

***EFFICIENT IMPORT AND EXPORT PROCEDURES – A MUST FOR WINNING WORLD EXPORT MARKETS**

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I. "Today Rome, Tomorrow the World"

This was a line from the 1954 movie "*Attila*", about the Hun invasion of Italy in AD 451 after the Huns victorious conquest and their having laid much of Eastern Europe, Germany and France to wastelands.

In the movie, two time Oscar Best Supporting Actor Anthony Quinn, in the role of Attila, King and General of the Hun Empire from AD 433-453 and the Scourge of God to the Romans is seen exhorting his Army with this often quoted line as they were poised to do battle with the Roman forces north of Rome.

I plucked this bit of movie imagery for what we shall discuss here for tonight, knowing its appropriateness for Philexport's PowWow 2011. All of the speaker's exhortations in this powwow may very well be entitled ***Tonight the PowWow – Tomorrow the World***, except that the battle has to be first with ourselves, our own deficiencies, weaknesses and shortcomings before we can truly be a major player in the global export markets.

In the ensuing battle, Huns defeated the Roman Army but for mysterious reasons turned back as they were about to cross the river Tiber into Rome. By some historical accounts, Attila did so in an apparent fit of religious conversion upon being confronted by an Army of white clad pilgrims led by Pope Leo I himself.

But for us here tonight and for all Filipinos, there should be no turning back after this PowWow, not for any white clad alibi for not taking the bitter medicines and not doing the right things. And among the right things, the one may I be permitted to take up with you tonight, is the establishment of Efficient Cross Border Flows.

II. E-Konek Pilipinas – Our Commitment to the Establishment of Efficient Cross Border Flows

E-Konek Pilipinas Inc. will be 9 years old 10 days from today but even before it was formally established, its purpose has always been to help create a regulatory environment for investment and trade that is as good, if not better than those existing in other countries particularly in our region. To become the preferred destination for investment and trade, we have to have the fastest and most reasonable cost for doing business.

The programs that E-Konek Pilipinas has been undertaking for over a decade now in pursuit of this commitment are the following:

- Catalyzer of Collaborative Actions Among Government Agencies with Respective Mandates Over Cross Border Flows
- Developer of Automated Systems to Implement the Collaborative Actions
- Operator of a Value Added Network for Trade and Investment

As a Catalyzer of Collaborative Actions, E-Konek prepared Memoranda of Agreements and Joint Memorandum Orders among government agencies to work together and implement trade facilitative systems that not only reduced the cost of doing business but made compliance with trade policies, rules and regulations convenient. To insure that top management agreements and directives were strictly carried out, agency memorandum orders were prepared for strict compliance by all concerned.

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E-Konek also developed systems, in collaboration with concerned agency ICT departments to automate to the largest extent possible the policies, rules and regulations agreed upon. E-Konek is luckily blessed by a staff backed up by many years of experience in government service that made this work possible.

Thirdly, E-Konek Pilipinas operates a Value Added Service thru which the trade community is able to submit e-documents and obtain various types of authorizations and permissions needed for the cross border flows. One of these services is the e2m Customs System but many years prior to Phase 1 was put into operation in 2007, E-Konek already made available a number of systems that made doing business at our various ecozones convenient.

To insure that the high service level committed to partner government agencies as well as its direct public is always delivered, E-Konek has been continuously investing in state of the art hardware and software. On the occasion of its 9th anniversary 10 days from now, E-Konek will be activating some P 30 M in hardware and software upgrade. This will be followed by the establishment of a fail over facility to be located in a data center different from the main data center. This will entail a lot of financial resources but nothing will be spared to insure that government is supported in providing world class service to trade.

III. Elements of Global Competitiveness in Trade Efficiency

It is of course recognized that an economy needs much more than efficient import and export procedures to win in the global export markets.

Ten years ago, I undertook a feasibility study and proposed the regular assessment of the country's trade efficiency using UNCTAD's methodology TEAM which is short for Trade Efficiency Assessment Methodology. TEAM measures an economy's trade efficiency along six (6) dimensions as follows:

- Customs
- Transport
- Banking and Insurance
- Business Practices / Trade Facilitation
- Business Information
- Telecommunications

Four years ago, I was part of a team that prepared a Strategic Framework for Action - Trade Facilitation and Investment in the Greater Mekong Sub-Region. Our investigation and recommendations focused on the following facets of efficient cross border flows to achieve seamless borders in the subregion:

- Customs
- Inspection and Quarantine
- Logistics
- Business Mobility

From my participation in these projects which had as common component Customs and Trade Facilitation and my work both in government and the private sector, I formed my own concepts of how to achieve

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efficient import and export procedures for our country. I made these concepts the foundation of the NCC Process Improvement Program 6, at least while I was its Committee Chair.

It is my hope that Philexport and EDC consider these concepts in the formulation of an overall program for winning export markets.

III. Proposed Components of an Import – Export Program for Helping Win Export Markets

Advanced Processing – In all cases, we commence Customs Clearance when the shipment has arrived and the release process after that. Advance administration rarely performs these processes after shipment arrival but do so pre-borders or beyond borders

Paperless Transactions – Even with e2m Customs in operations since early 2008 and notwithstanding availability of powerful and high capacity storage that can better manage data, all import and export transactions still require paper that are hardly referred back to after the transaction has been completed

Reduced Level of Examination and Inspections – Our country has among the highest inspection and examination levels in the world. Studies show that there is an inverse relationship between these levels and the efficiency of the country's economy

Intervention by Exception – Advance Customs administrations would only intervene in the cross border flow and the supply chain as an exception. While we observe some form of Risk Management, the effect is to put additional checks and controls on shipments assessed to be high risk rather complete elimination of customs intervention

Full Automation and Optimized Processes – e2m Customs is not implemented as an end to end paperless and fully automated system. E2M implementation must be optimized to do away with as much of the manual appendages

RKC Special Procedures for Authorized Persons Meeting Criteria specified by Customs including having appropriate record of compliance:

- i. Release of the goods on the provision of the minimum information necessary to identify the goods and permit subsequent completion of the final goods declaration
- ii. clearance of the goods at the declarants premises
- iii. allowing a Single goods declaration for all imports and exports
- iv. allowing goods declaration by means of an entry in the records of the authorized person supported subsequently by a supplemental goods declaration

On RKC, after more than two (2) years of work by the RKC Coalition consisting of the country's major business groups, the academe, concerned NGOs and government agencies, a National Program for RKC Accession, Compliance and Implementation was adopted which served as the basis for the Instrument of Philippine Accession issued by the President in 2008. It took many more months after that for this Instrument to obtain Senate concurrence and approval and before it was finally deposited on June 26, 2010 at the WCO Headquarters in Brussels.

It's has been 18 months since then and it is with a tinge of sadness that I report to you this evening that not much progress has been achieved towards implementing the programs under the RKC- ACI. I wish to remind everyone here this evening that the EDC, Customs and Philexport were the major sponsors and prime movers of the Philippine Accession to the RKC. You have brought the country this far along

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this path. You cannot stop now. Not while we remain number 128 out of 142 countries on Burden of Customs Procedures related to the import and exit of merchandise of the Global Competitiveness Report 2011-2012 World Economic Forum. Not while we are ranked lowest in this index in our particular region and in the whole of Asia Pacific.

IV. Call to Action

May I therefore recommend, as part of Philexports' Overall Program for Winning Export Markets, the inclusion of the National Program RKC- ACI. In particular, Philexport must take measures to get government in collaboration with the RKC Coalition to

- Observe the RKC Compliance Schedule
- Undertake Quality Implementation of RKC Provisions Accepted
- Regularly Review the Philippine Instrument of Accession
- Issue an Executive Order Establishing the RKC Compliance Center
- Work for the passage of the Customs Modernization and Tariff Act with Congress (Final Substitute Bill)

In ending, I would like to make use of another artistic imagery, this time from the Broadway and movie Annie. Years before our own Lea Salonga was bestowed the prestigious Tony Award, she played the role of Annie when she was merely ten years old thereabouts. Who can forget Lea's rendition of the song Tomorrow and the lines

***"Tomorrow Tomorrow I Love You Tomorrow,
Your'e Only a Day Away".***

I say yes we can win big in the world export market Tomorrow but we got to start Now, with Ourselves and at this very Pow Wow.

A Good Evening to One and All.