

Crisis? What crisis?

A look into our crystal ball on what to expect in
2022

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Key intelligence



New WTO and WCO HS Tracker tool for HS changes	4, 32
ASEAN Summit outcomes	9
New catch-all control measure under Thailand's Export Control Act	11
Australia clarifies guidance around responsibility for keeping underbond goods safe	14
China introduces enterprise group-based processing trade regulatory model	15
China publishes new standard for Advanced Certification Enterprises (AEO)	16
India imposes safeguard duties on imported apparel and accessories	18
Details from Malaysia's Budget 2022, including proposed Sales Tax on low-value goods	21
Thailand extends voluntary disclosure mechanism to 30 September 2026	27
Vietnam reduces of inspection activities and postpones post-clearance audits	29

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

Crisis? What crisis? A look into our crystal ball on what to expect in 2022	4
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ASEAN

Chairman's Statement from the ASEAN Summits	8
Outcomes from the 38th and 39th ASEAN Summits	9
ASEAN focuses on healthier food and beverage options	10
20th ASEAN Economic Community Council Meeting	10
Framework for Circular Economy for the ASEAN Economic Community (AEC)	10
10th edition of the ASEAN Economic Integration Brief (AEIB)	10
ASEAN-Russia Trade and Investment Cooperation Roadmap	10

Export Control

Developments on export controls implementation in the Philippines	11
New catch-all control measure under Thailand's Export Control Act	11

Free Trade Agreements focus

RCEP Agreement to enter into force on 1 January 2022	12
AANZFTA distils lessons from RCEP and other FTAs to support its upgrade negotiations	12
ASEAN, Canada agree to launch bilateral FTA negotiations	12
South Korea signs FTA with Cambodia	12
Resumption of negotiations for India-Australia CECA	12
India, Israel agree to conclude free trade pact by June 2022	12
India and the UK launched trade negotiations	12

Free Trade Agreements focus

Indonesia-EFTA CEPA enters into force	12
Minor changes in Thailand to the use of Japan and Thailand Economic Partnership Agreement (JTEPA) privilege	12
In-principle New Zealand-United Kingdom FTA	13
Philippines, South Korea conclude FTA negotiations	13
FTA between Thailand and Pakistan to be finalised by the end of the year	13

Territory reports

Australia	14
China	15
India	17
Indonesia	19
Japan	20
Malaysia	21
Philippines	23
Singapore	25
Taiwan, ROC	26
Thailand	27
Vietnam	29

Around the world

ICC publishes new rules for digital trade	30
APEC CEO Summit 2021	30
World Customs Organisation	31
World Trade Organisation	32

Crisis? What crisis?

A look into our crystal ball on what to expect in 2022

To say that the past two years have been a little different would of course be a huge understatement. We have all, personally and professionally, had to get used to living in a very different world. But as everyone in business knows, there is only limited value in looking back. What matters is the future.

So, we have scoured our team around the region for their views on what 2022 may have in store for us, or - more importantly - you, our readers. What follows are the main themes that emerged from that scouring. Some of it may be wishful thinking, some of it doomsday thinking, some of it just “what if”. But all of it should be useful food for thought.

A new HS

Where else to start but with the new version of the Harmonized System? The World Customs Organisation (WCO) released the 2022 edition of the Harmonised System (HS) in December 2021. WCO updates HS codes every five years, with the most recent changes in the 2017 version. The new edition officially comes “into effect” on 1 January 2022.

Not every country in the Southeast Asia region, however, may be able to implement the HS 2022 edition right away. So far, Thailand is reportedly the first country to announce a 1 January implementation date. Other territories such as Malaysia, the Philippines and Indonesia may have delays or varied implementation timelines, but they’re likely to make tariff schedule announcements in January 2022.

Regardless, it is important for you to be well prepared for the transition from the 2017 to the 2022 version as there are many changes to be aware of. These changes affect many types of products and many industries, most notably being the inclusion of tariff codes for LED screens, windshields (automotive), electronic cigarettes (tobacco), unmanned cameras or drones (aircraft/aviation) and smartphones (telephone), among others.

Before the new HS version is implemented, check your tariff classification master lists or systems to the HS 2022 version and update them when applicable to ensure that you apply the appropriate duty rates and pay the correct duty amounts.

If your company applies a duty privilege under a Free Trade Agreement (FTA) for importing products, special care needs to be taken. You will need to check the rules of origin (RoO) criteria again to see whether they still apply after the HS 2022 code changes or updates. Also, if you use the HS 2022 version for importing but the exporting country does not, you will need to explain to Customs properly, such as by using a correlation table, why the tariff code in the certificate of origin is different from the one declared in the import entry.

In any case, classification disputes are more likely to occur during the transition period between HS editions, and we advise you to be careful when declaring the tariff codes for impacted products, especially when applying for an FTA duty privilege and to keep your tariff classification master lists updated.

Will RCEP be an FTA game changer?

When the Regional Comprehensive Economic Partnership Agreement (RCEP in short) was signed in November 2020 it received a lot of attention in the media. Most of it was very positive, focusing on how it will facilitate and open up trade in Asia Pacific. Not to mention the very impressive fact that it will be the world’s largest free FTA when measured by combined GDP, population and total export value of signatory parties.

Fast forward one year and it is now clear that RCEP will enter into force on 1 January 2022 for Australia, Brunei, Cambodia, China, Japan, Laos, New Zealand, Singapore, Thailand, and Vietnam. South Korea will follow suit shortly after on 1 February. This is somewhat sooner than we expected, but nonetheless great news for trade in Asia Pacific.



So now that RCEP will be effective by the time we are all back from our Christmas break, will it be a game changer in 2022 for trade in Asia Pacific? If you ask us to predict how companies will respond starting January and for most of 2022, we are sad to say that we expect very little will happen. Most companies will (or have) not put in the effort and time required to fully understand what RCEP offers to them or how it will be implemented (e.g. how will self-certification work and be accepted in practice?!). There will also be a number of companies that think they are already taking full advantage of existing FTAs between RCEP members and therefore will not bother.

In short, most companies will take the classic “wait and see” approach. To us this is a sad truth. We know from our experience that there are so many companies out there missing out on creating a lot of value by reducing cost and creating a competitive advantage, or at least not losing it..

If you are reading this and decide you want to understand if you should be using RCEP, there is really only one thing to do. You need to perform an impact assessment. For this, there are no secret shortcuts that will quickly tell you what RCEP means to your company. You need to dive into the details and evaluate based on your current (and/or future) operations, product flows and objectives. If you really want to create value for your company, when doing this assessment you should also consider all available FTAs to ensure each of your trade flows leverages the best available preferential rate. Only then can you fully understand what value RCEP - and FTAs in general - can offer. If you do this right, we can almost promise that you will find some new saving opportunities.

If you want to learn more about RCEP and learn how you can apply our FTA roadmap - taking advantage of tariff preferences' please visit our dedicated RCEP page on our website: <https://customs.pwc.com/en/publications/what-rcep-means-for-international-trade.html>

Be ready for the ESG revolution

According to PwC's 2021 Consumer Intelligence Series survey on ESG, evidence is everywhere suggesting that businesses are responding to heightened interest in environmental, social and governance (ESG) issues.

83%

of consumers think companies should be actively shaping ESG best practices

91%

of business leaders believe their company has a responsibility to act on ESG issues

86%

of employees prefer to support or work for companies that care about the same issues they do

<https://www.pwc.com/us/en/services/consulting/library/consumer-intelligence-series/consumer-and-employee-esg-expectations.html>



Apparently, over 90% of S&P 500 companies now publish sustainability reports and around a third of them conduct assurance reviews on these reports. We see investors, lenders, and rating agencies expect greater visibility on social and environmental risks. More governments are applying top-down commitments to limit carbon emissions and implementing new regulations and taxes. Activist shareholders and other stakeholders are advocating for net-zero policies and for tighter linkages between ESG targets and executive compensations. Consumers are becoming more socially conscious. We believe it will become untenable for businesses to avoid addressing ESG issues due to demands from investors, shareholders, governments, policymakers, employees, suppliers, and customers.

In practice, that would mean more companies would undergo business transformations defining and implementing new strategic roadmaps for new low-carbon products. This could mean new supply chains, new equipment for new manufacturing processes, new product disposal procedures, new product recycling approaches, etc. Many of these will have significant customs and cross-border trade implications. In particular, akin to the early stages of the e-commerce “revolution” in the recent past, we think some customs regulations currently in place may not necessarily be adequate to address these trends. As an example, some regulations were drafted to prevent dumping of industrial waste, which may prevent establishment of global or regional recycling centres. Hence, in addition to the typical customs and international trade analytical work required to implement new supply chains, manufacturing processes, etc., we believe a significant amount of advocacy work may be required in the near future, similar to the previous e-commerce revolution, in order to bridge the gap between current regulations and the ESG aims of businesses and governments.

The return of the customs audit

COVID-19 has now been with us for more than two years. The pandemic has brought economic slowdowns and negative impacts in most Asia-Pacific countries, with frequent lockdowns and frozen logistics. To support businesses during the economic downturn, there were lots of relief measures from customs departments. One of the most common measures has been the postponement or cancellation of customs post-entry audits. This was to relieve pressure on businesses in terms of both financial liabilities (for non-compliance) and resource management.

But what will happen when the situation becomes more stable? Will audits resume in 2022 after the pandemic? We think the answer is yes, and unfortunately these audits may be more assertive and driven by the motivation of reversing any revenue shortfall of the past two years. Taking into consideration that the duty assessment (or audit) period of each country is on average around three to five years, non-compliance liabilities can be very significant. Imagine being non-compliant, but no one raises an alarm bell for two years. And that’s exactly what the auditors will be looking for.

At the height of COVID-19 movement restrictions, many countries implemented express clearance lanes and duty/tax free entry for essential goods to avoid delivery disruptions of supplies. Hence, many products were cleared without the usual customs verifications. As pandemic restrictions slowly ease and as we become accustomed to living with COVID-19, the level of clearance verifications will likely return to normal. Customs

authorities will start to review transactions to ensure compliance and look for revenue opportunities. As audit penalties typically involve payment of back duties and high administrative fines, and sometimes cancellation of customs licenses or criminal prosecution, a customs non-compliance is an expensive and serious oversight.

Interestingly, Customs in many countries have opened a voluntary disclosure programme as a channel to enhance revenue collection. For example, the programme in Thailand has been extended to 2026, Malaysia is launching a new Special Voluntary Disclosure Programme (SVDP), while the Philippines are proceeding with their Prior Disclosure Program. This allows companies to correct previous oversight to mitigate audit risks. Despite this, we have experienced more audit cases and challenges at ports of entries in the past few months. Customs valuation, transfer pricing adjustment, origin and classification are still among the hot issues.

Japan’s annual customs audit report shows a significant reduction in number of audits - about 80% fewer audits - in 2021, but a tripling of average assessment per audit. See our [Japan territory report](#) for more details. That’s a salivating prospect for Japanese customs auditors going into 2022.

It would be fair to say that customs audits will be more intense in 2022. Businesses should proactively take actions to mitigate their audit risks or at least be prepared in case of an audit. A health check should be considered to identify potential non-compliance issues, then an analysis of the pros/cons of self-disclosure can follow to help design the next actions.



What next for customs valuation?

COVID-19 is indirectly having an impact on customs valuation and 2022 will continue to present challenges. COVID-19, and a host of subsequent reasons, meant that freight rates skyrocketed in 2021. On some routes rates went up by over ten times, catching the interest of many customs authorities. 2022 is likely to see more volatility in supply chains. Be prepared, as the boy scouts' marching song reminds us.

Meanwhile, the WCO Technical Committee on Customs Valuation (TCCV) is looking at the impact of freight charges, as a case brought by North Macedonia considers whether additional charges for the return of railcars is part of the customs value. However, the issue is far wider now, with importers being hit with additional freight costs over and above the contracted price as a peak season surcharge, plus various other charges for container movement and storage, fuel and handling.

Given that some of the charges can be billed after delivery, it makes it hard to declare the correct customs value upon import, particularly in countries without a process to adjust the value after clearance (or - as with many countries in East Asia - a bureaucratic and time consuming process). We can expect more scrutiny and some difficult conversations about which charges are dutiable and which can be omitted. It is safe to assume that many customs officials will start with all of them being dutiable.

The TCCV is also going to look at accumulated discounts granted on e-commerce sales. Conditional discounts have always been a sensitive issue, and e-commerce is causing a lot of headaches for customs administrations. Like freight charges, this is a complex commercial issue that merits a wider look. Recent experience suggests that may not happen, because it becomes too difficult to agree on a position.

We can also assume that old favourites like royalties, license fees and marketing will come up again. There will be a lot to discuss, but the TCCV is producing instruments more frequently and there is hope that we get some additional guidance on some of these technical areas.

Low value shipments

The explosion of E-commerce during these crisis years, including the explosion of cross-border e-commerce, has sharply focused the minds of customs authorities on the treatment of low-value shipments. Small parcel imports are now a significant part of cross-border trade. This has led to a number of challenges. The first one is very practical - how to handle the extra volume of declarations? A container of 10,000 pairs of shoes imported by a shoe company may constitute a single import declaration. The same container with 10,000 pairs of shoes sold to 10,000 customers may constitute 10,000 import declarations. They will probably not be done in a day. Or two.

Secondly, low value thresholds, below which no import taxes (duty, VAT/GST, excise, etc) is payable, are suddenly very frequently applicable. This leads to significant revenue loss, and complaints from domestic operators about unfair competition.

Other trade facilitation measures focused on making the occasional low-value shipment easier to handle, appear less appropriate when "occasional" becomes thousands of times a day.

Customs authorities are worried. They are worried about revenue loss. They are worried about controlled or prohibited products "sneaking in". They are worried about companies splitting shipments to benefit from trade facilitation measures. They are worried about not having sufficient resources and the right technology to handle this.

Expect therefore the landscape for low value cross-border shipments to become more difficult before it gets better. You will need to focus on helping the authorities deal with such shipments in a manner that allows trade to flow as freely and speedily as possible, while addressing all the above worries. Otherwise it will be back to bricks and mortar.

The real e-commerce?

The WTO Work Programme on Electronic Commerce defined "electronic commerce" as the "production, distribution, marketing, sale or delivery of goods and services by electronic means." Although that is no longer what most of us think of when we hear the term "e-commerce", the pandemic has also led to a significant increase in online delivery of goods through for example streaming of videos and films.

In 1998 the WTO put a moratorium on this e-commerce, banning countries from imposing customs duties on electronic transmissions. Since then, at every Ministerial Conference, WTO members have agreed "to maintain the current practice of not imposing customs duties on electronic transmissions."

Many countries, specifically developing ones, feel that this moratorium is no longer appropriate. Tariff revenue losses; impacts on industrialisation; impacts on the use of digital technologies like 3D printing in manufacturing; as well as losses of other duties and charges have been quoted as clear evidence that the moratorium is past its sell-by date. Countries like India and South Africa argue that the moratorium is "equivalent to developing countries giving the digitally advanced countries duty-free access to their markets."

Some observers were expecting the 2021 WTO Ministerial Conference to agree to do away with the moratorium. Mainly because of omicron, that Conference did not take place, or at least not in the shape and to the extent planned. The sigh of relief of many providers and "importers" of digital goods may have sighed a sigh of relief. But the writing is on the wall. We expect the moratorium not to last much longer. Now would be a good time to start preparing for a world where customs declarations and duties apply to digital imports.

Happy New Year?!

So there you have it - our regional experts' views of what 2022 may have in store. Perhaps not all that pretty reading. But relevant nonetheless. Enjoy the turkey and champagne, and time to get down to work come 2 January.

Chairman's Statement from the ASEAN Summits

The 38th and 39th ASEAN Summits were held over October 2021. The [Chairman's Statement](#) was issued on 26 October 2021. It highlighted ASEAN's position on a number of matters, and progress and achievements in the past year. We have pulled out a number of key achievements and added our views from a trade perspective:

Topic	Key highlights
<p>Submission of the Final Report of the Mid-Term Review (MTR) of the ASEAN Economic Community (AEC) Blueprint 2025</p>	<p>The MTR review examines the progress made by ASEAN in the first five years since adopting the AEC 2025 Blueprint. It covers many aspects, one of which is trade in goods.</p> <p>The review reports on ASEAN's performance as a bloc. It notes that ASEAN's efforts in the trade in goods space are aimed at the facilitation of intra-ASEAN trade. This includes efforts at streamlining origin certification and verification procedures for granting of tariff preferences; simplifying paper-based and e-Certificates of Origin Form D; initiating implementation of the ASEAN-Wide Self-Certification scheme; implementation of the ASEAN Single Window for exchange of Form Ds and exploring expansion to ASEAN partners; operationalising of the ASEAN Trade Repository; and launching of the ASEAN Solutions for Investments, Services and Trade (ASSIST). ASEAN has also focused on addressing issues related to non-tariff measures.</p> <p>Our view is that although ASEAN has made good progress on implementing and operationalising the above, much more remains to be done to achieve the AEC 2025 Blueprint objectives. Like the MTR acknowledges, more meaningful engagements with stakeholders, beneficiaries and the wider ASEAN community are required. Information such as utilisation rates of the above schemes, issues resolved through ASSIST, and a breakdown of implementation by ASEAN member states would be good to see. A particular concern would be that a new focus on the next Blueprint risk that some of the existing objectives are forgotten, similar to how some of the 2015 Blueprint objectives were not achieved but dropped off the radar screen.</p>
<p>Endorsement of the Bandar Seri Begawan Roadmap: An ASEAN Digital Transformation Agenda to Accelerate ASEAN's Economic Recovery and Digital Economic Integration (BSBR)</p>	<p>The BSBR maps immediate steps that ASEAN can take to deepen ASEAN's digital integration and connectivity, with the ultimate aim of transforming ASEAN into a leading digital economy. The BSBR itself does not introduce a new set of action lines, but consolidates and simplifies various ongoing efforts at digital transformation into a single document.</p> <p>The BSBR serves as an easy reference point on ASEAN's efforts on the digital transformation agenda. A focus area in 2022-2024 is to accelerate work in the area of trade facilitation and digitalisation. We welcome the concrete action items proposed. This includes the establishment of an ASEAN Single Window that connects to ASEAN's Dialogue Partners (e.g., Australia, China, EU, India, Japan, Russia, USA); expansion of trade documents that can be exchanged electronically amongst ASEAN; development and adoption of common e-invoicing standards; and establishment of an ASEAN-wide Unique Business Identification Number (UBIN). The proof of the pudding, however and as always, will have to be in the eating.</p>
<p>Launch of the 2021-2025 Work Plan on the implementation of the ASEAN Agreement on Electronic Commerce</p>	<p>The Work Plan is intended to guide the ASEAN countries in the implementation of the ASEAN Agreement on E-Commerce at a regional and national level, by setting forth "desirable outcomes" towards full implementation of the Agreement. This includes specific activities that should be undertaken, along with a target timeline for completion. It is a 5-year plan that is non-binding in nature and is intended to be a living document that can be adjusted.</p> <p>We appreciate that the Work Plan examines and utilises the findings of the Mapping Study, and the activities envisaged are clear, specific, and sufficiently targeted. Some of the "desired outcomes" are specific – for instance, developing laws and regulations governing e-transactions and electronic signatures, and developing an interoperable electronic authentication approach. Others remain in our view rather conservative, albeit perhaps understandably so. For instance, a portion of "desirable outcomes" are to conduct further fact finding through 'exploration' and incremental improvements/progress through expansion/continuation of existing work. The Work Plan has scheduled three reviews to ensure momentum is sustained, one of which may include collaboration with independent assessors like Google, Temasek, and Bain & Company.</p>

Outcomes from the 38th and 39th ASEAN Summits

The 38th and 39th ASEAN Summits were held in October 2021. Various meetings and statements/declarations were held and issued. We have identified and summarised key customs and trade impacts from the various summits in the table below.

Topic	Key highlights
1st ASEAN-Australia Summit	<p>Leaders from ASEAN and Australia lauded the progress made in upgrading the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), which is targeted for conclusion by September 2022. Refer to our FTA Focus section.</p> <p>Both sides are looking forward to the commencement of the AUD 46 million Regional Trade for Development initiative that will support the implementation of the AANZFTA and the RCEP Agreement.</p>
24th ASEAN-China Summit	<p>Under the economic integration initiative, ASEAN and China agreed to:</p> <ul style="list-style-type: none"> • Work together to reduce the trade barrier effects of non-tariff measures; • Enhance cooperation in customs procedures and trade facilitation with priority given to the facilitation of customs clearance of food, agricultural products, medical products, and other essential goods; • Explore the possible exchange of electronic trade-related documents through the ASEAN Single Window; • Jointly implement the ASEAN Rules of Origin Implementation Capacity Project; • Make efforts to effectively implement the remaining elements in the Future Work Program under the ACFTA Upgrading Protocol. This includes an outreach program on revised Rules of Origin under the ACFTA Upgrading Protocol. Both sides also agreed to conduct a joint feasibility study to identify enhancements that can be made to the ACFTA; and • Jointly explore the development of economic corridors, as well as economic, trade and industrial parks as part of efforts to deepen cooperation on supply chains (e.g., of essential goods).
18th ASEAN-India Summit	<p>The King of Brunei chaired the summit. He encouraged the commencement of a review of the ASEAN-India Trade in Goods Agreement (AITIGA) to make it more business-friendly and trade facilitative.</p>
24th ASEAN-Japan Summit	<p>ASEAN and Japan welcomed the progress in the implementation of the ASEAN-Japan Economic Resilience Action Plan promoting cooperation towards comprehensive recovery in areas such as supply chain resilience, digital solution, and trade facilitation. This includes the ongoing discussion on introducing an electronic Certificate of Origin data exchange scheme for the AJCEP.</p>
22nd ASEAN-Republic of Korea	<p>The Summit saw both sides seeking to complete negotiations on further liberalisation of the Sensitive Track products under the ASEAN-Korea Free Trade Agreement (AKFTA). Both sides also sought full ratification and implementation of the Third Protocol to Amend the AKFTA. A Joint Review Study of the AKFTA is underway to advance discussion of the Sensitive Track products and to identify areas in the AKFTA for improvement.</p>
9th ASEAN-United States Summit	<p>Both sides agreed to support the implementation of the ASEAN-US Trade and Investment Framework Arrangement (TIFA) (a framework that sets forth broad goals and principles for the US and ASEAN to cooperatively work toward strengthening trade and investment) and the Expanded Economic Engagement (E3) Work Plan. This includes exploring the exchange of electronic customs information between the ASEAN Single Window (ASW) and the US Customs and Border Protection's Automated Commercial Environment (ACE) to further facilitate trade between ASEAN and the US.</p>

A full list of all the Statements and Declarations can be found [here](#).



ASEAN focuses on healthier food and beverage options

On the back of the ASEAN summit from 26 to 28 October 2021, ASEAN leaders released a [Declaration on the Reformulation and Production of Healthier Food and Beverage Options](#) over growing concern of unhealthy nutritional and dietary patterns across ASEAN.

ASEAN leaders agreed to formulate a multi-sectoral regional action plan aimed at promoting reformulation and production of healthier food and beverages. It should provide considerations to territory policies, interventions and implementation, and promote regional cooperation across ASEAN Community Pillars, ASEAN Member States, and the food and beverage industries. Leaders noted that any measure regarding reformulation and production of healthier food and beverages should be in line with territory situations and policies, and existing global and regional mechanisms and agreements such as WTO Sanitary and Phytosanitary Measures and agreement to Technical Barriers to Trade.

ASEAN leaders also agreed to monitor and evaluate the progress of the multi-sectoral regional action plan, including the effectiveness of the policies that ensues.

On intersectoral collaboration, ASEAN agreed to develop and promote the implementation of fiscal measures on unhealthy food and beverages. This includes sweet beverage taxation and non-tax incentive for incrementally reduced sugar, salt and fat in food and beverage products by engaging with industry. Thailand for instance has an excise tax hike planned on sugary drinks while Malaysia is considering extending an excise tax to cover more beverages. Refer to our [Thailand](#) and [Malaysia](#) territory sections for details.

20th ASEAN Economic Community Council Meeting

On 18 October 2021, the 20th ASEAN Economic Community Council Meeting was held. During the meeting, the Council emphasised the importance of effective implementation of the Mid-Term Review (MTR) of the AEC Blueprint 2025 recommendations, particularly the key cross-sectoral ones that address both operational and strategic issues.

The Council also endorsed the Framework for Circular Economy for the ASEAN Economic Community, the [Bandar Seri Begawan Roadmap \(BSBR\)](#) – An ASEAN Digital Transformation Agenda to Accelerate ASEAN's Economic Recovery and Digital Economy Integration and the ASEAN Collaboration Framework Towards Strengthening Evidence-Based Micro, Small and Medium Enterprise (MSME) Policies. The BSBR details initiatives to be undertaken by various sectoral bodies with clear timelines such that negotiations for a Digital Economy Framework Agreement (DEFA) can begin by 2025. The objective is to develop an integrated ASEAN Digital Economy which is a seamless digital trade economy across the ASEAN region.

More details can be found on ASEAN's website [here](#) and [here](#).

Framework for Circular Economy for the ASEAN Economic Community (AEC)

On 18 October 2021, ASEAN adopted the Framework for Circular Economy for the ASEAN Economic Community (AEC) at the 20th AEC Council Meeting. The Framework aims to guide ASEAN in achieving its long-term goals of a resilient economy, resource efficiency, and sustainable and inclusive growth.

Building on existing ASEAN initiatives, the Framework seeks to explore new opportunities and collaborations with other ASEAN pillars, Dialogue Partners, and the private sector, to scale-up and accelerate the region's transition to a low-carbon economy.

From a cross-border trading perspective, questions around import restrictions on waste products, tariff classification of waste products, customs valuation of waste, and originating status of extracted, recycled or second hand materials will all need to be addressed.

More details can be found [here](#).

10th edition of the ASEAN Economic Integration Brief (AEIB)

The issue features a special article by Dato Dr. Amin Liew Abdullah, Brunei Darussalam's Minister at the Prime Minister's Office and Minister of Finance and Economy II, and Chairperson of the ASEAN Economic Ministers 2021. The article highlights key progress and achievements of the ASEAN Economic Community this year, as well as Brunei Darussalam's vision for the region going forward.

As regular features of the AEIB, the issue also includes an overview of the regional economic outlook, the latest updates on the AEC, as well as the latest key economic indicators relevant to the region.

More details can be found [here](#).

ASEAN-Russia Trade and Investment Cooperation Roadmap

On 14 September 2021, an agreement was made between ASEAN and Russia to adopt an updated ASEAN-Russia Trade and Investment Cooperation Roadmap. The Roadmap is an agreement that aims to promote dialogue on trade-related issues between ASEAN and Russia.

It facilitates the setting up of the institutions for the two sides to deepen trade relations as well as the stage for future trade agreements. The Roadmap's main goal is to enhance economic cooperation to address emerging challenges and opportunities for trade and investment between ASEAN and Russia.

More details can be found [here](#).

Developments on export controls implementation in the Philippines

In November, the Philippines' Strategic Trade Management Office (STMO) started accepting registration applications from individuals and companies engaged in financing, brokering, and/or moving strategic goods and technologies listed in the Annex 3 of the National Strategic Goods List (NSGL).

Registration of individuals and companies is a mandatory requirement prior to applying for authorisation to be able to export, import, re-export, and provide related services for strategic goods or technologies. Once obtained, the registration remains valid until it is revoked. Revocation can occur due to the following:

- At the registrant's request, or closure of the company;
- No authorization has been applied within two years from registration; or
- Violation of export control law.

Earlier in October, a related memorandum was issued. It prohibited anyone in the Philippines from engaging in export, import, transit, and transshipment of goods to and from the Democratic People's Republic of Korea (DPRK) and Iran (listed in NSGL Annex 3), if the party involved in the transaction(s) is:

- a designated person listed under United Nation Security Council Resolution 1718 and 2231, and its subsequent resolutions;
- any entity owned or controlled by a designated person;
- any individual or entity who acts on behalf of or under the direction of a designated person; or
- any person in, or who is a national of, the DPRK.

For humanitarian reasons, movement of goods to DPRK and Iran may be permitted, subject to authorisation of the United Nations program and of the STMO.

The STMO's authorisation requirement was first introduced last year in July for export of goods and technology, while for related services it was implemented in January this year. Due to COVID-19, the STMO has not strictly enforced this requirement and delayed the collection of any penalties for non-compliance until January 2022.

New catch-all control measure under Thailand's Export Control Act

On 27 October 2021, the Ministry of Commerce announced an important notification under Thailand's Export Control Act. The notification will come into force on 26 December 2021.

The notification allows the Department of Foreign Trade (DFT) to implement a catch-all control (CAC) measure to investigate red-flag transactions. It also published lists of controlled items based on (i) export control classification numbers and (ii) Customs tariff or harmonised system codes. The control will apply to export, re-export, transit, transshipment, technology transfer or software transfer items.

Under the notification, the DFT can initiate an investigation where it has reasonable grounds to suspect non-compliance under the Act. The DFT determines this by reference to information such as exporter and end user's name and address, product codes, product specifications, and logistics route information. In addition, the DFT will also consider:

- Whether the company's activities are related to the export, re-export, transit, transshipment, technology transfer or software transfer of goods in the provided lists;
- Whether the persons involved in these activities are on watchlists related to WMD proliferation; and
- Whether the exporting company can demonstrate a robust Internal Compliance Programme (ICP) is in place that covers the six key requirement areas.

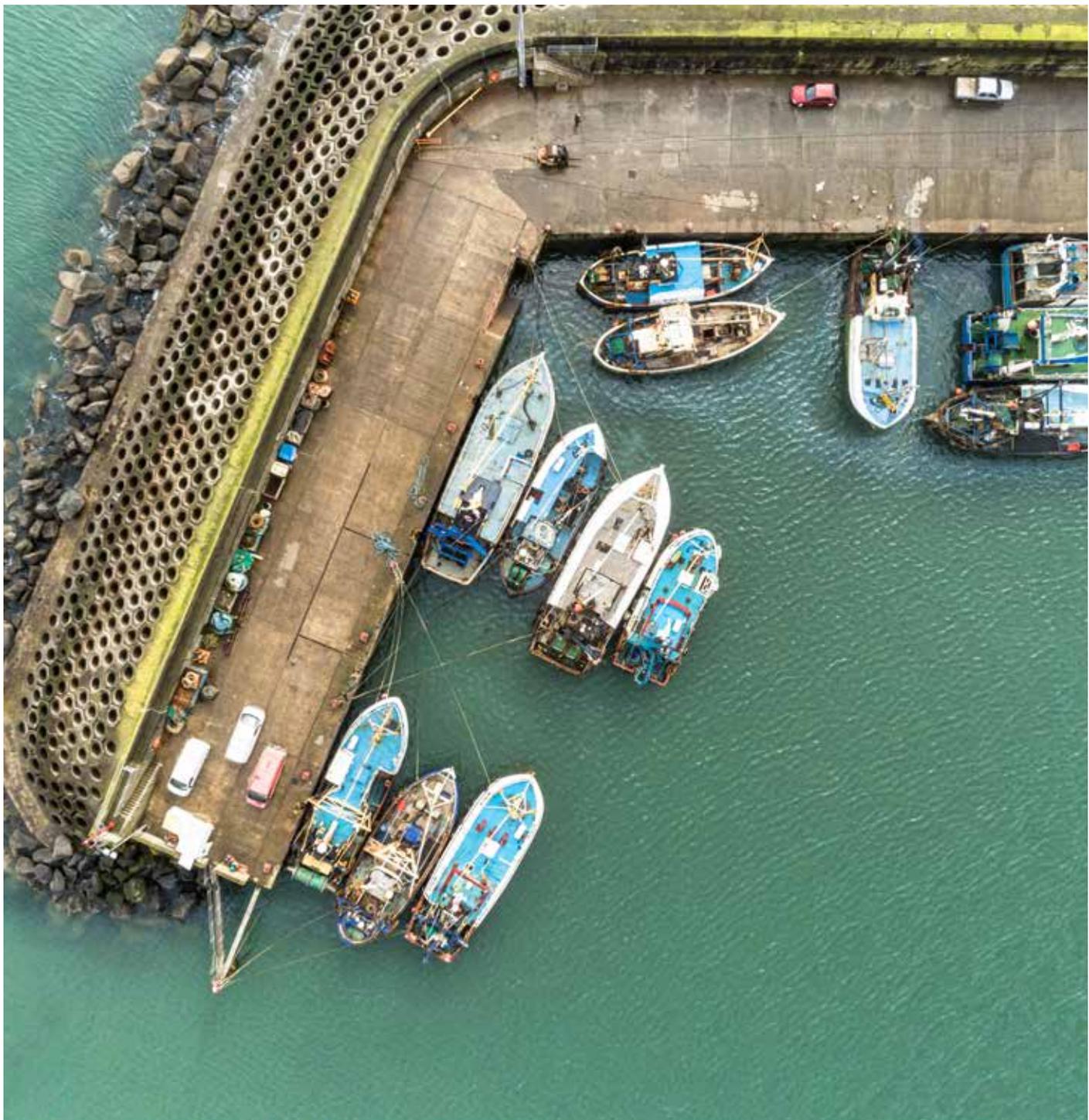
If the DFT identifies risks of potential non-compliance in the course of its investigation, it will issue a letter informing the company of the control measures that should be implemented. The measures outlined will vary depending on the risk levels determined by the DFT. The affected company can appeal the CAC's implementation within 30 days of receiving the letter. If the company can show evidence of risk mitigation, the DFT will reduce the control measures.

Companies are recommended to review their export profiles and consider the DFT's risk assessment to implement necessary measures. They should also consider following the DFT guidelines on setting up an ICP to mitigate potential risks.



Headline	New development
RCEP Agreement to enter into force on 1 January 2022	<p>Instruments of ratification have been deposited by six ASEAN Member States – Brunei Darussalam, Cambodia, Lao PDR, Singapore, Thailand, and Vietnam as well as from five non-ASEAN signatory States – Australia, China, Japan, Korea, and New Zealand.</p> <p>The RCEP Agreement will enter into force on 1 January 2022 for all of these members, with the exception of Korea. It enters into force for Korea on 1 February 2022.</p>
AANZFTA distils lessons from RCEP and other FTAs to support its upgrade negotiations	In September 2021, discussions were held by AANZFTA contracting parties on the outcomes of a Comparative Study and Gap Analysis between AANZFTA and RCEP Agreement as well as other relevant FTAs. The upgrade negotiations are slated for conclusion by September 2022.
ASEAN, Canada agree to launch bilateral FTA negotiations	ASEAN member countries and Canada have agreed to launch negotiations on an FTA during the ASEAN Economic Ministers (AEM) – Canada Consultation which was held virtually on 17 November.
South Korea signs FTA with Cambodia	Cambodia and South Korea have formally signed an FTA on 26 October 2021. Both countries will now complete internal ratification processes before the agreement enters into force.
Resumption of negotiations for India-Australia CECA	Australia and India formally launched the resumption of negotiations on the India-Australia Comprehensive Economic Cooperation Agreement (CECA). The countries committed to reaching an interim agreement by December 2021 and the conclusion of negotiations on a full CECA by the end of 2022.
India, Israel agree to conclude free trade pact by June 2022	India and Israel resumed negotiations on an FTA in November 2021 with the intention of signing the long-pending pact by June 2022.
India and the UK launched trade negotiations	Negotiations over a proposed India-UK FTA began on 1 November 2021. Both sides are looking to conclude an early harvest list by early 2022 with negotiations for other sectors to continue thereafter.
Indonesia-EFTA CEPA enters into force	The Indonesia-EFTA CEPA entered into force on 1 November 2021. EFTA refers to the European Free Trade Association. Refer to Indonesia's implementing regulations, namely MoT Regulation No. 58/2021, MoF Regulation No. 152/2021, and MoF Regulation No. 122/2021.
Minor changes in Thailand to the use of Japan and Thailand Economic Partnership Agreement (JTEPA) privileges	<p>The Thailand Department of Foreign Trade issued a notification to update the operational procedures for the use of JTEPA privileges.</p> <p>The notification highlights the decision to transpose the product specific rules (PSRs) from the HS 2002 version to the HS 2017 version. There are also updates to the wording so that the notification aligns with the original agreement. Based on this update, there are no major changes to the use of JTEPA privileges.</p> <p>These are the changes it covers:</p> <ul style="list-style-type: none"> • Cumulation with ASEAN content is allowed for certain products in the list of PSRs. • PSRs were transposed from the HS 2002 version to the HS 2017 version. • The transposition is reflected in the overleaf notes of Form JTEPA and the cost statement request letter. • De minimis rules are listed for the first time in the notification. No changes have been made to these rules. <p>Companies should check if there are any changes to the origin criteria under the new PSRs before the notification comes into force on 1 January 2022.</p>

<p>In-principle New Zealand-United Kingdom FTA</p>	<p>On 20 October 2021, New Zealand and the United Kingdom reached an in principle agreement on the key elements of a new FTA. This agreement in principle does not create any legally binding obligations. Work is being done to finalise the legal text of the FTA. More details are available here.</p>
<p>Philippines, South Korea conclude FTA negotiations</p>	<p>On 26 October 2021, negotiations for a FTA between the Philippines and South Korea formally concluded. Both parties have a target to sign the FTA before February 2022.</p>
<p>FTA between Thailand and Pakistan to be finalised by the end of the year</p>	<p>On 2 November 2021, the ambassador of Thailand to Pakistan commented that the FTA between Thailand and Pakistan is expected to be finalized by the end of this year.</p>



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Responsibility for keeping underbond goods safe extends until duty is actually paid

In the recent case of *Hurley v Collector of Customs* [2021], the Australian Administrative Appeals Tribunal (AAT) held that the responsibility to keep dutiable (underbond) goods safe, pursuant to section 35A of the Customs Act 1901, extends up to the time that duty for those goods has been paid.

The AAT's decision provides a clear directive that the responsibility of companies and persons involved in the operation and management of licensed warehouse premises to keep dutiable goods safe extends beyond the point at which the goods are entered and delivered into home consumption, to the point when duty is actually paid and received by the Australian Border Force. Given many of these arrangements (warehousing, reporting and clearing of goods and paying duty) are often managed by third-parties on behalf of importers, this case is a timely reminder to validate that the appropriate governance, process and controls are in place.

Australia looking to trial new practices as part of Simplified Trade System agenda

As part of the Australian Government's Simplified Trade System agenda, the ABF is proposing amendments to the Customs Act 1901 to allow trials of new practices with approved industry participants in a controlled environment. The goal of the trials includes the promotion of innovative, best practice regulation through testing new proof of concept business practices and technologies prior to implementing changes in the legislation.

The Simplified Trade System initiative was launched by the Australian Government as part of its commitment to modernise outdated systems in order to foster and facilitate global trade in line with strengthening supply chain security.

Australia and Singapore announce development of a Green Economy Agreement

Australia and Singapore have announced the development of a Green Economy Agreement (GEA) that aims to promote green growth, improve investment and trade by tackling regulatory burdens and removing non-tariff barriers for environmental goods and services, and accelerate the adoption of low emissions green technology.

In early October, Australia and Singapore issued a [joint vision statement](#) outlining the commitment of both nations to cooperate on climate change. The joint statement emphasised the aim of the GEA to combine trade, economic and environmental objectives to reduce trade barriers and explore opportunities in green growth sectors, such as the adoption of low-carbon and green technologies, low-carbon and renewable energy, and decarbonised production processes.



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Enterprise group-based processing trade regulatory model

On 1 November 2021, the GAC issued an “Announcement on Fully Promoting the Enterprise Group-based Processing Trade Regulatory Model”. This refers to a processing trade regulatory model under which the customs authority assesses and qualifies an enterprise group as a unit. The announcement took effect from 15 October 2021.

The following are the applicable conditions to qualify:

- Must be an “enterprise group”. This refers to a group of legal entities formed by a parent company, subsidiary companies, and shareholding companies that have a common code of conduct, including the leading enterprise and member enterprises.
- Minimum credit rating requirements: The leading enterprise must be an advanced certified enterprise, and the member enterprises’ customs credit rating must not be dishonest enterprises.
- Management requirements: The enterprise’s internal management and information systems must be compliant and meet Customs’ requirements.
- Requirements for processing trade goods: Must not involve goods subject to qualification or quantity restrictions on processing trade.

We have summarised the differences in benefits afforded under the enterprise group model and the general model in the table below.

Area	Policy for Enterprise Group (*)	General Policy	Regulation No.
Goods storage	Processing trade goods can be stored in places where member enterprises are registered with Customs	Processing trade goods must be stored in the place where the enterprise is registered with Customs	Order of the GAC No.247
Bonded transfer	Bonded materials can be transferred to other enterprises within the group	Only the transfer of deep processing goods (also known as semi-finished products) are allowed among processing trade enterprises, but bonded materials cannot be transferred to other enterprises.	
Exchange of bonded materials	Enterprises within the group can exchange or dispose of bonded materials.	Exchange of bonded and non-bonded materials can only be done within the same enterprise	
Outsourcing processing business	Member enterprises can outsource processing within the enterprise group without registration with Customs If all procedures are outsourced for processing within the enterprise group, no guarantee needs to be provided to Customs	Registration with Customs is required if the enterprise outsources processing If all procedures are outsourced for processing, a guarantee must be provided to Customs	
Free of charge equipment	Imported free-of-charge equipment under Customs’ supervision can be transferred within the enterprise group	Imported free-of-charge equipment under Customs’ supervision cannot be sold, exchanged, transferred, mortgaged or used for other purposes within China.	Wai Jing Mao Zhen Fa [1998] No. 383

(*) Certain formalities might be required. For details, refer to [Announcement of the GAC \[2021\] No. 80](#).

Registration and other requirements for food importers

GACC Announcement [2021] No. 248 which comes into effect on 1 January 2022 seeks to update the rules around ensuring the safety of food imported into China. It updates the Regulations on the Registration and Administration of Imported Food Overseas Production Enterprises which has been in effect since 1 May 2012.

The key change introduces registration requirements for overseas food suppliers. If such suppliers do not complete the registration procedure before 1 January 2022 and the labelling on the inner and outer food package has not been adjusted accordingly, their goods will not be allowed entry into China.

Key changes and adjustments include:

- Food categories and registration methods: In accordance with GACC [2021] No. 248, all overseas companies engaged in production, processing, and storage of food products for shipment to China are subject to registration requirements. Depending on the food categories, registration methods include recommendation by a competent authority of the territories/regions, or self-application for registration by a manufacturer. Only 18 specific categories require a recommendation from a competent authority of the territories/regions, while the others permit self-registration
- Changes to registration number management and marking method: A registered supplier of food products must mark the Chinese registration number, or the registration number approved by the competent authority of the territory/region on the inner and outer packaging of the foods exported to China. Outer package refers to the transportation package and the inner package refers to the individually packaged sales units that can be sold separately.
- Strengthen the Responsibility of and Supervision on the Registered Enterprises: GACC Announcement [2021] No. 248 supplements and refines provisions around change, renewal and cancellation of registration. At the same time, it enhances the responsibilities of overseas official authorities, and clarifies their responsibilities.

New standard for Advanced Certification Enterprises (AEO)

On 13 September 2021, the General Administration of Customs (GAC) issued certain measures regarding the credit management of enterprises (GAC Order No. 251). The order cancelled the General Certified Grade, such that only three credit levels remain: Advanced Certified Enterprises, General Enterprises, and Dishonest Enterprises. Please refer to our August-September Trade Intelligence edition for details.

Subsequently on 1 November 2021, the GAC published Announcement No. 88 implementing a new standard for the 'Advanced Certification Enterprise' category. This Advanced Certification is China's equivalent to an Authorised Economic Operator (AEO). The announcement was effective from 1 November 2021.

To qualify as an Advanced Certification Enterprise, the enterprise must be certified by Customs to have met various standards and have certain procedures in place. This status affords the enterprise greater customs facilitation (e.g., during customs clearance) in China and in other countries with which China has AEO Mutual Recognition Agreements with.

The new standard integrates various certification standards that were governed by different announcements. It details general and specific criteria for entities such as import and export consignors and consignees and customs declaration enterprises.

For details, refer to [Announcement of the GAC \[2021\] No.88](#).



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New export measures introduced

Title	Details of measure	Reference
Restriction on export of syringes	Restrictions have been imposed on the export of syringes (falling under ITC HS code 90183100, with or without needles) which were freely exportable previously. A monthly quantitative quota for export for the period October 2021 to January 2022 has been fixed. Applicants are required to apply for export licenses by making an online application by the prescribed timelines.	Notification No. 34/2015-2020
Free export of diagnostic kits	Export of all diagnostic kits and reagents (including instruments / apparatus) has been re-allowed. These were previously restricted on account of COVID-19 situation in India.	Notification No. 39/2015-2020

Extension of FTP 2015-20 till 31 March 2022

The validity of the Foreign Trade Policy (FTP) 2015-20 and Handbook of Procedures (HBP) 2015-20 was previously extended up to 30 September 2021. It has been further extended till 31 March 2022.

This means all policies and procedures specified in the FTP and HBP 2015-20 will continue to be in force till 31 March 2022.

Refer [Notification No. 33/2015-20](#) and [Public Notice No. 25/2015-20](#) for further details.

New anti-absorption provisions in CVD and ADD rules

The Government has introduced provisions relating to anti-absorption in the trade remedy measures being enforced by India.

The Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules 1995 and Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules 1995 have been amended to introduce provisions relating to anti-absorption.

Key features of the guidelines are:

- Countervailing Duties (CVD) and Anti-Dumping Duties (ADD) will be considered to be absorbed, when export prices of an article from the exporting countries decrease post-imposition of the CVD/ADD without any commensurate/significant change in resale price of such article in India imported from the exporting countries.
- In case of ADD, absence of any commensurate change in cost of production of such articles or export prices of such articles to countries other than India, would also be considered.
- The designated authority may, after conducting review, recommend modification in the form or basis of the CVD/ADD, or the quantum of such duties, or both, after reassessing the dumping margin or subsidy margin and injury margin.
- Appropriate changes or adjustments in previously determined benefit from subsidy or normal value and injury, if necessary, may be done.
- Domestic industries are to file applications for anti-absorption reviews within two years from the date of imposition of definitive CVD/ADD. Any such investigation shall be concluded within six months from the date of initiation of the investigation.
- The designated authority may recommend modification of form or basis of CVD/ADD or their quantum or both, retrospectively from the date of initiation of the anti-absorption investigation.

Refer [Notification No. 83/2021-Customs \(Non-Tariff\)](#) and [Notification No. 84/2021-Customs \(Non-Tariff\)](#) for further details.

Conditions to use duty credit under RoDTEP scheme

The Remission of Duties and Taxes on Exported Products (RoDTEP) scheme aims to refund exporters the embedded central, state and local duties and taxes paid on inputs that were so far not refunded or rebated. It was notified in August 2021 and is available on exports made from 1 January 2021. Explanations on various aspects of the scheme including conditions and restrictions have been provided.

Key points to note are:

- Processing of duty drawback for claim will be done by Systems Directorate (SD) on the basis of a risk management system which has been implemented.
- Once SD commences processing of RoDTEP, a scroll will be generated in the customs automated system which shall contain the necessary details. The exporter has the option to generate e-scrips within one year of generation of the scroll.
- E-scrips are freely transferable and are valid for a period of one year from the date of its generation.
- Any unutilised duty credit in the e-scrip at the end of the period will lapse.
- Duty credit allowed under the scheme is subject to realisation of sale proceeds within the period allowed by the Reserve Bank of India.

Refer [Circular No. 23/2021-Customs](#) and [Notification No. 76/2021-Customs \(Non-Tariff\)](#) for further details.

Conditions to use duty credit under RoSCTL scheme

The Rebate of State and Central Tax and Levies (RoSCTL) scheme applicable on export of apparel/ garments and made-ups will continue from 1 January 2021 to 31 March 2024. This continuation is for apparel/garments (under Chapters 61 and 62) and Made-ups (under Chapter 63) in exclusion of RoDTEP for these chapters. The product-wise rate of benefit has been notified. Further, other textile products (excluding Chapters 61, 62 and 63) may be eligible for the benefits under the RoDTEP scheme.

The Government has now issued a circular further clarifying the aspects of the RoSCTL scheme. Key points to note are:

- The scheme provides for remission of amount in the form of transferable duty credit which will be maintained in the electronic duty credit ledger.
- Eligibility for grant of benefits under the scheme will function on the basis of the exporter having already filed a shipping bill from 1 January 2021.
- Processing of duty drawback for claim will be done by Systems Directorate (SD) on the basis of a risk management system which has been implemented.
- Once SD commences processing of RoSCTL, a scroll will be generated in the customs automated system which will contain the necessary details; the exporter has the option to generate e-scrips within one year of generation of the scroll.
- E-scrips will be freely transferable, and the exporter will have the option to generate e-scrips within one year of its generation.

- Any unutilised duty credit in an e-scrip at the end of the period will lapse.
- Duty credit allowed under the scheme is subject to realisation of sale proceeds within the period allowed by the Reserve Bank of India.

Refer [Circular No. 22/2021-Customs](#) and [Notification No. 77/2021-Customs \(Non-Tariff\)](#) for further details.

Extension in duty exemption for imports of COVID-19 vaccines

The Government had exempted customs duty and health cess on import of COVID-19 vaccines up to 31 July 2021. This benefit was earlier extended up to 30 September 2021, which had been further extended to 31 December 2021.

Refer [Notification No. 45/2021-Customs \(Tariff\)](#) and [Notification No 28/2021-Customs](#) for further details.

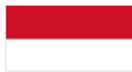
Extension in the export obligation period of specified AA and EPCG Authorisations

The export obligation period has been extended till 31 December 2021 for Advance Authorisations (AA) and Export Promotion Capital Goods (EPCG) Authorisations which expired between 1 August 2020 to 31 July 2021, without any composition fee.

However, this extension is subject to 5% additional export obligation in value on the balance export obligation on the date of expiry of the original/extended export obligation period.

Refer [Notification No. 28/2015-2020](#) for further details.





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Imposition of safeguard duties on imported apparel and accessories

The Government issued the Ministry of Finance Regulation (MoF Regulation) 142/2021 which took effect on 12 November 2021. The regulation imposed Import Duty Safeguard duties on imported fashion products and accessories.

The safeguard duties were imposed following the soaring number of imported apparel and accessories, which led to fears over losses for the domestic apparel industry. This was captured in the Indonesian Trade Security Committee's final investigation report.

Under the regulation, the Import Duty Safeguard will be valid for 3 years starting from 12 November 2021. The range of import duties being charged is between IDR 19,260 up to IDR 63,000 per piece of product for the first year and gradually decreasing for the following years. 134 HS codes will be affected. Exceptions have been made for headwear and neckwear segments which consist of 8 HS codes.





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Japan Customs releases annual audit report

On 10 November 2021, Japan Customs released its annual report on customs audits. The report covered customs audits on 715 importers conducted from July 2020 to June 2021.

Highlights from the report include the following:

- 84% of importers audited were found to have mistakes affecting customs duties, up from 81% the previous year.
- The average amount of duties and penalties assessed through audits per importer was JPY 9.3M (approx. USD 90,000). This represented an increase of 170% year over year.
- The amount of severe penalties for fraud or gross negligence more than doubled from the previous year despite a smaller number of audits.
- Compared to the previous year, tobacco and plastics were no longer among the top 5 categories of under-declared items. Replacing them were sugars of HS Chapter 17 and non-knitted apparel products of HS Chapter 62.

	Number of audits	% of mistakes	Average duty and penalties
2021	715	84%	JPY 9,300,000
2020	3,361	81%	JPY 3,500,000
2019	4,079	79%	JPY 3,500,000

The report also provided the following examples of underpaid duties:

Case 1: An importer of pet products was found to have prepared invoices with an inappropriately low value despite being aware of the correct value. As a result, the importer was assessed JPY 16.5M, including 4.1M in penalties for fraud.

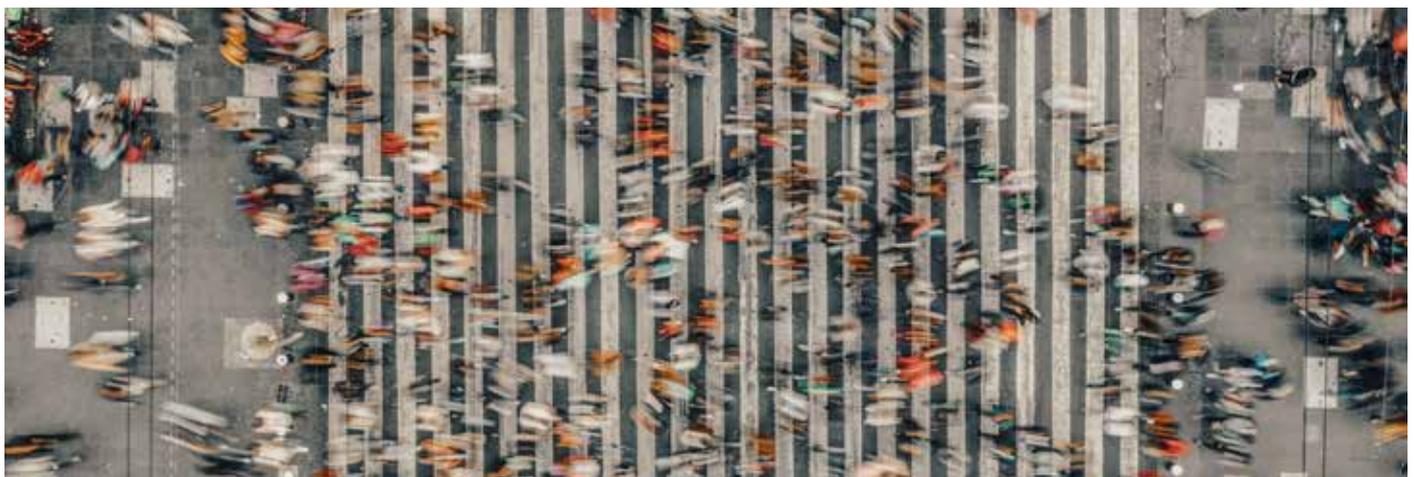
Case 2: An importer of apparel was found to have declared based on incorrect invoices prepared by an exporter. The importer used these invoices as a basis for customs value despite knowing that their value were too low. As a result, the importer was assessed JPY 7.96M, including 1.09M in penalties for gross negligence.

Case 3: An importer of auto parts sold materials to its overseas manufacturer. The sales price of these materials did not include costs for dies, and the importer failed to declare such costs in its import value. As a result, the importer was assessed JPY 58.25M.

Case 4: An importer imported furniture and other goods on behalf of a non-resident entity. In Japan, a non-resident's purchase price cannot be used as the basis for customs value, and thus the goods should have been valued under the deductive value method. However, the importer was found to have declared the customs value based on the invoice price. As a result, the importer was assessed a total of JPY 22.01M.

Conclusions

While the number of audits decreased last year likely owing to the COVID-19 pandemic, the statistics indicate that Customs has been finding more and bigger errors in the course of their post-declaration audits. Common reasons for assessments included failure to declare costs paid separately from payment for imported goods, as well as incorrect usage of a non-resident entity's purchase value as the customs value. In order to avoid penalties for such issues, importers are encouraged to conduct a "health check" to ensure that all goods are being declared accurately.



Budget 2022

On 29 October 2021, the Ministry of Finance (MOF) unveiled its Budget 2022. We have highlighted the proposed amendments that relate to customs and international trade.

1. Special Voluntary Disclosure Program (SDVP)

Following the 2022 Pre-Budget Statement, MOF announced that the implementation of the SDVP will be introduced in phases, with penalty remissions on over/under declaration of customs duties and taxes.

- First phase: remission on penalties of 100%
- Second phase: remission on penalties of 50%

The effective date is yet to be determined. Details on application and conditions have not been published, but we have provided more details in the [August-September edition of Trade Intelligence](#).

2. Imposition of sales tax on low value goods

The MOF has proposed for sales tax to be imposed on low value goods (LVG) that are sold online and imported using air courier services into Malaysia, from 1 January 2023. LVG refers to goods with a value less than RM500.

The Budget Speech further indicated that local and foreign sellers of such LVG to Malaysian customers are required to register and impose sales tax on the sale. This is to ensure equal tax treatment for locally manufactured and imported LVG.

Importers of LVG are currently exempted from sales tax payment on importation, provided the imported goods do not exceed RM500 per consignment; the goods are imported using air courier service through a prescribed international airport; and the imported goods are not cigarettes, tobacco or intoxicating liquor.

The imposition of sales tax on LVG will be implemented under a new provision of the Sales Tax Act 2018 while the exemption provided under Item 24, Schedule A, Sales Tax (Persons Exempted From Payment of Tax) Order 2018 will be revoked.

3. Extension for sales tax exemption on passenger motor vehicles

The sales tax exemption for passenger motor vehicles (including SUV and MPV) is proposed to be further extended for another six months to 30 June 2022. Currently, the sales tax exemption covers the period of 15 June 2020 to 31 December 2021, and applies to the following:

- 100% exemption in relation to the sale of locally assembled Completely Knocked Down (CKD) passenger motor vehicles; and
- 50% exemption in relation to imported passenger Completely Built Up (CBU) motor vehicles.

4. Import duty, excise duty and sales tax exemption on imported and locally manufactured EVs

With effect from 1 January 2022, it is proposed that full import duty, excise duty and sales tax exemption will be granted for locally manufactured and imported Electric Vehicles (EVs) (including SUV and MPV). The proposal is intended to support the development of the local EV industry and encourage domestic demand in line with the Low Carbon Mobility Blueprint (LCMB), EV Roadmap and National Automotive Policy (NAP) 2020.

The table below summarises the proposed exemptions.

Coverage Period	Tax Incentive
1 January 2022 to 31 December 2025	100% excise duty and sales tax exemption on locally manufactured (CKD) EVs
	100% import duty exemption on components for locally assembled EVs
1 January 2022 to 31 December 2023	100% import duty and excise duty exemption on imported (CBU) EVs

Currently, imported CBU EVs are subject to import duty, excise duty and sales tax. For locally manufactured EVs, the CKD components are exempted from import duty, while the locally assembled vehicles (CKD) are given partial excise duty exemption and sales tax exemption.

5. Excise duty to pre-mixed preparations

It is proposed that the excise duty on sweetened beverages will be expanded to cover pre-mixed preparations of chocolate or cocoa-based, malt, coffee and tea. This would capture beverages such as 2-in-1 or 3-in-1 pre-mixed beverages. Excise duty will be levied based on the tariff heading and sugar content at the rate of RM0.47 per 100g as follows:

Tariff heading	Product description	Sugar content threshold
18.06	Mixed chocolate or cocoa preparations	>33.3g/100g
19.01	Mixed malt preparations	>33.3g/100g
21.01	Pre-mixed coffee and mixed tea preparations	>33.3g/100g

This amendment is proposed to take effect from 1 April 2022.

6. Excise duty on liquid or gel products used in electronic cigarettes and vape devices

Apart from the current imposition of excise duty on nicotine-free liquid or gels used in electronic cigarettes and vape devices, the Government also plans to impose excise duty on liquid or gel products containing nicotine that are used for electronic cigarettes and vape devices, with effect from 1 January 2022.

The rate of excise duty will be as follows:

Goods	Excise duty
Nicotine-free liquid or gels used in electronic cigarettes and vape devices	Increased from RM0.40 per milliliter to RM 1.20 per milliliter
Liquid or gel products containing nicotine that are used for electronic cigarettes and vape devices	Levied at RM1.20 per milliliter

Amendments to customs offices and ports

On 11 October 2021, the MOF issued an amendment to the Customs Regulations 2019, with effect from 15 October 2021. The amendment pertains to the latest working hours of certain customs offices such as Desaru Coast Ferry Terminal in Johor (southern region of Peninsular Malaysia) and ICQS Lubok Antu in Sarawak (West Malaysia). In addition, there are also some changes to the customs ports and legal landing places.

The complete list of customs offices with the changes to the working hours as well as the customs ports and legal landing places can be accessed [here](#).

Anti-dumping updates

With effect from 9 October 2021 to 8 October 2026, the cold-rolled coils of alloy and non-alloy steel with the thickness between 0.20 millimeters to 2.60 millimeters and width between 700 millimeters to 1,300 millimeters exported from China, Korea and Vietnam into Malaysia, are subject to the following anti-dumping duties.

Tariff codes	Country of export	Anti-dumping duties
7209.15.00 00, 7209.16.10 00, 7209.16.90 00, 7209.17.10 00, 7209.17.90 00, 7209.18.99 00, 7225.50.10 00, and 7225.50.90 00	China	35.89% or 42.08%
	Korea	11.55% or 21.64%
	Vietnam	7.42% or 33.70%

Refer to the notice [here](#).



Philippines

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Philippines joins the ATA Carnet system

As of 8 November 2021, the Philippines is part of the ATA Carnet System after the Senate ratified the Convention on Temporary Admission through the passage of Senate Resolution 832.

The ATA Carnet system is an international scheme that allows duty and tax free temporary importation of goods for one year through the use of an ATA Carnet document. The document is normally issued to cover goods for use in trade fairs, shows, exhibitions, professional equipment, commercial samples and personal effects. It is expected to be implemented three months after the Philippines deposits its instrument of accession.

With ATA in place, the Bureau of Customs (BOC) would no longer require posting of surety and tax exempt documentation for the temporary admission of goods.



Guidelines for origin documentation under AHKFTA

On 12 November 2021, the BOC circulated a guideline with regards to the acceptance of Certificates of Origin (CO) under the ASEAN-Hong Kong, China Free Trade Agreement (AHKFTA). The CO under the AHKFTA is a Form AHK.

- For shipments that involve the Form AHK with 'third-party invoicing' (TPI) arrangement, the following on the Form AHK must be complied with:
 - The exporter and the company issuing the invoice are in the same territory

Box no. 7	Name and territory of the invoice issuing the final invoice for importation
Box no. 10	Number and date of the final invoice
Box no. 13	"Third-party invoicing" box must not be ticked

- The TPI involves more than three countries

Box no. 7	<ul style="list-style-type: none"> Name and territory of the company issuing the third-party invoice Name and territory of the company issuing the final invoice; or if known, the name and territory of all companies issuing the invoice
Box no. 10	<ul style="list-style-type: none"> Number and date of the invoice issued by the manufacturer; or the name of exporters including the number and date of the final invoice for importation, as possible In absence of the above information, the number and date of invoice from any last territory that is known to the issuing authority may be reflected. In case the final invoice number and date is not stated in the Form HK, further information may be requested by the BOC
Box no. 13	"Third party invoicing" box should be ticked.

Any discrepancy between the information in the Form AHK and the final invoice should not immediately result in a rejection of the claim for duty preferences. Instead, the customs authorities may request for additional information from the importer to verify the import transaction.

2. Replacement of Form AHK – If the Form AHK is amended or replaced, the following must be observed:
- Amended Form AHK must have a new reference number and issuance date;
 - Box 13 should be marked “Issued Retroactively”, if a Form AHK is amended more than three working days after the shipment date; and
 - The reference number and the date of issue of the original CO may be indicated in Box 7 of the amended CO.
3. Issued retroactively – To guide the counting of the number of “working days” for the marking of Box 13, the following are to be provided:

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
26 September	27 September	28 September	29 September	30 September	1 October	2 October
			Declared shipment date (Day 0)	Working day (Day 1)	Public holiday in HK	
3 October	4 October	5 October	6 October	7 October	8 October	9 October
	Working day (Day 2)	Working day (Day 3)	Working day (Day 4) Begin to mark “Issued Retroactively”			

The customs guidance can be found [here](#).





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Cessation of physical endorsement of permits

With effect from 1 February 2022, the Immigration & Checkpoints Authority (ICA) officers at the cargo checkpoints will stop manual endorsements of Cargo Clearance Permits (CCPs) to ease the cargo clearance process at the checkpoints. This applies to all conventional and containerised cargo, with the exception of:

- Inward, Outward and Transshipment permits for the movement of cargo through other Authorised Piers and Places; and
- Inward, Outward and Transshipment permits for the movement of cargo through Customs Airport Passenger Terminals.

ICA announced a 6-month adjustment period till 31 July 2022 to allow businesses to adjust to the changes. Drivers may still request for ad-hoc endorsements within these six months.

More details can be accessed [here](#).

Compliance with customs requirements at CAC and ALPS

On 14 October 2021, Singapore Customs issued an advisory to all parties operating in the Changi Airfreight Centre (CAC) and Airport Logistics Park (ALPS) after encountering non-compliance with regulations or delays by traders in furnishing the required supporting documents to Singapore Customs to account for goods stored in the companies' premises.

To facilitate checks by customs officers during inspections, companies are to ensure the following:

- Maintain proper records of the relevant supporting documents such as air waybill, commercial invoice, packing list, and customs permit to account for the goods stored in your company's premises;
- Promptly obtain the correct customs permit
 - For the temporary storage of imported goods in the Free Trade Zones, pending re-export or local release;
 - For transshipment of goods involving an inter-gateway movement from one Free Trade Zone to another Free Trade Zone; and
 - For controlled goods stored in your premises, with approval from the relevant Competent Authority.

In addition, Singapore Customs reminded exporters and declaring agents to submit the relevant Advance Export Declaration (AED) as early as possible, preferably before the shipment is sent out to the airport Ground Handling Agents prior to export. Shipments should be accompanied by approved

export permits and supporting documents (such as air waybills, packing lists and commercial invoices) furnished at time of lodgement with the Ground Handling Agents.

More details can be accessed [here](#).

Importers/exporters to be declared in permit applications

On 12 November 2021, Singapore Customs issued an advisory with regards to improper declarations of the "importer" and "exporter" in permit applications.

The advisory highlighted a case of improper declarations, where a declaring agent did not have valid security lodged with Singapore Customs to make permit applications. This declaring agent entered into a commercial arrangement with another declaring agent (the declared party) to use the latter's security and Unique Entity Number to make permit applications. This means the declared party was listed as the "importer" or "exporter" in the permit applications, even though it had no interest in the goods.

The advisory seeks to remind declaring agents to ensure that all the information that is furnished when applying for permits is true and correct. The declaring agents may be liable for an offence and their registrations may be suspended/revoked if false or misleading information is provided.

More details can be accessed [here](#).

Australia and Singapore announce development of a Green Economy Agreement

Refer to the [Australia section](#) for more details.



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New pre-clearance mechanism for e-commerce purchases

Taiwan Customs has implemented a real-name authentication mechanism since May 2020. Unlike other countries where third party logistics providers are able to import goods on behalf of customers, Taiwan Customs requires customers to be the formal importer of record (IOR). This means customers will need to declare their imports through an app called EZ WAY.

Under this mechanism, if a buyer fails to complete the authentication through the EZ WAY application or attach paper customs documents for real-name authentication, the importer will receive a “yellow flag” warning for the first violation. On the second violation, the importer will receive a “red flag” warning and Customs will not accept the import package request. Unless the certification or appointment letter is provided, the package will not be imported.

However, the implementation of the above real-name system for overseas parcels appears to have led to instances of fraud. On 28 October 2021, the Ministry of Finance stated that by the end of 2021, a pre-clearance mechanism will be implemented for high-risk goods and for blacklisted customs brokers.

For online purchases from overseas suppliers that involve high-risk packages or are handled by blacklisted companies, consumers must complete the process themselves. As a result, the package can only be cleared after the real-name authentication

has been completed and an advance customs confirmation has been obtained. If the customs clearance confirmation is not provided, the package will be blocked.

The Customs Service Department stated the roll-out will be divided into three stages.

- The first stage is to adopt the customs clearance mechanism for high-risk goods and blacklisted customs brokers at the end of this year (2021).
- The second stage is to provide consumers with various choices next year (i.e., consumers can choose to use the pre-clearance mechanism which protects their personal information).
- The third stage - from June 2022 - is for full implementation of the pre-clearance mechanism where all consumers will be required to complete the clearance confirmation.

Exemption of excise tax of OLED display glass

The Ministry of Finance issued a new order on 15 October 2021 regarding an exemption of excise tax for imported or domestically produced OLED (Organic Light-Emitting Diodes) display glass.

Manufacturers must apply to a local Customs or Taxation Bureau for exemption of excise tax. The excise tax exemption is expected to reduce the operating cost of the OLED display industry.



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New catch-all control measure under Thailand's Export Control Act

The Ministry of Commerce issued a new notification on 27 October 2021 that introduces a catch-all control measure under the existing Export Control Act. Refer to our Export Control section for details.

New suggested retail price notification form for excisable goods

On 30 September 2021, the Thai Excise Department issued a notification detailing how to determine the criteria, procedures, and conditions for notifying the suggested retail price (SRP) and service price for excisable goods. A new updated form was issued to replace the old Por Sor. 02-01 SRP notification form.

From 1 October 2021, importers and manufacturers must use the new form for SRP notifications. Key amendments and additions are outlined below:

- The new form distinguishes goods 'to be sold in duty free shops' from exportation under the sales channel.
- The new form requires a more detailed cost element breakdown in the SRP structure table. For example, a breakdown of costs paid under management costs for the following are required: advertising costs, transportation costs, insurance costs, fees paid for deposited goods in Customs' custody, other expenses related to merchandising management, other taxes collected on the sale of goods (excluding VAT), excise tax, interior tax, and government funds. This is a significant change from Form Por Sor 02-01 where the form was left blank, and companies specified relevant costs at a more generic level.
- The new form provides a more detailed definition of 'profit' under these two sub-categories:
 - **Standard profit of industrial operators or importers** – This is defined as the profit that an industrial operator or importer will receive from selling the excisable goods
 - **Marketing margin of other sellers** – This is defined as the value estimated by an industrial operator or importer for each seller as part of its marketing plan for determining the retail price. This amount needs to reflect the deduction of production costs, management costs, and standard profit from the SRP.
- The new form has an additional section on supporting documents (e.g., documents showing the selling price to general consumers, labels and product specifications, and the addresses of retail stores).

Importers and manufacturers of excisable goods should review the updated form, recalculate the cost structure where required,

and prepare additional information or supporting documents in preparation for future SRP notifications.

The Notification is available for download in Thai from the Excise Department's website [here](#).

Voluntary disclosure mechanism extended to 30 September 2026

The Thai Customs One Stop Service, formerly known as the Single Point of Payment Programme, is designed to provide an avenue for importers and exporters to voluntarily disclose their mistakes and pay liabilities in one go. Thai Customs will consider applications on a case-by-case basis and investigate any intention to evade duty and taxes before accepting the case.

This is the first time the Post-Clearance Audit Division (PCAD) has extended the program for five years. It is typically extended in one year blocks. The program is now available until 30 September 2026.

Importers and exporters are precluded from using the One Stop Service in the following situations:

- disclosing the same non-compliance issues or issues that do not lead to a duty shortfall;
- importers currently under audit, investigation or internal process by Thai Customs, the Department of Special Investigation, or Economic Crime Suppression Division;
- offences relating to smuggling imported or exported goods;
- duty evasion with proof of fraudulent intent; and
- evasion of import or export restrictions and counterfeit trading.

Under the program, duty fines will be waived and duty surcharge will potentially be reduced. However, companies are still required to pay duty and VAT shortfalls, a VAT penalty at 100% of the VAT shortfall, and a VAT surcharge at 1.5% per month (not exceeding the VAT shortfall itself).

Companies that plan to enroll in this program are advised to carefully review their transactions and potential consequences, discuss any potential cases with PCAD officers, and consult with specialists before proceeding.

Validity period for advance rulings extended from two to three years

The Thai Customs Department has issued Customs Notification no. 183/2021 to amend the validity period of advance rulings for classification, valuation and rules of origin. This notification amends Customs Notification no. 17/2018 dated 23 January 2018 and is effective from 1 January 2022.

The advance rulings for classification, valuation and rules of origin are generally valid for up to two years from the issuance date. Under the new Notification 183/2021, the validity period will be extended to three years from the issuance date.

Apart from extending the validity period to correspond with the Regional Comprehensive Economic Partnership (RCEP), the advance ruling for rules of origin has been amended to include RCEP on the form of application. In addition, if the same product is eligible under different FTAs, the applicant must submit the request forms separately.

Updates on increased taxes on tobacco and sugary drinks

Tobacco tax

The planned tax increase on tobacco products took effect on 1 October 2021. Changes are to the suggested retail price bands, as well as ad valorem and specific rates within these bands.

Before 1 October 2021			After 1 October 2021		
List prices of cigarette products	Ad valorem	Specific (per cigarette)	List prices of cigarette products	Ad valorem	Specific (per cigarette)
Suggested retail price <u>not exceeding</u> THB60	20%	THB1.20	Suggested retail price <u>not exceeding</u> THB72	25%	THB1.25
Suggested retail price <u>exceeding</u> THB60	40%	THB1.20	Suggested retail price <u>exceeding</u> THB72	42%	THB1.25

Sugary drinks

The Excise Department postponed the implementation of the excise tax hike on sugary drinks from 1 October 2021 to 1 October 2022. Affected goods include sugary drinks like juices, soda, functional drinks, and sweetened coffee and tea. Subsequent annual incremental tax increases that were scheduled have likewise been correspondingly pushed back by a year.



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Updated list of domestically manufactured goods

As reported in our [August-September 2021 edition of Trade Intelligence](#), Circular 05/2021/TT-BKHDT took effect from 2 October 2021. It sets out the machinery, equipment, spare-parts, means of transport for special usage, raw materials, supplies, and semi-finished products that are permitted to be produced domestically.

This list of domestically manufactured goods is the basis for companies to access the duty exemption and not-subject-to-VAT schemes available to goods which are not yet manufactured in Vietnam. It is a key document for many importers. Refer to our [previous edition](#) for details on potential tax savings.

Reduction of inspection activities

On 6 October 2021, the General Department of Customs issued Official Letter No.1785/TTCP-KHTH. The letter implements Customs' inspection plan for 2021. Notable points are as follows:

- Suspend or postpone unnecessary inspection activities on enterprises, depending on the specific situation.
- To utilise digital methods in communications during inspections.

Postponement of customs post clearance audits

On 11 October 2021, the General Department of Customs issued Official Letter No. 4797/TCHQ-KTSTQ. It relates to post-clearance customs audits during the COVID period. Notable points are as follows:

- Suspend carrying out post-clearance customs audits in 2021 until the pandemic is well-controlled.
- Where an enterprise shows signs of violation and is subject to post-clearance customs audit, the inspection team must report and seek approval from the competent authority.

Special preferential import tariff schedule for Vietnam-Laos Bilateral Trade Agreement

On 19 October 2021, the Government issued Decree 90/2021/ND-CP regarding the special preferential import tariff schedule to implement the Vietnam-Laos Bilateral Trade Agreement for the period 4 October 2020 to 4 October 2023.

The list of goods originating from Laos under the Bilateral Trade Agreement includes:

- Appendix I - List of goods eligible for 50% reduction of Vietnam's ATIGA tax rate under the Vietnam-Laos Bilateral Trade Agreement.
- Appendix II - List of goods not entitled to preferential tariffs under the Vietnam-Laos Bilateral Trade Agreement.
- Appendix III - List of goods entitled to the annual tariff quota regime under the Vietnam-Laos Bilateral Trade Agreement.

Imported goods originating from Laos and not included in the above-mentioned lists are eligible for 0% preferential import tariff if the following conditions are met:

- Imported from Laos to Vietnam; and
- Satisfying the prevailing Rules of Origin and accompanied by a valid Certificate of Origin Form S issued by the competent authority in Laos.

With respect to imported goods in Appendix I, the tax rate under ATIGA is promulgated in Decree 156/2017/ND-CP dated 27 December 2017 regarding Vietnam's special preferential import tariff schedule for implementation of the ATIGA in the period 2018-2022.

In case the tax rate under ATIGA is higher than the MFN rate regulated in the Decree 57/2020/ND-CP dated 25 May 2020, the special preferential import tariff for goods in Appendix I will be 50% of the MFN rate.

Anti-dumping tax on certain polyester long fiber products

On 13 October 2021, the Ministry of Industrial and Trade issued Decision no. 2302/QD-BCT. It relates to the imposition of anti-dumping tax on certain polyester long fiber goods originating from China, India, Indonesia, and Malaysia. This Decision took effect on 16 October 2021 and is valid for 5 years.

The anti-dumping tax is applied for goods imported under tariff code 5402.33.00, 5402.46.00 and 5402.47.00. The specific rate is based on the country of origin, except for China where it can vary depending on the manufacturer and exporter:

Country of origin	Anti-dumping tax rate
India	54.90%
Indonesia	21.94%
Malaysia	21.45%
China	3.36% - 17.45% (Depends on manufacturer/exporter)



Around the world

ICC publishes new rules for digital trade

The International Chamber of Commerce (ICC) published on 1 October 2021 its Uniform Rules for Digital Trade Transactions (URDTT). Version 1.0 of the URDTT is a framework that outlines the rules, obligations and standards for the digitalisation of trade transactions. It is intended to support global standardisation, consistency and conformity for digital trade transactions, with a collective set of terms and definitions. The URDTT are compatible with UNCITRAL Model Laws, including those on e-commerce, e-signatures, and electronic transferable records.

Refer to this [link](#) for further details.

APEC CEO Summit 2021

New Zealand hosted the Asia-Pacific Economic Cooperation (APEC) CEO Summit 2021 virtually on 11 and 12 November 2021. The New Zealand Customs Service led the Sub-Committee on Customs Procedures (SCCP) meetings of APEC.

The APEC CEO Summit provides opportunities for governance, chief executives and world business leaders to engage with each other and with the leaders of the APEC economies.

The Summit focussed on five themes this year:

- The state of the world with and post COVID: Economic recovery, trade and protectionism.
- The Digital Disruption Opportunity: Digital transformation, technology and innovation, and the importance of digital equity
- The Primacy of Trust: Environmental, social, governance (ESG) - the next focus for business, and business as a force for good
- The future of energy: Clean technology, renewable energy, and energy transition including hydrogen
- The sustainability imperative: Sustainable growth, climate change, food sustainability and provenance

In 2020, APEC members agreed to the Putrajaya Vision 2040, which outlined their commitment towards creating a dynamic, resilient and peaceful Asia-Pacific community by 2040. In short, the vision was agreed to be achieved by pursuing the following three economic drivers:

- Trade and Investment
- Innovation and Digitalisation
- Strong, Balanced, Secure, Sustainable and Inclusive Growth.

The main outcome of the APEC CEO Summit 2021 was the development of the 'Aotearoa Plan of Action' which sets out the individual and collective actions towards achieving the APEC Putrajaya Vision 2040.

Amongst other matters, the Aotearoa Plan of Action included agreement to:

- Progress liberalisation of trade in goods by reducing unnecessary barriers, strengthening trade facilitation, and fostering regulation reform - this includes working towards digitisation of trade and border processes;
- Advance efforts on the Free Trade Area of the Asia-Pacific region; and
- Encourage, as appropriate, WTO members' discussions towards necessary reform of the WTO across all its functions.

To ensure the Aotearoa Plan of Action remains relevant, APEC will review the collective actions and continuous improvement actions every five years.



World Customs Organisation (WCO)

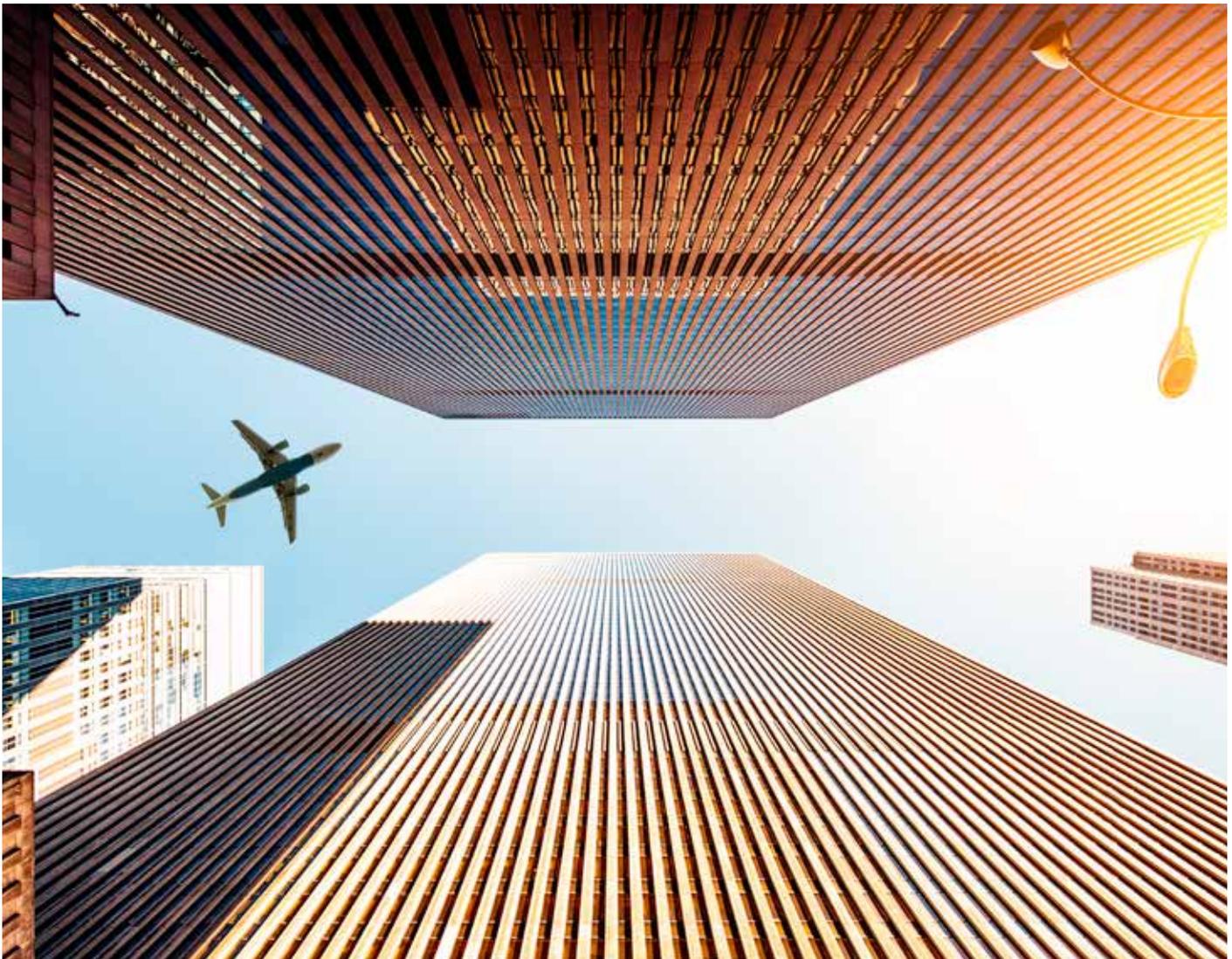
Title	Description
New advisory opinion on royalties and license fees	<p>In October 2021, the WCO Technical Committee on Customs Valuation adopted Advisory Opinion 4.19. It is now a new instrument on royalties and license fees under Article 8.1(c) of the Customs Valuation Agreement.</p> <p>Advisory Opinion 4.19 details how a single royalty paid for the right to use or incorporate a patented imported input in the production of a finished product in the country of importation and the use of a trademark on the finished product is to be treated for customs valuation purposes.</p> <p>The full text is not available yet and has not been published to the WCO Customs Valuation Compendium. It needs to be approved by the WCO Counsel and reported to the WTO Committee on Customs Valuation.</p>
HS2022 updates	<p>On 18 November 2021, the online version of HS2022 was published. It enters into force on 1 January 2022. It contains significant changes with 351 sets of amendments. Companies are advised to review the changes for impact to their goods.</p> <p>From 9-11 November 2021, the WCO Asia/Pacific Regional Workshop on Harmonised System 2022 was held virtually where WCO assisted the region with the uniform interpretation and application of HS2022.</p>
WCO welcomes G7's Digital Trade Principles	<p>The G7 countries (Canada, France, Germany, Italy, Japan, United Kingdom and United States) agreed upon the Digital Trade Principles on 22 October 2021. The WCO welcomed the principles on 26 October 2021.</p>
Asia/Pacific 31st Regional Contacts Points Meeting	<p>On 2-3 November 2021, Indonesia Customs hosted the WCO Asia/Pacific Regional Contact Points Meeting.</p>
Basel Convention training for Sri Lanka and Vietnam	<p>A training was organised for Sri Lanka and Vietnam Customs in September and October respectively. The topic was on implementing and enforcing the Basel Convention on plastic waste. This forms part of the Asia Pacific Border Management Waste Project, which aims to strengthen the response of various Asia Pacific customs administrations to effectively deal with legal imports of plastic waste, to mitigate the threat of illegal plastic waste shipments, and educate based on the Basel Convention's plastic waste amendments that became effective on 1 January 2021.</p>
Strategic trade control training for China and Indonesia Customs	<p>The Strategic Trade Control Enforcement (STCE) Programme delivered a virtual training for the China Customs Administration between 18 and 22 October 2021.</p> <p>On 26-27 October 2021, a strategic trade awareness workshop was held for Indonesia Customs to highlight the importance of the development of a functional and efficient strategic trade control national system. The workshop focused on the role of the senior management in enabling and supporting activities combating illicit trade of Weapons of Mass Destruction and related items.</p>
Kyrgyzstan accedes to RKC	<p>Kyrgyzstan acceded to the Revised Kyoto Convention (RKC) on 17 November 2021. The RKC now has 129 Contracting Parties.</p>



World Trade Organisation (WTO)

Topic	Description
New HS Tracker launched	On 7 October 2021, the WTO and WCO launched a new online tool called HS Tracker , aimed at helping users keep track of changes to the HS nomenclatures. This includes helping customs officials and companies prepare for HS 2022 amendments that enter into force on 1 January 2022.
Interactive GATT dispute settlement database	The new GATT Disputes database provides an interactive platform that allows users to access, research and visualise detailed information relating to dispute settlement under the General Agreement on Tariffs and Trade (GATT) 1947, the predecessor of the WTO. The information provided includes documents such as consultation requests and reports, serving adjudicators, the disputing parties, claims and defences of the parties, the procedural legal basis cited by the complainants, and products at issue in the proceedings. It also contains a one-page summary of key dates, documents and other information relating to each GATT dispute.
Improved quantitative restrictions database	The WTO launched on 8 November 2021 an improved Quantitative Restrictions Database, an online platform to search and retrieve information on trade restrictions and prohibitions notified by WTO members. The QR Database provides information on export prohibitions and restrictions introduced by members in response to the COVID-19 pandemic, with detailed information on the affected products, the intended duration of the measures, and their WTO justification.
Postponement of MC12	The WTO General Council agreed late on 26 November 2021 to postpone the 12th Ministerial Conference (MC12) after an outbreak of a particular strain of COVID-19 virus. It is to be noted that this is the second time that the pandemic has forced a postponement of the Ministerial Conference and no date has been set for the rescheduling of the Conference.
Members conclude review of Trade Facilitation Agreement	WTO members completed the first-ever review of the Trade Facilitation Agreement (TFA) on 26 November 2021. The landmark deal entered into force in 2017 and members committed to review its operation and implementation. The TFA seeks to expedite the movement, release, and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building in this area. The report will be issued as document G/TFA/2 on docs.wto.org .
WTO revises global merchandise trade volume to grow further	The WTO revised its predictions of global merchandise trade volume growth for 2021 upwards from 8.0% forecasted in March to 10.8%. It also highlighted that regional disparities remain large, with imports in Asia expected to rise 9.4% compared to 2019, while imports of LDCs will fall 1.6%.
WTO Goods Trade Barometer: Slowing trade growth	On 15 November 2021, WTO published its findings from its Goods Trade Barometer, which highlighted slowing growth in global merchandise trade. This was due to disruptions in production and supply in critical sectors, as well as drops in import demand.
Resilience of GVCs	Global value chains (GVCs) have proven to be resilient in the face of the challenges posed by the COVID-19 pandemic as well as environmental and geopolitical shocks according to a new report co-published by the WTO, the Asian Development Bank (ADB) and three other institutions on 16 November 2021.
Exports of intermediate goods gain momentum in Q2	World exports of intermediate goods (IG), such as parts and components, rose by 47% year-on-year in the second quarter of 2021. This was reported in a new quarterly report released by the WTO to help track the health of global supply chains. Africa, South and Central America as well as China posted high growths in this quarter.
WTO issues new edition of "Trade Profiles"	The WTO issued the latest edition of its annual statistical publication, Trade Profiles on 11 Oct 2021. It provides a series of key indicators on merchandise trade and trade in commercial services for 197 economies. The profiles include a breakdown of exports and imports for each economy as well as its main trading partners. The cut-off point for the data included in the latest publication was 13 August 2021. The profiles are available for all WTO members and observers and for other selected economies.
World Trade Report 2021	The 2021 edition of the WTO's World Trade Report was launched on 16 November 2021. It examines why the interconnected global trading system is both vulnerable and resilient to crises such as the COVID-19 pandemic, how it can help countries to be more economically resilient to shocks, and what can be done to make the system better prepared and more resilient in the future.

Declaration on LDC trade priorities adopted	On 19 October 2021, trade ministers from about 30 LDCs adopted a declaration on LDC's trade priorities in the lead-up to the - subsequently cancelled - 12th Ministerial Conference (MC12).
G20 shows restraint in new pandemic-related trade restrictions	The latest WTO Trade Monitoring Report on G20 trade measures released on 28 Oct 2021 suggests that G20 economies have continued to roll back COVID-19-related trade-restrictive measures and are restrained in the imposition of new ones. However, the value of trade covered by pandemic-related restrictions still in place exceeds that of trade-facilitating measures.
Review of EUVFTA, USMCA and AICEP	WTO members reviewed the EU-Vietnam FTA, United States-Canada-Mexico Agreement, and Australia-Indonesia Comprehensive Economic Partnership at a meeting of the Committee on Regional Trade Agreements on 1 November 2021. The Chair of the Committee also provided members with an update of the Committee's work and the implementation of the Transparency Mechanism .
Event on mitigating impact of rising shipping rates on trade flows	The constraints faced by WTO economies due to recent spikes in shipping costs was the focus of intensive discussions on 10 November 2021 between WTO delegates, academics and representatives from the private sector.
New information notes on COVID-19 vaccine manufacturing	The WTO Secretariat published two information notes on COVID-19 vaccine production and tariffs on vaccine inputs.
Launch of Vaccine Trade Tracker	The WTO and the International Monetary Fund (IMF) launched on 22 November 2021 the WTO-IMF COVID-19 Vaccine Trade Tracker, a new database aimed at providing greater transparency on the cross-border flow of COVID-19 vaccines. The portal provides data on the trade and supply of vaccines by product, territory and arrangement type.
Turkmenistan formally applies for WTO membership	Director General Ngozi Okonjo-Iweala received Turkmenistan's official application to join the WTO on 24 November 2021.
Updates on disputes brought by or against Asian territories	The Dispute Settlement Body agreed to establish a dispute panel to assess China's imposition of anti-dumping and countervailing duties on imported wine from Australia.



Contact details

Worldtrade Management Services (WMS) is the global customs and international trade consulting practice of PwC. WMS has been in Asia since 1992 and is a regionally integrated team of full-time specialists operating in every location. Our team is a blend of Asian nationals and expatriates with a variety of backgrounds, including ex-senior government officials, customs officers, lawyers, accountants, and specialists from the private sector who have experience in logistics, customs and international trade.

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The materials contained in this publication were assembled in October / November 2021 and were based on the law enforceable and information available at that time.

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