to be stretched thin. They will need to use their resources wisely and efficiently to ensure continued compliance in a changed regulatory landscape. They will want to chase down every opportunity to save costs. Whether this involves self assessment, planning, documentation or automation, now is the time to act.

With some or all imaginable no-regret actions taken, importers and exporters should be better placed to weather the current storm and build a stronger foundation for future storms. As the saying goes, "every storm runs out of rain, just like every night turns into day". Although the future remains uncertain, chance always favours those who are well-prepared.



ASEAN is China's largest trading partner in Q1 of 2020

Total trade volumes in the first three months of 2020 (Q1 of 2020) between ASEAN and China surpassed both China's trade volumes with the European Union (EU) and United States of America (US). In total, the US\$140 billion worth of trade accounted for 15% of China's total trade volume during Q1 of 2020. Trade with Vietnam and Indonesia were significant contributors to the increase, as China saw import volumes increase by 24% and 13% respectively.

Trade between ASEAN and China is expected to remain relatively high. With electronics being a key industry in China, many of its semi-finished components and raw materials are imported from ASEAN countries. The US-China trade dispute has also contributed as some companies have started to shift at least parts of their supply chains and production lines to ASEAN.

While the COVID-19 pandemic has put a dent in trade volumes as well as relations between China on the one hand and both EU and the US on the other, the EU is expected to surpass ASEAN to reclaim its spot as top trading partner with China as the situation gradually improves.

Release of Joint Statement from 29th RCEP TNC Meeting

15 RCEP Participating Countries, namely member states of ASEAN, Australia, China, Japan, South Korea and New Zealand, attended the 29th Regional Comprehensive Economic Partnership Trade Negotiating Committee (RCEP TNC) meeting held via video conference from 20-24 April 2020.

At the meeting, the 15 participating countries reaffirmed their commitment to signing the RCEP agreement in 2020, as well as to increase cooperation and intensify efforts to enable a quick and sturdy economic recovery from COVID-19. In addition, the 15 participating countries reaffirmed commitment to continue talks, and hopefully resume negotiations with India.



Elimination of US license requirement on exports, re-exports and transfers of certain electronics, computers and telecommunications products of US origin

On 28 April 2020, the US Bureau of Industry and Security ("BIS") published a final rule on the elimination of Licence Exception Civil End Users ("License Exception CIV"). Under the new rule, a US Export Authorisation will be required for all exports, re-exports or transfers of goods covered by the License Exception CIV to specific countries (identified as Group D locations) with effect from 29 June 2020. Affected product categories include electronics, computers and telecommunications products classified under Export Control Classification Numbers ("ECCN") 3A001.a.3, 3A001.a.7, 3A001.a.11, 4A003.g, 5A001 and their sub-categories.

Some territories, such as Hong Kong, have also implemented local legislation to inform importers of these changes and the administrative processes required to manage these changes. These are covered in the individual territory sections.

Changes to Annex on Chemicals under the CWC enters into force on 7 June 2020

At the 24th Conference of the States Parties held in November 2019, two decisions C-24/DEC.4 and C-24/DEC.5 outlining specific changes to Schedule 1 of the Annex on Chemicals to the Chemical Weapons Convention (CWC) were approved and adopted. On 10 December 2019, all state parties and signatories to the CWC were subsequently informed of the approval by the Conference on changes to the Annex on Chemicals, which is slated to enter into force in 180 days, or 7 June 2020 pursuant to subparagraph 5(g) of Article XV of the CWC.

The Organisation for Prohibition of Chemical Weapons also released the "Consolidated Text of Adopted Changes to Schedule 1 of the Annex on Chemicals to Chemical Weapons Convention" (S/1820/2019) which sets out the consolidated adopted changes which will replace Schedule 1 of the Annex on Chemicals on 7 June 2020, including the new CAS registry numbers assigned to the toxic chemicals (Schedule 1A). The full legal text can be accessed here:

<https://www.opcw.org/sites/default/files/documents/2019/12/s-1820-2019%28e%29.pdf>

Some territories, such as Singapore, have also implemented local legislation to align and manage these changes. Specific details are covered in the individual territory sections.

US further tightens Export Controls on military end-use and end-users in China, Russia and Venezuela

The US Department of Commerce's Bureau of Industry and Security (BIS) has made amendments to the Export Administration Regulations (EAR), introducing new rules on the licensing requirements on exports, reexports and transfer (in-country) of products intended for military end use or military end users on 28 April 2020.

In short, the amendments expand the number of items for which the licensing requirements and review policy apply before being approved for overseas export. The licensing requirements for export to China will also expand to cover all "military end users", as compared to before which only covered "military end use". The term "military end user" is loosely defined. An Electronic Export Information filing requirement for the Automated Export System for exports to China, Russia and Venezuela has been introduced.

The amendments and new rules will come into effect 29 June 2020, and can be found at:

<https://www.federalregister.gov/documents/2020/04/28/2020-07241/expansion-of-export-reexport-and-transfer-in-country-controls-for-military-end-use-or-military-end>



Agreements entered into force	Date
ASEAN - Hong Kong FTA (AHKFTA) for Indonesia	4 July 2020
Indonesia - Australia Comprehensive Economic Partnership Agreement (IA-CEPA)	5 July 2020

AHKFTA to enter into force for Indonesia on 4 July 2020

The part relating to Indonesia under the Association of Southeast Asian Nations (ASEAN) and Hong Kong Free Trade Agreement (FTA) and Investment Agreement (IA) will enter into force on 4 July 2020.

On trade in goods, Indonesia has committed to progressively reduce and eliminate customs duties on a variety of Hong Kong origin goods, such as jewellery, apparel products, clothing accessories, watches, clocks and toys. Hong Kong service providers will also benefit from better market access for key service sectors, such as business services, construction and engineering, tourism and travel related services in Indonesia. As part of the IA, Indonesia and Hong Kong have also committed to providing enterprises from both sides with fair and equitable treatment of investments, including tightening physical protection and security of investments, and ensuring the free transfer of their investments and associated returns.

With the entry into force for Indonesia, there are eight ASEAN member states for which both the FTA and the IA have entered into force. The dates of entry into force for the remaining two ASEAN member states, Brunei Darussalam and Cambodia, have yet to be announced.

IA-CEPA to enter into force on 5 July 2020

The Indonesia and Australia Comprehensive Economic Partnership Agreement (IA-CEPA) will officially enter into force on 5 July 2020. The announcement came after a virtual meeting between Indonesian trade minister Agus Suparmanto and Australian trade and tourism and investment minister Simon Birmingham. The trade benefits of the agreement were reported in our Trade Intelligence issues for August/September 2018, and February/March 2020.

Australia in FTA negotiations with the UK and EU

A few months after the United Kingdom (UK) entered its post-Brexit transition period, which is set to expire in December 2020, the UK government and Australia have agreed to commence negotiations for a Free Trade Agreement in July 2020. The key elements expected to be discussed include the elimination or reduction of tariffs, reduction of non-tariff barriers, expansion of

services linkages and investment relations, modernised rules governing trade in goods, as well as services and investment.

Separately, Australia has also continued discussions with the EU for an EU-Australia Free Trade Agreement. The seventh round of negotiations was held between officials of the European Commission and Australia from 4 to 15 May 2020 via video conferences, and good progress was reportedly made in key areas such as digital trade, trade remedies and dispute settlement, customs and trade facilitation, competition, services and investment.

Both sides have committed to continue to ensure progress in negotiations despite the current difficult climate. The 8th round of negotiations has been provisionally scheduled to be held in September 2020. Details on the 7th round of negotiations, and specifics on progress on key areas is provided in the report released by the European Commission and accessible at the following link:

https://trade.ec.europa.eu/doclib/docs/2020/may/tradoc_158762.pdf

Cambodia negotiating with China, South Korea and the EAEU

On 13 April 2020, negotiators from Cambodia and China concluded their second round of negotiations for a bilateral trade agreement over a video conferencing session. For this round, the two parties successfully agreed on several chapters including investment cooperation, economic and technical cooperation, cooperation on the Belt and Road initiative and e-commerce. Seeing the trade agreement as an additional avenue to aid in the recovery of the two economies hit by COVID-19, the parties have announced an ambitious plan to finalise the trade agreement this year. During the third round of negotiations held on 9 June 2020, both sides have reached a broad agreement on the remaining issues in relation to the FTA legal text, including the chapters on market access for goods and services. The technical working groups will proceed to seek local government review and approval for the legal text, as well as to close all other chapters and sign the agreement by end 2020.

Separately, Cambodia's Ministry of Commerce announced the continuation of FTA talks with South Korea and the Eurasian Economic Union (EAEU) bloc, despite the challenges brought by the COVID-19 pandemic.

In November 2019, Cambodia and South Korea signed an agreement to launch a joint feasibility study to explore the potential benefits of a bilateral FTA. The results of the study are nearing finalisation and are expected to be completed by end

May 2020. Negotiations are likely to follow.

Cambodia has also sought the assistance of Russia to push the negotiations for an FTA with the EAEU - consisting of Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia. In particular, Cambodia is seeking to arrange a third meeting with the Eurasian Economic Committee in July 2020.

Indonesia and South Korea commit to officially sign their CEPA

To dampen the economic fallout caused by the COVID-19 pandemic, the governments of Indonesia and South Korea have expressed their commitment to officially sign their Comprehensive Economic Partnership Agreement (CEPA) which was concluded in late 2019. The two parties did agree to sign the agreement at the earliest possible opportunity but no specific timeline for the signing has been announced.

The negotiations for CEPA began in 2012 and during the process, it hit a roadblock delaying the advancement of the agreement. The conclusion of the agreement was finally announced during the sidelines of the special group summit between South Korea and the ASEAN member states held in Busan, South Korea in November 2019.

Japan and UK agree on strategic approach for FTA negotiations

On 13 May 2020, the UK unveiled its strategic approach for negotiating an FTA with Japan. The Japan-EU EPA is currently applied through 31 December 2020. Both sides have set ambitious targets to conclude negotiations for the UK-Japan FTA by end 2020 for entry into force. On 9 June 2020, leaders and trade negotiators from both Japan and the UK announced the start of trade talks, which will be held via video conferencing given the current COVID-19 situation.

The UK and Japan had previously agreed to use the pre-existing Japan-EU EPA as a starting point for negotiations, and the UK's strategic approach indicates a desire to go further than that agreement, and cover aspects such as digital technology, digital trade and e-commerce. The UK government has also expressed its goal of using a potential FTA with Japan as a stepping stone to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

As of the time of writing, Japan has not made any official announcements regarding its negotiating objectives.

Philippines and South Korea aim to finalise FTA by November 2020

Even as both the Philippines and South Korea grapple with the effects of COVID-19 pandemic, negotiators from both countries are still pushing ahead with the conclusion of the Philippines-South Korea Free Trade Agreement (PSKFTA). FTA negotiations were originally set to conclude in April this year, but the target date has since been revised to November 2020.

Both parties are optimistic to meet the new target date for conclusion, but there is still much work left to be done to reach an agreement on several chapters of the FTA. Presently,

only the chapter on competition has been agreed on by both sides, and the remaining chapters e.g. trade in goods, trade in services, investments, rules of origin, economic and technical cooperation, and legal and institutional cases are still under negotiation.

Under this FTA, Philippine's agricultural products are expected to enjoy greater market access in South Korea while South Korean exports from the automotive, pharmaceutical and petrochemical industries will in turn benefit from reduced trade barriers in the Philippines.

More Singapore-originating goods to enjoy duty exemption from GSFTA

As the GCC-Singapore Free Trade Agreement entered its sixth year since its entry into force on 1 January 2015, more Singapore-originating goods will enjoy preferential duty treatment in the GCC member states. According to the Dubai Customs Policy No. 48/2020, the customs duty on goods in Category B of Annex 1 to the Agreement had been eliminated with effect from 1 April 2020. At the time of writing, there is no further information if this is similarly implemented in the other GCC states, but it is expected that the same tariff exemption applies in other GCC member states as the trade agreement is regional.

Key industries in Singapore expected to benefit from reduced duties include the petrochemicals, jewellery, machinery, iron and steel-related industries that export goods to the GCC member states, provided that the goods satisfy the rules of origin stated in the Agreement. Goods in Category C of Annex I are excluded from any elimination or reduction of customs duties under the GSFTA.

The legal text to the agreement can be accessed using the following link:

https://www.enterprisesg.gov.sg/-/media/ESG/Files/Non-Financial-Assistance/For-Companies/Free-Trade-Agreements/GSFTA/GSFTA_Legal_Text

Signing of Digital Economy Partnership Agreement

On 12 June 2020, Chile, New Zealand and Singapore signed the Digital Economy Partnership Agreement (DEPA). It is the first international treaty to be signed electronically, and was done via videoconference.

The DEPA is a digital economy agreement, and has as its goal the development of harmonised frameworks and standards to encourage digital trade and electronic commerce. One key aspect of this is promoting interoperability between systems in the three countries. To this end, joint projects are underway to operationalise aspects of the DEPA. For instance, the International Connectivity System is being developed between Singapore and New Zealand for the exchange of e-certificates for animal products such as meat and meat products. The agreement also sets forth various rules around e-invoicing, duties on digital products, transparency and a dispute settlement mechanism.

It is worth pointing out that the DEPA was initiated, concluded and signed between a small group of like-minded countries. Chile, Singapore, and New Zealand comprise three of the

original four members (another member was Brunei) of the P4 agreement which ultimately paved the way to what is now the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Singapore's Ministry of Trade and Industry has also concluded negotiations with Australia on a bilateral Singapore-Australia Digital Economy Agreement which is pending signature, and has indicated that it seeks to conclude other digital economy agreements with other countries.

The DEPA text can be accessed here:

<https://www.mti.gov.sg/-/media/MTI/Microsites/DEAs/Digital-Economy-Partnership-Agreement/Text-of-the-DEPA.pdf>

Vietnam ratifies EVFTA after clearance from EU Council

The European Council has given the green light to the EU-Vietnam Free Trade Agreement (EVFTA) after completing the requisite procedures on 30 March 2020. This paves the way, on the EU side, for entry into force of the agreement. It is currently pending the completion of ratification procedures by the individual EU member states. On 8 June 2020, Vietnam's National Assembly officially announced the completion of domestic ratification procedures for the EVFTA and the EU-Vietnam Investment Protection Agreement (EVIPA), which is slated to take effect in July or August this year pending ratification by the EU. At the time of writing, there are no official announcements as yet on the exact date. On entry into force, the EVFTA will be the EU's second trade agreement with an ASEAN member state, after the EU-Singapore FTA.

We have reported the details of the potential trade in goods savings under the EVFTA in our April/May 2019 issue of Trade Intelligence. In general, customs duties for almost 99 percent of the tariff lines will be eliminated while the remaining lines will be partially liberalized through duty free quotas.

Separately, although the UK has ceased to be a member of the EU on 1 January 2020, during the transition period up till

31 December 2020, the EVFTA will still apply as soon as the agreement enters into force.

Vietnam makes progress to implement FTA with Cuba

The Vietnam – Cuba Free Trade Agreement (FTA) was signed on 9 November 2018 in Vietnam. To implement the FTA, the Vietnam Government and the Ministry of Industry and Trade has issued the following regulations:

- Circular 08/2020/TT-BCT dated 08 April 2020 on Rules of Origin under Vietnam - Cuba FTA. Circular 08 includes appendices indicating the Product Specific Rules, template of COO Form VN-CU, guidance on the declaration of the Form VN-CU; and the list of Vietnam issuing authorities for the Form VN-CU. The full circular can be accessed here: <https://vanbanphapluat.co/circular-08-2020-tt-bct-introducing-rules-of-origin-in-vietnam-cuba-trade-agreement>
- Decree 39/2020/ND-CP on Vietnam's preferential import tariff schedule under the Vietnam - Cuba FTA. This decree indicates the preferential import duty rates applicable under the agreement for the period of 2020-2023, as well as the conditions or requirements to be eligible to enjoy such rates. The conditions include:
 1. Imported products are covered by the special preferential import tariff schedule.
 2. Products are imported from Cuba to Vietnam.
 3. Goods are consigned directly from Cuba to Vietnam under provisions of Vietnam – Cuba FTA.
 4. The goods conform to all origin requirements under Vietnam – Cuba FTA and are supported by a COO (Form VN-CU).

The full Decree 39 can be accessed at the following link:

<https://vanbanphapluat.co/decreed-39-2020-nd-cp-vietnam-s-special-preferential-import-tariff-schedule-for-the-trade-agreement>

Circular 08 and Decree 39 have been effective from 25 May 2020



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Temporary elimination of customs duties on medical and hygiene goods

The Australian Border Force (ABF) has issued temporary customs duty exemptions on certain imported medical and hygiene items. This is to increase the supply of these items for use in the COVID-19 response.

The introduction of Item 57 to Schedule 4 of the Customs Tariff Act 1995 provides a mechanism for eliminating the customs duty payable for the period of 1 February 2020 to 31 July 2020 on hygiene or medical products imported to treat, diagnose or prevent the spread of COVID-19.

Here is a non-exhaustive listing of some medical or hygiene equipment that are eligible for temporary exemptions:

- face masks;
- gloves;
- clothes or gowns;
- goggles, glasses, eye visors or face shields;
- disinfectant preparations classified to heading 3808 in Schedule 3 to the Customs Tariff, excluding hand sanitisers;
- soaps; and
- COVID-19 test kits, reagents and viral transport media.

Eligible importers will be able to claim a refund of the customs duty paid on medical and hygiene products imported on or after 1 February 2020, provided requirements of Item 57 and by-law 2019608 are met.

Extension of origin waiver benefit for ATT importers

The Department of Home Affairs' (DHA) 'Origin Waiver Benefit' was available to Australian Trusted Trader (ATT) importers that utilise the following six Free Trade Agreements: Australia – Chile FTA (ACIFTA); Japan-Australia Economic Partnership Agreement (JAEPA); Korea-Australia FTA (KAFTA); Malaysia-Australia FTA (MAFTA); Singapore-Australia FTA (SAFTA); and Thailand-Australia FTA (TAFTA).

An extension has been granted to goods manufactured in and imported from Pacific Forum Countries, Lesser Developed Countries (LDC) and Developing Countries (DC) as defined in Schedule 1 of the Customs Tariff Act 1995. This means ATT importers no longer have to obtain or present proof of origin, such as Certificates of Origin or origin declarations, in order to claim preferential rates of duty at the point of import.

This origin waiver benefit does not apply to refund applications for goods imported before 27 November 2019. A refund application must comprise the necessary documentary evidence of origin.

Establishment of International Freight Assistance Mechanism

On 1 April 2020, the Australian Government announced an AUD 110 million International Freight Assistance Mechanism (IFAM). IFAM is intended to assist Australia's agricultural and fisheries sectors in securing freight flights into major Asia Pacific export markets, with returning flights bringing back vital medical supplies, medicines and equipment.

A new network of 15 air freight service providers and freight forwarders has been established to secure freight flights into export markets and help restore international supply chains. Currently, cargo flights supported by IFAM are departing from Adelaide, Brisbane, Cairns, Melbourne and Sydney.



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Stricter controls around exports of certain medical products used for epidemic prevention

In March and April 2020, the Ministry of Commerce, the General Administration of Customs, and the National Medical Products Administration issued announcements to strengthen the supervision over exports of COVID-19 related medical products and non-medical masks. The various measures are aimed at ensuring that quality standards are met.

	Required documentation and conditions	Remarks
Medical products that meet Chinese quality standards	<ul style="list-style-type: none"> Export Declaration of Medical Products PRC Registration Certificate for Medical Device 	If the exported medical products meet Chinese quality standards, the exporter must submit the "Export Declaration of Medical Products" at the time of declaration. In addition to listing basic goods information, the declaration also needs to indicate that the goods are qualified (with the PRC Registration Certificate for Medical Device) and meet relevant quality standards of the importing country.
Medical products that meet foreign quality standards	<ul style="list-style-type: none"> Export Declaration of Medical Products (Chinese and English version) Manufacturers are included in the "white list" 	<p>If the exported medical supplies meet foreign quality standards, the exporter must submit the "Export Declaration of Medical Supplies (Chinese and English version)" at the time of declaration. In addition to listing basic goods information, the declaration also needs to indicate that the goods are qualified with the foreign quality standards (such as CE standards, FDA standards) and meet the relevant quality standards and safety requirements of the importing country.</p> <p>The "White List" refers to a list of enterprises that have obtained foreign standard certification/registration for the manufacturing of medical supplies or non-medical masks. This "white list" is maintained and kept up to date by the Ministry of Commerce. It is accessible on the China Chamber of Commerce website and is available in Chinese and English. Pursuant to the Ministry of Commerce's "Notice on the Arrangement of the Work Related to the Review and Confirmation of the List of Epidemic Prevention Material Manufacturers That Meet Foreign Standards Certification or Registration" issued on 25 April 2020, enterprises can voluntarily complete the relevant forms and submit relevant certification materials to be "white listed".</p>

Non-medical masks that meet Chinese quality standards	<ul style="list-style-type: none"> • Joint Declaration of the Exporter and the Importer (Chinese and English version) • Manufacturers are not included in the “blacklist” 	<p>If the exported non-medical masks meet Chinese quality standards, the exporter should submit a “Joint Declaration of the Exporter and the Importer (Chinese and English version)” at the time of declaration. In addition to listing the basic goods information, it indicates that the importer and exporter agree to import according to Chinese quality standards. The importer further guarantees that the product quality standards determined in the agreement meet the requirements of the importing country and confirms that the masks are not used for medical purposes.</p> <p>The “Blacklist” refers to a list of enterprises and non-medical masks that are not approved for export. The list is compiled by the State Administration for Market Regulation and is based on investigations conducted in China.</p>
Non-medical masks that meet foreign quality standards	<ul style="list-style-type: none"> • Joint Declaration of the Exporter and the Importer (Chinese and English version) • Manufacturers are not included in the “blacklist” • Manufacturers are included in the “white list” 	Refer to details above.
Commodity inspection for exported medical supplies	N/A	<p>From 10 April 2020, the General Administration of Customs will implement commodity inspections on the export of 11 types of medical materials across 19 tariff codes. This is part of the government’s effort to ensure control over the quality of exported medical materials. The affected commodities are:</p> <ul style="list-style-type: none"> • Medical masks; • Medical protective clothing; • Infrared temperature instruments; • Ventilators; • Surgical caps; • Medical goggles; • Medical gloves; • Medical shoe covers; • Patient monitors; • Medical disinfectant tissue; and • Medical disinfectants.

Enterprises are advised to strictly abide by the regulations to ensure export declaration compliance for epidemic prevention materials.

Refer to the following announcement for details:

- Announcement on Proceeding with Orderly Export of Medical Supplies (Announcement of the Ministry of Commerce, the General Administration of Customs and the National Medical Products Administration [2020] No.5)
- Announcement on Further Strengthening the Supervision of Quality of Exported Anti-epidemic Materials (Announcement of the Ministry of Commerce, the General Administration of Customs and the State Administration for Market Regulation [2020] No.12)
- General Administration of Customs [2020] No. 53 on the export commodity inspection of medical materials

New preferential policies for Processing Trade enterprises

From 15 April 2020 to 31 December 2020, domestic sales of processing trade goods will be temporarily exempt from interest accrued on the deferred tax payments.

In addition, from 14 April 2020, the Pilot Program for Selective Imposition of Tariffs on Domestic Sales will be expanded to cover all comprehensive bonded zones. This means that goods produced, processed, and sold domestically by enterprises within the special Customs supervision area will have tariffs imposed according to the application of the enterprise, their corresponding imported materials or actual inspection status.

Enterprises should make full use of the policy to reduce their tariff burdens.

Refer to the following announcement for details:

- Announcement on the Temporary Exemption from Interest Accrued on the Deferred Tax Payments on Domestic Sales of Processing Trade Goods (Announcement of the General Administration of Customs [2020] No.55)
- Announcement on Expanding the Pilot Program for Selective Imposition of Tariffs on Domestic Sales (Announcement of the Ministry of Finance, General Administration of Customs and State Taxation Administration [2020] No. 20)

Revised tax exemption policy for oil and natural gas mining projects

On 20 March 2020, the Ministry of Finance, the General Administration of Customs, and the State Taxation Administration issued two announcements that revised the tax exemption policy for oil and natural gas and abolished the quota restrictions on tax-exempted imported materials.

Old policy	Revised policy
<p>Importers could enjoy import tariffs and import VAT exemptions for the import of equipment, instruments, spare parts, special tools and other materials used in oil and natural gas mining projects in specific areas of the sea and land.</p> <p>These imported goods or materials must not be available locally – i.e., unable to be produced domestically, or domestic goods/materials do not meet the requirements.</p> <p>Further, the importation must fall within the tax-exempted import quota. For parts exceeding the tax-exempted import quota, the exemptions do not apply and the usual import tariffs and import VAT will apply.</p>	<p>Under the revised policy, the import quota has been abolished such that all materials that meet the requirements can enjoy the preferential policy.</p>

Enterprises are recommended to make full use of the policy to reduce their tax burdens.

For details, refer to Announcements of the Ministry of Finance, the General Administration of Customs, and the State Taxation Administration [2020] No.5 and No.6.

Changes to cross-border e-commerce returns policy

On 27 and 28 March 2020, the General Administration of Customs issued two announcements relating to cross-border e-commerce returns. Specifically, the returns policy for cross-border e-commerce exports and for cross-border e-commerce retail imports. The announcements clarify the requirements on the nature of applicants and the time limit for returns. It also requires the enterprise to ensure that the returned goods are indeed the original exported or imported goods. For cross-border e-commerce retail import returns, the corresponding tax will not be imposed, and the annual cumulative transaction amount of the consumer will be adjusted.

For further details, refer to:

- Announcement on Matters concerning Fully Promoting Regulatory Measures over the Return of Cross-border E-commerce Exports (Announcement of the General Administration of Customs [2020] No.44)
- Announcement on Matters relating to Regulatory Measures on the Return of Cross-border E-commerce Retail Imports (Announcement of the General Administration of Customs [2020] No.45)

List for second round of tariff exclusion on US goods

On 12 May 2020, the Customs Tariff Commission of the State Council issued the second list of US goods excluded from the second round of punitive tariffs on US goods. From 19 May 2020 to 18 May 2021, tariffs imposed by China to counter the US 301 measures will be lifted and tariffs already imposed will be refunded for the listed products.

Enterprises should make full use of the policy to reduce their tariff burdens.

For details, refer to the Announcement of the Customs Tariff Commission [2020] No.4.

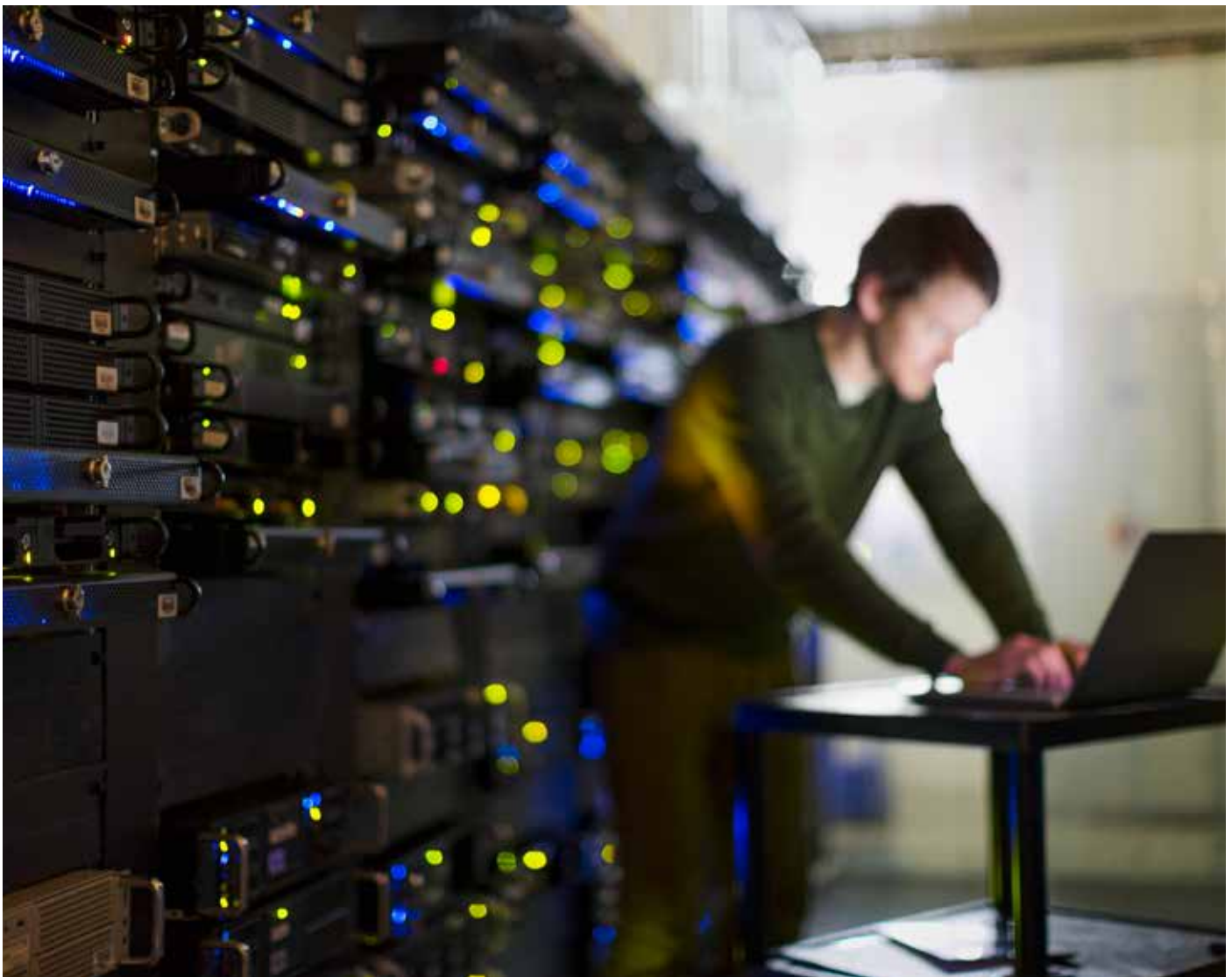
New rules for importation of new chemical substances

On 7 May 2020, the Ministry of Ecology and Environment issued the “Measures for Registration for Environmental Management of New Chemical Substances” that will be implemented from 1 January 2021.

Enterprises looking to import new chemical substances should pay special attention to the following key points:

- Depending on the import commodity and import volume, each enterprise may be required to obtain a regular registration certificate or a simple registration certificate. In some instances, no registration is required and an enterprise simply needs to file a chemical substance environmental management record prior to import.
- Requirement to take effective steps to prevent and control the environmental risks of new chemical substances, and to be liable for the damage caused by them;
- Requirement to comply with tracking management requirements such as information transmission, data record keeping and activity reports; and
- When the competent department of ecology and environment carries out random inspections in accordance with the law, to cooperate and provide relevant information truthfully and accept the random inspection.

Refer to Measures for Registration for Environmental Management for New Chemical Substances (Order of the Ministry of Ecology and Environment No.12) for details.



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New administrative procedures introduced in response to elimination of Licence Exception CIV requirements

In response to the final rule on the elimination of Licence Exception Civil End Users (“License Exception CIV”) published on 28 April 2020, Hong Kong has issued Strategic Trade Controls Circular No. 3/2020 informing traders of the changes affecting exports, re-exports and transfers of certain U.S.-origin electronics, computers and telecommunications products commencing 29 June 2020.

Hong Kong is not one of the countries listed on the Group D list, and thus does not need to comply with US export authorisation requirements stipulated by the BIS. Accordingly, the HK Trade & Industry Department (“TID”) has revised its rules to reflect this update. Thus, strategic licenses that had been previously issued by TID indicating “U.S. License Exception CIV” under the “Export Authorisation of Foreign Exporting/Product’s Originating Country (Place)” field cannot be used after 29 June 2020. Affected licensees will need to liaise with the TID and revise the license validity period and/or cancel any unused licenses.

Typically, during the application of the strategic commodity licenses issued by the TID, applicants will be required to provide supporting documents including valid export authorisations issued by the product’s originating country. We would recommend traders importing and exporting concerned products of US-origin to communicate with their US exporters or manufacturers to obtain the necessary US export authorisations.

Please refer to the following link for more details:

https://www.stc.tid.gov.hk/english/circular_pub/2020_stc03.html

Discussions underway for development of AEO MRA between Hong Kong and Indonesia

On 22 April 2020, as the COVID-19 situation continues to stabilize, Hong Kong Customs held a discussion with the Consul of Customs of the Republic of Indonesia. This meeting was aimed at mapping out feasible means for accelerating the development of a Mutual Recognition Arrangement (MRA) of Hong Kong’s and Indonesia’s Authorised Economic Operator (AEO) programs, and to mitigate the impact resulting from the COVID-19 outbreak.

Hong Kong has implemented an AEO program under an open and voluntary certification regime since 2010. Under the AEO program, Hong Kong companies that meet pre-determined supply chain security standards will be awarded AEO accreditation and be able to enjoy enhanced customs facilitation during goods clearance. This program is open to all traders, including manufacturers, importers, exporters, freight forwarders, warehouse operators, carrier companies etc. No accreditation fee is charged.

Currently, 11 countries, namely China, India, Korea, Singapore, Thailand, Malaysia, Japan, Australia, New Zealand, Israel and Canada have signed an AEO MRA with Hong Kong.

Refer to the following link for more details:

https://www.customs.gov.hk/sc/trade_facilitation/aao/update/publication/index_20200422.html



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Key trade measures and extensions taken in view of COVID-19 pandemic

The Indian government has introduced a slew of trade measures and extensions in response to the COVID-19 pandemic.

a. Key trade measures

Category	Measure introduced	Reference
Export restrictions/prohibitions	Total prohibition on export of Hydroxychloroquine and formulations <ul style="list-style-type: none"> Earlier in March 2020, export of Hydroxychloroquine and specified formulations were prohibited, with the exception of exports made under Advance authorisation, from Special Economic Zone (SEZ) /Export Oriented Unit (EOU), or against receipt of full advance payment. In the latest update, the exception is removed such that exports of these products are completely prohibited. 	Notification No. 01/2015-20, dated 4 April 2020
	Exports of diagnostic kits (Diagnostic or laboratory reagents on a backing, preparation diagnostic or laboratory reagents whether or not on a backing, other than those of heading 3002 or 3006; certified reference materials) are restricted.	Notification No. 59/2015-20, dated 4 April 2020
	Alcohol based Hand Sanitizers falling under any ITCHS codes 3004, 3401, 3402 and 3808.94 are prohibited for export.	Notification No. 04/2015-20 dated 6 May 2020
Lifted export restrictions	Specified Active Pharmaceutical Ingredients (APIs) and formulations made therefrom, and Formulations made from Paracetamol (including FDC): <ul style="list-style-type: none"> Earlier in March 2020, exports of above goods were restricted. This restriction has been lifted for the above goods, with the exception of Paracetamol APIs which will remain restricted for export. 	Notification No. 02/2015-20, dated 6 April 2020 Notification No. 03/2015-20, dated 17 April 2020
	In January 2020, exports of all Masks except non-surgical/non-medical masks of all types (silk, cotton, wool, knitted) were prohibited. <ul style="list-style-type: none"> Now, non-surgical/non-medical masks of all types (silk, cotton, wool, knitted) can be exported. The other masks remain prohibited for export. 	Notification No. 6/2015-20, dated 16 May 2020
Customs duty and Health Cess exemptions	Basic customs duty and Health Cess have been exempted on following products falling under specified chapter headings: <ul style="list-style-type: none"> Artificial respiration or other therapeutic respiration apparatus (Ventilators); Face masks and surgical Masks; Personal protection equipment (PPE); Covid-19 testing kits and Inputs for manufacture of above items The said exemption shall be valid till 30 September 2020.	Notification No. 20/2020-Customs, dated 9 April 2020
Increase in Road and Infrastructure Cess	The effective rate of Road and Infrastructure Cess levied as additional duty of customs on import of petrol and diesel has been increased to INR 18 (USD 0.25) per litre from INR 9 earlier.	Notification No. 21/2020-Customs, dated 5 May 2020

b. Key digitisation measures

Category	Measure introduced	Reference
Online application for Free Sale and Commerce certificate	<p>The Foreign Trade Policy (FTP) provides for issuance of FSC certificates for export of items not covered under the Drugs & Cosmetics Act, 1940, where they are used in hospitals, for medical and surgical purposes and if they are not prohibited for export.</p> <p>Applicants are advised to email their applications using the specified format under the FTP and to make electronic fee payments.</p>	Trade Notice No 7/2020-21, dated 28 April 2020
Online issuance of Preferential Certificate of Origin	<p>India's online platform for application and issuance of Preferential Certificates of Origin (PCOs) has been expanded to cover the following Free Trade Agreements (FTAs):</p> <ul style="list-style-type: none"> • ASEAN-India FTA • India-Japan Comprehensive Economic Partnership Agreement • SAARC Preferential Trading Agreement, other than Nepal (exports to Nepal were previously covered) • Asia Pacific Trade Agreement • India-Sri Lanka FTA <p>This is in addition to the existing coverage, which includes India-Chile PTA, India-Korea Comprehensive Economic Partnership Agreement etc.</p> <p>The designated agencies will issue digitally signed electronic PCOs with effect from 7 April 2020.</p>	Trade Notice No. 01/2020-2021, dated 7 April 2020
Acceptance of digitally signed PCOs and retrospective refunds	<p>Earlier in March 2020, India announced that it would allow retrospective FTA claims subject to subsequent production of the CoO.</p> <ul style="list-style-type: none"> • India has now announced that it will process requests for issuance of PCOs online, and has urged trading partners to accept such digitally signed PCOs at least up till the pandemic is over. • It clarified that goods will be cleared for import provisionally with concessional benefit provided, upon provision of digitally signed PCOs or an unsigned physical copy subject to other conditions including furnishing of a bond. • The final assessment will be done at a later stage upon submission of the original PCO by the importer. • India also reiterated that it would honour the FTAs entered into with trading countries. 	<p>Trade Notice No. 62/2019-20, dated 6 April 2020</p> <p>Circular No. 18/2020-Customs, dated 11 April 2020</p>
Electronic Out of Charge copy of Bill of Entry and electronic Gatepass	<p>The Central Board of Indirect Taxes and Customs (CBIC) introduced PDF based Gatepass and Out of Charge (OoC) copy of Bill of Entry (BoE) with effect from 15 April 2020.</p> <p>An electronic OoC copy of BoE and electronic gatepass copy will be emailed to the registered customs broker and/or importer once the OoC is granted. The electronic gatepass copy will be used by the Gate Officer or the Custodian to allow physical exit of the imported goods from the Customs area. This is expected to expedite customs clearance and reduce transaction costs.</p>	Circular No. 19/2020-Customs, dated 13 April 2020
Acceptance of scanned Pre-Shipment Inspection Certificates	<p>Importers are required to furnish Pre-Shipment Inspection Certifications (PSIC) for customs clearance of metal scrap and waste imports.</p> <ul style="list-style-type: none"> • Now, a scanned copy of the PSIC document may be accepted in place of a physical copy for customs clearance. This is valid up till 30 June 2020. • Importers are required to submit the original copy to the concerned Customs Authority within 60 days of clearance. 	Trade Notice No. 9/2020-21, dated 6 May 2020

c. Extension of timelines

Scheme	Relief measure	Reference
Merchandise Exports from India Scheme (MEIS)	<p>All items enlisted in Appendix 3B Table 2 of the FTP will continue to enjoy MEIS benefits till 31 December 2020.</p> <p>Where any item is notified for benefits under the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme prior to 31 December 2020, the item will be removed from the MEIS benefit coverage.</p>	Trade Notice No. 03/2020-21, dated 15 April 2020
Transport and Marketing Assistance for specified agricultural products	<p>Certain changes have been made to the Transport and Marketing Assistance (TMA) for air freight:</p> <ul style="list-style-type: none"> The amount of assistance will be computed on a per kilogram basis instead of per ton basis; Differential rate of assistance on a per kilogram basis has been specified in the Annexure. <p>Applications filed electronically from 1 February 2020 to 30 September 2020 may be submitted manually with the concerned Regional Authority up till 31 October 2020.</p>	<p>Public Notice 05/2015-20, dated 12 May 2020</p> <p>Public Notice 02/2015-20, dated 13 April 2020</p>
Export Promotion Capital Goods (EPCG) Scheme	Users of the EPCG Scheme have been granted a time extension till 31 March 2021 to meet their export obligations. The same 31 March 2021 extension has been granted to allow EPCG users more time to submit installation certificates.	Public Notice 01/2015-20, dated 7 April 2020
Furnishing of undertaking in lieu of bond to facilitate customs clearance	<p>The requirement to submit bonds prescribed for provisional assessment, warehousing and specific clearances including exemption notification has been relaxed. An undertaking can be submitted in lieu of a bond. This relaxation will apply to the following categories of importers/exporters:</p> <ul style="list-style-type: none"> Government/Public Sector Undertakings; Manufacturer/Actual User importer; Authorised Economic Operators; Status holders; and All importers availing bonded warehouse facilities. <p>The relaxation to submit an undertaking instead of a bond will be in place till 30 May 2020. In such a case where an undertaking is submitted instead of a bond, the original requirement to submit the bond is extended to 15 June 2020.</p>	<p>Circular No. 17/2020-Customs, dated 3 April 2020</p> <p>Circular No. 21/2020- Customs, dated 21 April 2020</p> <p>Circular No. 23/2020- Customs, dated 11 May 2020</p>
Mandatory e-sealing for customs bonded warehouse	In view of feedback received from stakeholders, the Government has decided to review the mandatory e-sealing of goods to be deposited in or removed from customs bonded warehouses. A comprehensive circular is expected to be issued soon. In the interim, mandatory e-sealing has been suspended.	Circular No. 25/2020-Customs, dated 18 May 2020
Alternate mechanism for export refunds	<p>The refund of Integrated Goods and Services Tax (IGST) on exports was not possible for certain exporters due to data mismatches between GST returns and customs data on the Shipping Bills.</p> <ul style="list-style-type: none"> An alternate mechanism for export refunds was introduced to facilitate corrections for shipping bills filed up till 31 July 2019. This facility has been extended to Shipping Bills dated up till 31 December 2019. 	Circular No.22/2020-Customs, dated 21 April 2020
Realisation of export proceeds	<p>Presently, the value of the goods or software exports must be realised fully and repatriated to the country within 9 months from the date of export.</p> <p>A relaxation has been offered, allowing for a 15-month period for the repatriation of export proceeds made up to or on 31 July 2020.</p>	Press Release 2019-2020/2167, dated 1 April 2020

Export Performance Certificates	<p>The Export Performance certificate shows the value of exports made during the financial year and the value and quantity of goods already imported during the current financial year.</p> <ul style="list-style-type: none"> The CBIC has extended the validity of existing Export Performance Certificates for FY 2019-20, up to 30 September 2020, for import of unutilised value and quantity of goods, which were originally expiring on 30 March 2020. 	Notification No 23/2020-Customs, dated 14 May 2020
Identification of caution listed exporters	<p>The Export Data Processing and Monitoring System (EDPMS) is an automated system implemented by the Reserve Bank of India (RBI). It integrates handling of shipping bills for caution listed exporters and delayed utilisation of advances received for exports. Caution listed exporters will not be able to trade in the absence of a letter of credit arrangement and other such export trade benefits.</p> <ul style="list-style-type: none"> The RBI recently provided a 6-month extension to exporters, which exempts exporters from automatic caution listing under the EDPMS till 30 September 2020. 	RBI Press Release No. 2019-2020/2167, dated 1 April 2020

Treatment of National Calamity Contingent Duty

In October 2019, the CBIC clarified its position on whether the duties, cess or surcharges levied on inputs used in the manufacture of export goods should be considered when calculating the Brand Rate of duty drawback. On 12 May 2020, the CBIC further announced that the National Calamity Contingent Duty (NCCD) where applicable, should be included in the calculation of the Brand Rate of duty drawback.

We have summarised the CBIC's position below.

No.	Type of duty	Considered in the computation of Brand Rate?
1	Education Cess, Secondary and Higher Education Cess, and Social Welfare Surcharge	Yes
2	Clean Environment Cess	
3	Stowage Excise duty (on imported coal)	No
4	National Calamity Contingent Duty	Yes

Refer to Instruction No.5/2020-Cus dated 12 May 2020 for further details.



Procedure for time extensions under Advance Authorisation and Duty-Free Import Authorisation schemes

In March 2020 and as reported in our February – March 2020 edition of Trade Intelligence, the DGFT announced automatic 6-month extensions of export obligation periods under the Advance Authorisation scheme and import validity periods under the Duty Free Import Authorisation scheme. The DGFT has now released detailed procedures on obtaining further extensions.

Refer to Circular No. 35/2015-20 dated 23 April 2020 for further details.

Clarification on import restrictions on “stock lot” of paper

In January 2020, the Indian government prohibited imports of stock lot of a specified category of paper falling under HS code 4810. Products include imitation art paper, insulating paper, insulation boards, etc. This was to protect the domestic market against dumping by foreign industries.

The government has clarified the term “stock lot” in this particular instance. The import of paper under ITCHS 4810 is free if the correct 8-digit HS code with description is mentioned. Absent such description, the import will be classified as “stock lot”.

Random checks will be carried out by the authorities before goods clearance. Where the paper proposed to be imported is not covered under the 8-digit HS Code for ITCHS 4810, importers may approach the Department of Revenue to create a new tariff line with proper justification.

Refer to Trade Notice 8/2020-21 dated 4 May 2020 for further details.

Restriction on import of palm oil and levy of bilateral safeguard duty on imports from Malaysia

The Central Government amended its import policy in January 2020 to restrict imports of refined palm oil into India. However, a large number of licenses continued to be issued to applicants seeking to import palm oil. As a result, the government has now suspended previously issued licenses for the duty-free importation of refined palm oil from neighbouring countries.

Further, due to a significant increase in the imports of palm oil from Malaysia and to protect the domestic industry, the Central Government has confirmed the imposition of a 5% bilateral safeguard duty for a period of 180 days on imports of Refined Bleached Deodorized Palm Olein and Refined Bleached Deodorized Palm Oil, falling under ITCHS 15119010 or 15119020. The products must originate in Malaysia and be imported under the India-Malaysia Comprehensive Economic Cooperation Agreement.

Refer to Notification No. 22/2020 – Customs dated 12 May 2020 and Notification No. 29/2019 – Customs dated 4 September 2019 for further details.



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Temporary relaxation of Certificate of Origin submission procedures due to COVID-19

The Ministry of Finance (MOF) issued a new regulation relaxing Certificate of Origin (COO) and invoice declaration submission procedures amidst the COVID-19 outbreak.

Under the new regulation, all COOs can be submitted electronically through e-mail or other electronic media within 30 days of the date of importation (i.e., the Import Declaration/PIB date). Generally, submission of hardcopy COO can be done as early as 90 days from the date of importation or up to one year after the date of importation. However, the importer is obliged to submit a hardcopy as and when required by customs officials. The regulation took effect on 30 April 2020 and will apply until the end of the prevention period of the COVID-19 pandemic, as determined by the National Disaster Management Authority (Badan Nasional Penanggulangan Bencana). It is not yet announced at the time of writing if this measure will be extended thereafter.

The Directorate General of Customs and Excise (DGCE) also issued a circular letter based on the new MOF regulation. The DGCE stipulates whether electronic stamps and signatures will be accepted, as well as whether the exporter's signature and overleaf notes must be attached to the COO and presented to Customs.

The treatment differs by Free Trade Agreement (FTA) and these relaxed requirements will only apply to COOs issued by the specific countries indicated in the brackets below. COOs issued by other countries that are parties to the FTAs will still be required to follow the original COO requirements stipulated under the respective FTAs.

No.	FTA	Official signatures and/or stamps from COO issuing agency	Exporter's signature	Overleaf notes
1	ASEAN-Australia-New Zealand FTA (AANZFTA)	Manual & electronic	No	No (Malaysia)
2	ASEAN-China FTA (ACFTA)	Manual & electronic (Malaysia & China) Only manual signatures and stamps will be accepted for COOs issued by all other parties to the FTA.	No (Malaysia & China)	No (Malaysia & China)
3	ASEAN-India FTA (AIFTA)	Manual & electronic (Malaysia & India) Only manual signatures and stamps will be accepted for COOs issued by all other parties to the FTA.	No (Malaysia & India)	No (Malaysia & India)
4	ASEAN – Japan Comprehensive Economic Partnership (AJCEP)	Manual & electronic	No (Malaysia)	No (Malaysia)
5	ASEAN-Korea FTA (AKFTA)	Manual & electronic	No (Korea & Malaysia)	No (Korea & Malaysia)

6	ASEAN Trade in Goods Agreement (ATIGA)	Manual & electronic (Malaysia) Only manual signatures and stamps will be accepted for COOs issued by all other parties to the FTA.	No (Malaysia)	No (Malaysia)
7	Indonesia-Chile Economic Partnership Agreement (ICCEPA)	Manual & electronic	No	No
8	Indonesia-Japan EPA (JEPA)	Manual & electronic	Yes	Yes
9	Indonesia-Pakistan (IPPTA)	Manual	Yes	Yes
10	Indonesia-Palestine	Manual	Yes	Yes

In addition, importers who did not submit the original COO along with supporting documents and have received notices for customs assessment as a result can choose to either submit an objection letter to appeal the assessment (depending on the type of assessment letter issued), or submit a request to Customs to amend the current assessment letter. The notice of customs assessment must be issued between 11 March 2020 and 30 April 2020 (effective date of the DGCE Circular Letter). Customs will review the objection or appeal requests and instructions will be provided on the payment of duties and taxes upon acceptance or rejection of the appeal.

Quantity discrepancies permitted for bulk imports/exports

The MOF issued a new regulation to permit some level of quantity discrepancy for goods that are imported and/or exported in bulk. The regulation permits a tolerance of 0.5%. If the discrepancy falls within the tolerance, the importer/exporter will be exempt from any administrative sanctions in the form of penalties, which vary between 100% to 1,000% of the liable import duty amount.

In addition, third-party weight scales can be used as part of the quantity examination process during goods unloading. The weight scale must be calibrated with the authorized institutions; have a valid calibration certification; and have an intact seal, if it is sealed.

This MOF regulation took effect on 25 April 2020.

Customs, excise and other import-related tax exemptions for COVID-19 supplies

A new regulation by the MOF grants exemptions for import duties, VAT, Luxury Sales Tax (LST), Prepaid Income Tax Article 22, and excise duties on certain products. The exemptions extend to the following goods imported or bought from Bonded Logistic Centres (BLC):

- Hand sanitizer and disinfectant products;
- Laboratory test kits and reagents (such as Rapid test, PCR test);
- Media transfer virus (such as processed culture media for swab tests/ media kultur olahan untuk swab test);
- Medicines and vitamins;
- Medical equipment (such as thermometer, ventilator); and
- Personal protective equipment (such as masks, protective clothes, gloves).

The above facilities are also granted for the goods mentioned above which are:

- Entered from Bonded Zone (BZ) or Bonded Warehouse (BW);
- Entered from Free Trade Zone (FTZ) or Special Economic Zone (SEZ);
- Entered from companies granted with Import Facility for Export Purposes (Kemudahan Impor Tujuan Ekspor / KITE)

For the release or delivery of the above goods from BZ, BW, FTZ, SEZ and KITE companies, companies using the said facility do not have to pay import duties (including antidumping duties, etc.), excise duties, import taxes, and/or domestic VAT on raw materials that was previously not collected. In other words, there is no claw back of duties and taxes that might otherwise apply.

If the importer is found to have misused the facility, customs authorities can collect the liable import duty, excise duty, import taxes and impose fines of 100% to 500% of the liable import duties (including other fines based on excise and/or taxation laws). Customs also has the authority to revoke the importer's right to import.

This MOF regulation became effective on 17 April 2020 and will apply till the end of the prevention period of the COVID-19 pandemic, as determined by the National Disaster Management Authority (Badan Nasional Penanggulangan Bencana).



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ANA resumes operating cargo flights to Wuhan

On 19 May 2020, an affiliate of Japanese airline All Nippon Airways (ANA) began operating a special cargo flight linking Narita Airport with Wuhan, China. This was the first plane to travel between Japan and Wuhan since an evacuation flight chartered by the Japanese government in mid-February. ANA cited increased economic activity and recovering demand for cargo following the lifting of Wuhan's lockdown on 8 April 2020. The first flight to Narita carried approximately 20 tons of medical goods including masks, and automotive parts.

ANA indicated that it would operate three round trips weekly through the remainder of May, with flight frequency for June and onwards to be decided later.



Economic Stimulus Package 2020: Application guidelines for customs and trade related measures

Following the introduction of Economic Stimulus Package (ESP) 2020 by the Malaysian Government in February 2020, Malaysia Customs has issued guidelines on the following customs and trade measures, including their application procedures and conditions. This has entered into force on 1 April 2020.

Measure	Description	Conditions
Value-added activities allowed to be performed in a Licensed Manufacturing Warehouse (LMW)	<p>The objective of the published guideline is to ensure that the application procedures are standardized across all State and Zones levels by Malaysia Customs.</p> <p>An approved application will be valid for a maximum period of one year or until the expiry of the LMW licence approval, whichever earlier.</p> <p>The detailed application procedures and conditions issued by Malaysia Customs (In Malay) can be assessed at the following link: http://www.customs.gov.my/ms/ip/Pages/ip_actkilang.aspx</p>	<p>LMW companies will need to comply with the following conditions to be allowed to perform value-added activities:</p> <ul style="list-style-type: none"> • All value-added activities must be directly related to the main manufacturing activity. • The customs approved manufacturing activity must continue to be carried out. • The sales of value-added goods must not exceed 10% of the annual sales value. • The value-added activities must not modify the country of origin of the goods.
Import duty and sales tax exemption on machinery and equipment for port operators	<p>Port operators must submit their application for exemption in writing to the Ministry of Finance (MOF) before the importation or local purchase of machinery and equipment.</p> <p>The application forms as attached in the guidelines must be completed and submitted together to the MOG - Secretary of the Tax Division.</p> <p>This facility is valid for three years (1 April 2020 to 31 March 2023).</p> <p>The MOF application forms for the exemption can be accessed via the following link: https://www1.treasury.gov.my/pdf/percukaian/prosidur_pengecualian/garis_panduan/Garis_Panduan_Permohonan_Pengecualian_Duti_Import_Dan_Cukai_Jualan_Ke_Atas_Mesin_Dan_Peralatan_Untuk_Kegunaan_Di_Pelabuhan2.pdf</p>	<p>Port operators will need to meet the following two conditions to qualify for tax exemption:</p> <p>The machinery and equipment must be brand new and must be used directly in port operations.</p> <p>The exemption does not apply to the importation and purchase of spare parts and consumables, including those used for maintenance purposes.</p>

Companies are advised to review and ensure that they fulfil the criteria and conditions stipulated within the guidelines before applying to Malaysia Customs and MOF respectively to ensure compliance and smooth application.

Implementation of the nationwide Movement Control Order (MCO) due to COVID-19

A Movement Control Order (MCO) was implemented throughout Malaysia on 18 March 2020 as a preventive measure of the federal government of Malaysia in response to COVID-19. A series of customs and trade related measures was enforced, continues to be enforced or is relaxed by the Malaysia Government.

a. Application for review on the decision made by Malaysia Customs remains valid during MCO

A review against the decisions made by the Director General of Malaysia Customs can be applied within 30 days from the date of notification of such decision, provided that such decision has not been appealed to the Customs Appeal Tribunal or to the High Court. The review shall cover the following Acts:

- Customs Act 1967
- Excise Act 1976
- Sales Tax 2018
- Service Tax 2018
- Levy Exemption Act 2019

During the MCO, a 30 day timeframe from the date of notification for application will still apply. A review request may be submitted to the Director General via e-mail to ensure that the review application can be made on time.

The review application must be submitted using the designated application form and each decision is limited to only one review request. The completed application form must be signed and emailed with supporting documents to the Director General. Supporting documents that cannot be attached will need to be listed in the email and be submitted later either in person or via post.

Refer to the link for more details:

https://mysst.customs.gov.my/assets/document/Announcement/MAKLUMAN%20PERMOHONAN%20SEMAKAN%20SEMULA_REVIEW.pdf

b. Method of COO endorsement during MCO

Following the temporary closure of the Ministry of International Trade and Industry (MITI) Services Counter at Menara MITI due to the implementation of the MCO, MITI introduced an alternate Certificate of Origin (COO) endorsement method which took effect on 30 March 2020. This measure is taken to ensure that all import and export activities with other Free Trade Agreement (FTA) member countries can continue.

COO endorsement is separated into two parts: COO submission and COO collection. The detailed process and requirements as well as MITI's operation hours can be accessed at the following link:

[https://www.miti.gov.my/miti/resources/Media%20Release/Media_Release_-_MITI_Introduces_Alternative_Way_to_Facilitate_the_Endorsement_of_Certificate_of_Origin_for_Companies_During_the_Movement_Control_Order_\(MCO\).pdf](https://www.miti.gov.my/miti/resources/Media%20Release/Media_Release_-_MITI_Introduces_Alternative_Way_to_Facilitate_the_Endorsement_of_Certificate_of_Origin_for_Companies_During_the_Movement_Control_Order_(MCO).pdf)

On 12 April 2020, MITI further introduced and allowed electronic endorsement of COOs through the e-Preferential Certificate of Origin (e-PCO) system for four FTA schemes as follows:

- Malaysia - Japan Economic Partnership Agreement (Form MJEPA);
- ASEAN - Australia - New Zealand Free Trade Area (Form AANZ);
- ASEAN - Hong Kong Free Trade Agreement (Form AHK); and
- ASEAN - Korea Free Trade Area (Form AK).

Companies are advised to review and comply with the requirements published by MITI to prevent any delays in obtaining the COO endorsement from MITI.

c. Sales tax return and payment deadline extended to 30 June 2020

Malaysia Customs announced an extension to the submission deadline of the sales tax return and payment in response to the COVID-19 outbreak, specifically for the taxable period from February to April 2020. All returns and payments must be submitted to Malaysia Customs latest by 30 June 2020 in order to be eligible for remission on the penalty that are automatically imposed in the customs system due to the 'late' submission of sales tax return and payment.

In addition, during the MCO period, any bill of demand on penalties (which were issued automatically due to the late payment of sales tax) will be remitted by Malaysia Customs. Companies are not required to apply for remission of these penalties to Malaysia Customs.

d. Revision of submission timeline for new ICP checklist

On 15 May 2020, the Strategic Trade Secretariat (STS) under the supervision of MITI revised the timeline for the submission of a revised Internal Compliance Program (ICP) checklist that was enforced on 1 February 2020 due to the implementation of MCO. Existing companies with ICP status are required to adhere to the revised ICP checklist and resubmit to STS within the newly specified timeline.

Further details on the revised submission timeline can be found using the following link:

https://www.miti.gov.my/miti/resources/STA%20Folder/PDF%20file/Gentle_reminder_-_ICP_announcement_extension_of_timeline_150520.pdf

Companies with existing ICP status who have yet to resubmit the revised ICP checklist are advised to take note of the revised timeline set by the STS and continue to monitor developments closely in order to ensure that they meet the revised submission timelines. Maintaining ICP status is required if companies wish to apply for bulk and multiple use Strategic Trade Authorisation export control permits.

e. Import duty and sales tax exemption on raw materials used in the production of hand sanitiser

On 30 March 2020, the Ministry of Finance (MOF) announced that manufacturers of hand sanitisers will be granted import duty and sales tax exemptions on the raw materials used in the production of hand sanitisers classified

in tariff code 3808.94.9000. The import duty and sales tax exempted raw materials are undenatured ethyl alcohol and denatured ethyl alcohol.

An import and sales tax exemption application will need to be submitted to the MOF's Tax division for approval. This has been effective from 30 March 2020 and will apply till further notice by Ministry of Finance.

The application procedure and documents required for the exemption application can be found at the link below:

https://www.mysst.customs.gov.my/assets/document/Announcement/PENGECUALIAN%20DL_DE_CJ%20KEPADA%20PENGILANG%20HAND%20SANITIZER.pdf

Amendments to Customs Duties (ASEAN Trade in Goods Agreement) Order 2017

On 1 April 2020, the Ministry of Finance issued the Customs Duties (Goods of ASEAN Countries Origin) (ASEAN Harmonised Tariff Nomenclature and ASEAN Trade in Goods Agreement) (Amendment) (No. 2) Order 2020.

The following key amendments took effect on 2 April 2020.

- Changes to the product specific rules list-Annex 3: The HS subheadings are now reported individually line by line under the respective chapters. They were previously grouped together in a range.
- Replacement of AHTN from 2007 to 2017 under the information technology agreement product list-Annex 4. The list has been replaced with AHTN 2017.
- New insertion to the overleaf notes in the CO application form in relation to FOB value-Annex 7: The FOB value is only required for goods exported from and imported by Cambodia, Indonesia, Laos and where the regional value content criteria is applied.

Note that this amendment is to be laid before the Dewan Rakyat pursuant to subsection 11(2) of the Customs Act 1967 and will become effective if there are no objections after 120 days. Companies claiming or considering claiming preferential duty treatment are advised to take note of the above amendments.

The complete Order can be found at the following link:

<http://www.federalgazette.agc.gov.my/outputp/PUA110-111.pdf>

Amendments to customs, excise and sales tax exemption order

Following the updates from the Economic Stimulus Package announced on 27 February 2020 due to the COVID-19 outbreak, the MOF has gazetted the following amendment Orders accordingly for persons entering Malaysia with effect from 1 April 2020:

- Customs Duties (Exemption) 2017 (Amendment) (No.2) Order 2020
- Sales Tax (Person Exempted from Payment of Tax) (Amendment) Order 2020
- Excise Duties (Exemption) 2017 (Amendment) Order 2020

The key revisions to the Schedules for the above-mentioned Orders are highlighted below:

- Updates to the list of goods eligible for duty and tax exemptions brought into Malaysia by any person (other than to Labuan, Langkawi, Tioman and Pangkor) through all modes of transport including air. Certain categories of goods such as wine, spirits, beer or malt liquor, tobacco products, new apparel and footwear, new portable electrical or battery-operated appliances for personal care and hygiene are subject to quantity limits.
- Amendment to the existing duty and tax exemption conditions to include two additional conditions:
 1. Goods are purchased from any duty-free shops licensed under Section 65D of the Customs Act 1967; and
 2. The duty-free shop is located at any entry point.
- The goods value threshold has been increased from RM500 to RM1,000 for all eligible goods excluding tyres and tubes and product categories subject to quantity limits.
- The eligibility period for purchase of duty-free goods have been relaxed from 72 hours to 48 hours i.e. purchases of such goods are allowed for persons visiting Malaysia for for a period of not less than 48 hours, or for returning persons who have left Malaysia for at least 48 hours.

The complete details of the amended Orders can be accessed here:

<http://www.federalgazette.agc.gov.my/outputp/PUA1062020.pdf>

Registered Exporter System under the GSP for Norway and Switzerland

On 17 April 2020, MITI announced the implementation of a Registered Exporter (REX) System under the Generalised System of Preferences (GSP) for Norway and Switzerland. This will be effective from 1 July 2020. However, the REX System under GSP preferences continues not to apply to exports to Iceland, Liechtenstein, Belarus, Kazakhstan and Russia.

Under the REX system, the requirement of having a certificate of origin (Form A) will no longer be required for Malaysian exporters. Instead, exporters will only need to include a self-declaration Statement of Origin on the invoice or commercial documents indicating the origin of goods for exports to Norway and Switzerland. This can be done without intervention of the competent authorities (e.g. MITI) and will help to ease administrative procedures and facilitate trade.

Imposition of anti-dumping duties on cellulose fibre reinforced cement flat and pattern sheet from Indonesia

On 20 March 2020, the Ministry of Finance (MOF) issued a Customs (Anti-Dumping Duties) (No.2) Order 2020 to impose anti-dumping duties on cellulose fibre reinforced cement flat and pattern originating or exported sheet from Indonesia. The anti-dumping duties will be imposed for a period of five years from 21 March 2020 to 20 March 2025 on the following products:

HS code	Description of Goods	Rate of anti-dumping duties	Country of origin/export
6811.82.20 00	Cellulose fibre reinforced cement flat and pattern sheet and specifically excluding external roofing	9.14%	Indonesia
6811.82.90 00		108.10%	

Details on affected producers/exporters and corresponding rates can be found at the following links:

<http://www.federalgazette.agc.gov.my/outputp/PUA94-96.pdf>

http://www.federalgazette.agc.gov.my/outputp/pub_20200317_PUB176.pdf



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Government issues COVID-19 Economic Relief Plan

On 27 April 2020, the Myanmar government issued a comprehensive economic stimulus plan called the COVID-19 Economic Relief Plan (CERP). It covers a broad range of trade measures aimed at meeting current needs due to COVID-19 and to help facilitate Myanmar's economic recovery.

We have provided an overview of the relief measures relating to trade below. Details of certain trade measures have yet to be announced and affected businesses are advised to monitor the release of announcements. We will provide further details in due course.

a. Reliefs relating to import/export taxes

Relief	Regulatory Board	Duration	PwC comments
Waiver of 2% Advance Income Tax on export	Internal Revenue Department (IRD), Ministry of Planning, Finance and Industry (MOPFI)	Until September 2020 (based on a previous notification)	This waiver should apply to all businesses. Businesses will have to make an application in writing to the IRD in order to enjoy the waiver. Approval will be granted on a case-by-case basis.
Waiver of customs duties and commercial tax	Customs Department, MOPFI	Effective immediately; time period has not been specified	This waiver will apply to the importers who have been importing medical supplies and products for the prevention and treatment of COVID-19. MOPFI has yet to confirm what medical supplies would be considered as critical and the applicability of this waiver in practice.
Waiver of Specific Goods Tax (SGT)	IRD, MOPFI	Effective immediately; time period has not been specified	This waiver will apply to the importers who have been importing medical supplies and products for the prevention and treatment of COVID-19. MOPFI has yet to confirm what medical supplies would be considered as critical and the applicability of this waiver in practice.

b. Reliefs relating to non-tariff measures

Relief	Regulatory Board	Duration	PwC comments
Expedition of import process	Ministry of Commerce (MOC) and Customs Department, MOPFI	Effective immediately; time period has not been specified	<p>This measure will apply to importers who are importing medical supplies and products for prevention and treatment of COVID-19.</p> <p>The government is producing a new standard operating procedure to fast track the import process. Details have not been announced.</p>
Waiver of import license and FDA requirements	MOC and Ministry of Health & Sports (MOHS)	Effective immediately; time period has not been specified	<p>This measure will apply to importers who are importing medical supplies and products for prevention and treatment of COVID-19. The products must be FDA-approved in another country.</p> <p>The government is issuing directives to waive licensing and FDA requirements. Details have not been announced.</p>
Allow importation of key medical products	MOHS	Effective immediately; time period has not been specified	<p>This measure will apply to the importation of key medical products for COVID-19 prevention, control and treatment, where immediate import is required. Imports must be from suppliers that have no negative track record. This includes but is not limited to masks, personal protective equipment (PPE), medicines, ventilators, intensive care unit (ICU) equipment, cardiovascular support tools.</p> <p>Details have not been announced.</p>
Removal of all export applications, licenses and permits deemed unnecessary	MOHS	Effective immediately; time period has not been specified	<p>To facilitate the export process, all export applications, licenses and permits will be reviewed. Those deemed unnecessary for maintaining market access or to protect health, safety and security will be removed.</p> <p>The government is producing a new standard operating procedure to fast track the export process. Details have not been announced.</p>

c. Trade measure reliefs prior to release of CERP

Relief	Regulatory Board	Duration	PwC comments
Online processing of import and export licenses	MOC	Effective from 23 April 2020	This measure will apply to companies that apply for import and export licenses. The issuance of import and export licenses of 815 (essential) goods will be processed online. Companies must complete their application forms on Myanmar Trade Net.
Reduced import license fees	MOC	6 April 2020 – 30 September 2020	This measure will apply to importers of goods that require an import license. MOC issued a notification that reduced the import license fee to MMK 30,000 (USD 20).
Temporary online registration extension	Department of Trade, MOC	24 April 2020 – 31 July 2020	This measure will apply to registered companies in Myanmar. Importers and exporters with a registration that expires between 27 April 2020 to 30 July 2020 can apply for a temporary extension through an online registration system.

Relaxation of rules on alcohol imports

On 25 May 2020, the Ministry of Commerce (MOC) published two notifications relating to the importation of alcohol. Notification No. 38/2020 relates to the Export and Import Law which now excludes foreign liquor from the list of goods which are not allowed to be imported into Myanmar. From 25 May 2020, foreign liquor can be legally imported into Myanmar under certain conditions.

In addition, MOC issued Notification No. 39/2020 that specifies on the procedures for importing liquor. It includes chapters on companies that are eligible for the importation of liquor and the import process, the process to apply for a liquor importing registration certificate and for an import license as well as the terms and conditions of the liquor import permit, the payment of applicable taxes and the distribution and opening of shop requirements.

Conditions in the mentioned chapters above include, for example, the minimum cost, insurance, and freight (CIF) value is USD 8 per liter and liquor can only be imported through the Yangon Port and Yangon Airport. A company permitted to import liquor has to comply with the relevant laws and regulations regarding transportation, distribution and sale of liquor and the opening of a liquor shop. The company would also be subject to an occasional inspection by the relevant ministry for the compliance with the directives issued for the import, distribution and sale of liquor.

A comprehensive review of the notification is recommended to explore the registration process, licensing and control procedures. This is to ensure that compliance levels are met for importing liquor.



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Introduction of additional COVID-19 relief measures

The New Zealand Customs Service (NZCS) recently issued guidelines in line with other COVID-19 relief measures released by the New Zealand Government. Some of the key measures are outlined below.

1. Remission or refund of penalties and interest on late duty payments

The Customs and Excise Regulations 1996 will be amended to allow businesses, whose ability to pay duty on time have been significantly affected by COVID-19, to receive a remission or refund on interest and penalties on late duty payments. Any remission and refund of interest and penalties on late duty payments would be subject to the duty payer meeting the necessary requirements, including:

- the duty payer's ability to make a duty payment, including associated levies, on time having been significantly affected by COVID-19;
- the duty payer has contacted NZCS as soon as reasonably practicable;
- the duty payer has agreed an instalment plan with NZCS or paid the duty in full.

This assistance will only apply to interest and penalties on late duty payments arising on or after 25 March 2020 and will be provided for up to two years. The specific duration varies on a case by case basis depending on the gravity of impact experienced by the duty payer and is subject to negotiation and agreement with NZCS. Note that the late core duty as agreed with NZCS must still be paid. As of 30 April 2020, approximately 350 businesses had advised NZCS that they would not be able to make their duty payments on time, representing \$85 million worth of revenue.

2. Reduction in compensatory interest rate

If the remission or refund of interest on late duty payments is not approved by NZCS, usual compensatory interest will apply. Compensatory interest is based on market interest rates. From 8 May 2020, the main rate charged on underpaid duty will decrease from 8.35% to 7.00% per annum. This rate aligns with the rate that is used by the Inland Revenue Authority.

3. Freezing of Customs fees to boost recovery

The New Zealand government is also freezing charges at the border to help export and import businesses and protect jobs from the impacts of COVID-19. A new fee regime for exporters and importers initially due to enter into effect on 1 June 2020 has been put on hold for at least the next 12 months. By freezing the fee increase, 70,000 importers and millions of customers will benefit from not seeing border fees on products rise by 13%, or \$3.77 per import entry. Low value imports and exports will also not be levied with any additional charges.

4. Temporary removal of import tariffs on medical and hygiene products

The NZCS has temporarily removed import tariffs on all medical and hygiene imports essential for New Zealand's COVID-19 response. This applies to all diagnostic reagents and testing kits used for COVID-19 testing, as well as soap imports. Two concessions that have been already approved are:

- Concession 311042H: Soap, of a kind suitable for use in the COVID-19 event of HS Heading 3401
- Concession 311043F: COVID-19 testing kits and diagnostic reagents, of a kind suitable for COVID-19 testing of HS Heading 3822

This has entered into effect from 25 March 2020 and will be valid up till 30 June 2020.

The full circular can be accessed at the following link:
<https://www.customs.govt.nz/globalassets/documents/tariff-concession-notice-11-2020.pdf>



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Tax relief for manufacturers of COVID-19 related medical products and supplies

On 28 March 2020, in line with efforts to facilitate quick recovery from the COVID-19 pandemic, the Philippines government released Joint Memorandum Circular (JMC) No. 2020-02, providing tax exemption benefits to manufacturers of medical products and supplies. This benefit also extends to their suppliers of raw materials and packaging materials that are exclusively used for production of medical products and supplies essential to fight against COVID-19.

Examples of medical products and supplies include:

- Personal protective equipment (PPE) such as gloves, gowns, masks, googles, face shields, surgical equipment and supplies;
- Laboratory equipment and its re-agents;
- Medical equipment and devices;
- Support and maintenance for laboratory and medical equipment;
- Surgical equipment and supplies;
- Medical supplies, tools, consumables, such as alcohol, sanitizers, tissue, thermometers, hand soap, detergent, sodium hydrochloride, cleaning materials, povidone iodine, common medicines like paracetamol tablets and suspension, mefenamic acid, vitamin tablets and suspension, hyoscine tablet and suspension, oral hydration solution and cetirizine tablet and suspension; and
- COVID testing kits and others identified by the Department of Health.

Under Joint Memorandum Circular (JMC) No. 2020-02, the covered products are exempted from customs duties and import Value-Added Tax. The JMC enforces the provision for duty-tax free importation of Republic Act no. 11469 (the Bayanihan Act to heal as one). There are two conditions that companies must fulfil to qualify for the duty and tax exemption:

1. The company must first be accredited and have obtained a Certificate of Accreditation (CA) from the Board of Investments (BOI) or other incentives promotion agencies like the Philippine Economic Zone Authority (PEZA); and
2. The company must have obtained tax-exempt endorsement from the Department of Finance (DOF).

This means that if eligible for the benefits, companies will need to first obtain a CA from the BOI or other incentive promotion agencies e.g. PEZA. Companies already holding an existing accreditation can immediately apply for an endorsement for tax exemption from the DOF.

For all covered products by accredited companies, the BOC will also accord "Super Green Lane" status and target to clear all goods within 24 hours upon online filing of the customs declaration.

Apart from tax relief, the JMC also suspends the export requirement for export-oriented companies administered by an incentive promotion agency. In line with Republic Act no. 11469 (the Bayanihan Act to heal as one), local companies manufacturing the covered products are required to supply at least 80% of their daily production to procuring entities listed in the Bayanihan Act, including governments, hospitals and private



establishments for domestic consumption. The local sales for such export-oriented enterprises will be treated as an export sale and the corresponding treatment – including any incentives and tax exemptions will apply.

The JMC has entered into effect 1 April 2020 and will remain effective during the validity of the Bayanihan to heal as one act.

The full legal text, including the list of HS codes for covered products can be accessed here:

https://dtiwebfiles.s3-ap-southeast-1.amazonaws.com/COVID19Resources/Issuances+from+other+agencies/0504_JMC_DOFDTI.pdf

Additional duties imposed on petroleum products

In order to fund COVID-19 response efforts, on 6 May 2020, the Philippines government announced the imposition of additional import taxes on certain crude petroleum oil and refined petroleum products. This is legislated for in Executive Order No. 113, and such changes are permissible under the Customs Modernization and Tariff Act if effected by the President upon the recommendation of the National Economic and Development Authority (NEDA).

Under the Executive Order No. 113, specific crude petroleum oil and refined petroleum oil products will be subject to an additional 10% import duty. This will be levied as an addition to the existing Most Favored Nation (MFN) rate or preferential import duty rates and will apply to concerned products imported from any country or withdrawn from bonded warehouses in the Philippines for domestic use.

The list of affected crude oil and petroleum products, and their corresponding HS Codes are provided below:

2017 AHTN	Description
	Petroleum oils and oils obtained from bituminous minerals and crude
2709.00.10	- Crude petroleum oils
2709.00.20	- Condensates
	Petroleum oils and oils obtained from bituminous minerals (other than crude) and preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, other than those containing biodiesel and other than waste oils:
	- - - Light oils and preparations for Motor spirit, leaded:
2710.12.11	- - - - Of RON 97 and above
2710.12.12	- - - - Of RON 90 and above but below RON 97
2710.12.13	- - - - Of other RON
	- - - Light oils and preparations for Motor spirit, unleaded, Of RON 97 and above :
2710.12.21	- - - - Unblended
2710.12.22	- - - - Blended with ethanol
2710.12.23	- - - - Other

	- - - - Light oils and preparations for Motor spirit, unleaded, Of RON 90 and above but below RON 97
2710.12.24	- - - - - Unblended
2710.12.25	- - - - - Blended with ethanol
2710. 12.26	- - - - - Other
	- - - - Light oils and preparations for Motor spirit, unleaded, Of other RON
2710.12.27	- - - - - Unblended
2710. 12.28	- - - - - Blended with ethanol
271 0.12.29	- - - - - Other
	- - - Light oils and preparations for aviation spirit, of kind used in aviation piston engines;
2710.12.80	- - - Naphtha, reformates and other preparations of a kind used for blending into motor spirits
	- - - Light oils and preparations: Other
2710.12.91	- - - - Alpha olefins
2710.12.92	- - - - Other, petroleum spirit, having a flashpoint of less than 23 °C
2710.12.99	- - - - Other
	- - - Light oils and preparations: Lubricating oils and greases :
2710.19.41	- - - - Lubricating oil feedstock
2710.19.42	- - - - Lubricating oils for aircraft engines
2710. 19.43	- - - - Other lubricating oils
2710.19.44	- - - - Lubricating Greases
	- - - Light oils and preparations: Diesel fuel; fuel oils:
2710.19.71	- - - - Automotive diesel fuel
2710.19.72	- - - - Other diesel fuels
2710.19.79	- - - - Fuel oils
2710.19.81	- - - Light oils and preparations: Aviation turbine fuel (Jet fuel) having a flash point of 23 °C or more
2710.1 9.82	- - - Light oils and preparations: Aviation turbine fuel (Jet fuel) having a flash point of less than 23 °C
2710.19.83	- - - Light oils and preparations: Other kerosene
2710.19.89	- - - Light oils and preparations: Other medium oils and preparations
2710.20.00	- Petroleum oils and oils obtained from bituminous minerals (other than crude) and preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations, containing biodiesel, other than waste oils

The additional duties will remain in effect for the duration of the Republic Act no. 11469 (The Bayanihan Act to heal as one), or until international oil prices have increased based on trigger prices indexed to oil prices in the world market and upon certification by the Department of Energy that a trigger price has been reached, whichever earlier.

The full executive order can be accessed here:
<https://www.officialgazette.gov.ph/downloads/2020/05may/20200502-EO-113-RRD.pdf>

Last call to register with EU REX for claiming of preferences under GSP+ Scheme

Philippine companies exporting products to the European Union (EU) are encouraged to register with the EU Registered Exporter (REX) system so that their products continue to be eligible for preferential tariffs on importation of their products into the EU provided under the EU's Generalized System of Preferences Plus (GSP+) scheme.

Having a REX registration will enable exporters to self-certify the origin of products on commercial documents, which will replace the manual Certificate of Origin Form A that is currently being issued by the Bureau of Customs (BOC). The one-time registration must be completed before 30 June 2020.

To register, exporters will need to submit a pre-application via the online site: <https://customs.ec.europa.eu/rex-pa-ui/#/create-preapplication/> and submit the completed application together with required documents to the BOC. Successful applicants will be assigned a 'Registered Exporter Number', which the exporter will need to use when certifying product origin on the commercial documents such as invoices or packing lists.

Due to COVID-19 quarantine restrictions, exporters are required to submit documents online through BOC's online customer portal at <https://client.customs.gov.ph/index.php>. The physical documents must be kept and submitted after the quarantine period. The detailed registration and self-certification processes have been discussed in detail in the December-January Trade Intelligence issue.

STMO to start export authorisation process by July 2020

The Department of Trade and Industry's Strategic Trade Management Office (DTI-STMO) will start the export authorisation process, including accepting applications for authorisation or licenses to export strategic goods, by July 2020.

Issued authorisations can cover a single export transaction or a series of export transactions depending on the type of application and approval granted by the STMO. An export transaction in this respect is defined as the actual physical shipment of strategic goods out of the Philippines and includes the transmission of software and technology through electronic and non-electronic means.

Companies engaged in export of strategic goods are required to first register with STMO as a pre-requisite for export authorisation. Despite the COVID-19 outbreak, the STMO has indicated that they are continuing to accept and process the registration of exporters seeking authorisation to export strategic goods under the Strategic Trade Management Act. To register, exporters are required to submit a completed application and supporting documents to the STMO. Applicants are also required to determine if their products to be exported are listed on the National Strategic Goods List (NSGL). They could either fall under military goods, dual-use goods, or nationally controlled goods.

The STMO, following the roll-out of the export authorisation process, will regulate the import, transit and transshipment, re-export and reassignment of strategic goods, software and technology and the provision of related services (such as brokering, transporting) via the issuance of guidelines or formal guidance. At the time of writing, specific guidelines for securing export authorisations have not yet been publicly released. The Bureau of Customs has also not yet issued any corresponding regulations in relation to the STMO's export licensing process.



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Chemicals added to the Chemical Weapons (Prohibition) Act

The amendment of Part I of the Schedule (Schedule 1 chemicals) to the Prohibition of Weapons Act (Amendment of Schedule) Order 2020 entered into force on 7 June 2020. This is to align with the decisions on amendments made to Schedule 1 arising from the 24th Session of the Conference of the State Parties to the Chemical Weapons Convention (CWC).

Schedule 1 lists the newly added toxic chemicals including the specific assigned Chemical Abstracts Service (CAS) registry numbers. The regulated chemicals include specific types of phosphoramidic fluorides and phosphoramidofluoridates and their corresponding alkylated or protonated salts and carbamates. More details on specific chemical names, HS Codes and the corresponding CAS numbers are provided in Annex A of the circular and can be accessed here:

<https://www.customs.gov.sg/news-and-media/circulars/2020-05-06-Circular042020.pdf>

A CWC licence must be obtained from Singapore Customs before performance of any controlled activities related to the scheduled chemicals or unscheduled discrete chemicals. Under the CWP, all importers and exporters are required to obtain a CWC licence and a permit for every import and export of controlled CWC scheduled chemicals.

New reporting and recordkeeping requirements under SGCR to take effect on 3 August 2020

Singapore Customs announced the completion of the review of the Strategic Goods (Control) (Amendment) Regulations (SGCR) 2020. The update stipulates additional requirements for individual and bulk permit holders and registered persons (brokering) in relation to regular reporting, recordkeeping and document retention requirements. These requirements will take effect on 3 August 2020.

Companies are advised to review its current processes against the new changes and make the necessary adjustments prior to the implementation of the update. The official circular and detailed summary of the changes can be found at the following link:

<https://www.customs.gov.sg/news-and-media/circulars/2020-06-01-Circular052020.pdf>

Elimination of customs duty on samsu and medicated samsu

With effect from 15 April 2020, customs duties for samsu and medicated samsu classified under HS codes 2208.90.10, 2208.90.20, 2208.90.30, and 2208.90.40 have been reduced to zero from \$8.00/Liter of alcohol. This circular is in line with the announcement by the Ministry of Trade and Industry on the Declaration on trade in Essential Goods for Combating the COVID-19 Pandemic currently signed with New Zealand. At the time of writing, Singapore Customs has not further specified if this is a temporary measure or if it will take permanent effect.

The full circular can be accessed here:

<https://www.customs.gov.sg/news-and-media/circulars/2020-04-15-Circular032020.pdf>



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Taiwan and Guatemala implement new updates to bilateral FTA to facilitate free trade

In order to strengthen the economic relationship between Taiwan and Guatemala, several decisions have been made with regard to the acceptance of Electronic Certificates of Origin and customs duty elimination/reduction under the framework of the Taiwan and Guatemala Free Trade Agreement. Key details have been summarized below:

Decision No.12: General procedures for the issuance and receipt of Electronic Certificates of Origin under Free Trade Agreement between Taiwan and Guatemala

Both parties have committed to accelerate trade facilitation by promoting the relevant Export Interface Window which ensures equal recognition of electronic trading transaction data/information via a mutual platform, where electronic certificates of origin may be effective on validating exported products' origin between Taiwan and Guatemala.

Decision No.13: Modification of tariff-free annual quota amount for raw and refined sugar of Guatemala origin

Product Description	National tariff codes for Taiwan	Quota
Raw sugar	1701.13.00 1701.14.00 1701.91.00	Total tariff – free annual Quota has been increased to 125,000 metric tons.
Refined sugar	1701.91.20 1701.99.10 1701.99.20 1701.99.90	Refined sugar imports cannot exceed 35% of the total annual quota.

Decision No.14: Elimination of customs duty in Taiwan for the following products originating from Guatemala

No.	Description of goods	National tariff codes for Taiwan
1	Trees, shrubs and bushes, grafted or not, of kinds which bear edible fruits or nuts	0602.20.00
2	Mascareen grass, fresh	0604.20.41
3	Other ornamental grass, fresh	0604.20.49
4	Christmas trees(coniferous), fresh	0604.20.20
5	Roasted chicory and other roasted coffee substitutes, and extracts, essences and concentrates thereof	2101.30.00

Decision No.15: Elimination of customs duty in Guatemala for the following products originating from Taiwan

No.	Description of goods	National Tariff codes for Guatemala
1	Motorcycles, cycles, with reciprocating internal combustion piston engine of a cylinder capacity exceeding 250 cc but not exceeding 500 cc	8711.30.00
2	Bicycles	8712.00.00. AA

Temporary reduction of import tariffs on masks and undenatured alcohol

On 27 February 2020, Taiwan Customs and the Ministry of Finance announced the reduction of import tariffs on masks and undenatured alcohol with concentration above 90%. The reductions are subject to fulfilment of the following conditions:

- Raw material of medicinal alcohol classified under customs classification code 2270.10.90.22-0 (Other undenatured ethyl alcohol of an alcoholic strength by volume exceeding 90% vol) will be subject to the temporary reduced tariff rates of 10% from 20% only if they are imported as production material of medicinal alcohol and importers have obtained approval from the Ministry of Economic Affairs and the Ministry of Health and Welfare. Imported products used for other purposes (e.g. for production of wine or industrial alcohol) will still be subject to the original duty rate of 20%.
- The import duty rate of "masks of textile materials" classified under customs classification code 6307.90.50 is reduced from 7.5% to 0%. This mainly covers the N95 masks as well as general medical and surgical masks.

This tariff reduction has entered into effect on 27 February 2020 and is valid for 3 months until 26 May 2020. This has been further extended for 3 months to 26 August 2020 only for raw materials of medicinal alcohol classified under customs classification code 2270.10.90.22-0 (Other undenatured ethyl alcohol of an alcoholic strength by volume exceeding 90% vol). Duty rate concessions on "masks of textile materials" are not eligible for the same extension.

Taiwan Customs has indicated that the effective period will be continually reviewed based on the domestic epidemic prevention situation and local supply and demand. Any further extensions to current deadlines will be announced at a later date.

The full announcement published by Taiwan Customs can be accessed here:

Original regulation: https://web.customs.gov.tw/News_Content.aspx?n=193CFD7916D99433

Update on deadline extension for raw materials of medicinal alcohol: https://web.customs.gov.tw/News_Content.aspx?n=F55943A3BAA86A6A&sms=1095B63D0846032B&s=56C9C29AFA06D8C5

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Extension of Customs Single-Point Payment Programme to 30 September 2021

On 1 May 2020, Thai Customs announced an extension of its Single-Point Payment Programme (SPPP) from 1 May 2020 to 30 September 2021 following its original expiration on 30 April 2020.

As previously reported, this programme allows importers and exporters to self-disclose Customs non-compliance issues and pay liabilities at a 'single point' (Post-Clearance Audit Division, Customs Department) rather than at the individual ports of entry. The enrolment criteria, conditions, and benefits under last year's programme will still apply (i.e. exemption of duty fine and reduction in the rate of duty surcharge payable). However, taxpayers will be responsible for VAT penalty (fixed at 1 time of VAT shortfall regardless of duty shortfall range) and VAT surcharge (1.5% of VAT shortfall per month, not exceeding the VAT shortfall itself).

Offences that render companies ineligible to use the SPPP are shipments or transactions related to smuggling, duty evasion with proof of fraudulent intention, evasion of import/export restrictions, and counterfeit trading. Companies that are currently under audit, investigation, or undergoing any internal evaluation process by Thai Customs, the Department of Special Investigation (DSI), or the Economic Crime Suppression Division will not be eligible to join the programme.

The decision to enrol in this programme should be carefully considered. Companies are recommended to review their import and export operations and estimate the potential liabilities before deciding whether to participate in the SPPP.

Amendments to Thai Industrial Standards for electronic apparatus

The Ministry of Industry (MOI) announced the replacement of the current Thai Industrial Standards (TIS) on mains-operated electronics and related apparatus for households (TIS No. 1195-2536). The replacement standard is TIS No. 1195-2561 and is named "Audio, video and similar electronic apparatus – safety requirements".

In principle, the new standard updates existing safety and classification terminology and extends coverage to include industrial products related to sound or vision receiving apparatus. This includes (but may not be limited to) amplifiers, cables, remote power feeding and source transducers, and motor-driven apparatus (e.g. radio-gramophones, tape recorders and sound-film projectors).

This new standard is not yet in effect, and still requires the publishing of the supporting Ministerial Regulation prior to enforcement. It is expected that the ministerial regulation will be announced later in the year following approval by the National Legislative Assembly.

Companies that import or manufacture electronic apparatus should monitor progress and review the new rules and standards ahead of implementation to understand their impact and ensure their products comply.

Duty exemption on certain types of machinery of HS headings 8402 to 8479

The Ministry of Finance updated the list of imported goods eligible for duty exemption under Section 12 of the Customs Tariff Decree B.E. 2530 (1987). This is contingent upon such products meeting the conditions in Customs Notification No. 79/2563. The exemption is effective and will last till the end of 2020.

Specifically, 146 tariff codes of HS headings 8402 to 8479 are eligible for the duty exemption if they meet the requirements below. These headings cover several types of agricultural and industrial machinery and mechanical appliances, such as boilers, pumps, pulley tackle, cranes, and fork-lift trucks.

The conditions for duty exemption are:

- The imported goods have never been used;
- The goods are imported only for commercial use and not for sale or personal use;
- The importer of such goods can provide evidence to prove that (a) and (b) are true;
- The goods must not be transferred or sold within five years from the date of importation;
- The importer must present one of the following: a factory certificate, hotel certificate, SME certificate or company certificate issued by the Department of Business Development; and
- The importer indicates '381' as the privilege code on the import entries for the goods.

As several customs duty relief measures have been announced in the past several months, we recommend importers to constantly monitor such updates and requirements to ensure continued compliance.



Temporary relief measures from the Excise Department

Due to the COVID-19 pandemic, the Excise Department has recently issued measures to help businesses lessen physical contact risks. This includes providing deadline extensions for excise form filings and payments and allowing taxpayers to provide excise tax payment at more convenient locations. The key measures outlined in the notifications are summarised below:

- Based on the Excise Notification dated 8 May 2020, companies with excise tax liabilities incurred from 1 April 2020 to 31 May 2020 are allowed to file their excise tax forms and provide payment by 15 July 2020. This is an extension to the normal submission requirement, which is by the 15th of the following month. This applies to operators of:
 - beverage products operating a vision sensor system for excise tax collection purposes;
 - fruit and vegetable juices;
 - concentrates used with post-mix beverage machines for sale at retail locations;
 - beverage products in flake or powder forms and intense syrup with sugar that are soluble in water (not including dietary supplements and dairy products in powder form); and
 - automobiles and motorcycles.

The full notification can be accessed here:

<https://webdev.excise.go.th/act2560/504-2560-28>

- Based on the Excise Notification dated 5 May 2020, taxpayers are allowed to submit excise filing forms and make excise tax payments at all available branch offices, regardless of the area in which their factory or service facility is located.

The full notification can be accessed here:

<https://webdev.excise.go.th/act2560/502-2020-05-08-05-12-27>

Relaxations of criteria for duty exemption of goods produced in free zones

Thai Customs has recently issued amendments to the criteria for duty exemption for goods produced in Thailand's free zones. Key changes are provided below.

- Although the previous criteria already grant 0% duty for goods that undergo 'significant production processes' and meet the local content requirement in the free zones, manufacturers had to ensure that these processes are strictly conducted within the free zones. The new criteria will now allow up to half of the significant production process steps to be done outside the free zone, with only the final process taking place within the free zone.
- Under the new criteria, manufacturers have more options to certify their locally sourced materials. This can be achieved either by such materials undergoing 'significant production processes' as certified by relevant institutes, by having them certified as of Thai origin by the Department of Foreign Trade with a Form D, or via the manufacturer's self-certification. The condition for the originating raw materials to be first exported out of the country has also been removed from the existing criteria.

Interested manufacturers should assess if the new criteria will allow them to be eligible or continue to be eligible for duty exemptions. Manufacturers meeting the conditions can also consider requesting permission to have their significant production processes done outside of the free zone.



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New declaration requirements for import of used machinery and equipment

On 30 March 2020, the General Department of Customs (GDC) issued Official Letter No. 2061/TCHQ-GSQL to provide instructions on the VNACCS declaration requirements for importation of used machinery and equipment.

Accordingly, from 1 April 2020, companies importing used machinery and equipment classified in HS Chapter 84 or Chapter 85 will need to indicate the following declaration codes in the first box of the customs declaration:

- To declare type “MO” for goods that have not been used;
- To declare type “CU” for used goods.

In case the company does not follow the above declaration instruction, the customs declaration may be rejected by the VNACCS system.

The full letter (Official Letter No. 2061/TCHQ-GSQL issued by the GDC can be accessed at the following link:

https://www.customs.gov.vn/Lists/VanBanPhapLuat/Attachments/12972/Vanban_2061.PDF

Lifting of export licence requirement on medical masks

On 29 April 2020, the Vietnam Government issued Resolution 60/NQ-CP to waive licence requirements for exports of medical masks. However, as stipulated in Point 6 of the Resolution, exporters will be responsible for the quality of the exported medical mask. Prior to issuance of Resolution 60, the export of medical masks was restricted for international aid and assistance purposes and subject to export license.

In line with Resolution 60, the General Department of Customs (GDC) has also issued Official Letter No. 2848/TCHQ-GSQL requiring local customs authority to facilitate and support the export of medical masks. The export of facemasks and medical masks shall comply with the Law on Customs and its guiding documents, and exporters are not required to submit or present export licenses.

Draft circulars on extension of deadline of the submission of Certificates of Origin

As customs declarants may not be able to submit preferential Certificate of Origin (COO) at time of importation or within 30 days of registered date of the customs declaration due to the COVID-19 outbreak, the General Department of Customs (GDC) has prepared draft Circulars relaxing the current COO submission deadlines to enjoy special preferential import duty rates, including the accepted format for COO submission.

Accordingly, the GDC has suggested that in the case of force majeure (i.e the Covid-19 pandemic), the deadline for COO submission is extended to be within the validity period of such COO (usually 1 year). The GDC will also accept COOs with e-signatures and e-stamps or a copy or scan of the COO where the competent authorities in the export country has issued notification on the usage of such formality.

Instructions on proof of transport under CPTPP

To ensure compliance when implementing the commitments of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the General Department of Customs (GDC) issued a document (Official Letter No. 2019/TCHQ GSQL dated 27 March 2020) to instruct provincial customs departments on the acceptance of the proof of transport for goods in transit.

For ocean freight, if goods are transported in originally sealed containers, and the number of containers, container numbers and seal numbers have not changed since the time of loading at the exporting country until importation into Vietnam and tallies with the information indicated on the e-manifest, Customs will accept the bill of lading as proof that the goods have met the regulations on trans-shipment and transit under the CPTPP.

For air freight, if importers can provide a Master Airway Bill for each route, and House Airway Bills showing that the cargoes have been transported from the loading point to the place of discharge in Vietnam, with information tallying across all airway bills and customs documents, Customs will also accept the airway bills as proof that the goods have met the regulations on trans-shipment and transit under the CPTPP.

During the verification process, Customs officials will check and compare the transport documents provided with information on the customs dossiers to determine acceptability.



Extension of safeguard duties on imported steel products

On 20 March 2020, the Ministry of Industry and Trade (MOIT) issued Decision No. 918 / QD-BCT extending the application of safeguard measures on steel billet and steel bars classified in HS heading 7207.11, 7207.19, 7207.20, 7224.90, 7213.10, 7213.91, 7214.20, 7227.90, 7228.30 and 9811.00 imported into Vietnam. The MOIT has also extended the application of safeguard duties on steel wire and rolled steel products. This will be extended for three years until 2023.

The respective safeguard duty rates are provided below:

Effective date	Safeguard duty rates on Steel Billet	Safeguard duty rates on Steel Bars, Steel wires and rolled steel products
From 22 March 2020 to 21 March 2021	15.3%	9.4%
From 22 March 2021 to 21 March 2022	13.3%	7.9%
From 22 March 2022 to 21 March 2023	11.3%	6.4%
From 22 March 2023 onwards	0% (If not renewed by MOIT)	0% (If not renewed by MOIT)

Certain countries and territories are exempted from the safeguard duties imposed. The list of countries and the full list of HS Codes can be accessed at the following link: Decision No. 918 / QD-BCT:

<https://thuvienphapluat.vn/van-ban/xuat-nhap-khau/Quyiet-dinh-918-QD-BCT-2020-gia-han-ap-dung-bien-phap-tu-ve-doi-voi-san-pham-phoi-thep-438323.aspx>

Extension of safeguard duties on imported fertilisers

On 3 March 2020, the Ministry of Industry and Trade (MOIT) issued Decision No. 715/QD-BCT extending the application of safeguard duties on imported monoammonium phosphate (MAP) and diammonium phosphate (DAP) fertilisers classified under the following HS codes: 3105.10.20, 3105.10.90, 3105.20.00, 3105.30.00, 3105.40.00, 3105.51.00, 3105.59.00 and 3105.90.00. This will be extended for two and a half years, commencing 7 March 2020.

The applicable safeguard duty rates are as follows:

Effective date	Safeguard duty rates on MAP / DAP fertilisers
From 7 March 2020 to 6 March 2021	1,050,662 VND per ton
From 7 March 2021 to 6 March 2022	1,029,219 VND per ton
From 7 March 2022 to 6 September 2022	1,007,779 VND per ton
From 7 September 2022 onwards	0 VND per ton (If not renewed by MOIT)

Certain countries and territories are exempted from the safeguard duties imposed. The list of countries and the full list of HS Codes can be accessed at the following link: Decision No. 715 / QD-BCT:

<https://thuvienphapluat.vn/van-ban/xuat-nhap-khau/Quyiet-dinh-715-QD-BCT-2020-gia-han-ap-dung-bien-phap-tu-ve-doi-voi-san-pham-phan-bon-nhap-khau-437095.aspx>





COVID-19 related updates

Summary of COVID-19 related trade measures

The table below summarises the various trade measures that Asian territories have undertaken in response to COVID-19, covering the period from 1 April to 31 May 2020. Trade measures implemented prior to 1 April 2020 were reported in our February - March edition of Trade Intelligence.

The listing is not exhaustive and may well have changed since our date of reporting. Most of the key measures below have been covered in greater detail in the relevant Territory reports.

For more up-to-date and detailed reporting, refer to our COVID-19 webpage here:

<https://customs.pwc.com/en/recent-developments/responding-to-covid-19-cross-border-trade-measures.html>

Territory	Measure
Australia	<ul style="list-style-type: none"> Tariff exemption on hygiene and medical products
China	<ul style="list-style-type: none"> Additional export requirements for medical supplies e.g. masks, and personal protective equipment Export inspection on medical products classified under 19 HS codes
India	<ul style="list-style-type: none"> Extension allowed for tariff concession benefit under FTAs on retrospective basis Waiver of late payment fees on delayed filing of Bills of Entry, and other charges Provisional clearance of goods imported under claim of preferential benefit against an FTA upon presentation of digitally signed or unsigned copy of CoO Retrospective issuance of COOs Facilitative customs clearance procedures Amendments to iron and steel import policy and extension of validity of automatic registration number Extension of deadlines for some customs requirements and activities
Indonesia	<ul style="list-style-type: none"> Tariff and tax exemptions on certain essential goods Permission for Bonded Zone Companies to import personal protective equipment, and relaxation of local sales quota Additional incentives for KITE (Import Facility for Export Purpose) Companies Postponement of excise payments Export restrictions of certain products e.g. personal protective equipment, ethyl alcohol, and antiseptic products
Japan	<ul style="list-style-type: none"> Reductions, refunds, and exemptions for customs fees for certain inspections and certificates Extensions for various customs-related procedures e.g. payment of customs duties and JCT Additional support for companies relocating their production back to Japan, and supply chain diversification to the ASEAN countries
Korea	<ul style="list-style-type: none"> Deferment of tariff payments for imported goods by companies who are unable to obtain the certificates of origin Expedited release of certificates of origin to certified exporters and Authorised Economic Operators Temporary release of goods with import clearance and tax payments deferred Allow temporary import of bonded goods for local sale Possibility to apply for FTA refunds post-import
Malaysia	<ul style="list-style-type: none"> Accepting of applications and requests to review decisions made by the customs authority during MCO Remission of certain penalties Utilisation of electronic systems and updated procedures in processing PCOs

Myanmar	<ul style="list-style-type: none"> • Tariff exemption on medical supplies and other goods • Relaxation of requirements for import declarations • Online processing of import and export licenses • Reduction and exemptions on license fees • Expedited and facilitated processing of medical-related products • Relaxed licensing and FDA requirements
New Zealand	<ul style="list-style-type: none"> • Relaxation on the use of ethanol by licensed manufacturers in the production of hand sanitisers • Relaxation on export requirements for the food and beverage industry
Philippines	<ul style="list-style-type: none"> • Additional 10% tax on imported crude oil and refined petroleum products • Authorisation for export oriented enterprises to operate
Singapore	<ul style="list-style-type: none"> • Tariff exemption on medicated samsu and other samsu
Thailand	<ul style="list-style-type: none"> • Tariff exemption on respirators and surgical masks, and raw materials used in the production of certain finished goods • Extension of timeline for the submission of excise tax returns in the petroleum industry • Extension of the validity period of existing cost statements • Temporary acceptance of copies of the original certificates of origin for various FTAs • Fast-tracked FDA registration procedures for companies manufacturing masks and other medical equipment • Extended timelines for the re-export of temporary imported goods • Authorisation to use e-signature and online application for the Single point Payment Program enrolment • Online application of hazardous substances controlled by the Department of Industrial Works (DIW)
Vietnam	<ul style="list-style-type: none"> • Extension of deadlines for payments of taxes and other fees • Lifting of export license requirement on medical masks

Impact of COVID-19 on e-commerce trade

In a report published on 4 May 2020, the WTO Secretariat explored the impact of COVID-19 on e-commerce.

The report notes a spike in e-commerce activity (both business-to-consumer and business-to-business sales) as consumers adapt to lockdowns and social distancing measures. It examines measures that governments have implemented to facilitate e-commerce and their related challenges; how e-commerce has helped support small businesses; and the digital divide within and across countries. The report further distills certain lessons from the pandemic to facilitate e-commerce growth in general, narrow the digital divide and level the playing field for micro, small and medium enterprises.

The full report can be accessed here:

https://www.wto.org/english/tratop_e/covid19_e/ecommerce_report_e.pdf

Report on standards- and regulations-related COVID-19 policies

On 20 May 2020, the WTO published an information note on technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures that WTO members have undertaken in respect of the COVID-19 outbreak. Key findings are as follows:

- Two-thirds of all COVID-19 related notifications officially submitted to the WTO relate to TBT or SPS measures. These are notified by 27 WTO members.
- These measures primarily impact the trade in personal protective equipment, food, live animals and medical equipment.
- The measures can be grouped into four broad categories:
 - Streamlining certification procedures;
 - Ensuring medical goods are safe;
 - Relaxation of technical regulations to make food available; and
 - Addressing COVID-19 risks from trade in live animals.

The full report is available here:

https://www.wto.org/english/tratop_e/covid19_e/standards_report_e.pdf

Report on trade flows of COVID-19 medical supplies

The World Trade Organisation (WTO) Secretariat released a report on 3 April 2020 tracing global trade flows of COVID-19 medical supplies. These are mainly personal protective products, hospital and laboratory supplies, medicines and medical technology critical for prevention, testing and treatment purposes. Its objective is to provide factual information on how such goods are traded globally, as many governments have implemented trade protective measures that safeguard public health but also impact the flow of critical medical supplies.

The report covers the following key points:

- Medical supplies account for approximately 5% of total world trade volume and approximately USD 2 trillion in value. About one-third of this is described as critical and in severe shortage during the COVID-19 crisis;
- The largest buyers and suppliers of such products globally;
- How commitments made under various WTO negotiations and agreements have helped ensure the average tariff on such products remains relatively low. The average tariff on COVID-19 medical supplies is 4.8%, which is lower than the 7.6% average tariff for non-agricultural products in general; and
- Markets where tariffs for these medical products remain high. For instance, tariffs on protective supplies face average tariffs of 11.5%, which can go up to 27% in some countries. Tariffs for face masks can also be as high as 55% in certain countries.

Refer to the following link to access the report:

https://www.wto.org/english/news_e/news20_e/rese_03apr20_e.pdf

Increasing number of export prohibitions and restrictions not being notified

On 23 April 2020, the WTO Secretariat issued a report highlighting the growing number of export prohibitions and restrictions that territories have introduced to mitigate critical shortages brought about by the COVID-19 crisis at the national level. These prohibitions and restrictions apply primarily to medical supplies including face masks, ventilators, pharmaceuticals, and other medical equipment, but some have extended controls to other products such as foodstuff and toilet paper.

WTO rules permit use of temporary export restrictions to prevent or relieve critical shortages. By relying on official sources as well as news outlets, the WTO Secretariat reported that approximately 80 territories have implemented such export prohibitions or restrictions. Yet only a fraction of them have been flagging the measures to the WTO in line with WTO rules on quantitative restrictions. The report therefore raises concerns around transparency of information. Territories are urged to ensure new measures are adequately published at the national level and where possible, make such information available on the websites of relevant authorities.

While such export prohibitions and restrictions increase domestic supply and keep prices in check in the short run, the report also emphasised the negative longer-term impact of such measures, including lower supply and higher prices for essential goods. As a result, territories are urged to exercise maximal restraint in the use of such disruptive measures.

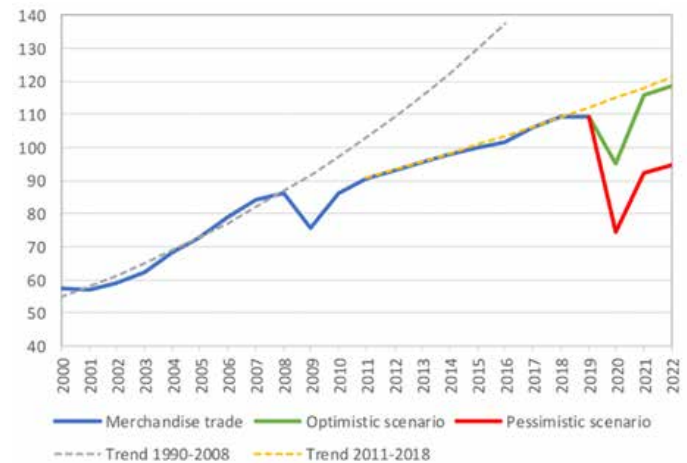
The full report can be accessed here:

https://www.wto.org/english/tratop_e/covid19_e/export_prohibitions_report_e.pdf

WTO trade forecast: COVID-19 fall-out to exceed global financial crisis

In its latest trade forecast, the WTO expects a sobering 13-32% decline in world trade as a result of the COVID-19 pandemic. This would exceed the fall-out brought on by the global financial crisis in 2008-2009.

Double digit declines in trade volumes are expected in nearly all regions, with the biggest victims being export volumes from North America and Asia. Refer to the chart below for world merchandise trade volume from 2000-2022 (index, 2015 = 100).



Source: WTO Secretariat

Sectors with more complex value chains, such as electronics and automotive products, are expected to be hit the hardest. While a recovery is expected in 2021, outcomes remain uncertain and will be contingent on the duration of the outbreak and the effectiveness of various policy responses.

Refer to the full press release for details:

https://www.wto.org/english/news_e/pres20_e/pr855_e.pdf

Joint call by IMF and WTO to reduce or lift export restrictions

On 24 April 2020, the International Monetary Fund (IMF) and WTO issued a joint call for governments to refrain from imposing export and other trade restrictions on key medical supplies and food, and to lift those which have been in place since the start of 2020.

The message echoed WTO's report above and explained the disproportionate and lasting damage that these measures can have. They are said to disrupt supply chains, depress production, and misdirect scarce critical products and workers away from where they are needed the most. The impact can be expected to prolong the health and economic crisis, with poorer and more vulnerable countries bearing the brunt of the impact.

The joint statement can be accessed here:

https://www.wto.org/english/news_e/news20_e/igo_15apr20_e.pdf

WCO and WHO publish list of priority medicines and updated HS classification list for COVID-19 medical supplies

On 30 April 2020, the WCO and WHO jointly issued an updated HS Classification list for COVID-19 medical supplies, and a “List of Priority Medicines” used in COVID-19 treatment.

The updated HS Classification list contains suggested HS Codes (6-digit level) for medical supplies used in general medical care administered as part of the direct treatment of the disease and is intended to assist Customs and economic operators to appropriately classify these products to prevent clearance delays. Products covered in the list include protective equipment, disinfectants and sterilisation products, oxygen therapy equipment, medical consumables, medical devices and equipment and vehicles. The list has also been expanded to cover additional goods such as ambulances, body bags and medical or surgical furniture etc.

The updated list is accessible via the following link:

http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/nomenclature/covid_19/hs-classification-reference_edition-3_en.pdf?la=en

The List of priority medicines contains suggested HS Codes (6-digit level) for essential medicines used in direct treatment of COVID-19 and for the general management of hospitalised patients. The full list of priority medicines can be accessed here:

http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/nomenclature/covid_19/prioritization-medicines-list-during-covid_19-_v9_wco_en.pdf?la=en

The WCO has encouraged customs administrations to use these lists as a reference when compiling their own national lists of medical supplies. In order to increase transparency and further facilitate trade in medical supplies, the WCO is also exploring the inclusion of references to specific national classification lists. Specific details have not yet been released at the time of reporting.

WCO issues joint statements with WTO and IRU on COVID-19 impact

The WCO and WTO have issued a joint statement, encouraging members to minimize disruption to cross-border trade, especially those concerning COVID-19 essential supplies. Members are encouraged to report on new trade and trade-related measures introduced and ensure that any new border action imposed is targeted, proportionate, transparent and non-discriminatory. Such measures should only be introduced on a temporary basis and should be rescinded once no longer required, so as to keep trade flows open.

Separately, on 11 May 2020, the WCO issued a joint statement with the International Road Transport Union (IRU), which calls on customs administrations to coordinate cross-border interventions with other national border agencies and to continue to implement international standards such as the TIR Convention in response to the COVID-19 pandemic. This includes:

- Using the TIR system and IT tools to facilitate secure transport under Customs control with limited physical checks and physical contact at the border;
- Designating priority lanes for commercial vehicles to reduce border waiting times;
- Facilitating clearance of relief and essential goods; and,
- Avoiding unnecessary inspections of commercial vehicles at borders.

WCO partners with international stakeholders to launch COVID-19 Trade Repository

The WCO has partnered with various international stakeholders, namely the WTO, United Nations Conference on Trade and Development (UNCTAD), the Commonwealth Small States Office (CSSO), International Air Transport Association (IATA), the Global Alliance for Trade Facilitation (GATF) and the International Trade Centre (ITC), to develop a COVID-19 Trade Facilitation Repository.

The repository is a platform that consolidates all current initiatives on trade facilitation adopted by organizations and stakeholders. Users can filter by organization, type of measure and subject matter. It creates an avenue for countries to learn and share best practices to design targeted policy responses, which will help to ensure that cross-border trade can continue smoothly especially for essential goods crucial for fighting the COVID-19 pandemic.

The COVID19 Trade Facilitation Repository can be accessed via the following link:

<https://www.tfafacility.org/covid19-trade-facilitation>

This site will be updated regularly to reflect any new guidance material developed.



Singapore and New Zealand conclude COVID-19 trade initiative negotiations

On 15 April 2020, the governments of Singapore and New Zealand announced the launch of a Declaration on Trade in Essential Goods for Combating the COVID-19 Pandemic. This initiative aims to ensure that trade lines between the two countries will remain open and undisrupted especially for essential goods such as medicine, medical and surgical equipment, supplies and instruments, food products, etc. Both countries have committed not to impose tariffs and other trade barriers such as export prohibitions or restrictions, and facilitate the flow and transit of essential goods through the country's respective sea and air ports.

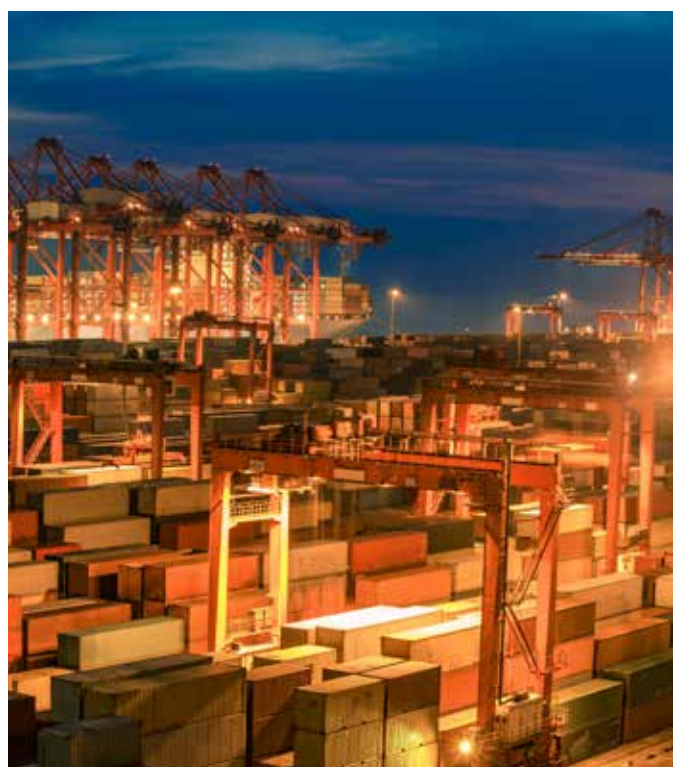
The Declaration is built on the Joint Ministerial Statement on Supply Chain Connectivity. This is a plurilateral initiative that is open to participation by any WTO member country, who can opt to join at any point in time. Countries that have expressed their commitment to the initiative as of May 2020 are Australia, Brunei Darussalam, Canada, Chile, Laos, Myanmar and Uruguay.

Countries acceding to this trade initiative are required to accede to the provisions of the declaration. This includes:

- Eliminating all customs duties and all other duties or charges of any kind on the covered products;
- Not applying any export restrictions on the covered products;
- Holding and intensifying discussions with a view towards removal of non-tariff barriers for covered products; and
- Facilitating trade for the listed essential goods, including priority processing of declaration documents and expedited customs clearance

The link to the declaration, and the full list of covered products can be accessed at the following link:

<https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2020/04/Singapore-New-Zealand-Declaration-on-Trade-in--Essential-Goods.pdf>



US-China trade war update

Since the signature of the "Phase One" Economic and Trade Agreement, the US and China have both put in place a tariff exclusion program and granted exemptions on additional tariffs imposed on specific products in line with commitments agreed under the trade deal.

US considers further tariff reductions for Section 301 tariffs on medical goods

- On 25 March 2020, in response to COVID-19, the United States Trade Representative (USTR) has requested for public comments on the removal of Section 301 tariffs on medical goods. This can include medicines, medical supplies, parts and components used to manufacture medical items, or medical devices and equipment of Chinese origin. Comments can be submitted for any product from List 1 through 4, and this will remain open until 25 June 2020.
- Currently, the majority of List 4 tariffs has been either reduced or suspended as the USTR continues with review of List 3 and 4A exclusion requests. Review priority will be given to requests relating to medical supplies or medical-care products that are identified as essential in fighting COVID-19.
- The USTR is also considering allowing extensions for previously granted exclusion requests that are nearing expiry. Currently, requests for extensions are only reviewed and approved on a case by case basis. The USTR has opened a public docket that allows the public to comment on the proposal. Comments can be submitted up till 1 June 2020 for List 1 and List 2 products and 8 June 2020 for List 3 goods.

China approves additional tariff exemptions on US goods

- On 12 May 2020, China's Tariff Commission released the second tariff exclusion list for Batch 2 tariffs. This list covers 79 types of US imports, such as aircraft radar equipment, semiconductor parts, medical disinfectants, rare earth, silver and gold ores, concentrates, chemical and petrochemical products, as well as certain metal or aluminium alloy products. The list is effective for one year from 19 May 2020 to 20 May 2021.

Trade tensions escalate in May

Trade tensions have continued to escalate in May 2020. Citing cybersecurity reasons, the U.S. banned microchip manufacturers from supplying chips designed with American technology and software to China's Huawei Technologies Co. without prior approvals or licenses issued by the U.S. Commerce Department. The US has also issued new threats of potential import tariff hikes. To this, China has expressed strong disapproval and warned of potential retaliatory measures against major U.S. firms that have a similar heavy reliance on China and listing them on China's "Unreliable entity list".

On 20 May 2020, the US Senate also passed a new bill enforcing disclosure requirements for listed foreign companies. Under the bill, foreign companies are required to certify that they are not owned or controlled by a foreign government. Although this will apply to all foreign companies, lawmakers have indicated that this was targeted principally at Chinese companies and to ensure they comply with American financial disclosure standards. Earlier on 12 May 2020, President Trump and the Labor Department had also directed a board in charge of federal retirement money to halt plans to invest in Chinese companies. On 29 May 2020, the US threatened to rescind Hong Kong's special trade and customs privileges if Beijing's new national security law was passed, including to sanction lawmakers involved. This has further intensified tensions with China.

These measures come amidst an already strained relationship between both parties due to the COVID-19 outbreak. They could hamper progress made with the "Phase 1" Agreement and re-ignite the trade war.

World Customs Organisation (WCO)

WCO encourages members to provide greater facilitation on ATA Carnet procedures

In light of the various preventive measures imposed globally due to COVID-19, the WCO has encouraged contracting parties to the Convention on Temporary Admission and the ATA Convention to be more facilitative towards affected ATA carnet holders and their representatives to re-export temporarily imported goods. This was in response to concerns that current strict quarantine and lockdown measures in many countries could result in unexpected costs, especially in terms of approval and delivery of replacement carnets for extension purposes, or cause longer customs clearance lead times. Both affect companies' ability to re-export goods within the required time period.

The WCO has expressed support to governments to consider enhancing facilitation of ATA carnet procedures. The WCO has also expressed that these facilitation measures are in line with the World Health Organisation's and WCO's recommendations and response towards the pandemic.

Data exchange agreements with international bodies to target illicit trade

On 4 May 2020, the WCO signed an agreement with INTERPOL, which allows member customs administrations to access illicit firearm records maintained in the INTERPOL tracing management system. This will further facilitate the ability to detect illicit trade and coordinate customs and international enforcement efforts to intercept shipments.

In the EU, the WCO has also collaborated with the European Anti-Fraud Office (OLAF) to improve information sharing that can be used to combat global tobacco smuggling. Both organisations have established a linkage between their customs information and enforcement systems, which enables the automated transfer

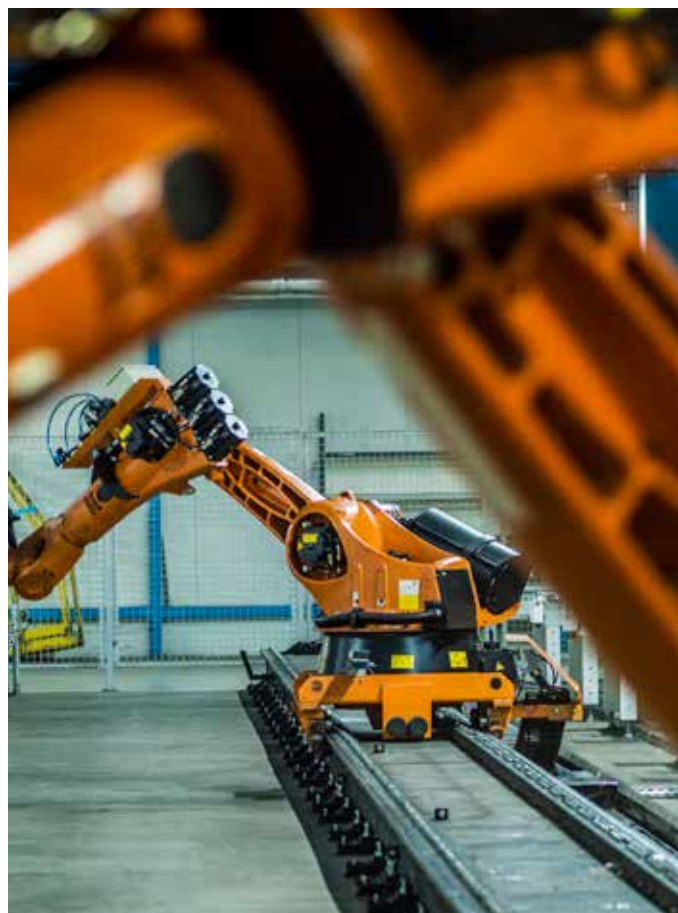
of data on tobacco seizures in the EU. This access to data will allow authorities to identify trends and key risk indicators and take a more coordinated approach towards risk management and improving national control procedures.

Neural network model to assist Customs to detect fraudulent transactions

On 19 May 2020, the WCO BACUDA (Band of Customs Data Analysts) announced the development of a Dual-Attentive-Tree-aware-Embedded (DATE) neural network model, intended to assist member customs administrations in the detection of fraudulent transactions. The DATE model has been accepted by KDD 2020, a data science and data analytics conference, and will be published as a full paper.

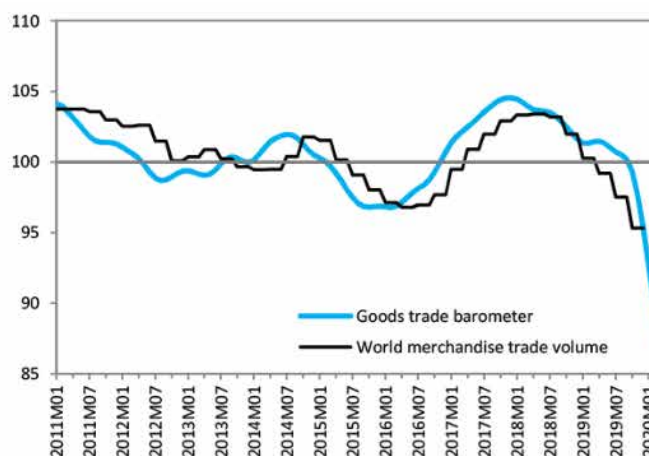
The WCO BACUDA launched this initiative in September 2019, and the DATE model has since been implemented in a pilot test with Nigerian Customs at two ports since March 2020 to verify its performance with real-time import data. The DATE model operates on an Artificial Intelligence (AI) mechanism, and will be able to assist customs administrations to screen transaction level customs clearance data, with the option to focus on specific HS Codes and importer IDs, to estimate the risk of undervaluation or illicit classification and estimate additional revenue at stake.

The DATE Model is open-sourced. The WCO BACUDA is also currently in the process of developing a manual to guide members on the usage of the DATE model. The WCO has offered members customised support to implement the DATE model, including conducting joint testing exercises with the BACUDA experts.



WTO Goods Trade Barometer: Lowest value on record

Consistent with the WTO trade forecast reported on above, the latest reading of the WTO Goods Trade Barometer on 20 May 2020 suggests that there is no sign that the decline in trade is bottoming out yet.



Source: WTO Secretariat

The Goods Trade Barometer provides real-time information on the trajectory of world trade, relative to recent trends. The index reading of 87.6 falls well below the baseline value of 100, which suggests a steep decline in world trade. This reading captures the initial impact of the COVID-19 outbreak on the global trade in goods, and is the lowest value recorded since the indicator was launched in July 2016.

All component indices of the index are below trend, with the automotive products index being the poorest performer as a result of the contraction in car sales in most major countries. There is also weak demand for export orders, container shipping, and air freight.

Refer to the full Goods Trade Barometer for details:

https://www.wto.org/english/news_e/news20_e/wtoi_19may20_e.pdf

Cancellation of WTO's 2020 Public Forum

The WTO's 2020 Public Forum was scheduled for 29 September to 2 October 2020. The theme was "Building on 25 years of the WTO". As a result of the difficulties of hosting an event for thousands of individuals and uncertainty around international travel, the WTO has decided to cancel this year's Public Forum. The WTO is exploring the option of replacing the Public Forum with a smaller-scale event some time this year. Details will be furnished once they have been made available.

Multi-party Interim Appeal Arbitration Arrangement enters into effect

The Multi-party Interim Appeal Arbitration Arrangement (MPIA), an alternative for dispute settlement appeals at the WTO, entered into effect on 30 April 2020. This comes after the MPIA was formally notified to the WTO in April 2020. The MPIA is open for any WTO member to join and will serve as a stop-gap measure that will enable participating members to resolve global trade disputes until the existing Appellate body resumes its functionality.

The participating WTO members have now started the process to elect a pool of 10 arbitrators that would be called on to hear future appeals. This is targeted to be finalised by end August or September 2020.

Release of WTO's 2020 Annual Report

On 28 May 2020, the WTO published its Annual Report for the year. The report details the main activities undertaken by the WTO in 2019 and early 2020 in the following areas:

- Trade negotiations and discussions;
- Implementation of WTO agreements and decisions;
- Dispute settlement;
- Supporting development and building trade capacity; and
- Outreach.

The Annual Report is available here:

https://www.wto.org/english/res_e/booksp_e/anrep_e/anrep20_e.pdf

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