

## Customs and Global Trade news

### Your technical destination

August 2011 Edition

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Welcome to this month's Customs and Global Trade newsletter, wherein we cover topical customs and trade legislation and transactions across the globe. Given that international trade is key to countless trading entities, we aim to keep you informed and advise you on the implications these events may have on your business.

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## Trade agreements

### **EU-US: Joint statement on supply-chain security**

On 23 June 2011, the European Union (EU) and the United States signed a joint statement on supply chain security addressing their cooperation and joint action alliance on secure trade and supply chain security policies. [More](#)

### **EU-Japan: Fourth Customs Co-operation Committee meeting**

On 24 May 2011, Japan-EU Joint Customs Cooperation Committee (JCCC), which oversees the implementation of the agreement between the government of Japan and the European Union on Cooperation and Mutual Administrative Assistance in Customs, discussed the launch of the Mutual Recognition of Authorised Economic Operators (AEO) Programmes in both Japan and the EU. Further collaborative actions were highlighted by the authorities supporting the trade facilitation benefits provided under the mutual recognition security and compliance standards. [More](#)

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### **India-SAFTA: Customs duty concessions enhanced on imports**

Under the India – South Asian Free Trade Area (SAFTA) Free Trade Agreement (FTA), imports of notified goods from People's Republic of Bangladesh, Kingdom of Bhutan, Republic of Maldives and Nepal were subject to exemption of 75% of the applied rate of duty of customs leviable thereon. With effect from 21 June 2011, the quantum of exemption has been enhanced from 75% to 100% of the applied rate of duty of customs subject to the fulfillment of conditions and procedures prescribed under the Rules of Origin. For more information contact [Prashant Deshpande](#).

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## Global

### **Public hearing on 'Modernised Customs and Internal Market'**

On 16 June 2011, the European Parliament's Committee on the Internal Market and Consumer Protection (IMCO) hosted a public hearing on 'Modernised Customs and Internal Market' which is to be adopted by parliament.

The hearing focused on three issues of major interest:

- (1) How to enhance competitiveness,
- (2) How to ensure effective customs controls, and
- (3) How to strengthen cooperation.

The hearing not only touched on trade facilitation, automated risk management and clearance but addressed customs key responsibilities and involvement in the countries safety and security, health and consumer protection, protection of intellectual property rights, supply chain security, fight against illegal traffic and protection of the environment. [More](#)

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### ⊕ **Overview of tools developed by international organizations to evaluate sanitary and phytosanitary capacity**

The Standards and Trade Development Facility (STDF) has released their second mandated edition of the **SPS-Related Capacity Evaluation Tools** publication which provides technical cooperation providers with information on sector-specific and cross-cutting tools available to assess capacity in the sanitary and phytosanitary (SPS) area, as well as the latest related methodologies and approaches.

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### ⊕ **World Trade Organization Annual Report 2011 released**

The **2011 WTO Annual Report** which summarizes the WTO's activities surrounding trade negotiation developments, agreements implemented in 2010, commercial disputes brought by WTO members, trade capacity building efforts and detailed information on the organization's structure, staff and budget, has been released.

Key information from the report includes:

- The WTO currently has 153 members accounting for almost 90 per cent of world trade.
- Detailed talks that took place in Geneva in 2010, which are to continue.
- WTO members filed a total of 17 new disputes in 2010, compared with 14 in 2009. By the end of 2010, 419 disputes had been filed since the WTO's creation in 1995, the most active users of the system being the United States (97), the European Union (82), Canada (33), Brazil (25), Mexico (21) and India (19).

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### ⊕ **Doing Business 2011 global study**

The **“Doing Business 2011: Making a Difference for Entrepreneurs”** report has been released by the International Finance Corporation and the World Bank highlighting how easy or difficult it is for a local entrepreneur to open and run a small to medium-sized business when complying with relevant regulations in 183 countries.

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## ⊕ World Drug Report 2011

The United Nations Office on Drugs and Crime (UNODC) has released the **World Drug Report for 2011** providing a better understanding of the illegal drug markets and how they operate. The UNODC estimates that, in 2009, between 149 and 272 million people aged between 15 and 64 used illicit substances at least once in the previous year. The UNODC report provides an overview of the illicit drug situation worldwide and regionally and shares some frightening statistical trends for the key transnational drug markets, namely opium/heroin, coca/cocaine, amphetamine-type stimulants and cannabis.

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## ⊕ Leveraging trade for development and inclusive growth

The World Bank Group (WBG) recently published their **2011-2021 trade strategy**. The strategy outlined four trade-related activity pillars the WBG aims to focus on, namely:

- Enhancing trade competitiveness and diversification of developing country exports
- Reducing trade costs through support for trade facilitation, transport logistics and trade finance
- Supporting expanded market access and international trade cooperation
- Managing stocks and making the gains from trade more inclusive

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## America

### **United States: US Customs and Border Protection issues guidance on the CBP forms 28 and 29**

On 24 May 2011, the US Customs and Border Protection (CBP) issued internal guidance reminding ports of CBP's policy concerning the appropriate issuance of CBP Form 28, CBP Form 29, Request for Information and Notice of Action. CBP advised its field offices to limit use of the CBP Form 28 to request additional information where insufficient details were provided to determine admissibility, and not to extend its use as notification that a formal investigation has commenced. CBP further clarified that the preferred mechanism to inform the importer of the commencement of an investigation is by correspondence on CBP letterhead or the CBP Form 29. Furthermore, CBP advised the field offices to avoid using language on the CBP Form 29 alluding to an investigation when one is not already in process as that defeats CBP's goal of informed compliance and may dissuade importers from filing valid prior disclosures (which is the sole means to report violations of U.S. customs laws to minimize, and possibly avoid, penalties). For more information contact **Michele McGuire**.

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## **United States: Automated commercial environment to accept post summary corrections**

US Customs and Border Protection (CBP) will be updating the Automated Commercial Environment (ACE) effective 4 June 2011, to allow for filing post summary corrections (PSC) for entry summaries that need to be corrected. Originally, post-entry changes would be processed through the post entry amendment (PEA) hardcopy process. The PEA process will no longer be accepted for entry summaries filed in ACE effective 90 days after the 4 June deployment date, or after 2 September 2011. For more information contact [Michele McGuire](#).

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## **United States: U.S. Bureau of Industry and Security publishes final rule for new Strategic Trade Authorization license exception**

In support of President Obama's Export Control Reform Initiative, the U.S. Bureau of Industry and Security (BIS) has added a new license exception to the Export Administration Regulations (EAR). Effective on 16 June 2011, the Strategic Trade Authorization (STA) license exception authorizes the export, re-export and in-country transfer of specified items to destinations that "pose relatively low risk of unauthorized uses." Application of the STA license exception carries several conditions. The exporter, re-exporter or transferor must furnish to the consignee the Export Control Classification Number (ECCN) of each item shipped under the STA exception, obtain a BIS approved statement in writing from the consignee prior to shipping, notify the consignee in writing of the STA shipment and maintain a log of each shipment made under the STA exception that identifies the consignee statement associated with each shipment. Specific requirements also apply to releases of software source code or technology within a single country. The STA license exception is valid for several ECCNs, and BIS expects the exception to replace over 3000 licenses annually. For more information contact [Michele McGuire](#).

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## **United States: Harmonized Tariff Schedule of the U.S. changes published**

The US International Trade Commission (ITC) published changes to the Harmonized Tariff Schedule of the U.S. (HTSUS) on the ITC website on 1 July 2011. HTSUS codes have been changed at the 9th and 10th digit statistical level for products in the following categories: fruit and nuts of heading 0810 and 0811, sugar and sucrose of heading 1701, fruit and vegetable juice of heading 2009, plastic sacks and bags of heading 3923, paper and cellulose materials of heading 4811, bars and rods of steel of heading 7228, parts of lights and lamps of heading 9405, and toys of heading 9503. In addition to the statistical changes, certain HTSUS tariff numbers of heading 9903 have been deleted following the removal of the remaining 100 percent duty rates on certain EU products stemming from the EC-Beef Hormones dispute. In addition, several notes have been added in Chapter 95 regarding children's toys, Chapter 98 regarding textiles entries from Singapore, and Chapter 99 regarding imports of ethyl alcohol from Peru. For more information contact [Michele McGuire](#).

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## Latin America

### **Argentina: Joins the fight against fraud and smuggling**

At the 32nd meeting of National Directors of Customs of Latin America, Spain and Portugal; Argentina signed the Protocol of Cancun, committing to multilateral cooperation with the other 20 members by supporting the exchange of information to control and prevent customs fraud.

The Cancun Protocol provides technical assistance and cooperation on issues associated with fraud methods and practices; fighting techniques against customs violation and any means of suspected transport of goods, among others. For more information contact [Silvina M. Gottifred](#).

## Europe

### **European Union: Duty suspensions reinstated on certain types of monitors**

The European Commission has reinstated duty suspensions on certain types of monitors classified under subheadings 8528 59 10 and 8528 59 40 with retroactive effect, going back to 1 January 2011. Under the Information Technology Agreement (ITA), the Member States held discussions on the duty levied on flat panel displays and the actual meaning of ITA, being the non-levy of duties on ITA products amongst the members. The surprising and questionable regulatory announcement opens the possibility for refunds for traders, who have possibly declared these products against a duty rate of 14 percent instead of zero percent in the past half year. For more information contact [Jack Kouwenberg](#).

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### **European Union: Information sharing is key in fighting against the trafficking of counterfeit goods**

The Joint Customs Operation's (JCO) "Fireblade" operation, to curb large-scale smuggling of cigarettes, alcohol, counterfeit clothing and accessories in commercial consignments entering the EU and the members states by road, has been successful. Counterfeit textile products and accessories with a rough market value of €1 million were seized and large consignments of counterfeit goods, cigarettes and perfumes were detained in several EU countries thanks to enhanced border and inland customs controls.

JCO "Fireblade" involved the exchange of information through the use of the European Anti-Fraud Office's (OLAF) communication tool (the Anti-Fraud Information System). This allowed an intelligence-based targeting of smuggling flows of counterfeit products transported by road vehicles (trucks, private cars and buses). Targeted traders and containers were placed under surveillance and were selected for inspection or scanning upon entry.

This is not the first success story for OLAF as in September and October 2009 the seizure of more than 65 million counterfeit cigarettes and 369,000 counterfeit items including shoes, toys, cameras and clothing was made under the Diabolo II operation as part of the framework of ASEM (Asia-Europe meeting) involving 13 Asian countries and the 27 European Union member states. For more information contact [Jack Kouwenberg](#).

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## **EU-China: Phase two of the Smart and Secure Trade Lanes Pilot Project launched**

The second phase of the EU-China Joint Understanding on Smart and Secure Trade Lanes (SSTL) was signed at the World Customs Organization (WCO) headquarters on 24 June 11. The SSTL Pilot Project aims to strengthen end-to-end supply chain security, intellectual property rights enforcement and the control of potentially hazardous traffic in the regions based on mutually recognized risk management rules, procedures and standards. As part of the WCO's SAFE Framework and Globally Networked Customs (GNC) initiatives, the SSTL will allow customs to better target dangerous traffic at the beginning of the supply chain and allow customs to offer trade facilitation benefits for consignments identified as legitimate.

The number of ports that participated in the first phase has been expanded to include an additional six. These are the ports of Antwerp, Genoa, Hamburg and Rotterdam in the EU and the ports of Chongqing and Shanghai in China. The scope of testing will be expanded to cover Non-Authorised Economic Operator (AEO) companies, as well as transhipped and consolidated containers. For more information contact [Jack Kouwenberg](#).

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## **Portugal: Overdue on its customs duties payment**

Under the EU law, customs duties, which are charged on imports of goods coming from a non-EU state, are collected by Member States on behalf of the EU and paid to the common EU budget. Member States retain 25 percent of the amounts collected to cover collection costs.

Portugal has failed to establish the customs debt on an international company's imports under the three year deadline period for claiming customs duties. The Commission considers Portugal financially liable for the €62,000 in question. Portugal has to notify Commission within two months that it has taken measures to recover the money in question and has placed the money recovered into the EU budget, otherwise the Commission may refer Portugal to the Court of Justice. For more information contact [Jack Kouwenberg](#).

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## **Turkey: Additional duty on textile products**

The Turkish government's recent decree regarding textile products will be effective as of 22 July 2011. According to the decree, Turkey will impose additional customs duty on certain textile products. Rates of additional duty are different based on the tariff code and origin of the products. For some products the duty rate is as high as 30 percent and/or minimum \$5.50 per kg. For more information contact [Erdal Dincturk](#).

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## Asia

### **China: Customs to continue to encourage the software and integrated circuit industry**

Effective 12 May 2011, China's General Administration of Customs ("GAC") have extended the corporate and indirect tax incentives offered to the software and integrated circuit industry. The Circular does not states a period of validity so the following customs incentives will be apply until further notice by customs:

- Duty free import of self-used equipment and its related technology (including software), accessories, and spare parts imported together the equipment by qualified software enterprises
- Qualified integrated circuit manufacturing enterprise may enjoy import duty and import VAT exemption when importing self-used raw materials, consumption products, architectural materials and system for decontamination room and spare parts for manufacturing equipment
- The above mentioned businesses may also enjoy preferential arrangements with regard to bonded goods, temporary imports and customs declaration processes

For more information contact [Annie Jia-hua Chen](#).

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### **India: Concessional rate of customs duty in respect of notified goods imported from specified countries**

The Government of India had notified goods in respect of which concessional customs duty rates would be applicable when imported from Malaysia, Singapore and Thailand. Now the concession has been extended even to goods imported from Philippines, Vietnam, Myanmar, Indonesia, Brunei Darussalam, Lao People's Democratic Republic subject to the condition that the goods originate from the aforesaid countries.

The Government of India has also included Islamic Republic of Afghanistan in the List of Least Developed Countries, along with Kingdom of Cambodia and The United Republic of Tanzania, as one of the beneficiaries to the Duty Free Tariff Preference Scheme which would enable imports from Islamic Republic of Afghanistan to enjoy concessional rates of customs duty. For more information contact [Prashant Deshpande](#).

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### **India: Duty Entitlement Passbook Scheme to be discontinued**

Recently the Finance Ministry announced that the tax rebate scheme, DEPB would not be extended beyond 30 June 2011 as the scheme amounts to major losses to the country each year. The discontinuance of the scheme would help the government store up its revenues. Under the scheme, exporters get a refund of duties on the imported content of their export products. However, the tax refund mechanism was considered to be non-compliant with the World Trade Organization (WTO) Rules and so the Government of India has decided to phase out the scheme. For more information contact [Prashant Deshpande](#).

## **India: Aid to Ethiopia in implementing customs valuation system**

On 13 June 2011, the Indian Central Board of Excise and Customs (CBEC) signed an agreement with the Ethiopian Revenue and Customs Authority (ERCA) to provide technical assistance and funding to Ethiopia with its implementation of a WTO compliant customs valuation system. The agreement is an active step by Ethiopia who is facing challenges in collecting taxes determining the value of imported goods. For more information contact [Prashant Deshpande](#).

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## **Kazakhstan: Additions to a list of products that have been imported temporarily with full conditional exemption from customs duties and taxes**

The Customs Union Commission (CUC) introduced additions to the list of products imported temporarily with a full conditional exemption from customs duties and taxes with effect 15 July 2011 for the following goods:

- Foreign owned vessels used for storage in the export of oil products (code 8901), provided they are used on coastal sites in Customs Union member state waters, and which are open for international traffic and the receipt of foreign vessels
- Foreign owned civil passenger airplanes with no more than 19 passenger seats (code 8802 30 000 2 and 8802 40 001 1) used in the integrated customs territory of the Customs Union for non-scheduled (non-commercial schedule) flights, provided that such use is not for profit earning purposes

The decision sets shorter deadlines than those in the Customs Union Customs Code for the temporary import of civil passenger aircraft with no more than 19 passenger seats (CN FEA CU codes 8802 30 000 2 and 8802 40 001 1) for which full conditional exemptions from import customs duties and taxes have been given. Thus the temporary import deadline is no more than 30 calendar days. Also, an aircraft may not remain in the Customs Union territory under temporary import for more than 180 calendar days during the period of one calendar year. For more information contact [Vladimir Kononenko](#).

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## **Kazakhstan: Import of limited shipments of biologically active food additives and special-purpose sports food intended for Customs Union Member States' national sports teams**

The decision states that limited shipments of biologically active food additives and special-purpose sports food for Customs Union national sports teams may be imported into the Customs Union without documentation confirming the products' ("goods") safety, for example compliance with sanitary-epidemiologic and hygienic requirements, provided that the relevant sports and physical training authorities at the point of destination confirm that the products are intended solely for use by national sports teams; and also without having to show an "import permitted" stamp in transportation and (or) commercial documents. For more information contact [Vladimir Kononenko](#).

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## **Kazakhstan: Change in period of temporary import of civil passenger aircraft**

The CUC established shorter deadlines than those in the Customs Union Customs Code for the temporary import of civil passenger aircraft with no more than 19 passenger seats (codes 8802 30 000 2 and 8802 40 001 1) for which full conditional exemptions from import customs duties and taxes have been given. Thus the temporary import deadline is no more than 30 calendar days. Also, an aircraft may not remain in the Customs Union territory under temporary import for more than 180 calendar days during the period of one calendar year. For more information contact [Vladimir Kononenko](#).

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## **Kazakhstan: A list of goods and rates in the transition period**

The CUC approved a list of specific goods for which import rates that will differ from the Customs Union Single Customs Tariff. The list includes:

- Pharmaceutical products: 3001; 3002; 3004; 3006
- Polymers of ethylene, in primary forms: 3901
- Aluminum foil: 7607
- Railway or tramway locomotives: 8603; 8604; 8605; 8606
- Medical, surgical, dental or vet instruments or apparatus: 9018; 9022
- Prefabricated buildings: 9406 00

For more information contact [Vladimir Kononenko](#).

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## **Kazakhstan: Amendments to the declaration on goods**

The filling instructions for the declaration of goods (DG) has been adopted by the CUC to include sections that provide for particular filling of different customs procedures namely:

- Goods declared under the free customs zone (FCZ) or a free warehouse
- Re-import or release of certain categories of goods for domestic consumption at the FCZ
- Re-export or export at the end of the actions for certain categories of goods from the FCZ and free warehouse
- Transit of goods transported on the transmission lines and pipelines through the customs territory
- Transit of goods transported by power transmission lines and pipeline transport through the territory of a state not a member of the TC between points of export and import
- Goods exported through pipelines in a number of foreign trade contracts need to be filled on a one time

Additions to the DG have been made for:

- Medicines, classified in accordance with the legislation of Kazakhstan and Russia as vital and essential drugs, are declared as one of the goods if they have the same name, dosage form, dosage and registration form
- DG goods with various names, contained in a single consignment, indicating a classification code CN FEA CU instead of additional sheets used by a list of products made out in triplicate and an integral part of the DG (List). The list should contain data on all names of goods and quantity (in the main and additional units of measurement) of each good, data on the cost and classification code of each good under CN FEA CU.

From 1 July 2011 the number of copies of DG representing the participants of foreign economic activity to the customs authorities' changes. Under the new changes the DG is filed in triplicate, each of which is distributed as follows: the first copy remains in the customs authority, to which goods are declared, the second and third copies are returned to the declarant.

For the Republic of Kazakhstan new provisions shall be introduced under whereby placing goods under the customs procedure providing for removal of goods from the customs territory on the second copy of the DG official stamp is affixed indicating the location and time of delivery of goods, except goods transported by pipelines and power transmission lines. For more information contact [Vladimir Kononenko](#).

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#### **Kazakhstan: New list of products subject to mandatory conformity assessment**

This decision approves a new version of a single list of products subject to mandatory conformity assessment (approval) in the framework of the Customs union with the grant of common documents.

Certificates of conformity that have been previously issued on a single form are effective without re-issuance until their expiry. Changing in the labeling of such products in terms of application of conformity marks is not required.

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#### **Kazakhstan: Amendments to additional note 1 to group 87**

The decision provides out the following wording to the note to group 87:

"1. In positions 8701, 8702, 8703, 8704, 8705 and 8716, the term "second-use" applies to vehicles for which more than three years or more have passed since manufacture, irrespective of vehicle mileage. In the absence of documentary evidence of manufacture, the year of manufacture is determined by the manufacture code in the vehicle's identification number, with a full year being calculated from 1 July of the year of manufacture." For more information contact [Vladimir Kononenko](#).

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### **Kazakhstan: Amendments on the approval of classifiers**

The order amended the list of classifiers used to fill in customs declarations. From 1 July 2011 a further classifier of additional customs information will be applied, whereby the CN FEA CU code will include an additional four-digit code for certain goods.

In addition the order contains classifier of nature of the transaction and classifier of characteristics of foreign trade transactions. For more information contact [Vladimir Kononenko](#).

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### **Kazakhstan: Introduction of a temporary ban on exports of certain types of oil products from the territory of the Republic of Kazakhstan**

This decision for the period from 7 May 2011 to 1 July 2011 introduced a temporary ban on exports from the Republic of Kazakhstan on:

- Light distillates and products (code 2710 11 CN FEA CU), except special petrol (codes 2710 11 210 0 - 2710 11 250 0 CN FEA CU)
- Kerosene (codes 2710 19 210 0 - 2710 19 250 0 CN FEA CU)
- Gas (codes 2710 19 410 0 - 2710 19 490 0 CN FEA CU)

For more information contact [Vladimir Kononenko](#).

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### **Kazakhstan: Temporary ban on the export of kerosene**

From 29 April 2011, customs representatives are to submit statements with the customs authorities, including electronically; rules for recording the receipt of goods in duty-free shops and their sale in the shop, as well as filing reporting to the customs authorities on these goods.

This regulation introduced a temporary ban on the export of kerosene (code CN FEA CU 2710 19 210 0 - 2710 19 250 0) for the period from 7 May 2011 to 1 July 2011, except for the special gasoline (code CN FEA CU 2710 11 210 0 - 2710 11 250 0).

Also, the period of quantitative restrictions on export of gas oil was extended (code CN FEA CU 2710 19410 0, 2710 19450 0, 2710 19 490 0) until 1 July 2011.

For more information contact [Vladimir Kononenko](#).

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## Australia: Taxation of alternative fuels

The Federal Government announced in the 2011-12 Budget that it will implement a long-standing policy by taxing alternative fuels from 1 December 2011. The enabling legislation was recently introduced into Parliament so details about the proposed taxing arrangements are now available. The legislation reflects changes to the previously proposed arrangements including those circulated for public consultation in the January 2011 exposure draft legislation.

### **Gaseous fuels**

From 1 December 2011, locally manufactured and imported liquefied petroleum gas (LPG), liquefied natural gas (LNG) and compressed natural gas (CNG) used for transport purposes will be subject to excise duty and excise equivalent customs duty (fuel tax) respectively.

The fuel tax rates for LPG, LNG and CNG will be based on their energy content and discounted by 50 percent to reflect the potential environmental, regional development and fuel security benefits they offer. The fuel tax will be phased in to allow affected parties time to adjust to the changes. The transition period will begin on 1 December 2011 and be completed by 1 July 2015. LPG manufacturers and importers will have an automatic remission of fuel tax in circumstances where LPG is supplied for a non-transport use.

With the imposition of the fuel tax, purchasers of LPG, LNG and CNG, who use fuel in carrying on an enterprise and apply it to an eligible use, will be entitled to a fuel tax credit for the fuel tax component that is bundled into the cost of the fuel.

### **Other alternative fuels**

Methanol is not currently subject to fuel tax, whereas biodiesel, renewable diesel and ethanol are taxed at the same rate (38.143 cents per liter) as petrol and diesel. With the exception of imported ethanol, these fuels attract grants that offset the fuel tax imposed.

The previously proposed changes to the fuel tax rates and the grant arrangements for these other alternative fuels were to take effect from 1 December 2011. For example, the transitional fuel tax rates for ethanol were to be phased in over the period to 1 July 2015 and the existing contract-based grant arrangements for Australian-manufactured ethanol were to be phased out by 1 July 2020. However, the legislation introduced by the government in the Federal Budget imposes a 10 year moratorium on changes to the taxation and grant arrangements for ethanol, biodiesel, renewable diesel and methanol. A review of the arrangements will be conducted at the end of this period. For more information contact [Michael Roche](#).

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## Philippines: Wins cigarette tax ruling

The World Trade Organization (WTO) upheld a ruling on a case brought by the Philippines against Thailand that taxes on imported cigarettes were unfair. The tax dispute ran for over five years starting in October 2006.

Thailand violated numerous WTO rules in hampering the competitiveness of imported cigarettes through the following actions:

- Imported cigarettes were subject to VAT in excess of that applied to domestic cigarettes
- The transaction value, as the primary basis for customs valuation, was not used as required and the sequence of valuation methods was not applied by the customs authorities
- Tobacco and/or cigarette retailers held separate licenses to sell domestic and imported cigarettes

Thailand has agreed to revise the relevant customs and tax rules found to be non-compliant with WTO requirements. The WTO does not expect a strain on the bilateral and trade relations between the Philippines and Thailand as a result of this ruling as both countries belong to the Association of Southeast Asian Nations (ASEAN).

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## Afghanistan-Pakistan: Insurance guarantee equal to 100% amount of taxes

The Federal Board of Revenue (FBR) announced that Afghan importers will provide an insurance guarantee equivalent to 100 percent the amount of taxes and duties applicable on goods imported for Afghanistan through Pakistan's land route. Under the Afghanistan-Pakistan Transit Trade Rules it is mandatory for Afghan transporters to furnish bank guarantee equivalent to 25 percent of the duties and taxes on Afghan trucks entering into Pakistan for carrying goods to Afghanistan.

Customs security, in the form of insurance guarantee from an insurance company, needs to be obtained for an amount determined by the assessing officer and principal appraiser at the office of departure. The guarantee needs to cover all import levies, including but not limited to customs duty, regulatory duty, sales tax, additional sales tax, federal excise duty, income tax etc, and any other import levy chargeable on goods so carried. The guarantee is valid for at least one-year and shall be en-cashable in Pakistan, for ensuring the fulfillment of any obligation arising out of customs transit operation between Pakistan and Afghanistan.

Officers will be maintaining a register for all financial guarantees accepted.

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### Nigeria: Trade policies and practices reviewed

In a report by the WTO Secretariat and Government of Nigeria the following key customs and trade findings were highlighted:

- Oil and gas continues to be the greatest exported commodity making up over 90 percent of exports
- Nigeria's international trade more than doubled in the 2003-09 period, with exports rising to nearly US\$50 billion and imports to nearly US\$34 billion
- Tariffs are still the main trade policy instrument for Nigeria as they country continues to align its tariff with the ECOWAS common external tariff
- The average applied MFN tariff declined from 29 percent in 2003 to 12 percent in 2009. However, the average bound tariff was 118 percent in 2009 and only 20 percent of tariff lines are bound
- A number of additional duties on various imported products are charged which can add considerably to the cost of the items
- Inconsistencies in taxes charged on imported goods and domestically produced goods have been identified
- Road imports into Nigeria cannot be in containers, which hinders the regional trade enhances the congestion in the sea ports
- Two import prohibition lists exist: the Absolute Import Prohibition and the Import Prohibition List
- Exports are subject to a levy of 0.5 percent to cover the cost of pre-shipment inspection regardless if an inspection is performed. Goods subject to an export prohibition are not treated in consistency with this export and the import prohibition list and this is to be abolished in the future
- Although customs procedures have been simplified and automated, the customs legislation is still perceived as out of date as it does not incorporate modern processing and clearing methodology and techniques. A new legislation to replace the Customs and Excise Management Act is being prepared and is expected to be enacted during the current year to facilitate trade and encourage compliance.
- Nigeria provides a broad range of incentives to encourage enterprises to manufacture in Nigeria for the domestic and export market. Most incentives are tax or import-tariff related.
- Eleven export processing zones, with more under development, are overseen by the Nigerian Export Processing Zone Authority
- The One Stop Investment Centre continues to bring agencies responsible for the processes, procedures, and requirements for business entry permits, licences, and authorizations together in order to reduce the cost and time of establishing a business in Nigeria
- Nigeria, which continues to be perceived as a highly corrupt and difficult place in which to do business, has taken active measures tackle corruption through the incorporation of measures in the Corrupt Practices and other Related Offences Act, No. 5, 2000, and institutional reform in the Corrupt Practices and Other Related Offences Commission
- Concerns related to lack of information and poor coordination between official agencies were noted as a contributor to the slow pace of change to Nigeria's trade policies

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