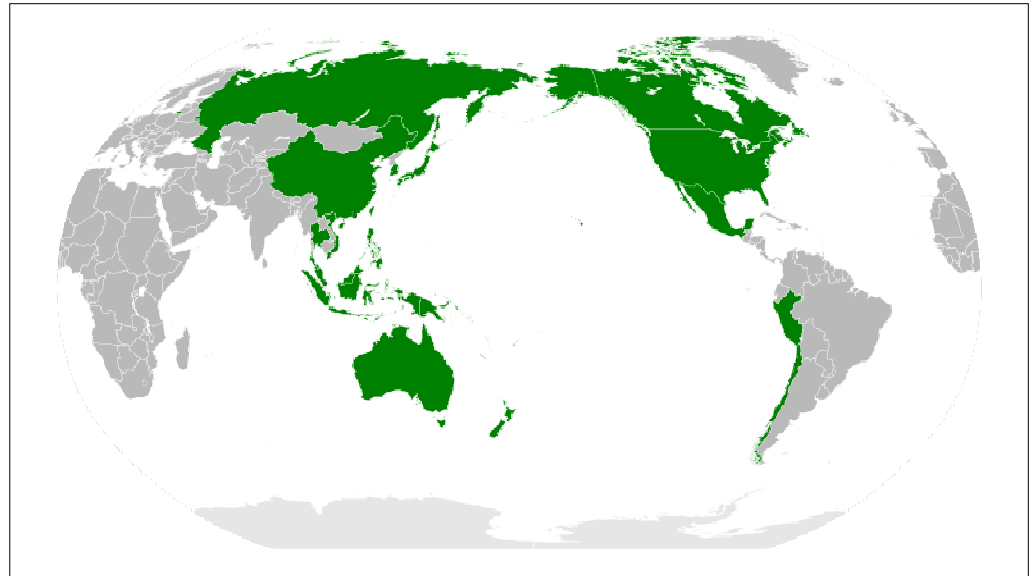
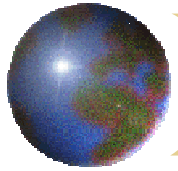


The Next-Generation Interactive APEC Tariff Database

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

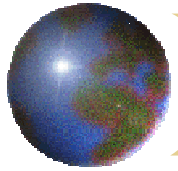


Initiative by USCIB, NC-APEC, US-ASEAN Business Council, TradeMoves LLC & Mercor Consulting



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:** USCIB, NC-APEC, US-ASEAN Business Council and a team of SMEs and MNCs pursue development of the next-generation APEC tariff database to ensure commercially-relevant data is available immediately and until such time that the APEC initiative is fully accessible, easy to use, comprehensive and updated regularly.



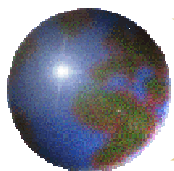
The Problem: Gap in Obtaining Tariff Information

Initial APEC Database

- Static
- Limited APEC member participation
- Older, outdated tariff rates
- Limited preferential rates
- Relied on government updates
- No ability to download data
- Currently off-line

WTO Portals

- Two separate databases
 - Tariff Analysis Database/IDB
 - Regional Trade Agreements IS
- Some, but not all current applied tariff rates
- Must hunt through agreement text to locate preferences & applicable ROO
- Does not provide enough information to support commercial transactions



The Solution:

The Next-Generation Interactive APEC 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.

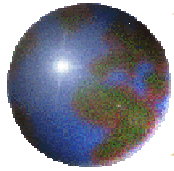
What does the next-generation database do?

- ❖ 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



Proposed Next-Generation APEC 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



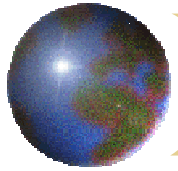
Commercially-relevant Output

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

Undertaken by Global Commerce Management company – not governments.

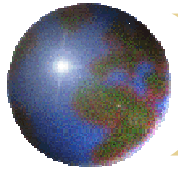
3-click interface -- easy for SMEs to use.

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



Scope of Next-Generation Interactive APEC Database

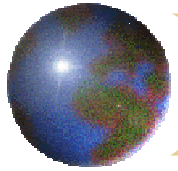
- ✚ **Countries:** All 21 APEC economies
- ✚ **Data included:** HS Codes, HS Description, WTO rates, preferential rates, preferential ROO. *Ability to expand database to include import requirements, export controls, regulatory requirements, etc.*
- ✚ **Free Trade Agreements simplified:** Preferential tariff rates and rules of origin, certificates of origin and related information available without having to go to FTA text.
- ✚ **Rules of Origin linked:** Ease in retrieving applicable preferential ROO which are linked to HS codes and tariff rates.
- ✚ **Future-casting of tariff rates:** Where FTAs are not already fully implemented and phase-out schedules are available, future tariff rates can be provided.
- ✚ **Availability:**
 - Pilot database with limited data for beta testing 2nd half 2010.
 - Full interactive database launched in 2011.



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.



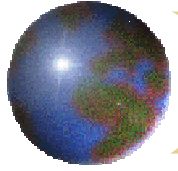
How the Database Supports **SMEs**

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.**

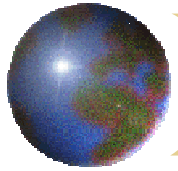
Access to trade tools that support trade facilitation and improve access to markets for SMEs is important not only in the Asia-Pacific region, but in Latin America, Africa, the Middle East, and among developing countries.

As a comprehensive, easy to use and free trade resource for SMEs, the APEC database sets the standard for similar initiatives in other regions.



How the Database Supports **Trade Facilitation**

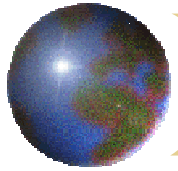
- Improves transparency in two important ways: provides ***predictability*** and ***simplification***.
 - Increased **predictability** in obtaining available tariff rates
 - **Simplification** in understanding and taking advantage of preferential trade agreements in the region.
 - One-window database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



How the Database Supports Trade Facilitation

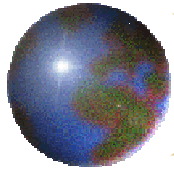
- ➊ Removes de facto “hidden” trade barriers by ensuring access to tariff information.
 - ❏ Tariff rates may be inaccessible or incorrect via online government websites (*i.e. Vietnam Customs*)
 - ❏ Updates on tariffs may be released separately from tariff schedules (*i.e. Indonesia’s reliance on Executive Orders with only limited access to annexes to update tariffs*)
 - ❏ Exporters may need to purchase tariff rates from third sources which may be cost prohibitive for SMEs (*i.e. China’s 2010 tariff available for \$180 - \$200 from China Trade Data*)

Predictability of tariff rates and simplification in obtaining tariff information will assist all sized exporters, especially SMEs, before products are shipped and at the border when products are ready to be assessed any applicable duties.



How the Database Supports **Trade Facilitation**

- To simplify trade facilitation, the World Bank recommends the region should **more actively use and rely on information technology.**
 - “Traders have to overcome additional costs if information on the trade regime is difficult to access. The active use of information technology has the potential to lower these costs substantially.” *World Bank and APEC study, “Transparency and Trade Facilitation in the Asia-Pacific: Estimating the Gains from Reform”, September 2007, pg. 14.*
 - Implementation of the next-generation APEC interactive tariff database as a critical information technology tool for SMEs, MNCs and institutions within Asia-Pacific.

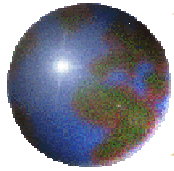


Mock Output: Multiple Source Countries

Tariff Matrix for Products Imported into Destination Market:

United States

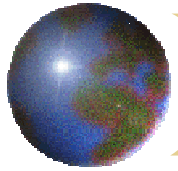
Country Classification	8476.90.0000	9031.49.9000	9031.90.9095
Description	Automatic goods-vending machines (for example, postage stamp, cigarette, food or beverage machines), including money-changing machines. Parts.	Measuring or checking instruments, appliances and machines, not elsewhere specified or included in chapter 90. Other optical instruments and appliances. Other.	Measuring or checking instruments, appliances and machines, not elsewhere specified or included in chapter 90. Parts and accessories. Other. Other.
2010 WTO Rate	0%	3.5%	1.7%
Supplier Countries:	Current Applied Rate	Current Applied Rate	Current Applied Rate
China	0%	3.5%	1.7%
Japan	0%	3.5%	1.7%
Russia	0%	3.5%	1.7%
Mexico	0%	0% <i>Pref ROO: A change to subheading 9031.49 from any other heading; or A change to subheading 9031.49 from subheading 9031.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than: 60% where the TVM is used, or 50% where the NCM is used.</i>	0% <i>Pref ROO: A change to subheading 9031.90 from any other heading.</i>



Mock Output: Future-casting of Tariffs

Tariff Reduction Schedule for products from Australia and New Zealand under the ASEAN-Australia/New Zealand FTA														
HS Code	Importing Country	Base	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 and beyond
xxxx.xx	Burma	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	0%	0%
	Cambodia	15%	15%	15%	15%	15%	15%	10%	10%	5%	5%	5%	5%	0%
	Indonesia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Laos	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	0%
	Philippines	3%	3%	3%	3%	3%	3%	0%	0%	0%	0%	0%	0%	0%
	Thailand	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Vietnam	3%	3%	3%	3%	3%	3%	3%	3%	0%	0%	0%	0%	0%

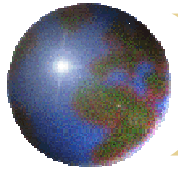
Future-casting of FTA data provides companies with the ability to integrate tariff reduction schedules into strategic planning models.



Next Steps: Beta Test the Pilot Database

Proposed Pilot Scope

- **Launch mid-year 2010:** Available for beta test through Dec 2010.
- **APEC economies available:**
 - **16 economies available immediately:** Australia, Canada, China, Chile, Hong Kong, Indonesia, Japan, Korea, Mexico, Peru, Philippines, Singapore, Taiwan, Thailand, United States, Vietnam
 - **More APEC economies available summer/fall 2010:** July – Malaysia, New Zealand, Papua New Guinea; October - Russia
- **Tariff preferences (FTAs and preference programs):**
 - **Examples of preferences available immediately:** ASEAN FTA (*partial*), AANZFTA (*partial*), Australia-Thailand FTA, Canada-Peru FTA, Japan-Mexico FTA, NAFTA, US-Australia FTA, US-Chile FTA, US-Peru FTA, GSP for developing countries.
 - **Available on a rolling basis:** ASEAN-Korea FTA (*partial*)
- **Links to preferential ROO:**
 - **Examples of preferential ROO available immediately:** Japan-Mexico FTA, NAFTA, US-Australia FTA, US-Peru FTA
 - **Available on a rolling basis:** ASEAN FTA and ASEAN-Korea FTA
- **Future-casting of preferential tariffs:**
 - **Examples of future tariff reductions available on a rolling basis:** Thailand-Australia FTA, AANZFTA (*partial*), and others.



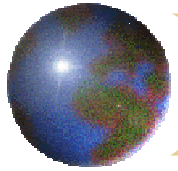
Next Steps: Beta Test the Pilot Database

APEC Business Participation & Feedback Required

- ❖ **Recruitment of private sector participants from APEC economies**
 - SMEs
 - MNCs

- ❖ **Access to and use of database content**
 - Exclusive access for beta test period
 - Review, download, print for strategic planning and comparisons

- ❖ **Feedback required**
 - Ease of use and transparency
 - Comprehensiveness: Depth and breadth of information
 - Areas for improvement
 - Functionality
 - Presentation
 - Integration into ERP systems



Proposed Funding: Private-Public Partnership

Partnership of private sector and financial institution support

To support the global public good and ensure the widest participation by users in APEC, it is expected that the pilot and the full database will be funded by following participants:

- Private sector
- APEC economy governments
- NGOs (including the APEC Secretariat)
- Multi-national financial institutions including the World Bank, Asian Development Bank and others that support SMEs and trade facilitation initiatives.

Funding from multinational financial institutions is required to ensure no-cost access to the database for SMEs.