



ACCI SUPPORTS AN APEC SINGLE WINDOW INITIATIVE

Earlier this month, the Australian Government hosted a major international conference in Sydney on strategies for improving trade facilitation outcomes under the Asia Pacific Economic Co-operation (APEC) grouping. ACCI represented the business community at the conference, which drew more than 300 delegates from government and the private sector and voiced its support for an APEC Single Window initiative.

In September 2006, the APEC Sub Committee on Customs Procedures established a Working Group to identify and report back on the issues relevant to the development of a so called "Single Window" framework in APEC member countries.

ACCI, as Australia's premier representative of the trading community in this country, supports the principle of Single Window – or a one stop trade documentation portal for exporters and importers.

If realised, the Single Window model has the potential to deliver substantial efficiency dividends to governments and to trade and transport – all of which should be distributed in the form of lower prices and charges to producers and consumers.

REGULATION AND E-COMMERCE

ACCI's approach to the APEC Single Window initiative is framed by our policy positions on electronic commerce and on regulation, several of which are particularly relevant to the Single Window initiative. They are:

- where government regulation of international trade, transport and electronic commerce is widely recognised as being necessary, it should be no more than is essential, as well as being proportional, transparent and technology-neutral. In this area, any government intervention must also be internationally co-ordinated, recognising the dysfunctionalities which can emerge from fragmented or inconsistent legal and regulatory approaches. Governments must not impede the interoperability of electronic commerce mechanisms through regulatory/standards settings, with any interventions being technology-neutral;
- extra-territorial application of the approach of a single nation, or small group of nations, as a global standard

should be disavowed. The better approach would be voluntary mutual recognition of, and cooperation between relevant agencies with, compatible and consistent regulatory schemes; and

- commerce and industry would support the negotiation of a comprehensive, discrete and robust Agreement on Electronic Commerce under the auspices of the World Trade Organisation, to provide consistent, cross-sectoral coverage for electronic commerce issues within the rules-based multilateral trading system. These negotiations could usefully clarify and codify the application of existing WTO rules on electronic commerce, leading to a set of agreed common, specific principles. These would deal with, inter alia, customs duties and procedures, market contestability, movement of data and transparency as well as the fundamental, system-wide principles of most favoured nation, national treatment and non-discrimination.

SINGLE WINDOW

While ACCI supports the principle of the Single Window initiative as a means of simplifying and streamlining data reporting for smaller to medium sized exporters and importers, our support is not unconditional and we do have some reservations.

Our approach to the Single Window initiative is founded on both the laudable objective being pursued and the practical need for reducing the data reporting load borne by the trading community.

The fundamental objective of the Single Window initiative is set down in Recommendation 33 of the United Nations' Centre for Trade Facilitation and Electronic Business (UNCEFACT) report which in 2005 described the Single Window as:

“A facility that allows parties involved in trade and transport to lodge standardised information and documents with a single entry point to fulfil all import, export and transit related regulatory requirements.

If information is electronic, then individual data elements should only be submitted once.”

The key elements for trade and transport are: *“standardised information and documents”, “a single entry point”, “all import, export and transit regulatory requirements” and “only submitted once.”*

THE PROBLEM

The practical need for a Single Window approach to data reporting for trade and transport is self-evident in just a few figures, courtesy of the Australian Customs Service.

In Australia, 41 national and sub-national agencies collect information from exporters, importers and transport operators within Australia to meet their regulatory mandates.

These regulators use 275 different paper forms and an unknown number of electronic screens to yield some 7,649 data elements.

Harmonising the ‘same as’ data elements within these Australian agencies would reduce the number to 3,993 – pointing to a duplication of 3,656 elements.

Or a duplication rate of 48 per cent!

Harmonising the data requirements across the 41 agencies would achieve a core set of 637 elements.

Looked at another way, rather than doing the data reporting just once, trade and transport is currently doing it 12 times over – once because they need to, and 11 times because of excessive demand by, and/or inefficiency in, government.

Most small to medium sized exporters and importers already work 80 to 100 hour weeks, without being told they are doing something 11 times more than they really need to.

To take the matter from the sublime to the ridiculous, it is worth considering some facts on reporting the very simple data element of the name of the exporter.

In Australia at present, some 22 agencies collect the name of the exporter – using 118 different forms.

If that were not bad enough, the exporter has to report his/her name 212 times on those 118 forms or just under 2 times on each form.

The exporter is also required to describe their name in 61 different ways and then in 16 different forms ranging from 20 to 300 characters in length.

Little wonder small to medium sized exporters complain about being dragged down by excessive and inefficient government regulation and of wasting time needlessly filling out government forms, diverting them from their core business of winning and holding valuable foreign markets.

Of course, these figures are for only one member of APEC (Australia) - one of the more developed countries with a longer standing commitment to regulatory efficiency.

Given that there are 21 nations in APEC, with a few hundred sub-national States or provinces and several thousand agencies requiring data elements from trade and transport, the order of magnitude of the challenge ahead looms large.

SINGLE WINDOW BENEFITS

The Single Window initiative, if realised, holds out the prospect of a range of potential benefits for governments and for trade and transport (and through them producers and consumers).

For governments, these benefits range across more correct revenue yields, improved trade compliance, lower administrative burdens and costs and enhanced security in the movement of cargo.

For trade and transport, and the producers and consumers of the goods concerned, it means lower compliance burdens and costs, and faster clearance and release of cargo.

For all concerned, it means greater integrity and transparency in cargo processing, which enables governments and trade and transport to better assess the costs of the regulatory impositions and drive further improvements.

However, it also means ensuring the commercial and economic benefits of faster cargo clearance times and reduced processing costs are passed back through trade and transport to producers and consumers at both ends of the trade chain.

The Single Window initiative must not become a source of revenue capture for governments or other rent-seekers, but a mechanism to reduce government imposed charges on trade and transport, and through them business and consumers.

DIVIDENDS

The magnitude of the potential commercial and economic benefits of the Single Window is substantial.

While there appears to be no comprehensive econometric or financial modelling of these dividends currently available in the public domain, we can get some general orders of magnitude from looking at the place of logistics within national economies.

According to figures published by the Government of Thailand, logistics costs amount to around 10 to 11 per cent of national output in developed countries (such as Japan and the United States) and somewhere between 25 to 30 per cent for dynamic Asian economies like Thailand.

For lesser developed countries with poor hard infrastructure or vulnerability to the blight of public sector corruption, the true costs of logistics are likely to be higher still.

Given Australia's geography and trade profile, logistics costs are likely to be somewhat higher than those in Japan and the United States.

If we assume logistics costs to be, say, 15 per cent of Australia's GDP, an initiative which delivered even a 0.25 per centage point reduction in such expenses would deliver an economic dividend of \$A 2.3 billion annually.

A worthy return by any measure, especially when one realises it is really a 'free-kick' for eliminating inefficiencies which should never have been allowed to emerge in the first place.

A FEW CAVEATS

Nevertheless, ACCI does have some reservations about the Single Window initiative.

These reservations include:

- the prospect of having several Single Windows;
- doubts about the capacity of participating governments to deliver the necessary regulatory convergence; and

- legal issues relating to access to data.

Several Windows

Our first caveat is the prospect of numerous Single Windows spread across the various APEC countries, and potentially other nations around the world.

Just as Australia is moving toward a Single Window approach to trade data reporting, so too are other APEC countries.

We note for example the concrete steps taken by APEC members such as Thailand and a number of other ASEAN countries, as well as Australia, New Zealand and Taiwan, who are well-developed in their own Single Window projects.

Unless ministers and senior officials leading the Single Window initiative in APEC are careful, we could see the development of 21 different, potentially incompatible, national Single Windows.

While this may well be an improvement on the current 'tangled laksa' of existing data reporting arrangements, it is still short of best practice – namely a genuine one-only Single Window for all APEC countries (a nirvana which may take some considerable time to realise) or a consistent, rigorous system of compatible and interoperable national Single Windows which to the outside user, notably small to medium sized front line operators in the trade and transport chain, offers a seamless, single interface.

Or in practical terms, a system where an exporter or importer in one APEC country can provide the necessary data to their national Single Window which then becomes available, as necessary, through the interoperable system to the Single Window of the country of the destination of the goods on the other side of the transaction.

Small to medium sized exporters would not relish the prospect of having to engage with, say, an Australian Single Window for the exit of the goods from that country, and then Single Windows in each of Canada, South Korea, Malaysia and Vietnam for the goods to enter those countries.

Regulatory Convergence

Another important caveat concerns the willingness and the capacity to achieve the necessary regulatory convergence required for a true 'Single Window'.

It is one thing for hardware and software engineers to develop the information and communications technologies and infrastructures to enable the collection, storage and appropriate distribution of data elements between numerous national Single Windows maintained by APEC member countries - that is, how the information should be collected and shared.

However it is quite another for the 21 APEC member countries, and their battalions of agencies and officials involved in the trade-transport reporting chain, to converge on a fairly homogenous set of regulations about what should be collected.

Intuitively, the greatest gains from the Single Window initiative would likely come from the 'what' rather than the 'how' aspect of the reform program - that is, from regulatory simplification within and regulatory convergence between APEC countries, rather than from making computers talk to each other better.

With Australia's history of ponderous and parochial federalism where the political rhetoric of mutual recognition of standards, practices and regulations runs well ahead of the reality, the path to effective regulatory convergence is littered with a large number of pot-holes and many abandoned vehicles.

In a multilateral context like APEC, regulatory convergence is essential to an effective system of Single Windows.

But if this is the aim then convergence to what standard - so called international best practice, or prevailing global practice, or is there a clutch of common standards around which most nations can cluster, and how do countries deal with potential variances?

International experience during the WTO's long-running Uruguay Round and the current slow-moving Doha Round points to the challenges of identifying and then making meaningful commitments to higher standards of practice in trade law and policy, let alone reaching the apex of sustained international best practice.

Data Access

The third caveat concerns access to data collected through the Single Window initiative, in particular ensuring that there are the necessary legal protections in place both domestically, and internationally where there are data exchanges between national Single Windows.

A strong and effective legal framework means addressing in substantive ways issues relating to privacy,

confidentiality and security in the provision, access to and exchange of information.

Business would be greatly concerned at unauthorised or inappropriate access to data elements by governments for purposes contrary to that for which the data was collected.

Such risks are higher in countries without a strong tradition of the rule of law or concern for the rights of the individual, with attitudes of the primacy of the State, and/or where corruption is problematic and hence data vulnerable to diversion or improper distribution.

Key legal issues which will warrant particular attention include:

- who has physical and intellectual property rights in the data elements;
- what are the conditions for onward distribution of data elements to third parties or outside of governmental agencies legitimately engaged in the trade-transport chain; and
- what rights of action and redress does the originator of the data elements have against governments and others who improperly access or use the data?

CONCLUSION

ACCI supports the principle of a Single Window initiative and believes it has the potential to deliver substantial efficiency dividends to governments and to trade and transport - all of which should be distributed in the form of lower prices and charges to producers and consumers.

However, there are several substantial hurdles which will need to be overcome.

These hurdles range across the:

- sheer magnitude of the challenge;
- need to ensure consistency and compatibility of multiple, national Single Windows where they emerge;
- complex set of legal issues necessarily involved in such a system; and
- inevitable resistance from vested interests in government and amongst some sections of the service providers in the trade-transport chain who will feel threatened by such a bold simplification and streamlining initiative.

Nevertheless, we concur with the UNCEFACT when it says that:

The effective introduction of a Single Window mechanism “... necessitates a major rationalisation of the current approach for data exchange, especially the re-use and duplication of existing data. This is an iterative process of regulatory convergence and elimination of unnecessary procedures...”

The challenge now for APEC collectively, its individual member nations and their respective Ministers and senior officials responsible for trade facilitation, and the Single Window initiative, is to deliver on this regulatory convergence, simplification and streamlining.