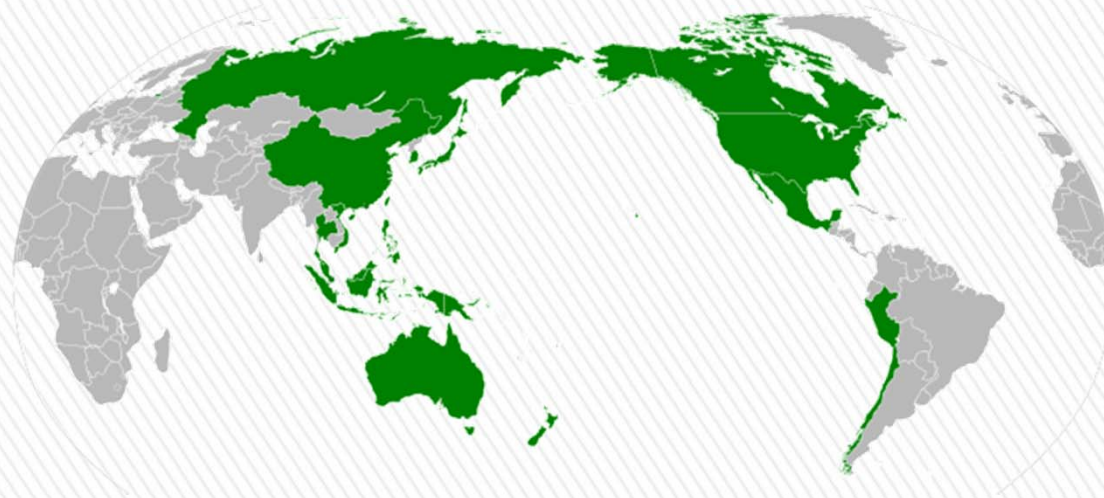


The Next-Generation Interactive APEC Tariff Database



**A tool to help SMEs access trading
markets in Asia Pacific**



ABAC 2012

Efforts to Improve Transparency in Asia Pacific

- » **1994:** Leaders of APEC announce commitment towards the aim of “free and open trade and investment in the Asia-Pacific no later than the year 2020”.
 - > APEC economy leaders “emphasize the importance of trade facilitation because trade liberalization efforts alone are insufficient to generate trade expansion”.
- » **1997:** APEC tariff database launched to improve transparency on tariffs.
 - > Technical and financial support expires in 2009.
- » **By 2009:** 21 APEC member economies have established > 40 preferential trade agreements (PTAs) with more underway.
 - > APEC undertakes initiative for its member economies to improve transparency of tariff and quota information.
- » **2010:** A team of SMEs and MNCs pursue development of the next-generation Interactive Asia-Pacific Tariff Database to ensure commercially-relevant data is available immediately, easy to use, comprehensive and updated regularly.
- » **2011:** Pilot phase of Interactive Asia-Pacific Tariff Database launched.
 - > Six-months (through July 2011) to review and suggest improvements to database.
 - > Full database expected to be launched in Fall 2011
- » **2012:** APEC Officials table proposal in APEC Market Access Group for the funding of a Next Generation APEC Tariff Database



The Solution: The Next Generation Interactive Tariff Database

What is it? An interactive, comprehensive, one-window portal to obtain current & future tariff information for the movement of goods between APEC economies.

What does the next-generation database do?

- ❖ Acts as an important trade facilitation tool to support SMEs' increased access to APEC markets, help export growth in the region & set the standard for similar initiatives in other regions.
- ❖ Provides tariff and preference information that is timely, current and linked to applicable rules necessary to benefit from Free Trade Agreements.
- ❖ Offers companies the ability to extract information for planning purposes and to compare sourcing alternatives.

Who is it for? Businesses of all sizes within the APEC region. SMEs will have no-cost access to the database content and output. MNCs will pay subscription fees to access the database and its advanced supply chain integration capabilities.

What improvements does it offer?

- ❖ Flexible functionality
- ❖ All APEC economies included
- ❖ Data available **now**: current tariff rates, preferences, future tariff reduction schedules & rules of origin
- ❖ Easy to use, especially for SMEs
- ❖ Complements USG/GOJ/APEC transparency initiative in commercially relevant way



The Proof: Six Month Pilot Database

- » **What was done?** A successful pilot of the Asia-Pacific Interactive Tariff Database was completed in July 2011. The pilot participants tested the functionality and content of the database and provided recommendations for functional and content improvements.
- » **Who was involved?** Industry representatives from multinational firms each contributed to support development of the database and to participate in the pilot phase.
- » **Who was involved?** The pilot participants included industry associations: The National Center for APEC (NCAPEC) and the U.S. Council for International Business (USCIB); SME consultants: Mercor Consulting and TradeMoves; and multinational companies: Levi Strauss, Pfizer, DHL and 3M.
- » **What were the results?** The Pilot Project provided an opportunity for businesses to generate direct input into the development of the database to improve its commercial relevance including:
 - ❖ Global Tariffs Updates
 - ❖ Tariff Analyzer Improvements
 - ❖ Landed Cost Analyzer
 - ❖ Export of results from Tariff Analyzer



Proposed Interactive Asia-Pacific Tariff Database



Data Collection & Maintenance

- HS Codes to 8-/10-digit
- HS Descriptions
- WTO tariff rates
- Preferential rates
- Preferential ROO



User-friendly Interface

- Input HS Code
- ↓
- Select source countries
- ↓
- Choose export markets



Commercially-relevant Output

- Improved functionality
- Extractable data
- Sourcing comparisons
- Future-casting possibilities
- Improved transparency

Undertaken by Global Commerce Management company – not governments.

3-click interface -- easy for SMEs to use.

Data can be downloaded and manipulated by companies for strategic planning purposes.

What set's this database apart?

SCOPE	Integration Point's Asia Pacific Tariff Database	World Trade Organization's Integrated Tariff Database	World Customs Organization's Customs Database	Inter-American Development Bank's Trade Database (INTradeBID)
<i>HS Codes beyond the 6-digit subheading</i>	✓ Full tariff codes and descriptions provided for each national tariff schedule.	✗ Information is to the 6-digit which prevents specificity.	✗ No ability to search by tariff code.	✗ 6-digit only.
<i>Current MFN / NTR Tariffs</i>	✓ Monitored consistently and updated on a periodic basis.	✗ Available tariffs vary by country and range from years 2009-2011.	✗ Only provides links to Customs websites and not all countries are included	✗ No MFN/NTR rates included.
<i>Current preferential tariffs for all APEC countries</i>	✓ More than xx% of existing FTAs between APEC members is included. FTA work remains ongoing. Commitment to achieve 100% coverage for APEC.	⊖ Limited. Most are not included.	✗ No preferential rates included.	⊖ Some. Scope is primarily the Americas.
<i>Future preferential tariff rates via reduction schedules.</i>	✓ Staged reductions through final reduction provided.	✗	✗	✓
<i>WTO bound tariffs</i>	✗ Not required to support commercial transactions.	✓	✗	✗
<i>Quotas</i>	✗ Not currently included but expected in future updates of scope and capability.	✗	✗	⊖ Limited information on quotas.
<i>Preferential rules of origin (ROO)</i>	✓ ROO linked by tariff code.	✗	✗	⊖ Yes, but ROO are not linked to specific tariff
<i>Certificates of origin (COO)</i>	✓ Examples of relevant COOs included.	✗	✗	✗
<i>Other import taxes such as VAT</i>	✓ Important to understand full landed cost.	✗	✗	✗

KEY	Symbol	✓	✗	⊖
	Definition	Yes. No significant limitations.	No. Information or functionality does not exist.	Limited in either scope or functionality.

What set's this database apart?

FUNCTIONALITY	Integration Point's Asia Pacific Tariff Database	WTO's Integrated Tariff Database	WCO's Customs Database	Inter-American Development Bank's Rules of Origin Database
<i>Link to FTA texts</i>	Not currently included (with the exception of rules of origin).	Must access via secondary WTO database (rtais.wto.org)		
<i>Easy to use interface</i>	Numerous, easy ways to search for tariffs based on tariff code.		Does not take you direct to tariff rates.	Limited. Must pre-select FTAs.
<i>Commercially-relevant output</i>	Targeted to companies for use in supporting commercial transactions across borders and strategic planning.			Limited. Tariff info targeted to trade negotiators for use in comparing reductions in the region.
<i>Searchable</i>	Numerous, easy ways to search for tariffs based on tariff code.		Only links to customs webpages and not directly to tariffs.	Can search for tariff reductions, rules of origin and quotas.
<i>Comparison tables for tariff rates</i>	Allows for comparison of tariffs in one table. Helpful for evaluating different potential sourcing scenarios.			Only allows for comparison of rules of origin.
<i>Tariff rates updated routinely</i>	Routine monitoring and updates provided including list of affected tariff rates.	Based on reporting from WTO members which can be delayed.		
<i>No-cost access for SMEs</i>				
<i>Funding sources</i>	Commercially developed database. Funding via public-private partnership required.	World Trade Organization	World Customs Organization	Inter-American Development Bank

KEY	Symbol			
	Definition	Yes. No significant limitations.	No. Information or functionality does not exist.	Limited in either scope or functionality.

How the Database Supports SMEs

*SMEs are a driving force in economic growth in the majority of APEC economies, yet are **disadvantaged** in many ways compared to their MNC counterparts:*

- » Many SMEs only export 1-2 products and usually to only one market
 - > Generally exports are destined for the country that is closest in geography & culture
- » SMEs may not be aware of PTAs currently in place or in negotiation
 - > They are unable to consider a free-trade partner as a new export destination.
- » Most SMEs lack the resources and funding to support dedicated trade planning staff
 - > Not able to analyze PTAs to determine optimal sourcing strategies or most accessible markets based on tariff costs.
- » SMEs may not be aware of the applicable rules of origin and related certificates required to benefit from lower tariffs.



How the Database Supports SMEs

SMEs must know what to expect in order to expand their reach to additional export markets.

- ❖ The interactive APEC tariff database is intended to be a **no-cost tool for SMEs** that is easy to use.
- ❖ **Removes the complexities of interpreting trade agreements and legal texts** in order to determine the cost of moving products.
- ❖ With a few clicks, SMEs are able to **determine whether transaction costs make a new market commercially viable now and/or in the future.**



How the Database Supports Trade Facilitation

- » Improves transparency in two important ways: provides *predictability* and *simplification*.
 - > Increased **predictability** in obtaining available tariff rates
 - > **Simplification** in understanding and taking advantage of preferential trade agreements in the region.
 - > One-window database of comprehensive, current information helps reduce trade planning and trade transaction costs for APEC economy businesses.



Recommendations: Building APEC Support for a Robust Tariff Database Solution

- » ABAC should support the development of the Interactive APEC Tariff Database. ABAC should include specific reference to the development of an interactive tariff database in:
 - > ABAC's letter to Trade Ministers (to be finalized at ABAC II).
 - > ABAC's letter to SME Ministers (to be finalized at ABAC III).
- » ABAC Member economies should convey their support for the Database to their respective APEC Senior Officials.



Your Questions / Comments

