“Post Doha Disease” and the new Global Trade Paradigm: an Industry Perspective

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IBM differentiation through investments

The Globally Integrated Enterprise

Global Delivery Center
Software & Hardware Lab
Research Lab
Innovation Center
Cloud Computing Center

Communications
Health
Energy
Finance
Retail

Argentina
Brazil
Mexico
Morocco
Czech Republic
Romania
Poland
Slovakia
Hungary
Turkey
Russia
South Korea
China
India
Vietnam
Philippines
Australia
Malaysia
Singapore

Natural Resources
Rail
Telecommunications

IBM PICARD 2013
IBM in Growth Markets: over 140 countries

- Latin America
- Central & Eastern Europe
- South Korea
- Greater China Group
- ASEAN
- India / South Asia
- Middle East & Africa
- Australia / New Zealand
17 of 20 Largest Cities are in Growth Markets

1. Mexico City
2. Mumbai
3. Shanghai
4. Kolkata
5. New Delhi
6. Beijing
7. Sao Paulo
8. Buenos Aires
9. Moscow
10. Seoul
11. Chongqing
12. Istanbul
13. Karachi
14. Jakarta
15. Guangzhou
16. Tokyo
17. Wuhan
18. London
19. New York
20. Bangkok

Source: United Nations - 2005
Global Economic Integration:

- Technology innovation is enabling businesses to expand their operations internationally, fueling the global economy.
- Globally integrated enterprises locate their operations and functions anywhere in the world based on:
  - the right cost
  - the right skills, and
  - the right business environment.
- Countries that align their strategies can grow their economies:
  - Develop skills
  - Provide a secure environment
  - Create efficiencies / opportunities for businesses to lower costs
- Global economic integration is fundamentally changing business:
  - Business, government, and institutions need to adapt to the changing environment.

*Countries with efficient governance encourage industry investment*
Let's Look at some stats.....

- 2.7 Billion People now on the internet
- 10 Billion wireless devices operational today
  - This number is expected to triple by 2020
- Social Network users expected to reach 1.7 billion in 2013
- The result is a planet awash with data:

“we are creating the equivalent of all the data generated through human history up to 2003.......every 3 days”
IBM Trade Compliance – a Globally Integrated Approach

Mission:
- Enable a globally integrated world class import process
  - Attributes of a world class importer:
    - Compliant
    - Secure
    - Efficient
- Responsibilities
  - Identify and interpret regulations
  - Establish policies
  - Assess internal compliance
  - Educate import network
  - Develop government relationships

Scope
- 2500 Customs Declarations Daily
- 170 Countries
- $20 Billion+ per annum
Growth Market Challenges – an example

Annex II

SHARE OF CUSTOMS DUTIES AS A PERCENTAGE OF NATIONAL REVENUES (2005)

- Share of Customs Duties (%)
- Number of Countries

- $x \geq 50$
- $30 \leq x < 50$
- $20 \leq x < 30$
- $16 \leq x < 20$
- $10 \leq x < 15$
- $5 \leq x < 10$
- $x < 5$

November 2008

II/1.
Who owns the supply chain?

- Manufacturer/Distributor
- Freight Forwarder
- Port Authority “A” Customs
- Carrier
- Port Authority “B” Customs
- Distribution Center

Security has to be applied across the entire value chain, across borders, and integrate an ongoing awareness in every single point of interaction with the goods.
“Post Doha Disease”

- Not necessarily a negative term
- Some examples
  - Trans Pacific Partnership (TPP)…….T4 to Tx
  - Regional Comprehensive Economic Partnership (RCEP)……..ASEAN+ to ASEANx

- All elements of Customs and Trade Facilitation Chapters relevant to industry:
  - Publication (Transparency)
  - Release of Goods (Efficiency)
  - Automation & use of IT (Efficiency and Transparency)
  - Risk Management (Compliance)
  - Cooperation (AEO and other Trusted Trader Partner Programs)
  - Express Shipments (Efficiency)
  - Review and Appeal (Transparency)
  - Penalties (Compliance)
  - Advance Rulings (Transparency/Efficiency)
“In today’s highly challenging world, trade and investment will flow towards efficient, supportive and facilitative locations. At the same time it will rapidly ebb away from locations which are perceived by business as bureaucratic, lacking good governance, and synonymous with high costs.

Customs systems and processes must not be allowed to serve, or be perceived, as a barrier to international trade and growth. Modern production and delivery systems, linked with the dramatic potential of new forms of electronic commerce, make swift and predictable Customs clearance an important prerequisite for national prosperity and economic development.”

Revised Kyoto Convention
Information Technology Agreement

- Sector Specific “PDD”
- Concluded in 1996 (29 Original Participants)
- 2013 – 70 Participants representing approximately 97% or world trade in IT Products
- A remarkable achievement.

- New initiative to expand list of “technology products” in ITA
  - 1 June 2012: 6 participants
  - May 2013: 52 signatories (out of 76 current ITA members)
  - number of products being considered - 256
Elephant....what Elephant?

- NTBs
- NCBs
QUESTIONS?

IBM

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