

Show me the money

Where and how to find cash in your cross-border supply chains

Trade Intelligence Asia Pacific
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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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Show me the money

Where and how to find cash in your cross-border supply chains

If Santa were open to receiving wish lists from not only natural persons but also legal persons, cash must be at the top of the latter's 2020 list. Despite the prospect of an effective vaccine being potentially available to the public in early to mid-2021, according to the World Health Organization ("WHO"), businesses negatively impacted by Covid-19 are not expected to be immediately immune to the pandemic or recovered from its impacts. The crisis is also exacerbated by the trade wars and tensions between some of the big economies around the world that will probably outlast the pandemic, with the most eye-catching one being tariff retaliation and sanction measures between China and the US.

That is not to say that no business is growing or staying strong during the crisis. However, we see an ever-increasing number of companies withdrawing their previous expansion plans, or struggling for survival. An immediate and common priority shared by many companies is to look for cash, preferably directly for their bottom line, or otherwise through cash flow improvement. Cash flow management has become even more crucial than normal, to get through the current crisis in as good as possible a shape and come out ready for an unpredictable future.

Amidst all the uncertainties shed on the future of globalisation, from international supply chain disruption led by Covid-19 to additional costs generated by retaliatory tariffs, the use of Free Trade Agreements (FTAs) is fast becoming the first stop on the search for cash. Our regular readers will know that FTAs have been around for a very long time. Still, many companies have not evaluated and benefited from the opportunities they offer anywhere near as much as they should have.

The signing of the Regional Comprehensive Economic Partnership ("RCEP") is exciting news for businesses operating in the Asia Pacific area. On 15 November 2020, fifteen Asia Pacific territories signed the RCEP. The parties to this mega-agreement include the 10 ASEAN member states as well as Australia, China, Japan, New Zealand and South Korea. After coming into force, it will be the world's largest free trade agreement ("FTA") when measured by combined GDP (USD 26 trillion), population (2.3 billion) and total export value (USD 5.2 trillion) of member states. Although those numbers are pretty meaningless to an individual company trying to work out what it means for them, what those numbers do is make the RCEP a boardroom topic. Not evaluating FTAs is fast becoming not an option.

But FTA savings are only one (albeit an obvious one) of the options to find cash in cross-border trade. Most such saving opportunities could be both historical (refunds) and prospective. Businesses should look into both but need to be streetwise when selecting the priority ones for implementation.

Looking back

Clearly a dollar successfully claimed as a refund will seem worth more than a dollar not spent on a future shipment. Historical opportunities are available around the region. Retrospective FTA claims and duty draw-back for imported materials consumed for manufacturing of exported goods are but two examples. While it is attractive to be able to recover some money that had previously been paid from customs authorities, it is also worthwhile to bear in mind that customs authorities, particularly but not just in the Asia Pacific, are generally loath to repay money that they have already collected, especially during a year when it is difficult to meet revenue targets.

Even when regulations provide for such refunds, they often come with strict procedural requirements. Obtaining a repayment in practice can therefore be time consuming and practically challenging, if not impossible at all. For example, most FTA texts allow retrospective claims of preferential tariff treatments post import of affected goods, but most customs authorities in the region require importers to indicate their intention of a future FTA claim when the goods are imported. This requirement disables importers from looking back at historical imports and determining to pursue a FTA opportunity after customs clearance.

Nevertheless, not all authorities take this view or approach, hence it remains important to evaluate each refund opportunity on its own merit, and create as strong as possible a case for its merits.

...or forward?

Given that obtaining a refund usually takes a long time, it is even more important to look for ways to improve existing internal controls and minimise chances of overpaying or erroneously paying duties and other import taxes in the first place. Compared to historical refund opportunities, prospective opportunities are typically easier to convert. Apart from FTA claims, other prospective savings opportunities available in the region include duty exemption or suspension schemes (e.g. duty-exempted

equipment import in China, merit-based exemptions in Australia), bonded regimes (e.g. licensed manufacturing warehouse in Malaysia, Free Zones throughout the region), temporary import and export reliefs, etc.

Beyond these more obvious opportunities to reduce cash outlay, there are also savings opportunities that are more hidden and closely interlinked with compliance management as well, for example tariff engineering (tweaking a product so it is classifiable in a tariff code with a lower rate of duty, not just picking a code with a lower duty rate for an existing product!), unbundling of non-dutiable elements captured in a customs value, etc.

Taking the latter as an example, only few customs authorities allow duty refund application for retrospective downward import price adjustment (e.g. Taiwan), hence a reasonable setting of the transaction price in the beginning of the year helps to avoid overpayment of duty. However, it also requires companies to execute diligence in ensuring compliance towards local customs valuation rules and regulations. These types of opportunities are by no means low-hanging fruit and require additional prudence to avoid inadvertent violation of compliance rules. However, the size of the prize can be very attractive.

We do not intend to cover here an exhaustive list of saving opportunities available in the region, nor would that list be useful to anyone without it being tailored and prioritized for an individual companies supply chain arrangements. But we can provide some homework for everyone to think over and decide whether any improvement or cost saving opportunities may be available to your business:

- Is the “best party” acting as an importer? As a simple example - choosing the wrong Incoterms may make import GST non-recoverable.
- Is the correct and lowest duty rate applied? It continues to surprise how many importers do not know the answer to that question - and if they don't know, the answer is probably “no”.
- Is the correct and lowest possible customs value being declared? Much harder to answer than the previous question, but equally probably ‘no’ for the same reason.
- Are the most advantageous duty deferral or exemption facilities being utilised? In our experience many companies do not know all that exist - paying duty is seen as inevitable.
- Are voluntary programs aimed at enhancing supply chain efficiency being utilised (e.g. Authorised Economic Operator and bonded facilities)? “As above”!
- Do you know what your competitors are doing to save costs? A bit of a double-edged sword, this, but if a competitor appears to be getting their products to market much cheaper, it is worth investigating why and how in more detail.

How to extract the gold

Let's take a step back and look at the RCEP again. As mentioned above, it is considered the world's largest FTA by many measures. But does that mean the RCEP is worth pursuing for your business if you are operating in the member territories? The answer will likely be ‘don't know’ without diving into a detailed analysis of your supply chain flows and import / export product profiles.

The same holds for identification and conversion of other saving opportunities. In practice, more often than not duty reduction or cost saving opportunities are not pursued because there is a lack of visibility and therefore awareness that they even exist. Necessary data is not collected, let alone analysed. Resources to do so are not available, from either or both a capacity or capability perspective.



That may seem odd in the era of big data, where we are all bombarded about the magic of data on a daily basis. Although technology and systems are improving all the time, our experience shows that it is still not easy to obtain useful data for customs and trade analysis purposes.

Our regular readers may recall our April / May lead article, where we touched on automation improvement in customs and trade areas. The World Customs Organization (“WCO”) has put a team of data analytics experts together to develop an open-sourced AI model to help facilitate how customs authorities can screen large amounts of transaction level import data. Unfortunately, these government driven efforts in automation development are largely compliance oriented. Data collected are not automatically or directly available to importers. China recently closed the channel for importers to apply for and obtain historical declaration data from customs authorities due to confidentiality concerns. Even when customs data extraction is possible, a request for historical declaration data may be interpreted by customs authorities in some territories as an indication of potential non-compliance in past declarations, worthy of an audit or investigation. Hence importers are too nervous to pursue such data requests, even when their intention is for saving opportunity analysis.

Although there is no lack of customs automation tools and e-declaration / paperless declaration options in the market, many importers’ internal records of historical declarations is still maintained in manual or other rigid forms that are not ideal for data analysis purposes. For example, a very common practice adopted by companies in the region is to document and retain customs declaration data only in PDF formats. Location, accuracy and completeness are just a few other aspects of customs and trade data that leave much to be desired.

However, rather than the usual “throwing arms up in despair and forgetting about it”, the search for cash should be a useful call to action for trade and customs managers to raise their profile and insist on their company’s - often small - investment in the right automation tools and technologies available in the market that can affect data extraction with a fair quality, provided the information is recorded and maintained during daily operations. An example is to use OCR scanning to extract relevant customs data from PDF documents. Another approach we have tested is to leverage data specialists to create relevant scripts for data extraction from a company’s ERP system. Marrying a customs’ professional knowing what to look for with a data specialist knowing how to find it is worth some dowry.

In all of this, it remains key to find an approach most efficient and adaptable to your companies’ record keeping and data storage regimes. However, the basic steps are always the same: capture, extract, visualise, analyse, implement. The fanciest tools and technology are not necessarily the most fit for those purposes. We prefer using (and have therefore developed) a very simple but highly adaptable, intuitive and interactive approach for this.

Other roads also lead to Rome. Data analytics is trending but only efficient and reliable when high quality data is available. An appropriate understanding of business processes and products, together with the relevant customs regulations and practices is often more critical than having the best technology. Many blatant opportunities are not data-driven. Conversely, data driven opportunities often turn out to be red herrings, but only after much time and effort has been spent in pursuit. Prioritising

appropriately is particularly important when companies’ resources are stretched thin during the post-pandemic period. It takes both customs knowledge and experience as well as business understanding to spot savings opportunities. In practice this means that having a good internal network of resources that can connect the necessary dots is as important as having good data. Lacking either part may lead to missing many potential opportunities.

Safeguard your savings

Covid-19 has not just hit importers, it has also had a significant impact on the revenue collected by customs authorities. Customs authorities are likely far behind their revenue targets for the year in many territories. It would be reasonable to assume that any change that leads to a reduction in the amount of duty payable will be subject to stricter scrutiny. Such enhanced scrutiny is not just reflected through increased customs audits or reviews, but also in the form of additional compliance burden on the importers. For example, India introduced section 28DA in the Customs Act, through section 110 of the Finance Act, for additional onus on the India importer with respect to the declarations made on the Certificate of Origin. Specifically, it has become a mandatory requirement for importers to possess value-addition / costing-related data for goods imported using FTAs from 27 March 2020 onwards. Any inability to share information with customs authorities upon request constitutes a violation and leads to penalties.

Therefore, identification of saving opportunities and their realisation are only two steps in a three step process. Safeguarding them through robust internal controls as well as clearly documented standard operating procedures is a crucial third step to avoid compliance lapses, either immediately or over time. There is a risk that even the thought of the efforts may already scare businesses away from pursuing opportunities.

So how do you best minimize your efforts and maximize your savings in a compliant manner? Automation may help but cannot replace it. There are pretty good digital solutions available on the market for trade compliance management purposes. But rushing into automation without proper evaluation or assessment on what value the technology can deliver and how such value will be delivered is not a wise choice. ‘Smart’ automation may be capable of machine learning, but (luckily?) we are nowhere near the point when digital solutions can replace all human efforts. For example, machine learning tools that attempt to classify products still get it hopelessly wrong in many cases. What’s worse, if Customs challenges a declared tariff code, it is tricky to ask the machine learning tool what due care it used to come up with its answer.

Hence designing, tailoring and interpreting any automated solution, as well as connecting different digital solutions and systems to each other and other, more traditional resources, still relies heavily on human efforts and knowledge, of both technology and business. Get the mix right, though, and you may be surprised how much is possible.

Merry Christmas and may your list of 2021 savings be long and wide!

ASEAN push through the signing of RCEP

As reported in our FTA section in more detail, the Regional Comprehensive Economic Partnership (RCEP) was officially signed on 15 November between the ten ASEAN member states, Australia, China, Japan, New Zealand, and South Korea.

For ASEAN, the RCEP is a very important milestone agreement. It was initiated by ASEAN back in 2012 and its signing has been an ASEAN priority for a very long time, especially in the current climate when free trade is under pressure around the world. While RCEP is only expected to enter into force in the latter part of 2021 or in early 2022, the conclusion and signing of the agreement sends a very positive message on how ASEAN and its key trading partners are looking towards free trade as the solution to promote economic growth and recovery during these challenging times.

If you are operating in the region and have a manufacturing footprint in ASEAN, you should assess the impact of RCEP to ensure you are ready to take advantage of its benefits when it enters into force. When doing so, it is important to understand that ASEAN as a bloc already has existing trade agreements with all its RCEP partners. There are also several bilateral FTAs between RCEP members. These FTAs are available and can be used today and may already give benefits at least as good as those offered by RCEP. Therefore, all these agreements should be taken into consideration when assessing the impact of RCEP to ensure the most beneficial agreement is being used, and an overall FTA strategy is optimised.

For more details on our views and insight on RCEP, you can refer to the news alert on our website:

<https://customs.pwc.com/en/recent-developments/assets/trade-alert/20201124.pdf>

ASEAN MOU on non-tariff measures on essential goods

On 13 November 2020, a memorandum of understanding (MOU) pertaining to non-tariff measures (NTMs) on essential goods was signed by ASEAN member states to ensure smooth flow of essential goods. The MOU was formed under the Hanoi Plan of Action on strengthening ASEAN economic operation and supply chain connectivity during the COVID-19 situation.

By signing the MOU, each ASEAN member state commits to remove NTMs that are restricting trade and slows the flow of essential goods within the ASEAN region. The MOU also discourages the introduction of new NTMs, except in the event of public health emergencies.

The MOU was made effective the same date of signing and will apply for two years. It covers 152 essential goods like test kits, medical supplies and equipment, and medicines.

NTMs are mostly domestic policy measures such as requiring

certification, testing, import permits, quantitative restrictions, price control and so on. At the onset of the COVID-19 crisis, some territories implemented export bans and introduced stringent restrictions for essential goods that resulted in a shortage of medical supplies and medicines in the region.

A copy of the MOU can be accessed through <https://asean.org/storage/2020/11/MOU-on-NTMs-on-Essential-Goods-for-upload.pdf>

ASEAN customs administrations attend workshop on post-clearance audit

In response to a request for capacity building for effective revenue assurance, the WCO organised a workshop on post-clearance audit for ASEAN members. Middle-level customs managers in charge of post-clearance audits from Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Thailand and Vietnam were in attendance. They exchanged opinions and techniques employed during the workshop.

Refer to the following link for more details:

<http://www.wcoomd.org/en/media/newsroom/2020/november/wco-rocb-sub-regional-virtual-workshop-on-pca-for-the-asean-members.aspx>



ASEAN Customs transit system

On 30 November 2020, ASEAN launched a new electronic system that facilitates the movement of goods across ASEAN territories by land. Although still somewhat limited in scope (there is a maximum number of vehicles that can benefit), this is a great step in the right direction for the ASEAN Economic Community.

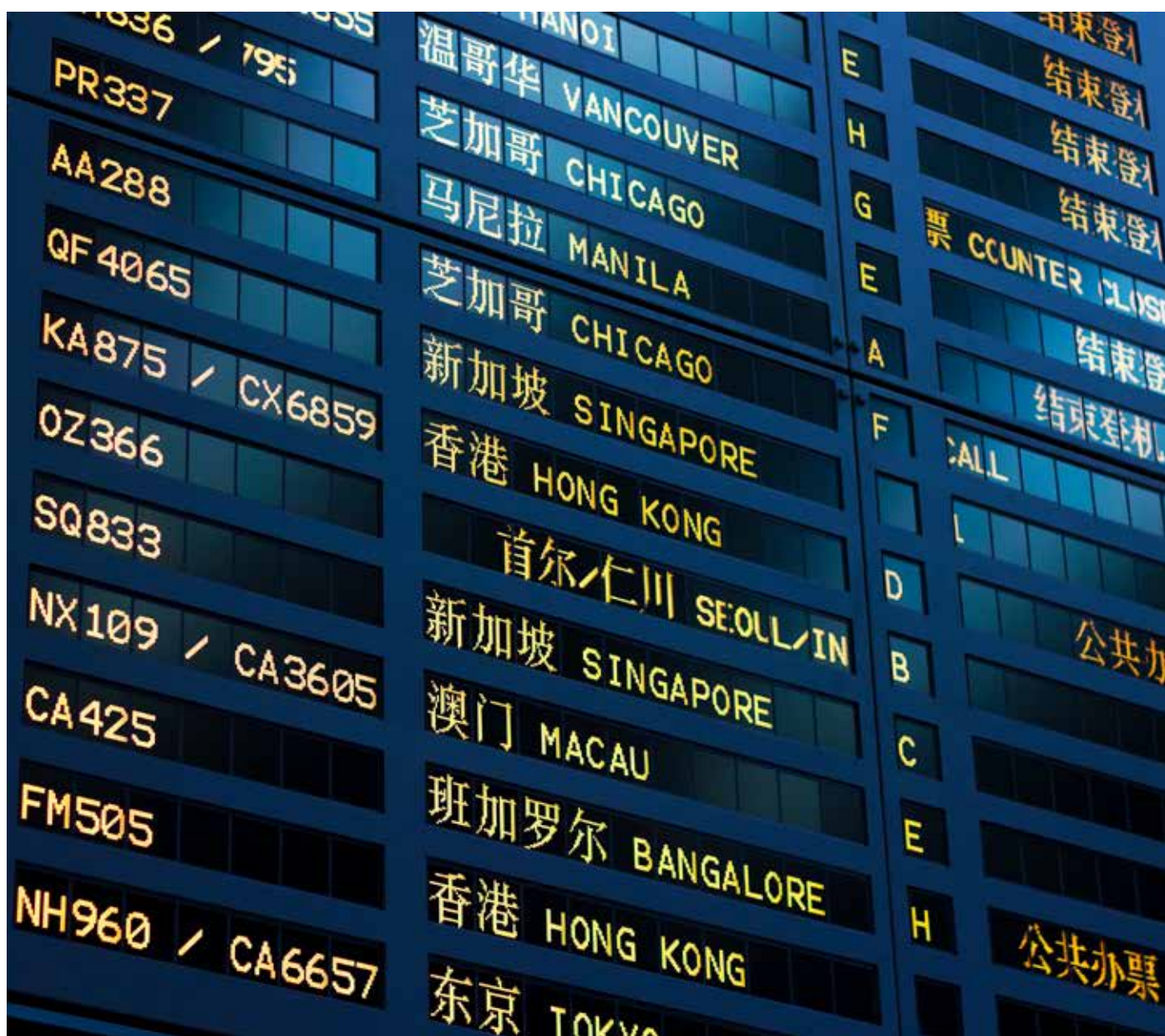
The ASEAN Customs Transit System (ACTS) is a transit management system that allows movement of goods across multiple territories within the region using a single customs declaration, and without the need to change vehicles at each border crossing.

An electronic-transit declaration is lodged directly to the ASEAN authorities using ACTS. This also tracks the movement of goods. Each territory has designated transit routes and customs offices to monitor vehicle movement and if required, conduct customs inspections. While goods are transited through different territories, duties and taxes are covered by a single bank guarantee. Customs formalities and payment of duties and taxes will only be done once it reaches the final territory of destination.

ACTS is open to all traders, including importers, exporters, transporters, freight forwarders and customs agents. To be able to use ACTS, interested parties must register as 'transit traders' with their respective customs administration. The system is currently available to participating territories of Cambodia, Laos, Malaysia, Singapore, Thailand, and Vietnam. It will soon be available in Myanmar, while studies are also being conducted for Brunei, Indonesia, and the Philippines to join in the future.

The implementation of ACTS aims to increase the efficiency of moving goods using land transport; reduce cost and transit time; and improve the detection of smuggling. The first successful transit took place on 23 to 24 October with a truck travelling from Singapore, passing Malaysia to Thailand.

More details on ACTS can be found on <https://acts.asean.org/acts>



China implements new Export Control Law

The 'Export Control Law of the People's Republic of China' ("Export Control Law") was voted and passed at the 22nd Session of the Standing Committee of the 13th National People's Congress on 17 October 2020. The new Export Control Law came into effect on 1 December 2020. This is the first consolidated law in the field of China's export controls. Its promulgation and implementation formally establishes the legal system and institutional basis for China's export controls, which provides stronger legal parameters for export controls in China. The law contains 5 chapters and 49 articles, covering rules on general export control policies, control measures, control lists and legal liabilities. Some of the key points are summarised below.

Scope of application

- The Export Control Law applies to China's exports of dual-use items, military products, nuclear products, and certain other goods. It also covers technologies, services and items relating to the maintenance of national security and national interests and obligations of anti-proliferation, including technical data and other data related to the items.
- In addition to covering the "transfer of controlled items from the territory of the People's Republic of China abroad", it also includes so-called "deemed exports". Deemed exports are defined as when "the citizens, legal persons and unincorporated organizations of the People's Republic of China" transfer controlled items to foreign organizations and individuals.
- In accordance with Article 45 of the Export Control Law, the transit, transshipment, re-export or export of controlled items from bonded areas, export processing zones, and other special customs supervision areas, regulated export warehouses, bonded logistics centers, and other bonded areas are also covered by the applicable provisions of this Law.

Core components of the new export control law

- Export control list: The national export control management department will formulate export control policies in conjunction with relevant departments, following which it will adjust the export control list of controlled items and publish it in a timely manner. The export control list system is the most common export control management system and relevant companies are recommended to note the release and updates to the list.
- Temporary control: For goods, technologies and services that are not included in the export control list, the national export control management department may implement temporary controls. The implementation period will not exceed a period of two years. Before the expiration of the period, a timely assessment and a decision will be made to either cancel the temporary control, extend the temporary control or include the temporarily controlled items in the export control list based on the assessment results.

- Prohibition of exports: Upon approval in accordance with the law, the national export control management department and relevant departments can prohibit the export of related controlled items or prohibit the export of related controlled items to specific destination countries and regions, specific organisations and individuals.
- Export licensing system: Export operators who are engaged in the export of controlled items need to apply for the appropriate licenses from the respective competent authority.
- End-user and end-use risk management system: The national export control management department establishes end-user and end-use risk management systems for controlled items to evaluate and verify the end users and end-uses of controlled items.

Legal liabilities

- Criminal liability: According to Article 43, paragraph 2 of Export Control Law, a violation of the provisions of this law shall be investigated without permission for criminal responsibility in accordance with the law. Article 39 of the Export Control Law also clearly stipulates that those who bear criminal penalties for violations of export control laws shall not engage in relevant export business activities for life.
- Administrative responsibility: The types of administrative penalties for violations of the Export Control Law include the nine scenarios as listed in Article 33 to Article 38. The exporter is the key party responsible for any illegal activity. The administrative penalties include fines, revocation of export business license of relevant controlled items, restrictions or even prohibitions from engaging in relevant export activities.

Extraterritorial provision

- The Export Control Law includes a provision whereby any country or region abuse these export control measures which may result in endangering the national security and/or interests of China, China may then take reciprocal actions against that country or region.

Companies will have to specifically look out for the following:

- With the new Export Control List in effect, companies will have to ensure that should its traded goods fall under either the list as controlled items or temporarily controlled items, the company must have the necessary special business qualification required.
- Apart from the business license required, companies engaging in the trade of controlled items or temporarily controlled items as denoted by the Export Control List will require specific export licenses for goods, issued by the respective State Export Control Administrative Departments (SECADs). The SECADs also require companies whomst goods are not covered under the Export Control List, but are known to either (1) endanger national security and interests; (2) be used in the design, development, production or utilisation of any weapons of mass destruction or its delivery

mode; or (3) be used for terrorists purposes, to apply for the necessary export licenses.

- Notify SECADs with information regarding the End-User and End-Use Controls. Prior to the trade in affected goods, SECADs also require companies to provide supporting documents and information, as per its risk management system for End-Users.
- Conducting businesses with importers and/or end-users blacklisted under the new restricted list. SECADs prohibits or restricts companies from trading with parties under the restricted list. Companies who wish to conduct business with such parties may request via an application do the SECADs. Companies found working with restricted parties without the necessary approvals from SECADs will be subject to hefty penalties.

The new ECL can be viewed as a consolidation of previously segregated export control regulations. It should be noted that the Chinese government have yet to release complementary regulations on the individual licenses, applications or controls, but are expected to do so in the near future. Licenses, applications and restrictions should follow previously stipulated regulations. It is therefore highly recommended that in light of the new law and regulations, affected companies should plan for and if possible develop an internal export control risk assessment or at least enhance awareness internally on export control requirements and compliance.

European Union agrees to new rules on the trade of dual-use items

On 9 November 2020, the EU agreed to a new set of rules targeted to strengthen accountability and transparency in the trade of dual-use items and similar technologies. The new set of rules specifically includes provisions on the control of exports, brokers, provision of technical assistance, transfer and transit of dual-use items. The new rules aim to strengthen the EU's competitiveness in the international sphere, whilst maintaining its security interests and ensuring human rights are prioritised. Key aspects of the new rules are listed below:

Cooperation between private and public entities

- Introduction of two new general EU export authorisations, (1) for cryptographic items and (2) for intra-group technology transfers under certain circumstances, aimed at reducing administrative burdens for companies and licensing authorities.
- Tighter grip over the enforcement of controls through improved cooperation between licensing and customs authorities.
- New provision on transmissible controls, allowing for member states to introduce certain export controls based on the legislation established by a separate EU member state.

Cyber-surveillance technology

- To prevent the violation of human rights and security threats, the new rules include stricter export controls pertaining to cyber-surveillance technologies.
- The new rules include an EU-level coordination mechanism allowing for strengthened cooperation and exchange between EU member states regarding the export of cyber-surveillance technologies.

Before the new rules are adopted they will have to undergo endorsement by the EU Member State's ambassadors on the Permanent Representatives Committee, followed by the European Parliament and Council.

As many territories in Asia follow the EU's export controls principles, exporters in Asia would do well to familiarise themselves with these changes and prepare for possible equivalent updates around Asia.

More details can be found here:

<https://www.pwc.nl/en/insights-and-publications/tax-news/vat/agreement-reached-for-modernisation-of-eu-export-controls.html>

United States issues Executive Order



prohibiting US Persons from purchasing securities of “Communist Chinese military companies”

On 13 November 2020, the Trump administration issued Executive Order 13959 — “Addressing the Threat from Securities Investments that Finance Communist Chinese Military Companies”. This executive order was implemented with hopes to disallow US investors from financing “Communist Chinese military companies” and indirectly impeding the development of the People’s Republic of China’s military, intelligence and security capabilities. The prohibitions will take effect 11 January 2021.

The Executive Order strictly prohibits “US Persons” from conducting any purchases of publicly traded securities of companies on the list of “Communist Chinese military companies” released earlier in June and August 2020 by the US Department of Defense and provided below.

List of “Communist Chinese military companies”	
Tranche 1, June 2020	Tranche 2, August 2020
Aviation Industry Corporation of China (AVIC)	China Communications Construction Company (CCCC)
China Aerospace Science and Technology Corporation (CASC)	China Academy of Launch Vehicle Technology (CALT)
China Aerospace Science and Industry Corporation (CASIC)	China Spacesat
China Electronics Technology Group Corporation (CETC)	China United Network Communications Group Co Ltd
China South Industries Group Corporation (CSGC)	China Electronics Corporation (CEC)
China Shipbuilding Industry Corporation (CSIC)	China National Chemical Engineering Group Co., Ltd. (CNCEC)
China State Shipbuilding Corporation (CSSC)	China National Chemical Corporation (ChemChina)
China North Industries Group Corporation (Norinco Group)	Sinochem Group Co Ltd
Hangzhou Hikvision Digital Technology Co., Ltd. (Hikvision)	China State Construction Group Co., Ltd.
Huawei	China Three Gorges Corporation Limited
Inspur Group	China Nuclear Engineering & Construction Corporation (CNECC)
Aero Engine Corporation of China	
China Railway Construction Corporation (CRCC)	
CRCC Corp.	
Panda Electronics Group	
Dawning Information Industry Co (Sugon)	
China Mobile Communications Group	
China General Nuclear Power Corp.	
China National Nuclear Corp.	
China Telecommunications Corp.	



Agreements signed	Date
Regional Comprehensive Economic Partnership (RCEP)	15 November 2020
China-Cambodia FTA	5 October 2020
Japan-UK Comprehensive Economic Partnership Agreement	23 October 2020

Regional Comprehensive Economic Partnership (RCEP) officially signed

The negotiation for the Regional Comprehensive Economic Partnership (RCEP) has finally concluded and the agreement was virtually signed on 15 November 2020 between the ten ASEAN member states and five of its trading partners: Australia, China, Japan, New Zealand, and South Korea.

RCEP is said to be the largest trade agreement in the world in terms of gross domestic product, population, and export value, although at a company level that does not necessarily mean it creates more opportunity or value. At a macro-economic level it is however expected to increase and facilitate trade and investments in the region and reduce operational costs. The agreement, however, needs some time to take off as it requires a ratification process by all member territories. At least six ASEAN member states (AMS) and three non-ASEAN-member states must complete ratification before the agreement can take effect (for them). It can be expected to enter into force in the latter part of 2021 or in early 2022.

The trade in goods chapter will likely be the most important, or at least most immediately impactful, chapter of the RCEP for many companies. Key benefits under this chapter to take note of include:

- Reduction or eventual elimination of tariffs on 90% of traded products in the RCEP region;
- Consistent rules of origin for all products;
- Originating materials from any RCEP member that are used in another member as inputs in the production of another product can be counted as originating content when determining the origin of the subsequent product;
- Gradual introduction of self-certification scheme when declaring the origin of the product;
- Duty refunds for unclaimed RCEP benefits at the time of importation; and
- Harmonized customs procedures, inspections and quarantine measures

The agreement also includes provisions on trade in services, investments, intellectual property, e-commerce, competition, government procurement and dispute settlement. RCEP does not replace any existing Free Trade Agreements (FTAs) that ASEAN currently has implemented. Given that many ASEAN

businesses have been enjoying the same benefits from existing FTAs, companies should review these benefits to assess whether RCEP will bring something new to the table.

The summary of the RCEP agreement can be found in this link: <https://asean.org/storage/2020/11/Summary-of-the-RCEP-Agreement.pdf>

Pacific Agreement on Closer Economic Relations Plus

The Pacific Agreement on Closer Economic Relations Plus (PACER Plus) is a regional free trade and development agreement between Australia, New Zealand and nine Pacific Island territories, that will enter into force on 13 December 2020 for Australia, Cook Islands, Kiribati, Niue, New Zealand, Samoa, Solomon Islands and Tonga. The remaining signatories that are yet to ratify the agreement are Nauru, Tuvalu and Vanuatu.

PACER Plus covers, among other things, trade in goods (rules of origin and verification procedures, customs procedures, biosecurity measures, and standards and conformance), trade in services and investment. It replaces the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) which was a nonreciprocal agreement under which Australia and New Zealand offered duty and quota-free access to their markets for exporters from the developing island member territories. The new two-way arrangement under PACER Plus maintains the market access benefits from SPARTECA, but in addition requires developing island member territories to reduce tariffs and other trade barriers over time to improve stability and resilience, and create opportunities for trade and investment in the Pacific region.



China, Japan and South Korea to accelerate FTA negotiations

Following the signing of RCEP in November 2020, China, Japan and South Korea also vowed to speed up the negotiation process of their trilateral free trade agreement. Based on reports, the negotiators agreed that the China - Japan - (South) Korea FTA (CJKFTA) should be framed based on the RCEP, and negotiations are targeted to be concluded by next year. The RCEP will eliminate or reduce tariffs on 90% of traded goods in the RCEP region. In the case of CJKFTA, the parties are aiming for a higher liberalisation than the RCEP. The FTA negotiations for CJKFTA started in November 2012, and 16 rounds of negotiations have been held so far. As COVID-19 continues to impact the economy of the three territories, the FTA deal is hoped to provide a buffer to the negative effects and economic downturn caused by the pandemic.

China and Cambodia sign FTA deal

On 5 October 2020, China and Cambodia virtually signed their bilateral agreement after less than a year of negotiations between the two parties. The signed agreement is aimed to reduce and eliminate tariffs for a range of products and is expected to take effect early next year after both parties have completed their domestic ratification procedures.

Two-way trade between the two countries in 2018 was valued at USD 7.4 billion. With the FTA this is expected to grow to USD 10 billion. This is Cambodia's first FTA outside of the FTAs negotiated as part of ASEAN and is expected to provide a cushioning effect on the economy after receiving a blow from the partial suspension of its special trade preferences from its second largest trading partner, the European Union.

India to reboot FTA talks with EU

India's interests on reviving a long-stalled FTA with the European Union, after talks reached an impasse in 2013, has resurfaced. Since the kick-off of negotiations in 2007, the deal has experienced many roadblocks including issues on intellectual property rights, tariff cuts for automobiles and alcoholic beverages, and liberal visa regime.

To move negotiations forward, India's officials have invited the EU to the negotiating table to pick up where they left after 16 rounds of negotiations. The commerce secretary of India mentioned that the EU had prescribed conditions for the resumption of talks. However, this would pose another roadblock for the trade pact as India's condition for the resumption of talks is that there will be no preconditions.

Indian Customs increases scrutiny on FTA origin compliance

Following our report in the August/September 2020 edition of Trade Intelligence about the implementation of India's Customs (Administration of Rules of Origin under Free Trade Agreements) Rules, 2020 also known as (CAROTAR, 2020) which aims to revamp the processes of verifying origin compliance for imports coming into India under FTAs, some additional details may be useful for companies to consider when importing goods into India.

Aside from the mandatory information that needs to be declared when importing goods into India, the Indian Customs may also request additional information from the importer if they see fit. The importer must provide the information within ten working days. Once satisfied, the benefits from the preferential duties will be restored.

Indian Customs will now also deny FTA benefits outright, without any verification, in the following circumstances:

- An incorrect tariff code has been declared for the purpose of claiming FTA benefits for goods that are not otherwise covered by the FTA.
- Incomplete description of goods on the certificate of origin.
- Any unauthorised alteration to the certificate of origin not made by the issuing authority in the exporting territory.
- Expired certificate of origin.

We have seen some ASEAN exporters who have already been challenged. So, it is best for exporters of goods to India to prepare sufficient documentation beforehand on regional value content and change in tariff classification to help support the buyer of the goods and ensure that the certificate of origin is valid. This is so that the buyer's process of claiming preferential duties under an FTA is as uninterrupted as possible. Exporters should be aware of the adverse consequences on the supply chain that importers of goods into India may face if the required information is insufficiently prepared.

Indonesia commits to finalise trade deal with Bangladesh

During a virtual conference organised by the Federation of Bangladesh Chamber of Commerce and Industries (FBCCI) to tackle opportunities and investments between Indonesia and Bangladesh, Indonesia pledged to finalise a trade deal with Bangladesh to boost bilateral trade. Similar to other ongoing FTA negotiations happening around the region, the progress of the India-Bangladesh bilateral trade agreement (IBTA) has taken a toll due to COVID-19 causing the third phase of the IBTA to be delayed. Officials from both sides are hopeful that significant developments will be made in the coming months.

Separately, Bangladesh has prepared a draft guideline titled "Policy guidelines for Preferential Trade Agreement (PTA)/Free Trade Agreement (FTA)-2020" in preparation for its upcoming graduation from the least-developed country status by 2024. The draft guideline will update Bangladesh's existing policy guidelines for FTA-2010 based on the current trend in the domestic and the global environment.

Japan and UK sign trade agreement

On 23 October 2020, Japan and the United Kingdom signed the Japan-UK Comprehensive Economic Partnership Agreement (EPA). The agreement is expected to enter into force on 1 January 2021 and will ensure continuity of free trade benefits between Japan and the UK following the transition period for the UK's departure from the EU.

The Japan-UK agreement is largely modelled on the pre-existing Japan-EU EPA. However, there are several important differences to note, such as more lenient rules of origin for certain goods and new rules regarding cumulation of raw materials and semi-finished products. An overview of the main similarities and differences with the Japan-EU EPA are as follows.

Main similarities and differences between Japan-UK EPA and Japan-EU EPA

Similarities	Differences
<ul style="list-style-type: none"> <u>Certification of Origin</u> Allows self-certification of the origin of goods. Exporters or producers can include a “statement of origin” on an invoice or other commercial document. Importers can claim originating status based on their knowledge provided they can support and prove it during an audit. <u>Reduction of Duties</u> In general, goods are subject to similar duty benefits. 94% of goods in Japan will ultimately be duty-free for UK exporters, either immediately or after a staging period of up to 18 years. 99% of UK goods will ultimately be duty-free for Japanese exporters, either immediately or after a staging period of up to 14 years. <u>Provision of autoparts</u> As with the Japan-EU EPA, the Japan-UK EPA contains a provision under which certain auto parts that are exported from one party to be incorporated into a finished good in the other party will be subject to relaxed regional value content (RVC) requirements. Like the Japan-EU EPA, the Japan-UK EPA will see these relaxed RVC thresholds gradually raised over the course of several years, although the timeline for raising the RVC thresholds is slightly quicker under the Japan-UK EPA. 	<ul style="list-style-type: none"> <u>Cumulation</u> Parts produced in the EU that are incorporated into a UK or Japanese finished goods will be considered originating materials under Japan-UK EPA. However, parts produced in the UK that are incorporated into EU or Japan produced finished goods will not be considered originating content under Japan-EU EPA. <u>Reduction of Duties</u> Certain items, such as railcars and certain auto parts, that were not subject to immediate duty elimination in the Japan-EU EPA will be subject to immediate duty elimination in the Japan-UK EPA. <u>Direct Consignment</u> While the direct consignment provision itself is the same in both agreements, it is important to realize that the presence of this direct consignment provision could have a large impact on existing supply chains. Products following existing supply chains that start in the UK and include operations in the EU that would violate the direct consignment rule would no longer be originating under the Japan-UK EPA. <u>Rules of origin</u> While the product-specific rules of origin in the Japan-UK EPA are generally the same as those in the Japan-EU EPA, a few products have more lenient rules under the Japan-UK agreement. For instance, pumps of HS heading 8414 and air conditioners of HS heading 8415 will have their RVC requirements reduced by 5% compared to the Japan-EU EPA.

Breaking news! Singapore and UK sign bilateral FTA

The Singapore-UK FTA was signed by both sides on 10 December 2020, providing businesses with greater certainty in trading arrangements. Both sides are working to complete domestic procedures to provisionally apply the agreement after the Brexit transition period ends on 31 December 2020.

A more detailed update will be posted on our social media channels and in the next edition of Trade Intelligence.

South Korea and Cambodia hold fourth round of FTA negotiations

In November 2020, South Korea and Cambodia held their fourth round of FTA negotiations during a three-day virtual meeting. The discussion focused on origin rules, customs clearance, market access, amongst other areas. The negotiations for this FTA started in July this year and both sides were aiming to finalise the draft agreement by the end of this year. That seems an ambitious timeline, to say the least, especially as the next round of negotiations has not yet been scheduled.

While South Korea already has an existing trade deal with the ASEAN trade bloc, they are pursuing bilateral trade deals with individual ASEAN members to provide better access to the region.

Thailand pushing to restart halted FTA talks with Pakistan

After suspending negotiations for a bilateral free trade agreement due to COVID-19, Thai officials are proposing to restart talks with Pakistan through virtual meetings. Earlier, it was reported that both sides are in the process of finalising the priority list of 200 items to be covered in the proposed FTA. Thailand and Pakistan have been discussing the proposed FTA since 2013.

Pakistan's exports to Thailand have been mostly textiles, fish, apparel, and cotton. Thailand, on the other hand, exports machines and equipment, electronics, and automobiles to Pakistan. Although the bilateral trade between the territories currently favours Thai exporters, Pakistan has shown improving trade statistics in the previous years and hopes to achieve more balanced trade with Thailand once the FTA is in place.

Vietnam and the UK discuss new FTA

The British Foreign Secretary recently announced that Vietnam and the UK are already in the final stages of creating a bilateral free trade agreement. The announcement came during the foreign secretary's two-day visit in Hanoi, Vietnam on 29-30 September 2020 to mark the UK's 10-year partnership with the Asian territory. Vietnam has emerged as one of the territories in Asia that despite COVID-19 is projected to have a positive growth rate for 2020 despite, even though its export-driven economy has been somewhat damaged by the pandemic. Concluding a trade deal with the UK is expected to further help the recovery of the economy.

Vietnam's main exports to the UK include electronics, garment and textiles, and seafood. The UK's exports to Vietnam are mainly pharmaceutical products, power generating machinery, and chemicals.

Since the discussion on Brexit has started, the UK has been active in securing trade deals across the globe, and part of that list is joining CPTPP. Vietnam, as a member of the CPTPP, has also assured the UK of its support for its plan to join the trade bloc, which currently has 11 members.



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Extension of origin waiver benefit for Trusted Trader importers

The Department of Home Affairs (DHA) has again extended the existing 'Origin Waiver Benefit' available to Australian Trusted Trader (ATT) importers, adding four additional FTAs to the benefit. The extension of the origin waiver benefit now also applies to the following FTAs:

- Australia - Hong Kong Free Trade Agreement - for importations after 17 January 2020
- Indonesia - Australia Comprehensive Economic Partnership Agreement - for importations after 11 February 2020
- Peru-Australia Free Trade Agreement - for importations after 5 July 2020
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership - for importations after 5 November 2020

The extension of the benefit reduces red tape by allowing ATT Importers to claim preferential rates of duty for importing originating goods under the trade agreements covered by the benefit without the need to obtain or present Certificates or Declarations of Origin.

For goods imported after the Origin Waiver commencement date (as outlined above), ATT importers are eligible to claim a refund of the customs duty overpaid on goods originating from the specified territories so long as they are able to present documentary evidence of origin, such as commercial documentation and manufacturer's statements.

ATT importers will still be required to keep, and present if asked, sufficient evidence that imported goods comply with the relevant Rules of Origin under each FTA.

Australia Federal Budget 2020-21

On 6 October 2020, the Australian Government released the 2020-21 Budget which included, among other things, the following trade measures:

1. Australian trade system

The Australian Government announced measures to support initiatives to modernise Australia's trade system and streamline border services to reduce administrative complexity and improve efficiencies. AUD 28.6 million will be provided over two years for:

Development of a new cross-border intervention model for sea and air cargo;

- Extension of Australian Trusted Trader benefits to enable customs and anti-dumping duty deferral by accredited importers; and
- Single window initiative to streamline the 28 agencies that regulate trade at the borders by applying over 120 pieces of regulation.

2. COVID-19 recovery

The Government will provide AUD 6.6 million over four years to assist Australian businesses as they recover from the impacts of COVID-19. This will be done by increasing the share of two-way trade covered by Free Trade Agreements and by expanding regional digital trade.

3. Free Trade Agreements

The budget provides for a number of new FTAs, including AUD 62.2 million over four years for new initiatives to support the development of Comprehensive Strategic Partnership with India.

4. Australian exports

The Budget acknowledges the Government's announcement to simplify and reorient the Export Market Development Grants Scheme to more effectively support export-ready small and medium enterprises.

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New export control law effective 1 December 2020

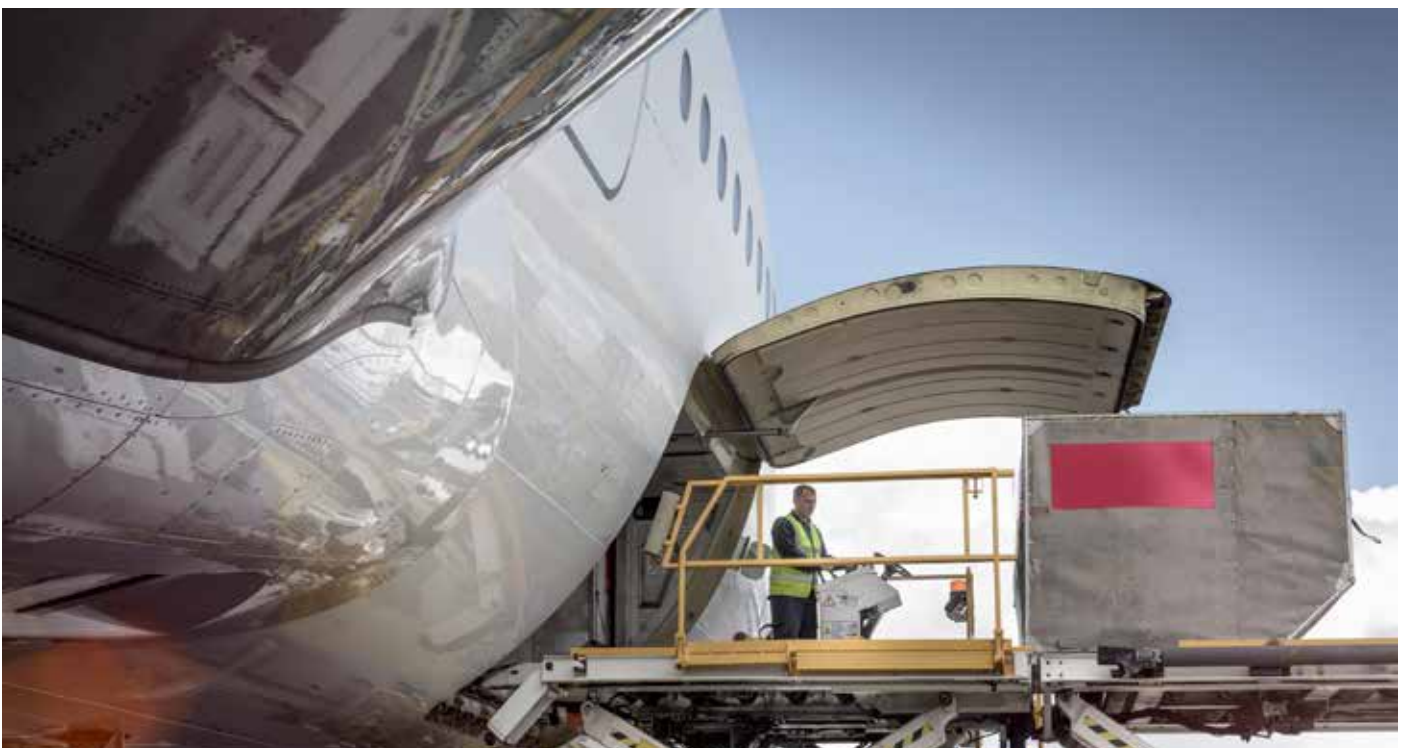
China's new export control law entered into force on 1 December 2020. Key points are highlighted in our [Export Control section](#).

Zero tariffs for raw materials imported through the Hainan Free Trade Port

On 11 November 2020, the Hainan Provincial Department of Finance, Haikou Customs, and the Hainan Provincial Taxation Bureau of the State Administration of Taxation, jointly issued the "Circular on the 'Zero Tariff' Policy for Raw and Supplementary Materials Imported through the Hainan Free Trade Port".

Key points are as follows:

- **"Zero tariff"**: Independent legal entities registered in Hainan Free Trade Port that import raw and supplementary materials for their own use, for the production of goods for export, or for the rendering of services abroad, are exempted from payment of duties, import VAT and consumption tax (where they apply) on these materials. This is an interim policy before the whole island of Hainan is classified as an independent customs area.
- **White list**: "Zero-tariff" raw and supplementary materials are listed in a white list. The first batch of "zero-tariff" raw materials consists of 169 8-digit tariff codes. They include agricultural products, resource products (such as coal), chemicals, optical fiber preforms and other raw materials, as well as aircraft and ship repair parts. Materials in the white list will be adjusted according to Hainan's needs and regulatory conditions.



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Special declaration requirement for exports to the United States

The US announced in August 2020 that goods imported to the US that are originating from Hong Kong must have their origin marked as “China” after 9 November 2020.

In response to this marking requirement, the Hong Kong Trade and Industry Department (TID) issued a Certificate of Origin Circular on 6 November 2020 (the Circular). It sets out the special declaration requirement on Certificate of Hong Kong Origin (CHKO) applications for export of goods to the US. The Circular applies to goods produced in Hong Kong that are affected by the above origin marking requirement.

Key points are summarised as follows:

- In Hong Kong, goods are generally marked as originating in Hong Kong if origin marking or labelling is applied. This conflicts with the above US requirement. Provision of this special declaration therefore allows affected exporters to comply with both sets of rules
- Exporters wishing to apply for a CHKO must make the following special declaration during the application:
“I declare that the purpose of the marking or labelling of goods described on this application to indicate their origin is China (or the People’s Republic of China) is solely for meeting the requirement of the US government for import of the concerned goods to the US. Such origin marking or labelling should be interpreted to indicate that the goods originate in Hong Kong (being part of China) but not other parts of China.”
- For goods exported to territories other than the US, the Hong Kong exporters should continue to indicate the origin as “Hong Kong” where applicable.

Note that the change in marking requirement does not affect country of origin determinations for the purpose of assessing ordinary duties, or temporary or additional duties under the Harmonised Tariff Schedule of the United States (HTSUS).

Refer to the following link for more details:

<https://www.tid.gov.hk/english/aboutus/tradecircular/coc/2020/coc062020.html#note-1>

Amended imports and exports classification list effective 2021

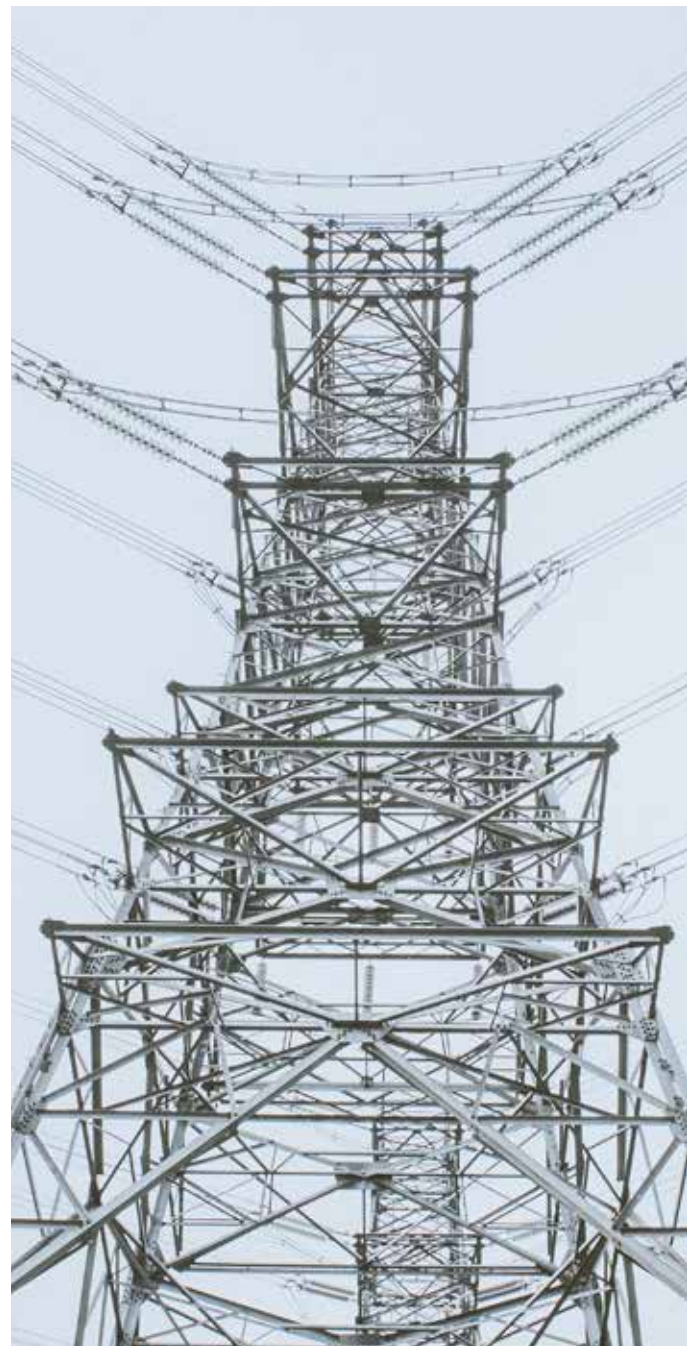
The import and export classification list has been amended and will enter into force on 1 January 2021. The amendments create sub-classifications for the following three commodity items:

- plastics,
- textiles, and
- precious stones.

Importers and exporters should note that import and export declarations for shipments on or after 1 January 2021 must be completed in accordance with the amended classifications made to the current edition of the Hong Kong Imports and Exports Classification List (Harmonized System).

Refer to the following link for more details:

https://www.customs.gov.hk/en/publication_press/press/index_id_3075.html



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Progress of digitisation initiatives

Initiative	Details	Reference
Second phase of the Digitisation Initiative	<ul style="list-style-type: none"> The Digitisation Initiative is the online platform rolled out by the Government in June 2020. Its objective is to provide paperless, digital and transparent services to the exporters and importers, and to further the overall goal of Trade Facilitation and Digital India. In the first phase, online services relating to Import Export Code (IEC) issuance, modification, etc. was rolled out. The second phase of the Digitisation Initiative has been proposed to be rolled out. It will include online processing relating to the following: <ul style="list-style-type: none"> Advance Authorization (AA); Export Promotion Capital Goods (EPCG) Scheme including paperless Export Obligation Discharge Certificate; Norms fixation; Free Sale and Commerce Certificate; Steel Import Monitoring System (SIMS); Import Licensing; and Other processes. The new system will facilitate two-way communication between the Government and traders, enabling filing of applications, monitoring of status, responding to deficiencies, etc. 	<ul style="list-style-type: none"> Trade Notice No.33/2020-21 dated 28 October 2020 Trade Notice 35/2020-21 dated 12 November 2020
Full roll-out of faceless assessment regime	<ul style="list-style-type: none"> The Government introduced the concept of faceless e-assessment under the initiative of Turant Customs in a phased manner. The first phase was implemented in June 2020 followed by the second phase in July 2020. In October 2020, the faceless e-assessment at an all-India level, at all ports of import and for all imported goods was rolled out. While the implementation was largely smooth, there were issues faced by the industry. In view of this, the Government has provided clarifications on various issues relating to streamlining the attendance of Bill of Entry during holidays, raising of queries, ordering first check, re-assessment, submission of Certificate of Origin (COO), etc. It is expected that the resolution of these issues will lead to a reduction in the time taken for assessment and clearance of goods. 	<ul style="list-style-type: none"> Circular No. 45/2020-Customs dated 12 October 2020

Expansion of electronic filing and issuance of Certificates of Origins	<ul style="list-style-type: none"> • From 2019, the online issuance of COOs for several FTAs was prescribed in a phased manner. • The digital platform has now been expanded to cover the following four trade agreements with effect from 15 October 2020: <ul style="list-style-type: none"> – Generalized System of Preferences (GSP) – Global System of Trade Preferences (GSTP) – India-Malaysia Comprehensive Economic Cooperation Agreement (IMCEPA) – India-Singapore Comprehensive Economic Cooperation Agreement (ISCECA) • Businesses should note that manual applications for COO issuance for these agreements will not be considered after 15 October 2020. An exception is for the GSP, where a transition period of 3 months will be allowed - both online and manual application will be considered up to 14 January 2021 or until further orders. 	<ul style="list-style-type: none"> • Trade Notice No 30/2020-21 dated 13 October 2020
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Alignment of provisional assessment under the Customs law with CAROTAR 2020

In September 2020, the Government released the Customs (Administration of Rules of Origin Under Trade Agreements) Rules 2020 (CAROTAR 2020) with the aim to reduce violations and the misuse of FTAs. It contained detailed guidelines and procedures for availing of FTA benefits.

In order to align the CAROTAR 2020 with the customs law, a clarification has been provided regarding provisional assessment under the Customs Act. Now all classes of importers, including imports by Authorised Economic Operators (AEO), are required to furnish 100% of differential duty as security, if provisional assessment is requested by the importer when an inquiry or verification is initiated.

Refer to Circular No. 42/2020 – Customs dated 29 September 2020 and Circular 38/2016-Cus dated 22 August 2016 for further details.

Rebate of State and Central Taxes and Levies scheme

The scheme for Rebate of State Levies (RoSL) sought to mitigate the incidence of State taxes on export of garments and made-ups (falling under Chapters 61, 62 and 63 of AIR schedule of duty drawback). This scheme was operational up to 6 March 2019. With effect from 7 March 2019, the Ministry of Textiles replaced the RoSL scheme with the Rebate of State and Central Taxes and Levies (RoSCTL).

Under the old scheme (RoSL), the rebate was released to the exporters' bank account. The new RoSCTL scheme utilises the mechanism of issuing scrips for granting a rebate. Due to budget limitations, certain pending claims of RoSL could not be granted to the exporters. As a result, the Government has decided that the remaining rebate under RoSL will be granted in the form of electronic duty credit scrips.

Accordingly, the procedure for application and mechanism for issuance of duty credit scrips for such remaining rebate claims under the RoSL scheme has been notified. Other aspects of the scheme such as the mechanism for duty payment with such scrips and the recovery mechanism have also been specified.

Refer to Notification No. 36/2020 – Customs dated 5 October 2020, Circular No. 49/2020-Customs dated 3 November 2020, Notification No. 38/2020 – Customs dated 21 October 2020, Notification No.37/2015-20 dated 6 October 2020 and Public Notice No 25/2015-2020 dated 13 October 2020 for further details.

Compulsory registration of goods falling under Chapter 72, 73 and 86 under SIMS

The Government has expanded the category of goods that will need to be registered under the Steel Import Monitoring System (SIMS).

Previously	Now
Import of <u>specified category of iron and steel products (284 items)</u> falling under Chapter 72, 73 and 86 of ITC (HS) 2017 was subject to mandatory registration under the SIMS.	Import of <u>all goods</u> covered under Chapter 72, 73 and 86 of ITC (HS) 2017 will be subject to mandatory registration under SIMS.

Businesses should note that Bill of Entries filed on or after 16 October 2020 for such goods which were not covered under SIMS earlier will require mandatory registration under SIMS and all specified requirements need to be complied with.

Refer Notification No. 33/2015-20 dated 28 September 2020 and Public Notice No.19/2015-20 dated 28 September 2020 for further details.

Extension of period of export obligation for advance authorisations

Due to COVID-19, the submission date of documents for Export Obligation fulfilment has been extended to 31 December 2020. This is for all Advance Authorisations where the export obligation period expired between 1 February 2020 and 31 October 2020.

Refer Public Notice No. 26/2015-20 dated 16 October 2020 for further details.

Changes in Basic Customs Duty for import of Polybutadiene Rubber from Korea

Amendments have been made to the Basic Customs Duty (BCD) that applies to imports of Polybutadiene Rubber (HS Code 400220). It applies to imports made under the India-Korea Comprehensive Economic Partnership Agreement (Bilateral Safeguard Measures) Rules 2017.

Previously, Polybutadiene Rubber originating in Korea was subject to a BCD of 10%. The Government has now made the following amendment to the import of such goods:

Description	BCD
Polybutadiene Rubber excluding titanium and lithium grades	10%
All goods other than those mentioned against above	0%

Refer Notification No. 37/2020-Customs dated 20 October 2020 for further details

Increase in BCD for import of certain open cell products

Goods under ITC (HS) 8529	Previous BCD	New BCD
Open cell for use in the manufacture of LED/LCD TV panels	0%	5% with effect from 1 October 2020
Other specified parts for use in the manufacture of Open Cell for LED/LCD TV Panels	0%	5% with effect from 12 November 2020

Notification No. 35/2020 dated 30 September 2020 and Notification No. 42/2020 dated 11 November 2020 for further details.

New import and export restrictions and relaxations

Measure	Details	Reference
Export restriction lifted on specified masks and sanitizers	<ul style="list-style-type: none"> • <u>N-95/FFP-2 masks or its equivalent</u> <p>In August 2020, the export of N-95/FFP-2 masks or its equivalent was 'restricted', requiring an authorisation for export. The masks no longer require an authorisation for export.</p> <ul style="list-style-type: none"> • <u>Alcohol-based sanitizers with dispenser pumps</u> <p>In March 2020, sanitisers under specified HS codes were prohibited from export. The prohibition was lifted in a phased manner. Now, alcohol-based hand sanitizers in any form or packing can be freely exported.</p>	<ul style="list-style-type: none"> • Notification No.36/2015-2020 dated 6 October 2020 • Notification No 40/2015-2020 dated 15 October 2020
Export prohibition on specified gloves replaced with restriction	<ul style="list-style-type: none"> • <u>Nitrile/ NBR Gloves</u> <p>Nitrile/NBR Gloves under HS code 392690 or any other HS code (except HS code 4015) was earlier prohibited for export. This has been relaxed so these products are now 'restricted', meaning companies must obtain an export authorisation.</p>	<ul style="list-style-type: none"> • Notification No. 42/2015-2020 dated 22 October 2020
Import prohibition on specified air conditioners	<ul style="list-style-type: none"> • <u>Air conditioners with refrigerants</u> <p>Air conditioners with refrigerants under tariff codes 84151010 and 84151090 are now prohibited from import.</p>	<ul style="list-style-type: none"> • Notification No. 41/2015-2020 dated 15 October 2020
Export quota for diagnostic kits	<ul style="list-style-type: none"> • <u>Diagnostic kits</u> <p>To relax the existing export restriction on diagnostic kits put in place in June 2020, an export quota has been introduced for exports taking place between September to November 2020. The allocated quota, application procedure and eligible export criteria are detailed in the trade notice.</p>	<ul style="list-style-type: none"> • Trade Notice No. 29/2020-21 dated 13 October 2020



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Enforcement of examination procedures for AANZFTA, AKFTA, AIFTA and ACFTA schemes

In October 2020, the Ministry of Finance (MoF) issued four new regulations regarding the enforcement of examination procedures for certain Free Trade Agreements (FTAs):

1. 168/pmk.04/ 2020 (AANZFTA);
2. 169/pmk.04/2020 (AKFTA);
3. 170/pmk.04/2020 (AIFTA); and
4. 171/pmk.04/2020 (ACFTA).

These new regulations replace the examination procedures of AANZFTA, AKFTA, AIFTA and ACFTA schemes that were previously covered by MoF regulation number 229/PMK.04/ 2017 and its amendments. These regulations came into force on 3 November 2020.

The four regulations provide several additional provisions, including provisions regarding the application of FTAs in Special Economic Zones. The following is the summary of some of the changes:

MoF-168 (AANZFTA)	MoF-169 (AKFTA)	MoF-170 (AIFTA)	MoF-171 (ACFTA)
<p><u>Third party invoicing schemes' information required</u></p> <p>Invoices issued by a third party and Certificates Of Origin ("COO") for the AANZFTA require the name of the manufacturer and the issuer of the third-party invoice in column 7.</p>	<p><u>Retroactive checks</u></p> <p>Exporters or producers will need to provide additional information to Indonesian Directorate General of Customs and Excise or appointed customs officer within 30 days of receiving the result of a verification visit.</p> <p>The customs officer will use this additional information to issue a final assessment that will be delivered to the COO Issuing Authority within 30 days of receipt of the additional information.</p>	-	<p><u>Use of e-Form E</u></p> <p>eForm E is now applicable when claiming preferential import duty rates under the ACFTA in Indonesia.</p> <p>The procedures will follow that of the e-Form D for ATIGA which are detailed in MoF regulation number 131/PMK.04/2020.</p>

USA extends Indonesia's GSP status

The government of the United States, through the United States Trade Representative (USTR), has recently announced that it will extend Indonesia's status as a GSP recipient. This came on the back of a two-year review of Indonesia's eligibility as a recipient of the GSP. The GSP provides for preferential tariffs accorded by the United States to developing territories to promote economic growth and development. Indonesia is one of 120 territories that have benefited from the GSP.

The GSP provides preferential tariffs for a total of 3,572 tariff codes, of which Indonesia have utilised 729 tariff posts in the form of exports to the United States. In 2019, GSP exports accounted for USD 2.61 billion or 13.1% of Indonesia's total export value to the United States.

The Indonesian Government has expressed that they are aiming to increase usage of GSP in the form of exports to the United States. Some key Indonesian exports under the GSP include mattresses or radial pneumatic tires for buses or trucks, sports equipment, several electronic products and wigs which have become more competitive in the United States market against similar products from other territories that are subject to normal tariffs. The GSP facility is expected to improve export activities from Indonesia to the United States.

In order to further Indonesia's trade relationship with the United States, the Indonesian government is planning to propose a bilateral trade agreement in the form of a Limited Trade Deal (LTD) between Indonesia and the United States. The LTD scheme would be an extension to the GSP. Its intention is to provide a permanent preferential tariff for products exported from Indonesia to the United States. The LTD would also open Indonesia's digital market to the United States, which is expected to draw investment to Indonesia.

New import provision on footwear, electronics and two and three-wheeled bicycles

Indonesia's Ministry of Trade (MoT) issued a new regulation, (number 78/2020) on import provisions for footwear, electronics and two and three-wheeled bicycles. This regulation came into force 10 October 2020.

Previously, manufacturing companies of such products were required to obtain the necessary import approvals for the sale of finished goods. The new regulation added a provision which excludes any manufacturing companies who already have pre-existing approvals to import these products as complementary goods, goods for market test purposes and/or goods for after sale services, as described in MoT regulation number 118/M-DAG/PER/12/2015. Thus, these companies are no longer required to submit two applications for import approvals on the same imported goods.

New export duty rates on wood products

MoF issued a new regulation (number 166/pmk.010/2020) regarding the second amendment to MoF regulation number 13/pmk.010/2017 on goods subject to export duty. This regulation came into force on 23 October 2020.

The new regulation changes the export rate on veneer wood and processed wood products, the details of which are as follows:

No	Goods	Old Regulation		New Regulation	
		HS Code	Tariff Rate	HS Code	Tariff Rate
Veneer Wood					
1	Thin sheets of wood obtained by peeling or slicing logs or sawn wood with the thickness of not more than 6 mm.	ex. 4408.10.10 ex. 4408.10.30 ex. 4408.10.90 ex. 4408.31.00 ex. 4408.39.20 ex. 4408.39.90 ex. 4408.90.10 ex. 4408.90.90	15%	ex. 4408.10.10 ex. 4408.10.30 ex. 4408.10.90 ex. 4408.31.00 ex. 4408.39.20 ex. 4408.39.90 ex. 4408.90.10 ex. 4408.90.90	5%
2	Wood Slate/Slate Pencil			ex. 4408.10.10 ex. 4408.10.90 4408.39.10 ex. 4408.39.90 ex. 4408.90.90	0%
Processed Wood					
1	Processed wood products of the type of merbau wood which has been dried and leveled on four sides, rendering its surface level and smooth, and has an area of between 4,000 mm ² and 10,000mm ²	ex 4407.29.91 ex 4407.29.92	10%	ex 4407.26.10 ex 4407.26.90 ex 4407.29.91 ex 4407.29.92	10%
2	Processed wood product of the type of merbau wood which has been dried and leveled on four sides, rendering its surface level and smooth, and has an area of between 4,000 mm ² and 15,000mm ²			ex 4407.26.10 ex 4407.26.90 ex 4407.29.91 ex 4407.29.92	15%



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Finalised Korea's Customs Law

The Strategy and Finance Committee of the Korean National Assembly has passed amendments of 16 tax laws including the Customs Law on 30 November 2020. The finalised amendments differ significantly from the tax reform proposals previously submitted to the National Assembly by the Ministry of Economy and Finance (MOEF) in July 2020.

The below summarises details of the finalised customs-related amendments.

1. Current restrictions on the issuance of revised import tax invoices to remain in place

According to the MOEF's July 2020 tax reform proposals, it was anticipated that the taxpayers would be able to obtain revised import tax invoices when the duty amendment is made due to customs audit results beginning January 2021. According to the finalised amendments to the Value Added Tax Law of Korea, however, the revised import tax invoices will continue to be issued only when an importer demonstrates that there is no negligence on them or an error is found to be caused by the importer's mistake or slight negligence.

Considering that the final amendments passed by the National Assembly maintain the current restrictions on the issuance of revised import tax invoices, the issuance of the revised import tax invoice will continue to be limited when a taxpayer files duty amendments upon being notified of a customs audit or being subject to a customs audit assessment.

2. Regulations on submission of documents regarding related party-transactions to remain unchanged

The National Assembly did not pass the MOEF's 2020 tax reform proposal to expand grounds under which taxpayers shall submit documents on related-party transactions. Consequently, the Customs Law will maintain the current provisions which stipulate the grounds for submission of documents on related-party transactions. As such, failure to submit the documents on related-party transactions by the deadline requested or submission of false data regarding related-party transactions by an importer may continue to be subject to an administrative fine not exceeding KRW 100 million.

In addition, the final amendments passed by the National Assembly will not reflect the MOEF's proposals to increase the taxpayer's burden of proof on demonstrating the appropriateness of transaction value used in related-party transactions and to introduce penalty provisions for under-valuation of goods subject to 0% tariff rate. As such, the 2021 Customs Law amendments will maintain that the customs authorities may request a taxpayer to provide documents on related-party transactions if the declared transaction value is found to be substantially different from the transaction value of the goods of the same kind or quality or similar goods without further specifying the circumstances in which the transaction value may be viewed as "substantially different."



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Customs related updates from the Budget 2021 speech

On 6 November 2020, the Ministry of Finance (MOF) tabled and delivered the Budget 2021 speech at the Lower House of Parliament. All measures announced by the Ministry of Finance are suggested to take effect on 1 January 2021. The following are the proposed amendments related to customs matters:

1. Facilitating the accreditation process for an Authorised Economic Operator facility

The Government will focus on facilitating the simplification of the accreditation process of AEO facilities, whilst expanding the AEO facility to logistic service providers and approved warehouse operators, exporters and manufacturers.

According to the Budget 2021 speech, more information regarding the changes to the accreditation process for AEO facilities in Malaysia will be provided in a following announcement. PwC will subsequently release an update on our available social media channels.

2. Increased limits for value-added and other additional activities for companies in FIZs and LMWs based on annual sales revenue

The Government has proposed to allow value-added activities (as provided below) up to a maximum of 40% from the current 10% of the company's annual sales value in Free Industrial Zone (FIZ) and Licensed Manufacturing Warehouse (LMW).

The objective of the relevant amendment is to allow companies in FIZ and with LMW licenses the flexibility to do more value-added activities as the demand for their manufactured products may have decreased due to the pandemic.

Value-added and other additional activities include:

- Research and development;
- Product design;
- Marketing, for company with International Procurement Centre status only;
- Distribution, for company with Regional Distribution Centre status only;
- Quality control;
- Testing and commission including calibration and configuration;
- Labelling, packaging and repackaging;
- Remanufacturing, repairing and servicing; and
- Supply chain management, strategic procurement operation and total support solutions.

3. Import duty and sales tax exemptions for manufacturers of pharmaceutical products, including vaccines

Aside from direct tax incentives, it was proposed by the Government that import duty and sales tax exemptions for machineries and equipment as well as raw materials would be considered for manufacturers of pharmaceutical products, including vaccines (especially for Covid-19). This is an attempt to promote investments in the pharmaceutical industry of Malaysia. Applications can be made to the Malaysian Investment Development Authority (MIDA) from 7 November 2020 to 31 December 2022.

4. Imposition of excise duty on electronic and non-electronic cigarettes including their 'E-liquid'

An excise duty of 10% on all types of electronic and non-electronic cigarettes, including vape, will be introduced. The liquid used in electronic cigarettes will also be charged with a specific excise duty at a rate of 0.40 cents per millilitre.

5. Stricter control on cigarettes imports

Given the current Government's revenue collection is estimated at 15% of Gross Domestic Product (GDP), the Government is looking at sustaining its revenue collection by reducing the smuggling activities of high duty goods such as cigarette products.

One of the measures to be taken by the Government is to strengthen the participation of the Malaysian Anti-Corruption Commission and the National Anti-Financial Crime Centre as part of their revenue collection strategies.



In addition, there are a number of amendments proposed to further scrutinise cigarette imports. The below table outlines the comparison between existing and proposed control measures.

Existing	Proposed
1. Import licences for cigarettes can be applied for from the Royal Malaysian Customs Department and import quotas are imposed on cigarettes.	1. No new import license applications for cigarettes are to be issued, meaning that only importers with existing import licenses for cigarettes and tobacco products can import into Malaysia;
2. Transshipment activities of cigarettes are allowed, and there is no requirement to pay duties for cigarettes that are meant for transshipment and re-export.	2. Renewal of cigarettes import licenses is to be tightened by stricter reviews of the existing license conditions, including imposition of import quotas;
3. Duties are not imposed on cigarettes and tobacco products imported into duty free islands.	3. Transshipment activities of cigarettes is to be limited to dedicated ports only;
	4. All cigarettes imported for the purpose of transshipment and re-export are to be subject to duties. Applications for duty drawback are allowed and should be submitted upon re-export;
	5. Transshipment and re-export of cigarettes using local crafts (“bot kumpit”) is not allowed. Instead, only intermodal containers can be used; and
	6. Imposition of duties on duty unpaid cigarettes and tobacco products imported into duty free islands and to any free commercial zones for retail sale is permitted.

For all of the aforementioned points, a consensus between Members of Parliament would have to be established via parliamentary debates in order to pass the proposed budget for 2021. As of the date of writing, the budget for some ministries, such as the Ministry of International Trade and Industry has been agreed on, while the budget for others is still being debated. There are seldom any changes to what was proposed in the budget compared to what will eventually take effect.

Government agencies like Malaysia Customs are expected to finalise their standard operating procedures for both ease of public understanding and enforcement, once the proposed updates have been confirmed.

Further information about the Budget 2021 speech can be found at the following link:

<https://www.treasury.gov.my/pdf/budget/speech/bs21.pdf>

Amendments to the exemption of sales tax on locally manufactured goods

On 5 October 2020, the MOF issued a Sales Tax (Persons Exempted from Payment of Tax) (Amendment) (No.2) Order 2020. The following amendments took effect on 6 October 2020.

- Goods purchased/acquired from any Licensed Manufacturing Warehouse or Free Industrial Zone that are exported or transported to any DA or SA are now eligible for sales tax exemption. Previously, this catered for goods purchased/acquired from registered manufacturers (also known as a sales tax licensed manufacturer) meant for export.
- A new condition is added specifying that goods cannot be used or further processed after purchase or acquisition in order to qualify for sales tax exemption.

Companies who are interested in applying or are claiming the sales tax exemption shall take note of the above amendments and ensure that the conditions are complied with in order to claim sales tax exemptions. Note that the Director General of Malaysia Customs has the right to impose any other conditions as he may deem fit.

Application procedure for Back-to-Back Preferential Certificates of Origin

On 16 October 2020, MITI announced a revision to the application procedure for Back-to-Back Preferential Certificates of Origin (B2B PCO). The applicants for a B2B PCO are required to indicate the following information in the dedicated columns/boxes of the ePCO application system starting from 21 October 2020.

1. The details of the first PCO reference number and issuance date;
2. The details of the first PCO issuing authority for ACFTA scheme only; and
3. The details of the third party/territory if the third party/invoicing were used for the B2B PCO. application.

The information above previously needed to be included by applicants in the ‘Description of Goods’ column/box.

New Customs Duties Order under MNZFTA

On 29 September 2020, the Ministry of Finance (MOF) issued the new Customs Duties (Goods under the Malaysia-New Zealand Free Trade Agreement) Order 2020, which replaces the previous Order issued in 2010.

The Order entered into effect on 1 October 2020. Important details include:

- Updated preferential import duty rates under MNZFTA from 2020.
- Replacement of Customs Duties Order 2007 (9 digits HS codes) with Customs Duties Order 2017 (10 digits HS codes). For goods or HS Codes that are not specified in the new order, goods will be subject to import duty at full rates specified under Customs Duties 2017.
- Reduction of import duty from 30% to 10% for goods imported into Malaysia that are intended for non-commercial use (except motor vehicles, alcoholic beverages, spirits, tobacco and cigarettes).

The Order is to be laid before the Dewan Rakyat pursuant to subsection 11(2) of the Customs Act 1967 and will continue to be in effect if there are no objections after 120 days of the aforementioned effective date.

Companies claiming or considering claiming preferential import duty treatment under MNZFTA are advised to take note of the above changes.

The complete Order can be found at the following link:
http://www.federalgazette.agc.gov.my/outputp/pua_20201009_PUA2862020.pdf

Implementation of third-party invoicing under MNZFTA

Starting from 1 October 2020, Malaysian exporters are allowed to utilise third-party invoicing arrangements under the Malaysia-New Zealand Free Trade Agreement (MNZFTA).

Exporters are required to select accordingly in the ePCO system in order to utilise the third-party invoicing arrangement. The MNZFTA form remains the same.

More information can also be accessed via the official announcement from MITI at the following link:
https://www.miti.gov.my/miti/resources/Preferential%20Certificate%20of%20Origin/Announcement/Announcement_TPI_under_MNZFTA_BI.pdf

Expansion of FCZ in KLIA

On 16 October 2020, the MOF declared the expansion of the Free Commercial Zone (FCZ) in Kuala Lumpur International Airport (KLIA) via the Free Zones (Declared Area) Notification (No.4) 2020. The notification took effect from 20 October 2020.

More details in terms of the location can be found at the following links:

- Free Zones (Declared Area) Notification (No.4) 2020 - http://www.federalgazette.agc.gov.my/outputp/pub_20201016_PUB%20525.pdf
- Free Zones (Declared Area) Notification (No.3) 2020 - http://www.federalgazette.agc.gov.my/outputp/pub_20201016_PUB%20524.pdf
- Free Zones (Amendment of First Schedule) Notification (No.2) 2020 - http://www.federalgazette.agc.gov.my/outputp/pub_20201016_PUB%20526.pdf

Anti-dumping duties

On 2 November 2020, MITI announced a time extension for making a preliminary determination on the following imports:

1. Cold rolled stainless steel in coils, sheets and any other form from Indonesia and Vietnam; and
2. Polyethylene Terephthalate with intrinsic viscosity of 0.70 decilitres/grams from China, Indonesia, Japan, South Korea, United States and Vietnam.

The extension is for 30 days from the initial deadline of 25 November 2020 to 25 December 2020.



Myanmar

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Updated list of goods requiring import licenses

On 22 October 2020, Notification 68/2020 was issued by the Ministry of Commerce (MOC). This notification contains an updated list of goods that will require import licenses relating to national security, food security and environmental protection. They include the following products:

- Food items;
- Alcoholic beverages;
- Forest products;
- Minerals;
- Chemicals;
- Medicines; and
- Vehicles.

With this update, nearly 4,000 product types require import licenses from 1 December 2020. Importers in Myanmar are advised to check their goods against the update list to ensure compliance with Myanmar's import licensing requirements.

Upgraded TradeNet 2.0 system, increased fees

On 1 November 2020, a newly upgraded 'TradeNet 2.0' system was officially launched by the MOC. The aim of the online platform is to streamline the application process for import/export registration certificates, licenses and other trade related documents into one e-licensing system. It is expected to be fully implemented by January 2021.

In the first phase of implementation, traders can create membership accounts and apply for importer/exporter registration certificates. The MOC will verify the application forms and issue the import/export related permits digitally. Supporting documents can be submitted online. With the new system, traders are no longer required to submit recommendations from a relevant department to the Department of Trade, as the documents can be accessed on the system. Payments for permits can also be made online.

There have also been fee increases under the Department of Trade's Newsletter 18/2020. The annual membership fee increased from MMK 13,000 to MMK 15,000 and the online service fee increased from MMK 2,500 to MMK 3,000. Service fees for the extension or amendment of import/export licenses/permits increased from MMK 500 to MMK 5,000 if the licenses/permits are extended or amended within eight days to one month of its expiry date. However, traders would be charged MMK 10,000 after one month of the expiry date.

Online import license applications for more items

On 7 October 2020, the Ministry of Commerce issued Newsletter 14-2020 extending the number of goods for which an online import license application can be made. This includes food products, boilers, turbines, engines, air-conditioning machines, refrigerators, freezers, cranes, electric motors and generators, electrical transformers, telephone sets, and medical instruments.

Online import license applications are now permitted for 689 items. This extension took effect from 12 October 2020 and can be accessed through the Myanmar TradeNet.

Green lane between China-Myanmar border

A green lane was established at the Muse-Ruili border between Myanmar and China in November 2020. Myanmar exporters can use the green lane to export fishery products, fruits and onions. Restrictions include that only 100 Myanmar trucks are allowed to cross the border per day.



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Increased scrutiny on customs values of imported goods

There has been heightened activity from the New Zealand Customs Service (NZCS) and we have seen an increase in audits and disputes in relation to customs values of imported goods. In particular, NZCS have queried importers' post-import price adjustments, including transfer pricing adjustments, royalties and license fees.

Importers should therefore ensure that any post-import price adjustments are accurate and provided to NZCS as soon as practically possible. It is also important that importers keep a record of any documentation supporting the post-import price adjustments. Supporting documentation could include invoices and royalty or transfer pricing agreements. This documentation may be required when submitting a voluntary disclosure or in the event of a NZCS audit.

In this context, if an importer knows that the customs value is likely to change after import, the importer may apply to use a provisional value in their import declaration as part of NZCS's

Provisional Values Scheme (PVS). The PVS will protect importers from compensatory interest on any additional duty owed if the final Customs value is more than the total provisional values. In some cases, the PVS is mandatory eg. if the importer has an APA with Inland Revenue.

Customs client codes

A client code is required for shipments valued at NZD 1,000 or more as part of the import/export entry preparation and Customs clearance. Businesses or their customs brokers can apply for a client code.

Businesses (e.g., tax agents, freight forwarders, consolidators) assisting their customers to apply for a client code are required to use Trade Single Window (TSW). To become a TSW registered user (declarant), the businesses will need to make an application.

Movement of critical supplies

In response to COVID-19, NZCS has been working to identify and expedite the border clearance of critical supplies. Currently, personal protective equipment (PPE), including face masks, gloves and gowns, is considered a high priority critical supply. Critical supplies may also include raw materials that are required in the domestic manufacturing of PPE. As the situation continues to evolve, other types of goods may also be considered to be a critical supply in the future.



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Implementation of Orange Lane

Effective 1 October 2020, the Bureau of Customs (BOC) implemented the 'orange lane', a unique risk-based channeling lane to the Philippines that identifies a medium-to-high risk shipment.

A shipment assigned to orange lane will undergo x-ray examination and, if confirmation on the scanned image is needed, further verification through physical examination will be conducted. The table below differentiates BOC's treatment on each risk-based channeling system.

Bureau of Customs' Selectivity Lanes

Action	Green	Yellow	Orange	Red
Assessment	✓	✓	✓	✓
Document Check	x	✓	✓	✓
Non-intrusive Examination (X-ray)	x	x	✓	✓
Physical Examination	x	x	Upon scanning, the image is found to be suspicious ✓ Upon scanning, the image is found to be suspicious x	✓
	Low-risk	Medium-risk	Medium to High risk	High-risk

The Orange Lane will select cargoes ranging from medium to high risk, including but not limited to shipments covered by existing policies and regulations for mandatory x-ray scanning and random selection by the Selectivity System.

As an added layer of risk management, the BOC expanded the common general terms or general description on their watchlist that are considered as insufficient when declaring goods on an import entry.

Customs memorandum order (CMO) 20-2020 lists 300 commonly used general descriptions to update the previous memo issued in 2007. A shipment containing good/s insufficiently declared using any of the terms cited will be subject to 100% examination and will be put on customs alert.

Importers are encouraged to provide a detailed description of each imported good to aid classification and valuation verification during customs clearance. For a complete list of terms, refer to:

<https://law.upd.edu.ph/wp-content/uploads/2020/09/BoC-Customs-Memorandum-Order-No-20-2020.pdf>

https://customs.gov.ph/wp-content/uploads/2020/10/ocom-memo-179-2020-Implementation_of_Orange_Lane.pdf

Philippines businesses cautioned against UN sanctioned entities

The Strategic Trade Management Office (STMO) has adopted the United Nation Security Council (UNSC) Consolidated List as its own 'List of Prohibited end-user' in the Philippines. The UNSC Consolidated List specifies names of persons and companies cited as prohibited end-users of strategic goods.

To implement the list, the STMO issued a memorandum that effectively prohibits companies and individuals from transacting with businesses cited on the 'list of prohibited end-users'. Since trade and movement of strategic goods are subject to the authorization of the STMO, any application for authorization involving listed end-users will be rejected.

In a recent advisory, stakeholders were advised to check the list available on the UN website (<https://www.un.org/securitycouncil/content/un-sc-consolidated-list>) before entering into trade transactions. Further, they were also advised to conduct due diligence such as performing background screening of parties in the transaction, verify end-use and end-users of goods being traded, check shipping routes, and validate payment arrangement, among others.

Failure to comply with the authorization requirement could result in administrative and criminal penalties.

Strategic goods are highly regulated goods to prevent the proliferation of weapons of mass destruction. They can either be (1) military goods, (2) dual-used goods (any items, software, or technology that can be used for both civil and military purposes), or (3) other unlisted goods regulated by the authorities.

For more details, refer to:

https://dtiwebfiles.s3-ap-southeast-1.amazonaws.com/e-library/Laws+and+Policies/140420_MC20_13.pdf ; <https://www.dti.gov.ph/negosyo/strategic-trade-management/>



Increased safeguard duty for imported cement

From 22 October 2020, cement imported into the Philippines will attract an increased safeguard duty following the second year of implementation of the safeguard duty for this type of product. It applies to cement classified under tariff codes 2523.29.20 and 2523.90.00.

The collection of safeguard duty on cement started in 2019 and was made effective for three years. The table below provides the original safeguard duty schedule and the changes that took effect.

Effective period	Original schedule per metric ton	New schedule per metric ton
22 Oct 2019 – 21 Oct 2020	PHP 250	-
22 Oct 2020 – 21 Oct 2021	PHP 225	PHP 245
22 Oct 2021 – 21 Oct 2022	PHP 200	-

The increase is intended to provide further assistance to help local cement producers compete with imported cement suppliers during the COVID-19 crisis. For reference, refer to

<https://www.dti.gov.ph/advisories/year-2-definitive-sg-duty-import-cement/>

Philippines lifts import ban on pig and meat products from Belgium and Poland

Pigs and meat products from Belgium and Poland can now be imported again into the Philippines following the Department of Agriculture's (DA) decision to lift the temporary ban on importation of pigs and their products, including pork meat from Belgium and mechanically separated poultry meat from Poland.

The DA's action comes after Belgium closed the case of 'African Swine Fever' previously reported for domestic and captive wild pigs. Poland was also declared free from the disease called 'Highly Pathogenic Avian Influenza' according to the report of the World Organization of Animal Health.

Importation of pigs and products from Belgium were halted in 2018, while Poland poultry meats were banned in January 2020.

https://www.da.gov.ph/wp-content/uploads/2020/10/mo55_s2020.pdf

https://www.da.gov.ph/wp-content/uploads/2020/10/mo56_s2020.pdf



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Singapore and United States to explore Single Window connectivity

To further enhance the trade facilitation and supply chain security between Singapore Customs and the United States Customs Border and Protection (CBP), the two customs authorities signed a letter of intent (LOI) on 10 November 2020 to explore the interoperability of its national single window systems. Part of the study to be conducted by Singapore Customs and CBP is on the exchange and re-use of trade data between Singapore's NTP and the US Automated Commercial Environment (ACE). If implemented, this would automate, reduce cost, and shorten the processing time in fulfilling import and export requirements.

At present, Singapore and the United States are FTA partners and have signed an Authorised Economic Operator - Mutual Recognition Arrangement and Customs Mutual Assistance Agreement.

In addition to the United States, Singapore Customs is also exploring Single window connectivity with Australia, China, Indonesia and the Netherlands.

IRAS publishes new e-tax guide for transfer pricing adjustments

On 9 November 2020, the Inland Revenue Authority of Singapore (IRAS) released a new e-tax guide for transfer pricing adjustments. The guide provides a comprehensive discussion on several key topics such as administrative concessions, GST treatment for TP adjustments, making GST adjustments, and proxies to apportion the value of supplies of Goods and Services and Imported Services.

One of the notable changes discussed in the guideline is the relaxation of compliance requirements by IRAS and Singapore Customs as both authorities will no longer require import GST adjustments resulting from TP adjustments in the following circumstances, regardless whether it is a downward or upward adjustment:

(i) Taxable imports

- Where a company is entitled to full input tax credit on the import at the time when the TP adjustment is made. If the company is part of a GST group, the group must be entitled to full tax credit.

(ii) Standard-rated supplies

- Where a company's related party customer is entitled to full input tax credit on the supply the company made, and the company is entitled to full input tax credit on the company's purchases and expenses, at the time when the TP adjustment is made.

(iii) Zero-rated and exempt supplies

- Where a company is entitled to full input tax credit on purchases and expenses at the time when the TP adjustment is made.

Businesses are not required to write to IRAS or Singapore Customs to request for the concession. Instead, they are to self-assess whether they qualify for the concession or not. However, it is mandatory for companies to keep all the documentation and records that are relevant to the TP adjustment made, as authorities may request for those documents during audits or for other purposes.

The e-tax guide can be accessed in the following link:

[https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax_Guides/e-Tax%20Guide%20_GST_Transfer%20Pricing%20Adjustments\(1\).pdf](https://www.iras.gov.sg/irashome/uploadedFiles/IRASHome/e-Tax_Guides/e-Tax%20Guide%20_GST_Transfer%20Pricing%20Adjustments(1).pdf)

Singapore Customs eBG program goes live on NTP

On 2 November 2020, Singapore Customs finally launched the comprehensive electronic Banker's Guarantee (BG) program that is hosted on the Networked Trade Platform (NTP). This comes after a successful pilot run of the programme that started in March 2020 which accounted for 65% of the BGs issued by participating banks to Singapore Customs for transactions recorded from March to November 2020.

With the implementation of the eBG, banks and traders can now enjoy a fully paperless transaction for the BG process, including lodgement, claims and discharge of BGs — ensuring data authenticity and increased efficiency as it eliminates the manual process of issuing paper BGs by banks to Singapore Customs.

As of writing, the participating banks for the eBG programme includes BNP Paribas, DBS Bank, OCBC Bank, SMBC, and UOB.

For more information, visit the following links:

<https://www.customs.gov.sg/news-and-media/media-releases/2020-11-18-Media-Release.pdf>

<https://www.customs.gov.sg/businesses/new-traders-and-registration-services/registration-services/security-lodgement/electronic-bankers-guarantee-programme#:~:text=Under%20the%20Singapore%20Customs%20eBG,bank%20instead%20of%20hardcopy%20BG.>

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Origin labelling for import of face masks

On 8 October 2020, the Bureau of Foreign Trade (BoFT) issued a regulation pertaining to country of origin labelling for the importation of facial masks for non-medical purposes. The regulation came into effect on 22 October 2020.

Details are as follows:

- The regulation applies to facial masks for non-medical purposes with tariff classification code 6307.90.50.393, described as “Other masks, of textile materials”.
- It provides that such facial masks must contain a country of origin marking on the primary packaging (packaging in direct contact with the product) when imported. The marking must be indicated such that it is easily noticeable and visible. Failure to comply may result in denied entry.
- If an importer fails to mark the country of origin, the importer will need to seek approval from BoFT by lodging a supplemental country of origin marking application.
- Facial masks originating from other territories with a Taiwan origin marking (i.e. MADE IN TAIWAN, MADE IN R.O.C, MIT or other similar wordings) will not be eligible for subsequent supplemental origin marking application and Customs may impose penalties in accordance to relevant laws/regulations.



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Reduction of US GSP trade benefits for Thai exports

Following the Generalised System of Preference (GSP) ineligibility applied to Thai products in 2019, the United States Trade Representative (USTR) further announced that Thailand, a beneficiary territory of the GSP programme, has not yet offered fair market access for US pork products. As a result, the US has suspended Thailand's GSP eligibility for 231 products or approximately one-sixth of Thailand's total GSP trade.

This amount represents around USD 817 million or THB 25 billion, which will significantly affect Thailand's export industries. Products that will be ineligible for preferential duty treatment include automotive parts, aluminium kitchen wares, dried herbs and fruits, fluorine salt, chemical substances, electric appliances and plastic glasses frames. The new GSP measure will come into effect from 30 December 2020.

Out of the 231 suspended Thai products, 147 were imported into the US under GSP privilege in 2019. To alleviate the future impact of this measure on Thai manufacturers and exporters, the Director-General of the Ministry of Commerce (MoC) plans to have a critical discussion with the USTR in an attempt to achieve the right solution for both territories. In addition, the MoC plans to promote Thai products to international markets by launching marketing schemes and activities, including online business matching and cross-border e-commerce.

Due to the uncertainties on the direction of US trade policy after the US presidential transition period, manufacturers, exporters and distributors of affected products are advised to keep a close eye on the outcome of the Thai-US discussion and should consider joining the Thai government's marketing campaigns to pursue other international markets.

Updated DFT watchlist for exports to the US and EU

The Department of Foreign Trade (DFT) has announced an updated watchlist for certain goods that will be subject to stricter inspection and more scrutiny when issuing non-preferential Certificates of Origin (CO). This latest watchlist, updated on 29 September 2020, has been amended to add 15 more HS Headings (from 35 to 50 items). The previous version had been effective since 1 November 2019.

The added items include products under Chapters 29, 71, 73, 76, 82 and 85. The watchlist still covers its original items, which are certain types of tubes, pipes, hard disk drives, combined refrigerator-freezers and certain motor vehicle body parts and accessories.

The updated watchlist can be downloaded via the DFT's official portal: <http://edi.dft.go.th>.

To obtain a non-preferential CO and export products on the watchlist, the DFT requires manufacturers or exporters to submit additional documents in order to obtain a non-preferential CO. The requirements are as follows:

- **manufacturers:** must submit a factory license (Ror. Ngor. 4) and a list of raw materials used in production to certify the origin of goods in the watchlist.
- **exporter:** must submit a certificate from the manufacturer which states those products had been sold to the exporter along with the list of raw materials used in production to certify the origin of the products in the watchlist.

The DFT watchlist has been developed to help protect Thai exporters from circumvention. We recommend that companies prepare supporting documents to strengthen their Thai origin positions and keep updated on news and regulations from the DFT on this matter.

Extension of import duty exemption measures of medical products for the COVID-19 pandemic

As the COVID-19 pandemic has not ended yet, the Ministry of Finance (MOF) will extend import duty exemption measures for related medical products, medical devices and other necessary products. The cabinet meeting held on 10 November 2020 approved the extension of these measures. The two relevant MOF notifications are summarised as follows:

MOF notification	Previous end date	Extended end date
Exemption and reduction of duties under Section 12 of the Customs Tariff Decree BE 2530 (No.3), dated 19 March 2020	19 September 2020	3 February 2021
Exemption of duties for goods imported for the treatment, diagnosis and prevention of COVID-19, dated 10 April 2020	30 September 2020	31 March 2021

Importers who wish to enjoy these exemption measures are advised to regularly check for updates, read the exemption criteria and follow the required procedures.

Update on Thailand's electronic export control system (e-TCWMD)

The Department of Foreign Trade (DFT) recently arranged several training sessions to introduce an updated pilot version of the electronic system (e-TCWMD) to be used to support all export control activities under Thailand's Trade Controls on Weapons of Mass Destruction Act.

A key feature of e-TCWMD is 'e-Classification'. This is for exporters to pre-classify their export products by using several inputs (e.g. tariff codes, CAS numbers and keywords) to determine whether a product is considered as a dual-use item and subsequently requires an export license. Other features included in the updated trial version include the 'e-License' and 'e-Catch all' features that will be used in future for online license registration and catch-all declarations when Thailand implements these controls.

As the implementation timeline for e-TCWMD remains unclear, exporters are advised to take advantage of the trial version of the system and to familiarise themselves with its interface and how it is used. Especially the 'e-Classification' feature, which can be used as an initial check to secure an organisation's export control compliance. The DFT is now also open for any comments and suggestions that users may have for effectively developing e-TCWMD to meet the needs of stakeholders in Thailand.

Duty exemption for re-imported containers

On 15 October 2020, Thai Customs issued Customs Notification No. 163/2563 for duty exemption of re-imported goods under Part IV Category 1 of Customs Tariff Decree BE 2530. Customs has essentially provided duty exemption for exported goods that will be re-imported within one year without changing in appearance or form. This notification provides specific criteria for duty exemption for the corresponding containers as well.

Under this new notification the container must be:

- Durable, reusable, non-consumable goods
- Designed for international transport
- Intact in condition
- Used in an exporting or related business
- Re-imported within one year without changing its appearance or form
- Not an exempted container under category 15 (container used for safety and convenience for shipping) and category 19 (container for re-exportation) of Part IV.

To use the duty exemption privilege, the importer and/or exporter must request re-importation permission before exporting and re-importing such containers. The request form must be submitted with the details and drawings of the containers for consideration by Customs.

In addition, approved importers and exporters are required to submit an inventory control for exportation, usage and re-importation of the containers to Customs twice a year and within 15 days from the end of June and December. These documents must be kept for five years.

Importers and exporters who wish to get the duty exemption must adhere to the criteria and timelines in the notification. Reviewing the criteria in the Notification is recommended to ensure full compliance with all requirements, as is using the form attached with the notification to request duty exemption for re-imported containers.

The Notification is available to download in Thai from the Customs Department's website:

https://www.customs.go.th/cont_strc_download_with_docno_date.php?lang=th&top_menu=menu_homepage¤t_id=14232832414c505f47464a4f464b47

Extension for using Certificate of Origin copies

Thai Customs has released Customs Notification No. 166/2563 to extend the use of Certificates of Origin (CO) copies until 31 December 2020, following Customs Notification No. 81/2563 on the temporary allowance to submit CO copies due to the COVID-19 pandemic.

As part of relief measures, the COs covered under this Notification are Form E, Form D, Form AK, Form AJ, Form JTEPA, Form AI, Form AANZ, Form AHK and Form TC. The Notification also includes COs under the Thailand-India Framework Agreement for establishing a free trade area, and COs under the Protocol between the Kingdom of Thailand and the Republic of Peru to accelerate the liberalization of trade in goods and trade facilitation.

Note that the procedures to request using a CO copy remain unchanged and are based on Customs Notification No. 81/2563. These include adding remarks on import entries, as well as submitting a request form and an original CO within a certain timeline.

The Notification is available to download in Thai from the Customs Department's website:

https://www.customs.go.th/cont_strc_download_with_docno_date.php?lang=th&top_menu=menu_homepage¤t_id=14232832414c505f47464b48464b4a



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Import duty exemption for toll manufacturers using subcontractors

On 21 October, the General Department of Customs (GDC) issued Official letter no. 6774/TCHQ-TXNK guiding the import duty treatment applicable to goods that are imported under toll manufacturing contracts and then sent to local subcontractors for added-processing.

According to the GDC, companies entering into toll manufacturing contracts with overseas principals are required to notify the subcontracting arrangements to Customs before delivering the imported raw materials/semi-finished goods to the local subcontractors for added-processing. In cases of late notification (i.e. subcontracting notification is made to Customs after the imported goods have been handed over to subcontractors), Customs will conduct a post-clearance audit of the importer (i.e. the toll manufacturer) and perform site inspection at the subcontractors' premises whereby:

- No tax will be imposed if processing activities do take place at the subcontractors' production plants, the processed goods are sent back to the toll manufacturer and such goods are subsequently exported. An administrative penalty of VND 2 to 5 million for late subcontracting notification will be imposed in such case; or
- Customs will impose import duty on the goods in question if any of the above conditions is not met.

Penalties for administrative violations

On 19 October 2020, the Government released Decree 128/2020/ND on penalties for administrative violations on customs matters. Below are some notable points:

- Non-declaration of special relationship on customs declarations will be fined from VND 1 million to VND 2 million (about USD 43 to USD 86).
- Failure to submit customs finalisation reports on time (i.e. 90 days from the financial year end date) will be penalised from VND2 mil to VND5 mil (about USD 86 to USD 215).
- The submission of customs finalisation reports that are inconsistent with the actual production and result in an increase of goods eligible for import duty exemptions will be considered as wrong declarations. A penalty of 10% of the amount of taxes short-paid will be imposed in cases where the violations are declared to Customs by the company after the deadline of amending customs finalisation reports and before Customs audits. Should the error be identified by Customs during audits, A penalty of 20% of the amount of taxes short-paid will be imposed.
- Violations on labelling of imported goods include:
 - The information on the label is not correct in accordance with current regulations.
 - The content on the label is not readable as per prevailing labelling regulations and the importers cannot amend or provide any other solutions.
 - No original labels are provided at the time of importation for imported goods as stipulated by the law.

The Decree is effective from 10 December 2020.





COVID-19 related updates

Summary of COVID-19 related trade measures

Territory	Measure
Indonesia	<ul style="list-style-type: none">• Extension of processing time from 6 months to 8 months of imported raw materials under USDFS scheme• Temporary waiver for the service fee charged on local manufacturers for the issuance of COO until 31 December 2020• Exemption on import duty, import VAT un-collected, and Prepaid Income Tax Article 22 for COVID-19 vaccines imported by the Government and entities appointed by the Ministry of Health
Thailand	<ul style="list-style-type: none">• Extension of import duty exemption measures of medical products for the COVID-19 pandemic• Remote consultation for advance rulings application for classification and origin
New Zealand	<ul style="list-style-type: none">• Facilitative clearance of critical supplies such as personal protective equipment (PPE) and raw materials used for the production of PPEs

Informal list of COVID-19 measures adopted by members

The WTO has published a dedicated COVID-19 webpage that is updated regularly. Information contained can also be downloaded. The webpage lists support measures that WTO member territories or observers notify to the WTO Secretariat with a view to enhancing transparency.

The webpage can be accessed here:

https://www.wto.org/english/tratop_e/covid19_e/covid19_e.htm

Trade issues in COVID-19 vaccine roll out

An infographic on the trade-related issues involved in the stages of development to distribute COVID-19 vaccines along with a checklist of questions, was published by the WTO Secretariat on 20 November 2020. More information is detailed here:

https://www.wto.org/english/news_e/news20_e/covid_20nov20_e.htm



World Customs Organisation (WCO)

Title	Description	URL
Correlation tables for HS 2022 amendments now available	The WCO has published the correlation tables for HS 2022, which establishes the correlation between the 2022 and 2017 versions of the HS. While not a legal instrument, these tables are used by customs administrations and companies as they prepare for the entry into force of HS 2022 on 1 January 2022.	http://www.wcoomd.org/en/topics/nomenclature/instrument-and-tools/hs-nomenclature-2022-edition/correlation-tables-hs-2017-2022.aspx
Asia Pacific Heads of Customs conducted a joint session	During the joint session, the Heads of Customs of the Asia Pacific region provided updates on the new 2020-2022 Regional Strategic Plan and implementation progress of the 2018-2020 Plan, amongst other items.	http://www.wcoomd.org/en/media/newsroom/2020/november/joint-session-of-the-21st-regional-heads-in-the-ap-region.aspx
New accessions to the Revised Kyoto Convention	Maldives and Myanmar deposited their instrument of accession to the Revised Kyoto Convention. The Convention will enter into force for Myanmar and Maldives on 2 and 19 January 2021 respectively.	http://www.wcoomd.org/en/media/newsroom/2020/october/the-revised-kyoto-convention-now-has-124-contracting-parties-following-the-accession-of-maldives.aspx http://www.wcoomd.org/en/media/newsroom/2020/october/with-the-accession-of-the-republic-of-the-union-of-myanmar.aspx
Updates on the review of the Revised Kyoto Convention (RKC)	The Working Group on the Comprehensive Review of the Revised Kyoto Convention (WGRKC) completed its final report, putting forward recommendations for the RKC Management Committee's consideration.	http://www.wcoomd.org/en/media/newsroom/2020/october/successful-conclusion-of-the-eighth-meeting-of-the-wgrkc.aspx
Latest WCO News edition focuses on customs valuation	The WCO has published its latest WCO News edition, which focuses on the history, challenges and opportunities relating to the valuation of imported goods.	https://mag.wcoomd.org/uploads/2020/10/WCO_News_93_October_2020.pdf
East African Community to digitise Common External Tariff	The WCO is supporting the East African Community (EAC) in its efforts to digitise its Common External Tariff. The platform is currently undergoing testing. Once published, it will make the tariff available online.	http://www.wcoomd.org/en/media/newsroom/2020/november/east-african-community-getting-prepared-to-embrace-electronic-tariff.aspx



World Trade Organisation (WTO)

Title	Description	URL
WTO Trade Barometer: Strong rebound in goods trade	The WTO Goods Trade Barometer suggests a dramatic rebound in goods trade. This was attributed to the easing of lockdowns and restocking of inventories. What is less clear is whether such growth can be sustained given the second wave of COVID-19 infections.	https://www.wto.org/english/news_e/news20_e/wtoi_20nov20_e.htm
G20 Trade Monitoring Report	Report shows a reduction in the number and coverage of trade-restrictive and trade-facilitative measures implemented by G20 members between mid-May and mid-October 2020.	https://www.wto.org/english/news_e/news20_e/trdev_18nov20_e.htm
New import licensing platform	WTO has launched a new import licensing database, containing legislation, procedures, and product information relating to import licensing.	https://www.wto.org/english/news_e/news20_e/impl_09oct20_e.htm
Potential rules for e-commerce by end of 2020	WTO members provided updates on negotiations and work done in an effort to arrive at a consolidated text on the trade-related aspects of e-commerce by end of this year.	https://www.wto.org/english/news_e/news20_e/ecom_26oct20_e.htm https://www.wto.org/english/news_e/news20_e/ecom_17nov20_e.htm
Ratifications and implementation of the TFA	The WTO Secretariat provided an update on members' ratifications and implementation of the Trade Facilitation Agreement (TFA).	https://www.wto.org/english/news_e/news20_e/fac_22oct20_e.htm
Progress of implementation of preferential rules of origin for LDCs	The Nairobi Decision sets out guidelines to facilitate LDC exports that qualify for preferential market access granted by WTO members. The WTO Committee on Rules of Origin reviewed submissions by the LDCs and the practices of preference-granting members.	https://www.wto.org/english/news_e/news20_e/rule_13nov20_e.htm
World Trade Report 2020	The World Trade Report 2020 finds an increasing number of governments are adopting policies to foster digital innovation. This has implications on trade flows and rules governing global commerce.	https://www.wto.org/english/news_e/news20_e/wtr_23nov20_e.htm
Release of 2020 Trade Profiles publication	Trade Profiles is an annual statistical publication issued by the WTO. It provides a series of key indicators on goods and services trade, a breakdown of imports and exports, and key trading partners for 197 economies.	https://www.wto.org/english/news_e/news20_e/publ_08oct20_e.htm
Progress on RTA discussions	Six regional trade agreements (RTAs) were discussed at the meeting of the Committee on RTAs. They include the India-Korea CEPA; EFTA-Philippines FTA; Australia-Hong Kong, China FTA; and Chile-Indonesia CEPA.	https://www.wto.org/english/news_e/news20_e/rta_18nov20_e.htm
Updates from the Market Access Committee	Various trade concerns were discussed at the meeting of the Committee on Market Access. Brexit and the EU's carbon border adjustment mechanism were the focus of discussions.	https://www.wto.org/english/news_e/news20_e/mark_16nov20_e.htm
Package of six recommendations for MSMEs finalised	The Informal Working Group on Micro, Small and Medium-sized Enterprises (MSMEs) finalised a package of six non-binding recommendations intended to facilitate MSME participation in international trade.	https://www.wto.org/english/news_e/news20_e/msmes_05nov20_e.htm
"Chronic" low levels of compliance with subsidy notification requirements	The WTO Committee on Subsidies and Countervailing Measures highlighted that WTO members are not meeting their obligations to notify the WTO of their subsidy programs.	https://www.wto.org/english/news_e/news20_e/scm_27oct20_e.htm

Review of anti-dumping practices	The WTO Committee on Anti-Dumping Practices reviewed new and amended anti-dumping laws and regulations that were notified, as well as reports of anti-dumping actions taken.	https://www.wto.org/english/news_e/news20_e/anti_28oct20_e.htm
More than 60 safeguard actions were reviewed by WTO Committee	A large number of actions were reviewed by the WTO Safeguards Committee during its meeting on 26 October 2020.	https://www.wto.org/english/news_e/news20_e/safe_29oct20_e.htm
Dashboards to track implementation of technical assistance and training programmes	Users can now use dashboards launched by the WTO to find information on how technical assistance programs are being implemented in developing countries.	https://www.wto.org/english/news_e/news20_e/tech_20nov20_e.htm
25th anniversary of the WTO	Representatives from government, the private sector, civil society and intergovernmental organisations exchanged views on the achievements and challenges facing the WTO on its 25th anniversary. A stakeholder panel also shared ideas on how to revitalise and ready the WTO for future challenges.	https://www.wto.org/english/news_e/news20_e/25yr_19nov20_e.htm https://www.wto.org/english/news_e/news20_e/25yr_20nov20_e.htm
Updates on the 7th Director-General	The candidate that secured the most support to become the 7th Director-General of the WTO is Ngozi Okonjo-Iweala of Nigeria. However, this was challenged by the US. A formal decision was supposed to be taken by members at the General Council meeting on 9 November, but this has been postponed.	https://www.wto.org/english/news_e/news20_e/dgsel_28oct20_e.htm https://www.wto.org/english/news_e/news20_e/dgsel_06nov20_e.htm
Safeguard investigations were initiated by Indonesia	Indonesia initiated safeguard investigations on: <ul style="list-style-type: none"> articles of apparel and clothing accessories; cigarette paper; and expansible polystyrene. 	https://www.wto.org/english/news_e/news20_e/safe_idn_01oct20_e.htm https://www.wto.org/english/news_e/news20_e/safe_idn_27oct20_e.htm https://www.wto.org/english/news_e/news20_e/safe_idn_18nov20_e.htm
Updates on disputes brought by or against Asian territories	The US notified the Dispute Settlement Body of its decision to appeal the panel report issued on US tariffs on China goods. There is, however, no active Appellate Body Division to deal with the appeal.	https://www.wto.org/english/news_e/news20_e/ds543apl_26oct20_e.htm
	The WTO issued its compliance ruling in the case brought by Brazil against Indonesia on the latter's use of non-tariff measures against imported chickens.	https://www.wto.org/english/news_e/news20_e/484rw_e.htm
	Hong Kong, China, initiated a complaint against the US on its origin marking requirements for goods produced there.	https://www.wto.org/english/news_e/news20_e/ds597rfc_03nov20_e.htm



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