

# Changes are afoot

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Trade Intelligence Asia Pacific  
December 2021 / January 2022 / February 2022



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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.

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## CHANGES ARE AFOOT

Tell us what you would like to see in our NEW Trade Intelligence...

Trade Intelligence Asia-Pacific has been published by PwC WMS since 2007. Although it has morphed over time, it has remained consistent in content and format over the past seven years.

We are looking to refresh Trade Intelligence and make sure it stays with the times and meets our readers' expectations. To that effect, we have created a simple questionnaire we hope you will take two minutes to (anonymously) complete so that we can take your views into account when redesigning the content, structure and dissemination of Trade Intelligence.

There are 2 ways to complete the questionnaire.

[Click on the link](#)



Thanks in advance for your support!

Frank Debets  
Managing Partner



## ASEAN Agreement on E-Commerce enters into force

On 2 December 2021, the ASEAN Agreement on Electronic Commerce (E-Commerce) officially entered into force following Indonesia's ratification.

The E-Commerce Agreement establishes common principles and rules to promote the growth of e-commerce in the region and to strengthen capacity to implement them. It will serve as a pathfinder for modern rules on e-commerce transactions in the region and pave the way towards a regionally integrated digital economy.

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

## ASEAN launches SME information and business matching portal

On 25 January 2022, ASEAN launched a business matching platform called ASEAN Access MATCH. The platform is a feature of ASEAN Access, which is a portal for business information on trade and market access in ASEAN. This means registered members of ASEAN Access will be able to utilise the new MATCH platform, which is intended to connect enterprises across ASEAN.

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

## ASEAN, OECD sign Memorandum of Understanding

On 9 February 2022, ASEAN and the Organisation for Economic Co-operation and Development (OECD) signed a Memorandum of Understanding (MOU) in conjunction with the OECD Southeast Asia Ministerial Conference.

The MOU aims to enhance ASEAN and OECD cooperation for a comprehensive, inclusive, and forward-looking partnership to support the implementation of the Blueprints of the ASEAN Economic Community and the ASEAN Socio-Cultural Community 2025, especially in the post-COVID-19 pandemic.

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



## Exemptions for air transshipment of specified strategic commodities in Hong Kong

Through the Strategic Trade Controls Circular No. 1/2022, the Hong Kong Trade and Industry Department implemented the Air Transshipment Cargo Exemption Scheme for Specified Strategic Commodities (SCTREX). The Scheme facilitates air transshipment of specified strategic commodities through Hong Kong.

Subject to certain conditions, registrants under the Scheme are exempted from licensing requirements under the Import and Export Ordinance and the Import and Export (Strategic Commodities) Regulations for air transshipment cargo of specified strategic commodities.

The Scheme applies to airlines, ground handling agents and freight forwarders successfully registered and granted with a Certificate of Exemption by the Director-General of Trade and Industry.

Transshipment of strategic commodities not granted exemption under the Scheme must be covered by valid import and export licences.

## Arrangement for bulk users of strategic commodities licensing service in Hong Kong

Hong Kong's Strategic Trade Controls Circular No. 2/2022 informs and reminds traders of the application requirements and usage of the Approval-in-Principle Arrangement for Bulk Users of Strategic Commodities Licensing Service (AIP). The Circular supersedes Strategic Trade Controls Circular No. 8/2020 on the same subject.

To be eligible for AIP, a company must:

1. register with TID and have an E-Account under the Strategic Commodities Control System Website ("SC Website")
2. be a frequent applicant of strategic commodities licences, for example, issued with at least 100 licences covering the AIP-eligible strategic commodities in the past 12-month period; and
3. have a good compliance record as demonstrated by, for example;
  - having no conviction record involving strategic commodities in the past 24-month period; and
4. receiving no more than 10 warning letters involving strategic commodities issued by TID on average per year in the past 24-month period.

## Penalties under the Philippines' export control law took effect in January

The guideline for the conduct of administrative proceedings, fines, and penalties under the Philippines' export control law - the Strategic Trade Management Act (STMA) - was released in December 2021.

The guideline provides the processes of administrative investigations, filing of appeals, motion for reconsideration, and others. It was issued in time with the lifting of the temporary suspension of administrative penalties on 1 January 2022. Due to COVID-19, the authorities had previously delayed the collection of penalties for non-compliance to SMTA's entity registrations and authorisations requirement.

Although the STMA covers a broad range of activities pertaining to strategic goods, software, and technology, the registration and authorisation requirements are currently implemented for export and related services such as financing, brokering, and moving strategic goods and technologies.

Administrative penalties for non-compliance with STMA's requirements are as follows:

- issuance of warning letter and/or order for corrective action;
- limitation, revocation, or annulment of **any** authorisation and/or registration;
- imposition of fines of up to PHP 250,000 or twice the value of the strategic good or related service under the contract or as assessed by the authorities; and/or
- cancellation or suspension of the registration and authorisation/license to operate a partnership, corporation, association, and other juridical entity, upon request by relevant government agencies.

The penalty and fines above will be determined based on the nature, gravity, circumstances, and frequency of the offense. Criminal charges may also be brought against the offenders. For more details, refer to [Memorandum Circular 21-42](#).

## Philippines issues export clearance guidelines for strategic goods

Following the implementation of authorisation requirements for goods included in the National Strategic Goods List (NSGL), the Philippines Strategic Trade Management Office (STMO) issued two memoranda in February 2022.

The first memorandum provides guidelines on export clearance of strategic goods. Below are the key points:

1. The exporter has the main responsibility of ensuring accurate information is supplied on the export declaration (ED), even if the exporter is being assisted by freight forwarders or customs brokers in the preparation of documentation.

2. For the export of strategic goods, the authorisation number from the STMO and other pertinent strategic trade information must be filled out on specific fields of the ED form.
3. A copy of the STMO-issued authorisation will need to form part of the required export documentation.
4. In addition to the ED, the STMO authorisation number must also be indicated in other export documentation, such as commercial invoices and packing lists. The commercial invoice and packing list must also indicate detailed and specific description of goods, HS code, and NSGL code.
5. All documentation pertaining to strategic goods trade must be recorded and kept by the exporter at their principal place of business for 10 years from the completion of the export transaction. The documentation includes the exporter's registration with and authorisations from STMO, EDs, invoices, packing lists, Bills of Lading, and other documents related to strategic trade. Exporters, like any other entities covered by the regulation of strategic trade, are subject to audit by the STMO. These records can be kept either physically or electronically provided that the exporter can provide all documents when requested.

Through the second memorandum, the STMO provided guidelines in securing a Non-Strategic Good Certificate (NSGC) for goods that are not included in the NSGL and where no STMO authorisation is required.

Given that the enforcement of the STMA in the Philippines is relatively new, there can be situations where customs authorities may seek an NSGC from exporters to verify if items to be exported are non-strategic.

1. The NSGC can be issued by the STMO upon formal request by relevant authorities e.g. BOC, the Philippine Economic Zone Authority, etc.
2. Exporters can also execute a self-certification document through a notarised affidavit. The affidavit should categorically state that the item for export, import, or reexport is not covered by the NSGL.

The notarised affidavit should indicate that the commodity in question is a non-strategic good since its technical specifications does not meet the specifications of strategic goods outlined in the NSGL and should be verified by the (1) technical person who conducted the NSGL commodity classification ; or (2) the manufacturer of the commodity.

The affidavit must be accompanied by photos, technical description, and other related documents of the commodity such as brochures, portfolios and others. All together with the EDs, commercial and shipping documents will form part of the export documentations.

For reference, please refer to DTI Memorandum Circular nos. [22-04](#) and [22-05](#).

## Changes to declaration requirements for Singapore bulk permit holders

With effect from 1 April 2022, it is mandatory for all Singapore STS Bulk Permit holders to declare the "End User Name" and "End User Address" fields when declaring TradeNet Permits.

- "Approval by Specific Entities" Bulk Permit holders are required to declare both consignee and end user information in the TradeNet permits within the scope of approval as authorised by Singapore Customs.
- "Approval by Countries/Regions of Destination" Bulk Permit holders should ensure the consignee and end-user information declared in the TradeNet permits match the information indicated in the sales and shipping documents. If the consignee is a distributor and the end user's details are not known at the time of export, you are required to declare "Distributor" in the "End User Name" and "End User Address" fields when declaring TradeNet Permits.

It is the responsibility of all STS Bulk Permit holders to ensure the accuracy and completeness of all declarations made to Singapore Customs. More details can be accessed [here](#).





## METI releases information on new deemed export rules

Japan's Ministry of Economy, Trade and Industry (METI) clarified new deemed export rules going into effect on 1 May 2022.

Previously, technology transfers between Japanese residents in Japan were not subject to export controls. With the new rules, such technology transfers may be subject to export controls if the recipient of the technology is "strongly influenced" by a non-resident.

According to the new rules, there are three types of residents considered to be strongly influenced:

Category	Examples
Those under the control of foreign governments, academic institutions, etc. pursuant to a contract	<ol style="list-style-type: none"> <li>Professors jointly employed by Japanese and foreign universities.</li> <li>Professors employed by foreign universities who come to Japan on sabbatical</li> </ol>
Those essentially under the control of foreign governments, etc. based on economic interest	<ol style="list-style-type: none"> <li>Foreign students funded by a foreign government</li> <li>Researchers receiving a large amount of research funding and cost of living stipends from a foreign government's STEM talent program</li> </ol>
Others acting according to the instructions of a foreign government, etc.	Foreign students acting according to the instructions or request of a foreign government or other organization

For technology transfers to people falling in the above categories, a license will be required for controlled transactions barring use of an exemption.

Historically, Japan's deemed export rules treated anyone hired by a Japanese company/institution as a "Japan resident" regardless of the employee's nationality. As such, companies and institutions did not necessarily have to closely manage transfer of controlled information.

With the new regulations, however, some companies and institutions may be required to manage controlled information internally. In addition, human resources departments will need to be involved in order to classify new joiners into the above categories.

Accordingly, teams and divisions overseeing export control within companies and institutions should work with their human resources departments to review and update their internal deemed-export management structures and processes. It is critical that these organizations take action to comply with the new regulations before they become effective.

Detailed information in Japanese is available [here](#).

## METI releases guidance on export license applications

In December 2021, Japan's METI released a new guidance document on the application for individual export licenses. The guidance does not specify any new rules, but rather clarifies the process for determining whether a license is required.

Furthermore, the guidance applies specifically to applications submitted to the main METI office and excludes certain goods/destinations which require applications to branch offices.

The general steps for export license applications are summarised as follows:

- Determine whether a license is required and if so, what kind;
- Determine required documents and appropriate application office based on the goods' or technology's classification and destination;
- Complete a 19-item checklist regarding end user, end use, etc.;
- Prepare other required documents; and
- Check documents for accuracy, completeness and clarity

The guidance is available in Japanese [here](#).

## EU updates dual-use list

On 6 January 2022, the European Commission published [Delegated Regulation \(EU\) 2022/1](#), which amends Regulation (EU) 2021/821. The amendment effectively updates the list of dual-use items (i.e., goods, software and technology) contained in Annex I of the earlier regulation. [Correlation tables](#) between TARIC and Dual use codes were subsequently released on 7 January 2022.

## Initiative on human rights considerations on export controls for dual-use technologies

The US, Australia, Denmark, and Norway have announced the Export Controls and Human Rights Initiative, an initiative aimed at preventing the misuse of technologies by authoritarian governments to control, surveil, and repress their citizens. The initiative intends to introduce a number of measures to address this issue, including a commitment by the partner countries to align their policies on export controls of sensitive dual-use technologies.

Another key measure will see the establishment of a voluntary, non-binding written code of conduct to apply human rights criteria to export controls. While not signing the joint statement, Canada, France, the Netherlands, and the United Kingdom expressed their support for the initiative.

Companies trading in sensitive dual-use technologies that have the potential to be used in connection with human rights abuses should undertake a review of their current policies and procedures, and may need to implement a human rights due-diligence and compliance framework.



Headline	New development
RCEP takes effect	<p>As reported in our previous edition of Trade Intelligence, the RCEP took effect on 1 January 2022 for Australia, Brunei, Cambodia, China, Japan, Laos, New Zealand, Singapore, Thailand, and Vietnam, and on 1 February 2022 for South Korea. Malaysia has completed its domestic ratification procedures such that the agreement entered into force on 18 March 2022.</p> <p>A new concept that companies should take note of is the use of Tariff Differentials. It impacts how the country of origin is determined. The RCEP applies tariff differentials to prevent exporters from incorrectly determining/manipulating the country of origin. Currently, there are 7 RCEP countries that will adopt tariff differentials, known as the Domestic Value Addition 20% rule, or DV20. Under the DV20 rule, in cases where the exporting country's value addition is under 20%, the country of origin for certain products subject to the rule will be the country with the highest 'domestic value addition' over 20%.</p> <p>In a global value chain, a finished good may be processed in many different countries before it becomes a finished good. There may be instances where the country of origin of a finished good is not easily determined or it may be that the exporter does not want to determine it. In this instance, the country of origin and applicable import duty into the destination country will be determined to be the country with the highest applicable RCEP preferential duty rate where a value-added process has taken place. If the country where a value-added process is uncertain, the highest duty rate among all RCEP countries should be applied.</p> <p>While the RCEP has a self-certification regime, it is only in place from 1 January 2022 for Australia, Japan, and New Zealand. Other countries may either require exporters to be approved with their local customs administrations prior to being permitted to self-certify, or to apply for a Form RCEP (the certificate of origin to be used for RCEP) from the customs authority.</p> <p>Note that at the time of writing, the Form RCEP template has not been released even though the agreement is in force.</p>
Hong Kong applies to join RCEP	<p>On 23 Feb 2022, it was announced that Hong Kong submitted an application to join the RCEP.</p>
Vietnam issues local guidance on RCEP	<p>On 18 February 2022, the Vietnam Minister of Industry and Trade signed and promulgated <a href="#">Circular No. 05/2022/TT-BCT</a> on the RCEP. It takes effect from 4 April 2022.</p> <p>The circular reflects the tariff differentials and the Rules of Origin (including provisions around cumulation, de minimis rules, etc).</p> <p>Further, it clarifies that a preferential Certificate of Origin (PCO) is required to enjoy preferential tariff treatment when Vietnam-originating goods are exported to partner countries. A PCO or self-certification by an approved exporter is required for preferential tariff treatment to be enjoyed for imports into Vietnam.</p>
Malaysia announces guidance on RCEP	<p>On 7 February 2022, the Malaysia Ministry of International Trade and Industry announced that the RCEP enters into force on 18 March 2022.</p> <p>In line with the development, Malaysian exporters may apply for a Cost Analysis (CA) and Preferential Certificate of Origin from MITI under RCEP starting from 18 March 2022. Malaysian exporters should take note of the requirements in utilising RCEP such as meeting the rules of origin, issuance of the Form RCEP and printing it in the prescribed manner.</p>
African Continental Free Trade Area (AfCFTA) now effective	<p>In January 2022, the AfCFTA members concluded their negotiations on Rules of Origin under the agreement and expanded the list of products eligible for duty reductions. Trading of goods will now commence under the new Rule of Origin protocol.</p>
Australia and India expect interim FTA	<p>The Indian-Australia CECA talks are at an advanced stage and are expected to conclude soon, with an interim agreement struck between both parties. The final agreement is expected to be completed by the end of 2022.</p>
Australia signs FTA with UK	<p>Australia and the UK signed a FTA on 17 December 2021. Whilst the FTA has been concluded and signed, it is expected to only enter into force at some stage during 2022, after domestic laws have been ratified.</p>

Headline	New development
Bangladesh and Singapore eye early conclusion of FTA	Both Foreign Ministers have agreed on 13 January 2022 to accelerate the process of concluding the proposed FTA between both countries.
Cambodian Parliament ratifies bilateral FTA with South Korea	The National Assembly of Cambodia ratified the bilateral FTA with South Korea on 30 December 2021. It will now be reviewed by the Senate before being presented to the King of Cambodia for endorsement.
FTA upgrade for China and New Zealand	China's Ministry of Commerce announced on 15 February 2022 that an upgrade to China's FTA with New Zealand will enter into force on 7 April 2022.
India and UK aim to finalise FTA agreement by year-end	UK and India formally launched FTA talks on 13 January 2022 with the aim of wrapping up a deal by the end of the year.
India and Taiwan ROC eye FTA pact	As of 19 December 2021, India and Taiwan, ROC have started negotiations for an FTA.
Indonesian Government hopes to conclude 3 deals in 2022	On 19 January 2022, Indonesia's Trade Minister announced that at least 3 trade deals were slated for completion or near completion this year; namely the Indonesia-European Union Comprehensive Economic Partnership Agreement (IEU-CEPA), Indonesia-United Arab Emirates CEPA and Indonesia-Bangladesh Preferential Trade Agreement (IB-PTA).
South Korea and Britain to launch talks on FTA revision	South Korea and Britain have agreed to launch talks this year to upgrade their free trade deal during an initial meeting of the South Korea-Britain FTA committee on 7 February 2022.
Korea and GCC resume FTA negotiations	On 19 January 2022, the Trade Minister of Korea and the Secretary General of the Gulf Cooperation Council (GCC) signed a joint statement for resuming FTA negotiations between Korea and the GCC.
Philippines targets FTA signing with South Korea	On 6 Feb 2022, the Philippines' Trade Secretary announced that the Philippines-South Korea FTA is targeted to be signed by March 2022.
Singapore signs FTA with the Pacific Alliance	After more than 4 years of negotiations, an FTA has been signed between Singapore and the Pacific Alliance, a bloc of countries consisting of Chile, Colombia, Mexico and Peru, on 26 January 2022.



## Australia

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### **Australia modernises autonomous sanctions regime**

The Australian Government has expanded Australia's autonomous sanctions laws in an effort to modernise its existing autonomous sanctions framework. The reforms seek to bring the regime in line with leading sanctions jurisdictions, including the United States, the United Kingdom, Canada and the European Union, and address human rights abuses by enabling Australia to sanction individuals and entities responsible for, or complicit in, both country-specific and thematic egregious conduct.

Given that the consolidated list of all designated persons and entities will now include those designated by the new thematic sanctions regimes, companies should note this update and take extra care when it comes to screening the individuals and/or entities they intend to do business with. Further, given that the Australian law now applies transnationally, companies should also look to implement a sanctions compliance framework based on conduct rather than jurisdictional considerations.

### **Australia and Vietnam to deepen bilateral trade and investment with economic strategy**

Australia and Vietnam have published their Australia-Vietnam Enhanced Economic Engagement Strategy, which serves to facilitate efforts for the two countries to become top ten trading partners and to double two-way trade and investment. The strategy identifies a number of strong key sectors which Australia and Vietnam share, including education, resources, agriculture, manufacturing, tourism, and technology, with the accompanying Implementation Plan providing the practical steps the countries will take to strengthen trade and investment across these key sectors.

Vietnam and Australia intend to work together to reduce trade barriers, including non-tariff barriers, that have the potential to negatively impact bilateral trade. For example, both countries have committed to working towards removing existing barriers to trade in agriculture, with both countries prioritising market access negotiations for particular agricultural products.

### **New import controls on electromagnetic weapons and their parts**

On 10 February 2022, the Australian Government made amendments to the prohibited imports regulations. Import controls were imposed on electromagnetic weapons and their parts in an effort to protect the community from new and emerging weapons technologies. Electromagnetic weapons or similar devices are defined as being 'designed or adapted to propel or launch a substance or other thing by means of electromagnetic force and, when discharged, are capable of causing damage to property or bodily harm.'

The Customs (Prohibited Imports) Amendment (Electromagnetic Weapons) Regulations 2022 amends the prohibited imports regulations such that importers require permission from Australian Border Force to import electromagnetic weapons and their parts and confines the importation of these goods to government end use or circumstances where the importation is in the national interest. As a result, for any businesses that deal in weapons trade, an importation must comply with at least (i) the official purposes test or (ii) the national interest test.

### **Australian sanctions on Russia**

Australia has unveiled a range of additional sanctions under its Autonomous Sanctions regime in response to Russia's invasion of Ukraine. The enhanced sanctions prohibit all imports and target exports and commercial activity in relation to the transport, telecommunications, energy and exploitation of oil, gas and mineral reserve sectors. The enhanced sanctions seek to restrict Russia's access to Australian capital markets and Australian trade and investment by banning certain Russian individuals and entities from commercial activities.

Enhanced sanctions for Russia commenced on 25 February 2022, while sanctions for the Donetsk and Luhansk regions of Ukraine (as an extension to measures already applied to Crimea and Sevastopol) will apply from 28 March 2022. Australians and Australian entities with interests in these regions need to consider whether their activities are captured by the sanctions and if they are, either cease activities, or to apply for a sanctions permit to continue activities.





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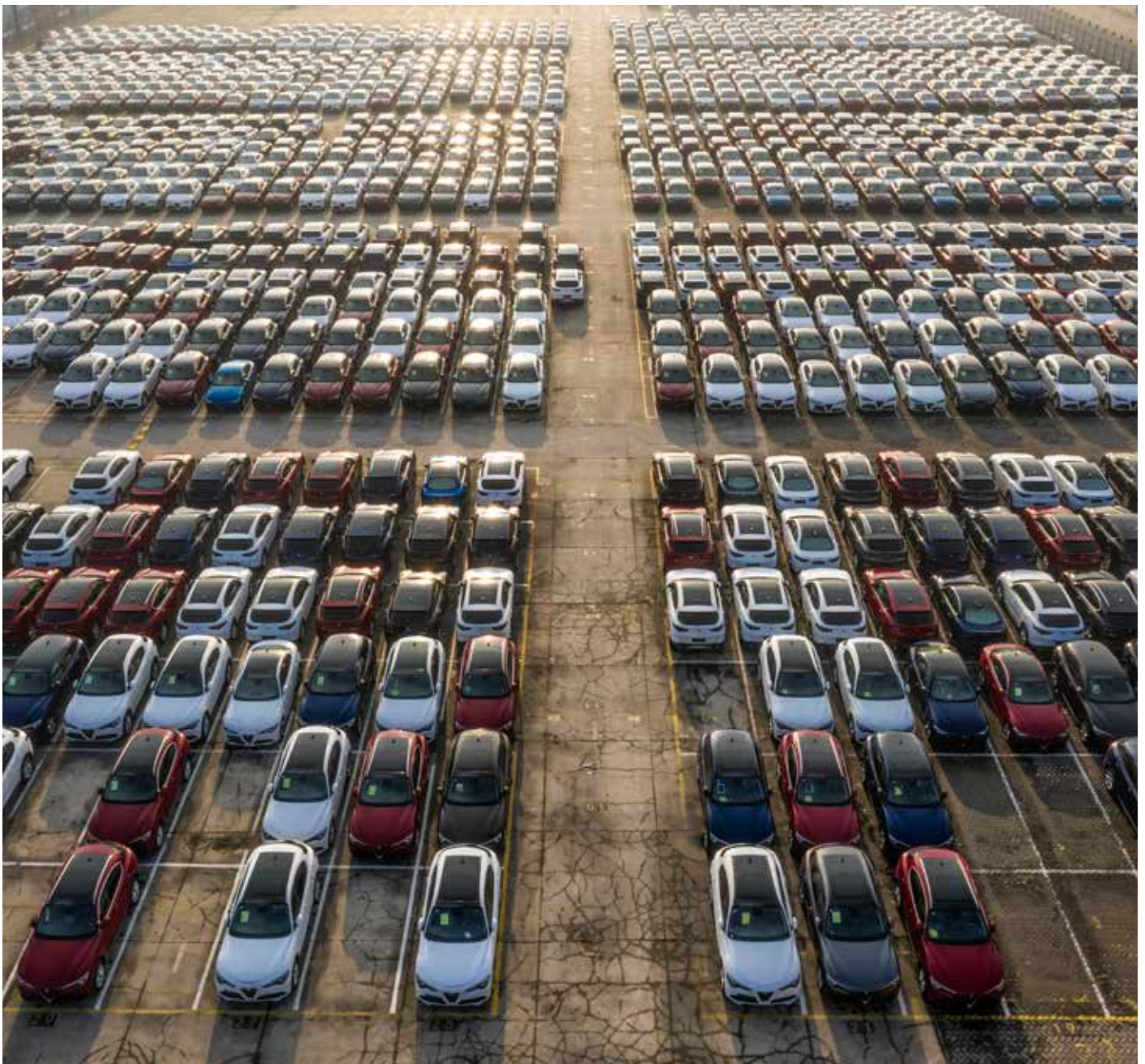
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## Cambodia to establish Sihanoukville multi-purpose SEZ

The Cambodian Government is working to transform the Sihanoukville province, also known as Preah Sihanouk province, into a multi-purpose special economic zone (SEZ) after the province received the designation earlier this year.

The establishment of the multi-purpose SEZ falls into Cambodia's wider Industrial Development Policy 2015-2025. Sihanoukville province's new status as a multi-purpose SEZ reflects the Cambodian Government's ambitions to further develop the province and capital city into a major player for export-driven manufacturing and trade.

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





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## Administrative measures for RCEP goods origin

On 23 November 2021, the General Administration of Customs (GAC) published administrative measures relating to the origin of goods under the Regional Comprehensive Economic Partnership (RCEP) agreement. The measures took effect from 1 January 2022 and clarified the following concepts and procedures:

### Goods origin

The measures defined two concepts of goods origin: originating status and Country (region) of Origin. It requires companies to first determine if the goods have RCEP originating status, followed by the specific country/region of origin.

Where a good has undergone processing in multiple RCEP countries and it is unclear what the country (region) of origin is, the consignee of the imported goods must review the RCEP preferential duty rates for all intermediate countries and use the origin that with the highest corresponding RCEP preferential duty rate. Refer to our RCEP update in the FTA Focus section for more details.

### Proof of Origin

The measures further clarified the various proofs of origin: firstly, a Certificate of Origin that is issued by China Customs or the China Council for the Promotion of International Trade, and secondly, a Declaration of Origin that is issued by an approved exporter (refer to next update on approved exporters).

For details, refer to [Order of the GAC No.255](#).

## Administration of Approved Exporters

On 23 November 2021, the GAC published measures relating to the concept of Approved Exporters. The measures took effect on 1 January 2022.

The order defines approved exporters as enterprises which are authorised by Customs in accordance with the law, to issue declarations of origin for exported goods that qualify as originating under relevant preferential trade agreements. For now, they are applicable to the management of approved exporters

under bilateral trade agreements between China and Switzerland, Iceland, and Mauritius, as well as the RCEP. It may apply to other preferential trade agreements signed in the future.

To be an approved exporter, an enterprise must

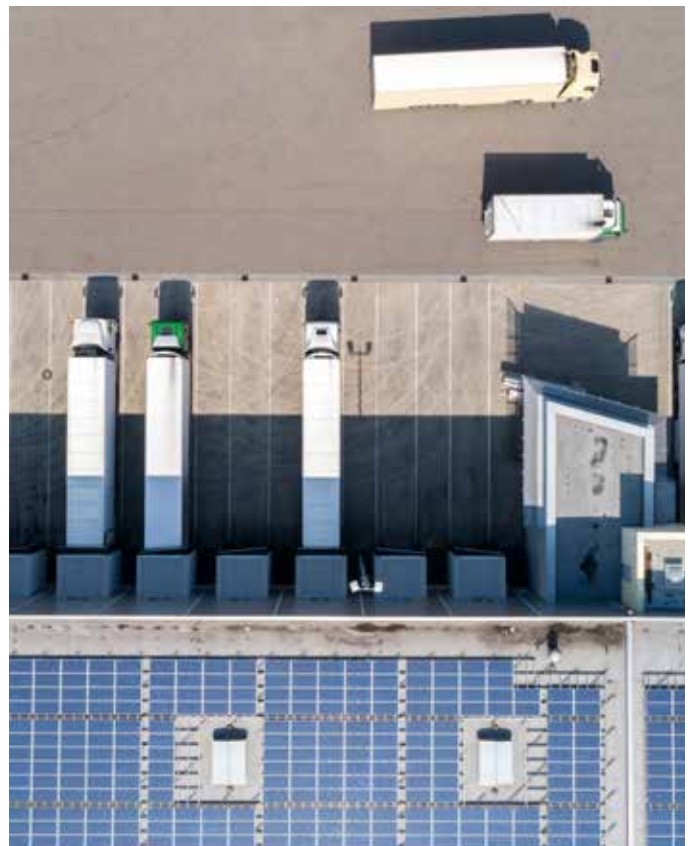
- be an Advanced Certified Enterprise;
- be familiar with the rules of origin under relevant preferential trade agreements; and
- have established a complete management system for documents proving originating status.

An approved exporter status is valid for 3 years.

Customs will exchange the list of approved exporters with FTA partner countries. The approved exporter will need to submit relevant product information, and issue a Declaration of Origin to prove the origin of exported goods.

The measures also specify the obligations of approved exporters, Customs' supervision rights, and procedures around the deregistration and cancellation of the status.

For details, refer to [Order of the GAC No.254](#).



## 2022 Tariff Adjustment Plan

On 13 December 2021, the Customs Tariff Commission of the State Council issued a circular on the 2022 Tariff Adjustment Plan. It stipulates adjustments to the tariff for certain commodities from 1 January 2022.

### Provisional import tariff rates

Under the new plan, 954 commodities will be subject to provisional import tariff rates.

This includes some pharmaceutical products and equipment, as well as consumer goods. Tariffs will be reduced on certain resource products such as pyrite and potassium chloride; on environmental products such as peat and gasoline engine particle traps; key components such as high-voltage cables for high-speed railway vehicles, membrane electrode assemblies for fuel cells, and bipolar plates; and raw materials such as cocoa beans, plant essential oils, and furs.

The previous provisional tariff rate for frozen pork and domestic products with corresponding production capacity or technological advantages (such as isopropylamine, gelatin), and certain raw materials will be cancelled or increased. Please find some of the amendments below:

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

HS Code	Commodity	2021 provisional import tariff rates	2022 provisional import tariff rates
02032200	Frozen pork	8%	Cancelled
02032900		8%	Cancelled
29211920	Isopropylamine	2%	Cancelled
35030010	Gelatin	5%	Cancelled
20091200	Orange juice	15%	18%

### Preferential tariff rates

The measure also implements the preferential tariff rates under the RCEP and Cambodia-China FTA, and special preferential tariff rates for 44 least developed countries that have established diplomatic relations with China.

The Tariff Adjustment Plan also covers other matters relating to the adjustment of import/export tariff rates, tariff schedules and tariff items. For details, refer to [Shui Wei Hui \[2021\] No.18](#).





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## Non-preferential origin rules

Hong Kong issued a Certificate of Origin Circular No. 1/2022 on Hong Kong's non-preferential origin rules. It supersedes Certificate of Origin Circular No. 1/2018 of 23 February 2018.

There are two main types of non-preferential certificates of origin (CO) in Hong Kong:

- A CHKO certifies the goods concerned are of Hong Kong origin; and
- A COP (Certificate of Origin - Processing) certifies that the goods concerned have undergone certain manufacturing processes in Hong Kong but not to the extent where Hong Kong origin status can be conferred.

Both types of CO are issued by the Trade and Industry Department (TID) and the five Government Approved Certification Organisations (GACOs) following the same origin rules and procedures:

- Wholly obtained or produced goods must be natural products of Hong Kong which have been wholly grown or mined in Hong Kong or produced in Hong Kong from domestic materials.
- Manufactured goods which are subject to multiple location processing and/or materials must have undergone manufacturing processes in Hong Kong that have permanently and substantially changed the shape, nature, form or utility of the basic materials used in the manufacturing.
- Processes such as simple diluting, packing, bottling, drying, simple assembling, sorting or decorating etc. are not regarded as genuine manufacturing processes.





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## Amendments to the Import Tariff Act

The 7th edition of the Harmonized System (HS) nomenclature released by the WCO took effect on 1 January 2022. As a contracting party to the HS convention, India has notified numerous changes in the Customs Tariff Act in line with the new HS 2022, which are effective from 1 January 2022.

The changes in the India Customs Tariff Act are extensive, covering a total of 351 amendments at a six-digit level and deletion of 347 tariff headings which are substituted by more than a thousand new tariff headings. The amendments also include the addition of various explanations, exclusions/inclusions from chapter notes, re-shuffling of tariff headings within the same chapter heading, among others. The tariff heading of imports concerning industry at large such as imports under Chapters 70, 84, 85, etc. have also undergone numerous changes. A few examples of such changes are provided below for reference:

- Addition of new entries in the Tariff such as:
  - HS Code 8708 22 00 for classification of windscreen used in motor vehicles
  - Electrical and electronic waste and scrap vide heading 8549 with multiple sub-headings which were earlier classifiable under the applicable subheadings of chapter 38, 70, 71, 84, 85, 90, 91 and 95
  - HS Code 8517 13 00, 14 00 to cover Smartphones and Other telephones for cellular networks
- New explanations have been inserted in the Chapter notes such as the addition of definition of Smartphones, Flat Panel Display Modules, LED light sources, Semiconductor devices, etc. in Chapter 85.

- Certain entries have been reshuffled under the same Chapter. E.g., HS code for Road tractors for semi-trailers are 8701 21 00, 22 00, 23 00, 24 00, 29 00 which were earlier classifiable under 8701 20 10, 20 90, Motor Vehicles for transport of goods - multiple reshufflings within the headings.
- In some cases, complete headings have been replaced by new headings. For instance, 8539 50 00 for LED lamps is now replaced with 8539 52 00.

As can be envisaged from the above, the changes in the tariff are significant. Careful evaluation to assess and analyse the impact of these changes on imports is required. The impact of these changes are wide ranging, including:

- Change in the classification of goods in light of addition to chapter notes, new entries, etc. Change in the classification may impact the import duty rate, excess/short exemptions claimed, compliance requirements under the allied Acts, impact on export benefits such as duty drawback, Remission of Duties and Taxes on Export Products (RoDTEP), etc.
- Benefits claimed under various Free Trade Agreements (FTAs) might get impacted. E.g., Coverage of the newly inserted entries in the respective FTAs or deletion of old entries from the FTAs will impact the effective customs duty rate for importers.
- Changes in classification may also lead to changes in reporting made to the customs/ Directorate General of





Foreign Trade (DGFT) authorities.

- Dispute over the HS code could also lead to delay in import clearance, demurrage charges, etc.
- Changes cited above could also entail modifications in the master data maintained in ERP systems.

Therefore, companies should undertake a detailed analysis of change in the HS classifications of their goods to ensure correct duty payment, duty exemptions and timely compliance.

## Notification of Indian Trade Classification (Harmonised System) 2022- Schedule 1 (Import Policy)

The Directorate General of Foreign Trade published a new Indian Trade Classification (Harmonised System) [ITC (HS)] 2022 to replace the earlier version.

The ITC (HS) essentially details the product-specific policy on the import and export of goods in India. It lists down chapter and product specific requirements on importability and segregates products either as freely importable or as restricted (i.e., requiring an import license), or as prohibited. The ITC (HS) is periodically updated and is aligned with the Customs Tariff.

Some things to note under the new ITC (HS) 2022:

- Import of drones in Completely Built Up ('CBU'), Completely Knocked Down ('CKD'), Semi Knocked Down ('SKD') form under HS code 8806 is prohibited. Exceptions are provided for research & development, defence and security purposes. Import of drone components is free.
- Modifications or amendments in chapter specific import policy conditions. Similarly, there are amendments in the section notes, chapter specific main notes, supplementary notes, chapter headings, subheadings and description of HS codes.
- New HS codes have been introduced, deleted, amended, split or merged to align them with the Customs Tariff.

Amendments imposing new restrictions are effective from 9 February 2022.

The above list is a summary of the key changes. We expect the introduction of ITC (HS) 2022 to provide uniformity in business practices, as it will sync with the recent changes in the Customs Tariff Act 1975. However, businesses may need to evaluate the updated import policy conditions and additional requirements prescribed as it may affect the importability of their products. Businesses should also plan future imports to ensure compliance with the revised import policy.

Refer [Notification No. 54/2015-2020](#) for further details.

## India Union Budget 2022

The India Union Budget 2022 was released in February 2022. We have highlighted key points to note from a customs and trade perspective.

### Key proposals to amend the Customs Act

The following proposals were made to amend the Customs Act 1962 (the Act). These changes will become effective once they receive the assent of the President.

- Reforms focusing on making customs administrations of Special Economic Zones more IT-driven;
- Greater flexibility allowing applicants for advance rulings to withdraw their applications any time before a ruling is issued. This is currently 30 days from submission of the application.
- Gradual simplification of the customs tariff structure through the removal of unconditional concessional rates.
- Retrospective amendment permitting investigating officers, such as officers of the Directorate of Revenue Intelligence, to initiate proceedings under Customs
- Introduction of provisions to validate actions taken by officers in the past. The aim is to negate the Supreme Court decision in the case of Cannon India.
- Empowerment of the Government to assign functions to Customs officers beyond their territorial jurisdiction in order to facilitate faceless assessments and to develop industry specific expertise for assessments.
- Introduce a validity period of 3 years for customs advance rulings. For advance rulings already in force, the 3 years will start on the date the Finance Bill receives the President's assent.

### Withdrawal of customs duty exemptions

The Union Budget also saw various customs duty exemptions being withdrawn. Companies utilising customs duty exemptions should take note as the changes cover a wide range of industries and products, and have different effective dates. Some examples include exemptions affecting:

- Specified organic chemicals and fertilisers;
- Certain miscellaneous chemical products;
- Specified textile products;
- Specified goods of iron and steel;
- Parts, components and accessories for use in manufacture



- of tablet computers,
- Parts and raw material for manufacture of goods to be supplied in connection with the purpose of off-shore oil exploration/ exploitation; and
- Specified goods imported for R&D purposes in the pharmaceutical and biotechnology sectors.

The above is a non-exhaustive list. Refer to the Union Budget for details.

#### Narrowing of exemptions

The Union Budget also narrowed the scope of exemptions for chapter/entries of goods required for medical, surgical, dental and vet use, as well as on specified medical devices covered under Chapter 90.

#### Changes to Basic Customs Duty (BCD) rates

Chapter/Tariff Heading	Description of goods	Existing BCD Rate (%)	New BCD Rate (%)
1520 00 00	Crude glycerin for use in manufacture of soaps	Nil	7.5 (till 30 April 2022)
Heading 4707	Recovered (waste and scrap) paper or paperboard imported for manufacture of paper, paperboard or newsprint	Nil	2.5
Chapter 71	Cut and polished Diamonds and Natural Gemstones	7.5	5
2905 11 00	Methyl alcohol	5	2.5 (till 30 April 2022)
Heading 8419	Coffee roasting, brewing or vending machineries for use in the manufacturing or processing of coffee	10	5

In addition to the above BCD rate changes, concessional BCD rates provided under Project Import scheme is being phased out in a gradual manner:

- Projects registered by 30 September 2022 will continue to enjoy lower rates of duty till 30 September 2023;
- New projects registered after 30 September 2022 will attract 7.5% BCD rate;
- From 30 September 2023, all projects registered will attract 7.5% BCD rate.

Lastly, the Union Budget also extended the Phased Manufacturing Program ('PMP') for mobile handset manufacturing to other electronic devices. The PMP essentially seeks to gradually impose customs duties on parts required in the manufacturing process of these products in order to increase the share of locally procured components. It will be expanded to the following:

- Wrist wearable devices (commonly known as smart watches) falling under tariff item 8517 62 90 and its inputs/ parts / sub-parts;
- Hearable devices and inputs/ parts/ subparts thereof; and
- Smart Meters and inputs/parts/ subparts thereof falling under tariff item 9028 30 10.

The above is a non-exhaustive list. Refer to the Union Budget for details.

Refer to Notification No. 02/2022-Customs (Tariff), 03/2022-Customs (Tariff), 04/2022-Customs (Tariff), 05/2022-Customs (Tariff), 06/2022-Customs (Tariff), 07/2022-Customs (Tariff), 09/2022-Customs (Tariff), 10/2022-Customs (Tariff), 11/2022-Customs (Tariff), 12/2022-Customs (Tariff), 13/2022-Customs (Tariff), 14/2022-Customs (Tariff), 15/2022-Customs (Tariff), 16/2022-Customs (Tariff) dated 1 February 2022 for further details.

## Deactivation of Import Export Code (IEC)

IEC details are required to be updated electronically every year in the first quarter of the Financial Year. The due date is 30 June. After providing a number of extensions, the government has commenced deactivation of IECs which are not yet updated.

The IECs which have not been updated since 1 January 2014 will be deactivated with effect from 6 December 2021, and IECs which are not updated after 1 July 2020 will be deactivated from 1 February 2022. As an interim measure, update of IECs is permitted till 31 January 2022.

Deactivated IECs may be reactivated on the online portal. Refer to [Trade Notice No. 31/2021-2022](#) and Trade Notice No. 25/2021-2022 for further details.



## New digitisation initiatives

Title	Details of measure	Reference
Applications for Registration Cum Membership Certificate (RCMC)/ Registration Certificate (RC)	<p>A new common digital platform for issuance of RCMC/RC has been developed. Applications may be submitted through the common platform from 6 December 2021. The existing application process through issuing agencies will continue till 31 March 2022.</p> <p>Applications for the specified services of RCMC's/RC's must be submitted through the common digital platform from 1 April 2022.</p>	<p><a href="#">Trade Notice No. 27/2021-2022</a></p> <p><a href="#">Trade Notice No. 35/2021-2022</a></p>
Applications for one-time registration for SCOMET license and post-reporting requirements for export of chemicals	<p>With effect from 19 January 2022, applications for one-time registration to obtain a Special Chemicals, Organism, Materials, Equipment and Technologies (SCOMET) license which is required to be obtained for export under the General Authorisation for Export of Chemicals and related equipment (GAEC) must be submitted online.</p> <p>Post-reporting of export of chemicals under GAEC to specified countries must also be filled online with effect from 19 January 2022.</p>	<p><a href="#">Trade Notice No. 30/2021-2022</a></p>
Extension for mandatory electronic filing of non-preferential COOs	<p>The transition period for mandatory filing of applications for Non-Preferential Certificates of Origin through the e-COO platform has been extended till 31 March 2022.</p>	<p><a href="#">Trade Notice No. 32/2021-2022</a></p>

## License to import wireless equipment through self-declaration

Imports of apparatus for wireless telegraphy were previously permitted for those who had the requisite license issued by the Ministry of Telecommunications. Under the Ease of Doing Business initiative, the Government has since eased procedures for the issuance of such licenses.

The license to import wireless equipment by telecom service providers will be generated on a self-declaration basis by the importer, through a portal developed by the Department of Telecommunications.

Detailed procedures have been notified. Refer to [Instruction No. 23/2021-Customs](#) for details.

## Deadline for applications under Foreign Trade Policy (FTP) schemes

The last date to submit applications under the following FTP schemes was 31 January 2022:

- Merchandise Exports from India Scheme (MEIS);
- Service Exports from India Scheme (SEIS);
- Rebate of State & Central Taxes and Levies (RoSCTL) Scheme;
- Rebate of State Levies (RoSL) Scheme; and
- 2% additional ad hoc incentive on export of mobile phones (under Para 3.25 of the FTP).

This deadline is applicable for exports made during the periods specified in the notification. Refer to [Notification No. 48/2015-20](#) for details.



## Customs duty exemption on import of COVID-19 vaccines

The Government has again extended the customs duty and health cess exemption on imports of COVID-19 vaccines. This exemption has been extended multiple times and will now be extended till 30 June 2022. Refer to [Notification No. 61/2021-Customs \(Tariff\)](#) and Notification No 45/2021-Customs for further details.

## Additional ports designated for imports of metallic waste from safe countries/regions

Import of metallic waste and scrap requires a mandatory Pre-Shipment Inspection Certificate (PSIC) from the country of origin. However, the requirement for PSIC is waived if metallic waste and scrap are imported from 'safe countries/regions' like USA, UK, Canada, Australia, etc. Such imports are now permitted in 10 designated ports, instead of the original 8 ports. Refer to [Public Notice No. 46/2015-20](#) for further details.

## SCOMET annual update 2021

The SCOMET list has been updated and notified with effect from 19 January 2022. The updated list can be accessed [here](#). Refer to [Notification No. 47/2015-20](#) for further details.

## Changes to import/export restrictions

Particulars	Measures introduced	Reference
Removal of export restriction on syringes	Export restrictions on all kinds of syringes having specific denominations have been removed.	<a href="#">Notification No. 52/2015-2020</a>
Removal of export restriction on Remdesivir Injection, etc.	Export restrictions on Remdesivir injections, Remdesivir APIs, Amphotericin-B injections, Enoxaparin and Intra-Venous Immunoglobulin have been removed.	<a href="#">Notification No. 56/2015-2020</a>

## Clarification on SWS levy

The Social Welfare Surcharge (SWS) is an additional surcharge levied and collected on goods imported into India as a duty of Customs. SWS was introduced in the Finance Act of 2018, and is calculated at 10% on the aggregate of duties of customs.

The Government clarified the levy of SWS in cases where basic customs duty is exempt. If the aggregate customs duty payable is zero on account of an exemption, the SWS shall be computed as 10% of value equal to nil (as the aggregate amount of customs duties payable is zero).

Refer to [Circular No. 03/2022-Customs](#) for further details.

## Simplification of IGCR rules

Under the Import of Goods at Concessional Rate of Duty Scheme (IGCR Scheme), manufacturers can import notified goods under a concessional rate of duty, subject to fulfillment of conditions laid down. The Government recently amended the IGCR Rules 2017 to simplify the procedures with a focus on automation. The entire process is contactless.

Key points to be noted are as follows:

- The changes came into effect on 1 March 2022.
- Submission of details under this scheme must be done electronically through the common portal ([www.icegate.gov.in](#)).
- Various forms have been standardised and amended to permit electronic submission (e.g., Forms IGCR-1, IGCR-2, IGCR-3). The earlier processes of obtaining transaction-based permissions and intimations have been removed. This includes intimation to avail benefit under IGCR rules, intimation for receipt of goods, permission to re-export or clear goods domestically, etc.
- Monthly statements are required to be submitted by the 10th of the following month instead of the quarterly return prescribed earlier.

Refer to [Circular No. 04/2022-Customs](#) for further details.

## New regulation to simplify conversion to duty refunds or credit scrips

The conversion of the Shipping Bill or Bill of Export to claim duty refunds or credit scrips etc post-export is a practical challenge for many businesses. Whilst there is an enabling provision in the law and periodic guidance provided by the Government, there remains significant time-consuming litigation due to interpretative complexities.

To address this, a conversion regulation - Shipping Bill (Post export conversion in relation to instrument based scheme) Regulations 2022 - has been issued. The regulation applies from 22 February 2022.

Under the regulation, the application for conversion must be filed in writing within a year from the date of order for goods clearance. The conditions to convert the shipping bill and bill of export are detailed in the notification.

Refer to Notification No. 11/2022-Customs (Non-Tariff) for further details.

## Helpdesk for Russia-Ukraine related trade issues

In view of the current international situation, the Government has undertaken to monitor the status and related difficulties being faced by stakeholders on Russia/Ukraine trade-related issues. A helpdesk has been set up on the DGFT portal and will support and resolve issues arising on account of the conflict between Russia and Ukraine.

Refer to [Trade Notice No. 36/2021-2022](#) for further details.



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## Preferential tariff treatment for D-8 countries

On 29 December 2021, the MOF issued a new regulation 203/2021 regarding use of preferential import duty rates under the preferential trade agreement between D-8 countries. D-8 or Developing Eight consists of Bangladesh, Indonesia, Iran, Malaysia, Egypt, Nigeria, Pakistan, and Turkey. The new regulation took effect on 1 January 2022.

Similar to other FTAs, the regulation provides that 3 requirements must be fulfilled before the preferential duty rates can be utilised. They are the origin criteria (satisfaction of the rules of origin); consignment criteria; and procedural provisions (including issuance of the D-8 Certificate of Origin).

While the regulation provides the conditions under which preferential import duty rates may be availed, the actual preferential rates list has not been published. We expect the list to be published in Q1 2022.

## Decrease in export duties

On 5 January 2022, the MOF issued regulation 1/2022 which amends regulation number 13/2017 on excise duty. The new regulation decreased the applicable export duties from PMK Number 166/PMK.010/2020. The adjustment is intended to increase export demand and therefore overall export proceeds.

## Excise rate increases for tobacco products

The Ministry of Finance (MOF) increased the excise rate for tobacco products through regulation number 192/2021 (tobacco products in the form of cigarette, cigar, leaf cigar or husk, and sliced tobacco) and 193/2021 (other tobacco products). The new rates have been effective since 20 December 2021. The new regulation revokes the previous existing regulation number 198/2020.

Excise rates for tobacco products in the form of cigarette, leaf cigar or husk, and sliced tobacco have seen on average a 12% increase from the previous year. Excise rates for electronic cigarettes and other processed tobacco products that were previously categorised as "other processed tobacco products" in PMK 198/2020 have also been increased.

## New origin ruling service

The Minister of Finance issued a new regulation number 7/PMK.04/2022, which details the procedures surrounding origin determination of goods prior to import. The regulation was promulgated on 3 February 2022 and came into force on 10 February 2022.

The regulation essentially empowers the Director General of Customs and Excise to determine the origin of goods to be imported under a preferential or non-preferential scheme, before a customs declaration is submitted for import. To obtain an origin determination, the importer must submit an application for a Determination of the Origin of Goods Before Import (PKBSI) to the Director General of Customs and Excise.

If the application is approved, a PKBSI will be issued. It will be valid and legally binding for three years from the date of issue. This PKBSI will need to be attached as part of the import declaration and can be used as reference for the similarity of the origin of the goods.

## Amendments to the Indonesian Tariff Book 2017

The Ministry of Finance amended the existing Indonesian Tariff Book 2017. It implements the provisions set by the Ministry of Industry relating to the importation of Incompletely Knocked Down (IKD) or Completely Knocked Down (CKD) motor vehicles in regulation number 23/2021. Regulation 23/2021 revoked 34/2017 and 5/2018.

The amendment eliminates most of the import duty rates for goods under heading 9801 (IKD for motor vehicle). The change took effect on 22 February 2022.

Note that the Ministry of Finance is also preparing the new Indonesian Tariff Book for 2022 and beyond, which is expected to be issued around April 2022.





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## Reminder regarding retrospective transfer pricing adjustments

In Japan, customs valuation regulations state that retroactive price adjustments that increase the price of previously imported goods must be disclosed against the original customs declarations. For importers with fiscal years ending around this time, it is crucial that upward price adjustments (i.e., additional payments from Japan to overseas entities) are declared to Customs as soon as possible. Should Customs issue an audit notice before an adjustment can be declared, the importer may be subject to penalties.

Conversely, for downward price adjustments (i.e. payments from overseas entities to Japan), importers can either disregard these adjustments or may be able to claim duty refunds if duty was paid. However, the requirements for refunds are not clearly stipulated and requests are evaluated on a case-by-case basis. Importers interested in applying for a refund should review available documentation and consult with a customs professional.

## Update to customs recordkeeping regulations

On 1 January 2022, new rules regarding customs recordkeeping went into effect. Major changes include the following:

- Easing of requirements regarding electronic recordkeeping and scans, including removal of the requirement for upfront customs approval
- Introduction of a “quality recordkeeping” system (explained below)
- Addition of a new 10% severe penalty for fraud related to scanning requirements, in addition to the standard severe penalty for fraud or gross negligence

Regarding the “quality recordkeeping system,” participating importers who meet certain requirements are subject to a 5% penalty rate in the event of duty shortfall instead of the normal 10% rate. The “quality recordkeeping” requirements are based on the previous e-recordkeeping requirements and mainly relate to the traceability, auditability, and searchability of customs records. Quality recordkeepers must also be able to tie their shipping documents, invoices, and other documents to customs declarations.

While customs recordkeeping rules are generally the same as rules for other taxes, there are some differences. For instance, e-transaction data can be kept in hard copy for customs and consumption tax purposes, while this is not allowed for income tax.

To summarise, electronic recordkeeping has become more accessible to importers and exporters, with easing of the requirements as well as potential reductions to future penalties. However, it is worth noting that there are still conditions that have to be met to implement electronic recordkeeping. In addition, some documents may still be required to be maintained in hard copy. It is therefore important for importers and exporters to properly assess the opportunities and risks before deciding to move forward with the implementation of electronic recordkeeping.



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## Commencement of new voluntary disclosure and amnesty programme

The Malaysia Ministry of Finance (MOF) together with the Royal Malaysian Customs Department (RMCD) introduced a special voluntary disclosure and amnesty programme (VA programme) which began on 1 January 2022 and will last till 30 September 2022.

The objective of the VA programme is to encourage companies to voluntarily disclose any duties, taxes and levy such as import duty, excise duty, sales and service tax payable or settle any outstanding bill of demand/notice of assessment within the specified period. In return, eligible companies will benefit from partial or full remission of duty, tax, levy, surcharge and/or penalty depending on enrolment period. Certain requirements and conditions apply. RMCD's acceptance of a company's participation will be on a case-by-case basis.

Examples of issues that may warrant a voluntary disclosures are:

- Goods declared with incorrect import values or tariff codes;
- Not meeting the conditions stipulated in an exemption granted, such as Licensed Manufacturing Warehouse approvals; or
- Import duty and/or sales tax adjustment due to royalties or year-end transfer pricing adjustment.

## Interim solution for HS2022 mismatch issues in outbound PCO

HS2022 has led to changes in the HS codes of a wide range of goods, particularly differences in subheadings at the fifth and sixth digit levels. Several countries have implemented HS2022 on 1 January 2022. However, the transposition exercises in several Free Trade Agreements (FTAs) have yet to be finalised in Malaysia.

This means Malaysia exporters are still utilising HS2017 in their Preferential Certificate of Origin (PCO) forms, which has led to issues with claiming preferential tariff treatment when importing into FTA partner countries.

As an interim solution, exporters who are currently facing challenges when declaring HS2022 in their PCO due to the unavailability of the new HS edition in the ePCO system can manually include the new importing country HS code by indicating the HS2022 in brackets when applying for the PCO to importing countries that have implemented HS2022.

MITI would like to highlight that this interim solution is subject to acceptance by the importing authority. Exporters are responsible for ensuring accurate HS2022 codes are declared in the PCO.

## Changes to the Approved Major Exporter Scheme (AMES)

On 16 January 2022, the RMCD announced changes to the AMES. AMES is a full sales tax exemption facility for "major exporters" (traders and manufacturers) in Malaysia which has been in effect since 1 July 2020 to encourage exports. The eligibility conditions, application requirements and application form have been updated.

For instance, with effect from 1 January 2022, all completed application forms and supporting documents must be submitted to the Internal Tax Division of the state where the applicant's premises are located.

Besides that, additional reports such as the statement of sales tax repayment calculation for local sales of taxable goods and exempt finished goods must be submitted by manufacturers or traders under the AMES.

Further details on this announcement can be found [here](#) (News 11 and 12).

## New import prohibitions

On 7 January 2022, the MOF issued two Amendments to the Customs (Prohibition of Imports) Order 2017. The changes are summarised below with effect from 10 January 2022.

### 1. [Prohibition on imports of motor vehicles parts](#)

Prior to 10 January 2022, importers of motor vehicles parts such as safety-seat belts (HS 8708.21.00 00) and motorcyclist' safety helmets (HS 6506.10.10 00) are only required to comply with the standards governed by the Road Transport Department and obtain markings and certificates issued by an Approval Authority under the World Forum for Harmonization of Vehicles Regulation.

On top of the old requirements, importers of motor vehicles parts will also now be required to obtain a certificate of approval or a letter of exemption from the Road Transport Department.

In addition, other motor vehicles parts such as child seat, rear view mirrors, headlamp and safety glass imported from all countries have been newly added to the list of prohibition of imports. The importation for these goods is subject to the following three conditions:

- the importation must comply with the standard as prescribed under the Motor Vehicles Rules governed by the Road Transport Department;
- relevant markings are made and certificates are issued by an Approval Authority under the World Forum for Harmonization of Vehicles Regulation; and
- approval is obtained from the Road Transport Department.

The complete list of amendments to the new and existing prohibitions items can be found [here](#).



2. Prohibition on imports of waste and scrap of paper, paperboard and metal

Starting from 10 January 2022, all importations of waste and scrap of paper, paperboard and metal into Malaysia will require an import approval by or on behalf of SIRIM Berhad, regardless of the exporting countries.

Importers who import waste and scrap of paper and paperboard and metal shall take note of the following affected description of goods and corresponding HS headings/subheadings to ensure that the import approval has been obtained prior to importation.

Description of goods	HS headings/ subheadings
Recovered (waste and scrap) paper and paperboard:	
1. Unbleached kraft paper or paperboard or corrugated paper or paperboard	4707.10.00 00
2. Other paper or paperboard made mainly of bleached chemical pulp, not coloured in the mass	4707.20.00 00
3. Paper or paperboard made mainly of mechanical pulp (for example, newspapers, journals and similar printed matter)	4707.30.00 00
Waste and scrap of metal:	
1. Ferrous waste and scrap; remelting scrap ingots of iron or steel.	72.04
2. Copper waste and scrap	74.04
3. Aluminium waste or scrap	76.02

3. Absolute prohibition on imports of mixed waste and scrap of miscellaneous paper or paperboard

Mixed waste and scrap of miscellaneous paper or paperboard have been added to the absolute prohibition list. This means they will no longer be allowed to be imported into Malaysia.

Refer to the [Customs \(Prohibition of Imports\) \(Amendment\) Order 2022](#) and [Customs \(Prohibition of Imports\) \(Amendment\) \(No. 2\) Order 2022](#) for details.

## Postponement of excise duties impacting electronic cigarettes and vape devices

On 31 December 2021, the RMCD announced that it would postpone the implementation of excise duty on liquid or gel products used in electronic cigarettes and vape devices. It was proposed to enter into force starting from 1 January 2022 during Budget 2022 as follows:

- Excise duties imposed on nicotine-free liquid or gels used in electronic cigarettes and vape devices will increase from RM0.40 per milliliter to RM 1.20 per milliliter; and
- Excise duties will be levied at RM1.20 per milliliter on liquid or gel products containing nicotine that are used for electronic cigarettes and vape devices.

A new implementation date has not been announced.

## New tax stamps for liquor products

With effect from January 2022, the RMCD introduced new liquor tax stamps. Liquor importers should take note that the new stamps contain a new logo which replaces the existing tax stamps. Refer to this [link](#) for further details.





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## Increased assertiveness and audit revenue in 2021

The Bureau of Customs (BOC) reported an audit revenue collection of 1.5 billion pesos (approximately USD 29.2 million) for 2021. This is 25% higher than the amount collected in 2020. The revenue collection came from audit assessments and Prior Disclosure Program (PDP) payments.

We have seen the increased assertiveness in the conducting of audits. The BOC audit teams are estimated to have issued more than 100 audit notices in the third quarter of 2021 alone. Notices have been issued to companies from the coffee, oil, and petroleum industries. The BOC also targeted palm oil importers in response to concerns expressed by the coconut industry of rampant misdeclarations. In addition, the BOC filed a number of court cases, and cancelled customs licenses of more than 600 importers and customs brokers in 2021.

As a result of the above, we have also seen an uptick in disclosures made through the PDP. Disclosures can be made through the PDP before the start of a formal audit investigation, and different levels of penalty protection apply depending on when the disclosure is made (i.e. before or after receiving an audit notice). Companies are advised to consider disclosures of any self-identified non-compliance.

## ATA Carnet takes effect in April

Following our update in the October-November edition of Trade Intelligence, the ATA Carnet system will be implemented in the Philippines on 17 April 2022. This comes after the Philippines deposited its instrument of accession to the ATA Carnet in January.

Under the ATA system, the temporary importation of goods into the Philippines will be permitted without payment of duties and taxes, subject to re-exportation within a year. The ATA Carnet is normally issued to cover goods for use in trade fairs, shows, exhibitions, professional equipment, commercial samples and personal effects.

This is expected to reduce paperwork and expenses for importers, as posting of surety bonds and securing of tax exemption documentation were previously required to clear goods.

Exporters from the Philippines will also benefit from ATA Carnet implementation, as temporary export shipments will receive the same duty and tax exempt treatment in destination countries that are signatory to the ATA Carnet system.

## Anti-dumping duty on Vietnamese cement

On 20 December 2021, the BOC issued a memorandum imposing provisional anti-dumping duties on the following imported cement types from Vietnam:

Affected cement types	AHTN
Ordinary portland cement Type	2523.29.90
Blended Cement Type 1P	2523.90.00

According to reports, the provisional anti-dumping duties range from USD 1.02 to USD 10.53 per metric ton, and USD 1.16 to USD 12.79 per metric ton for Type 1 and Type 1P cement, respectively.

For a period of four months, the BOC is requiring cash bonds from importers to cover the payment of this duty. The second phase of investigation will determine whether the actual collection of anti-dumping duty will be implemented for the next five years.

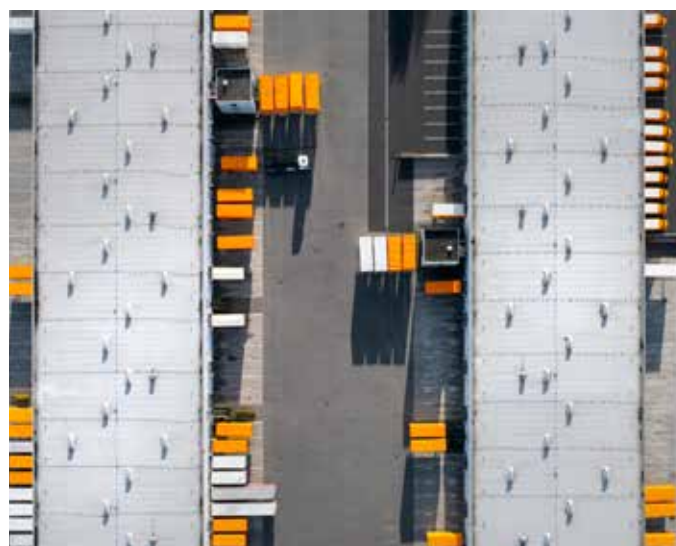
Refer to this [link](#) for details.

## Continued acceptance of scanned COs

In view of the ongoing COVID-19 movement restrictions, the Philippine BOC is continuing to accept scanned copies of preferential Certificates of Origin (CO) under various Free Trade Agreements.

Since 2020, the BOC has been accepting scanned CO copies from importers claiming import duty preferences, provided that the original CO document will be submitted within 30 days from shipment's arrival in the country.

For reference, please refer to this [link](#).





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## Guidance on use of RCEP

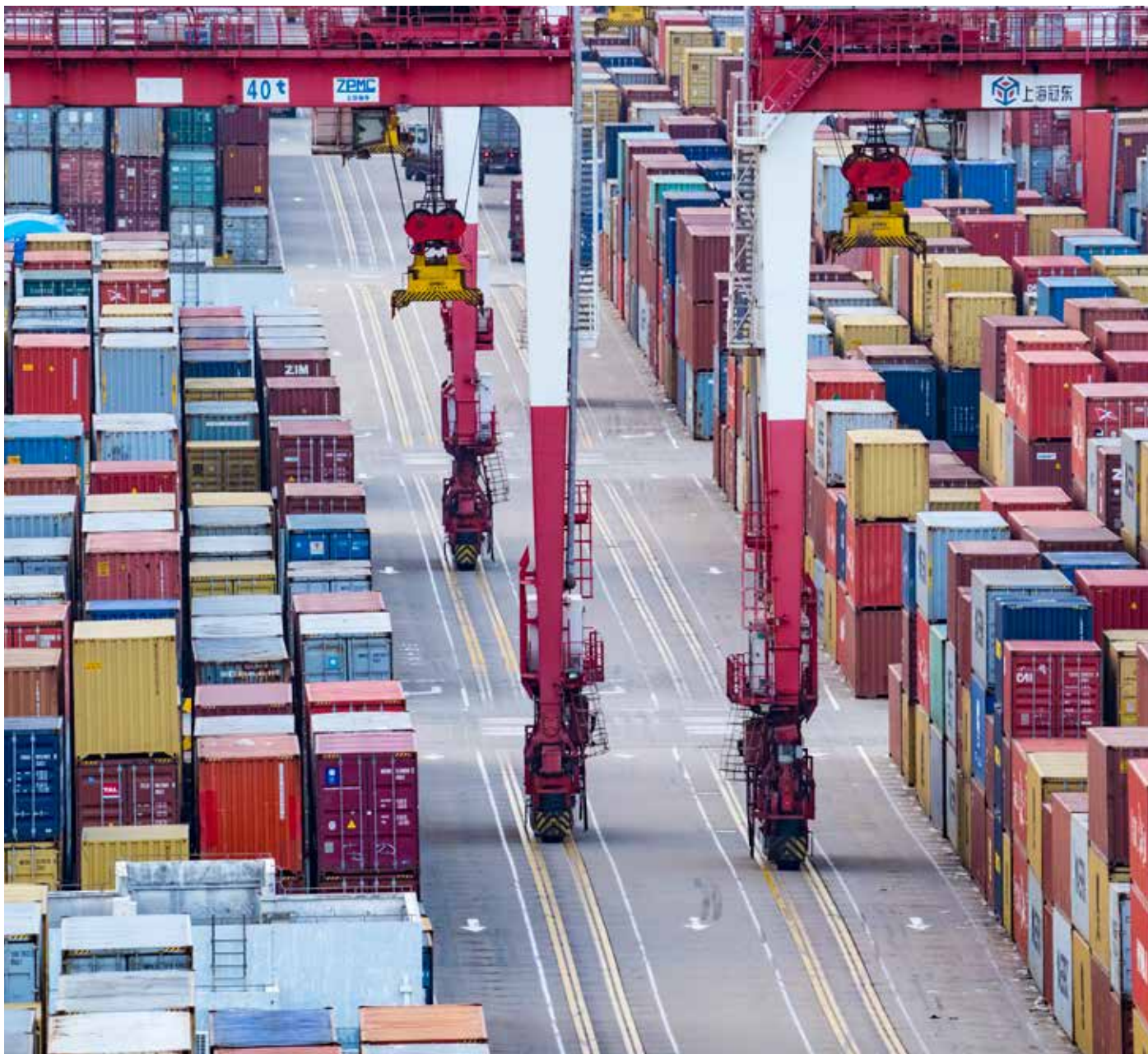
On 23 December 2021, Singapore Customs issued two circulars to provide guidance to importers and exporters on the utilisation of the RCEP.

Under [Circular 14](#), those seeking to export goods from Singapore under the RCEP should note the option to apply to be an Approved Exporter. Approved Exporters are able to issue declarations of origin in place of obtaining Form RCEPs from Singapore Customs. The RCEP also introduces a new concept

of Tariff Differentials. Exporters should be sure to check if their goods are subject to Tariff Differentials in the country of import.

Aside from the above, Circular 14 outlines the conditions under which the goods would qualify for preferential treatment, which includes the Rules of Origin requirements and operational procedures for exports of Singapore-originating goods under the RCEP.

[Circular 15](#) provides guidance for those seeking to claim preferential tariff treatment under the RCEP for imports into Singapore. Notably, it provides details on the proof of origin required.





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## Transfer pricing adjustments for bonded warehouse goods

The Taiwan Ministry of Finance (MoF) published a ruling (Tai Tsai Kuan #1101033002) on 12 January 2022. From the beginning of 2022, companies with self-use bonded warehouses that are engaged in trading transactions, in accordance with Article 58 of the Customs Act, can apply for one-off transfer pricing adjustments.

To apply for transfer pricing adjustments, the following conditions must be satisfied:

1. Full payment of deposit for relevant import taxes for the bonded goods; and
2. No reconditioning/processing of the goods has been performed during bonded storage.

More specifically, for goods imported via a bonded warehouse, only declaration Form D2 (i.e. the declaration relating to goods removed from the bonded warehouse to Taiwan customs territory) for goods imported from the self-use bonded warehouse in the same fiscal year can be declared under the transfer pricing adjustment process following the ruling (Tai Tsai Shui #10804629000) published on 15 November 2019.

## Total control of express cargo

The Customs Administration announced in its press conference on 14 December 2021 that the pilot implementation of the “Total Control of Express Cargo” measures has been implemented for sea mode. To ensure sufficient customs control of express shipments, current capacity for the sea mode is 300,000 parcels per day. Those for air mode will start in April.

After the official implementation, excess express parcels will need to be returned or diverted to general customs clearance. Customs hopes to establish a new customs clearance order to solve the continuous and rapid influx of express goods which has resulted in warehouse pressures and lack of audits.

In order to reasonably control the number of express parcels, each courier company needs to declare the anticipated amount of parcels to be stored in the warehouse in the future. If a package has not been registered, it needs to be diverted to the general pass, returned or wait in the “line area”, and cannot enter the express area. International express companies with better internal controls are temporarily excluded from the total control measures.

## Additional electronic bond placement method for imports

Taiwan Customs announced changes to digitalise the “post release payment” programme. The programme is for bond placements to accelerate customs procedures where importers can settle the duties and tax payment after their shipment has passed through customs clearance.

To offer greater flexibility for importers, Customs now allows companies to place bonds through electronic means with either bank guarantees or cash under the Trade Single Window system.

## Announcement to reduce the tariff rate of medicinal alcohol raw materials

In order to maintain sufficient supply of medicinal alcohol raw materials during the epidemic, the Ministry of Finance has reported to the Executive Yuan for approval in accordance with the provisions of Article 71 of the Customs Act, and will continue to automatically reduce the tariff rate of medicinal alcohol for a period of 6 months from February 27, 2022.

The tariff rate of raw materials will be reduced by 50% of the statutory tax rate, and will be reviewed on a rolling basis depending on the domestic epidemic prevention situation and supply and demand conditions.



## Amendments to CCC and import/export regulation codes

Various amendments have been made to the Commodity Classification Code (CCC) and import and export regulation codes.

Amendment
As of 20 January 2022, CCC code 3001.90.40.40-8 “Hamayou (Hashimayou or Ranae Oviductus)” with Import Regulation 502 has been added.
As of 1 January 2022, a list of 52 CCC codes are no longer subject to import restrictions. These include CCC 2710.19.51.21-9 “Blending oils containing 70% or more by weight of petroleum products (containing polychlorobiphenyls)” and 51 other CCC codes.  Likewise, 10 CCC codes are no longer subject to export restrictions. They include CCC 2903.81.00.00-6 “1,2,3,4,5, 6-Hexachlorocyclohexane (HCH (ISO)), including lindane (ISO, INN)” and 9 other CCC codes.
Amendments have been made to Import Regulation Codes of CCC 2710.19.51.21-9 “Blending oils containing 70% or more in weight of petroleum products (containing polychlorobiphenyls)” and to 51 other CCC codes. These 52 CCC codes will be subject to import examination.
Amendments have been made to Export Regulation Codes of CCC 2903.19.10.10-9 “1,1,1-Trichloroethane, Methyl Chloroform, C2H3Cl3” and to 25 other CCC codes. These 26 CCC codes will be subject to export examination.
Export regulation code “441” has also been added to CCC 0302.89.89.22-7 “Trichiurus lepturus, fresh or chilled” and 1 other CCC code. These 2 CCC codes will be subject to export examination.  The amendment takes effect on 1 June 2022.





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## Customs audits return in 2022

Due to COVID-19, the Thai Customs Department implemented a number of relief measures to alleviate the suffering of the business sector. The postponement and rescheduling of post-clearance customs audit sessions was one of these measures to relieve pressure on businesses and minimise the spread of COVID-19.

The Thai Customs Department is starting to lift the existing business relief measures and post-clearance customs audits are being restarted to increase duty and tax collection. Key customs non-compliance issues including customs valuation, royalties, overseas payments, classification and licensing requirements are still the main focus of the audits.

The approach of the Thai Customs Department has also changed. Before the Customs Act 2017, audits took a significant amount of time and extensive discussions took place before liabilities were finalised. Now audits are shorter and Notices of Assessment are raised quickly, with the main opportunity to debate technical issues being in the appeal process. This has changed the strategy considerations when managing an audit and requires a proactive plan to be in place before the audit starts.

We recommend companies to do a health check to identify any potential non-compliance issues, and subsequently apply the appropriate measures to close these non-compliance gaps.

## Implementation of HS 2022 in Thailand

On 1 January 2022, a new version of the harmonised system (HS 2022) came into force in Thailand, replacing the HS 2017 version. The new version has 351 sets of amendments covering a wide range of goods across various industries such as automotive (flat panel display modules), photovoltaic (solar cells) and tobacco (electronic cigarettes).

As HS 2022 brings multiple changes, importers should check whether their HS codes need updating or if their products are now subject to export controls. The amendments may also have changed duty rates. Companies that utilise preferential duty rates under FTAs should take a closer look at the required rules of origin to ensure that the previously applied rule is still applicable under HS 2022.

To mitigate potential risks from the amendments and confirm whether new HS codes apply to products, importers can check the correlation table between HS 2017 and HS 2022 available [here](#).

## Extension of duty surcharge reduction measures

On 29 November 2021, the Ministry of Finance (MOF) issued a [ministerial regulation](#) (MR) regarding the determination of duty surcharge reduction criteria (No.3). It extends the period of duty surcharge reduction measures to 31 March 2022. The measures previously expired on 30 September 2021.

Previously, the MOF issued this relief measure to companies that self-disclose non-compliance issues to Thai Customs. These companies would receive a reduction in the duty surcharge rate. This is temporarily capped at 0.25% of the duty shortfall per month instead of the usual duty surcharge calculation from 0.25 to 1%, not exceeding the duty shortfall itself. With this extension, companies who find any non-compliance issues, disclose, and pay Thai Customs before 31 March 2022 will be able to reduce their exposure.

We encourage companies to review their compliance and disclose any issues after careful consideration by way of this opportunity.

## RCEP country of origin determination and approved exporter in Thailand

With the Regional Comprehensive Economic Partnership (RCEP) now in force, the Department of Foreign Trade (DFT) has published guidelines and requirements for the Preferential Certificate of Origin.

Refer to the FTA Focus section on some notable points. If tariff differential applies to the goods and the country of origin is a country other than Thailand, the exporter must obtain DFT's approval to apply a different origin. Note that there will need to be a mutual agreement with the importer about certifying the country of origin. The applied country of origin is determined by either the country with the highest content or, if unable to determine, the highest RCEP preferential duty rate prior to issuing the RCEP form.

There are other differences between the RCEP form and current FTA forms available in Thailand that importers and exporters should be aware of, such as the option to state the producer in the form and the additional text box for rules such as the back-to-back provision or third-party invoicing.

A [notification](#) specifies the procedure and criteria for allowing manufacturers or exporters in Thailand to self-certify origin through issuing a 'Declaration of Origin (DO)'. First, companies must register to be an Approved Exporter (AE). Once successfully registered, an AE will receive an 'Approved Exporter Authorisation Code' for self-certification which lasts two years from the registration date.

Subsequently, the AE can self-certify origin by stating the required information on the DO. After export, companies must retain the relevant documents for at least 3 years from the date of self-certifying origin and submit a report which contains information such as the total quantity exported, date of issuance of such DOs, and reference numbers to the DFT every month when there are exports.

Companies who wish to self-certify origin should check their company's qualifications so that they can apply to be an AE. They should also follow the DFT requirements on document retention and submit the required reports for compliance purposes.

## FTA updates in Thailand

In December 2021, the Ministry of Finance and the Customs Department announced several regulations relevant to FTAs that are in effect in Thailand. There is no significant change in terms of rules of origin, certificate of origin, customs formalities for importers, preparation of import entry and so forth in all FTAs. However, an important update is the release of HS correlation tables to keep pace with the newly released HS 2022, as well as making certain structural changes to the regulations to make them clearer.

The notifications are relevant to the below FTAs:

- ASEAN Trade in Goods Agreement (ATIGA)
- ASEAN - Australia and New Zealand Free Trade Agreement (AANZFTA)
- ASEAN - China Free Trade Agreement (ACFTA)
- ASEAN - Hong Kong, China Free Trade Agreement (AHKFTA)
- ASEAN - India Free Trade Area (AIFTA)
- ASEAN - Japan Comprehensive Economic Partnership (AJCEP)
- ASEAN - Republic of Korea Free Trade Area (AKFTA)
- Thailand - Australia Free Trade Agreement (TAFTA)
- Japan - Thailand Economic Partnership Agreement (JTEPA)
- Laos - Thailand Preferential Trading Arrangement (Laos-Thailand PTA)
- New Zealand - Thailand Closer Economic Partnership Agreement (TNZCEP)
- Thailand - Chile Free Trade Agreement (TCFTA)
- Thailand - India Free Trade Agreement (TIFTA)
- Thailand - Peru Free Trade Agreement (TPFTA)

There are some minor changes in certain FTAs that are worth mentioning. For example, there is a new interpretation of the term 'third party invoicing' under the AHKFTA. Currently, the AHKFTA allows more than one third party or trader to be involved in the transaction to enjoy preferential duty treatment. In doing so, the importer is requested to submit the last third-party sale invoice together with the import entry and the certificate of origin (Form AHK) upon importation. In addition, they must declare the required third-party information in the Form AHK, namely:

- name and country in Box 7;
- invoice number and date in Box 10; and
- a tick mark in Box 13.

JTEPA also has a noteworthy amendment. Thai Customs will accept the original Form JTEPA and its PDF format until 31 March 2022. From 1 April 2022 onwards, Form JTEPA can only be submitted via an electronic system. JTEPA is also now adopting the HS 2017 edition instead of 2022.

Companies using FTAs to import goods into Thailand are encouraged to check the correlation tables to determine if there has been any changes in the applied HS code and import duty rates, and to confirm the requirements based on the current notifications for each FTA.

## Declaration of freight costs for postal importation

Thai Customs announced notification No. 223/2564, which is an amendment to the previous Notification No. 16/2561 on the costs of freight, insurance, loading, unloading and other transportation costs for postal importation, dated 25 January 2019. This notification replaces and repeals article 2.3 of the previous notification.

Under this amendment, in cases where the freight costs are absent or a freight receipt is not available for postal importation, a cost of freight will be added at 10% of FOB prices.

The intention of this amendment is to treat freight costs for postal importation like normal imports, where the 10% of FOB is used to determine freight in cases where there are no receipts. Previously, the cost of freight for postal importation was based on the postage stamp for international parcels as determined by Thailand Post.

The notification is dated and became effective on 29 December 2021. More details can be found [here](#).



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## Reduction of standard VAT rate from 10% to 8% from 1 February 2022

On 28 January 2022, the Government issued Decree No. 15/2022/ND-CP on tax exemption and reduction policy under the National Assembly's Resolution No. 43/2022/QH15 on fiscal and monetary policies supporting socio-economic recovery and development programs.

Accordingly, the VAT for goods and services will be reduced from the current 10% to 8%. It will be effective from 1 February 2022 to 31 December 2022. The reduction is applicable to both VAT invoices issued domestically and import VAT payables for imported goods.

Decree 15 also provides a list of exceptional goods and services which are not eligible for VAT reduction under Appendices I, II and III attached to the Decree.

Official Letter 370/TCHQ-TXNK, which was issued on the same day, provides additional guidance on the implementation of Decree 15, specifically pertaining to VNACCS declarations.

Refer to [Decree No. 15/2022/ND-CP](#) and [Official Letter 370/TCHQ-TXNK](#) for details.

## Guidance on customs dossiers submission and physical inspections

On 24 December 2021, the Ministry of Finance issued [Circular 121/2021/TT-BTC](#) providing guidance on the submission of customs dossiers and physical inspection of exported and imported goods due to COVID-19.

Enterprises are allowed to declare late submissions of paper documentation up to a maximum of 30 days, where the enterprise or Customs sub-department where the declaration is registered is located in an isolation or blockade area due to COVID-19.

The circular also covers physical inspection of exported and imported goods as requested by the Customs sub-department where the customs declaration is registered, and rules around customs dossiers and import procedures for donations and gifts imported for COVID-19 prevention.





## Permission for EPEs to rent warehouses outside EPEs, industrial zones, etc

On 7 December 2021, the General Department of Customs issued [Official Letter 5751/TCHQ-GSQL](#) providing guidance on leasing warehouses outside export processing zones. Notable points are as follows:

- Export Processing Enterprises (EPEs) are allowed to rent warehouses located outside industrial parks, export processing zones, hi-tech zones, and economic zones to store imported materials / supplies and manufactured products, provided such warehouses satisfy customs inspection and supervision conditions and there is no production activity at the rented warehouse.
- EPEs must notify the competent customs authorities in favor of leasing warehouses outside export processing zones. Within 6 months from the date on which competent authorities or personnel announce the end of the COVID-19 pandemic, the EPEs must transfer all goods stored in the rented warehouses back to normal storage locations as provided by prevailing regulations.

## Penalties for administrative violations due to COVID-19

On 23 December 2021, the Government issued [Decree 118/2021/ND-CP](#) to implement the Law on Handling of Administrative Violations.

The competent authority must verify and collect relevant information, data, papers, or documents on the details of each case to determine if there has been an administrative violation.

If the COVID-19 pandemic is the direct reason for the administrative violation; or the administrative violation could not have been foreseen due to the pandemic and cannot be recovered despite all necessary measures, the competent authority will not sanction the administrative violation.

## Clarification around labeling

On 9 December 2021, the Government issued [Decree 111/2021/ND-CP](#) amending and supplementing a number of articles of Decree 43/2017/ND-CP on goods labeling. Decree 111/2021/ND-CP took effect from 15 February 2022.

The amendment is aimed at reducing the ambiguity of labeling requirements and attempts at circumventing such laws for goods exported from Vietnam. The labeling of exported goods must comply with the laws in the country of import. Manufacturers, importers or exporters are responsible in determining the origin of their goods and to ensure truthfulness, accuracy and compliance with all applicable laws on origin of exports, imports and domestically manufactured goods or treaties to which Vietnam has acceded.

The decree also clarified that the original label of goods imported into Vietnam must be written in Vietnamese or a foreign language, and specify the following:

- Name of the goods;
- Origin of goods. Where the origin is unknown, the country where the last stage of production is performed should be listed;
- The name or abbreviated name of the manufacturer or the entity responsible for the goods in the foreign country.







## Around the world

### World Customs Organisation (WCO)

Title	Description
<a href="#">Comprehensive review of the Revised Kyoto Convention</a>	The 27th Meeting of the Revised Kyoto Convention Management Committee (RKC/MC) was held from 29 November to 3 December 2021. As part of Step 4 of the four-step framework to review the RKC, participants discussed the potential draft text of the General Annex of the RKC. These concerned concepts on data issues, advance cargo information, electronic payments and declarations, authorised economic operators, customs control, post clearance audits, and advance rulings.
<a href="#">Explanatory Notes and Classification Opinions for HS2022</a>	Since 7 December 2021, two tools to assist in the classification of goods in the 2022 version of the WCO Harmonized System (HS) have been made available; namely the Explanatory Notes and the Compendium of Classification Opinions. These tools are available to anyone who has subscribed to the HS content of the WCO Trade Tools web platform.
<a href="#">WCO Policy Commission meets</a>	From 13 to 15 December 2021, the WCO Policy Commission met to discuss various topics. This included the Business Case for the Exploratory Study on a Possible Strategic Review of the HS, the WCO's main priorities, the new WCO Strategic Plan 2022-2025 and its potential areas of focus, and the WCO Business Continuity Plan.
<a href="#">AEO Refresher Workshop</a>	The first Refresher Workshop was organised for accredited and pre-accredited AEO experts from 6 to 8 December 2021. The purpose of the workshop was to update existing AEO experts on the latest tools and instruments of the 2021 SAFE Package, including an introduction to the newly updated AEO Validation training materials. Participants also shared best practices and exchanged thoughts on AEO implementation and validation, as well as MRA developments.
<a href="#">Webinars to improve Customs' awareness of COVID-19 medicines</a>	In December 2021 and January 2022, the WCO held a series of webinars aimed at improving Customs administrations' awareness of counterfeit COVID-19-related goods.
<a href="#">Training on plastic waste in Indonesia and the Philippines</a>	The WCO held a national training for the Philippines Bureau of Customs and Department of Environment and Natural Resources (DENR) as well as the Indonesian Directorate General of Customs and Excise in December 2021 and January 2022. The purpose was two-fold. It was to build capacity to prevent cases of illegal traffic of plastic wastes in the Philippines and to discuss customs' role in facilitation of trade of plastic recyclables.
<a href="#">Customs' guide to multilateral environmental agreements</a>	The WCO has published the "Frontline Customs Officers' Guide to Key Multilateral Environmental Agreements (MEAs)". The guide is intended to be read with the "Green Customs Guide on MEAs". Together, they are intended to inform frontline Customs officers on aspects related to the Basel Convention, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Cartagena Protocol, the Chemical Weapons Convention, and the Montreal Protocol.
<a href="#">HS 2022 Explanatory Notes Binders available</a>	As of 4 February 2022, the Explanatory Notes Binders of the Harmonized System 2022 edition (HS) have been made available. The package of five binders has been made available on the WCO Trade Tools platform via subscription.
<a href="#">WCO strengthens trade facilitation support to the Philippines</a>	On 4 February 2022, the WCO met with the Bureau of Customs (BOC) of the Philippines for a strategic executive-level meeting to discuss the ongoing trade facilitation capacity building collaboration under the Mercator Programme.
<a href="#">HS 2022 version of the COVID-19 Reference Lists</a>	The WCO has updated the COVID-19 HS classification reference lists for medical supplies, priority medicines, vaccines and related equipment to reflect the amendments to the HS 2022 edition as of 15 February 2022. They can be found <a href="#">here</a> .

## World Trade Organisation (WTO)

Topic	Description
<a href="#">Laos joins WTO's Information Technology Agreements</a>	On 2 December 2021, Laos became a new participant of both the WTO's Information Technology Agreement (ITA) and ITA Expansion (ITA II). It is the first least developed country to join these agreements. With that, duties on ITA-related products will be eliminated, allowing market access to foreign exporters of IT products.
<a href="#">Fall in global goods trade volumes, increase in value</a>	The WTO reported that the volume of world merchandise trade fell 0.8% in Q3 2021, following 4 consecutive quarters of strong growth. This was attributed to supply chain disruptions, shortages of production inputs, and rising COVID-19 cases. In contrast, the value of world merchandise trade grew in Q3 2021 as export and import prices increased sharply.
<a href="#">Slow-down in COVID-19 trade restrictive measures</a>	WTO's Trade Monitoring report indicated that members have shown restraint in the imposition of new trade-restrictive measures relating to COVID-19, and have continued to roll back existing restrictions that were implemented earlier in the pandemic.
<a href="#">New initiatives to consider the environment in trade discussions</a>	The Trade and Environmental Sustainability Structured Discussions (TESSD), the Informal Dialogue on Plastics Pollution and Sustainable Plastics Trade (IDP), and Fossil Fuel Subsidy Reform (FFSR) groups met on 15 December 2021 and agreed to examine how trade and trade rules can play a positive role in addressing each of their concerns, and how these issues could be addressed effectively within the framework of the WTO.
<a href="#">Note on trade in medical goods updated</a>	An update has been published by the WTO Secretariat to the information note on trade in medical goods in the context of tackling COVID-19. The update was published on 16 December 2021 and is based on the developments in the first half of 2021.
<a href="#">E-commerce negotiators seek to find common ground, revisit text proposals</a>	During a meeting on 21 February 2022, facilitators of small group discussions reported on work completed in recent weeks to find common ground on open internet access, cybersecurity and electronic invoicing. Members also revisited proposals on updating disciplines related to basic telecommunications services, access to online platforms and competition.
<a href="#">WTO, WHO, WIPO hold workshop on pandemic-related information resources</a>	A virtual workshop was held on 28 February 2022 to enhance understanding of the characteristics, potential uses and limitations of particular information sources related to COVID-19.
Updates on disputes brought by or against Asian territories	The WTO issued panel reports in the cases brought by Brazil, Australia, and Guatemala against India relating to sugar and sugarcane. India has decided to appeal the reports.
	WTO members are considering China's request for the establishment of a dispute panel regarding Australia's anti-dumping duties on imports of wind towers, stainless steel sinks, and certain railway wheels from China as well as countervailing measures on imports of stainless steel sinks from China.
	A decision was issued by a WTO arbitrator regarding the level of countermeasures China may request in its dispute with the US over US countervailing duties over certain imports from China.
	The EU initiated dispute consultations with China over China's alleged import/export restrictions on Lithuanian goods.



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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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