

ANNEX A

**STRATEGIC PLAN OF CUSTOMS DEVELOPMENT 2011-2015:
INTEGRATION AND MODERNISATION OF ASEAN CUSTOMS FOR
ESTABLISHMENT OF THE ASEAN ECONOMIC COMMUNITY BY 2015**

Introduction

1. The Declaration of ASEAN Concord II, signed by ASEAN Leaders (Bali, Indonesia, 7 Oct 2003), mandated the establishment of an ASEAN Community by 2020, which comprises of the ASEAN Political-Security Community, including the ASEAN Economic Community (AEC) and the ASEAN Socio-Cultural Community. At the 12th ASEAN Summit (Cebu, the Philippines, 13 Jan 2007), ASEAN Leaders agreed to accelerate the establishment of the ASEAN Community, including its AEC pillar, to 2015. Subsequently, at the 13th ASEAN Summit (Singapore, 20 Nov 2007), ASEAN Leaders adopted the AEC Blueprint, with which each ASEAN Member State (AMS) shall abide by, to implement the AEC by 2015.

2. The AEC Blueprint will transform ASEAN into “a single market and production base, a highly competitive economic region, a region of equitable economic development, and a region fully integrated into the global economy”. The AEC Blueprint serves as a coherent master plan guiding the establishment of the AEC, and also outlines economic integration measures to be implemented by ASEAN Member States (AMS).

3. ASEAN Customs administrations play a critical role in the establishment of the AEC through the realisation of defined actions in the AEC Blueprint, in particular under the “free flow of goods” element of “single market and production base”. The specific areas relevant to customs include the following:

- a. Elimination of Tariffs;
- b. Rules of Origin;
- c. Trade Facilitation;
- d. Customs Integration; and
- e. ASEAN Single Window.

4. Complementing the AEC Blueprint is the Master Plan on ASEAN Connectivity (MPAC) adopted by ASEAN Leaders at the 17th ASEAN Summit (Ha Noi, Viet Nam, 28 Oct 2010). The MPAC aims to enhance intra-regional connectivity which is essential to realising an ASEAN Community by 2015. The MPAC is both a strategic document for achieving overall ASEAN Connectivity and a plan for immediate implementation from 2011-2015 to connect ASEAN through enhanced physical infrastructure development (physical connectivity), effective institutions, mechanisms and processes (institutional connectivity) and empowered people (people-to-people connectivity). ASEAN Customs administrations play an essential part in enhancing the region’s institutional connectivity, particularly in relation to the following strategies:

- a. Fully operationalise the three Framework Agreements on transport facilitation (Strategy 1);

- b. Accelerate the free flow of goods by eliminating barriers to merchandise trade within the region (Strategy 5);
- c. Substantially improve trade facilitation in the region (Strategy 7);
- d. Enhance border management capabilities (Strategy 8).

Guiding Principles in developing the new SPCD Work Programme for 2011-2015

5. Keeping in mind the establishment of the AEC by 2015, the SPCD 2011-2015 should focus on the implementation of commitments specified in various ASEAN legal instruments and mandates relating to customs integration and harmonisation. They comprise, among others:

- a. ASEAN Economic Community Blueprint;
- b. Master Plan on ASEAN Connectivity;
- c. ASEAN Trade in Goods Agreement;
- d. ASEAN Agreement on Customs (2011);
- e. ASEAN Framework Agreement on the Facilitation of Goods in Transit;
- f. Protocol Governing the Implementation of the ASEAN Harmonised Tariff Nomenclature and amendments thereto;
- g. ASEAN Customs Vision 2015;
- h. ASEAN Trade Facilitation Work Program;
- i. Decisions of the AEC Council, ASEAN Finance Ministers, ASEAN Economic Ministers, AFTA Council, ASEAN Directors-General of Customs and relevant ASEAN bodies on economic integration.

6. As the SPCD 2011-2015 is the key document detailing the efforts of ASEAN Customs Administrations in pursuing customs integration and harmonisation, it is important that it receives the proper mandate. In this regard, the Policy Document for the SPCD 2011-2015 will be endorsed by the Directors-General (DGs) of ASEAN Customs; and approved by the ASEAN Finance Ministers. The detailed programmes of the SPCD 2011-2015 will be approved by the DGs of ASEAN Customs.

7. ASEAN Customs administrations will undertake the activities of customs integration and harmonisation with assistance from the ASEAN Secretariat (ASEC). The effective implementation of regional commitments and activities would be carried out in close partnership among different services of Customs administrations, and among the related line ministries and government agencies, at national and regional levels.

Institutional Arrangements and Mechanisms for the Implementation of SPCD 2011-2015

8. Taking stock of experiences and lessons from the implementation of the SPCD 2005-2010, the SPCD 2011-2015 would only succeed if the following conditions are in place:

- a. Strong political determination and commitment from ASEAN Leaders, ASEAN Economic Ministers, ASEAN Finance Ministers and Ministers of Line Ministries of ASEAN Governments;
- b. Adoption of the SPCD into national plans of customs development;

- c. Full ownership of and commitment by all AMS by committing human and physical resources during the implementation process;
- d. Effectiveness and commitment of the designated Country Coordinator with the assistance of a strengthened Customs Unit of the ASEC; and
- e. Active and effective technical assistance of ASEAN Dialogue Partners, of international organizations and Customs Administrations.

9. The SPCD 2011-2015 should, within agreed parameters, be mandatory, goal-oriented and time-committed with certain degree of flexibility. Progress reports on a regular basis should be addressed to, and considered by the Coordinating Committee on Customs, the ASEAN Customs DGs, and where appropriate, the ASEAN Finance Ministers, the ASEAN Economic Ministers and the AEC Council.

10. The Customs Procedures and Trade Facilitation Working Group (CPTFWG), the Customs Enforcement and Compliance Working Group (CECWG), and the Customs Capacity Building Working Group (CCBWG) are responsible for implementing the individual programmes of the SPCD 2011-2015. An AMS or ASEC will be assigned as the Country Coordinator for each individual programme of the SPCD 2011-2015 to oversee and coordinate its implementation. Where necessary, Country Lead(s) may also be assigned to assist the Country Coordinator in overseeing specific sub-components of the SPCD programme.

Areas Covered in SPCD 2011-2015

Customs Procedures and Trade Facilitation Working Group:

SPCD 01: Customs Tariff Classification (Country Coordinator: Singapore)

11. Strategic Objective: This SPCD aims to ensure a transparent and consistent system of classification to facilitate international trade through the following:
- a. Development and timely implementation of an up-to-date version of the ASEAN Harmonised Tariff Nomenclature (AHTN) for intra-ASEAN and extra-ASEAN trade;
 - b. Development of skilled and knowledgeable classification officers.

SPCD 02: Customs Valuation (Country Coordinator: Indonesia)

12. Strategic Objectives: This SPCD aims to ensure the transparent and consistent implementation of the WTO Customs Valuation Agreement for duty and tax assessment through the following:
- a) Enhancement of technical and professional capability of customs officers and related stakeholders in the application of WTO Customs Valuation Agreement;
 - b) Improvement of the legal and operational frameworks of ASEAN Customs administrations in customs valuation matters.

SPCD 03: Origin Determination of Goods and Commodities (ATIGA Rules of Origin)
(Country Coordinator: Viet Nam)

13. Strategic Objectives: This SPCD aims to ensure the implementation of ATIGA Rules of Origin (ROO) in a transparent, predictable and trade facilitative manner through the following:

- a) Strengthening technical and professional capacity of customs officers and those of line ministries in charge of the implementation of ATIGA ROO;
- b) Implementation of Self-Certification.

SPCD 04: ASEAN e-Customs and ICT Customs Application (Country Coordinator: Thailand)

14. Strategic objectives: This SPCD aims to assist AMS in accelerating the implementation their national e-customs systems.

SPCD 05: Customs Clearance (Country Coordinator: Philippines)

15. Strategic Objective: This SPCD aims to expedite customs release and clearance, and to reduce time and cost required for customs transactions through the following:

- a. Streamlining of customs clearance processes in AMS on the basis of international best practices including the ASEAN Cargo Processing Model;
- b. Other specific initiatives as agreed by AMS.

SPCD 06: Customs Transit (Country Coordinator: Singapore)

16. Strategic Objectives: This SPCD aims to facilitate the movement of goods in transit in ASEAN through the implementation of the ASEAN Customs Transit System (ACTS) which is based on the following principles:

- a) Fully computerized system with electronic messages used for (i) communications between traders and Customs for the lodgement of transit declarations and the discharge of completed transit movements; and (ii) the exchange of transit movement data between customs authorities;
- b) System is open to all "suitable" traders irrespective of their type of business based on an assessment by the Competent Authorities according to minimum agreed criteria based on international best practices;
- c) Use of a risk profiling scheme to allow the most reliable traders "simplifications" for a range of standard requirements;
- d) Use of one guarantee valid in all countries to cover the goods throughout the entire journey; and
- e) Universal use of a single regional customs declaration/document for transit.

SPCD 07: Partnership with Businesses and the Trading Community (Country Coordinator: ASEAN Secretariat)

17. Strategic Objectives: This SPCD aims to pursue an effective partnership with businesses and the trading community for enhancement of competitiveness as well as for ASEAN economic integration.

SPCD 08: Authorised Economic Operator Programme (Country Coordinator: Malaysia)

18. Strategic Objectives: This SPCD aims to enhance the security of the global supply chain and facilitate trade by:

- a) Supporting AMS in the implementation of their national AEO programmes;
- b) Promoting mutual recognition of AEO programmes amongst AMS.

Customs Enforcement and Compliance Working Group:

SPCD 09: Customs Post Clearance Audit (Country Coordinator: Indonesia)

19. Strategic Objectives: The aim of this SPCD is to strengthen practices and procedures of post clearance audit (PCA) for trade facilitation and for the efficient protection of customs revenues through the following:

- a) Developing the professional capability of Customs officers in charge of the effective delivery of PCA; and
- b) Enhancing mutual cooperation between Customs and stakeholders for good compliance and effective enforcement of customs-related legislation.

SPCD 10: Customs Enforcement and Mutual Assistance (Country Coordinator: Brunei Darussalam)

20. Strategic Objective: This SPCD pursues the protection of Customs revenues, sharing of experiences among AMS, as well as close cooperation and mutual assistance through the following:

- a) Promoting AMS' participation in on-going enforcement programmes in ASEAN; and
- b) Enhancing bilateral and multilateral cooperation and coordination between and amongst Customs administrations.

SPCD 11: Public Security and Protection of the Society (Country Coordinator: Malaysia)

21. Strategic Objectives: This SPCD aims to enhance regional cooperation in enforcement against illegal trafficking of arms, drugs, dangerous wastes and environmental goods, endangered species, antiques and cultural heritages and other illicit trade.

Customs Capacity Building Working Group:

SPCD 12: Customs Reform and Modernisation (Country Coordinator: Brunei Darussalam)

22. Strategic Objectives: This SPCD pursues the modernisation of ASEAN Customs administrations based on the following values: integrity, accountability and transparency;

professionalism, innovation and service to the public; partnership to the trading community, related stakeholders and the public, done through the following:

- a) Enhancement of the quality of Customs services to the public (enhancement of Customs professionalism); and
- b) Enhancement of Customs integrity.

SPCD 13: Customs Human Resource Development and Administration (Country Coordinator: Malaysia)

23. Strategic Objective: This SPCD aims for the enhancement of credibility, integrity and professional capacity of the customs officers of AMS, via the following ways:

- a) Development and implementation of the training needs for AMS; and
- b) Enhancement of competency of customs personnel of ASEAN Customs administrations.

SPCD 14: Narrowing the Development Gap in ASEAN Customs (Country Coordinator: Cambodia)

24. Strategic Objective: This SPCD aims to assist the Customs administrations of Cambodia, Lao P.D.R, Myanmar and Viet Nam (CLMV) in catching up with new developments in customs techniques and strengthening their capability to conduct national programs in a more sustainable manner, through the following:

- a) Enhancing the technical and managerial capability of customs officers and institutions of Customs administrations of CLMV;
- b) Modernise legislative frameworks relevant to Customs.

SPCD 15: Knowledge-Based Service (Country Coordinator: Thailand)

25. Strategic Objective: This SPCD aims to enhance staff competencies needed to support timely customer-focused processes and services that minimise the administrative burden on legitimate trade through:

- a) Establishing communication channels for the distribution of knowledge and learning amongst ASEAN Customs administrations;
- b) Identifying and implementing knowledge-based service programmes in ASEAN Customs administrations.