

OUT WITH (SOME OF) THE OLD!

and of course in with the new...

Trade Intelligence Asia Pacific
March / April 2022



Key intelligence



India-UAE Comprehensive Economic Partnership Agreement (CEPA) entered into force

9, 18

India-Australia Comprehensive Economic Partnership Agreement (CEPA) expected to enter into force by 2022

10, 18

Introduction of Trade Sanctions on Russia in Australia, Japan, New Zealand, and Singapore

10, 20, 23, 25

Consequences of Indonesian Ministry of Trade Import Quotas

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Increasing customs audit efforts in the Philippines

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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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OUT WITH (SOME OF) THE OLD!

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In our last issue we talked about how we are refreshing our Trade Intelligence publication. To make sure we listen to our readers we created a questionnaire to gather your thoughts so that we take that into consideration in our redesign. First of all, we want to thank everyone for your tremendous support. We received considerably more responses than we expected, and they were overwhelmingly positive. This is very encouraging for us, given how much behind-the-scenes effort goes into preparing this publication, knowing that it makes a difference, adds value and is important to our clients as well as the wider community of trade and customs professionals.

We will gradually adapt the publication in line with the feedback received. You will already notice, for example, that the “Around the world” section has been discontinued, Export Controls related articles are absorbed within territory reports, and the lead article is much tighter and focused on practical key matters. Further changes we have in mind will be reflected in future issues (times are busy!). We hope to launch a broader redesign in the coming months and thank you all for your support and patience! If you did not complete the questionnaire or have some new burning feedback to share, please feel free to drop us a line at: sg_customs_enquiries@pwc.com.

In the meantime, we do want to share some specific observations and thoughts on some very current and important topics that we see many companies either struggle with or overlook today. If they are not on your radar screen, make sure you think about how it may impact your company’s operations and overall business objectives.



Sanctions

We have all heard and read about the terrible and heart-braking situation in Ukraine. From a trade and customs perspective, it is important to understand what it all means to your company and what the potential implications can be if you underestimate the potential risk. Important considerations are both operational and reputational risk that can result from assuming that 'it's not relevant to me'. Businesses need to screen both their import and export transactions to ensure that they are not doing business with restricted parties. Export transactions in particular should be screened against relevant End User lists, while both import and export transactions should be screened to determine whether they involve sanctioned parties in Russia or Belarus.

New sanctions in relation to Russia are refocusing minds on the importance of all sanctions. Sanction screening is a topic we believe will only grow in importance in the coming years, with customs and trade professionals ideally placed to handle them. So we highly recommend you readers out there to learn more about them early, and drive the discussion within your organisation. Only two weeks ago the US OFAC penalised an Australian company about US\$6 million for trading with a US sanctioned party, claiming jurisdiction because that trade was financed with US dollars (none of the parties in the transaction had anything to do with the US). The threat of exclusion from the US banking system was sufficient for this company to pay up.

ESG

There's trouble at t'mill, as the English say. Everyone talks about ESG, but in practice very few know what it actually means to them, and what they need to do to manage impact. No different in the trade and customs arena. It is clear that for example the EU is doubling down on its stance that trade relations are intertwined with, amongst others, environmental and labour concerns. The governments of many developing territories are not so happy with that. Hence expect increasing disputes in these areas that may result in sudden trade restrictions being imposed. Factory reviews may not just be necessary for origin or first sale compliance, but also for verifying climate impact and the possible use of child or forced labour.

Once again, trade and customs professionals will, or at least ought to, be at the sharp end of this. Thinking now of possible implications to international supply chains and sourcing decisions and driving the discussion around that in your organisation will not only help your business, but build your profile as well!



Can you expect a customs audit in 2022?

In the previous issue of Trade Intelligence, we reported that Thai Customs has started to lift business relief measures and is restarting its post-clearance audits to increase duty and tax collection. In this issue we are providing a very similar update for the Philippines that is reflective of our on-the-ground experience in the past few months.

We often talk to companies about the risk of being audited. Or rather about how important it is to make sure your 'house is in order' and to be ready for an audit when it does happen. In this respect we continue to see a lot of companies taking a very relaxed approach. This may have worked during COVID-19 when customs authorities have had a different set of priorities, but in 2022 and 2023 we expect revenue collection to be the number one priority. We feel like a broken record telling our clients to be ready for the next audit, but it really should be a priority for anyone with a customs and trade responsibility within an organisation to make sure the potential risk and exposure is proactively managed.

Fr(e)ight costs

Sometimes it feels like the only thing certain in the world is uncertainty! Freight costs are no exception. With the rising fuel prices, container shortages all over the world, many traders are seeing their freight costs soaring to frightening levels. In some cases, traders are hit with surcharges from shipping companies for all manner of things: extra demurrage, allocation of container spaces, additional handling fees, rescheduling costs and so on. From a commercial perspective, companies need to be clear on who is responsible for these added costs. Is it the buyer? Is it the seller? Is it someone else? Typically the answer would be determined by the terms of trade agreed between the buyer and seller. More specifically, where do obligations transfer from the seller to the buyer.

Of course, our veteran readers know what else is coming. Generally, the import value is the Cost Insurance Freight (CIF) value of the goods and Free On Board (FOB) for the export value. Any additional freight costs and surcharges may need to be included in either or both of these values. An increase in the freight cost could mean that the duty at stake has also increased. Fluctuating customs values will be a red flag to many customs authorities and they may use this to challenge importers on the declared values. We have already seen this occur in the Philippines and we expect these kinds of challenges in other countries as well. Previously, inclusion of freight costs can easily be overlooked by both importers and customs authorities because of their low impact on the duty at stake. With the quantum of additional costs (we have seen some freight costs go up tenfold!) and consequent increased duty at stake, many authorities will be more proactive in reviewing the correctness of such declarations.



ASEAN launches negotiations to upgrade ASEAN Trade In Goods Agreement

On 16 March 2022, the 28th ASEAN Economic Ministers' Retreat was held. The meeting launched negotiations for upgrading the ASEAN Trade in Goods Agreement (ATIGA) which Member States have been implementing since 2010.

The ATIGA upgrade seeks to ensure that ASEAN remains relevant, modern, forward-looking, and more responsive to regional and global developments and able to contribute to increasing the efficient utilization of ATIGA for businesses to benefit from regional integration.

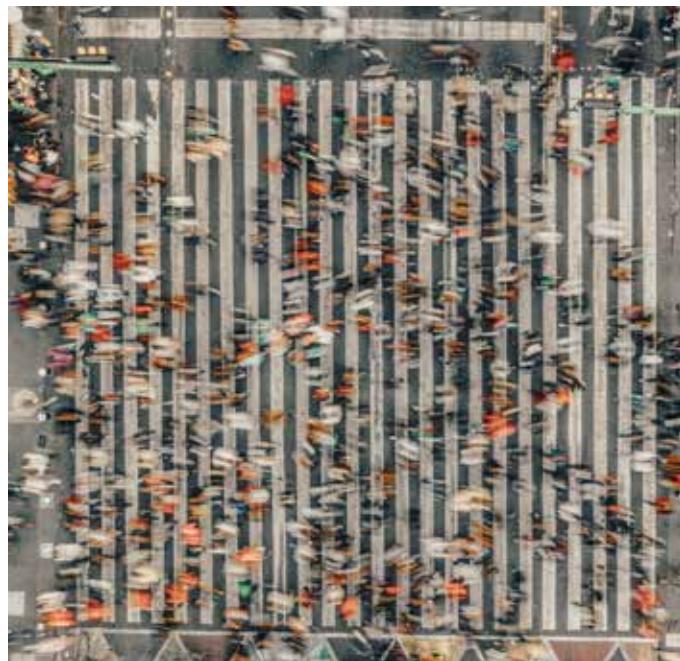
The meeting also endorsed 19 Priority Economic Deliverables of the Cambodian Chairmanship of ASEAN for 2022, which fall under the four strategic areas of: (i) enhancing digital connectivity, science and technology; (ii) narrowing the development gap for ASEAN's competitiveness; (iii) promoting a more integrated, inclusive, resilient, and competitive ASEAN; and (iv) global ASEAN for growth and development.

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

ASEAN commences work on ASEAN Community's Post-2025 Vision

On 1 April 2022, the High-Level Task Force (HLTF) on the ASEAN Community's Post-2025 Vision held its first meeting to discuss the Work Plan for 2022, Rules of Procedures (RoP) of the HLTF and core elements of the Post-2025 Vision. The HLTF officially commenced its work during the session by the adoption of its RoP and its work plan for 2022.

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



ASEAN, China reaffirm commitment to strong partnership

During the 23rd Joint Cooperation Committee meeting on 5 April 2022, ASEAN and China reaffirmed their commitment to further strengthen their partnership and cooperation in line with the ASEAN-China Comprehensive Strategic Partnership (CSP) established last year.

Both parties discussed the follow-up to the implementation of the ASEAN-China CSP. Several areas such as enhancing cooperation in trade and investment through the ASEAN-China Free Trade Area and implementation of the Regional Comprehensive Economic Partnership (RCEP) Agreement, digital economy, cybersecurity, connectivity including air connectivity, clean energy and environment protection were highlighted during the meeting.

The meeting welcomed the progress of the ASEAN-China Sustainable Development Cooperation Year. Both parties are also working on a Technical Cooperation Agreement to strengthen collaboration between ASEAN and China in support of ASEAN Community building and integration.

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

ASEAN, New Zealand to boost cooperation following plans to reopen borders

ASEAN and New Zealand Senior Officials expressed their commitment to enhance cooperation following plans by ASEAN Member States to reopen their respective borders.

Both parties underlined the importance of enhancing cooperation through the effective implementation of the ASEAN-New Zealand Plan of Action (2021-2025). The meeting welcomed the entry into force of the Regional Comprehensive Economic Partnership (RCEP) Agreement in January this year and looked forward to the implementation of the Agreement as it would enhance market access, employment opportunities for businesses as well as movement of people and products in the region.

The meeting also highlighted the importance of concluding the negotiations to upgrade the ASEAN-Australia-New Zealand Free Trade Area and the negotiations for a Regional Air Services Agreement between the Governments of the ASEAN Member States and New Zealand.

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

ASEAN, Australia commit to strengthen cooperation following establishment of Comprehensive Strategic Partnership

On 8 April 2022, the 12th ASEAN-Australia Joint Cooperation Committee Meeting was held. The meeting reviewed the implementation of the ASEAN-Australia Plan of Action (2020-2024) and noted that all action lines in the Plan of Action are currently being addressed or will be addressed soon.

In addition, the meeting took note of Australia's briefing on the Australia for ASEAN Future Initiatives and the successor programme to the ASEAN-Australia Development Cooperation Program Phase II.

The meeting welcomed the entry into force of the Regional Comprehensive Economic Partnership (RCEP) Agreement in January this year and looked forward to the implementation of the agreement. The two parties also look forward to concluding the upgrade of the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA).

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

ASEAN, United States reaffirm commitment to expand strategic partnership

On 12 April 2022, the 13th Meeting of the ASEAN-U.S. Joint Cooperation Committee (JCC) was held. ASEAN and the United States (U.S) reaffirmed their commitment to strengthening their dialogue relations. Both sides also noted the progress made to implement the ASEAN-U.S. Plan of Action (2021-2025), which will continue to support efforts of ASEAN in promoting peace, security, and prosperity in the region.

The meeting underscored the importance of enhancing cooperation in the following key areas; trade and investment advancement of Women, Peace, and Security (WPS) Agenda; trade facilitation, digital economy, transport, smart cities, green infrastructure, and connectivity; Micro, Small, and Medium Enterprises (MSMEs); public health emergencies; people-to-people exchange and education; environment, climate change, sustainable development, and renewable energy; among others.

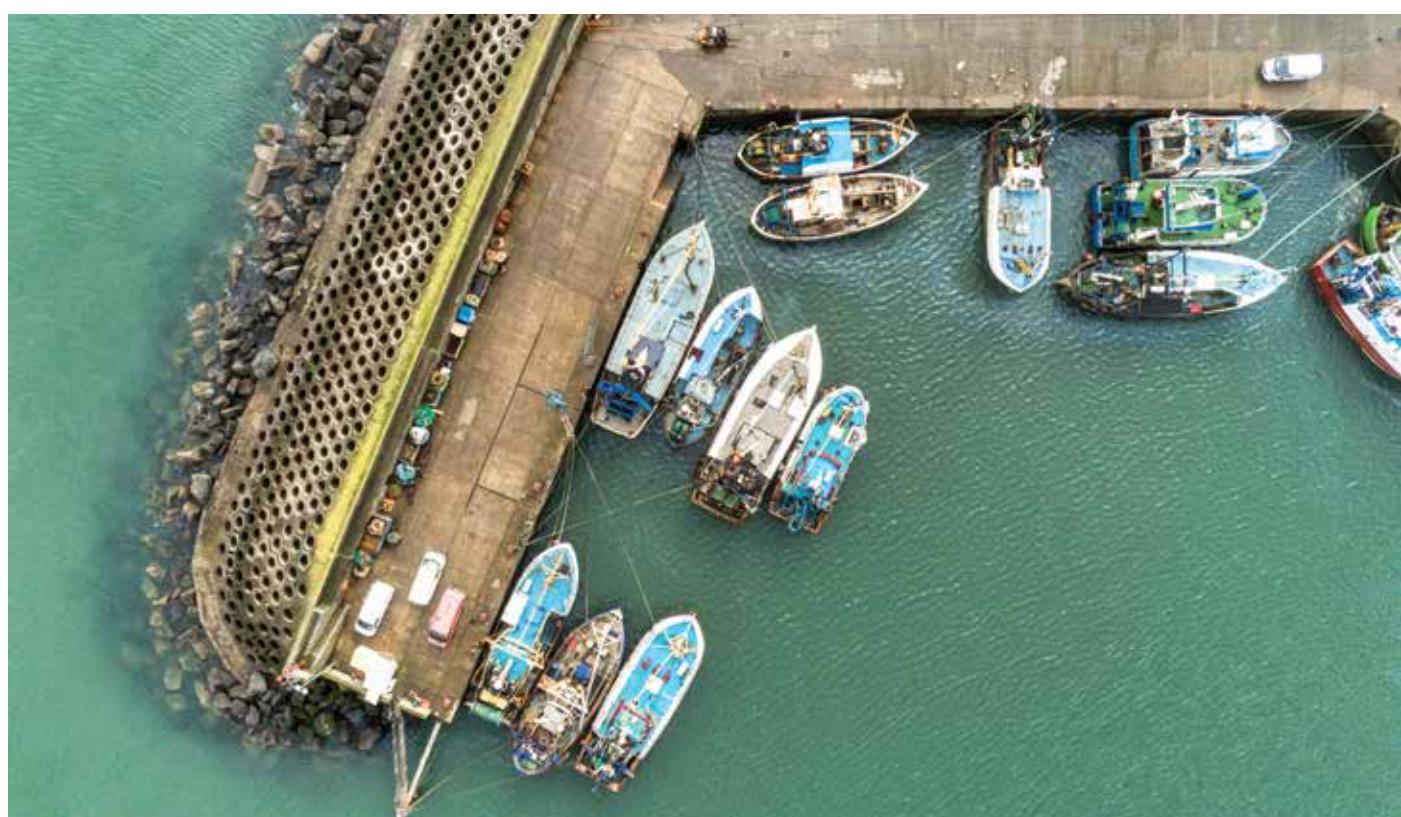
More details can be found [here](#).

ASEAN, Chile Reaffirm Commitment to Strengthen Development Partnership

On 22 February 2022, ASEAN and Chile held the 3rd ASEAN-Chile Development Partnership Committee (AC-DPC) Meeting. Both parties reaffirmed their commitment to strengthen the development partnership by implementing the Practical Cooperation Areas (PCA) for ASEAN-Chile Development Partnership 2021-2025 which was adopted last year. The PCA serves as a guiding document for engagement and cooperation between ASEAN and Chile.

Both parties exchanged views on the recent developments in ASEAN and Chile and discussed several priority areas of cooperation such as trade and investment, minerals cooperation, sustainable and renewable energy, including energy efficiency, micro, small & medium enterprises (MSMEs), private sector engagement, sustainable forest management and investment in the forestry sector, sustainable salmon sourcing and fish meal circular economy and cooperation in capacity building in the area of Digital Agreement development.

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



FTA focus

Headline	New development
Upgrading accelerated by Cambodia for the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA)	<p>Cambodia has been accelerating negotiations to upgrade the AANZFTA on several factors including trade-in goods and non-tariff measures, rules of origin, and customs and trade facilitations.</p> <p>More details can be found in our ASEAN section.</p>
India and the EU to resume trade talks	<p>On 6 April 2022, it was announced that India and the EU are set to soon expedite formal negotiations for a FTA.</p> <p>More details can be found here.</p>
RCEP comes into effect in Malaysia	<p>RCEP, the world's largest trade deal, came into effect in Malaysia on Friday, 18 March 2022 and they officially join Australia, Brunei, Cambodia, China, Japan, Laos, New Zealand, Singapore, Thailand, and Vietnam.</p> <p>More details can be found in our Malaysia section.</p>
South Korea decides to join CPTPP trade agreement	<p>On 15 April 2022, South Korea decided to join the CPTPP, a mega free trade agreement involving 11 Asia-Pacific nations as the country seeks to diversify its export portfolio amid heightened economic uncertainty.</p> <p>More details can be found here.</p>
Bangladesh and Japan look for FTA Opportunities	<p>Bangladesh and Japan are looking to explore different scopes for signing a FTA to boost bilateral trade, investment and economic cooperation; as expressed by both Planning Minister of Bangladesh and Japan's ambassador to Bangladesh on 16 March 2022.</p> <p>More details can be found here.</p>
Paper and wood tariffs cut from China-New Zealand FTA as part of Upgrade Protocol	<p>China has implemented an upgrade to the FTA between themselves and New Zealand to eliminate tariffs on 12 wood and paper products imported from New Zealand from 7 April 2022. The Upgrade Protocol further expands the market access for goods, services, investment and further improves trade facilitation. It also adds four chapters on e-commerce, competition policy, government procurement, environment and trade.</p> <p>More details can be found here.</p>
Sri Lankan Government to revisit China FTA Proposal	<p>On 17 March 2022, it was announced that Sri Lanka's government had decided to revisit the proposed FTA with China; after a gap of seven years.</p> <p>More details can be found here.</p>
India and UAE FTA came into force from 01 May 2022	<p>On 27 March 2022, it was announced by India's Commerce and Industry Minister Piyush Goyal that after signing the CEPA between India and UAE in February; it came into effect on 1 May 2022.</p> <p>More details can be found in our India section.</p>
India and Australia sign trade deal in virtual ceremony	<p>India formally signed a trade deal with Australia on 2nd April 2022 as the two nations signal an intention to forge closer trade ties.</p> <p>More details can be found in both our Australia and India sections respectively.</p>
Memorandum Of Understanding (MOU) signed between Thailand and Telangana	<p>On 12 April 2022, Thailand signed a MOU to form deeper trade partnerships through a so-called mini-FTA with Telangana, a state in southern India. Apart from Telangana, the Commerce Ministry also plans to pursue similar mini-FTAs with five other Indian states, namely Maharashtra, Karnataka, Kerala, Gujarat and Assam.</p> <p>More details can be found here.</p>

Australia

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Australia and India sign interim trade agreement

Australia and India have signed the Australia-India Economic Cooperation and Trade Agreement (AI ECTA), an interim trade deal that represents the first of two phases that would lead to the adoption of a full trade agreement by the end of 2022. This interim deal will serve as the foundation for the full Australia-India Comprehensive Economic Cooperation Agreement (AICEPA), which will contain more rapid trade and investment benefits.

The interim agreement will enter into force following ratification by both countries, with economic outcomes for Australian exporters set to include:

- 30% tariffs on sheep meat will be lifted.
- 2.5% tariffs on wool will be repealed.
- Tariffs on wine with a minimum import price of US\$5 per bottle will be gradually decreased from 150% to 50% over the next ten years. Additionally, tariffs on wine bottles with a minimum import price of US\$15 will be gradually decreased from 150% to 25% over the next ten years.
- 30% tariffs on avocados, onions, broad, kidney, and adzuki beans, cherries, shelled pistachios, macadamias, cashews in shell, blueberries, raspberries, blackberries, and currants will gradually be eliminated over the next seven years.
- Tariffs on almonds, lentils, oranges, mandarins, pears, apricots, and strawberries will be decreased.
- Tariffs on coal, alumina, metallic ores, such as manganese, copper, and nickel, and key minerals, such as titanium and zirconium, will be scrapped.
- Liquified natural gas (LNG) tariffs will be cut to 0%.
- Tariffs on pharmaceuticals and some medical gadgets will be phased out during the next five to seven years.

Additional trade measures in relation to Russia

In addition to a range of sanctions introduced under its Autonomous Sanctions regime, the Australian Government has placed a ban on all exports to Russia of aluminium ores (including bauxite), alumina and related products (from 20 March 2022) and luxury products such as wine, high value cosmetics and parts for luxury vehicles (from 7 April 2022). From 25 April 2022, Australia will also prohibit the import of oil, refined petroleum products, natural gas, coal and other energy products from Russia.

Further, from 25 April 2022, Australia imposed an additional 35% tariff on all imports of Russian and Belarusian origin. This additional tariff is on top of the existing 5% general duty rates on items that are produced or manufactured in Russia or Belarus and comes as Australia joins a host of other countries in removing the Most Favoured Nation (MFN) treatment traditionally provided to commodities imported from Russia and Belarus. Goods impacted by this measure are also not eligible for concessional rates of customs duty, use of Tariff Concession Orders (TCOs) or GST exemptions.

Duty drawback claims for tobacco products

In the recent case of Philip Morris Limited and Comptroller-General of Customs [2022] AATA 548, the Administrative Appeals Tribunal (AAT) has held that the applicant was ineligible for duty drawback payments in relation to duty paid on tobacco products imported into and subsequently exported from Australia because the applicant did not comply with the explicit requirements prescribed by the Customs (International Obligations) Regulation 2015 (the Regulations).

In particular, the Regulations state that duty drawback claims would not be paid on tobacco products unless certain conditions are met, one of which is that the owner of the goods gives Australian Border Force (ABF) a written notice of its intention to claim drawback within a reasonable amount of time before export. While the owner of the goods provided written declarations to the ABF detailing the tobacco products being exported, these declarations did not specifically state that the applicant was seeking drawback on the shipments in consideration.

The AAT held that the owner must fully comply with the criteria specified in the Regulations and the absence of a timely notice that specifically advised of the owner's intention to claim drawbacks deprives it from claiming duty drawback, notwithstanding that there is no formal process or particular form of notice that must be used in providing the required notification to the ABF. Further, the AAT considered that the ABF being generally aware of exports occurring that might prompt duty drawback claims was not sufficient for meeting the conditions, nor was it relevant that the ABF seldom exercised its powers to inspect shipments prior to being exported. In making its decision, the AAT also found that the ABF had no discretion to pay the drawback in the event of non-compliance with the Regulations.

Our take: The decision highlights the importance of understanding the conditions and requirements of the legislation prior to importing or exporting goods, including complying with the strict conditions of the legislation when seeking duty drawbacks (i.e. providing written notice specifically stating the intention to claim a duty drawback prior to exportation).

Australia Federal Budget 2022-23

On 29 March 2022, the Australian Government released the 2022-23 Budget which included, among other things, the following trade related measures:

Export Diversification

The Government is continuing its drive to support Australian export diversification with a range of investments, including the following:

- Funding of \$245.5 million over 5 years for a range of initiatives under The India Comprehensive Strategic Partnership.
- Additional support totalling \$80 million for small and medium export businesses to re-establish their presence in overseas markets through the Export Market Development Grants program.
- \$12 million to support large agricultural trade events that promote Australian agribusiness.

Simplifying Australia's Trade Systems

The Government is continuing its commitment to support the competitiveness of Australian businesses and reduce prices for consumers through investments in simplifying Australia's current trade systems. These measures, which total \$267.1 million, are aimed at promoting the productivity of Australia's trading businesses, with a further \$4.4 million committed per year ongoing from 2026-27. The key initiatives include:

- Expanding the 'Digital Services to Take Farmers to Market' initiative, with \$127.4 million to transform the delivery of Government agricultural export systems (building on previous significant investments in excess of \$300 million).
- Committing \$48 million to modernising Australia's trade system with a focus on identifying opportunities for future reforms and reducing regulatory burdens faced by exporters.
- Developing a Trade Information Service through the investment of \$11.7 million to provide exporters with a single source of accurate information to facilitate access to global markets.

Biosecurity & Supply Chain Security

The Government has committed to investing in a number of measures aimed at strengthening national supply chain and biosecurity in an effort to support the fight against organised crime and plant and animal pests and diseases. The measures include:

- More boots on the ground and increased presence at Australia's airports, seaports and warehouses, with a package to tackle serious and organised crime totalling \$287.2 million over the next 4 years.
- Further investment in Australia's biosecurity system to counter new and emerging threats to preserve our natural environment and way of life totalling in excess of \$100 million which builds on more than \$300 million in the last budget and the Mid-Year Economic Fiscal Outlook.

Other Border Measures

The Government is continuing to provide border taxation relief through making permanent a range of temporary import tariff concessions for certain medical and hygiene products to treat, diagnose or prevent the spread of COVID-19. The range of products to which the concessions apply will also be expanded and be effective from 1 July 2022. The Government expects this measure to cost \$6.9 million over four years.

Further, as part of the Government's Building Australia's Circular Waste Economy, the Government has invested a further \$4.4 million over the next two years to support the delivery of waste export bans by improving licence assessment timeframes and supporting industry to comply with the regulatory requirements.





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Revised Measures for the Administration of the Origin of Imported and Exported Goods under China-New Zealand FTA

On 7 April 2022, the government announced the ["Protocol to Upgrade the Free Trade Agreement Between the Government of the People's Republic of China and the Government of New Zealand"](#) under the China-New Zealand FTA.

A few notable updates are as follows:

Indirect Consignment

The transit time allowance is extended from 6 months to 12 months, and the regulatory requirements have been refined as follows:

	Before upgrade	After upgrade
Transit time	6 months	12 months
Regulatory requirements	The goods do not enter into trade or commerce there.	The goods are subject to controls by the customs administration of an intermediary non-party to ensure compliance with the domestic laws and regulations which that customs administration of an intermediary non-party is responsible for enforcing.
Operational Requirements	The goods do not undergo any operation there other than unloading and reloading, repacking, or any operation required to keep them in good condition.	The goods do not undergo any operation other than unloading and reloading, repacking, splitting, labeling or marking required by the importing party, or any operation necessary to preserve it in good condition.

Certificate of Origin (COO)

- A COO may be issued retrospectively within 1 year from the date of shipment, bearing the words "ISSUED RETROSPECTIVELY" and remain valid for one year from the date of shipment, if it meets certain conditions.
- A party shall waive the requirements for the presentation of an origin document to any consignment of originating products of a customs value not exceeding US\$1,000 or its equivalent amount in the importing Party's currency.

Approved Exporter and Declaration of Origin

- A party may implement an approved exporter system under this Agreement, which allows an approved exporter to prepare a Declaration of Origin rather than applying for a COO.

Other updates

- Further develop the Joint Electronic Verification System initiative.
- The parties establish a Committee on Rules of Origin comprising representatives from the customs administration of the Parties.

Our take: These updates will allow greater flexibility and preference opportunities, as well as enhancing the transparency of policies. We recommend that companies involved in trade between these two countries review and explore if additional savings and efficiencies can be achieved.

Changes to the list of cross-border e-commerce retail imports

The [“Announcement on Adjusting the List of Cross-border E-commerce Retail Imports” \(No. 7, 2022\)](#), was issued jointly by multiple government ministries and agencies. This list is a positive list of goods eligible for e-commerce import privileges including the exemption of import duties and reduction of consumption taxes. It became effective on March 1, 2022. This update optimises and adjusts the list of cross-border e-commerce retail imports.

Compared to the 2019 version, the main adjustments are as follows:

1. 29 items growing in popularity were added, involving food, textiles, wigs, machinery, electrical equipment, furniture, games, sporting goods and others. For example, gaming consoles and their parts that are currently in high demand are included in this list;
2. Various commodities under HS 9307.00.90, such as knives, bayonets, etc. were deleted in order to better supervise the control of imported knives.
3. HS codes updated to the new HS2022.
4. The remarks of some listed products have been adjusted for clarity:
 - The sales scope for 98 commodities is clearly limited to online purchase of bonded commodities, mainly including various dairy products, eggs, honey, nuts, fresh fruits, dried fruits, spices, rice, plants, meat, cocoa, feed additives, etc.
 - Commodities containing endangered wildlife contents could be released with certain proofs, such as commodities like eyelash brushes, hairbrushes, tequila that may contain endangered wildlife contents.
 - Commodities contained in the “List of Goods Prohibited from Imports (7th Batch)”, “Catalogue for the Administration of the Import and Export of Pesticides”, “ Catalogue of Dual-Use Items and Technologies Subject to Import and Export License Administration”, “ Announcement on Issuing the Catalogue of Toxic Chemicals Strictly Restricted in China ”, etc. are excluded.

Our take: The positive list of Cross-Border E-commerce Retail Imports provides preferential import taxation policies including reduced consumption tax and the exemption of import duties since 2016. The list is ever-changing and updated. We note the trend is that the number of categories and tariff items covered is increasing. We recommend cross-border e-commerce entities or companies looking to explore opportunities in e-commerce to pay close attention to the regular adjustments to the list, so that they do not miss new opportunities or get caught out by discontinued benefits.



New administrative measures for Comprehensive Bonded Zones

On Jan 1, 2022, General Administration of Customs issued [Administrative Measures for Comprehensive Bonded Zones of the Customs \(No.256\)](#). The announcement came into effect on April 1, 2022.

These new measures are the first to be specifically formulated for Comprehensive Bonded Zones, which includes the following key points:

1. Business scope of enterprises in the Comprehensive Bonded Zone

- Expand the business scope of enterprises in the Comprehensive Bonded Zones and support the development of new business forms such as bonded maintenance, financial leasing, cross-border e-Commerce, and remanufacturing.
- Enterprises in the zones can now carry out processing activities for enterprises outside the zones (e.g. toll manufacturing). This means that the enterprise outside the Comprehensive Bonded Zone can benefit from using duty-free equipment within the duration of customs supervision.

2. Preferential tax management policies

- When goods processed and produced in the bonded zones are planned to be sold in the domestic market (i.e. outside bonded zones), there is an option to pay duties based on the imported materials, rather than the finished goods;
- New provision related to pilot schemes for the qualification of general VAT taxpayers;
- Infrastructural materials, machinery and equipment, office supplies, etc. entering the Comprehensive Bonded Zone from abroad for use in the zone are exempted from import taxes.

3. Optimise supervision, simplify procedures

- Extension of the period for machineries sent out of the bonded zones for maintenance from “60 days plus 30 days” to “no longer than the term of maintenance contract”;
- For the goods entering the zone that are not subjected to export duties and licences, do not require tax refunds, and are not included in customs statistics, the customs procedures are simplified for “convenient management mode for entering or exiting the bonded zones”.

4. New provision related to quarantine inspection

- Quarantine will only be required at the entry or exit port, and no quarantine is required when goods flows from bonded zones to the areas outside the zones

Our take: As Comprehensive Bonded Zones are now becoming the main category of bonded zones in China, we recommend that companies operating in the bonded business and companies that are considering utilising such privilege have a comprehensive understanding of these policy changes. The main advantages to operate in a Comprehensive Bonded Zone as opposed to normal bonded zones are the extended business scopes, preferential tax management policies, reduced administrative burden in terms of customs procedures, supervision and quarantine requirements.





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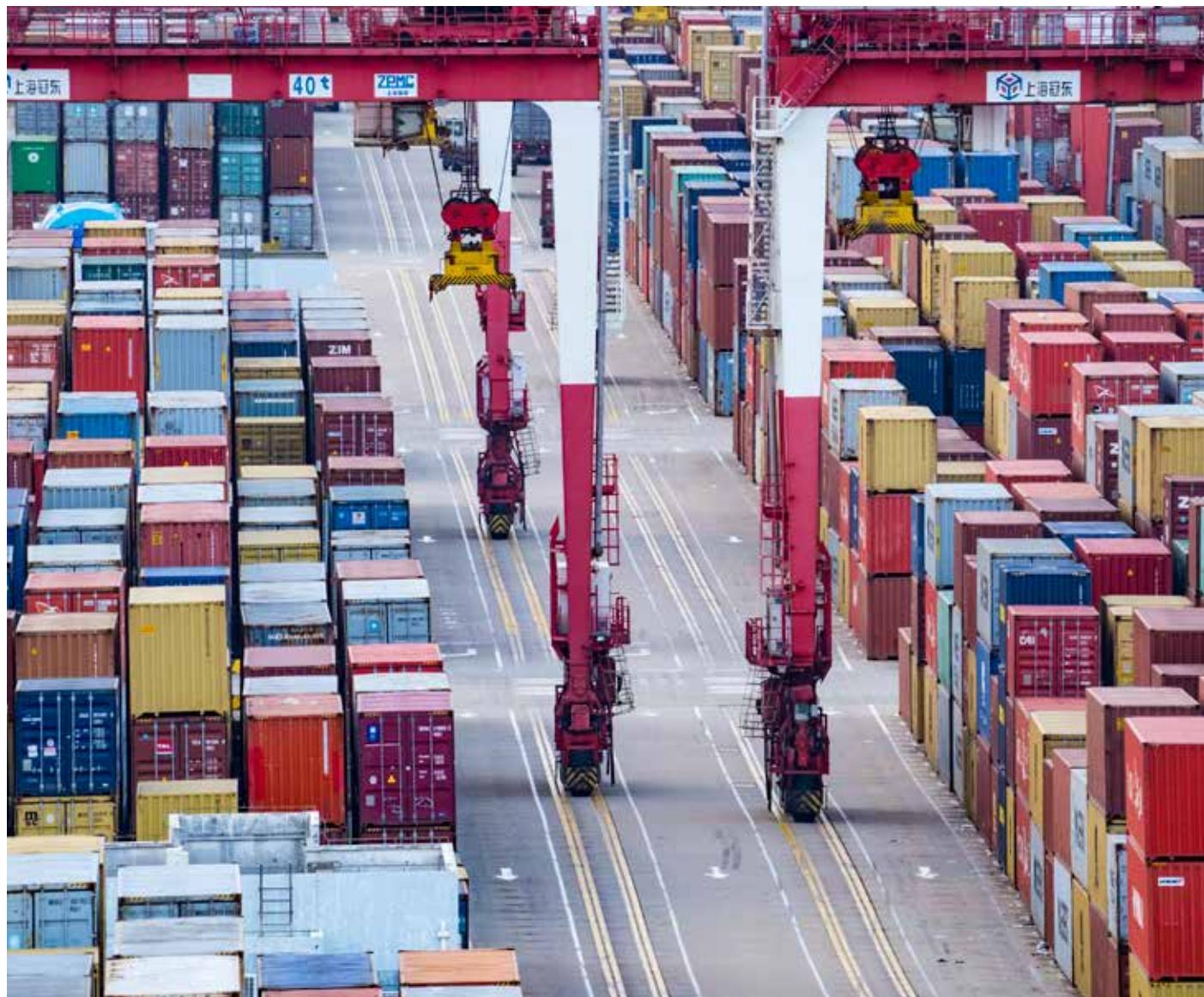
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Issuance of origin certificates in electronic file format and introduction of online verification service

Hong Kong issued a [Certificate of Origin Circular No. 2/2022](#), to allow for the issuance of non-preferential Certificate of Hong Kong Origin (CHKO) and Certificate of Origin - Processing (COP) in electronic file format and to introduce an online verification service for CHKO/COP. The circular took effect from 1 April 2022.

Currently, traders can make use of the electronic platforms provided by service providers under the Government Electronic Trading Services (GETS) to apply for CHKO/COP from the Issuing Organizations. Upon receipt of the approval message, the exporter will collect the certificate in paper format from the relevant Issuing Organization.

In order to facilitate e-commerce and paperless trading, and to ensure uninterrupted certification service in the event of special work arrangement, including work-from-home and suspension of counter services during the pandemic, the Issuing Organizations will commence to issue CHKO/COP in electronic file format at the request of the exporter. In tandem with the new arrangement, an online service for verification of CHKO/COP will also be introduced. Both new services will be launched on 1 April 2022.



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Restrictions introduced in respect of import of Hydrofluorocarbons

The Directorate General of Foreign Trade announced [restrictions on imports on Hydrofluorocarbons \(HFCs\)](#). Please find the details below:

Particulars	Measures introduced	Reference
Restriction imposed on import of Hydrofluorocarbons (HFCs)	Restriction has been imposed on import of HFC's which were freely importable earlier. Requirement of obtaining a No Objection Certificate from the Ministry of Environment, Forest and Climate Change has also been imposed.	Notification No. 59/2015-2020 dated 09 March 2022

Our take: Importers who are trading HFCs should be aware of this change and apply for a licensing before importation to avoid risk of having shipment delays or potential non-compliance risks.

Re-operationalisation of Scrip Transfer Recording

The Directorate General of Foreign Trade announced the [initiative to re-operationalisation of the Scrip Transfer Recording Module](#). Please find the details below:

Initiative	Detail	Reference
Re- operationalisation of Scrip Transfer Recording Module	<ul style="list-style-type: none"> Duty Credit Scrips is an export promotion benefit offered by the Government of India under the Foreign Trade Policy. In 2019, an online facility was created which recorded the information about transfer of scrips. However, the same was suspended due to some fraudulent scrips transfers. In the interest of trade facilitation, it has now been re-operationalised with additional features/ limitations. 	Trade Notice No. 01/2022-2023 dated 11 April 2022

Extension of Foreign Trade Policy 2015-20 (FTP) till 30 September 2022

The validity of the FTP 2015-20 and Handbook of Procedures (HBP) 2015-20 which was previously extended up to 31 March 2022 has again been [extended up to 30 September 2022](#).

In summary, the FTP governs all the export incentives and the other import export related conditions in India. Some notable policies and procedures in the FTP and HBP 2015-20 are the Merchandise Exports from India Scheme (MEIS), Export Promotion Capital Goods Scheme (EPCG). These measures shall continue to be in force till 30 September 2022.

Refer Notification No. 64/2015-20 and Public Notice No. 53/2015-20 dated 31 March 2022 for further details.

Extension of IGST and Compensation Cess exemption under AA, EPCG Scheme and EOU

The period of exemption granted to Export Oriented Units (EOUs) and exporters importing under the Export Promotion Capital Goods (EPCG) scheme or Advance Authorization (AA) scheme from payment of Integrated Goods and Services Tax (IGST) and Compensation Cess has been further extended up to 30 June 2022.

Refer [Notification No. 66/2015-20, Notification No. 18/2022-Customs \(Tariff\)](#), [Notification No. 19/2022-Customs \(Tariff\)](#) dated 31 March 2022 for further details.

Ease of compliance for the EPCG Scheme

Under the Export Promotion Capital Goods (EPCG) scheme, import of capital goods is allowed duty free, subject to fulfilment of an Export Obligation (EO). With a view to enhance the ease of doing business and reducing compliance burden, certain relaxations have been provided in the scheme. The key changes have been explained in brief below:

- Exporters are required to comply with the annual reporting of EO by 30 June of each year instead of 30 April of each year as previously mentioned.
- Requests for EO extension can be made within 6 months of expiry of the export obligation period instead of the earlier prescribed period of 90 days.
- Requests for block-wise export obligation extension can be made within 6 months of expiry of export obligation period instead of the earlier prescribed period of 3 months.
- Mode of payment of customs duty through scrips for default under EPCG has been withdrawn.

Refer [Public Notice No. 03/2015-20 dated 13 April 2022](#) for further details.

Introduction of electronic cash ledger regulations

Through the cash ledger facility, any importer/exporter can deposit cash into their electronic ledger and utilise it to pay any duties of customs including cess and surcharge. This ledger will act as the running account of the importer or exporter maintained with the customs department. Importers and exporters who are registered in the ICEGATE portal will be entitled to use this facility from 1 June 2022.

Implementation of this facility shall reduce the time in making the payment of custom duties and will also reduce the lead time of the clearance of the goods for importers/exporters.

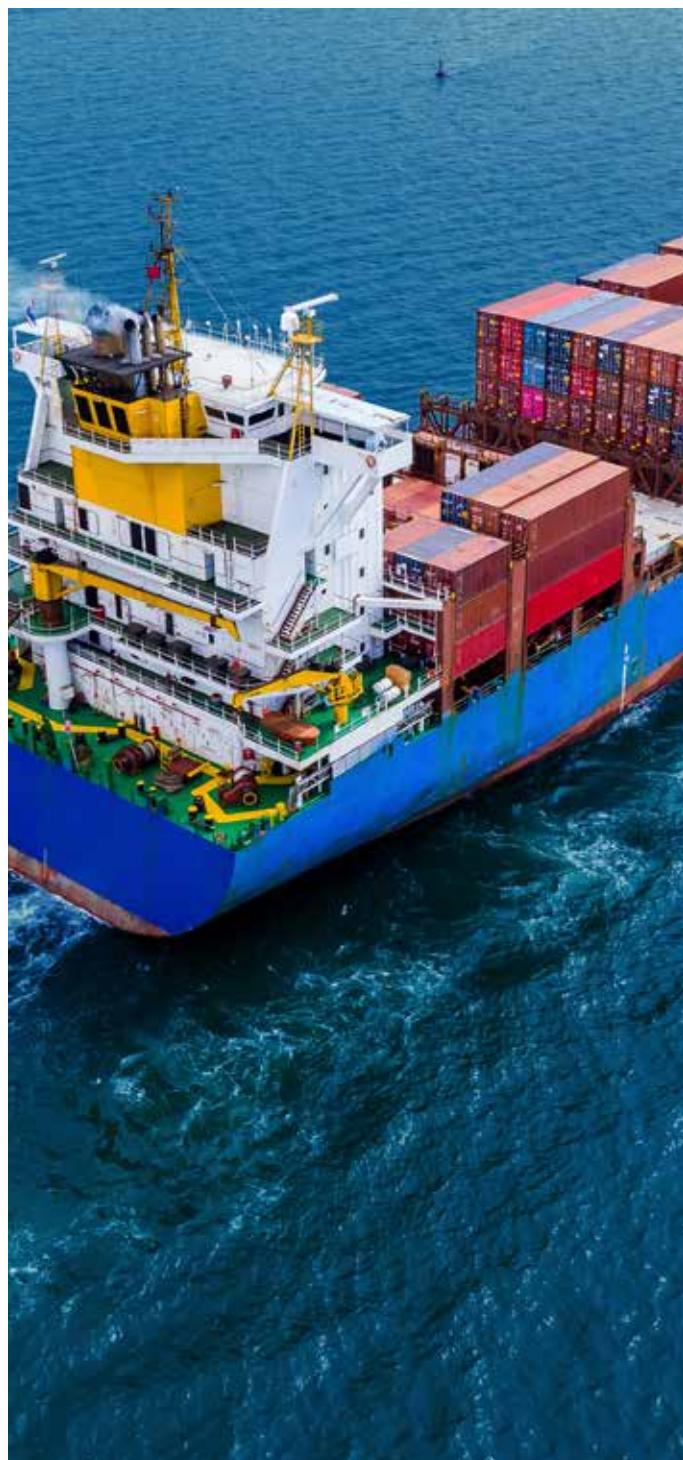
Refer [Notification No. 20/2022-Customs \(Non-Tariff\)](#) and [Notification No. 19/2022-Customs \(Non-Tariff\)](#) dated 30 March 2022 for further details.

Second tranche of tariff concessions under India - Mauritius CECPA

India entered into a Comprehensive Economic Cooperation and Partnership Agreement (CECPA) with Mauritius on 22 February 2021. Key items covered in this agreement included parts of electrical machinery and equipment, plastic articles, spices, tea, etc. The quantum of tariff concession provided earlier has undergone changes. There are over 500 changes of tariff concessions under this tranche where some tariff concessions have increased while others have been reduced or exempted.

We recommend affected companies to perform a detailed review of the relevant notifications and updates.

Refer [Notification No. 17/2022-Customs \(Tariff\)](#) dated 31 March 2022 for further details.



India-UAE CEPA entered into force

India entered into a Comprehensive Economic Partnership Agreement (CEPA) with the UAE on 18 February 2022 during the India-UAE virtual summit. The agreement entered into force on 01 May 2022. It covers approximately 90% of the bilateral trade between the two countries.

The CEPA's formal operationalisation is under process, and India and UAE are shortly expected to roll out relevant regulations operationalising the same. However, the Government of India has placed the framework of the CEPA in the public domain. The CEPA framework covers the following aspects:

- Trade in goods, covering the schedule of concessions from customs duty on border trade.
- Rules of origin, covering value addition requirements, product-specific rules (PSR), minimum required information, etc.
- Sanitary and phytosanitary measures as well as technical barriers to trade, with specific focus on bilateral cooperation on pharmaceutical products.
- Customs procedures and trade facilitation, covering aspects of mutual assistance, risk management, advance ruling, mutual recognition under the Authorised Economic Operator Programme, alignment of commitments under the World Trade Organisation's Trade Facilitation Agreement, etc.
- Trade in services, with a schedule of commitments.
- Digital trade
- Intellectual property
- Government procurement
- Micro, small and medium-sized enterprises

The CEPA covers almost all the tariff lines of India (11,908 tariff lines) and the UAE (7,581 tariff lines) respectively. India will benefit from preferential market access provided by the UAE on over 97 % of its tariff lines which account for 99% of Indian exports to the UAE in value terms, especially for all labour-intensive sectors such as gems and jewellery, textiles, leather, footwear, sports goods, plastics, furniture, agricultural and wood products, engineering products, medical devices, and Automobiles. India will also be offering preferential access to the UAE on over 90% of its tariff lines, including lines of export interest to the UAE.

Our take: With the significant benefits under this agreement, companies should evaluate the impact of these changes on their imports/exports. Traders who are engaged with the UAE should consider reducing their duty trail with this agreement. Do note that qualification of FTA duty privileges in India is something the authorities are on the lookout for. If challenged, they will pass on the burden to the importer to prove the qualification of the rules under CAROTAR. Preparation of supporting documents will be key in usage of FTAs in India.

Refer [Press Release ID No. 1810279 dated 27 March 2022](#) for further details.

India-Australia CEPA expected to enter into force by 2022

India has entered into a [Comprehensive Economic Partnership Agreement \(CEPA\) with Australia](#) which was signed on 2 April 2022. The agreement is expected to enter into force within the next 4 months.

The details of the agreement are yet to be released. However, the key snapshots as available in the public domain are explained in the below points:

- The agreement is expected to provide access to 6,000 product lines of India like textiles, leather, furniture, jewellery and machinery with a preferential customs duty rate of zero. India will be providing concessional duty access to over 85% of tariff lines to Australia covering goods like wine, sheep meat, wool, wine, coal, alumina, metallic ores, etc.
- Trade sensitive goods from India's perspective like milk and other dairy products, toys, sunflowers, seed oil, walnuts, pistachio nuts, platinum, wheat, rice, bajra, apple, sugar, oil cake, gold, silver, chickpeas, iron ore and most medical devices, etc. are excluded from the benefit.
- The Rules of Origin are expected to have stringent norms with a safeguard mechanism to prevent any routing of products from a third country including measures to deal with any unusual surge in imports with specific norms for the steel sector.
- Fast track approval mechanism will be in place for pharma sector trade.

Our take: Given the significant benefits, companies should evaluate the impact of these changes on their imports/exports. Any businesses that are already trading with Australia should consider utilising these privileges in the future to reduce their duty trail. However, these duty privileges do not come "free" to both exporters and importers. Traders must ensure that they are complying with the rules of origin specified in the agreement. Usage of privileges may also lead to greater scrutiny from the authorities. with India being exceptionally strict. Therefore, it is prudent to ensure that the requirements are met before utilising any FTA privileges.





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Indonesian Tariff Book 2022 effective

The Minister of Finance (MOF) issued regulation number 26/PMK.010/2022 stipulating the Indonesian Tariff Book (BTKI) 2022 which came into force on 1 April 2022. Similar to 2017, the BTKI 2022 adopts the ASEAN Harmonised Tariff Nomenclature (AHTN) except for Chapter 98 (Special Provisions).

In the latest BTKI 2022, there are fundamental changes from the 2017 BTKI, including an increase in tariff lines for Chapter 1-97 from 10,813 to 11,414 tariff lines. Furthermore, in chapters 98-99 the number of tariff lines has increased from 28 to 138.

The BTKI 2022 also includes a special scheme to provide incentives in the context of developing the shipbuilding industry. This is a form of the government's response to develop the business in Indonesia, by providing incentives in the form of a 0% import duty rate for 111 tariff lines for the shipbuilding industry components which previously were subject to tariffs of 5% to 15%.

In addition, the impact of the new BTKI 2022 also resulted in several new [MOF regulations](#) which took effect on 1 April 2022. These include:

1. MOF Regulation number 39/2022 for export duty
2. MOF Regulation number 41/2022 for Prepaid Income Tax Article (PPH) 22 Rate
3. MOF Regulation number 42/2022 for Luxury Sales Tax for vehicle products
4. MOF Regulation number 43/2022 up to 56/2022 for Preferential import duty rates under multilateral and bilateral agreement.

The regulation can be searched by typing the regulation numbers mentioned above.

Our take: Many companies will be affected by the changes resulting from the BTHI 2022 and importers and exports should check whether any of their imports or exports are affected by the change. A change to a product's HS code may lead to many various aspects including additional duty payment, duty privileges as some sub-headings may be excluded from FTAs and potential fines from misdeclaring.

New Preferential Tariff Rates among D-8 Member States

The Ministry of Finance (MOF) has issued preferential tariff rates for the [Preferential Trade Agreement Among D-8 Member States \("D-8 FTA"\)](#). The procedure to utilise the D-8 FTA was issued in 2021 under the Minister of Finance regulation number 203/PMK.04/2021. The procedures became effective on 01 January 2022. The members of D-8 States are:

- Bangladesh
- Iran
- Malaysia
- Egypt
- Nigeria
- Pakistan
- Turkey
- Indonesia

The regulation came into effect on 29 April 2022.

Our take: This new regulation offers a new potential duty savings opportunity that can be utilised if goods originate from the D-8 countries mentioned above. To effectively plan your trade flow and optimize your duty footprint, we recommend performing a FTA and duty assessment to determine which are the FTAs best suited for your company. We expect that Malaysia will announce a similar update in the coming months.





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Sanctions and measures related to the situation in Ukraine

Japan's Ministry of Economy, Trade and Industry (METI), Ministry of Finance (MOF), and Ministry of Foreign Affairs (MOFA) have announced a number of measures related to the situation in Ukraine. Chief among these measures are:

- Change in country classification for Russia and Belarus, removing eligibility for certain types of bulk export license and requiring more extensive documentation for individual export licenses;
- Banning all exports to and imports from separatist regions in Ukraine (i.e., the self-proclaimed Donetsk and Luhansk People's Republics);
- Adding several Russian entities to the End User List;
- Ban on all exports to 130 Russian and 2 Belarusian entities;
- Ban on exports of general-use items considered to contribute to Russian/Belarusian military capabilities;
- Ban on exports of oil refining equipment and luxury items to Russia (note: price threshold for "luxury" depends on product category, but is at least JPY 40,000);
- Ban on imports of certain other goods from Russia; and
- Asset freezes on certain entities and individuals in Russia/Belarus/Ukraine.

In addition, the Ministry of Finance is considering removing Most-Favored Nation (MFN) status from Russia. Should this change go into effect, it would result in higher import duties on tariff lines for Russian-origin goods.

Our take: Businesses need to screen both their import and export transactions to ensure that they are not doing business with restricted parties. Export transactions in particular should be screened against the End User List, while both import and export transactions should be screened to determine whether they involve sanctioned parties in Russia, Belarus, or Ukraine. In addition, businesses who import from Russia to Japan should assess the potential impact of Russia's loss of MFN status.

Further information is available in Japanese at the following links:

- https://www.meti.go.jp/policy/anpo/220226_sankou1.pdf
- https://www.meti.go.jp/policy/anpo/220226_sankou2.pdf
- https://www.meti.go.jp/policy/anpo/220303_sankou1.pdf
- https://www.meti.go.jp/policy/anpo/220303_sankou2.pdf
- <https://www.mofa.go.jp/mofaj/files/100308180.pdf>
- <https://www.mofa.go.jp/mofaj/files/100312388.pdf>
- https://www.mofa.go.jp/mofaj/press/release/press6_001094.html
- https://www.meti.go.jp/pre_ss/2022/04/20220412002/20220412002.html
- https://www.meti.go.jp/policy/external_economy/trade_control/01_seido/04_seisai/downloadCrimea/20220329_shashihin.pdf

Japan Customs releases statistics on FTA usage

On April 13, 2022, Japan Customs published [statistics on FTA usage for imports for January 2022](#). There are several notable takeaways, particularly as January was the first month the Regional Comprehensive Economic Partnership (RCEP) was effective in Japan:

- Goods imported using FTAs accounted for approximately JPY 800 billion. This accounted for less than 10% of total imports, reflecting the high number of MFN duty-free goods in Japan as well as lack of FTA usage by some eligible importers.
- The top 3 tariff lines imported using FTAs were:
 - 2404.11-200 (Products containing tobacco, etc., nesoi)
 - 0203.19-022 (Pig meat, fresh or chilled, nesoi)
 - 0203.29-022 (Frozen pig meat, nesoi)
- Among RCEP signatories with which Japan has separate FTAs, RCEP imports accounted for only JPY 3 billion compared with approximately JPY 160 billion under the other FTAs. This suggests that, while RCEP allows for use of accumulation across most of the APAC region, the lower rate of tariff concessions makes RCEP a less popular option than other FTAs.
- At the same time, RCEP is Japan's first FTA with its largest trading partner, China. Imports from China under RCEP accounted for 16% of all FTA imports.
- 20% of imports under RCEP were claimed using self-certification. While self-certification options under RCEP in Japan include certification by authorized exporters and importer's knowledge, the trade statistics for self-certification appear to exclude authorized exporters. Hence, the 20% figure looks to be for importer's knowledge only.

Our take: Self-certification can be a double-edged sword. It reduces the administrative burden on companies but, relying on the importer's knowledge tends to carry a high level of risk as Customs tends to focus on such declarations because it allows them to control the audit process for these imports, and many companies lack the documentation needed to support their claims. While the number of customs audits in Japan has decreased since the COVID-19 pandemic, Japan Customs has become more aggressive in uncovering noncompliant declarations for the audits it does conduct. Importers using importer's knowledge in particular are encouraged to implement thorough recordkeeping systems and perform self-audits to ensure that they can produce the robust paper trail needed to withstand a potential customs audit.



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New Customs Duties Order 2022

Effective 1 June 2022, the new [Customs Duties Order 2022](#) will supersede the existing Customs Duties Order 2017. Key changes in the Customs Duties Order 2022 is the inclusion of new/emerging technology products (e.g vape, drones, etc). In addition, the Order is updated to align and reflect with the World Customs Organization Harmonized System 2022 (HS 2022).

There are also changes in the tariff codes where importers will need to take note of before making any declaration for the following products: wood, agriculture, metal, chemical and textile.

Amendment to ATIGA-Customs Duties Order

On 18 April 2022, the Ministry of International Trade and Industry (MITI) announced the Amendment to the operational certification procedures for the ASEAN Trade in Goods Agreement (ATIGA).

[Amendments](#) include the following:

(i) Changes to ATIGA administrative requirements

Effective 1 May 2022, companies are no longer required to print the Form D on a 3 ply pre-printed form. Instead the Form D can be printed on ISO A4 size white paper. This facility however is applicable only when there are technical issues that could not be resolved promptly. Malaysia will continue to issue ATIGA e-Form D via the ASEAN Single Window (ASW) for exportation to all ASEAN Member States (AMS).

(ii) Changes to retrospective issuance and and back to back

The Amendment has also made changes to the requirements for retrospectively issued Form Ds where the box can be ticked from 3 days after the date of shipment as compared to 1 day previously. Back to back proof of origin on consolidated shipments are also permitted under Rule 11(1) and 11(2), but the proof of origin must only be issued by one exporting ASEAN member state.

Our take: Traders who utilise or wish to utilise ATIGA duty privileges should be aware of the relaxation measures for these certificate of origin issuance. Although this change may reduce your administrative burden, this amendment is minimal in terms of ATIGA usage as a whole and is not expected to lead to any significant changes to your operations.

The complete text of the order can be found [here](#).

RCEP enters into force for Malaysia

On 17 March 2022, the Ministry of Finance (MOF) published the [Customs Duties \(Goods under the Regional Comprehensive Economic Partnership Agreement\) Order 2022](#), to formally implement RCEP. The Order came into effect on 18 March 2022. It includes provisions on the Agreement's Rules of Origin, Operational Certification Procedures, Product-Specific Rules and Minimum Information Requirements that must be satisfied to qualify for the incentives provided. Additionally, the comprehensive tariff reduction schedule, which details the prevailing import duty rates under the RCEP, is provided up to the year 2044 and beyond. A sample of Form RCEP, which is the Agreement's Certificate of Origin (COO), is also available.

Our take: Traders who wish to utilise RCEP duty privileges should have a comprehensive understanding of the rules of origin for compliance purposes. Duty comparisons to the other available FTAs should also be made to ensure an efficient duty trail.

Postponement of imposition of excise duty on pre-mixed preparations

On 31 March 2022, Malaysia Customs announced that the imposition of excise duty on pre-mixed preparations which was scheduled to take effect on 1 April 2022 is now postponed until further notice. For more details of the original announcement, please refer to October-November 2021 edition of Trade Intelligence.

Our take: Companies in the food and beverage industry are advised to plan ahead by reviewing the tariff implications and continue monitoring the developments of the excise duty imposition on pre-mixed preparations.



Excise duty exemption on materials for manufacture of intoxicating liquor

Excise duty exemption will be given on all raw material that is imported or purchased from a licensed manufacturer. The conditions are as follows, and any other conditions as the Director General may deem fit to impose:

- the license holder shall be granted under Section 20 of Excise Act 1976 and Subregulation 3(1) of the Excise (Bottling and Movement of Intoxicating Liquors) Regulations 1977; and
- the raw materials are solely to be used in the manufacture of intoxicating liquor by a licensed manufacturer under section 20 of Excise Act 1976.

Previously, the excise duty exemption was only for undenatured ethyl alcohol. [The amendments](#) took effect on 15 April 2022.

Our take: Any manufacturers of intoxicating liquor should look into how they can reduce their excise duty spend for their raw materials under this announcement. However, proper control must be exercised to ensure that the raw materials used are eligible for an exemption based on the conditions provided.

Sales Tax exemption on pallets used for packaging materials

On 11 April 2022, Malaysia Customs issued a [Sales Tax Policy 1/2022 \("SATP 1/2022"\)](#) dated 5 April 2022.

The SATP 1/2022 specifies that the registered manufacturers or any persons acting on behalf of registered manufacturers can claim sales tax exemption on the importation or purchase of pallets used as packaging materials in manufacturing.

The above exemptions are to be claimed under Item 1 or Item 3, Schedule C of Sales Tax (i.e. Persons Exempt From Payment Of Tax) Order 2018 and must comply with the following additional conditions:

- the pallets are to be used as packaging materials for finished goods that are exported or sold;

- the pallets must not be returned to the registered manufacturer; and
- its ownership should be transferred to the buyer.

The following types of pallets do not qualify for the above sales tax exemption:

- used for the purpose of transporting goods
- reusable
- returned to the registered manufacturer.

Sales tax exemption under Item 39, Schedule A of Sales Tax (Persons Exempt From Payment Of Tax) Order 2018, can be used for pallets which are exported, i.e. used for the purpose of transporting goods out of Malaysia, and subsequently reimported.

Our take: Traders who wish to benefit from this exemption should carefully study the requirements to avoid any penalties or fines arising from non-compliance. Therefore, traders must weigh the potential benefits arising from the exemption compared to the cost to comply with additional requirements. Traders may look into their sales tax trail to consider whether this exemption is worth applying for or not.

Reduction of storage period for abandoned or undeclared goods in a free zone

Effective 1 April 2022, a [Free Zone Authority may dispose of goods](#) that have been brought into the free zone and abandoned or undeclared after 3 months (reduced from 4 months) from the date the goods are brought into the free zone by public auction, with or without prior notice as stated in Regulation 34 of the Free Zones Regulations 1991.

Our take: Traders should be aware of this change to avoid any impacts from the reduced declaration timeline. Traders should amend their current procedures to avoid any goods being inadvertently stored in the free zone longer than the limit. We recommend that traders equip themselves with alert systems to warn them of the timeline.





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Consultation on Modern Slavery and Worker Exploitation

The NZ Government is seeking feedback on legislation on modern slavery and worker exploitation, forced labour, people trafficking and slavery. The proposal will create new responsibilities across the operations and supply chains of organisations operating in NZ, including the requirement to identify and take action to address risks of modern slavery across their domestic and international operations and supply chains. Depending on annual revenues, entities will also be subject to due diligence and disclosure requirements.

[Submissions on this proposed legislation](#) are due on **5pm (GMT+12) 7 June 2022**.

Our take: Businesses that operate into NZ should familiarise themselves with the proposals and the possible impact that it will have on their reporting obligations. We recommend that you consider whether it would be beneficial to submit in respect of the proposal. Please reach out to the PwC NZ team should you require any assistance or further information.

Introduction of Russian sanctions in New Zealand

As part of the response to the ongoing conflict in Ukraine, New Zealand has announced sanctions against Russia. From 25 April, New Zealand [applied a fixed 35% duty on all imports from Russia](#), and extended the existing export prohibitions to industrial products closely connected to strategic Russian industries, this includes ICT equipment and engines.

Our view: Businesses that are continuing to import goods with Russian origin should take into account the additional tariffs that apply. In addition, businesses should be cognisant of the additional export controls recently introduced to ensure compliance.



Philippines



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Philippines Customs increases customs audit activities

The Bureau of Customs (BOC) has released a [guideline implementing procedures for conducting post clearance reviews of import entry declarations](#).

Updated guidelines for post release reviews

The guideline introduces the use of electronic systems that allow customs assessors to review and evaluate within 15 days after being released by Customs (i.e. liquidation of import entries). This is to determine if there are additional import duties or taxes to be collected resulting from any potential adjustments on customs value (e.g. freight and insurance charges and exchange rate), classification of goods, and/or other factors resulting in the re-appraisal of goods.

The post release reviews are being carried out by a dedicated team at each customs port. According to the guideline, import entries will be distributed equally to all assessors; or if there are high numbers of import entries, each assessor must review at least 20 import declarations per day. Should they find discrepancies on an import entry, a notice demanding additional import tax payment will be sent to the importer.

Post-release review is not a new process. Based on our experience, the notices from the review activities are mostly due to discrepancies on freight and insurance values.

Post Clearance Audit trends

Do note that the post-release review is a separate review activity from audits conducted by the Post Clearance Audit Group (PCAG) in the central office of the BOC. These audits cover import transactions for the previous three years. Since audit functions return to the BOC in 2019, they have increased the number of audits and have reviewed companies across a number of different industry sectors, including those located in the free zones and importers registered with the Super Green Lane Program.

The PCAG recently reported a revenue of 534.3 million pesos (approx. 10.3 million USD) for the first quarter of 2022, ninety three percent of which came from voluntary disclosures. They are also expecting to collect 12.9 billion pesos (approx. 246 million USD) from the audit result in 2019 - 2021.

We have received reports that PCAG has been issuing final audit reports and demand letters on the basis of increasing the dutiable value. Examples we have seen include the BOC arguing that the terminal handling fees paid in the Philippines are dutiable and therefore should be added to the customs duty base. Because of this, some companies are now faced with significantly high additional import tax assessments and penalty amounts. This is especially concerning for companies due to the increased freight costs as a result of the pandemic.

Our take: The issuance of the new guideline on post release review and the PCAG's increase in revenue collection emphasize the efforts from the BOC to meet its higher revenue targets by conducting more audit activities. We anticipate importers will be receiving more notices after the release of shipments, as the electronic systems will make the review process more efficient. There will also be higher risk for companies to be selected for an audit review. Therefore, importers must be aware of the customs rules and observe that the details of declarations are well supported.





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Changes to ATIGA operational certification procedure for Singapore

Singapore Customs published a circular regarding key changes to the operational certification procedures under the ASEAN Trade in Goods Agreement (ATIGA). [The circular](#) was published on 27 April 2022 and came into effect on 1 May 2022.

The amendments can be summarized as follows:

- [Rule 10 \(Retroactive Issuance of the Certificate of Origin \[COO\]\):](#)

The period required to tick the “Issued Retroactively” box has been reduced from three days to ticking if the COO is issued after the declared shipment date.

- [Rule 11 \(Validity Period Back-to-Back \(B2B\) Proof of Origin\);](#)

The amendment allows Proofs of Origin for consolidated shipments under a B2B transaction provided that the Proof of Origin is issued by one ASEAN Member State. It also specifies that the B2B COO or Origin Declaration (OD) validity period, will rely on the expiry date of the original Proof of Origin. In the case where the declaration is for a consolidated shipment, the validity period will rely on the earliest expiry date.

- [Rule 12B \(List of Data Requirements for Origin Declaration\)](#)

Under the amended Rule 12B of the ATIGA OCP, there are minor editorial amendments to the data requirements for back-to-back Origin Declaration where “exporting country” has been replaced with “exporting Member State”.

- [Sunset clause for physical Form D](#)

Singapore Customs will eventually cease the printing of hardcopy Form D and move towards the transmission of Form D through the ASEAN Single Window. As of now, there is no indication as to when this will be implemented.

Our take: Traders using ATIGA should be aware of the changes to Rule 10 and 11 on retroactive issuance of COO and the validity period of B2B, and adjust their COO issuance process accordingly. As for the transition to the e-Form D, Singapore Customs will issue a notification prior to implementation. Traders should keep an eye out for such updates. Because the change will be implemented across all ASEAN member states, they must all be ready to implement the sunset clause together. Therefore, it is difficult to predict when this implementation will be. Typically, in our experience Singapore Customs will allow a transition period after an announcement of around two to three months in cases similar to this. However, to avoid any hiccups in your supply chain, it would be prudent for traders to start transitioning to fully use electronic Form Ds starting from now.

Duty exemption On medical transport vehicles

Singapore Customs published [Trade Circular no. 02/2022](#) to grant duty exemption on medical transport vehicles under the Healthcare Services Act (HCSA). Previously, these vehicles were imported through the Voluntary Accreditation Scheme and the Certificate of Compliance (COC).

Private ambulance operators (PAO) may be exempted from duty for import of emergency ambulance vehicles or medical transport vehicles, or motor vehicles to be modified into emergency ambulance vehicles or medical transport vehicles. The exemptions are not limited to duty payment but also apply to other fees including Certificate of Entitlement (COE), Additional Registration Fee (ARF), Road Tax, Electronic Road Pricing (ERP) and Vehicular Emissions Tax.

The licensed vehicle or a person or entity intending to apply for the exemption under the HCSA is required to submit supporting documents to Singapore Customs for an assessment on whether duty can be exempted (with GST payable) on the emergency ambulance vehicle, medical transport vehicle or motor vehicle.

Sanctions and restrictions against Russia

On 5 March 2022, the [Ministry of Foreign Affairs published a press statement](#) on the sanctions and restrictions that Singapore will be imposing against Russia in response to its invasion of Ukraine.

Export controls are imposed on items that can be directly used as weapons to inflict harm on or to subjugate people in the Ukraine, as well as items that can contribute to offensive cyber operations.

In addition, Singapore imposes financial measures targeted at designated Russian banks, entities and activities in Russia, and fund-raising activities benefiting the Russian government. These measures apply to all financial institutions in Singapore, including banks, finance companies, insurers, capital markets intermediaries, securities exchanges and payment service providers.

Our take: This is an ever-changing environment, any traders who are trading with any Russian entities should continue to monitor this space to make sure that they do not inadvertently engage in prohibited transactions.



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Extension of anti-dumping duties on Chemical Benzoyl peroxide from China

Taiwan, R.O.C. has [imposed anti-dumping duties \(ADD\) on Benzoyl Peroxide products imported from mainland China](#) with a purity of 70%-80% for industrial use ever since 20 May 1999. Taiwan Customs announced the extension of ADD until 2027 on benzoyl peroxide after its 2nd sunset investigation. Anti-dumping duties are levied and reviewed every 5 years.

The ADD applied for Chinese benzoyl peroxide is at 26.67% of the customs value. There is an exemption of the ADD if the manufacturer applies for an exceptional review and can apply for a separate ADD rate after Customs approves.

Updates of ECFA product and tariff reduction early harvest list

Taiwan Customs has [provided an 8-digit tariff comparison table](#) to help importers import products from China under the early harvest tariff list. The comparison table was prepared to address the issues arising from Taiwan R.O.C still adopting HS2017 while China implemented the HS2022 version on 1 January 2022.

Taiwan bans 57 high-tech exports to Russia

The Ministry of the Economics Affairs [announced sanctions on exports to Russia](#). This announcement amends the “Types of Strategic High-Tech Goods, Specified Strategic High-Tech Goods and Export Control Areas”, and adds “List of High-Tech Goods Exported to Russia”, effective from 6 April 2022. The newly introduced list covers the following:

- Aligning with the Wassenaar Arrangement, the list consisted of 57 strategic high-tech goods which can be used for both civil and military purposes. It will not be allowed to be exported to Russia as it steps up economic sanctions against Russia.
- Exports of the goods - including designated telecommunications equipment, integrated circuit parts and variable-frequency drives - will be subject to tighter controls because they can be used for the manufacture of weapons

Transfer pricing revisions and tax deposits

On 22 April 2022, Taiwan Customs announced [a revision on partial provisions of “Directions of Customs Valuation of One-time Transfer Pricing in Fiscal Year”](#). Notable changes are as follows:

- Companies can apply for deposit receipt and remittance application form (N5111) for import tax in the special account of the treasury.
- For the remaining Customs duties, taxes and fees, a payment certificate for imported goods and a remittance application form (N5110) shall be applied and issued separately. Previously, all the tax was deposited in a treasury account until Customs approves the case application after the fiscal year.





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Change in customs data request practices

The Thai Customs Department has decided to permanently stop providing customs declaration data to companies after temporarily stopping import and export data sales in the middle of 2021.

Previously, companies that wanted their declaration data could request their own data from Customs and pay a service fee. Based on our insight, Thai Customs views that companies should be responsible for their own recordkeeping related to goods passing through Thai Customs for a period of at least the last five years, according to Section 63 of the Customs Act. Do note that although the regulation states that the document retention is specified for a minimum period of five years, we recommend companies to keep them for at least ten years, if possible.

Moving forwards, it is likely that Customs will only provide companies with an overview of import and export profiles in a specified timeline (e.g. total import/export value declared over a period of time), instead of providing import and export data per declaration.

Our take: Companies should review their internal protocol on keeping import and export records for compliance reasons and consider reaching out to customs brokers to provide any necessary data. This permanent change in policy will affect companies who wish to review their customs compliance as official data will be more challenging to obtain. The responsibility of having well organised import and export declaration data to help companies better identify potential customs non-compliance risks and/or opportunities is passed on to the companies. Therefore, it is essential that companies properly and completely keep their own data for reference whenever they would like to examine their own health check.

Note that this update is based on our verbal discussion with Customs. There is no official announcement on this change in policy.

Photocopies of certain origin documents temporarily allowed

Due to the continued impact of the COVID-19 situation on the business sector, Thai Customs issued [notification 47/2022 re: Declare of the CO and Origin Declaration for importers affected by the COVID-19](#). This notification extends the allowance for importers to use photocopies of Certificates of Origin (COO) and Origin Declarations (OD) for self-certification from 1 April - 30 September 2022. The previous allowance for the use of photocopies ended on 31 March 2022.

With Customs approval through a request form, importers can continue to present a photocopy of their COO or OD upon customs clearance for all major 13 Free Trade Agreements to which Thailand is a party, including recent ones (e.g. RCEP).

Once approved, the importer must present the original COO or OD within 30 days from the date of customs clearance. In case of non-compliance, Customs would consider the preferential treatment invalid.

Our take: This notification is a fifth extension for the use of photocopies from Thai Customs. There is a possible extension if the situation continues to help facilitate importers. However, if there are cases where the COO could not be issued upon clearance. Another option is that the company may consider reserving the right to use the preferential duties under FTA and request for a duty refund once submitting the COO or OD to Customs.



Excise support measures for battery powered electric vehicles

In March 2022, the [Thai Excise Department launched support measures for manufacturers, importers and distributors of battery electric vehicles \(BEVs\)](#). The measures aim to increase BEVs' competitiveness by reducing or exempting import duty, minimising excise tax, subsidising the relevant parties and encouraging manufacturers to increase production.

The manufacturers, importers and distributors of BEVs must meet the excise criteria to be entitled to the excise measures and requirements. We have listed some notable requirements below:

- Be a manufacturer in a free zone area in Thailand;
- Applies only to electric passenger cars, electric pickup trucks, electric motorcycles;
- Having a suggested retail price of more than THB 2m for electric cars and less than THB 150,000 for electric motorcycles;
- Battery capacity of up to 30 kilowatt-hours;
- Manufactured in 2022 to 2025.

Companies that would like to enjoy the support measures must submit an application to the Excise Department. The processes in obtaining this subsidy include signing of the agreement letter, securing a bank guarantee and notifying the Excise Department of the Suggested Retail Price (SRPs) and their cost elements. Once approved, the companies are eligible for subsidies from THB 70,000 to 150,000 per electric passenger car and THB 18,000 per electric motorcycle.

Our take: These measures are good opportunities for manufacturers and relevant parties in the automotive industry to expand their production and become more competitive in the Thai domestic market. Note that fines may apply for non-compliance. Hence, companies should carefully check the conditions and requirements before and after obtaining the support measures and subsidies. Failure to comply will result in fines at a maximum of two times of excise tax payable, including the return of subsidies and interest. For companies interested in enjoying these measures, we can help you identify the required criteria and eligible types of vehicles before proceeding with the application process.

Form AHK issuance under third party transactions

The Department of Foreign Trade announced a [notification on the issuance of Certificate of Origin \(CO\) under the ASEAN–Hong Kong Free Trade Agreement \(AHKFTA\)](#). This notification replaces a prior notification and became effective on 1 March 2022.

The notification specifies the new third party transaction criteria for requesters of Form AHK. The criteria specifies two separate scenarios:

Invoices issued by	Criteria
Scenario 1: Companies in third countries	<ul style="list-style-type: none">• Identify the name and country of either:<ol style="list-style-type: none">1. the company that issued the 'final invoice' or2. all companies who issued invoices in the transaction (if known) in the 'company issuing the invoice' box.• Identify invoice number and date of 'final invoice' <u>issued by the company in the third country and used for customs clearance in the importing country</u> in the boxes for invoice number and date of invoice.
Scenario 2: Companies that are not exporters in Thailand	<ul style="list-style-type: none">• Identify the name of the company <u>(who is not the exporter)</u> that issued the 'final invoice' used for customs clearance in the 'importing country' and Thailand in the box for 'company issuing the invoice'.• Identify invoice number and date of 'final invoice' <u>issued by the company that is not the exporter in Thailand</u> in the boxes for invoice number and date of invoice.

Our take: Before using Form AHK under a third party transaction, exporters should define which scenario they fall under and ensure that they comply with the criteria. Otherwise, the issued CO to be submitted may be rejected by Customs in the importing country and importers may not be able to enjoy the duty privileges. However, we view that the requirement may not be commercially reasonable for many transactions. The requirement to present the final invoice number potentially means that the exporter is expected to provide confidential information to which it is not privy under its commercial arrangements.

Changes to operational procedures for Form JTEPA submission

Thai Customs announced that a hard copy [Form JTEPA is no longer accepted by Thai Customs](#). This will be relevant for importers who are utilising the Japan–Thailand Economic Partnership Agreement (JTEPA). From 1 April 2022, importers must submit Form JTEPA to Customs electronically in PDF format via the Uploading Supporting Document (USD) system. Note that the submitted Form JTEPA through the USD system is final. Users will be unable to resubmit a form to replace the submitted version. To correct the form, the company must make a request to Customs.

Our take: Importers or customs brokers who regularly submit Form JTEPA should be aware of the update to move the Form JTEPA electronic submission. Companies that still operate with hard copies of Form JTEPA would not be able to enjoy the duty privileges.

Although we do not expect this will occur often with our readers, corrections to the Form JTEPA information cannot be done through the systems. So, it is important to ensure that all information included on the form is correct before submitting into the system. Amendments can only be done through a direct request to Customs which may lead to potential delays in customs clearance.



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Camera system supervision requirements for export processing enterprises (“EPE”)

On 2 March 2022, the General Department of Customs announced [Decision 247/QD-TCHQ \(“Decision 247”\)](#) on the method to connect and exchange data of surveillance camera systems between export processing enterprises (EPEs) and the customs authority. Specifically the decision specifies requirements on the following:

- Locations at which cameras must be installed. EPEs must provide the customs authority with a location map and contact person in case of incidents to surveillance camera;
- Locations for which cameras’ data must be connected for online transmission to the customs authority;
- Minimum specification requirements for surveillance camera systems;
- Standard data storage specifications. Camera’s data must be stored for at least 12 month at EPEs.

Decision 247 directed the customs authority managing EPEs to establish monthly supervision plans, ensuring rotational inspection of all EPEs each month.

Importing and exporting goods into and out of bonded warehouses

On 22 March 2022, the General Department of Customs issued [Official Letter 943/TCHQ-GSQL](#) providing guidance on the procedures for importing and exporting goods into and out of bonded warehouses for priority enterprises. A priority enterprise is a status for a business where it is granted preferential customs procedures, inspections and supervision. To achieve this status, there are specific requirements to comply with. This is equivalent to Authorised Economic Operators in other countries.

Currently, priority enterprises are not required to immediately declare goods imported into a bonded warehouse. They are granted a 30-day grace period to declare the goods to Customs. However, the bonded warehouse management system requires the declaration number to be input prior to the exportation of goods out of the bonded warehouse. This means that goods that are yet to be declared to Customs cannot be exported. Therefore, this update helps clarify the procedures for priority enterprises.

Notable guidelines are as follows:

- To manually issue a delivery note for all goods exported out of the bonded warehouse by priority enterprises;
- To retain documents to present to Customs upon request;
- After completing the declaration, the operator must update the status on the system and prepare goods delivery notes with accurate quantity;

The quantity recorded on the delivery notes must be equal to the quantity exported from the warehouse. These consolidations are done on a monthly basis.

Implementation measures for trade with Peru under CPTPP

On 10 March 2022, the Government announced [Decree No. 21/2022/ND-CP](#) on amending and supplementing a number of articles of the Government’s Decree No. 57/2019/ND-CP dated 26 June 2019 on the Preferential Export Tariffs and Special Preferential Import Tariffs for implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) during 2019-2022. This Decree takes effect on 10 March 2022.

Accordingly, goods exported from Vietnam to the Republic of Peru shall be eligible for preferential export duty rates under CPTPP provided supporting transport documents and the import declaration can be provided as evidence.

Goods imported to Vietnam from the Republic of Peru shall be eligible for special preferential import duty rates under CPTPP if such goods are specified in the Special Preferential Import Tariffs and provided all relevant rules of origin are met and a supporting origin proof as required under the CPTPP is provided upon import.



Guidelines for declaration of COO Form RCEP

On 18 February 2022, the Ministry of Industry and Trade announced Circular No. 05/2022/TT-BCT on Rules of Origin under the Regional Comprehensive Economic Partnership (RCEP) Agreement. For the implementation of Circular No. 05/2022/TT-BCT, the Agency of Foreign Trade (the Ministry of Industry and Trade) issued Official Letter 372/XXHH dated 31 March 2022 providing guidelines for declaration of the COO Form RCEP.

Notable points are as follows:

- COO Form RCEP must be declared by typing in English.
- Origin conferring criterion must be declared in box No. 10, including one of the following criteria: WO, PE, CTC, RVC, CR, ACU, DMI (depending on the satisfied rule of origin).
- The List of parties implementing the RCEP Agreement and time of implementation is specified at Section 2 of the Official letter.
- Section 3 of the Official letter provides guidelines for issuance of COO Form RCEP for Vietnam's shipments exported to RCEP parties before the date on which Circular No. 05/2022/TT-BCT takes effect.



Contact details

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

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