Trade Intelligence Asia Pacific

December 2024 - February 2025

Editor's note

Fewer words – more intelligence

Our regular readers may notice that there is something different about this latest edition of Trade Intelligence. Yes, it is a little late in arriving, and therefore covers a slightly longer period (December 2024 – February 2025).

But that is not the main change. Following an intensive review of how many of our readers derive value from this publication, it became clear that the level of detail and analysis offered was “neither here nor there” - too little to know what to do, and too much to absorb easily.

Hence we have decided to make our reporting shorter and more high-level. This should make it easier to absorb and quicker to hone in on topics that matter to individual readers. Such readers can then follow the links in pretty much each article to read more detail “at source”, and/or contact their usual PwC contact for a more in-depth discussion on specific matters of interest.

We hope that this change will offer you even better value for money (“money” in this case being a call on your time, as of course the publication will continue to be free). Do let us know your thoughts and wishes on an ongoing basis, so that we can continue to improve.

Meanwhile, our lead editorial will continue to be the anchor piece for this publication. Nevertheless, given the timing of this specific issue, we felt it most appropriate to refer you to our recent alert and commentary in relation to the latest tariffs imposed by the Trump Administration. Do contact us to discuss what they may mean to you, and what you can do to avoid or mitigate their impact. Whether it is changes to your transfer pricing approach, unbundling of non-dutiable components from the customs value, implementation of a first-sale-for-export scheme, tariff engineering, diversion of trade flows and so on, anything and everything should be on the table. Of course, it all starts with good data and a good handle on your international trade flows, and there also we are happy to discuss options and experiences with you.

Happy reading!

Frank Debets
Asia Pacific Customs and Trade Leader
PwC Singapore

Australia

Reform of Australia's export control regime
Last year, the Australian Parliament passed the Defence Trade Controls Amendment Act 2024 (Amendment) to reform Australia's export control regime and promote cooperation, collaboration, and innovation between the AUKUS partners, which include Australia, the United Kingdom (UK) and the United States (US).

On 1 March 2025, the criminal penalty provisions under the Amendment came into effect for each of the three new export control permit types. Under the new regime, criminal offences under this Amendment are punishable by up to 10 years in jail or a fine of up to AU$825,000.

Click here for more details from PwC Australia.

Exemption and reduction of FTA Preferential Customs Duty Rate
On 1 January 2025, reductions in preferential duty rates under several Free Trade Agreements (FTAs) were announced, as follows:

- **India-Australia Economic Cooperation and Trade Agreement (ECTA):** included reduced duty rates for certain iron, steel and aluminum goods;
- **Regional Comprehensive Economic Partnership Agreement (RCEP):** reduced duty rates for certain beverages, wood, paper, and textiles;
- **Australia and the United Kingdom of Great Britain and Northern Ireland (A-UKFTA):** reduced duty rates for certain cheese and curd products; from 24 December 2024, exemption of preferential duty rates under for steel products of 74 tariff headings and subheadings.

Australian Federal Budget
On 25 March 2025, the 2025–26 Australian Federal Budget was announced.

Key trade measures include:
- extension of the application of an additional 35% tariff on goods imported from Russia and Belarus for a further two years through to 24 October 2027;
- a pause indexation on draught beer excise and excise equivalent customs duty rates for a two-year period from August 2025; and
- allocation of more resources to combat the illicit tobacco and nicotine trade through stronger border security measures.

China

Retaliatory tariffs on imports from the US and Canada
Considering the various tariffs announced since the start of 2025, China's actions and response are as follows:

- On 4 and 9 April 2025, the Ministry of Finance, State Council Tariff Commission (Commission) issued two announcements (1, 2) responding to US 'reciprocal' tariffs, whereby an additional 84% tariff rate will be imposed on all products originated from the US, in addition to current applicable tariffs (including previous announced retaliatory tariffs).

- The effective date of the additional tariffs on US goods is 10 April 2025, one day after the US territory specific tariffs come into effect. The additional tariffs will not apply to goods that have departed from the port of export before 10 April 2025 and arrive in China before 13 May 2025.

- In February 2025, the Commission issued three consecutive announcements (1,2,3) to impose additional tariffs on goods imported from the US and Canada in response to the US and Canada's announcements of additional tariffs imposed on imported goods of Chinese origin.

- Key announcements from the February announcement are as follows:

    - 10%-15% additional tariffs will be imposed on certain US products such as energy, vehicles, agricultural machinery and agricultural products (*effective 10 February 2025*);
    - 10%-15% additional tariffs are imposed on certain US agricultural products (*effective from 10 March 2025*); and
    - 25%-100% additional tariffs will be imposed on Canadian products such as pork, seafood and rapeseed oil (*effective 20 March 2025*).

- Additional tariffs imposed in the announcements will not be eligible for any reductions or exemptions. Companies are advised to monitor the updates to tariffs closely, especially for their China-US transactions.

Note that this is based on the current tariffs at the time of writing. We expect this situation to be extremely fluid. Readers are advised to check for the latest updates.

2025 Tariff Adjustment Scheme
On 28 December 2024, the Customs Tariff Commission announced the 2025 Tariff Adjustment Scheme, marking the first annual adjustment under the Tariff Law. Effective 1 January 2025, these adjustments aim to support targeted industries including high-tech production, renewable energy, and pharmaceuticals.

Self-Inspection Program
On 5 March 2025, China Customs implemented the Self-Inspection Results Recognition Model for Customs Inspection ("China Self-Inspection Program"). This program allows eligible enterprises (e.g., AEOs, high-credit profile companies) to conduct self-inspections and submit a Voluntary Disclosure to China Customs if any potential non-compliances are identified. Based on these results, China Customs may conduct further field verifications if necessary.

Hainan Free Trade Port
Recent favourable tax policies for the Hainan Free Port include zero import tariffs on 297 products, such as machine parts. Pharmaceuticals and medical devices imported for use by registered institutes in the Hainan Pilot Zone are exempt from import tariffs and value-added tax. Additionally, the interim tax measures for domestic sales of processed goods in the Yangpu Bonded Port Area remain in effect.

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India

Customs digital updates

The key recent customs digitalisation initiative updates below are as follows:

- **Mandatory customs duty payment through CEGATE portal:** The Central Board of Indirect Taxes and Customs (CBIC) notified that customs duty must be paid online through the ICEGATE portal, particularly for clearance of import consignments and other voluntary payment of duties. Note that the former manual payment method (Manual TR6 challans) will only be permitted in exceptional circumstances.
- **Enhanced clearance system for Authorized Economic Operator (AEO):** The CBIC has launched a new Automated Out of Charge (AOC) System that streamlines and automates the final clearance of the imported goods, which will require less manual involvement from customs officers.
- **Enhanced clearance system for electronic bonds:** The CBIC launched a Single All-India Multipurpose Electronic Bond (SEB), the "Ekal Anubandh", for importers and exporters, replacing multiple bonds currently required for customs clearances.
- **Revamped e-Certificate of Origin (eCoO) system:** The Directorate General of Foreign Trade (DGFT) launched an enhanced version of the e-Certificate of Origin (CoO) system (i.e., the e-CoO 2.0 system) aimed at streamlining the certification process for exporters. From 21 December 2024, all preferential CoO are required to use the new e-CoO 2.0 system.

New guidelines for import restrictions for IT equipment

The Directorate General of Foreign Trade (DGFT) published a notification regarding the new 2025 guidelines for import of restricted IT equipment (i.e. laptops, tablets, all-in-one personal computers, and ultra-small form factor computers, servers) under HS 8471.

Effective 1 January 2025, importers of such goods are required to apply for fresh license to import the specified restricted IT equipment. Note that import restrictions for such goods have been in place since 2023 and the DGFT notification provides new guidelines applicable for the calendar year of 2025.

Voluntary disclosure guidelines for SCOMET regulations

The Directorate General of Foreign Trade (DGFT) has provided a guideline for exporters to voluntarily disclose any instances of non-compliance concerning Special Chemicals, Organisms, Materials, Equipment, and Technologies (SCOMET) regulations. The SOP outlines the procedure for making voluntary disclosures, including the format, required documentation, and the process for submission.

By voluntarily disclosing violations, exporters may benefit from reduced penalties or leniency, depending on nature and severity of the non-compliance. The DGFT's intention is to incentivise exporters to come forward with any non-compliance proactively.

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New goods covered under QCOs requiring mandatory BIS license

In February 2025, the BIS issued Quality Control Orders (QCOs) for two new products as follows:

- Stainless Steel pipes and tubes for general service, effective on 1 August 2025; and
- Furniture such as work chairs, tables, desks, etc., effective on 13 February 2026.

Products covered under QCOs require mandatory Bureau of Indian Standards (BIS) licensing for importing and manufacturing in India. QCOs are legal instruments issued by the Government of India on the recommendation by the BIS to mandate compliance with specific Indian Standards for certain products.

Indonesia

Increased VAT rate
Starting from 1 January 2025, the ceiling VAT rate increased from 11% to 12%. The Government decided to implement the 12% rate for luxury goods, while most taxable goods and services are still subject to an 11% effective VAT rate.

New customs audit process
On 23 December 2024, the Ministry of Finance issued a regulation for new provisions of the customs audit process. The main change is to the customs audit review period, which was shortened from 24 months to 21 months. Furthermore, there is a new audit planning process that will be conducted before the customs audit starts, which will provide further details on the new audit planning processes as well as audit methodology.

Guideline for AEO Certification
On 14 December 2024, the Directorate General of Customs and Excise issued a regulation which provides guidelines for Authorised Economic Operator (AEO) certification. This regulation mainly provides additional details and requirements for AEOs in addition to the Ministry of Finance Regulation Number 128 issued in 2023.

Guideline for MITA Status
On 14 December 2024, the Directorate General of Customs and Excise issued a regulation which provides guidelines for main customs partner (MITA)status. This regulation mainly provides additional detail and requirements for MITA in addition to the Ministry of Finance regulation number 137 Year 2023.

New customs and excise bookkeeping requirements and procedures
On 13 December 2024, the Ministry of Finance issued a regulation which provides for new bookkeeping and financial reporting requirements in the field of customs and excise. The regulation mainly provides legal definitions for bookkeeping and bookkeeping-related terms which were not defined or elaborated in the previous regulation. The regulation also provides a formal procedure for the Customs Authority to request financial statements from importers.

New export declaration format
On 18 December 2024, the Directorate General of Customs and Excise issued a regulation which provides for a new export declaration document. This regulation provides a new format and includes a new column in the export declaration for consolidation.

Amendment to import prohibition and limitation regulation
The Ministry of Trade announced that it is currently in the process of drafting amendments to Ministry of Trade Regulation Number 36 Year 2023 concerning Import Policies and Regulations, which was amended by Ministry of Trade Regulation Number 8 Year 2024.The Ministry of Trade plans to issue several amendments, where each amendment will focus on a few selected commodities. The first amendment will focus on apparel and cassava. The amendments were initially planned to be finished in February 2025, however, the Ministry of Trade announced that there are delays in the drafting of the regulation.

New provision on consignment goods
On 3 February 2025, the Ministry of Finance amended the provision on import and export of consignment goods. The key changes stated in the regulation include broadening the definition of consignment goods, import duty and import taxes exemption for consignment goods in the form of goods belonging to hajj pilgrims and prizes for competitions/award purposes as well as new flat import duty rate on certain commodities such as cosmetics, iron/steel, and textile products.

New Ministry of Trade export restrictions
On 10 March 2025, the Ministry of Trade issued a amendment to a regulation that prohibits the export of certain goods. The exporter needs to fulfil the Ministry of Trade's requirements to be eligible to export.

New provisions of export policies & regulations
On 10 March 2025, the Ministry of Trade issued an amendment of a regulation to support export activities in Indonesia. Key updates include further provisions of data changes in export license, extension of the export license, export policies for outgoing of goods from FTZ, administrative sanction, the provision of export of certain mining products from processing and refining processes and export of certain fish commodities.

Korea

Introduction of regular foreign exchange audits
Starting 2025, the Korea Customs Service (KCS) will conduct regular foreign exchange audits every four to five years for companies with import volumes of USD30 million or more. Previously, audits were conducted as needed, primarily targeting those suspected of illegal activities. A foreign exchange audit examines compliance with foreign exchange transaction regulations, with a particular focus on advance reporting requirements for offsetting, third-party payments, mutual accounts, and capital transactions. The KCS will continue to conduct targeted audits on companies suspected of illegal activities as necessary.

Integrated origin verification audits
Starting 2025, the Korean Customs Service will actively conduct integrated origin verification audits. This new approach will involve selecting companies for origin verification and examining the appropriateness of preferential tariff treatment under multiple free trade agreements (FTAs), moving away from the previous focus on specific items or a single FTA.

Since auditors will now examine the originating status of multiple items imported with preferential tariff treatments under various FTAs, importers using multiple FTAs can expect an increased administrative burden to demonstrate origin based on each FTA's specific rules of origin. Companies will be selected based on factors such as their import volumes under FTA agreements, previous verification history, and the KCS internal risk assessments. Note that the source for this update is a hardcopy publication.

Enhanced facilitation for critical industries in bonded areas
The Korean Customs Service is relaxing regulations on bonded areas to enhance the export capabilities of critical industries, including semiconductors, shipbuilding, and defence. This initiative includes but is not limited to:

- streamlining procedures for handling prototypes and extending storage periods for foreign goods in bonded areas;
- increasing the permissible distance for logistics operations between bonded factories; and
- easing regulations related to factory management and maintenance in the defence and shipbuilding industries.

Penalty rates increase for customs declaration issues
Starting 2025, the increases in penalty rates under the Korea Customs Law are summarised as follows:

- In cases of under-declaration of customs values, a penalty of 10% of the deficient tax amount is imposed.
- In cases where the customs value was not declared at all, a 20% penalty on customs duty is imposed.
- In cases of under-declaration of customs values with the intention to evade tax, or for non-declaration with the intention to smuggle, the penalty has increased from 40% to 60%.

Pre-approval process for suspension of customs audits
From January 2025, the Korean Customs Service will be required to obtain prior approval from the Taxpayer Protection Officer to suspend a customs audit if there have been more than three audit suspensions requested, excluding suspensions requested by the auditee. This measure aims to alleviate the burden on auditees caused by prolonged audits due to repeated suspensions.

Defence industry technology included in scope of intellectual property rights protection
Goods that infringe intellectual property rights outlined in the Korea Customs Law are prohibited from import and export and are subject to suspension or detention during clearance. Starting in January 2025, the scope of intellectual property will expand to include defence industry technology, in accordance with the Defence Industry Technology Protection Law.

Malaysia

Excise duties for sugar sweetened beverages and premix preparations
Since 1 January 2025, sugar sweetened beverages of headings 20.09 and 22.02 have been subject to an excise duty rate of RM 0.90. Prior to 1 January 2025, the excise duty rate was RM 0.50.

On 24 March 2025, the Ministry of Finance announced its updated 2017 excise duties exemption order, effective on 2 April 2025. This update provides more clarity on the excise duties exemption provided on premix preparation in which the total sugar content is 33.3 grams per 100 grams (33.3g/100g) or less.

Philippines

Pre-shipment verification and electronic invoicing
On 10 January 2025, the Philippine government announced the upcoming implementation of a Pre-Border Technical Verification (PBTV) and Cross-Border Electronic Invoicing (CEI) system for imports, as outlined in the Joint Administrative Order (JAO) No. 001-2025. The Bureau of Customs (BOC) will manage a phased implementation starting with agricultural goods, extending to non-agricultural products thereafter. Note that it is not clear when the JAO will become effective as the BOC will need to issue the implementing regulations under Customs Administrative Orders (CAO) before PBTV and CEI to become effective. We expect the BOC to issue a public consultation to all stakeholders.

The PBTV system requires pre-export testing before exporting to the Philippines, while the CEI system mandates the use of a single government-controlled electronic invoicing platform to create export invoices. This initiative aims to enhance import monitoring and compliance of the BOC with detailed guidelines expected in forthcoming BOC orders.

PH-KR FTA implementation
In December 2024, Customs Memorandum Order (CMO) 11-2024 and Customs Memorandum Circular (CMC) no. 208-2024 were issued to implement the Philippines-Korea Free Trade Agreement (PH-KR FTA). The CMO provides guidance on origin documentation and the process for claiming preferential tariff treatment while the CMC provides the tariff commitment schedules.

Philippines joins the AAMRA
With effect from 28 February 2025, Philippines has joined the ASEAN Authorised Economic Operator Mutual Recognition Arrangement (AAMRA). Companies recognised as Authorised Economic Operators under the AAMRA can benefit from expedited customs clearance when trading with other AAMRA members such as Singapore, Indonesia, Brunei, Malaysia, and Thailand.

Cross border control on e-commerce importation
On 28 January 2025, the Bureau of Customs issued Customs Administrative Order (CAO) 1- 2025. The order establishes general guidelines for the clearance of goods imported into the Philippines through online trading platforms and e-retailer website under business-to-consumer (B2C) transactions.

CAO 1-2025 applies to companies that sell products directly to customers through their own digital platforms including websites, webpages or applications. The order requires customs accreditation of all parties involved in e-commerce imports, development of e-commerce processing system, and creation of dedicated customs clearance procedure. The order also sets the framework for subsequent issuance of memos that will provide more detailed guidelines on implementation and timelines.

Singapore

New regulations for transboundary movement of electronic waste

On 1 January 2025, the National Environmental Agency introduced new changes to the transboundary movement of electronic waste. We have summarised the changes below:

- All Waste Electrical and Electronic Equipment (WEEE), including non-hazardous types, must have a Basel Permit. Previously, only hazardous WEEE required a Basel Permit.
- The permit application process now includes the Prior Informed Consent (PIC) procedure, requiring approval from all relevant states (import, export, and transit).
- Used Electrical and Electronic Equipment (UEEE) is now regulated through the TradeNet system to ensure legitimate import purposes.
- Fines for non-compliance can be up to $300,000 for corporations or $100,000 and/or imprisonment for individuals.

New customs procedure for land intermodal transshipment

On 1 January 2025, Singapore Customs implemented a new procedure for land intermodal transshipments, introducing the Through Transhipment with Inter-Gateway Movement (TNP-TTI) permit. This replaces the current need for separate import and export permits for goods transhipped through land checkpoints. Declaring Agents must register with ACRA and meet specific terms to obtain the permit.

Updates on Johor-Singapore SEZ Agreement

On 7 January 2025, Singapore and Malaysia signed the Johor-Singapore Special Economic Zone (JS-SEZ) Agreement. The Agreement aims to enhance cross-border connectivity for goods and people between Singapore and Johor, strengthening their value proposition. It includes plans to develop new free zones and facilitate the licensing of manufacturing warehouses in the JS-SEZ area.

Taiwan

Anti-dumping duties on steel products from China and Korea

On 18 March 2025, the Customs Administration announced the extension of anti-dumping duties on 300-series stainless-steel cold-rolled products originating from China and South Korea, effective on the date of the announcement. The anti-dumping duties will be in effect for five years until March 17, 2030, with rates set at 38.11% for China and 37.65% for South Korea.

Thailand

Customs becomes stricter on self-disclosure under the OSSP voluntary disclosure

Self-disclosure with the One Stop Service Program (OSSP) enables importers/exporters to have a single point of contact with Customs rather than visiting multiple ports of entry under the standard voluntary disclosure scheme. However, the Post-Clearance Audit Division (PCAD) of the Customs Department, responsible for the OSSP, is ramping up scrutiny on all disclosures and conducts more thorough review of applications and strictly adheres to program requirements.

The PCAD has recently requested for additional background information to ensure there is no intent to evade duty. From what we have seen, the additional questions may include:

- When did the company discover this issue?
- How long has this non-compliance issue been occurring?
- Why wasn't this issue disclosed earlier?

Importers wishing to enrol for the OSSP must clearly demonstrate their intent not to evade duties and taxes and explain why they are joining the program now to avoid application rejection.

Use of electronic certificate of origin under JTEPA

On 28 March 2025, the Thai Department of Foreign Trade (DFT) updated its regulation related to certificate of origin (CO) issuance under JTEPA. The key changes include introducing the use of electronic CO (e-CO), updating the requirements for retroactive issuance, and revision of the CO.

Additionally, minor amendments have been made to standardise terminology, ensuring alignment with current DFT practices and previous regulations. The e-CO system is currently under development and will be implemented once the electronic customs systems in Thailand and Japan are fully integrated.

A regulation update for TNZCEP

The Ministry of Finance has issued a notification under the Thailand-New Zealand Closer Economic Partnership (TNZCEP) to update the tariff schedule for goods originating in New Zealand (consolidating the former two lists into a single list). The notification also simplifies the proof of origin requirements for importers, allowing certification via invoice or other shipping documents. Concurrently, Thai Customs issued Notification no. 236/2567, outlining customs rules, procedures, and updated attachments for importers to follow.

Trade Intelligence
Asia Pacific

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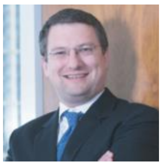

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