



AmCham Vietnam
Ho Chi Minh City Chapter

TPP and TFA

*prepare now to be a “qualified” supplier
for export to U.S. and global markets*

Export Forum 2014

Ngày 12 / 09 / 2014

Herb Cochran
Executive Director

Presentation

Export Forum 2014

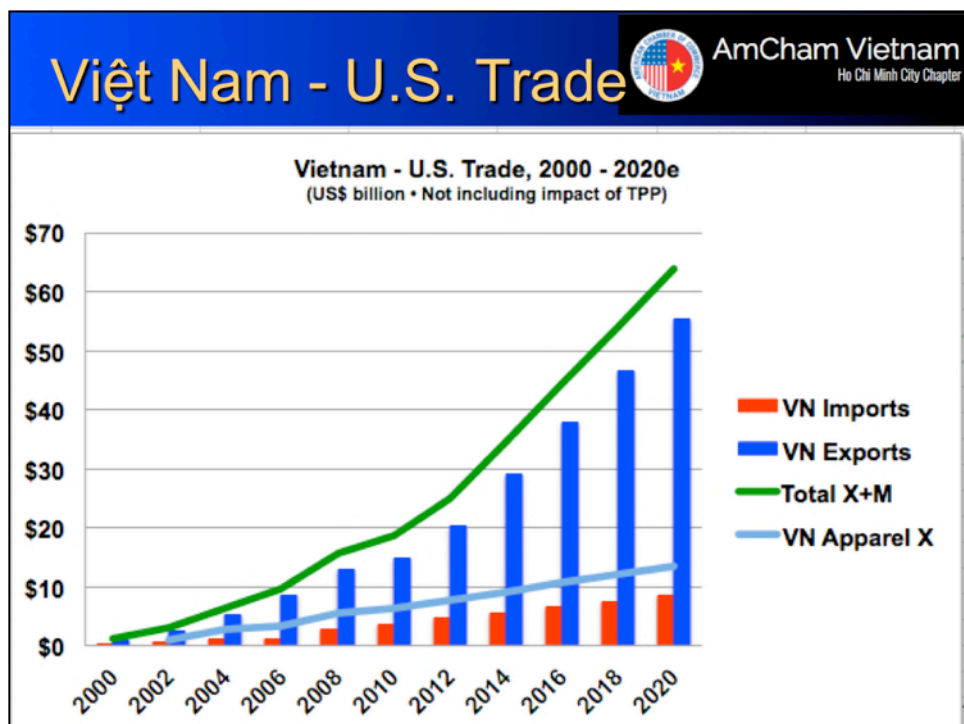
White Palace

Mdm Nguyen Thi Hong
Vice Chair of HCM City People's Committee

Mr. Tran Du Lich
Member of the National Assembly

Mdm Pho Nam Phuong
Director, Investment and Trade Promotion Center of HCM City

Thank you for organizing this important forum.



Vietnam has achieved great success as an exporting country. The chart shows the outlook for VN – U.S. trade without TPP, if current trends continue. However, 66% of Vietnam's exports are from FDI factories. So we need to learn how to become "qualified suppliers" as part of their supply chains in order to export.

VN M = Vietnam imports from U.S., VN X = VN exports to U.S., X+M = total trade,
VN Apparel X = Vietnam's apparel exports to U.S.

| | 2000 | 2002 | 2004 | 2006 | 2008 | 2010 | 2012 | 2014 | 2016 | 2018 | 2020 |
|----------------------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|
| VN Imports | \$0.4 | \$0.6 | \$1.2 | \$1.1 | \$2.8 | \$3.7 | \$4.6 | \$5.6 | \$6.6 | \$7.6 | \$8.6 |
| VN Exports | \$0.8 | \$2.4 | \$5.3 | \$8.6 | \$12.9 | \$14.9 | \$20.3 | \$29.0 | \$37.8 | \$46.5 | \$55.3 |
| Total X+M | \$1.2 | \$3.0 | \$6.4 | \$9.7 | \$15.7 | \$18.6 | \$24.9 | \$34.6 | \$44.3 | \$54.1 | \$63.8 |
| VN Apparel X | | \$1.0 | \$2.7 | \$3.4 | \$5.4 | \$6.3 | \$7.7 | \$9.2 | \$10.7 | \$12.1 | \$13.4 |
| VN Apparel/Total (%) | | 40% | 52% | 40% | 42% | 42% | 38% | 32% | 28% | 26% | 24% |

Source: U.S. Department of Commerce

<http://www.census.gov/foreign-trade/balance/c5520.html#2010>

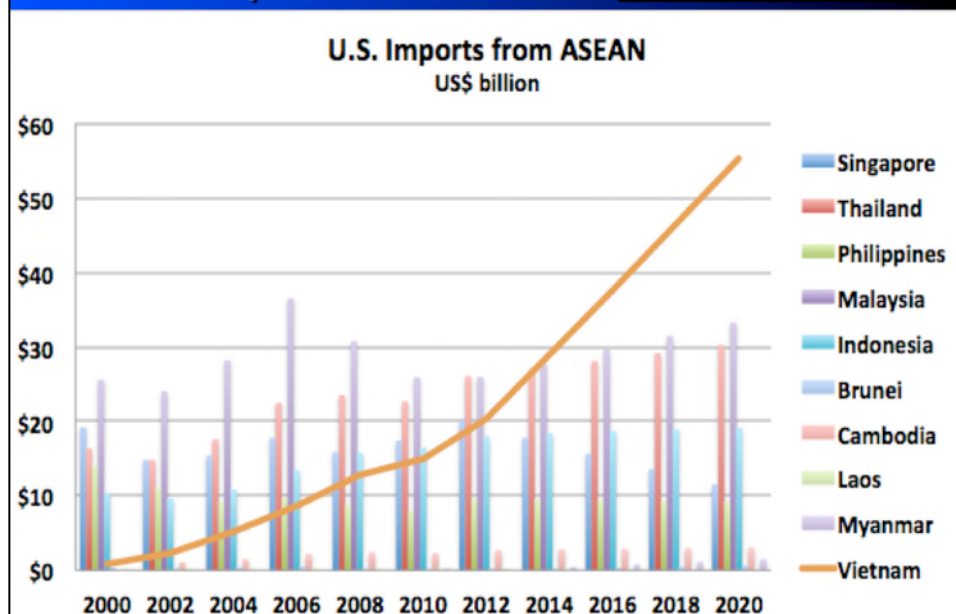
<http://www.amchamvietnam.com/30445155/vietnam-u-s-trade-status-and-outlook/>

<http://vietnamnews.vn/economy/245415/fdi-companies-spearhead->

U.S. Imports from ASEAN



AmCham Vietnam
Ho Chi Minh City Chapter



Vietnam is now in the top three suppliers of U.S. imports from ASEAN, and should be far in the lead by 2020 if present trends continue.

| Imports fr | 2000 | 2002 | 2004 | 2006 | 2008 | 2010 | 2012 | 2014 | 2016 | 2018 | 2020 |
|-------------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| Singapore | \$19.2 | \$14.8 | \$15.4 | \$17.8 | \$15.9 | \$17.4 | \$20.2 | \$17.8 | \$15.6 | \$13.6 | \$11.5 |
| Thailand | \$16.4 | \$14.8 | \$17.6 | \$22.5 | \$23.5 | \$22.7 | \$26.1 | \$27.0 | \$28.1 | \$29.2 | \$30.3 |
| Philippines | \$13.9 | \$11.0 | \$9.1 | \$9.7 | \$8.7 | \$8.0 | \$9.6 | \$9.4 | \$9.3 | \$9.3 | \$9.2 |
| Malaysia | \$25.6 | \$24.0 | \$28.2 | \$36.5 | \$30.7 | \$25.9 | \$25.9 | \$27.8 | \$29.7 | \$31.5 | \$33.2 |
| Indonesia | \$10.4 | \$9.6 | \$10.8 | \$13.4 | \$15.8 | \$16.5 | \$18.0 | \$18.4 | \$18.7 | \$18.9 | \$19.1 |
| Vietnam | \$0.8 | \$2.4 | \$5.3 | \$8.6 | \$12.9 | \$14.9 | \$20.3 | \$29.0 | \$37.8 | \$46.5 | \$55.3 |
| Brunei | \$0.4 | \$0.3 | \$0.4 | \$0.6 | \$0.1 | \$0.0 | \$0.1 | \$0.2 | \$0.4 | \$0.5 | \$0.7 |
| Cambodia | \$0.0 | \$1.1 | \$1.5 | \$2.2 | \$2.4 | \$2.3 | \$2.7 | \$2.8 | \$2.9 | \$3.0 | \$3.0 |
| Laos | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.1 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Myanmar | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.4 | \$0.8 | \$1.1 | \$1.5 |
| ASEAN | \$86.3 | \$78.0 | \$88.3 | \$111.2 | \$110.1 | \$107.7 | \$122.9 | \$133.0 | \$143.2 | \$153.5 | \$163.8 |
| VN Share | 1.0% | 3.1% | 6.0% | 7.7% | 11.7% | 13.8% | 16.5% | 21.8% | 26.4% | 30.3% | 33.7% |

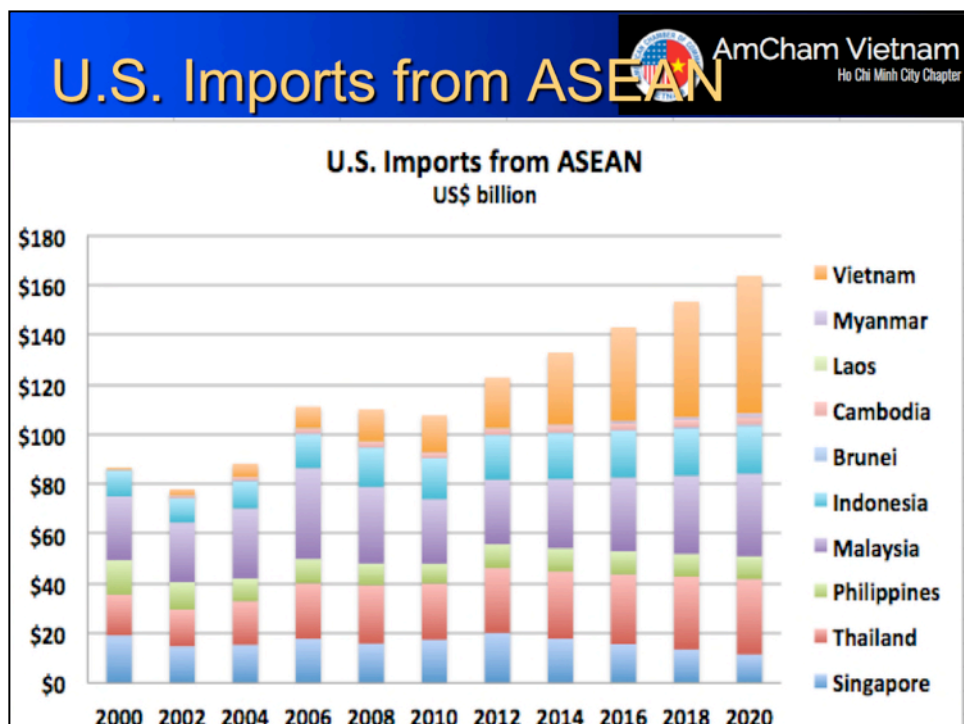
Malaysia's decline is especially striking: from \$35 billion in 2008 to about \$25 billion in 2010. In those days, AmCham Malaysia lost about 20 percent of its members. Not sure why this happened.

Thailand has suffered from the "great flood" in 2011,, as well as the seemingly intractable political conflict and violence between "Red Shirts" and "Yellow Shirts."

http://en.wikipedia.org/wiki/2011_Thailand_floods

Source: U.S. Department of Commerce

<http://www.census.gov/foreign-trade/balance/>



This chart shows the Vietnam's market share of U.S. imports from all ASEAN countries. 1.0% in 2000, when the BTA was signed. 7.7% in 2006, when Vietnam completed WTO Accession negotiations. 21.8% this year. And projected at 33.7% in 2020. **Vietnam is a remarkable success at exporting.**

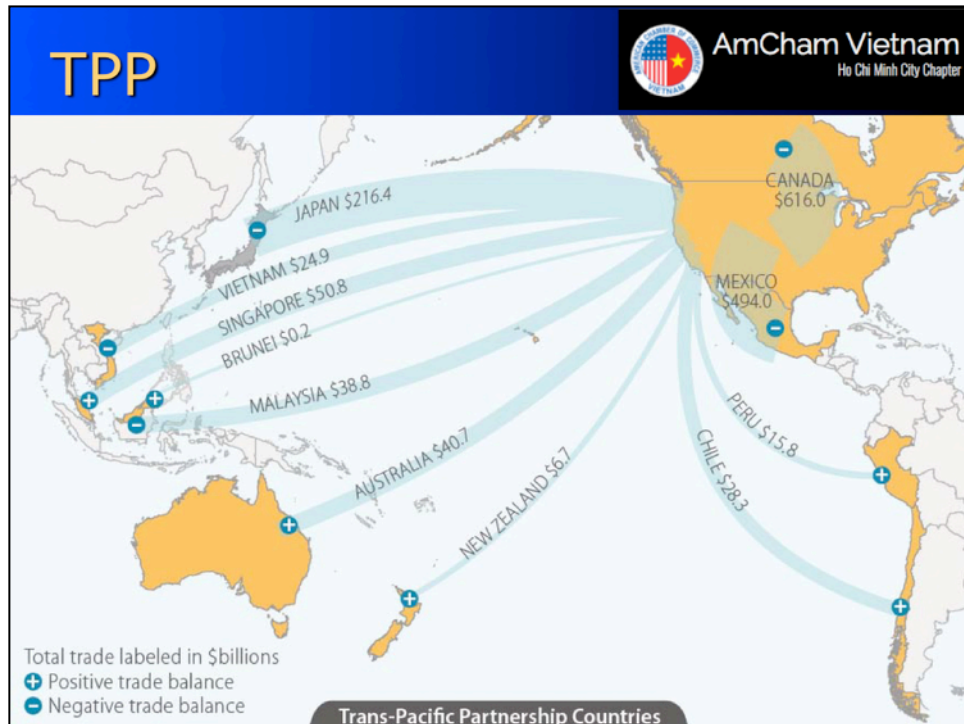
But, how can Vietnam companies be a part of this success story?

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|-------------|--------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
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| Philippines | \$13.9 | \$11.0 | \$9.1 | \$9.7 | \$8.7 | \$8.0 | \$9.6 | \$9.4 | \$9.3 | \$9.3 | \$9.2 |
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| Cambodia | \$0.0 | \$1.1 | \$1.5 | \$2.2 | \$2.4 | \$2.3 | \$2.7 | \$2.8 | \$2.9 | \$3.0 | \$3.0 |
| Laos | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.1 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Myanmar | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.4 | \$0.8 | \$1.1 | \$1.5 |
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http://en.wikipedia.org/wiki/2011_Thailand_floods

Source: U.S. Department of Commerce

<http://www.census.gov/foreign-trade/balance/>



TPP countries collectively represent, by far, the largest U.S. trading partner, accounting for 34% of overall U.S. goods trade;


- U.S. FTAs already exist with the major U.S. trading partners among TPP participants, particularly Canada and Mexico, which account for 84% of U.S. goods trade with TPP partners; and
- the agreement has the potential to expand in an economically important region and could soon include major economies with which the United States does not have FTAs, such as Japan, which alone accounted for 6% of total U.S. goods trade in 2012 and 7% of total U.S. services trade in 2011.

We hope to conclude this year, and ratify next year, entry into effect in 2015 gives us time to plan and prepare.

TPP

Results for Vietnam

- Exports up 28.4% in 2025 over the “base line” w/o TPP
 - \$239 billion without TPP apparel/footwear \$113 billion
 - \$307 billion with TPP apparel/footwear \$165 billion
- GDP up 35.7% in 2025 over the “base line” w/o TPP



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Vietnam's Exports will increase by 28.4% with TPP

The TPP would increase Vietnam's exports from the expected “baseline” in 2025 without TPP of \$239.0 billion (of which apparel and footwear exports would total \$113 billion) by \$67.9 billion to \$307 billion (of which apparel and footwear exports would increase by \$51.9 billion to \$165 billion). In percentage terms, total exports would increase by 28.4% over the baseline, and apparel and footwear exports would increase by 45.9% over the baseline. Total Net Exports increase: $67.9 / 239.0 = 28.4\%$;

Manufactures exports Increase (see next slide) $71.5 / 207.4 = 34\%$

Vietnam's GDP will increase by 35.7% with TPP

In addition, the expected GDP growth benefits are substantial, Vietnam's GDP in 2025 with TPP, would be 35.7% higher than the baseline estimate. This is particularly important now that Vietnam is in a “structural growth decline” period, according to the World Bank. Those are economic projections that give a general idea.

More FDI will come with TPP

Already, more than US\$1 billion of new FDI in Vietnam has been announced by companies from S Korea, Taiwan, Hong Kong, China, and Australia to develop the textiles, apparel, and footwear supporting industries so that exports from Vietnam to the U.S. and other TPP countries will benefit from duty-free rates.

Will you be a part of this ... ?

slide 17 of Petri's presentation with VCCI WTO Center on Mar 28, 2013 at <http://www.amchamvietnam.com/wp-content/uploads/2013/05/130328-2.2.e.-Petri-TPP-Vietnam-24mar13-v2-web.pdf>, http://asiapacifictrade.org/?page_id=106 and <http://www.asiapacifictrade.org/wp-content/uploads/2013/04/sectoral-TPP11-16-RCEP-FTAAP-12-Apr-13.xlsx>, array MF1-MU2

<http://www.amchamvietnam.com/wp-content/uploads/2013/05/130328-2.2.e.-Petri-TPP-Vietnam-24mar13-v2-web.pdf>, pg 13

<http://www.amchamvietnam.com/30441173/top-another-hong-kong-firm-to-invest-200-million-in-vietnams-textile-industry/>

<http://www.bloomberg.com/video/u-s-market-looks-promising-tal-group-ceo-rE7uE6NtJ6T%7E0TwPLozlw.html>

Vietnam: export changes

| | Baseline | Change in exports \$bill. | | |
|-------------------------|--------------|---------------------------|-------------|--------------|
| | 2025 | TPP-12 | RCEP | FTAAP |
| Primary products | 22.9 | -2.8 | 0.5 | -3.7 |
| Rice | 2.4 | -0.2 | 0.1 | -0.2 |
| Wheat | 0.0 | 0.0 | 0.0 | 0.0 |
| Other agriculture | 6.5 | -1.3 | 0.4 | -1.4 |
| Mining | 14.0 | -1.3 | 0.1 | -2.1 |
| Manufactures | 207.4 | 71.5 | 28.8 | 142.8 |
| Food, beverages | 5.9 | -0.9 | -0.3 | -1.6 |
| Textiles | 26.0 | 12.9 | 5.0 | 30.1 |
| Apparel, footwear | 113.0 | 51.9 | 19.5 | 106.4 |
| Chemicals | 8.8 | 0.0 | 1.3 | 2.0 |
| Metals | 5.2 | -0.1 | 0.0 | -0.6 |
| Electrical equipment | 6.6 | 1.1 | 1.0 | 1.3 |
| Machinery | 14.4 | 2.0 | 1.7 | 3.0 |
| Transport equipment | 3.2 | 0.2 | 0.5 | 0.5 |
| Other manufactures | 24.2 | 4.3 | 0.2 | 1.7 |
| Services | 8.6 | -0.8 | 0.5 | -1.5 |
| Utilities | 0.0 | 0.0 | 0.0 | 0.0 |
| Construction | 1.2 | 0.0 | 0.7 | 0.4 |
| Trade, transport, comm. | 2.3 | -0.3 | 0.1 | -0.4 |
| Private services | 5.1 | -0.5 | -0.2 | -1.4 |
| Public services | 0.1 | 0.0 | 0.0 | 0.0 |
| Total | 239.0 | 67.9 | 29.9 | 137.7 |

Three largest

Slide 17

Vietnam's Exports will increase by 28.4% with TPP

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<http://www.bloomberg.com/video/u-s-market-looks-promising-tal-group-ceo-rE7uE6NtJ6T%7E0TwPLozlw.html>

<http://www.amchamvietnam.com/30441086/tpg-hong-kong-s-korean-firms-plan-major-textiles-fcl/>

<http://vietnambreakingnews.com/2013/08/more-investment-projects-licensed-in-binh-duong/#.UjfiWhaLiZZ>

Vietnam: import changes

| | Baseline | Change in imports in 2025, \$bill. | | | |
|-------------------------|--------------|------------------------------------|-------------|--------------|---------------|
| | 2025 | TPP-12 | RCEP | FTAAP | |
| Primary products | 9.5 | 2.7 | 0.8 | 4.3 | |
| Rice | 0.0 | 0.0 | 0.0 | 0.0 | |
| Wheat | 0.5 | 0.0 | 0.0 | -0.1 | |
| Other agriculture | 7.8 | 2.5 | 0.8 | 4.1 | |
| Mining | 1.2 | 0.2 | 0.0 | 0.3 | |
| Manufactures | 210.9 | 49.8 | 25.1 | 103.6 | |
| Food, beverages | 13.1 | 2.6 | 1.3 | 5.1 | |
| Textiles | 41.7 | 18.4 | 8.0 | 40.6 | Three largest |
| Apparel, footwear | 3.5 | 2.8 | 1.3 | 7.4 | |
| Chemicals | 49.6 | 9.3 | 4.7 | 18.4 | |
| Metals | 36.9 | 6.2 | 3.8 | 12.0 | |
| Electrical equipment | 9.5 | 1.3 | 0.9 | 2.3 | |
| Machinery | 34.5 | 3.9 | 1.9 | 6.5 | |
| Transport equipment | 13.9 | 2.3 | 1.7 | 4.6 | |
| Other manufactures | 8.2 | 3.1 | 1.6 | 6.7 | |
| Services | 19.3 | 12.9 | 3.8 | 27.0 | |
| Utilities | 0.0 | 0.0 | 0.0 | 0.0 | |
| Construction | 0.5 | 0.3 | 0.0 | 0.5 | |
| Trade, transport, comm. | 7.7 | 5.6 | 1.6 | 12.3 | |
| Private services | 7.1 | 5.9 | 1.8 | 12.2 | |
| Public services | 4.0 | 1.1 | 0.4 | 2.0 | |
| Total | 239.7 | 65.4 | 29.7 | 134.9 | |

Slide 18

Vietnam's Imports will increase by 27% with TPP

$$65.4 / 239.7 = 27.3\%$$

slide 17 of Petri's presentation with VCCI WTO Center on Mar 28, 2013 at <http://www.amchamvietnam.com/wp-content/uploads/2013/05/130328-2.2.e.-Petri-TPP-Vietnam-24mar13-v2-web.pdf>, http://asiapacifictrade.org/?page_id=106 and <http://www.asiapacifictrade.org/wp-content/uploads/2013/04/sectoral-TPP11-16-RCEP-FTAAP-12-Apr-13.xlsx>, array MF1-MU2

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<http://www.amchamvietnam.com/30441086/top-hong-kong-s-korean-firms-plan-major-textiles-fd/>

<http://vietnambreakingnews.com/2013/08/more-investment-projects-licensed-in-binh-duong/#.UjfiWhtaLjZ>

Why such large gains?

- More exports of manufactures (34%)*
- More imports of consumer and production goods (27%)*
- More inward FDI due to investor optimism
- Stronger links to international supply chains
- Productivity gains from competition
- Momentum for reforms boosting growth and opportunity

Most important points here are

#4 Stronger links to international supply chains

#6 Momentum for reforms boosting growth and opportunity (for example, customs)

Total Net Exports increase: $67.9 / 239.0 = 28.4\%$;

Manufactures exports Increase (see next slide) $71.5 / 207.4 = 34\%$

More inward FDI – in 2013, Hong Kong, S Korean, VN, and other companies have announced \$1.6 billion FDI in yarn-spinning, fabric weaving, in preparation for the TPP.

<http://www.amchamvietnam.com/30441086/tpp-hong-kong-s-korean-firms-plan-major-textiles-fdi/>

The slide has a blue background with a dark blue curved shape on the right side. In the top right corner, there is a circular logo with an American flag and a Vietnamese flag, next to the text "AmCham Vietnam" and "Ho Chi Minh City Chapter".

TPP

How can companies prepare ?

- Become a “qualified” supplier to U.S. firms
- Industry Trade Shows in the U.S.
- Company Background Information D-U-N-S® Number
- **Electronic Data Interchange (EDI)**
- Testing & Certification
 - Quality, Safety, Labour, Environmental, Sustainability, ...
- Product Liability Insurance / Marine Cargo Insurance
- Logistics • Security • Customs & Border Patrol
- Your Company Web Site


No matter what trade and investment architecture there is, ASEAN, APEC, BTA, WTO, TPP, ASEAN Blueprint 2015,, or even the Regional Economic Cooperation Partnership, individual Vietnam companies and U.S. buyers have to build one-on-one business relationships.

The fact that FDI factories account for two-thirds of Vietnam’s exports shows clearly that few Vietnam companies have been able to build these relationships.

U.S. (and other international) buyers have well-established supply chains, supplier guidelines and procedures, developed over years of business experience in the region.

Now they are moving out of China to Southeast Asia, for various reasons. In order for Vietnam companies to compete with and replace suppliers in China, in other ASEAN countries, or FDI factories in Vietnam, they will have to understand and follow the supplier guidelines.

This slide shows a few of the essential requirements.



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TPP

How can companies prepare ?

- Identify prospective customer(s)
- Obtain “Suppliers Manuals”
- Develop Suppliers’ Application
- Example - Walmart Stores
 - <http://corporate.walmart.com/suppliers/>
 - 245,000,000 customers / week
 - ~ 11,000 stores in 27 countries, 71 banners (names)
 - e-commerce websites in 10 countries
 - Annual sales of \$473 billion in 2014 (\$466 billion in 2013)
 - 2.2 million associates
 - => *Walmart has detailed procedures and systems*

Let’s take a look at Walmart as an example. Walmart opened an office in Ho Chi Minh City in 2013, by the way, so they will be looking for Vietnam companies as suppliers.

Each week, more than 245 million customers and members visit Walmart’s nearly 11,000 stores under 71 banners in 27 countries and e-commerce websites in 10 countries.

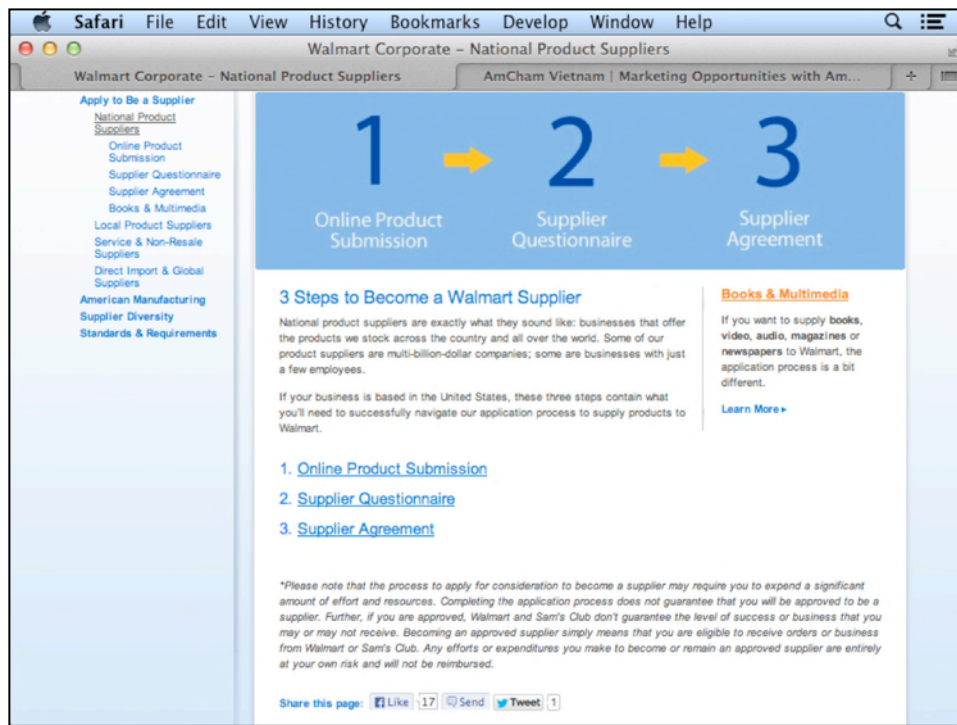
With fiscal year 2014 (2013) sales of approximately \$473 (\$466) billion, about 3x (actually 2.8x) as much as Vietnam’s GDP (about \$171 billion in 2013) and 2.2 million associates worldwide, you can bet that Walmart has very detailed procedures and systems to manage its supplier relations.

Proposal

After the seminar, in the coming days, AmCham and member companies could cooperate with Vietnam Business Associations to help Vietnam companies become qualified suppliers to U.S. buyers, both large and medium sized, get their suppliers’ manuals, go through the process ...

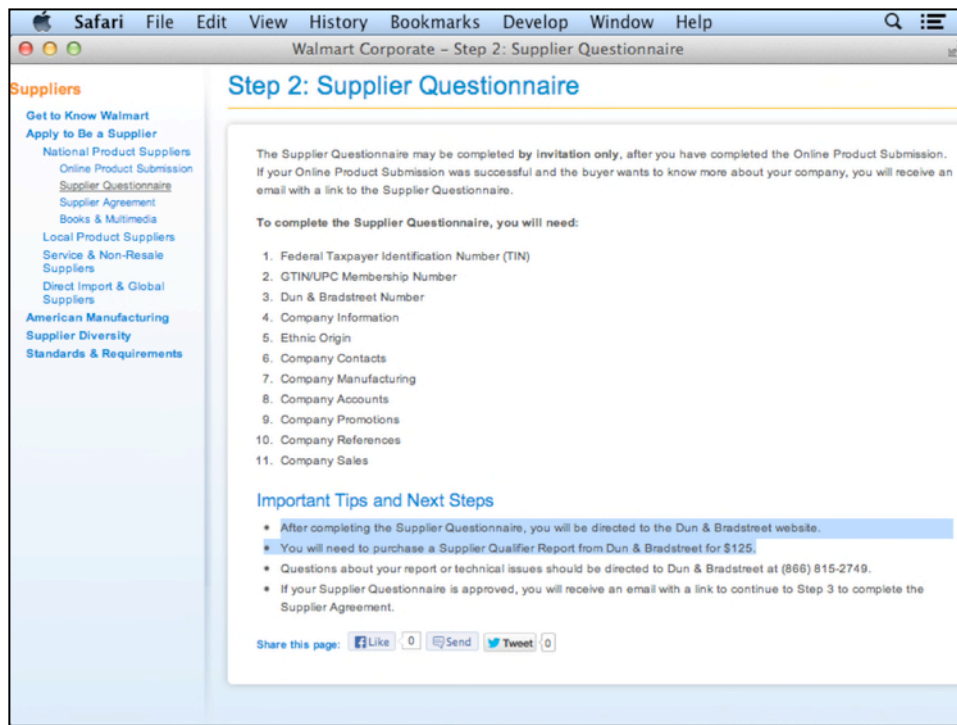


Start with the “Apply to be a Supplier” page on the Walmart web site.
<http://corporate.walmart.com/suppliers/apply-to-be-a-supplier>



3 steps to become a Walmart supplier.

Note that they didn't say 3 EASY steps ...



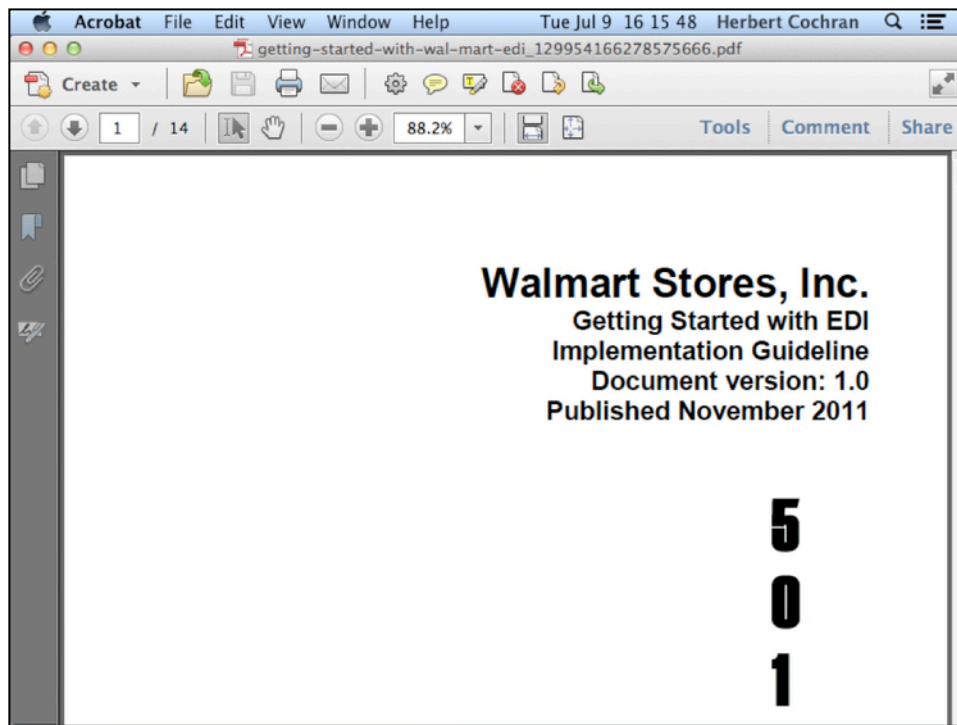
Let's skip to Step 2: Supplier Questionnaire.

Note item 3. You need a Dun & Bradstreet number.

Note the Important Tips and Next Steps:

After completing the Supplier Questionnaire, you will be directed to the Dun & Bradstreet website.

You will need to purchase a Supplier Qualifier Report from Dun & Bradstreet for \$125.



Now look at the Supplier Support Center page.

<http://corporate.walmart.com/suppliers/references-resources/supplier-support-center>

See the item highlighted in blue:

EDI Electronic Data Interchange ...

You will need that.

Click on that link and you will download Walmart's 14-page guide to "Getting Started with EDI: Implementation Guideline"

There is a list of approved EDI suppliers, including DI Central, an AmCham member here in HCM City, who will speak later.



Here are logos of some of DICentral customers that are sourcing internationally and looking for suppliers in Vietnam



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TPP and TFA How can Gov't help prepare ?

- Implement the WTO Trade Facilitation Agreement
- which is similar to ...
- Trans-Pacific Partnership (TPP) Free Trade Agreement
- EU-Viet Nam Free Trade Agreement
- ASEAN Economic Community 2015

While the companies need to prepare themselves, but also ...

The Government of Vietnam, at the National and Regional level, can help companies prepare by implementing the WTO Trade Facilitation Agreement, which has a number of commitments that are similar to what is in the TPP, the EU-Vietnam Trade Facilitation Agreement, and the ASEAN Economic Community 2015.

WTO Trade Facilitation Agreement

https://mc9.wto.org/system/files/documents/w8_0.pdf

TPP will be similar to the Korea-U.S. Free Trade Agreement

http://www.ustr.gov/sites/default/files/uploads/agreements/fta/korus/asset_upload_file732_12705.pdf

EU-Vietnam FTA will be similar to the EU-Singapore FTA

<http://36mfjx1a0yt01ki78v3bb46n15gp.wpengine.netdna-cdn.com/wp-content/uploads/2014/08/EU-Singapore-FTA.pdf>

ASEAN Economic Community 2015

<http://www.asean.org/communities/asean-economic-community>



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WTO TFA Commitments include ...

- Committee on Trade Facilitation (COAC)
- e-Customs (Automated Commercial Environment • ACE)
- National Single Window
- Advance Ruling: Classification, Valuation, Rules of Origin
- Authorized Operator
- Many similar provisions in “U.S. Customs Modernization Act,” 1993 in preparation for implementation of North American Free Trade Agreement (NAFTA) on Jan 1, 1994

The Trade Facilitation Agreement is the “globalization” of customs “best practices” in the U.S., Canada, Mexico, EU, and Japan.

Let’s look at some examples of “best practices” in the U.S., which were developed starting in 1988 with the “Commercial Operations Advisory Council,” the U.S. Automated Commercial Environment (the equivalent of e-Customs and “National Single Window.”

In 1993, the U.S. Customs Modernization Act was passed, with many changes, so as to prepare for the implementation of the North America Free Trade Agreement, which went into effect on Jan 1, 1994, 20 years ago.

The WTO Trade Facilitation Agreement, and the other mentioned agreements have commitments to establish

- Committee on Trade Facilitation
- E-Customs
- National Single Window
- Advance Rulings on classification, valuation, rules of origin
- An “Authorized Operator” system of risk management,
- Etc.



An Advisory Committee of Senior Business Executives ...

The U.S. Commercial Operations Advisory Committee to Customs and Border Protection (COAC), advises the Secretaries of the U.S. Department of the Treasury and the U.S. Department of Homeland Security on the commercial operations of Customs and Border Protection and related DHS functions.

Business representatives hold regular monthly and quarterly working meetings with Customs officials, involve subcommittees and task forces that carry out work on specialized topics of interest, help draft and review proposed laws and regulations affecting industry sectors, and develop recommendations and initiatives that have greatly assisted ongoing modernization of customs and border trade measures.

Meetings are open to the public (by webinar) and led by twenty members, representatives of industry sectors affected by customs in commercial trade operations and matters.

<http://www.cbp.gov/trade/stakeholder-engagement/coac>



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Committee Members (U.S.)

- COAC Members

Swift Transportation Corporation, FedEx Trade Networks Transport & Brokerage, Kraft Foods Group, The Walt Disney Company, UPS Supply Chain Solutions, Coppersmith Global Logistics, National Association of Beverage Importers, Maritime Products International, NYK Line (North America), Airforwarders Association, U.S. Chamber of Commerce, Abbott Laboratories, Janell Group of Los Angeles, Liberty International, Inc., Regal-Beloit Corporation, Raytheon, General Motors, Airlines for America, Target, Sandler & Travis Trade Advisory Services

COAC Members are Senior Business Executives, not Government Officials.

20 members are appointed for a two-year term.

Note that they are from senior executives at companies that use the services of U.S. Customs and Border Patrol.

Many companies that you recognize: FedEx, Kraft Foods, Walt Disney Company, UPS, NYK Line (North America), Abbot Laboratories, Ratheon, General Motors, Target;

And industry and business associations such as the: U.S. Chamber of Commerce, Airlines for America, Association of Beverage Importers, Airforwarders Association,

<http://www.cbp.gov/newsroom/national-media-release/2013-03-05-050000/trade-advisory-group-members-named>



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Committee Subcommittees (U.S.)

- COAC Subcommittees

Trade Modernization ACE ... e-Customs

Trusted Trader Authorized Operator

One U.S. Gov't at Border NSW ... National Single Window

Trade Enforcement and Revenue Collection

Global Supply Chain

Exports

Subcommittees / Issues

Similar to TFA Commitments

Trade Modernization

Automated Commercial Environment

Trusted Trader

Authorized Economic Operator

One U.S. Gov't at Boarder

National Single Window


Trade Enforcement and Revenue Collection

Global Supply Chain

Exports

<http://www.cbp.gov/newsroom/spotlights/2013-03-12-040000/optimism-restructuring-mark-new-term-advisory-committee>

Official website of the Department of Homeland Security

 U.S. Customs and Border Protection

ACE and Automated Systems

CBP automated systems electronically support the facilitation of importing and exporting goods. By the end of 2016, the Automated Commercial Environment (ACE) will become the Single Window - the primary system through which the trade community will report imports and exports and the government will determine admissibility. Through ACE as the Single Window, manual processes will be streamlined and automated, paper will be eliminated, and the international trade community will be able to more easily and efficiently comply with U.S. laws and regulations.

CBP has established the following mandatory use dates for transitioning to ACE:

| | | |
|---|--|---|
| MAY 1 2015 | NOV 1 2015 | OCT 1 2016 |
| Mandatory use of ACE for all electronic manifest filing | Mandatory use of ACE for all electronic cargo release and related entry summary filing | Mandatory use of ACE for all remaining electronic portions of the CBP cargo process |

Get to know CBP's automated systems, services, training resources, and related outreach efforts below.

Implementation of e-customs, the Automated Commercial Environment (ACE) in the U.S. Note that it is phased in with testing periods. Dates are May 1, 2015, Nov 1, 2015, and Oct 1, 2016, more than two years away.

Delayed enforcement

http://www.cbp.gov/sites/default/files/documents/import_sf_carry_3.pdf

How Will the Rule be Enforced? The interim final rule includes a delayed enforcement date of 12 months after the interim final rule takes effect. During this 12-month period, CBP will show restraint in enforcing the rule. CBP will take into account difficulties that importers may face in complying with the rule **as long as importers are making a good faith effort and satisfactory progress toward compliance**. The flexible enforcement period will end

Read more ...

<http://www.cbp.gov/trade/automated>

Compare the consultation and cooperation between U.S. Customs officials and users with the misunderstandings, confusion and congestion that resulted from the short time-line of implementation of Vietnam's VNACCS/VCCIS on Apr 1, 2014.

<http://www.amchamvietnam.com/30445351/customs-glitches-and-other-problems-cause-huge-backlogs-at-cat-lai-port/>



INTERNATIONAL TRADE DATA SYSTEM
The Single Window to More Secure, More Efficient Trade

SEARCH

GO

Sunday, September 7, 2014

BackgroundOrganizationContact Us

ITDS NEWSROOMTRADE RESOURCE CENTERPGA RESOURCE CENTER

Welcome to ITDS

A Partnership of Government Agencies Committed to the Modernization and Facilitation of International Trade

On February 19, 2014, President Obama signed an Executive Order streamlining the import and export process for America's businesses. This Executive Order requires the completion and government-wide utilization of the International Trade Data System (ITDS) by December 2016, and establishes a two-tiered governance process to oversee its implementation. Upon full implementation, ITDS, through the Automated Commercial Environment (ACE), will allow businesses to submit the data required by U.S. Customs and Border Protection and its Partner Government Agencies (PGAs) to import or export cargo through a "Single Window" concept.

CURRENT FLOW OF INFORMATION



SINGLE WINDOW VISION



Today, traders must submit the same information to multiple agencies, multiple times through processes that are largely paper-based and manual.

THE SINGLE WINDOW WILL STREAMLINE THIS PROCESS.

The U.S. "International Trade Data System" and the ACE (Automated Commercial Environment) is the National Single Window for the U.S.

On-line systems and forms will replace these paper forms.

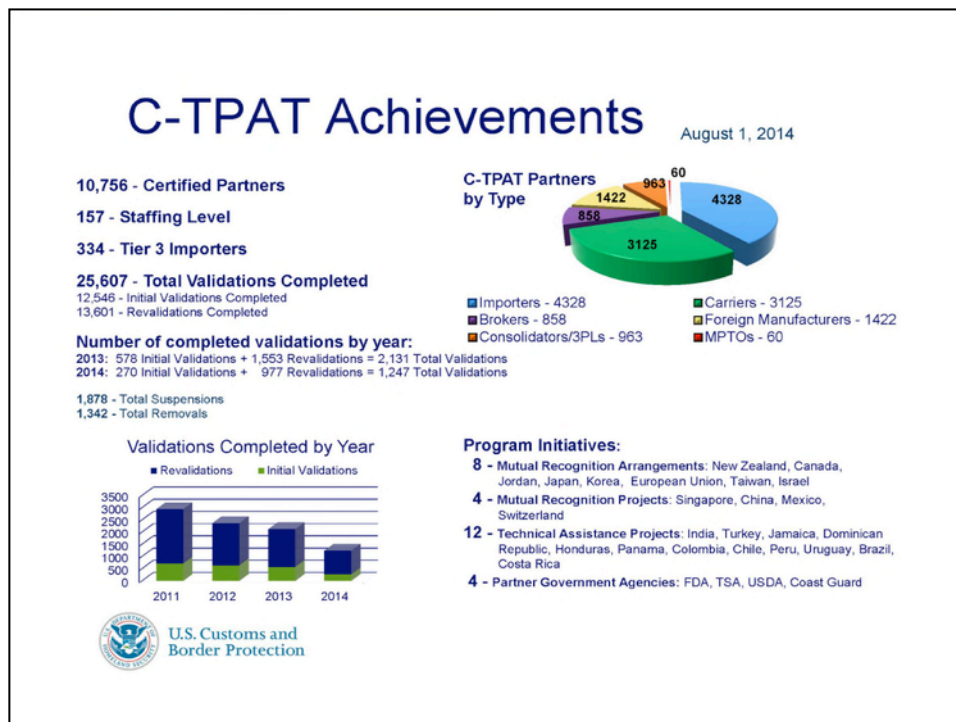
| Partner Government Agencies | |
|--|--|
| CBP and 47 federal agencies are working together to implement the Single Window via ACE. | |
| DEPARTMENT OF AGRICULTURE AMS Agricultural Marketing Service APHIS Animal and Plant Health Inspection Service FAS Foreign Agricultural Service FSIS Food Safety and Inspection Service GIPSA Grain Inspection, Packers & Stockyards Administration | DEPARTMENT OF THE INTERIOR FWS Fish and Wildlife Service |
| DEPARTMENT OF COMMERCE BIS Bureau of Industry and Security U.S. Census Bureau FTZB Foreign Trade Zones Board E&C Enforcement and Compliance OTEXA Office of Textiles and Apparel NMFS National Marine Fisheries Service | DEPARTMENT OF TRANSPORTATION BTS Bureau of Transportation Statistics FAA Federal Aviation Administration FHA Federal Highway Administration FMCSA Federal Motor Carrier Safety Administration MARAD Maritime Administration NHTSA National Highway Traffic Safety Administration PHMSA Pipeline Hazardous Materials Safety Administration |
| DEPARTMENT OF DEFENSE USACE Army Corps of Engineers DCMA Defense Contracts Management Agency | DEPARTMENT OF HEALTH AND HUMAN SERVICES CDC Centers for Disease Control and Prevention FDA Food and Drug Administration |
| DEPARTMENT OF ENERGY OFE Office of Fossil Energy EIA Energy Information Administration OGC Office of General Counsel | DEPARTMENT OF TREASURY IRS Internal Revenue Service OFAC Office of Foreign Assets Control TTB Alcohol and Tobacco Tax and Trade Bureau FinCEN Financial Crimes Enforcement Network |
| DEPARTMENT OF JUSTICE ATF Bureau of Alcohol, Tobacco, Firearms and Explosives DEA Drug Enforcement Administration | DEPARTMENT OF STATE A/LM Bureau of Administration, Office of Logistics Management DDTC Directorate of Defense Trade Controls OES/OCM Bureau of Ocean and International Scientific Affairs OFM Office of Foreign Missions |
| DEPARTMENT OF LABOR BLS Bureau of Labor Statistics | INDEPENDENT AGENCIES CPSC Consumer Product Safety Commission EPA Environmental Protection Agency FCC Federal Communications Commission FMC Federal Maritime Commission ITC International Trade Commission NRC Nuclear Regulatory Commission USAID U.S. Agency for International Development USTR Office of the United States Trade Representative |
| DEPARTMENT OF HOMELAND SECURITY USCG United States Coast Guard CBP Customs and Border Protection TSA Transportation Security Administration | |

There are 47 Partner Government Agencies that will be part of the National Single Window in the U.S.

This is complicated, but not difficult with computer systems.

Think about Walmart with over 11,000 stores.

With computers and “big data,” it can be managed.



Authorized Operators – that use the “Green Line” – as of Aug 2014

10,786 “certified partners” authorized operators

including

4,328 importers

3,125 carriers

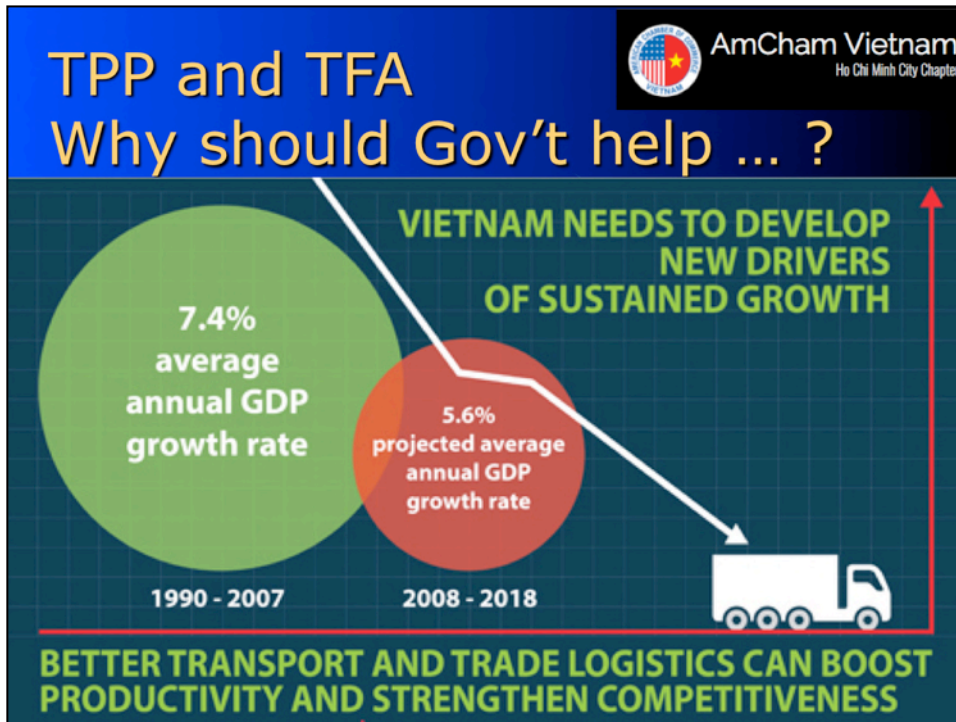
1,422 foreign manufacturers (... any from Vietnam?)

157 Staff to manage the program

Under Program Initiatives (lower right), there are “mutual recognition projects,” and “technical assistance projects” with a number of countries. **Vietnam used to be on this list in Feb 2014, but is not on the list now. Maybe you should get back on the list as part of the “Comprehensive Partnership.”**

Program Initiatives:

- 7 - Mutual Recognition Arrangements:** New Zealand, Canada, Jordan, Japan, Korea, European Union, Taiwan
- 5 - Mutual Recognition Projects:** Singapore, Israel, China, Mexico, Switzerland
- 14 - Technical Assistance Projects:** Philippines, Vietnam, India, Turkey, Jamaica, Dominican Republic, Honduras, Panama, Colombia, Chile, Peru, Uruguay, Brazil, Costa Rica
- 4 - Partner Government Agencies:** FDA, TSA, USDA, Coast Guard



A recent World Bank Report on “Efficient Logistics,” Dec 2014

- Logistics operations in Vietnam are costly relative to key regional peers like China, Malaysia, and Thailand, primarily because of the prevalence of unpredictability in supply chains.
- Unpredictability in supply chains increases logistics costs by making it necessary for businesses to carry more inventory than they would otherwise need to manage their everyday operations. Vietnam’s key root causes of supply chain unpredictability include:
 - Cumbersome and inconsistently-applied government regulations;
 - Lack of automation in key trade-related processes such as trade clearance;
 - A belief among shippers and logistics service providers that facilitation payments are necessary to avoid delays in supply chains;

Recommendations

- **Minimize paper-based processes in the customs and technical clearance of imports and exports.**
- **Ensure transparent and consistently interpreted, applied, and enforced government regulations and operations related to international trade.**

Read more ...

<http://www.worldbank.org/en/news/feature/2014/01/07/efficient-logistics-a-key-to-vietnams-competitiveness> (English)

<http://www.worldbank.org/vi/news/feature/2014/01/07/efficient-logistics-a-key-to-vietnams-competitiveness>

TPP and TFA

Why should Gov't help ... ?



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TẠO THUẬN LỢI THƯƠNG MẠI, TẠO GIÁ TRỊ VÀ NĂNG LỰC CẠNH TRANH:

GỢI Ý CHÍNH SÁCH CHO TĂNG TRƯỞNG KINH TẾ VIỆT NAM



ỦY BAN QUỐC GIA VỀ
HỢP TÁC KINH TẾ QUỐC TẾ



NGÂN HÀNG THẾ GIỚI

Thuế thương mại đóng vai trò đặc biệt quan trọng trong việc đóng góp vào tăng trưởng kinh tế của Việt Nam. Sự tăng trưởng nhanh chóng của thuế thương mại trong gần hai thập kỷ qua đã đạt được là nhờ tiến trình hội nhập kinh tế quốc tế, giảm dần các rào cản thuế thương mại và tham gia các hiệp định với đối tác. Tuy nhiên, cùng với tiến bộ trong quá trình thực hiện cam kết quốc tế, lợi thế của tự do thuế thương mại trong việc đóng góp vào tăng trưởng thuế thương mại đang đạt đến những giới hạn nhất định. Đây là thời điểm cần có một cách tiếp cận mới nhằm nâng cao năng lực cạnh tranh, thúc đẩy tăng trưởng xuất khẩu Việt Nam. **Vũ Văn Ninh, Phó Thủ tướng Chính phủ Chu tịch Ủy ban Quốc gia về Hợp tác Kinh tế Quốc tế**

Thông điệp 3 – Đơn giản hóa thủ tục quy định nhằm giảm thời gian và chi phí và cải thiện độ tin cậy của thuế thương mại biên giới. Có lẽ hai tầng mức cho thuế thương mại cũng quan trọng không kém cơ sở hạ tầng cứng. Bằng chứng thực tế cho thấy mỗi ngày chậm trễ tại cửa khẩu thuế được với mức chi phí phụ trợ là 0,8% giá trị hàng hóa. Công tác quản lý thuế biên giới được coi là chậm và thiếu nhất quán, thiếu thích ứng và dễ gây tham nhũng. Ưu tiên chính sách ở đây là đơn giản hóa các quy trình, thủ tục quy định và tạo môi trường minh bạch để tạo thuận lợi thuế thương mại qua biên giới, đồng thời giảm tham nhũng.

Mặc dù đã có những nỗ lực đơn giản hóa, các thủ tục vẫn còn phức tạp. Thời gian thông quan được coi là lâu nhất trong khu vực, công tác quản lý rủi ro chưa đầy đủ, một phần do tỷ lệ kiểm tra hàng thực tế còn cao. Các hoạt động can thiệp nên hướng tới hợp lý hóa thủ tục, như hiện đại hóa ngành hải quan, tăng cường phối hợp các hoạt động quản lý biên giới, đồng thời cải thiện cơ chế quá cảnh. Nâng cao tính minh bạch cũng cần thiết trong hoạt động kiểm tra và kiểm soát của các cơ quan hải quan biên giới. pg 134 http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2013/09/26/000456286_20130926111613/Rendered/PDF/



Prime Minister Nguyen Tan Dung has asked the customs department to upgrade import-export procedures to regional standards, saying the extra time taken in Viet Nam is “unacceptable.” <http://www.amchamvietnam.com/30445141/prime-minister-urges-customs-improvements/>

Resolution 19 - To streamline processes, to simplify record-related requirements, export and import procedures and customs formalities, and to reduce the time for import and export clearance to the average of the ASEAN-6 group (being 14 days to export and 13 days to import); [**Note:** The average time to export and import in is Vietnam 21 days for both import and export in 2013.]

<http://thuvienphapluat.vn/archive/Nghi-quyet-19-NQ-CP-nam-2014-giai-phap-cai-thien-moi-truong-kinh-doanh-nang-luc-canh-tranh-quoc-gia-vb223738.aspx>

“The interaction between State agencies, between the State apparatus and socio-political organizations must be strengthened. Dialogues with the people and businesses must be expanded under various forms to promote closer relationship between the State, cadres, civil servants and the people and better match policy and legislation with reality.” Phải tăng cường tương tác giữa các cơ quan trong bộ máy nhà nước và giữa bộ máy nhà nước với các tổ chức Chính trị – xã hội. Mở rộng đối thoại với người dân và doanh nghiệp bằng nhiều hình thức để Nhà nước, cán bộ, công chức gần dân hơn và chủ trương, chính sách, pháp luật sát với thực tiễn hơn.

<http://www.amchamvietnam.com/30443556/thong-diep-nam-moi-cua-thu-tuong-nguyen-tan-dung/>

TPP and TFA

Why should Gov't help ... ?



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Ho Chi Minh City Chapter

Technical assistance commitment in the TFA

Section II, Art 9. Provision of Assistance for Capacity Building

"9.1. Donor Members agree to facilitate the provision of assistance and support for capacity building to developing country and least developed country Members, on mutually agreed terms and either bilaterally or through the appropriate international organizations. The objective is to assist developing country and least developed country Members to implement the provisions of Section I of this Agreement."

Section II, Article 9 Provision of Assistance for Capacity Building

9.1. Donor Members agree to facilitate the provision of assistance and support for capacity building to developing country and least developed country Members, on mutually agreed terms and either bilaterally or through the appropriate international organizations. The objective is to assist developing country and least developed country Members to implement the provisions of Section I of this Agreement.

https://mc9.wto.org/system/files/documents/w8_0.pdf



Provision of Technical Assistance for Capacity Building

Since about 80% of Vietnam's containerized leave from ports in the Southern Key Economic Region, it seems very important that businesses and governments in this region should take the lead, to form a Southern Committee on Trade Facilitation (SCTF).

We are working with business and government leaders in the SKER to establish a SCTF.

We hope to have cooperation and support from the city leaders and from other provinces in the Southern Key Economic Region.

Additional information:

<http://www.amchamvietnam.com/30445223/trade-facilitation-support-program-launched-by-wb-eu-usa-canada-australia-norway/>



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TPP and TFA

*prepare now to be a “qualified” supplier
for export to U.S. and global markets*

Export Forum 2014

Ngày 12 / 09 / 2014

Herb Cochran
Executive Director

I'm Herb Cochran, the Executive Director of AmCham Vietnam in Ho Chi Minh City



World Bank Report, July 2013

Trade plays an important role in the economic growth of Vietnam. Rapid trade growth during the past two decades has been built on international economic integration process -- lower barriers to trade and participation in agreements with trade partners. However, with this progress in international commitments well advanced, the advantages of trade liberalization in contributing to the growth of trade are reaching their limits. It is time to have a new approach to improve trade competitiveness and export growth. **Vu Van Ninh, Deputy Prime Minister, Chairman, National Committee for International Economic Cooperation**

Simplify Regulatory Procedures to Reduce Time and Cost and Improve Reliability of Cross Border Trade A sound legal framework should be developed for Customs modernization. The Customs Law should be further amended to set an overall framework for business process simplification and risk management practices to meet international customs standards by: (i) applying the single stop inspection at border with risk based management; (ii) using the advance ruling system; (iii) launching the priority enterprises program; (iv) setting up a system of customs performance indicators; (v) improving the current service of customs brokers and post clearance audit; and (vi) using the non-instructive detection devices. A set of simplified procedures within an IT integrated system to minimize paper work and interaction between shippers and customs officers. Develop and implement customs anti-corruption strategy. Strengthen the mechanism of cooperation and partnership between customs and traders through regular dialogues.

Pg 132, http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/IB/2013/09/26/000456286_20130926111227/Rendered/PDF/792350WP0v10EN00Box379821B00PUBLIC0.pdf