

## **PACER Plus Committee on Trade in Goods, Rules of Origin and Customs Procedures (PPCTG.01)**

**18 May 2021**

**(Held virtually via Zoom)**

### **Summary of Discussions**

The inaugural meeting of the Committee on Trade in Goods, Rules of Origin and Customs Procedures took place virtually on 18 May 2021 and was attended by the following Signatories: Australia (Chair), Cook Islands, Kiribati, Nauru, New Zealand, Niue, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

The meeting was chaired by Mr Cameron Reid, Director, Economic Growth Section, Australian Department of Foreign Affairs and Trade.

#### **1. Opening Prayer and Overview**

1. The Chair opened the meeting with a prayer from Solomon Islands.
2. The Chair invited the Committee to consider the agenda and convey any additional items. No comments were made on the agenda therefore the agenda was adopted.
3. The Chair further noted the PACER Plus Implementation Unit (IU) would produce a summary of discussion of the meeting.
4. The Chair proposed the PPIU works with the Chair to prepare a short paper for the Joint Committee to consider discussions and key recommendations from the first meeting of the Committee.

#### **2. Formal standing up of the Committee for Trade in Goods, Rules of Origin and Customs Procedures**

##### **2.1 Terms of Reference**

5. The Chair presented the **Terms of Reference** drafted as per Article 2(b) in Chapter 12 of the PACER Plus Agreement which requires subsidiary bodies to adopt a Terms of Reference. The Chair noted that this Terms of Reference could serve as a template for other Committees TORs. The key points of the Terms of Reference presented by the Chair:
  - Objectives of the Treaty from treaty text;
  - The Joint Committee can assign any tasks to the Committee as they see fit;
  - Propose that the Committee meet annually;
  - Rotational arrangement for Chair adopted from the IU's proposed rotational arrangement for the Joint Committee and subcommittees.
  - The IU is to put together a summary of discussions to be approved by Parties;
  - Requirement for Parties to inform the IU of the relevant contact points for this Committee to ensure they are included in all communications regarding the committees' work;
  - A provision is provided where the Committee can recommend to the Joint Committee changes or alterations to the Terms of Reference at any time.
6. With regard to the chairing arrangements, the IU's rotation proposal provides Parties and the IU some stability to assist with preparations for chairing going forward. However, the proposal still allows for flexibility for Parties to seek/provide support during times a Party may not be able to chair at a particular time, for any reason. The annual rotation arrangement developed by the IU seeks to ensure that a Party does not chair multiple committees at a time.

**Action Items:**

- 1. The Committee agreed to recommend the Terms of Reference for the Committee for Trade in Goods, Rules of Origin and Customs Procedures to the Joint Committee for approval.**
- 2. The Committee agreed to the annual rotational schedule proposed for the chairing of the Committee for Trade in Goods, Rules of Origin and Customs Procedures.**
- 3. The Committee agreed that Parties will update the IU with their relevant contact points for the purposes of the Committee, on an ongoing basis.**
- 4. The Committee agreed for the meeting paper and Terms of Reference be declassified and publicly released once agreed by the Joint Committee.**

**2.2 Observers**

7. The Chair presented the paper on proposed observers for the Committee as was instructed by the Joint Committee at its last meeting. The list of proposed observers were identified as full-time observers and ad-hoc observers - who would be invited according to the agenda of the Committee at the time.
8. The Chair proposed that the Pacific Islands Forum Secretariat be invited as a full-time observer to the Committee. The Chair noted that the the Joint Committee had already agreed it should invite PIFS as an observer of the Joint Committee.
9. The Chair recommended that the Joint Committee task the IU to bring the Guidelines for Observer Status to the attention of the organisations listed in Annex A.
10. Parties agreed that noting the special relationship of PIFS with PACER Plus, the recommendations read, "Recommend the PIFS and other observers be invited as full-time observers to the Committee for Trade in Goods meetings".

**Action Items:**

- 5. The Committee noted the Joint Committee has tasked subsidiary bodies to consider which regional or international intergovernmental organisations should be invited to become an observer in their respective committees.**
- 6. The Committee noted the non-exclusive list of recommended observers under Annex A.**
- 7. The Committee agreed to submit the updated list in Annex A to the Joint Committee by the next Joint Committee meeting as a recommendation for possible observers.**
- 8. The Committee recommends that the PIFS and other observers be invited as full-time observers to the Committee for Trade in Goods meetings.**

**9. The Committee agreed to recommend the Joint Committee task the Implementation Unit to bring the Guidelines for Observer Status to the attention the organisations listed in Annex A.**

**10. The Committee noted the Committee for the Trade in Goods may consider recommending others, including those listed in Annex A, be invited on an ad hoc basis.**

### **3. Briefing by the Oceania Customs Organisation (OCO)**

11. The Chair noted that the World Customs Organisation's Harmonised Commodity System (HS22) comes into force on 1 January 2022. The updates provided by Parties is known as HS22 occurs every five years and makes a series of changes to the harmonized system to reflect changes in the global trade and technology. The PACHS 22 is being updated by the Oceania Customs Organisation (OCO) to reflect changes based on the HS22. The OCO provided a recorded briefing on the PACHS work thus far.

12. The representative from the OCO Secretariat, Mrs Laisiana Tugaga, provided a briefing on the Development of Pacific Harmonised Commodity and Coding System 2022 (PACHS 22). The PACHS 22 is comparable to the WCO HS 17 where an additional hierarchical level (7<sup>th</sup> and 8<sup>th</sup> Regional Sub-Heading) was added below the HS Sub-Heading to allow for classification at the regional level. HS 2017 took 1-2 years after entry into force to effectively implement HS new edition across Pacific Island Countries.

- The PACHS review process outlines the review that need to be done by OCO.
- The next set of amendments to HS will be done in 2022. When this happens, PACHS17 will need to be amended as well and the name of PACHS17 will change to PACHS22, i.e. the year when the new version of PACHS is compiled.
- The review of the PACHS 22 allows for a line by line check of each tariff items in the Section of PACHS to ensure correct Section-Chapter-Headings-Subheadings, punctuation and realignment of anomalies from PACHS17. New Zealand Customs is currently peer reviewing Draft 2.
- From March 2021 to 1 January 2022 the following needs to be done:
  - i. OCO to consolidate all amendments to PACHS Draft 2.
  - ii. Peer review by New Zealand Customs completed.
  - iii. Finalise PACHS22 and provide members as framework for HS 2022 implementation work.
  - iv. Members' national preparatory work for HS 22.
  - v. Capacity building on HS.
  - vi. Members implementation of HS 22.
- PACER Plus underspend at \$300K and a status update was provided outlining work completed and budget utilized for PACER Plus signatories. 54% work has been completed with 32% budget utilized. On the Customs Brokers Training Program, the OCO is currently working around developing the concept of the training and making it a completely online program.

13. Parties requested if there were any upcoming trainings by the OCO on the Customs procedures guidelines, and to be advised of the full list of trainings provided by OCO on all other areas identified in their presentation. The Chair noted that this

request to the next OCO Secretariat meeting scheduled for 26 May, together with other requests from the Committee.

14. Solomon Islands noted their interest to be part of the customised Customs and Rules of Origin Guideline. The Chair would refer this request to the OCO Secretariat.

**Action Items:**

**11. The Committee agreed for the Chair to take forward questions from this Committee to the OCO Secretariat Meeting on 26 May as follows:**

- **To advise if there are any trainings organised by the OCO on the Customs procedures Guidelines.**
- **To provide a list of all OCO trainings (with timelines) on all areas identified in the PACHS 22 update.**
- **To note Solomon Islands request to be part of/recipient of the drafting of customized Customs Procedures and Rules of Origin guidelines.**

**4. Transposition of PACER Plus Schedules**

15. The Chair acknowledged the first meeting of tariff experts on 27 April and the opportunity it provided for customs officers to discuss customs technical issues and procedures related to the implementation and ongoing maintenance of the PACER Plus Agreement.
16. The Chair acknowledged the substantial body of work undertaken by all parties and signatories in transposing their PACER Plus Schedules. This process was almost complete, and the Chair encouraged all parties and signatories to continue the transposition process so that it can be finalized by the end of the year.
17. Australia advised that the methods for the transposition of Annex 2-A schedules (Commitments on Tariffs) and the Annex 3-B (Product Specific Rules, PSR), as provided by the OCO at the 2019 transposition workshop held in Tonga need to be endorsed by the CTG and adopted by the JC.
18. Australia provided an update on the progress of the transposition process for PACER Plus and put forward a timeframe for the completion of the transposition process for agreement by parties and signatories and endorsement by the CTG. The time frame specifies that the all parties will approve other parties' schedules and finalise their own by the end of 2021.
19. Australia advised that New Zealand had prepared a draft transposed Annex 3-B for approval by all parties. It was agreed that all parties would review the document and approve the document by October 2021.
20. New Zealand advised that tariff heading 8522 was mistakenly left out of the PACER Plus Annex 3-B Schedule of Product Specific Rules. Heading 8522 is for parts of goods of headings 8519 and 8520, covering audio and video recording and reproduction equipment, which have a PSR of 'CTSH or RVC(40)'. All parties at this CTG meeting agreed to the inclusion of heading 8522 into the Annex 3-B of the PACER Plus agreement with a PSR of "'CTSH or RVC(40)''
21. Australia encouraged Parties to use the informal technical group of tariff experts to ask questions or seek assistance on the finalization of their CoT and PSR schedules by the timelines.

22. Tonga Customs requested if Parties can view other Parties tariff commitments on the portal. Australia advised that their understanding that this was possible however will confirm this with the OCO.

**Action Items:**

- 12. The Committee agreed to the transposition method for CoT Schedules as specified in the Guide for Transposing PACER Plus Scheduled Tariff Commitments (Annex A of Paper CTG.01/D.3).**
- 13. The Committee agreed to the transposition method for the PSR Schedules as specified in the Guide for Transposing Product Specific Rules under PACER Plus (Annex B of Paper CTG.01/D.3).**
- 14. The Committee agreed to the HS17 transposition process and finalisation timeframe detailed in Paper CTG.01/D.3.**
- 15. The Committee agreed to the inclusion of heading 8522 into the Annex 3-B of the PACER Plus agreement with a PSR of "CTSH or RVC(40)"**
- 16. The Committee agreed to submit the above four recommendations for approval by the PACER Plus Joint Committee.**

**5. Rapid Needs Assessment (RNA) Update and focus for development activities in goods space**

23. Australia presented the paper and noted that the Institute for International Trade (IIT) has been undertaking consultations across PACER Plus members as part of the RNAs. Australia requested the IIT to provide a preliminary findings paper on implementation challenges relating to areas relevant to the work of this Committee.
24. New Zealand noted a large number of questions posed in previous negotiations around supply chains and asked whether this was identified as an area that required attention by Parties during the RNA consultations. Australia's view is that the focus of the RNA is on the implementation of the Agreement however will this is a valid point and will ask IIT to note that a discussion should be had on supply chains in the consultations.
25. Australia advised that an Aide-Memoire of key findings from the consultations would be prepared by the IIT to submit to the Joint Committee to inform decisions around the work program. The final report of the RNA consultations will be due at the end of July.

**Action Items:**

- 17. The Committee agreed to note the preliminary findings and indicative needs related to the work of this Committee identified in Attachment A.**
- 18. The Committee agreed to the importance of these issues to the effective implementation of PACER Plus.**

**19. The Committee agreed to report to the Joint Committee, this Committee's in-principle support for tackling the preliminary findings, noting the importance of prioritisation in the final work program.**

## **6. Meeting Closure**

26. The Chair provided a summary of the meeting outcomes as follows:

- IU to prepare a summary of discussion of this meeting and circulated within 14 days of the meeting.
- The IU to prepare a one-page report of the key issues from this meeting to submit to the Joint Committee at their next meeting.
- To schedule a second meeting of the Committee in the 4<sup>th</sup> quarter to engage around the DEC work programme and priority issues. Australia offers to Chair the next meeting of the Committee.

27. Solomon Islands representative closed the meeting with a prayer.