

**Negotiating Group on Trade Facilitation**

**SUMMARY MINUTES OF THE MEETING**

Held in the Centre William Rappard  
on 2-3 May 2005

*Chairman: Mr. Muhamad Noor Yacob (Malaysia)*

1. The Chairman said that the main purpose of the meeting was to provide delegations with an opportunity to make contributions on the agenda of the Negotiating Group (NG) – both in terms of offering new input and reacting to the contributions previously received – as set out in the Work Plan adopted in November 2004. Secondly, Members would be invited to admit relevant international organizations, including the IMF, OECD, UNCTAD, WCO and the World Bank, to attend the next meeting of the Group on an ad hoc basis.

2. The agenda was adopted.

A. CONTRIBUTIONS ON THE AGREED AGENDA OF THE NEGOTIATING GROUP

3. The Chairman outlined the envisaged structuring of the meeting, explaining that the Group would first take up the newly submitted proposals before then reverting to the submissions previously received, which many delegations had indicated to require further study. In doing so, Members would be given the opportunity to offer feedback both on the contributions received in February and on the papers submitted for the March meeting. Input had also been prepared by the participating international organizations, which again stood ready to brief Members on their work in support of the negotiations, especially in the areas of technical assistance and identification of Trade Facilitation needs and priorities. Their contributions would be the third focus of attention in the Group's discussions under agenda item A. As in the past, delegations would be free to address any aspects of the agenda in their interventions without being bound by a particular sequence. Issues could therefore be taken up in a cross-cutting manner, covering multiple aspects at the same time.

4. The representative of Mongolia presented document TN/TF/W/28, informing that the Kyrgyz Republic had announced its intention of co-sponsoring the proposal, making it a joint communication by Bolivia, the Kyrgyz Republic, Mongolia and Paraguay.

5. Mongolia wished to inform the Group that those co-sponsors had benefited from consultations that had been taking place since the last meeting, especially from a workshop organized by UNCTAD and chaired by the Ambassador of the Philippines. Mongolia had also benefited from its informal consultations with the European Communities and with the Japanese delegation, which had provided a lot of constructive assistance. Therefore, on behalf of the co-sponsors, Mongolia wished to thank UNCTAD, the Ambassador of the Philippines, the European Communities and Japan for their contributions on which the proposal was built.

6. The proposal was straightforward and spoke directly to the point. The sponsors had assumed that the additional proposals made by different Members were very much complementary to what document TN/TF/W/28 proposed. Mongolia and its partners would be working together with the other proponents to combine the efforts and come up with a single document.

7. The representative of Bolivia stressed the importance it represented for Bolivia to have Article V, which was part of the NG's mandate, to be the subject of debate within the WTO. After more than fifty years during which there had been an increase in trade relations, new Members had joined the WTO and the disciplines had been adjusted to technological changes and the modernization of the mechanisms and practices of the trade chain.

8. In order to clarify and improve the multilateral provisions on freedom of transit, it was necessary to draw attention in a first phase to problems and obstacles that affected countries whose territory was surrounded by land borders and for whom the requirement to use maritime transit to reach extraterritorial markets caused problems due to the distance and logistical requirements which created additional costs that affected their competitiveness. Mentioning those problems in the second section of Bolivia's proposal was intended to be an introduction to specific proposals that were included in the third paragraph, which Bolivia wished to submit for discussion. The proposal suggested that the duties and charges imposed on transit goods would be transparent and well known to commercial operators. Bolivia also suggested mechanisms for a regular review with the participation of the sectors and authorities involved in transit, both domestically and externally.

9. Although it was necessary to have foreign trade procedures, rationality, the use of international standards and simplification should prevail and should become the basis for facilitating trade and avoiding any delays in customs clearance of transiting goods. Rationality should also prevail in the documentation required, which should be limited to what was actually necessary. One would expect that to be reduced in the future because of the increase of technological means which was becoming available to all players in charge of customs clearance as well as to users in general. That aspect should be reinforced through coordination between authorities and the private sector. In order to achieve that, some suggestions had also been made in the area of technical assistance that should be taken into account.

10. The representative of Korea introduced communication TN/TF/W/34 on GATT Article V, which aimed at minimizing the burden on cargo in transit and in differentiating cargo undergoing transshipment. Korea's previous communication TN/TF/W/18 had upheld that the principles of simplification, standardization, and transparency should be embedded in the relevant GATT Articles and should be applied effectively to all Members. Those principles should be applied to GATT Article V as well. It was in that context that Korea sought more crystallized methods for incorporating those principles into that Article.

11. As the volume of goods in transit was increasing, Korea found it essential to minimize border requirements for goods in transit and to simplify the transit process for goods not undergoing transshipment. Korea proposed for Members to consider reducing documentary and data requirements for goods in transit. In particular, Members might use a commercial or transport document (e.g., commercial invoice, packing list, etc.) as the descriptive part of the goods declaration, or even accept such documents as the goods declaration itself, as recommended in the Revised Kyoto Convention.

12. Second, regarding transit goods with no transshipment, Korea believed that such goods should be offered minimum requirements with respect to paperwork and fees since there was only a minimal risk of goods being released while admitting additional inspection and security measures for goods undergoing transshipment. Reducing the burdens and simplifying procedures would result in cost savings and increased efficiency, allowing for the best allocation of resources.

13. To implement such measures, Korea supported the idea of Members reviewing their documentary requirements and fees for non-transhipped goods in transit, as well as those for goods in transit with transhipment. To that end, assistance from appropriate international organizations could be helpful on terms of guiding the review process and presenting best practices. Korea stood ready to elaborate the proposal in detail and to accommodate Members' suggestions.

14. Korea shared the concerns of landlocked and neighbouring transit Members, especially developing ones, as problems relating to transit also impacted importing and exporting Members by increasing costs and causing delays on both sides. In that regard, Korea remained supportive of efforts by those Members to increase transparency of transit and border regulations, to establish streamlined administrative procedures and to further simplify border controls and procedures.

15. The representative of the European Communities said that the EC paper on transit was very much along the same lines as the other submissions tabled on transit. All those contributions intended to show that the right of freedom of transit established in Article V was often absent in practice and that there was some scope for clarifying and improving the rules on Article V which had never been changed since 1948.

16. Transit simplicity and efficiency was particularly important for landlocked developing countries (and the papers from Bolivia and others explained why), but it was also an issue for all other Members engaged in international trade. If there was no freedom of transit, everybody suffered from cost and time delays and business was more expensive.

17. In its analysis, the EC had consulted a number of its trading partners and business federations representing both large companies and SMEs as to what were their major problems encountered in carrying out transiting trade. Among the problems that had been cited were in particular: lack of transparency and predictability as regards transit rules and procedures and fees and charges; disproportionate transit requirements which were not in relation to the policy objective sought; the absence of any real regional cooperation between countries engaged in the management of transit regimes or transit corridors; and the absence or non-use of international and regional standards for transit. Those were examples of just some of the more commonly found problems which frustrated freedom of transit.

18. Obviously the WTO was not a panacea for all of that and could not resolve all those problems. Further liberalization in the GATS of transport services would obviously go some way to improve transit conditions. Infrastructure development by donors, by the World Bank and by others would go some way to address problems of inadequate infrastructure, which was also a major problem for countries' transit. But nonetheless, the WTO negotiations could address some of the problems through strengthened and improved provisions of GATT Article V. In particular, the EC would advocate trying to elaborate provisions for greater transparency in each Member's or each region's transit requirements and procedures. Second, it would be advisable to establish clearer provisions on the fees and charges that could be legitimately levied on transit operations since, under GATT Article VIII, any fees and charges for transit operations should be strictly related to cost, be proportionate and not applied retroactively.

19. There was also a good case for Members to simplify, standardize and align with existing international and regional standards the data and documentation requirements for goods in transit. The EC agreed with the proposal made by Bolivia, Mongolia, Paraguay and the Kyrgyz Republic that Members needed to see a much clearer dimension of non-discrimination in Article V between means of transport, between carriers, and between types of consignments. There should also be more clarity as regards the choice of routes taken and the right to choose on the part of transit operators.

20. The EC's analysis and its proposals went very much in the same direction as those of others, although the EC proposal was perhaps less prescriptive in terms of the precise solutions that could be found in the WTO. The EC looked forward to discussing the various proposals in more detail.

21. The representative of Switzerland introduced the joint submission by Paraguay, Rwanda and Switzerland on the improvement of elements related to transit. Three countries – an LDC, a developing country and a developed country – from three continents had come together to elaborate a joint submission on transit. They shared the commonality of being landlocked countries. More than any explanation, that grouping was proof in itself that improving the situation related to transit was important to all countries irrespective of their state of development.

22. Landlocked developing and least-developed countries did not benefit from the same positive changes in terms of development than other developing countries. Statistics showed that export values for all developing countries had grown at growth rates of 3.2% from 1980-1990 compared to 2.9% for landlocked LDCs (LLDCs). But what was more worrisome was that during 1990-1994, that growth rate increased to 8.7% whereas the corresponding rate for LLDCs had dropped to 0.4%, raising the question of whether the situation of landlocked countries was hopeless.

23. Many European landlocked countries such as Switzerland had demonstrated that it was possible to overcome geographical handicap and prosper. There were some elements that had shown to be essential in that regard: the proximity to a large regional market; the economic relationship with that market; the development of adequate national transport networks and efficient transport systems; the transparency and predictability of transit countries' rules; the degree of coordination and cooperation and trust between the parties involved; the political will to implement adequate rules; bilateral and multilateral arrangements or agreements between the neighbours; appropriate legislation to enforce penalties and sanctions and the promotion of industries and activities that were not sensitive to distance. Switzerland's own experience with transit arrangements had been the starting point to examine a number of existing transit arrangements all over the world, involving also developing and least developed countries.

24. It was interesting to note that there were common features to all transit arrangements examined. Those elements had been listed in the paper. They constituted some kind of best practice of elements belonging to transit arrangements and should therefore be part of the improvement to Articles V, VIII and X. They included (i) Special procedures for transit, (ii) Distinct requirements according to the risk involved and the special characteristics of goods, (iii) Common customs documentation and procedures, (iv) Limiting physical inspections and controls, (v) International or regional customs guarantee system, (vi) Identification of consignments (sealing), (vii) Communication, Cooperation and Coordination between authorities, (viii) Cross-border vehicle regulations, (ix) Monitoring, including enhancing transparency and predictability, of the transit arrangement, and (x) Promotion of regional transit arrangements.

25. Many developing countries, particularly least-developed ones, would need special and differential treatment (SDT), based on their capacities to implement the mentioned proposals. That was, for example, the case for those countries that had no or very little IT in place, or whose banking system was not sufficiently developed for customs to require that transit shipments be covered by a bank guarantee. The implementation of those proposals would in many cases require that technical and financial assistance be extended to developing countries, more especially the least-developed ones, as envisaged in Annex D of the July package. The extent and timing of entering into commitments should be related to the implementation capacities of developing and least-developed Members. For its part, Switzerland would make every effort to ensure support and assistance directly related to the nature and scope of the commitments in order to allow implementation. Further elements of SDT might be proposed at a future date. The modalities and funding for such technical assistance needed to be further explored.

26. Countries might require technical assistance in the following areas: (i) training on the procedures of a transit arrangement; (ii) upgrading of systems such as ASYCUDA and others with transit modules introducing a certain degree of automation to transit procedures; (iii) technical assistance to install computerised risk assessment; and (iv) support for customs authorities and national financial institutions to put in place procedures to implement a functioning guarantee system.

27. Finally, Switzerland also wished to share its own experience. Switzerland formed part of a wider system encompassing Europe: The EU and all EFTA countries. In the very large majority of cases when Switzerland was involved in international transit, the rules defined in two Conventions signed in 1987 between the European Community and the EFTA countries were applicable: One Convention established a common transit procedure, while the other provided for the simplification of import, export and transit formalities by introducing the Single Administrative Document (SAD). In the remaining cases the provisions under the TIR Convention applied.

28. The most recent reforms of the system – the so-called European- and EFTA-wide "New Computerised Transit System" (NCTS) – tended to bring customs towards the goods rather than presenting the goods to customs. The NCTS implied modern techniques such as fully computerised procedures; sampling based on risk management; collaboration between customs of the parties to the Convention as well as the private sector; and, most importantly, an atmosphere of mutual trust. Under that system, all information flows were electronic. The overall objective of the NCTS was to enhance the security of international movement of goods while facilitating the latter.

29. The representative of Rwanda recalled the obstacles faced by landlocked countries and wished to share its ideas on what could be done at the multilateral level in tackling some of those obstacles.

30. Rwanda, which was not just a landlocked country, but also a landlocked least-developed country, relied on mainly two commodities for exports. Commodities already faced very low prices in the world market and that was exacerbated by the fact that transport costs claimed about 50 per cent of the value of those exports. As a result, compared to other countries whose transport costs were relatively low, Rwanda had not been able to effectively benefit from international trade.

31. In addition, Rwanda's situation was further worsened by long foreign trade transactions. The time taken at African customs was the longest in the world, almost doubling the time taken in Latin America and Central and East Asia. An average foreign trade transaction in Africa was estimated to involve twenty to thirty parties, forty documents and two-hundred data elements, thirty of which were repeated at least thirty times.

32. Having carried out their own studies in Rwanda, Rwanda had found that reduction of border transactions and delays alone could reduce transport costs by about 20 per cent. Rwandan traders had also informed that they faced increased costs from inconsistent weight limitations that led to significant, unpredictable and opaque fines as well as inconsistent transport regulations that inconsistently restricted current loads below the capacities of the vehicles.

33. Rwanda therefore believed that some of those problems could be addressed by way of clarifying and improving GATT Articles V, VIII and X. That had been the motivation to share its experiences together with Switzerland and Paraguay, particularly given the different levels of development and the different geographical location. Rwanda believed that Members could learn from each other and find solutions together, and therefore encouraged Members to examine the elements that were raised in Rwanda's, Switzerland's and Paraguay's paper such as the use of common simplified documents, special procedures for transit, limited physical inspection and controls, transparency and predictability of transit arrangements, and the use of sealing and regional cooperation such as corridor arrangements.

34. Implementing those measures had high cost implications. Therefore, the provisions of Annex D of the July package were reiterated. Technical assistance would be key in the implementation of those measures particularly where, as Switzerland had correctly pointed out, advanced IT was needed as well as an efficient banking system for bank guarantees. Also, the paper identified areas where technical assistance would be needed such as training on transit procedures, upgrading systems such as ASYCUDA, instruments of computerized risk assessments and a functioning guarantee system.

35. Rwanda also welcomed that Switzerland would make every effort to ensure that such assistance was realized. Rwanda also welcomed the other proposals on Article V, which were all very important. Rwanda would work with others to improve that Article.

36. The representative of Paraguay said that Trade Facilitation held immense value for all WTO Members. It had even more relevance for those who were landlocked and therefore forced to transit goods from and to their territory through foreign countries whose legislation and practices were beyond their influence. That pushed up the prices of landlocked countries' exports and imports and reduced their share of the international market.

37. In Paraguay's opinion, every Member should promote the implementation of trade facilitation measures in its territory to the best of its ability. Otherwise, even with the benefit of technical assistance, if the domestic political will was lacking, it was difficult to undertake reforms capable of securing the freer flow of international trade in goods. Paraguay was also of the view that every Member should participate actively in these and any other negotiations capable of providing benefits in that area.

38. In order to achieve proper integration into a trade facilitation process at the domestic level, Paraguay had: (i) Approved a new Customs Code taking into account the recommendations of the WCO, the Kyoto Convention, the WTO rules and the Customs Codes of MERCOSUR and the EU, with a view to modernizing customs management, making it more transparent and giving it a professional dimension; (ii) adopted measures designed to streamline customs transactions and clearance procedures; (iii) set up integrated control areas (ACI) in accordance with MERCOSUR's Recife Agreement. In those areas, the customs authorities and other bodies carried out integrated health, migration and transport controls; (iv) established a register of foreign trade operators and introduced parametered customs control processes in accordance with international recommendations and standards; (v) set up offices specializing in deferred control as well as a technical customs inspection unit; (vi) taken steps to give effect to international land and river transit standards concerning community and regional customs control; and (vii) introduced a single window for exports.

39. At the regional level, Paraguay was seeking to promote trade facilitation measures through negotiations and actions developed both at MERCOSUR level and in the South American region, under the Initiative for Regional Infrastructure in South America (IIRSA). It was also joining forces with others in the WTO in an effort to clarify and improve Articles V, VIII and X of the GATT, and was submitting two communications on transit at the present meeting.

40. Paraguay had noted the scarcity of papers on Article V submitted at previous meetings, and was pleased to see the communications tabled now.

41. The joint communication by Bolivia, Mongolia and Paraguay comprised a set of proposals designed to make goods traffic more fluid, fair and expeditious and less costly. In Paraguay's opinion, the individual proposals should form part of a package to be adopted by Members. Assistance should be sought, if necessary, for the implementation of the proposed measures, based on respect for conditions of SDT decided by the Group.

42. The communication Paraguay had submitted with Rwanda and Switzerland presented a theoretical approach, aimed at creating a state of awareness of the special situation of landlocked countries and the disadvantages inherent in the lack of a coastline. It also sought to disseminate the experience gained in mitigating the adverse effects of the lack of direct access to the sea, on the understanding that that experience could point to ways of reducing the impact of geographical status on trade competitiveness.

43. Regional and corridor arrangements were viable alternatives for improving conditions of transit, especially in areas with infrastructure deficiencies. Successful experiences under those agreements had focussed on the practices specified in point IV of the paper. Paraguay considered that the Negotiating Group should seek to establish standards that promote arrangements of the kind referred to and the application of the relevant practices.

44. Within MERCOSUR, some significant steps were being taken to improve transparency, expedite customs clearance and control of goods, establish communication and coordination systems between customs authorities, and step up action to combat fraud. However, much remained to be done.

45. Paraguay considered that proper treatment of the topic in the WTO framework could help to accelerate adoption of trade facilitation measures, while strengthening regional efforts. It therefore urged WTO Members, especially those whose territory had to be used for transit by traders from landlocked countries, to endeavour to move those negotiations forward.

46. Paraguay welcomed communication TN/TF/W/35 from the European Communities, which detailed the particular difficulties faced by traders with regard to transit and suggested measures to be adopted by Members in the framework of the present negotiations with a view to overcoming some of those difficulties. Paraguay shared the general views expressed in the European document, which it would therefore like to co-sponsor.

47. Lastly, Paraguay agreed with Korea that Members should seek ways of creating disciplines that ensured the application of simplified customs and control procedures for goods in transit.

48. The representative of Peru introduced document TN/TF/W/30 which sought to adopt a practical approach to the review and assessment of Articles V, VIII and X of the GATT, with a view to improve those Articles or render them more operational. As already pointed out on previous occasions, Peru was convinced that that was an area in which concrete results could promptly be achieved, thus generating greater market access opportunities for all developed or developing-country Members of the WTO.

49. The document had been drafted jointly by various Peruvian government bodies involved in trade facilitation: the Ministry of Trade (MINCETUR), the Ministry of Foreign Affairs, Customs (SUNAT), and the Ministry of Economy and Finance (MEF), which were currently engaged in a coordinated and systematic endeavour to make use of the opportunities generated by trade facilitation measures.

50. As far as measuring the economic and trade benefits of such measures was concerned – and although that was not the purpose of that first document by Peru – Peru believed that objective criteria could perhaps be developed for measuring customs release time both before a particular measure was applied and after its application, assessing the extent of the increase in trade flows once the measures had been implemented.

51. Peru's proposal contained an important element. Peru believed that it would be extremely useful to have an inventory of the trade facilitation measures currently applied by Members, which

could contain, *inter alia*, the trade facilitation measures being applied, the beneficiaries of the applied measure, the sectors involved in their implementation, the rules on which the measure was based (Law, Supreme Decree, etc.), and the economic and trade-related outcomes of its application. Such an inventory would serve two purposes.

52. First, it would provide an overview of the measures in relation to each of the Articles under review. That could include the main trade facilitation measures adopted by Members, which could then be grouped into three categories corresponding to each of the Articles. That would give a picture of the situation with regard to the simplification and streamlining of Members' trade flows and provide an understanding of Members' situations as regards trade facilitation.

53. Second, on the basis of such information, decisions could be taken on the following: (i) which measures currently applied by Members had to be endorsed and encouraged by technical and financial cooperation activities and reflected in WTO provisions; and (ii) which new measures had to be adopted under WTO provisions for further development by Members, with the backing of technical and financial assistance and cooperation. That measure would be completed by a proposal to be introduced by China and Pakistan (TN/TF/W/29) on the identification of trade facilitation needs and priorities, particularly its section II:A:d.

54. In Peru's opinion, trade facilitation and proper control of import and export operations were two indissoluble elements of any trade mechanism: facilitating trade between Members while, at the same time, ensuring efficient control of that trade. Such a balance was essential in the current context of global trade. In that respect, technical and financial cooperation was indispensable for Members to be able to develop or maintain trade facilitation measures.

55. The second part of Peru's proposal concerned the measures that Peru considered to be most useful in GATT Articles V, VIII and X for achieving the objective of those negotiations, i.e., facilitate trade. Some of the proposals clearly coincided with proposals which Peru had co-sponsored and supported in previous meetings of the Group.

56. The third part of the document concerned a matter of vast and fundamental importance: cooperation and technical assistance. Peru, as a developing country, was committed to the successful outcome of the negotiations because of the technical assistance it had received. Peru was an obvious example of the way in which trade facilitation could help increase a country's trade flows and thereby contribute to its development. Peru had received support from various sources and bodies, and although it believed that it was necessary to carry on the work that had begun and that Peru would undoubtedly need more extensive cooperation in order to apply the measures to various specific areas relating to trade facilitation, Peru was already noting the practical results of the work that had been done.

57. Peru therefore wished to reiterate that technical and financial assistance and cooperation and capacity-building were essential elements of the trade facilitation work programme. Those complementary processes were crucial to achieving proper and effective implementation of trade facilitation measures by Members. Technical and financial assistance and cooperation must satisfy Members' needs for efficient and transparent import and export procedures which, at the same time, ensured the control required by customs administrations. To that end, technical and financial assistance and cooperation must seek to develop the technical and infrastructural capabilities of each Member as well as to build such capabilities in areas where they were lacking.

58. A detailed assessment of the current situation as regards the trade facilitation measures implemented by Members – which Peru believed could be done using the inventory it proposed, together with the list of needs and priorities mentioned earlier – would enable their needs to be identified and prioritized. That, in turn, would make it possible to determine the kind of technical and



financial assistance and cooperation that could be provided, both by the more developed Members and by international organizations, in response to those needs.

59. Peru believed that that was the only way to respond to the genuine needs of Members and to move ahead towards the trade liberalization goals set in that Organization and especially in that Development Round.

60. Lastly, Peru wished to stress the importance of having a compilation of the numerous proposals. There were many areas of convergence that would be fairly simple to organize and consolidate in a table, which would help Members with their work which should begin without delay and which involved identifying concrete issues and achieving practical outcomes beneficial to all Members, especially the developing and least-developed ones.

61. The Chairman said that it was in fact his intention to consolidate the proposals to allow for a better overall view on what had been proposed.

62. The representative of Hong Kong, China introduced Hong Kong, China's proposals for improving GATT Articles VIII and X (TN/TF/W/31 and TN/TF/W/32).

63. Hong Kong, China was of the view that Article VIII was most important in tackling trade facilitation. Hong Kong, China's prime objective was to strengthen the Article to reduce the number of fees and formalities. The focus of its proposal for Article VIII was on formalities and requirements currently covered in paragraph 1(c) of Article VIII.

64. The existing paragraph 1(c) of Article VIII merely stipulated that Members "*recognize the need for*" minimizing the incidence and complexity of import and export formalities and for decreasing and simplifying import and export documentation requirements, and did not elaborate on how that could be achieved. To put the statement into action, Hong Kong, China's proposal injected the principle of necessity and least-trade restrictiveness into that paragraph. It also introduced a self-review mechanism for fees and formalities.

65. The proposed self-review mechanism did not define a standard period of time for periodic reviews but suggested they should be conducted at reasonable and regular intervals having regard to the circumstances of each case.

66. Hong Kong, China did not envisage substantial costs for implementation or major problems of capacity. Hong Kong, China did, however, appreciate that some Members might not be able to review all of their fees and formalities instantly if its proposal (a)(ii) came into force. To that end, a reasonable time period might be provided to enable Members to complete the first review.

67. With respect to the suggested improvements of Article X, Hong Kong, China was of the view that, apart from necessity, transparency was another important principle. Hong Kong, China's proposal for Article X mainly served to clarify the time for publication of trade regulations, called for electronic publication and for the establishment of a mechanism for exchanges with the trade concerning administration of trade regulations.

68. In that regard, Hong Kong, China envisaged that its proposals for electronic publication of information and establishment of a mechanism for exchanges might cause implementation concerns to some Members. Hong Kong, China saw great benefits to traders if trade regulations were available electronically, such as on the Internet. Many Members had established websites for the dissemination of information to, and communication with, their community. On the other hand, many Members had put in place different channels for exchanges with traders. It was therefore believed that an assessment of the capacity of Members concerned would give a clearer picture of the extent of the

perceived problem and help find a solution. Of course, technical assistance and/or a longer implementation period should be provided to those Members whose assessment revealed a lack of capacity to implement the two proposals. It was hoped that the two proposals provided inputs for furthering discussions on how Articles VIII and X could be improved.

69. The representative of Norway recalled that reference had been made by Norway at the March meeting to the need for standardization of documents and the information to be furnished at the customs clearance of goods. The "Single Administrative Document" had been highlighted, which was based on the UN Layout Key as an example of an efficient standardization of customs documents. That document had been used in Europe since 1988. The Single Administrative Document (SAD) replaced approximately 70 different national documents used for imports, exports and transit purposes in 19 countries, and was now adopted by more than 30 countries.

70. New Zealand, Norway, and Switzerland had agreed that the idea of standardization should be followed up, and Norway was pleased to introduce a joint proposal on "Simplification, Reduction and Standardization of Trade Documents".

71. The problems focused on in the proposal were the number of documentation requirements which a trader or economic operator encountered when dealing with international trade and transport of goods. The problems were not only the documentation required but also the language barriers. In many cases, translation into languages the trader had little, or no knowledge of, were required. That was an obstacle for all traders, but it made it particularly difficult for SMEs. Norway believed that standardization of documents would give real "trade facilitation" benefits. It would simplify customs procedures and reduce costs and the use of human resources at the customs clearance and other customs procedures related to border crossing and transit of goods.

72. The proposal was self-explanatory. The important words were simplification, reduction and standardization of documents. In order to achieve the results, the measure should go hand-in-hand with a standardization of data-elements. It should also be mentioned, as Norway had done in many of its interventions in the NG, that the key word here should be, as in all other areas, transparency. That was, and should be, a basic element for any new measures.

73. Norway had also introduced the idea of establishing an international net-based "bank of documents" where the user could choose the language for completing or printing the required documents. With today's data technology and software solutions, it should be possible to develop such a "bank of documents". In fact, it was really not that much different from websites where one could choose the language one wanted to have displayed. The obvious example was the WTO website where one could choose between English, French and Spanish.

74. Norway wished to emphasize the important role of the use of the UN Layout Key in the standardization of customs documents within Europe, and the number of documents that had been developed on the basis of that instrument.

75. The benefits of a simplification, reduction and standardization of trade documents were multiple. Costs could be reduced for both traders and government agencies dealing with customs procedures and clearance of goods. Transparency and predictability would be improved.

76. The proposed measures would not be without costs, but as the development of international standards in those areas would be carried out by international organizations, the national costs should be kept at a fairly low level. It should also be mentioned that some standard documents had been developed and were in use so that there already existed some experience to build on. The training would require some costs, but technical assistance from various donors might reduce them to an acceptable level.

77. The goal was to contribute to greater efficiency in trade which would benefit traders and governments. It would redirect resources, both human and economic, to areas where they were more needed. Norway believed that SMEs and developing countries in particular would benefit from such an improvement, as the larger enterprises would normally have the resources available to tackle those problems.

78. The representative of New Zealand said that the purpose of the co-sponsored proposal TN/TF/W/36 on "Simplification, Reduction and Standardization of Trade Documents" was to address the practical problem faced by traders that arose from the variety and quantity of documentation required when importing or exporting a shipment. The barriers that those complexities caused were particularly burdensome for SMEs which made up the majority of New Zealand's traders as well as those of many developing countries.

79. By simplifying and reducing customs documentation requirements, and by ensuring that all trading partners used document formats based on existing international standards, one could make a real and tangible improvement in the day-to-day activities of traders.

80. In the paper that New Zealand had submitted previously (TN/TF/W/24), it was noted that existing GATT rules (Article VIII) recognized the need to reduce fees and formalities associated with trade, but provided little guidance on how to do this. In that paper New Zealand had suggested to look at practical ways to reduce and simplify current systems and requirements.

81. The new paper (TN/TF/W/36) developed the ideas and concerns underlying New Zealand's previous paper and provided some practical steps towards reducing current obstacles to trade. In particular, getting all Members to commit to using existing standardized document formats such as the UN Layout Key for Trade documents would be a very logical step towards achieving least trade-restrictive documentation requirements.

82. In terms of implementation costs, those should be relatively low but the resulting benefits significant and easily achieved. In fact, many Members, including some developing countries, already had documentation systems based on international standards. The main costs would be the resources and training needed to familiarize both traders and customs officials with new and simplified documentation. Those international instruments had been developed by international agencies such as the WCO, UNCTAD and UNECE who had funding, training and expertise available for Members wishing to adopt their systems.

83. Members would see that any outgoing implementation costs would be quickly recovered from the establishment of a more efficient, smooth, and transparent global trading system.

84. The representative of Switzerland said that simplification and standardization of documents was also particularly relevant in the context of transit. It was not surprising that the transit arrangements Switzerland and some other countries had with the European market had been replaced in 1997 by two Conventions. One established a common transit procedure while the other provided for the simplification of import, export and transit formalities by introducing the Single Administrative Document.

85. Swiss exporters experienced difficulties in areas where no standardized documents existed. That was the case with veterinary, medical sanitary and phyto-sanitary certificates. Swiss certificates had been refused in certain countries because the heading of the document was misleading. That example showed how important standardization was and that further work was still needed.

86. In Switzerland the Single Administrative Document had been steadily replaced by its electronic format and using EDI. That was an aim for all countries in the long run. Switzerland and

other donor countries had invested several years' work in the development of UN electronic documents. A standard available to all countries would greatly benefit all WTO Members.

87. The representative of Singapore said that enhancing transparency, certainty and predictability in the application of border regulations and procedures were core objectives of GATT Article X. One way in which border clearance could be expedited was through the use of advance rulings.

88. Knowing in advance how customs rules and regulations would be applied minimized unnecessary delays and costs for traders. That would also benefit customs authorities by encouraging compliance by traders and by minimizing complaints and subsequent appeals.

89. To date, a number of proposals had been made on the issue of advance rulings. Apart from highlighting the benefits of advance ruling programmes, they had also spelt out possible elements for such programmes. They included suggestions to have advance rulings for issues such as tariff classification, customs valuation and duty deferral.

90. While there were benefits in advance rulings, Members who did not have such programmes, might have concerns that they might be difficult or burdensome to implement. Members might thus wish to have more information on those programmes.

91. In Singapore's paper, Singapore shared the main procedural elements of its advance ruling programme. Through that, Singapore hoped to provide an example of how a relatively simple advance rulings programme could be established.

92. Since 2002, Singapore had put in place advance ruling programmes for goods imported under two of Singapore's bilateral Free Trade Agreements, i.e., the Japan-Singapore New-Age Economic Partnership Agreement and the US-Singapore Free Trade Agreement. However, although the Singapore Customs Authorities did not have the practice of issuing advance rulings prior to 2002, it was not uncommon for them to respond to informal enquiries from traders, as was the case in most countries.

93. The main objective of Singapore's advance ruling programme was to lay down clear and simple standard operating procedures upon which formal binding advance rulings could be processed and administered. In that regard, Singapore had tried to develop procedural elements that struck a balance between providing predictability and certainty to traders, on the one hand, and ensuring that Customs would not be overburdened, on the other.

94. As Singapore's advance ruling programme was put in place only in 2003, Singapore's experience with that programme was rather limited. However, Singapore did want to share that experience with other Member countries, as that was an important issue for facilitating trade.

95. Singapore also recognized that least-developed countries and some developing countries might have difficulties implementing advance ruling programmes. Special and Differential Treatment (SDT) should therefore be an integral part of any commitment in that area. In that regard, Members might wish to discuss (i) The procedural elements and subjects that should be included in Members' advance rulings programmes. For example, developing countries and least-developed countries might initially need to commit only to advance rulings for tariff classifications. (ii) Longer implementation time frames for developing and least-developed countries, and other phased-in approaches. (iii) Allowing developing and least-developed countries to implement more onerous obligations on a best endeavour basis.

96. The procedural elements set out in the paper would allow traders to benefit from greater certainty and predictability. At the same time, it would also maintain some flexibility for customs,

such as allowing rulings to be modified or revoked under certain circumstances. That was an example that Members could consider when examining the issue of advance rulings. S&D treatment would have to be an integral part of any commitment in that area.

97. The representative of China said that the necessity to identify Members' Trade Facilitation needs and priorities was not only highlighted in the modalities for the negotiations but also by a repeated call from Members to achieve a desirable result of the negotiations. Based on the needs and priorities identified, it was of equal importance that Members had a clear idea of the current situation of their Trade Facilitation efforts. Only when it was known what the problems were could Members know how to work them out. It was based on the above considerations that China and Pakistan put forward their proposal on how to better identify Trade Facilitation needs and priorities of Members in the negotiation process.

98. It was proposed that Members use a general tool to assess their needs and priorities as well as their current levels of Trade Facilitation. When conducting the assessment, due reference would be made to the work already done by other international organizations in terms of the tools available. The result of the assessment should be taken as a basis for establishing the relevant Trade Facilitation rules, the arrangement of SDT and the provision of technical assistance and capacity building support. However, given the comparatively late initiation of the process, China suggested that the identification proceeded in parallel with technical negotiations on specific GATT Articles with the identification process facilitating negotiations on specific rules proposed.

99. The proposal for Members to use a general tool for the identification effort was to use comparatively standard criteria for assessment purposes to ensure a clear idea of the existing differences among Members in the area of Trade Facilitation. By conducting the assessment with standard criteria, Members could have a better idea of the feasibility of measures proposed and the effort that Members had to take to fully implement the eventual rules which could result from the negotiations.

100. Concerning next steps of work with regard to the assessment process, the proposal also contained a number of suggestions, such as setting up a working group made up of international organizations concerned to give necessary assistance and support to developing and least-developed countries.

101. China's and Pakistan's proposal was not exhaustive in that regard. Comments from other Members were welcome.

102. The representative of Pakistan wished to share with the Group the thinking which had gone into the proposal sponsored with China.

103. The importance of trade facilitation for all trading nations, and in particular for developing and least-developed countries, was now fully accepted. For that purpose, a number of proposals had been tabled so far. Those were mostly based on various country experiences and suggested a "best practice" approach. However, in Pakistan's view, adequate attention had not been given to identifying all Member's needs and priorities. Unless that was done, any trade facilitation programmes might not be fully reflective of their best interests. In order to develop consensus, everyone must know the scope of the negotiation.

104. In Pakistan's view, self-assessment was the best possible approach against likely demands. Every Member, with the help of diagnostic tools available, must identify its needs for trade facilitation. The self-assessment process would identify all the relevant areas of trade facilitation as a first step. In some cases, it might not be easy for some Members to conduct such an assessment by themselves and they might need capacity building and technical assistance for that purpose. After the identification of

all possible measures, Members would cross-check with their existing system and practices. The gap between desired measures and existing facilities would determine the needs of the Members. Once the whole universe of needs was on the paper, the Members could prioritize their needs. The "needs and priorities" so identified then could be compiled to assess the costs required to implement them. As already agreed, commitments undertaken in the trade facilitation area would be linked with the capacity building and availability of technical assistance.

105. While making that proposal, Pakistan was mindful that much refinement could be brought through a constructive discussion by Members.

106. The representative of the European Communities said that the EC paper joined the submissions by China and Pakistan, as well as by the African Group, in trying to address the needs of many Members for technical assistance to carry out trade facilitation and customs reforms.

107. Through the paper, the EC hoped to demonstrate that the Communities took that aspect of the trade facilitation mandate very seriously and that even in the absence of any trade facilitation rules or agreement, the EC gave priority already to providing technical assistance on trade facilitation as part of its development aid. Since 2000, trade had been one of the six development priorities of the EC in its development policy and within that, trade facilitation and customs reforms had been in itself a priority area for trade-related assistance and capacity building. And that was because the EC believed, as did other recipient countries, that trade facilitation measures were a fairly efficient and rapid way to stimulate trade and economic growth and, in the long-term, poverty reduction.

108. The EC document listed a number of examples of the current range of trade facilitation programmes and projects the Communities were carrying out together with their development partners. They ranged from very modest activities, such as a recent trade facilitation seminar in Shanghai that the EC had conducted together with the World Bank, to quite ambitious ones, such as the sixty million euro project the EC was engaged in in Egypt alone, aimed at working with Egypt to completely overhaul its customs administration in order to improve that partner's export and trade performance. The EC had also indicated in the Annex of that document much of the work that the EC was carrying out in the ACP region, in Africa (particularly Sub-Saharan Africa), in the Caribbean and other parts of Asia.

109. The document identified a number of the basic lessons and conclusions that the EC had drawn from the process of providing technical assistance in the area of trade facilitation. The first and rather obvious was the importance of the political commitment by both the donor and the recipient of aid to use that aid effectively to make a difference. Related to that was the fact that programming the provision of technical assistance must be determined and driven by the needs and interests of the recipient country. In its technical assistance programmes, the EC responded to the requests and demands of recipient developing-country partners and designed its programmes based on their own prioritization, their own requests.

110. Another very important element in the success of development aid projects in that field was obviously cooperation and the degree of coordination between different donors, for example, between the Communities, the World Bank, the IMF, World Customs Organization, US Aid and other bilateral donors.

111. Equally important was the involvement of all actors in trade facilitation. It was not enough to design or carry out a programme simply in conjunction with a country's Ministry of Finance or Ministry of Trade. There needed to be involvement of all government departments who were affected or potentially affected by trade facilitation reforms. There had to be also involvement of the local private sector, freight forwarders, importers, exporters and carriers because at the end of the day they

were the ones most obviously affected by change and they could give very practical advice to the government partners as to how to design good quality measures and reforms.

112. Another important element in the aid programming had been the proper sequencing of different trade facilitation measures. The very first step was to carry out a needs assessment. In response to the paper tabled by China and Pakistan, which had also identified the same need, it should be said that there were now some quite useful and tried and tested diagnostic tools available, operated by the World Bank and the WCO to carry out needs assessments in countries to see what were the needs, where were the lacunae and therefore what facilitation measures could be introduced as a priority. Having carried out the needs assessment, the sequencing became very important. In the EC's experience, improving the transparency of regulations and procedures was absolutely essential from the very start of any programme involving all interested parties from the private sector. If there were only two things which any country would be well advised to do in order to facilitate trade, it would be those two things: more transparency and the more systematic involvement of the local private sector in the design and application of facilitation measures.

113. The document also gave some indications of the regional programmes that the Communities were involved in. One example of that was the work the EC did with its MERCOSUR partners. One of the important policies on opening the negotiations with MERCOSUR on a EU-MERCOSUR Free Trade Agreement, and one of the important elements in that process was to work with MERCOSUR countries to encourage more functionable customs unions and an effective single market in MERCOSUR comparable to the European single market. Trade facilitation obviously had been a very important aspect in that process. The same approach *mutatis mutandis* would be taken in the EC's work with the ACP countries. The EC was now engaged in six negotiations with different ACP regions to negotiate no later than 2008 a set of economic partnership agreements. Agreements to promote cooperation and development and trade facilitation would be a very important component of those negotiations aimed first and foremost at improving the level of regional integration and economies of scale in the six ACP regions with whom the EC was working. It was clear that improving transit regimes and transit corridors within each of those regions was very important.

114. There already was a very substantial aid effort underway from many other bilateral donors and multilateral organizations. Perhaps the missing link was that there were no precise WTO commitments at that point which could give more precision and clearer agreed targets to which aid could be addressed. Certainly, the EC saw the need in the future to increase the levels of assistance for trade facilitation. The EC was committed to doing that and, as part of its contribution to meeting the UN Millennium development goals, the EC was pressing for an increase in ODA not only from the EC side but also the side of others to – among other things – increase the amount of aid available for improving the systems and infrastructure in Africa.

115. With respect to infrastructure, it was the EC's understanding that hard infrastructure, covering areas such as roads, ports and the like, was not part of that negotiation process. The EC would not favour the setting of any WTO rules which required Members to build roads or ports or railway lines. That was outside the cope of that work and not part of the process. However, it was very clear that for countries to maximize the benefits of any WTO trade facilitation measure, improving the supply side, the infrastructure capacity would be part of the solution. And in that area, too, the EC was devoting considerable resources and effort. The paper gave some examples of the infrastructure projects the EC was involved in, which, although not part of that process, were essential for countries to really reap the gains of trade.

116. Members had to think carefully about how to build the actual linkage between the discussions taking place in Geneva on the different GATT Articles and on the other elements of the mandate and the fact that in parallel to that discussion, many Members were engaged in substantial programmes of technical assistance and capacity building. It was not necessary to reinvent the wheel or to establish

new elaborate structures within the WTO for the coordination of various aid efforts. But, as recognized by China and Pakistan in their paper, Members had to think about some way to keep track of the work underway within the context of the Geneva process. Members also had to be confident that donors, recipients and international organizations were carrying out technical assistance and that there was some kind of matching between the commitments which were progressively beginning to emerge and the aid being provided, which was hoped to be increasingly aligned towards the commitments Members were talking about in the Negotiating Group. The EC therefore encouraged others to also focus on how to most effectively build that linkage in a way that improved transparency and allowed to verify that there was a degree of coordination between that process and the aid process without creating new structures, which was really not the business of the WTO.

117. The representative of Rwanda, speaking on behalf of the African Group, said that the African Group recognized the importance of trade facilitation for the attainment of their development objectives through, *inter alia*, estimating the competitiveness of African enterprises, which mostly were ranked as small and medium ones. Annex D represented a new paradigm as it entailed a direct linkage between the commitments to be undertaken by developing countries and the provision of technical assistance and capacity-building support. It was the expectation of the African Group that that commitment would be made both in letter and in spirit. The proposal by the African Group was of a preliminary nature. The Group intended to submit more specific ones at a later stage. For the moment, the document's objectives were the following: (i) to share the Group's perspective on the mandate of Trade Facilitation; (ii) to identify the basis on which trade facilitation needs and priorities of African countries could be identified as well as the cost implications of any proposed measures; (iii) to set out S&D parameters as well the scope for inter-agency cooperation; and (iv) to make preliminary observations on proposals submitted so far by other WTO Members.

118. The African Group recognized that the identification of trade facilitation needs and the priorities of Africa must be undertaken urgently. In that regard, three events had recently taken place on the African continent and under the aegis of the African Union which brought together customs experts in Addis Ababa from 4-6 April, and the Director-Generals of African Customs Administrations in Kigali from 18-28 April. Those two events allowed for a better interaction between Customs administrations and economic corporations of African countries. The African Group aimed at identifying its trade facilitation needs and priorities on a more concrete basis as a result of the interaction between Customs administrations and business communities. The Group would call upon international organizations to assist in that process. A number of proposals had been submitted so far, and some of them stretched the limit of the mandate of Annex D and some others played down the cost implications of their implementation. Members had to address the balance between ambition and cost implications of all proposals. Finally, the African Group wished to see trade facilitation proposals that included SDT that was legally binding, precise, effective and operational. The African Group would submit specific proposals later.

119. The representative of Djibouti wished to add to the statement by Rwanda to clarify what Djibouti expected to achieve through the negotiations on Trade Facilitation. The concerns of African and least-developed countries regarding the easing of human and financial resource constraints emerged as a major issue from the trade facilitation aspects of the July Package.

120. The linkages between those resource constraints and technical barriers to trade, certification procedures and the like should be clarified so that African and least-developed countries could manage questions relating to trade facilitation. It was necessary to make clear that the modalities for negotiations on trade facilitation extended beyond mere customs procedures.

121. S&D treatment provisions benefiting African and least-developed countries had to be clearly identified and it one had to look into how their proper implementation could be guaranteed.



122. Djibouti expected the organization of workshops to enable negotiators involved in trade facilitation to understand the technical aspects of Articles V, VIII and X of the GATT and to gain a general overview of the instruments, rules and trade facilitation approaches that could help them to: (i) analyse and negotiate the technical aspects of Articles V, VIII and X of the GATT in the framework of the ongoing Doha Work Programme; (ii) examine the global approach to trade facilitation and its precise contribution to economic development in their respective countries; (iii) draw up a list of priorities to be considered with a view to future implementation of the results of the negotiations.

123. Djibouti agreed with what the EC had said about the coordination of technical assistance through international institutions and donors. There should be no dilution of technical assistance and it was important to coordinate its donation to actually achieve results through that support. At the same time, while it was all very well to train customs officers, transporters and the private sector to work together, the existing infrastructure in a country could pose real problems when it came to transporting goods from one country to another, problems countries often did not know how to resolve. Between the port of Djibouti, for instance, and Addis Ababa 800 km had to be covered, which took trucks three to four days because the roads were in bad shape. That was something that could not be ignored by saying it that it did not fall within the scope of the negotiations. It must be considered in the light of the negotiations and in parallel with them.

124. The representative of Switzerland said that during the March session, a number of delegations had voiced their disappointment that S&D had so far not been dealt with in a sufficiently precise and operational manner. Certainly, it was not enough to assure developing countries of the proponents' willingness to deal with S&D properly during the negotiations; it was necessary to come up with concrete ideas. Switzerland had started its brainstorming on S&D in trade facilitation more than two years ago, especially since the modalities for negotiations existed as contained in Annex D of the July package. Yet, every time one tried to tackle the matter, it became clear how difficult it was to come up with effective ideas which would satisfy three different parties: (i) traders, which were looking forward to an ambitious outcome; (ii) developing countries, especially landlocked and least developed ones, who, in terms of competitiveness were also interested in an ambitious outcome, but whose administrative and institutional capabilities might not always be sufficient to undertake all desired trade facilitation measures; and (iii) donors, who needed to assure that their limited resources were used in an effective manner and would benefit those countries who did not have the financial capacities to cope with the investments induced by the commitments.

125. The aim of Switzerland's intervention was to share some of those preliminary ideas on S&D and send the message to all delegations that Switzerland was very interested in discussing those ideas with interested delegations on a bilateral basis or in small groups.

126. Switzerland's reflections on SDT in the negotiations started from three premises.

127. First, flexibilities in WTO rules should contribute to the sustainable development of developing countries. Those flexibilities should be made available to those Members that were confronted with particular development challenges, whilst ensuring that, *a priori*, no developing country was excluded from such flexibility.

128. Second, the modalities for the negotiations on Trade Facilitation set some basic conditions: (i) Members recognised that S&D should extend beyond the granting of traditional transition periods for implementing commitments; and (ii) in particular, the extent and the timing of entering into commitments shall be related to the implementation capacities of DC/LDCs. Large differences existed amongst developing countries as regards trade facilitation measures already implemented and their implementation capacities differed also. These were important factors to take on board when starting to operationalize S&D. A country's particular situation should matter: it was important to

consider where they stood at the moment and what their capabilities were to implement the most urgent and the most efficient measures in terms of development. Switzerland also believed that – as trade facilitation measures contributed very positively to the competitiveness of countries' exports – it was worth working towards an ambitious set of trade facilitation measures.

129. Third, Switzerland understood from the discussions that took place in the preparatory phase of the modalities that some Members were ready to engage in the negotiations with the confidence that implementing commitments and providing TA&CB would go hand in hand in cases where they lacked the financial resources and institutional capacities to implement the commitments by themselves. But one was also repeatedly reminded that the financial resources to provide TA&CB were finite and dependent on the allocation of one's parliament. That was why it was necessary to find a mechanism which took the following two elements into account: (i) the specific needs of certain countries for certain support and (ii) donors' capabilities to provide that support. That mechanism had to be transparent and predictable. It had to accommodate expectations and concerns of the trading community, of developing and least-developed countries as well as of the donor countries.

130. In addition to the definition of a transparent and predictable mechanism that effectively tied in TA&CB into the negotiations, three other essential ingredients were required to make SDT operational.

131. First, the assessment of the current situation (needs and priorities). In Switzerland's view – which had been confirmed by all delegations – assessing the needs and priorities of developing and least developed countries played a central part. It was absolutely essential to have an idea where countries currently stood with regard to their implementation of trade facilitation measures. How else should one be able to assess the gap between what was proposed as commitments and what was ahead of many Members? Switzerland had already assisted in several expert meetings, seminars and workshops on trade facilitation. On those occasions, all continents had provided participants with a clear presentation on where they were. Therefore, that information on where countries stood existed, but it did not exist in a structured, consolidated and easily available form. In Switzerland's view, the absence of easily accessible information was also the reason why the proposals on S&D in the submissions remained vague and could simply be seen as a best guess. With regard to the assessment, one should not lose sight that a number of countries actually had master plans to implement various trade facilitation measures, which were very valuable in that regard. The WCO, the World Bank and UNCTAD had informed about their assessment tools available or under construction. The WCO assessment questionnaire was now even a WTO document (TN/TF/W/16). In Switzerland's view, it was necessary to have as many countries as possible to do those assessments in the very short term. Switzerland would very much appreciate if delegations who had used that assessment tool could share their experience and wondered whether the international organizations present could inform whether they had continued their work on a joint assessment tool that took on board the subjects on the table, as well as those which were contained in the Secretariat's compilation document G/C/W/434.

132. Second, there was an equally central aspect: the sequencing and inter-linkage of measures. Sometimes, only a combination of measures allowed to reap real benefits. Also, some advanced measures might require the prior implementation of other measures. Experienced international organizations could be of valuable support to Members by helping them to organise those inter-linkages and their sequencing.

133. Third, taking into account Members' high productivity, Switzerland was confident that a shopping list of commitments, at least as a skeleton, should be ready by July. Once Members disposed of the information under those three items, they could start work. Switzerland had been thinking whether it could be of interest to define some sort of modules or packages. The first objective would be that all countries subscribed to a basic package (simple reforms that required essentially administrative measures). A limited number of additional packages would then be defined, each

package containing a certain number of increasingly demanding and more efficient measures (e.g., advance lodging, risk assessment and special procedures for authorized traders) leading – in the last package – to more advanced measures such as single window). Members would be asked to comply early with the basic package but would schedule over time the date of effectiveness of more advanced packages.

134. Those packages could serve as a kind of benchmark to assess where one stood in terms of implementation. Within those packages, countries would have flexibility in terms of sequencing following their most urgent needs first.

135. As a last point, Switzerland also wished to share with Members some very preliminary thoughts on the mechanism mentioned earlier. In that regard, Switzerland sought an answer to questions such as how could each country's specific timing for entering commitments and TA&CB to be provided be multilaterally agreed or, how to monitor progress.

136. It might be of interest to know that almost identical questions arose when developing countries were assisted in coping with prudential regulation and other international financial norms (in the IMF/World Bank context). Donor practice in those cases was to provide funding for technical assistance based on action plans established by the recipient country which were then implemented as a series of interrelated modules with the periodic support and review by the staff of the international institution.

137. In its brainstorming, Switzerland had tried to transpose those existing mechanisms into the context of the Trade Facilitation negotiations. Switzerland was aware that there was a risk in sharing fairly new and preliminary ideas in a formal meeting. It was Switzerland's intention to exchange views with as many interested delegations as possible. Switzerland's views were not fixed and would evolve by discussions with other delegations. Switzerland wished Members to consider its comments as elements for discussion.

138. Countries would be asked to develop a trade facilitation programme reflecting the commitments of those negotiations, which would subsume an action plan for institutional requirements. Financing would then be based on each country's management plan for trade facilitation. Due regard would be paid to administrative and financial constraints of each developing country and its access to grants and credits. Funding would be sequenced according to the effective pace of implementation.

139. In parallel, a coordination platform and mechanism could be determined between multilateral agencies active in the field of trade facilitation, donors providing assistance, and developing countries concerned. That would involve agencies with their own proper financing such as the World Bank, as well as others that needed additional funding by donor countries. The object of funding would be the measures contained in the packages. Those measures could be recorded as eligible for financing.

140. It was necessary to think about a review mechanism. Report on progress could be part of the Trade Policy Review Mechanisms conducted under the auspices of the WTO and/or other similar examinations. Finally, rules would become effective for the country when, in the view of the Members, the country had acquired the capacity to administer efficiently those rules.

141. Because each country faced different conditions to implement trade facilitation measures, it was impossible to determine standard costs for a measure. Therefore, costs could only be determined in projects. Administrative capabilities and the timing of making financial resources available for TA&CB would determine the pace of implementation of those action plans.

142. Switzerland wished to reiterate its interest in sharing and developing further those very preliminary ideas on development related issues in trade facilitation with all Members, preferably through bilateral exchanges of view.

143. The representative of the Philippines, speaking on behalf of the Core Group, assured the Group that the new proposals were studied and considered in the spirit of constructive engagement that had been prevailing.

144. There were four proposals on Article V on freedom of transit and issues of concern to landlocked countries. Note had specifically been taken of the constructive proposal of Core Group Member Rwanda. The Core Group also supported the proposal by Mongolia along with several other countries and its objectives of ensuring increasing trade flows for landlocked countries.

145. Four proposals of a general nature had also been noted specifically relating to technical and financial assistance and relating to needs assessment. The Core Group particularly noted and supported the proposal of Peru for an inventory of trade facilitation measures, and China's proposal for setting the focus of work on particular areas of Articles V, VIII and X, which were of common interest and emphasis in the importance of immediate trade technical and financial assistance in the self assessment work as contained in the proposal by China and Pakistan.

146. The Core Group wished to inform the Membership of the availability of document JOB(05)/64 containing questions and comments of the Core Group as a collation of the questions prepared by India, Kenya and the Philippines. It would be appreciated if written responses could be provided by the proponents. Those questions and comments related to the February proposals and the Group was tempted to prepare written questions and comments relating to the March proposals, and the current proposals tabled at the May meeting.

147. The Group wished to recall its proposal for a checklist or compilation of the various proposals. A list of the various measures in place in various countries would also be useful. That was related to the call by Peru for an inventory of trade facilitation measures.

148. The Group also wished to mention with support the African Group's paper on technical and financial assistance and the general caution it had mentioned about going beyond the scope of the negotiations being the clarification of Articles V, VIII and X. The Group also supported the request of the African Group for more concrete technical and financial assistance commitments to operationalize the various proposals for simplification and standardization of documents which would in the end provide for increased trade flows and developmental benefits for developing countries.

149. The Core Group wished to also thank Switzerland for their other comments relating to the need for the importance of assessment sequencing and monitoring of progress, and the European Communities for their paper on technical and financial assistance, although the Core Group shared the view of the African Group that there should be more concrete technical and financial assistance resources for the negotiations.

150. The representative of Uganda associated Uganda with the communication from the African Group (TN/TF/W/33), the statement by Rwanda on behalf of the African Group, as well as the statement by Zambia on behalf of the LDCs.

151. Uganda shared the observations in paragraphs 3 and 4 of the proposal TN/TF/W/28 by Bolivia, Mongolia and Paraguay about the peculiarities of landlocked countries and the unnecessary costs they encountered as a result of transit requirements for both import and exports. Uganda also noted that additional controls and other excessive measures applied to transit goods and imposed burdensome costs to landlocked countries. The effect of those costs was that they led to increased

transaction costs that were unfair, especially to SMEs, particularly in least-developed countries such as Uganda.

152. Uganda also shared the view with the proponents that traders in landlocked Members were faced with problems of unpublished transit charges and regulations in neighbouring countries which were ever changing. That not only created a lack of transparency, but also a lack of predictability for traders.

153. Uganda had also studied the proposal from the EC in TN/TF/W/35. The proposal highlighted some of the issues that were of utmost concern to Uganda as a landlocked country and Uganda therefore supported the proposal. However, Uganda wished to offer some additional, preliminary observations.

154. In paragraph 2 of the second bullet, there was need to clearly spell out that, in some cases, illegal roadblocks were used to levy illegal fees. Moreover, there were differences in charges levied on trucks transiting through another Member's territory and those charged on national trucks.

155. In addition to the above, besides the requirement that vehicles had to be transported with escorts, there were additional requirements that the trucks also were in convoy. That caused unnecessary delays as a sizeable number of trucks had to wait before traders could move.

156. Uganda proposed that the language referring to technical assistance and capacity building in paragraph 6 of the EC proposal be modified from "... that it is **likely to be necessary**" to reflect the practical realities for developing countries, particularly the least-developed amongst them. In that regard, Uganda proposed that the sentence read, that "the provision of technical assistance and support for capacity building **is necessary** for developing countries, and particularly the least-developed amongst them".

157. The representative of Kenya wished to offer some suggestions on how to structure the discussions in the afternoon. Quite a number of proposals had been introduced, and the Group would benefit from an interactive debate. Therefore, Kenya wished to encourage Members to submit their papers well in advance so that others could look at them, read them and then have a well-informed debate.

158. Second, instead of commenting on Article V, going to Article X, and then returning to Article V, perhaps it would be possible to have a discussion on every Article and then, once that was finished, move on to the another Article and finally take up the last one, with the Group then looking at the cross-cutting issues through the three Articles. That might help Members to have a more structured debate in the afternoon.

159. The Chairman informed that some delegations planning to submit papers had actually approached him with the question of whether or not to table a submission if it was only possible to do so shortly prior to a meeting. He had encouraged them to go ahead and come up with the paper so that the contributions could be available as early as possible.

160. In terms of structuring the debate, the reason for adopting the cross-cutting approach was well-known. The intention had been to avoid a procedural battle over what issues should be addressed first (the Articles, S&D, or something else). He had understood everybody to be in agreement with proceeding that way. But, if it was now the sense of Members that the Group should proceed along the lines suggested by Kenya, one could look into that. Members were therefore invited to structure their comments according to the subjects and Articles they related to when making their interventions in the afternoon, which would also make it easier for the Secretariat to reflect that in the minutes.

161. The representative of Japan expressed strong support for the proposal made by Bolivia, Mongolia and Paraguay, which Japan wished to join as a co-sponsor.

162. Although Japan was a sea-locked country rather than a landlocked country it was of the view that comprehensive proposals regarding Article V were a constructive and balanced contribution to the negotiations.

163. While most of the specific measures proposed in the paper were also relevant to clarification and improvement of Articles VIII and X, Japan was of the view that landlocked Members faced unique challenges in engaging in international trade, due to the fact that they had to transit through territories of neighbouring countries when importing or exporting goods. Those challenges included wide-ranging issues, such as, administrative procedures regarding traffic in transit and the associated cost implications, bilateral relationships between a landlocked Member and its neighbours, and the like. Members agreed that the WTO could not be the only means for tackling such challenges. However, it could be part of a solution for the challenges by focusing on the problems related to administrative procedures pertaining to traffic in transit by clarifying and improving GATT Article V.

164. As regards specific measures contained in the proposal, Japan was of the view that they had been carefully selected specifically with the aim to further improving the elements contained in Article V. Non-discriminatory treatment of traffic in transit and cross-border cooperation among the relevant authorities were thought to be especially important elements for facilitating transit procedures. It would be worth sharing experiences on such issues among the Members, in order to better understand the problems and possible solutions related to traffic in transit.

165. Japan had also read with great interest the proposal by China and Pakistan. Japan shared the view that, when proceeding with the negotiations on trade facilitation, it was very important to continue efforts to identify developing Members' needs and priorities. In that regard, they suggested that Members use a general tool to assess their needs and priorities. While it might be difficult to find a single common tool, Japan realized that relevant international organizations had already developed tools for that purpose, notably the checklist for trade facilitation and time release survey developed by the WCO. Japan believed that they were useful tools, although, when discussing needs and priorities, Members should not only address customs procedures, but also those of other border agencies. Japan looked forward to continuing discussions on those points.

166. The representative of Cuba wished to react to some of the issues raised earlier. Less than a year ago, the future of these negotiations was far from clear and many Members were seriously concerned at the prospect of developing countries having to bear a disproportionate share of the costs of the reforms. Cuba wondered to what extent it would be possible to establish a clear cost-benefit analysis which would allow Members to take an informed decision as to whether those negotiations should be initiated. Many developing countries had been on the defensive as to the introduction of these negotiations. That also explained the concerns that existed today. One must not forget the basis on which the balance had been established that enabled Members to launch the negotiations last year.

167. The proponents of that time were precisely the same as the current ones, as demonstrated by the avalanche of documents that had been tabled without allowing much time to react, and without being able to contribute in a pertinent manner.

168. Cuba understood that developed countries' governments were under heavy pressure from their business sector to initiate the negotiations, since following the Uruguay Round tariff reductions, the losses incurred by companies at the border often exceeded the cost of the tariffs themselves. However, in terms of expectations, the developing countries were a step behind, or indeed many steps behind – as many steps as there were differences in their levels of development.

169. Cuba's priority continued to be the dismantling of tariff barriers for basic export products, and how to overcome the technical barriers imposed on Cuba by consumers from the developed countries, all of which had turned Cuba's participation in the WTO into a real obstacle course. Adaptation to market access and entry conditions alone generated costs for developing countries, and hence increased their demand for technical and financial assistance, technology transfer on concessional terms, and assistance in building up the capacity and the institutional base needed to comply with the obligations contained in the WTO Agreements.

170. For developing countries, trade facilitation solutions could continue to be found in bilateral, regional or subregional agreements. For landlocked developing countries, those negotiations were truly critical. Not only did they face the same market access barriers as other developing countries, but they also had to pay higher transport costs to ship their goods to their destination, which caused a considerable addition to overall costs and seriously undermined the competitiveness of their exports.

171. Nevertheless, once the decision to launch the negotiations had been taken, it was in the interest of Members that they should take place in an environment of mutual understanding in order to create a space in which everybody stood to gain.

172. The balancing formula was contained in the modalities for negotiations in Annex D of the July Package. Any proposal that disregarded the cost factor, the need for substantive and operative SDT within the meaning of the Doha Ministerial Declaration, and technical and financial assistance and capacity-building on the basis of binding provisions, would be in breach of the compromise solution that enabled those negotiations to be launched.

173. Cuba was grateful for the recent contributions. In particular, Cuba wished to thank the African Group for presenting briefly and clearly its views on the process and for sharing its general assessment of the proposals, an assessment with which Cuba agreed entirely. The issues raised by the African Group in paragraph 14 of its document TN/TF/W/33 should be given due consideration in any new proposal and in revising those that had already been submitted.

174. Cuba also welcomed the proposal by China and Pakistan contained in document TN/TF/W/29. One could indeed only make significant progress in the negotiations if Members first identified their needs and priorities and established a proper sequencing for their work.

175. Finally, Cuba took note of Switzerland's interest in the question of development and the type of SDT that it considered to be granted in the area of trade facilitation. Cuba would be pleased to discuss those views when the Swiss proposal was circulated. However, Cuba advised against bringing to the NG the discussions on cross-cutting issues relating to S&D treatment that were already taking place in the Special Session of the Committee on Trade and Development. Any decision adopted by the CTD on S&D would affect horizontally the work of all of the WTO negotiating bodies, including the Negotiating Group on Trade Facilitation. Meanwhile, the work of the Group on SDT should not stray from the mandate contained in paragraph 44 of the Doha Ministerial Declaration and paragraph 2 of Annex D of the July Package.

176. The representative of Kenya wished to offer some preliminary comments on the tabled proposals.

177. The proposals on Article V touched upon an area of interest to the majority of Members and not only to the landlocked ones. For instance, in the case of Kenya, a large volume of exports transited through a number of countries before reaching their final destination. The same applied for imports into the country.

178. With respect to the proposals on Article V submitted by Bolivia, Mongolia and Paraguay, Kenya wished to hear the experiences of the sponsors as to what could be the reasons for lack of cooperation and coordination with their neighbouring countries on the issues pertaining to transit and trade mentioned in paragraph 3. Article V did not prevent Members from having agreements among neighbouring countries to regulate transit arising from mutual trade.

179. In paragraph 4, the sponsors of the paper were suggesting that those Members who had taken steps to streamline transport procedures punished their neighbours as it denied them the benefits arising from a transit trade. It would be important for the sponsors to clarify that observation, because Kenya believed that those who undertook measures to streamline transit procedures provided useful experience and the incentives for their neighbours to improve their transit procedures.

180. On the issue of non-discrimination, the paper contained very interesting proposals with respect to the application of the national treatment principle on the modes of transport used for transiting goods. Kenya would like the sponsors to clarify that point, since some of the issues were being discussed in the context of the services negotiations. It would be useful to know how they planned to reconcile that.

181. On the issue of the periodic review of fees and charges, Kenya would like to hear from the sponsors what type of enforcement mechanisms they envisaged.

182. With respect to the suggested introduction of a bonded regime, Kenya had a concern about the costs of implementing such a regime, including tracking of goods in transit. That would pose great difficulties to countries with limited human and infrastructural capacities such as Kenya.

183. Kenya would also like to touch on the proposal by Peru, which seemed to suggest a one-size-fits-all approach as it lacked an S&D component. The submission also failed to recognize the fact that countries such as Kenya faced a number of challenges such as infrastructural weaknesses, the need to safeguard customs revenue and to deal with pilferage and smuggling. It also failed to recognize that Members were at different levels of implementing trade facilitation measures. A one-size-fits-all approach could not be the best way to do that. It would be interesting to get Peru's reaction to that, as they seemed to suggest that the WTO rules on trade facilitation would be used to pressure Members to adopt relevant international instruments in that area.

184. With respect to the submission by the EC, Kenya agreed with the EC that some of the issues could have been best addressed elsewhere. One had to take good care that work did not go beyond the scope of the mandate.

185. With respect to the issue of simplifying data and documentation requirements, it had to be taken into account that countries had different challenges to face in that area. In the case of Kenya, simplification of transit procedures and documentation had to take into account issues like revenue issues and infrastructure constraints.

186. With respect to risk management, including authorized trade schemes, Kenya would like to hear from the EC how a uniform risk management for transit purposes would be adopted, given the different risk factors, and how could compliance by Members be enforced in a risk assessment scheme. The EC proposal also mentioned the issue of freedom of transit through the territory of each contracting party via routes most convenient for international transit. Kenya did not share the EC's understanding that the operator should have the choice of the route and the means of transport. That point had been clarified in the background note by the Secretariat. It was in fact a restriction in the sense that the duty to grant free transit did not extend to all routes.



187. As regards the submission by Paraguay, Rwanda and Switzerland, Kenya would like to mention that many of the proposals highlighted in the paper were implemented in Kenya and other countries. Kenya, for instance, did not levy fees or charges for customs services on transit goods. Goods in transit were also given priority when clearing through customs. There were some areas Kenya had identified such as implementation of electronic tracking of transit vehicles to ensure that the goods were conveyed speedily and efficiently. But such undertakings needed a substantial amount of resources. The issue of resources was more important than multilateral rules.

188. Many measures had also been implemented in the context of COMESA of which Rwanda was also a member. It would be good to share the experience of COMESA in that area with other Members. COMESA countries had implemented a broad range of common policy measures and instruments which facilitated transit trade. For instance, load limits had been harmonized, commercial carriers licensing and transit plates. There had also been a harmonization of road transit charges, the regional bond guarantee system, the road customs transit declaration document and more. Those measures had gone a long way in facilitating transit trade within the COMESA countries.

189. However, Kenya recognized that Members had not reaped the maximum benefits from that initiative because of physical infrastructural weaknesses. Therefore, Kenya believed that there was need for improvement in physical infrastructure in support of policy legislative and regulatory and institutional reforms. Regarding Article V, the best route would be through regional cooperation.

190. The proposal by Hong Kong, China on Article VIII sought to introduce a necessity test of not being more trade restrictive than necessary. Since countries were at different stages of development, with different emphasis on various aspects of trade facilitation, that approach could merit further discussion rather than those proposals seeking commitments on numerous elements under Article VIII. Kenya believed that the approach proposed by Hong Kong, China would strike a balance between taking legitimate regulatory measures and simplifying procedures with a view to improve transit trade.

191. On the proposal by Singapore on advance rulings, Kenya believed that that was an area that could facilitate transit trade. Kenya was not questioning the importance of advance rulings, but it had a problem whether that was within the mandate of Article X. Kenya would have difficulties in expanding the scope of Article X.

192. The proposal by Pakistan and China was very interesting. Where Kenya had a problem was when it suggested that the results of the assessment should be taken as a basis for establishing relevant trade facilitation rules and arrangement of SDT. For Kenya, the results of the assessment should be used as a basis for the provision of technical assistance and capacity building. Kenya wished to hear from Pakistan and China whether their proposal on page 2 under section E was a suggestion for a working group made up of international organizations to be set up to ensure the objectivity of the assessment. Kenya also wished to hear from Pakistan and China whether that was actually within the mandate of the NG. Kenya had serious reservations about such a kind of suggestion. There was a strong commitment by Members to provide technical assistance and capacity building in that area, and by suggesting what China and Pakistan did, it implied that, once the needs and priorities had been identified, it would be left to the relevant international organizations to ensure their implementation. Kenya recognized what the international organizations were doing, but it was also important that within the framework of the WTO, more technical assistance and capacity building was provided for Members to implement issues related to trade facilitation.

193. The representative of South Africa supported the proposals submitted by the African Group as well as some aspects of the proposals presented by China and Pakistan.

194. The July package had launched negotiations on trade facilitation with a view to achieving the following, amongst others: (i) clarification and improvement of relevant aspects of Articles V, VIII

and X of the GATT; (ii) enhancing technical assistance and support for capacity building; and (iii) cooperation between customs administration and other relevant authorities on customs compliance issues.

195. The July package recognized that a need existed for countries to establish their needs and priorities in relation to trade facilitation. That was a very important starting point because it then allowed a country to negotiate and agree to certain proposals with the background knowledge of what the country's needs were and whether they were being met by different proposals reviewed. That exercise also allowed countries to ascertain what exactly their capacity-building requirements were and which areas were more urgent than others. It was a given fact that whatever proposals were forwarded or whatever measures would be implemented in improving the administration of trade, a certain cost would be involved. How much would those measures cost and how much capacity building would be required to ensure that countries were able to not only agree on the outcome of the negotiation but also to benefit both in the short- and long-term were questions countries should be pondering and, ideally, every country should go into the negotiations with a clear understanding of where they stood in terms of measures that had been implemented and also what it might cost them to improve their administration of trade. Countries should, with the assistance and collaboration of institutions like the WCO, the World Bank, and other international organizations, proactively do work in that area. A number of instruments, such as the Checklist had been developed by the WCO in helping to carry out that task.

196. The July package made it very clear that capacity building must form an integral part of any agreement to be reached at those negotiations. It further stated that Members would not be required to take up commitments which were beyond their capacity to implement.

197. While South Africa was appreciative of the work the EC did in the area of capacity building, capacity building had to be understood to mean a complete building of capacity to enable countries to effectively facilitate trade. The scope of capacity building had to be expanded. A narrower definition of capacity building covering technical assistance and training was not effective to fully address the problems faced in the facilitation of trade. South Africa believed that Members should keep an open mind in that regard and wait for the type of agreement that would emerge from the exercise, which would determine the type of capacity building required. It was not advisable at the present stage to start discussing what should be in, and what should be excluded.

198. Another worrying factor in that regard was that some proposals did not commit any new funds but were aiming to divert funds from other areas which equally required such funds.

199. South Africa did not believe that capacity building had to kick in once an agreement had been reached. The reality was that many countries needed assistance during and after the negotiation into the implementation phase. The following phases were identified as phases where capacity building was required: (i) during the negotiations (in the form of coordination and responses between capitals and Geneva-based negotiators, along the lines done in the framework of the World Bank project mentioned earlier) (ii) needs and cost analysis (assist countries with instrument, tools and methodology to carry out that analysis); and (iii) implementation (once an agreement had been reached, to assist countries with ensuring the necessary capacity to implement effectively).

200. The July package mentioned a number of international organizations working in the field of trade facilitation. Those organizations had developed various useful tools and instruments in that field. Countries might be spoiled for choice or indeed confused on which tool to use. Different organizations were doing work in different countries in the field of customs reform and modernization but South Africa was not sure if anyone had a complete picture of what was exactly being done and where. It would be very useful for the donor community if they were able to get the assurance that

their money would be used effectively and that there was a coordinated approach in provision of capacity building that ensured that duplications were avoided.

201. The different projects should be coordinated from a central body that would be able to not only monitor the progress of such projects, but also be able to access country needs and priorities.

202. On that issue there were different views. An organization such as the WCO could play that role as negotiations mainly affected the customs area and with the WCO being the authority in world customs issues it would make sense for the WCO to coordinate and monitor progress of the building of capacity in different customs administrations. At the same time, it was recognized that the WCO and the WTO did not have the same membership and the fact that those were WTO negotiations, so that some people might argue that the WTO might be an appropriate body to carry out that function.

203. The representative of Chinese Taipei commented on the three new proposals by Bolivia, Mongolia and Paraguay (TN/TF/W/28), Korea (TN/TF/W/34) and the European Communities (TN/TF/W/35) aimed at improving and clarifying the existing provisions of GATT Article V.

204. The proposals by Mongolia and the European Communities had many common elements. They both cited existing problems such as: the lack of information and transparency; additional physical checks and excessive measures being applied on goods in transit; excessive and non-standardized documentation requirements and procedures; a lack of cooperation and coordination; unpublished and unreasonably high transit charges; and, inadequate infrastructure. Chinese Taipei had similar concerns. Its traders, and particularly its SMEs, also reported having to face the same obstacles and shortcomings relating to transit.

205. Solutions proposed in the submissions included: improving transparency of transit requirement, procedures and charges; introducing more effective disciplines on charges for transit; non-discrimination; simplification and standardization of documentation, data requirements and procedures applied both to goods and to means of transport in transit; and, co-operation and coordination between the agencies concerned. Chinese Taipei placed great importance on Mongolia's suggestions of self-imposed periodic reviews of transit formalities, fees and charges, and the use of international standards and instruments for transit formalities. The European Communities also raised the important subject of "operationalizing" the existing commitments in Article V to grant freedom of transit via the routes most convenient for international transit. That issue deserved to be explored in further discussion in the WTO, or in another international forum. Chinese Taipei also supported the idea to clarify and improve terminology to reduce perceived uncertainty. Ease of transit, for obvious reasons, was of great interest to landlocked WTO Members, many of whom were developing countries. As Chinese Taipei believed that the measures proposed were able to accelerate and streamline transit procedures, it took those factors seriously.

206. Korea's proposal was clear and precise. It contained essentially two suggestions: (i) minimize border requirements and simplify procedures for goods in transit, and (ii) accord to goods in transit not requiring transshipment a less burdensome treatment than goods in transit that did require transshipment. Chinese Taipei reviewed its own regulations and found its system to be consistent with requirements in this respect. Chinese Taipei was therefore fully in agreement with the suggestions in Korea's proposal.

207. Singapore's proposal was evidence of its own national experience in developing the programme of advance ruling procedures. The procedural elements in the proposal should provide a useful basis for Members intending to develop such a system. A commitment by Members to the process of implementing advance rulings would certainly enhance predictability in international trade.

208. Advance ruling had been proposed and discussed before. Singapore's proposal represented a significant step forward. In the meantime, Chinese Taipei would be very interested in having further details of Singapore's advance ruling programme, as well as answers to the following questions: (i) Was the advance ruling programme applied only to the two bilateral free trade agreements as mentioned, or was it applied overall to all traders? (ii) What amount of human and financial resources had been invested in the programme? (iii) How did Singapore evaluate the performance of the programme since it had been established? Chinese Taipei was also interested to (iv) know the detailed operation of advance ruling on valuation.

209. Hong Kong, China's submission raised several essential points, such as transparency and publication of information, electronic publication of information, consultation with traders with respect to Article X, and the necessity of trade regulations with respect to Article VIII. Chinese Taipei had a self-review mechanism for customs fees and charges and therefore agreed with the points made in Hong Kong, China's submission and supported the proposals. However, Chinese Taipei was interested to know the implication or legal obligation of a necessity test.

210. Peru's proposal was valuable, comprehensive, very ambitious and reflected the modern trade practice. Chinese Taipei shared most of ideas and placed great importance on the suggestions of the use of international instruments on Articles V and VIII.

211. With respect to the proposal tabled by New Zealand, Norway and Switzerland, Chinese Taipei supported to use international standards as a basis for documentation and data requirements. Chinese Taipei was also interested in the idea of a possible solution to establish a common international net-based "bank of document" under an international organization.

212. The proposals by the African Group, and China and Pakistan, would be very useful in the negotiations. Both proposed identifying the needs and priorities of Members, thus acknowledging that the subject should be treated as one item in Annex D of the Doha Work Programme. In order to better understand the proposals, Chinese Taipei would appreciate answers to the following: (i) How was it envisaged that the general tool developed by various international organizations to assess the needs and priorities should be selected? (ii) How could the level of trade facilitation be defined? (iii) What time-frame was anticipated for the assessment period? (iv) Was the Working Group to be made up exclusively of the international organizations concerned or would it comprise Members? (v) What kind of Members would do the self assessment? Would it be voluntary or compulsory? (vi) Why should differences in levels of regional economic development between Members be taken into consideration when conducting the assessment?

213. The representative of Egypt commented on four proposals.

214. With respect to proposal TN/TF/W/28 on periodic review, Egypt sought more clarification and elaboration on such a review. What was the time period proposed for such a review? Would it be notified to the WTO or would Members just carry it out on a self review basis? Egypt also sought more information on the envisaged benchmarks for the review.

215. With respect to the second proposal introduced by the European Communities, TN/TF/W/35, on the use of international standards, which had also been mentioned by Mongolia, it would be very important to determine what was meant by "international standards". One had to identify them and be clear to what extent Members in international organizations establishing such standards were obliged to apply those standards.

216. The proposal made by Hong Kong, China in TN/TF/W/31 on the two benchmarks for regulations, fees and formalities might be acceptable if implied on new regulations or fees. But extending the proposal to previous and existing regulations, fees and formalities would be more

demanding and impose a huge burden on the majority of developing countries and least-developed countries because that implied regulatory reforms as a whole.

217. Egypt welcomed and appreciated the ideas developed by Switzerland in its approaches to development related issues in trade facilitation, as the first comprehensive proposal on special and differential treatment. There were, however, some issues in the paper which required further clarification: First, on the criteria that might be used to determine what particular development challenges meant, Second, on paragraph 2, section A, where it had to be clarified who was to define the benchmarks and what would be used to determine those modalities. Finally, in the context of introducing different packages, Egypt was of the view that that idea required further examination as it might be helpful to have more than one package, each including different trade facilitation measures for developing, developed, and least-developed countries with different implementation times, which were likely to vary from one country to another.

218. The representative of Malaysia wished to offer some initial and preliminary comments on some of the new submissions distributed for the present session. Malaysia wished to go through the papers more thoroughly with experts from capitals, particularly regarding the elements given on Article V. Malaysia also wished to support the statement made by the Philippines as Chair of the Core Group.

219. Malaysia agreed with the concept of the papers on Article V by Paraguay, Rwanda, Switzerland, Mongolia and Bolivia, and believed that efforts in facilitating trade via transit were crucial to enhance and expedite trade. Malaysia would also like to highlight that for technical assistance programmes to be effective, it was important particularly to take account of the various national legislations and rulings that were implemented in Member countries. In Malaysia's experience, the various agencies involved in transit matters had their own legislations and regulations.

220. With respect to the communication from Hong Kong, China on Article VIII (TN/TF/W/31), Malaysia agreed with the need to improve GATT Article VIII to help expedite the movement of goods. It was therefore important to have a clear understanding of the meaning of various elements in all the proposals. In that regard, Malaysia wished to seek clarification on the criteria of "no more administratively burdensome or trade restrictive" and "an efficient manner".

221. Regarding the idea proposed by Peru in document TN/TF/W/30 of having an inventory of trade facilitation measures to assist in understanding the trade facilitation measures adopted by Members, Malaysia wished to seek clarification on how the result of the inventory would provide a clear and substantive result as suggested in the paper, speaking of "a picture of the situation with regard to the simplification and streamlining of Members' trade flows and provide an understanding of Members' situations as regards trade facilitation." Did Peru see the proposed inventory mechanism to be different from the WCO self assessment Checklist? If the inventory mechanism provided results or information above and beyond that Checklist, it would then be of benefit to Members to further analyse such proposal.

222. With respect to the proposals made on Article X in the same paper, Malaysia sought clarification on what was meant by "official media" mentioned on page 3, which was found in the section on ensuring availability of information on customs procedures to all Members in readily and promptly accessible official media. On point 4 of the same page, Malaysia wished to reiterate that for rules and new regulations which needed to be introduced and implemented, the time for implementation should be left to the discretion of the government authorities based on national interest.

223. Malaysia shared the ideas proposed in submission TN/TF/W33 by the African Group on trade facilitation which addressed needs and priorities and S&D treatment in trade facilitation for African countries.

224. The representative of Sri Lanka welcomed the proposals submitted by the different groups from developing and developed countries, which reflected the common interest of the WTO Membership in the negotiations regardless of their level of development. However, some of those proposals needed in-depth examination to understand what they meant, such as the proposal on advance rulings. It was also necessary to understand very precisely and accurately whether some of the disciplines, measures and rulings proposed by some fell within Annex D of the July package. That required some time.

225. Sri Lanka supported the proposal by China and Pakistan, and was considering cosponsoring it, subject to clearance from capital. Sri Lanka agreed with the basic idea about the need to identify Members' needs and priorities, which could usefully and meaningfully contribute to the technical negotiations. It would be useful to understand the existing differences in the area of trade facilitation, and the feasibility of the measures being proposed in Geneva, as well as to understand the S&D, technical assistance and capacity building requirements. The trade facilitation needs and priorities could vary from Member to Member. The needs of landlocked countries, for instance, were different from those of other countries. While Sri Lanka was also a sea-locked country, it was very sympathetic to the problems faced by landlocked countries due to their high transports cost and procedures they were facing.

226. Sri Lanka was equally concerned by the length and the volume of the proposals and wanted to get on board before being left behind.

227. The representative of Korea wished to comment on two points on Article V as well as on special and differential treatment.

228. First, with respect to Article V, Korea supported the approach applied in the EC paper of first identifying transit problems and then proposing ways of addressing them. Korea also held the view that simplification and standardization of documents, data requirements and procedures were a most important part of those proposals. The suggested use of commercially available information and data was very much in line with Korea's own proposal as well.

229. Korea had some other questions and some points it wished to see clarified. For instance, the fifth bullet suggested that more effective disciplines on the level, nature and management of guarantees were required from transit operators. Korea was of the view that that kind of guarantee was not very common in any kind of commitment. Therefore, Korea sought clarification on the rationale of such a guarantee and its operation in practice. Korea also sought clarification on the next bullet of that document suggesting the providing of guidance on the main elements of regional transit and their proper implementation. Korea wished to know what kind of guidance was envisaged and what was proposed to be operated and implemented. Explanation was also solicited on the proposed improved definition of "goods". Korea wished to know to what extent it was intended to define this term, as that was closely related to the scope of the negotiations.

230. With respect to the paper by Mongolia, Bolivia and Paraguay, Korea took full note of the obstacles faced by landlocked countries. Their problems could and should be duly and effectively reflected in the negotiations. Clarification was sought on the second point of their proposal suggesting a periodic review of fees and charges imposed with respect to transit. What kind of obligation to conduct such a periodic review was envisaged? Was it a permanent mechanism of review or some kind of voluntary or advisory recommendation? The same question applied to the proposed "periodic meeting of neighbouring authorities". Korea also wondered what kind of

international standards the sponsors had in mind when suggesting their use. As for the suggested coordination of document requirements for transit among relevant authorities, Korea wanted to know the precise meaning of "among relevant authorities". Did the proposal relate to relevant authorities in a specific country or relevant authorities of each Member? Perhaps it depended upon the scope of the negotiations as well.

231. With respect to the paper by Switzerland, Paraguay and Rwanda, Korea sought more information on their proposal for some elements to be considered to constitute best endeavour clauses. Were there any specific elements they had in mind?

232. As for the EC's input on S&D treatment, Korea generally fully shared their approach. Since they were figuring out the needs and priorities of the beneficiary Members, they were explaining their past experience to meet their needs and priorities. That kind of approach should be applied when considering SDT.

233. Korea also welcomed China's and Pakistan's paper. Korea had noted that paragraph 4 of Annex D listed needs and priorities as an integral part of the negotiations. Therefore, that point should be duly reflected in the negotiations. Identifying Members' trade facilitation needs and priorities and clarifying and improving Articles V, VIII and X of the GATT 1994 were not mutually exclusive but complementary goals. That identification should therefore take place along with the process of clarifying and improving the relevant Articles.

234. The process suggested in the paper for that identification work seemed to be rather long. Korea therefore wondered whether the sponsors of that paper had any specific time schedule in mind for that work. It was crucial to take into account the time period for concluding the negotiations. Korea also wondered about the meaning of having the general tool as suggested by China and Pakistan. Was it really realistic to figure out a general tool that could be applied to all aspects to SDT? With respect to the suggested establishment of some sort of working group to deal with those problems, Korea wished to know more about its composition as well as the envisaged time period and what kind of international organization had been envisaged. The idea regarding the assessment process for Members with huge regional differences in economic development within their territories was interesting. Korea would like to know whether it was compatible with international commitments which could be applied to the country as a unit as opposed to an application at some kind of regional level.

235. The representative of the European Communities said that the EC supported the proposals made by other delegations on transit questions.

236. With respect to the paper by Korea, the proposal for government to rely, as far as possible, in transit operations as in other operations, on commercially available documents for information as recommended in the Revised Kyoto Convention, was particularly interesting and useful. That was a very simple procedural modification which was of little cost to any government and would represent considerable savings to companies, particularly small- and medium-sized ones.

237. The EC welcomed also the joint paper by Bolivia, Mongolia, Paraguay and the Kyrgyz Republic and agreed with its analysis. The EC supported their proposal that there should be a more clear commitment to non-discrimination between the origin of goods in transit and the destination, and more freedom for transiting goods in terms of the routes to be chosen. The EC also shared the proposal in the document that all Members carry out a periodic internal review of the fees and charges levied for transit operations.

238. The paper by Paraguay, Rwanda and Switzerland was equally good. The EC very much supported the ideas set out in that paper, and notably its emphasis on the need for strength and

provisions that could guide or ensure real regional co-operation between governments on regional transit regimes, notably sharing the facilities, delegate the competences, simplify regimes for perishable goods in transit, common rules standards information documentation and alike. Those proposals were very sensible and did not entail any real cost to governments but would have enormous benefits for operators which could make a real difference.

239. The proposal by Peru set out a very sensible set of recommendations covering all of the three Articles, and was welcomed. The papers by Hong Kong, China were also very good and useful. On the question of the necessity test, the EC shared the view that in the field of customs procedures or import and export administration, it was entirely normal and legitimate that procedures should be no more burdensome than necessary. That was a concept which was familiar from the Agreement on Import Licensing procedures and had been demonstrated to be quite a useful provision. The EC also very much liked the proposal by Hong Kong, China that Members carry out a regular review of their procedures to see if the objectives which those procedures were meant to address could be achieved in a less trade restrictive way.

240. The same concept could also be found in the paper by Bolivia, Mongolia and Paraguay, proposing a regular review to see if one could carry out the same policies in a less trade restrictive manner. It was a concept found in a number of existing WTO Agreements and transferred very well to the area of trade facilitation.

241. The EC also agreed with the substance of the proposals by Singapore and believed that any improvement of Article X within the scope of the negotiating mandate should cover advance rulings. It was about more transparency, more predictability in management of trade, which was what Article X was all about. The EC was interested to note that Singapore only provided advance rulings in the framework of its Free Trade Agreements with the USA and Japan, and the EC would be curious to know whether Singapore regarded that as compatible with GATT Article XXIV.

242. The EC also shared much of what was said in the papers by Norway, Switzerland and New Zealand on international standards. Many existing WTO Agreements had as a kind of default provision the use of international standards, and the same principle ought to apply to customs and other import and export procedures. It seemed to be a matter of logic that if all Members used international standards for their management of border procedures, that would save money. Why should Members wish to design new data sets or documents/forms? Standardized forms would save money for operators and companies which did not have to deal with different standards of procedures in all of their different markets or had to face different language difficulties. Therefore, the thrust of the paper on simplification, suggesting the use of international standards using WCO and UN instruments was very much shared. The EC also shared the comments by South Africa, suggesting giving some weight in the work to standards developed by the WCO.

243. With respect to the China/Pakistan proposal, the EC agreed that Members needed to know where they stood in respect of their domestic levels of trade facilitation, and believed that there were already some diagnostic tools available both from the World Bank and the WCO, with UNCTAD also having a project in that respect. Rather than start from scratch, Members could therefore use those already existing useful tools to determine their own levels of facilitation.

244. On the relationship between data assessment of Members' levels and the work in the NG, Members should try to have the right articulation between those two processes. Rather than allowing the individual assessments by each Member of their level to be the determining factor for what Members were negotiating, it had to be a two-way process. Members had to have some sense of what was the level of ambition and the scope of what they were aiming for. Once Members had a slightly clearer idea of the scope of proposals, it was easier to look domestically and see to what extent Members required additional assistance or help to meet those provisions. It had to be a two-way



street in the relationship between provisions that Members might be negotiating and the levels of assistance.

245. With respect to the Pakistan/China paper, the EC took the point that regional disparities in some Members could be important. For very large countries that was an issue, but the EC was not sure that in the WTO to date that was creating great difficulties in practice. The EC's experience in a number of WTO Agreements had been that Members had managed those disparities within an individual country.

246. The EC also shared much of the analysis contained in the proposal by the African Group, especially about the importance of trade facilitation for Africa and the particular needs of Africa. That was why the EC was committed in its own programming and efforts to meet the Millennium targets. The EC would be focusing in particular on Africa and trade and infrastructure for Sub-Saharan Africa to the amount of one billion per year purely for trade-related assistance. The EC agreed with the analysis in that paper on the need for assistance to go in parallel to the work Members were carrying out in Geneva.

247. The EC, however, did not agree with the suggestion by the African Group that, in some respects, Members were trespassing beyond the scope of the mandate. There was only one point in the EC paper which gave right to a question about the mandate, namely the proposal that work should improve the ability of countries to use international payments and insurance systems. The EC considered that to be a very good idea but equally had a real question of whether that was within the scope of the current mandate. In 1997-98 those matters had been on the agenda but they had not been mentioned over the last few years.

248. The EC very much appreciated the Swiss ideas on SDT. It was time to start some brainstorming on what SDT provisions could be in practice. The mandate on that from July last year did offer some interesting possibilities. The EC found some merit in the tiered approach that Switzerland had outlined, although it was important that Members be very clear about the details in the sense of which provisions, which feature, and in which tier. The EC did not necessarily agree with Switzerland's views that some of the proposals represented enormous costs. Risk assessment, for instance, was a way of saving costs, not increasing them. But one would have to come back to that proposal and those ideas in more depth and the EC would certainly be doing that.

249. The representative of Argentina said that Argentina generally supported the objectives of the proposals tabled. The communications from Peru, the African Group and China/Pakistan developed general ideas related to the overall picture of the negotiations and suggested certain lines of action, on the understanding that that would facilitate further work.

250. Peru's proposal was very interesting. Peru took a practical approach and called for the preparation of an inventory of existing facilitation measures, the accruing benefits, the sectors involved and the resulting economic and commercial effects. That would enable the situation of Members in that field to be evaluated. That was a very timely suggestion.

251. Based on Argentina's reading of document TN/TF/W/29, the same concern to evaluate the situation of every Member was shared by China and Pakistan, which suggested certain lines of action regarding future work, particularly in paragraph II.A of the document, in order to promote a sort of self-assessment.

252. The effective achievement of a degree of standardization and harmonization in the area of trade facilitation would obviously require efforts along various lines by every Member, especially when they involved the adoption of measures to improve Articles V, VIII and X.

253. Argentina shared that sense of realism and saw it as an important component of Members' work, as was the need to focus on certain potential areas of negotiation in order to concentrate efforts and guarantee adequate progress.

254. Note had been taken of the EC's comment about the scope of the obligations and the need to provide TA and CB being a two-way street and being inter-related. That was a very reasonable and rational point.

255. In Argentina's view, there were three pillars that needed to be addressed: (i) the actual situation in each country with respect to trade facilitation. Here, the China-Pakistan proposal added value in drawing attention to the situation of each individual country; (2) the scope of the obligation or commitment that should be undertaken; and (3) technical assistance required for their implementation. Clearly, technical assistance must be closely commensurate with the existing gap between the actual situation and the commitment to be undertaken.

256. With respect to Article V, Argentina shared the general objectives of all proposals referring to that area. Argentina had however a number of questions with respect to some of the measures suggested.

257. First, Argentina shared Kenya's request for clarification regarding the national treatment element referred to by Bolivia, Mongolia and Paraguay and the relationship with the services negotiations. Second, Argentina wondered whether the national treatment requirement should apply to the selection of the routes taken by the transporters, or whether they would like that selection to rest entirely with the operators, as suggested by the EC, rather than be a choice to be made by the authorities.

258. Korea's suggestion in TN/TF/W/34 for GATT Article V to make a distinction between cases involving transshipment and cases where that was not the case (with goods in transit with no need for transshipment benefiting from less burdensome customs requirements than goods requiring transshipment) was interesting. Currently, Article V expressly called for no such distinction being made. There was some justification for including such a differentiation. Korea appeared to suggest the introduction of two obligations in its bullet points of section II: (i) first, a general obligation to ensure that Members minimize the formalities for goods in transit. In that connection, the question should be answered whether that obligation was not already contained in paragraph 3 of Article V (which stated that traffic in transit shall not be subject to unnecessary delays or restrictions) and in paragraph 4, which provided that the regulations imposed shall be reasonable. Argentina also wished to know what would be the extent of the concept of minimization. Would it merely boil down to accepting the transport document as equivalent to a customs declaration? (ii) second, with respect to the proposal to accord differential treatment to goods in transit that did not require transshipment, there was some practical regional experience in that field (such as the LAIA's International Land Transport Agreement, Annex I), where the documentation for goods in transit was limited to the international customs transit declaration to be submitted at the customs office of departure, at intermediate checkpoints, and at the customs office of destination. However, the implementation of that system required a series of sealing procedures to prevent handling of the goods at the intermediate stages.

259. It was important to know the scope of Korea's proposal and the envisaged criteria for the level of regulation that would derive from it. Would it simply be a matter of simplification of documentation or was Korea thinking of regulations going beyond the concept of in transit goods?

260. With respect to the proposal by Hong Kong, China (TN/TF/W/31) to include a necessity test to guarantee that the incidence of the formalities was no more restrictive than absolutely necessary to achieve their legitimate objectives, Argentina had several questions.

261. First, the scope of that suggestion was not very clear. Paragraph 1(c) of Article VIII, to which the proposal related, referred to import formalities and documentary requirements, and not to the trade regulations applied through those formalities or requirements. That was an important distinction which did not appear to be clearly defined in the Hong Kong proposal.

262. Argentina also wished to know what was understood by "lower administrative burdens". Was that a concept that came from other Agreements such as the one on Import Licensing? If so, how would those concepts be defined? Argentina further wished to know why the proposal adopted the "legitimate objective" as a benchmark, when according to the text of paragraph 1(c) a necessity test would have to be based on the proportional relationship between the formalities and requirements for the application of specific regulations, whatever their objective might be. In Article VIII:c, the reference was not to regulations. Rather, the focus was on the effect of the formalities. Would the needs test therefore be with respect to the effect of the regulations? Hong Kong, China seemed to be suggesting to change the focus of Article VIII and to make the needs test of the regulation in terms of its legitimate objectives. Argentina therefore wondered what the legitimate objectives were to which one had to refer. Hong Kong, China referred to complying with international standards or agreements, but it would seem that if a Member adopted a measure that was contained in an international convention, it would meet the needs test. What would therefore be the reason for questioning a regulation? When being based on an international standard, one would assume that it pursued a legitimate objective.

263. Furthermore, clarification was sought as to how the concept of "efficiency", listed as the second benchmark, was to be measured. If there was a benchmark in other WTO Agreements, that could perhaps be used. But so far, the scope of the concept of efficiency had not yet been determined.

264. The representative of Australia appreciated the paper on GATT Article V as Australia understood the importance of such issues, especially for landlocked developing countries.

265. While Australia had limited experience with transit issues facing landlocked countries, Australia considered the tabled proposals to be useful and positive. Any rules negotiated in relation to transit should, however, be complementary with anything negotiated in relation to Articles VIII and X.

266. While Australia welcomed the submission by Bolivia, Mongolia, Paraguay and the Kyrgyz Republic. Australia was puzzled by the proposition in paragraph 4 that Members introducing more streamlined transit procedures compared with others might divert the flow of transit goods through their territory, depriving others of opportunities for economic development through the increased flow of trade. This could be better turned around as an encouragement on all such Members to adopt best-practice procedures. The proposal also advocated non-discrimination according to, *inter alia*, the particulars of the goods themselves. While supporting the principle, Australia noted that different types of goods (e.g., hazardous goods) might require different treatment. Similarly, modes of transport (such as heavy vehicles) might impose higher costs on transited Members than other modes, necessitating different transit fees and charges. Australia noted the same comments would also apply to the EC paper on transit.

267. Australia could go along with the proposal suggested by Korea, which was consistent with current Australian customs' reduced documentation requirements for (non-transshipment) transit cargo, which needed only to be reported, with no entry required.

268. With respect to the proposals submitted on GATT Articles VIII and X, Australia agreed with Hong Kong, China that the concept of trade regulations not being more administratively burdensome or trade restrictive than necessary was a worthwhile objective. However, the appropriateness of introducing an explicit necessity test (and associated reasonableness tests) in that area would need to be considered closely. GATT Article VIII already disciplined trade restrictive measures, subject to

the exceptions provided, *inter alia*, by GATT Article XX(d) for measures relating to customs enforcement. As those provisions would also potentially apply to the same trade regulations falling under Article VIII, the legal implications of introducing new necessity tests would need to be carefully considered.

269. Australia welcomed Hong Kong, China's proposals on Article X, which were consistent with current Australian Customs practice, although Australia noted that the measures referred to in paragraph 1 of Article X went beyond customs matters.

270. Australia supported calls for a coordinated approach on technical assistance and capacity building in order to avoid duplication. Assistance needed to be demand driven and timely, and to take into account the ability of the receiving Member to utilise assistance in an effective manner.

271. Australia welcomed the African Group paper and considered that its raising of needs for technical assistance and capacity-building support during the negotiations was timely.

272. Australia also considered that the EC's paper was a useful additional demonstration of the amount of assistance that was already provided in that area.

273. The proposals in the submission by China and Pakistan were a welcome and useful contribution to the negotiations. Australia supported the proposals for Secretariat work. Australia also saw value in promoting the idea of common standard "tools" to move the assessment of Members' needs and priorities, and also noted the work already underway by the WCO, the World Bank and others on that matter. Australia was concerned, however, with any time-consuming negotiations on any multilateral standard tool or "general tool" as it was called in the paper.

274. Another drawback of the paper was that it focused on the needs and priorities as identified by Members, without giving explicit consideration to industry/business needs. Australia considered that focus should be on areas where greatest trade benefits could be realized, and those areas might or might not be the same areas that individual Members identified.

275. The representative of Turkey welcomed the proposals on how to clarify and improve freedom of transit under Article V and shared most of what had been proposed in those submissions.

276. Turkey believed that restrictive implementation contrary to international standards in transit formalities had negative effects on Members' trade gains. Therefore, Turkey attached great importance to revitalizing and enhancing the application of Article V. Turkey expected effective and sustainable measures from the negotiations, in particular with regard to non-discrimination in border procedures, the prohibition of unjustifiable documentation and the prohibition of fees and charges not complying with the nature and the cost of the service rendered.

277. To achieve a non-discriminatory application of transit matters, Turkey invited Members to consider acceding to international transit arrangements such as the UN's TIR Convention, if they had not done so already. Turkey had been applying that Convention for years as one of the major transit countries in the world. Turkey also employed the Single Administrative Document as from 1996 in customs formalities. It was intended to use it as a transit document as well when Turkey was a party to the Common Transit Convention of the European Communities.

278. The representative of Jamaica associated her delegation with the statement by the Philippines on behalf of the Core Group.

279. Jamaica was gratified by the additional proposals that had come forward at the present meeting of the NG, and would like to thank all the delegations that were, by those submissions, adding depth to the discussions in the NG.

280. It was also noticeable that a number of the new proposals were from developing countries or, were reflecting considerable collaboration between developing and developed countries. That was commendable, and reflected the keen interest in that subject area and the desire of Members to work together in order to achieve mutually beneficial results.

281. All the new proposals were being studied in Kingston at that time and it was Jamaica's intention to have fuller comments on those new proposals in due course. It was therefore hoped that whatever structure the discussions took, Members would still be allowed to return to the various issues, particularly bearing in mind that most of the proposals had just been put before the NG.

282. Jamaica welcomed the proposals on Article V. They had been long awaited. Transit was an issue of great importance to Members, especially those which were landlocked. Jamaica therefore looked forward to streamlining those very useful proposals so as to ensure the agreement on provisions which could be implemented and which benefited particularly those Members in the African region.

283. Jamaica was also taking careful note of the proposal by Korea on making the distinction between transshipment and non-transshipment goods, thus allowing for different treatment.

284. Note was taken of the proposals regarding transit fees. That fees should be transparent and non-discriminatory went without saying. However, Jamaica would urge, once again, that caution be exercised on how Members approached the issue of the kinds and amount of charges that were permissible.

285. Jamaica also welcomed the proposals which dealt with Trade Facilitation needs and priorities, SDT, and Technical Assistance and Capacity Building. The submission by the African Group which encompassed all those elements was noteworthy and in that regard Jamaica would like to support the African Group, as Jamaica shared most of the analysis outlined in that submission.

286. Jamaica wished to emphasize that one of the reasons why the character of the mandate of the NGTF was unique was its specific inclusion of provisions for SDT that went beyond the traditional approach, that was, linking the commitments to be undertaken with, *inter alia*, technical and physical capacity to implement. That meant that the fine tuning of trade rules on Trade Facilitation must go in tandem with systems modernization, institutional development and the upgrading of equipment, infrastructure and technology.

287. The representative of Bolivia wished to offer some general response to some of the comments made about the document Bolivia had co-sponsored with Mongolia and Paraguay.

288. With respect to the concern regarding paragraph 4 of that document, it should be said that the borders which countries such as Bolivia had to cross to get access to the coasts were quite distant from the economic centres of those countries. Consequently, transit tended to generate a concentration of activities which created economic developments in those border areas. That was why Bolivia had drafted the paragraph as it appeared. It was to say that neighbouring countries which developed simplified procedures would also benefit through the development of their border areas which other countries had to cross. That would generate economic development in those regions, which at present, were a long way from the economic centres and from capitals. Bolivia believed that landlocked countries in Africa and other regions would probably encounter a similar result.

289. The international formalities for international transport were applied in the ANDEAN regulations and in the general framework within the Southern Cone Agreement. However, Bolivia believed that that should be strengthened and that it should be done in the WTO. That was why Bolivia had made the proposal. The question was linked to the services negotiations, which were going on in parallel to the Trade Facilitation negotiations.

290. Bolivia wished to clarify two further points. First, the fact that reference was not made to the transit of dangerous goods was a reflection of Bolivia's wish to establish a general framework. Obviously, Conventions in the United Nations and other organizations relating to the transport of dangerous or toxic goods would have to be respected. That would fall within the general framework of the procedures for the transit of goods.

291. Another element that should be clarified related to the route most convenient for international transit. Bolivia believed that the route selected should be the choice of the operator and not that of the central administration.

292. With respect to the issue of fees and charges, there should be a periodic review of those fees and charges. A mechanism for such review had therefore been proposed at the domestic level of landlocked countries. It was then proposed to have periodic meetings of neighbouring Members' authorities. What Bolivia was proposing was a bilateral or trilateral process, which would allow for a joint review of the situation with both the landlocked countries and their neighbours. It was a proposal Bolivia hoped to lead either to a recommendation or a requirement on the part of the countries. It was not suggested at the present stage whether it should be a recommendation or something more binding as that would depend on the results of the negotiations.

293. As for the establishment of joint border crossings under border cooperation, Bolivia felt that this should be done as far as possible. That would be the best mechanism, which would facilitate transit and reduce costs. Procedures would be simplified and formalities shortened, and the procedures would be speeded up. That was not an issue which should be resolved within the WTO, but nevertheless, Members had to involve international organizations and had to look at bilateral agreements, which had some kind of political support. However, Bolivia believed that the WTO negotiations could produce a recommendation whereby landlocked countries and neighbouring states could act.

294. Bolivia had made considerable progress bilaterally at the sub-regional or regional level. The results were becoming apparent on the ground. It was, however, a lengthy process. Therefore, strengthening of Article V would be very useful. In order to benefit from that progress, which was not only made in Bolivia, but also in other landlocked countries, concrete proposals relating to Article V were required. Bolivia was pleased that such a proposal had now been presented. Bolivia supported all those proposals, particularly that of the European Communities which stressed the problems of landlocked countries, identified the principles which should guide the discussions, and proposed measures similar to the ones suggested in Bolivia's own proposal of how to improve Article V.

295. Bolivia agreed with Peru that Members needed a compendium of proposals that would present them in a systematic manner. That work should also include a list of measures which were incompatible with Articles V, VIII and X in order to provide additional clarity for the Group's future debate to allow Members to proceed to a more specific stage of the negotiations

296. The representative of Ecuador said that the proposals were sometimes rather difficult to process quickly. The cooperation provided by the World Bank was very important as it enabled Members to react and provide input in real time. Ecuador considered with sympathy the proposal of the landlocked countries, and landlocked developing countries such as Bolivia and Paraguay.

Through such specific and concrete proposals, Members could assist those countries, facilitate the transport of goods and allow them to conserve resources. Any improvement of the interpretation or the understanding of the scope of Article V was welcome without prejudice to any adjustment which would be made to those proposals. Ecuador believed that the coherence of the measures and procedures adopted within the WTO and other international organizations would allow Members to improve and facilitate the trade of landlocked countries.

297. The responses received from specific committees as a result of the questions and requests emanating from small economies may lead to finding a practical solution to their problems. The proposals made in document TN/TF/W/29 by China and Pakistan were important. To achieve substantive results, it was necessary to have a clear understanding of the problems. A one-size-fits all approach for the evaluation of needs and priorities would not work as the needs and priorities would inevitably vary depending on the different degrees of implementation of the trade facilitation mechanisms.

298. The proposal by Peru for an inventory was an interesting one, as it would make possible commitments more operational.

299. The representative of Tanzania wished to associate his delegation with the statement of Rwanda on behalf of the African Group and with the statement to be made by Zambia for the LDC Group.

300. Tanzania attached great importance to trade facilitation. The benefits were obvious, both for Tanzania and its neighbouring states, particularly those who were landlocked. Tanzania would never feel comfortable if the users of its transit facilities were not happy with Tanzania's services. Tanzania invested a lot of time and efforts to modernize its trade facilitation facilities with the aim of improving the procedures and processes. Tanzania was pleased about the successes gained from that process and wished to express its thanks to those who had provided support. However, Tanzania was not fully satisfied since the country had not obtained a fully acceptable grade of performance.

301. There was still significant room for improvement. For that reason, Tanzania wished to support the proposal by China and Pakistan and other delegations regarding the need to identify trade facilitation needs and approaches. That should move Members further ahead, even beyond customs matters. While Tanzania was pleased with the continued discussions on the specific Articles, Tanzania wished to stress the urgency of the matter. It was therefore proposed that those discussions, whose duration was yet too impossible to define, should not prevent practical progress in parallel. Members should be encouraged to sponsor activities, including workshops, as part of effective capacity building measures, particularly for LDCs and other developing countries as the Group continued to discuss the subject.

302. The representative of Costa Rica said that Article V of the GATT 1994 was an important element of the negotiations. Costa Rica endorsed the proposals presented with a view to further expediting the movement of goods in transit. Landlocked countries faced far more difficulties than countries with access to the sea, and certainly stood to benefit most from clearer, more transparent and more predictable rules. Nevertheless, there were other cross-border issues that affected all parties equally, and Members had to deal with them in the negotiations. Landlocked-country Members also faced unnecessary costs and excessive formalities and controls, and, in many cases, that clearly limited their ability to integrate further into the multilateral trading system. Last week, Costa Rica had had the opportunity to take note of the significant progress made by Paraguay during its second Trade Policy Review. It was worth highlighting Paraguay's attempts to improve its export processes, but in spite of individual efforts, improved rules were needed in that area to ensure that those efforts were not in vain.

303. As stated by the European Communities, the clarification and improvement of Article V must undoubtedly be considered in conjunction with the proposals relating to Articles VIII and X, since those proposals often pertained to many of the issues identified in relation to Article V, such as transparency, predictability, fees and charges, procedures, documentation and other import and export requirements, as well as cooperation between border agencies, among others. Costa Rica believed that to be an approach that Members should take into account. Naturally, there were elements that were specific to Article V but, in general, there were solutions that could be applied mutually.

304. Costa Rica supported Singapore's proposal on advance rulings, which built on the proposals of Canada, Australia and the United States, and was pleased that they had explained their practice in that area. Costa Rica supported the proposals aimed at ensuring that government institutions, particularly customs administrations, had the capacity to publish advance rulings so as to guarantee implementation of a specific decision during a specific period, thereby avoiding as far as possible the legal uncertainty created by discretionary changes introduced by governments. Therefore, Costa Rica believed that the publication of advance rulings increased legal certainty for users, and that advance rulings fell within the field of application of GATT Article X. With regard to the proposal on SDT, Singapore provided some ideas on how that could be dealt with, taking the modalities into account, when it stated that SDT should involve longer implementation periods. With respect to paragraph 12(c), Costa Rica would like to know how more onerous obligations could be implemented on a best endeavour basis.

305. Concerning the European Communities' proposal on technical assistance, Costa Rica wished to express its thanks for their efforts, both within and outside the scope of trade facilitation negotiations, e.g., financial assistance for infrastructure, which went beyond the WTO mandate. Costa Rica would welcome similar proposals from other donors and international organizations. Costa Rica believed that in the efforts to establish a solid technical assistance and capacity-building system, and to implement commitments on trade facilitation, Members must also take into account efforts already being undertaken in that area. In that regard, Costa Rica wished to mention the work being done in the Central American region and the cooperation Costa Rica had received from regional organizations and the European Communities. However, the information on the region provided by the European Communities was incomplete. The five Central American countries had embarked on a process of economic integration in 1962, taking it a step further in 1997, when Costa Rica reactivated the process to form a customs union. The European Communities appeared to suggest that Costa Rica was not involved in that process, which was not the case.

306. Costa Rica wished to thank Chinese Taipei for having organized and invited Costa Rica to a trade facilitation round table held in its customs territory and invited other Members to sponsor further trade facilitation activities.

307. Costa Rica shared the view expressed in paragraph 9 of the communication from the African Group that Members should work towards increasing the participation of LDCs in the negotiations through strengthened technical assistance activities. Costa Rica believed that the identification of needs and priorities was a useful exercise that each Member should undertake, as was confirmed in the communication from Rwanda, Paraguay and Switzerland in relation to needs under Article V. That purpose was also served by WCO and World Bank instruments. However, Costa Rica believed that the process of identifying needs and priorities should not be disconnected from the negotiating process. When Members knew what type of measures could be included in a future agreement, it was easier to ascertain what their needs and priorities were and what the costs of implementing the agreement could be. In that connection, the proposals submitted by Peru, and by China and Pakistan, concerning an inventory or a general tool on needs and priorities were important, and should be given due consideration.



308. With regard to the communication from the African Group, Costa Rica would like to know which of the proposals presented to date went beyond the negotiating mandate. How could Members define S&D treatment when they did not know what the extent of trade facilitation measures would be? Costa Rica hoped that Members all undertook trade facilitation commitments and did their utmost to implement what was eventually agreed.

309. With respect to the statement by Switzerland, Costa Rica wished to express its concern over the use of the term "flexibilities" in addition to SDT. In Costa Rica's opinion, SDT was a flexibility for the application of WTO rules and the rules to be agreed on trade facilitation, which would be available to all developing countries. The approach suggested by Switzerland in those discussions was the same as that suggested by the Chairman of the CTD Special Session for examining S&D proposals in the Uruguay Round agreements. Costa Rica opposed the shifting of discussions on S&D to negotiating groups since the mandates were completely different.

310. The representative of the United States joined others in their observation of the profound diversity of Members that had made submissions and the good diversity of coalitions. That spoke for the NG's work and the fact that Members were engaging and looked forward to continued engagement. The United States also welcomed many of the questions that had been raised. The US shared some of them.

311. One theme of the present meeting the US was particularly pleased about was the transit issue. The United States particularly welcomed the proposal by Bolivia, Paraguay and Mongolia and shared its analysis. The communication certainly targeted the problems. The US shared the great interest in strengthening the provisions of Article V. The US delegation also wished to draw special attention to the intervention made by Rwanda when introducing their paper, as they included some very specific and on the ground information and figures. The more Members could bring that type of on the ground figures and problems into their work, the better the work would be. That was a second theme.

312. The United States also wished to make special note of Singapore's rulings proposal. The United States shared the interest in that area. Singapore's experience was particularly interesting as its regime only dated back three years.

313. The United States also wished to comment on the proposal by Peru regarding Articles V, VIII and X and their mention of the need for an assessment of the current situation, which led to the submission by the African Group. The US was pleased to see that submission, particularly its underscoring of the importance of the negotiations and the fact that the African Members were stakeholders in those negotiations.

314. One reminder the US had was to be a little cautious about assumptions on costs and challenges, which led to the submission by China and Pakistan, which the US found very interesting, as it captured another theme the US wished to underscore. It was something the US had also raised in the past. Like others, the United States underscored the need to undertake some sort of assessments to provide a factual basis of needs, costs and, especially, concrete information as it related to the proposals that had been made.

315. The US also agreed with what Argentina had said about the three pillars. It was indeed necessary to look at the reality of each individual situation, to look at the scope of the results and at the needs related to technical assistance. The paper by Pakistan and China provided some shape to the work the US foresaw on an ongoing basis with regard to providing a factual assessment. That would help everyone, both individually as well as collectively. The US wished to work with Members as work proceeded to determine the best way. The tools were there. Both the World Bank and the WCO had talked about that. It was important to remember that many Members provided a lot of bilateral assistance. In those efforts, they all had something to contribute in terms of factual

information to support the work. In short, the US was very pleased with those submissions and looked forward to a continued engagement.

316. The representative of Peru appreciated the new proposals, particularly those relating to transit under Article V. Peru was pleased to see that some of the proposals had created a link among countries from different regions and different levels of development. Peru welcomed the document from Korea on facilitation and simplification of documentation (TN/TF/W/34) and agreed with its content, as well as that of the European Communities' document (TN/TF/W/35), which was also quite timely and helped to clarify many different issues.

317. With respect to the joint proposal from Bolivia, Mongolia and Paraguay, Peru had some specific questions. A more detailed explanation was sought on the third point concerning formalities for transit and the transport regime under customs control. Peru would be interested in a more specific explanation. In what way would such a regime be devised? Was it envisaged to be multilateral or would each Member simply develop its own system on the basis of a common understanding, and would it apply to all goods with some specific selecting criteria for the goods to be covered by that regime?

318. As for number 4, documentation required for transit, together with coordination, Peru agreed with the proposal and felt it to be appropriate, providing that the coordination would be useful to facilitate trade and not create possible and inefficiencies of delays in the authorization by authorities of the transit of goods. In section IV on concerns of developing-country Members, Peru would like to highlight the need to increase and improve operations on the borders, so as to avoid the illegal trade and the importance of having transfer of technology to improve operations for goods and transits. Peru agreed with those points and also supported much of the content of the paper.

319. The proposal from China and Pakistan in document TN/TF/W/29 was considered with great interest. Peru was of the view that work on that matter should be undertaken in parallel with the negotiations, taking into account what had already been done by some international organizations, including the WCO. Peru would like the proposal from China and Pakistan to focus on work designed to assist in negotiations. In that context, Peru shared the comments recently made by Costa Rica regarding the vision of how to direct that work, as well as the comments made by Argentina on the three pillars.

320. The document by the African Group was extremely useful and very timely. As for the proposal from Hong Kong, China, Peru supported virtually all of the proposals contained in document TN/TF/W/31 on Article X. However, Peru had some concerns regarding that document and shared the concerns expressed by Argentina regarding the benchmarks and in particular, the need of criteria.

321. Peru welcomed the positive comments made on its document and had some provisional comments it wished to make in response. Regarding Malaysia's question on what Peru meant by "official means" in respect of Article X and whether it was the same way for other Articles, Peru felt that "official easily accessible means" were basically electronic means and the use of a web page, provided by the institutions in charge of trade facilitation, especially customs. With respect to the entry into force of the regulations, it was up to the state that would take such decisions to say when a regulation entered into force. What Peru was suggesting was that the state took into account the needs of operators to have sufficient time to adjust to the new rules and regulations, particularly when they introduced many changes to the regulations.

322. The representative of Brazil said that the proposed acceptance of copies would actually be a step back in the process of modernization of one's customs procedures. Brazil was implementing a digital certification which guaranteed both the identification of the trader and of the information set or

submitted. In addition, Brazil required original papers, making that proposal difficult for Brazil to implement.

323. As for the proposals for the establishment of a Single Window, as presented by several delegations, Brazil wished to express its concern regarding the creation of an additional bureaucracy. The Single Window should be based on the development of an IT device which might use an international electronic model for submitting information, such as the WCO Customs Data Model. That would inhibit fraud and would really facilitate current procedures.

324. Regarding the adoption of special procedures for authorized traders and advance rulings, Brazil supported those proposals and was currently implementing them.

325. With respect to the proposal presented by the US and Australia on Article VIII, Brazil sought explanation on how the proposed review of the fees was supposed to be implemented.

326. Concerning the proposals for the establishment of an enquiry point presented by Japan, Korea, China and the EC, Brazil would like to associate itself with those proposals with a few reservations. Brazil would be unable to implement it overnight, because of its restrictions in resources which might be needed. To clarify that, Brazil wished to ask the proponents to present national experiences on the establishment of such mechanisms. Brazil would also like to suggest the possibility to establish more than one enquiry point, as already envisaged in the TBT and SPS Agreements.

327. As for the proposals on the publication of judicial rulings, Brazil would like to request the proponents to list what kind of rulings would be subject to notification to the WTO. In addition, Brazil would like to be informed of the number and nature of instances which might be available for traders to appeal to.

328. Comments on the Article V-related proposals would be presented in due time, but Brazil gave them its sympathetic consideration.

329. The representative of Korea wished to respond to the questions raised by Argentina and Jamaica. They raised the point that Article V did not distinguish between with or without transshipment. Korea was of the view that such a differentiation was necessary. Korea interpreted the first paragraph of Article V to relate to the general definition of traffic in transit. It said that goods should be "deemed to be in transit across the territory of a contracting party when the passage across such territory, *with or without transshipment*, (...) was only a portion of a complete journey....". Korea saw that as the general definition of traffic in transit. The second paragraph of that Article clearly stated that there should be no distinction on matters such as the flag of the vessel, the place of origin and departure, entry and the like. There were different interpretations of the views raised by Argentina and Jamaica. It was very useful to distinguish between two definitions of the two cases. Korea's proposal provided for goods without transshipment to be considered as representing a lower risk compared to that of goods that underwent transshipment in terms of goods being released into the country. There was a low risk of smuggling and thus no need for an additional inspection. For those reasons, Korea found it reasonable that goods without transshipment should have only bare minimum transit requirements in terms of documents and fees. Korea did not intend to discriminate between the two cases. Rather, Korea proposed a more favourable consideration for the non-transhipped goods, in the sense of a smoother more convenient way of proceeding. In general, Korean customs did not require any paper work for cargo in transit by sea, which did not undergo transshipment. With respect to transhipment goods, Korea required only three documents, namely inbound manifests, declaration forms for unloading and outbound manifests. Furthermore, inbound manifests and declaration forms for unloading were often filed at the same time. That filing system not only saved time and costs but also expedited the outbound transit process. More favourable consideration should be given to cargo not undergoing transhipment.

330. The representative of Nepal welcomed the new proposals. Nepal attached importance to trade facilitation and was glad to note that a number of proposals had been tabled on Article V. The current discussion indicated that the NG was moving into a good and positive direction. Nepal attached importance to all proposals, including those by Mongolia and Paraguay, the African Group, China and Pakistan and others. Specific comments would be provided at a later stage.

331. The representative of the Dominican Republic said that the contributions made constituted a highly valuable aid to fulfil the negotiating mandate.

332. Of the 12 proposals, five referred to Article V, while three mentioned or were exclusively concerned with improving Article XIII, and three were especially geared to including new elements in Article X of the GATT. Three other proposals dealt with principles and the proper preparation of the work to be carried out within that process. One proposal by China and Pakistan (TN/TF/W/29) set out interesting ideas and drew attention to the method of determining the needs and priorities of Members. Another proposal examined the scope of the negotiations, the treatment of cost implications, and SDT. A proposal by the European Communities (TN/TF/W/37) contained important explanatory information on technical assistance and capacity-building, for which the Dominican Republic was particularly grateful, because it gave Members a better understanding of the EC's points of view and its readiness to help the developing countries on that specific point.

333. The proposals that had particularly captured the Dominican Republic's attention were those relating to Article V of the GATT.

334. The situation described by Bolivia, Mongolia and Paraguay, and Rwanda and Switzerland concerning the position of landlocked countries might be valid in other cases, too. Countries with different geographical conditions also suffered similar problems of high transport costs, delays in receiving cargoes and other unfavourable consequences involving difficulties and obstacles created by excessive and inadequate procedures. For example, the schedules of maritime cargo routes sometimes resulted in cargo being put down at nearby ports in a neighbouring country, even though both countries had outlets to the sea, and from there, the goods were transferred by land to their final destination.

335. In such cases, inadequate transit procedures might lead to an increase in goods transport costs which created difficulties for the trading activity of the country to which the goods were consigned.

336. The Dominican Republic therefore believed that the improvement of certain elements contained in Article V, as proposed by Bolivia, Mongolia and Paraguay (TN/TF/W/28), could help to improve customs procedures for import or export transit traffic in those countries or in others placed in a similar position by particular geographical or international traffic characteristics.

337. The proposal by Paraguay, Rwanda and Switzerland (TN/TF/W/39) was also very important, because it called for the discussion of a set of common features that might affect the international trade of countries that did not have special arrangements for goods traffic.

338. Regarding SDT, the Dominican Republic agreed on the need for developing countries, especially the smallest and most vulnerable economies, to be able to rely on technical and financial assistance for the implementation of all the commitments that might emerge from those negotiations.

339. With regard to the Korean proposal (TN/TF/W/34), the Dominican Republic agreed that minimizing border requirements for goods in transit might help to facilitate transit, and that distinguishing between goods in transit with trans-shipment and goods in transit without trans-shipment, through the implementation of more simplified transit procedures would help to streamline not only the movement of goods in transit, but trading activities as a whole. In that context, the

Dominican Republic agreed with the European Communities' proposals (TN/TF/W/35) on liberalizing goods transit.

340. The Dominican Republic was aware of the existence of numerous problems in the area of transit traffic, as enumerated in document TN/TF/W/35, and considered that the proposal to expand and clarify the rules could be very useful.

341. The specific elements of the EC proposal which the Dominican Republic considered to hold much promise for the outcome of those negotiations concerned transparency, greater discipline in respect of charges on goods in transit, simplification and standardization of documents, assurance of non-discrimination, and cooperation between countries.

342. The Dominican Republic also welcomed the proposal by China and Pakistan (TN/TF/W/29) concerning the next steps in the work of the Negotiating Group. The proposal established a methodology for future work on technical assistance and capacity-building and on how to assess the actual conditions affecting participants in those negotiations, what instruments were available, what the differences were and how far the Group should push its negotiating efforts in the immediate future. The Dominican Republic welcomed that as a very positive proposal, as it sought to introduce an element of methodology in the work to be done in the immediate future.

343. Finally, the African Group's proposal (TN/TF/W/33) was a very important one. The reference to technical and financial assistance, and in particular to the principle of SDT, was of key importance for achieving effective results that could be applied worldwide.

344. All the proposals submitted so far were positive. Disagreement and confrontation had not been the outstanding feature of that NG.

345. It appeared that Members all agreed on the importance of modernizing the customs service throughout the world, particularly as regards the improvement of Articles V, VIII and X. However, Members must not forget that technical and financial assistance was an important part of the negotiating mandate and must be kept in view in the course of the discussions. The Dominican Republic therefore attached great importance to the document submitted by the African Group, and encouraged the Group to continue developing its ideas which were also valid for other regions of the world, especially those with small and vulnerable economies.

346. The representative of Indonesia said that Indonesia had long recognized the importance of trade facilitation as a means to improve flows of trade and investment. Indonesia committed to continuously improve its trade facilitation in order to enhance the competitiveness of its economy.

347. With respect to Article V, before entering into detailed deliberation on Article V, it was necessary to discuss the terms and definition of transit and transshipment.

348. In Indonesia's system, a distinction was made between transit and transshipment. Customs did not impose duties for goods in transit provided that conditions laid down by Customs were complied with and that any required security had been furnished. Nevertheless, Customs imposed duties and taxes for transshipment and conducted inspections of the goods.

349. Although Indonesia was neither a landlocked nor a sea-locked country, it was fully aware of the importance of enhancing the flow of trade in landlocked countries. Therefore, Indonesia had also supported the statement by the Philippines on behalf of the Core Group. Indonesia also supported the proposals from Rwanda, Mongolia, Bolivia and Paraguay.

350. As for the submission from New Zealand, Norway and Switzerland on simplification, reduction and standardization of trade documents, Indonesia wished to agree on the significance of that issue. Indonesia's Customs provided simplified procedures for authorized consignors and consignees under Customs transit. Indonesia's Customs Law adopted international standards relating to the simplification of export-import formalities and required data of customs documents. In that regard, Indonesia believed that it was necessary to establish widely recognized standards during the negotiations.

351. With regard to the EC paper TN/TF/W/35, Indonesia recognized that it was quite comprehensive as it captured and identified problems faced during transit. With respect to the issue of unjustifiable restrictions on the means of transport, Indonesia wished to inform the Group that Indonesia's Customs Law did not distinguish between the means of transport, because the importing goods in transit included the goods as well as means of transport.

352. With respect to the proposed improvement of Article X requiring to consult interested parties, including the exporting countries, Indonesia wished to inform that, based on its Customs law, internal consultations were already conducted with all stakeholders, be they associations of importers or exporters, prior to introducing draft regulations. Indonesia believed that that system was already inclusive, since it enabled all interested parties to comment or provide inputs to the proposed regulations.

353. As for advance rulings, Indonesia wished to inform the Group that it had implemented the regulation on advance rulings as recommended by the WCO Decision on the introduction of programmes for binding pre-entry classification information. However, in order to further improve transparency and facilitate trade flows, the regulation on advance rulings was currently being improved by strengthening the timing of the issuance, duration, automation and certainty, as well as publication.

354. With regard to technical assistance and support for capacity building, Indonesia wished to express its sincere appreciation to Members who had submitted papers on that important issue.

355. Some problems confronted by Indonesia in the area of trade facilitation were inefficiency, lack of services due to existing structures and infrastructures and limited capacities of ports. However, Indonesia was confronted with many difficulties in improving its facilities due to the fact that Indonesia had general sea ports in 977 locations, and 27 airports. One issue that Indonesia had to deal with urgently was establishing new facilities of automation. Indonesia believed that such a system would significantly improve trade facilitation in Indonesia.

356. The representative of Pakistan was pleased with the interest shown by a large number of delegations in its proposal and appreciated their supporting remarks. Pakistan wished to offer some clarifications with China then answering the specific questions directed towards the Pakistan-China proposal.

357. As already mentioned in the introductory statement regarding the self assessment versus likely demands, Pakistan believed in a "bottom-up" approach as it would be based on ground realities and would create ownership and master the political will required for any successful initiative.

358. While a "bottom-up" approach was therefore suggested, that was not to mean that Members should start from scratch disregarding the work done so far by the Group. All the proposals presently on the table would compliment and augment that self-assessment process.

359. Similarly, Pakistan's proposal did not mean that Members should stop what they were doing. What was envisaged was a process to take place in parallel to the examination of current or future

proposals. Members had to involve themselves in a diagnosis of their trade facilitation needs. That would shape up Members work on an ongoing basis.

360. With respect to the question of how the needs were to be identified, Pakistan was of the view that that could not be done magically. No Member could pull out a list of its needs off the top of their head. It would have to consult its trade and industry, and take stock of its existing facilities. For Pakistan, a need was the gap between where one stood and where one wanted to go. The next step would be to "prioritize" all those identified needs, keeping in view the whole national and international scenario and expertise by international organizations such as the WB, WCO and UNCTAD.

361. That would be followed by an analysis of the cost implications of every need. Everybody agreed that commitments in trade facilitation would only be undertaken where developing and least-developed countries were provided with the means to cover those costs. That was the aspect where Kenya had shown reservations.

362. As for Argentina's comments, they were the best articulate summary of Pakistan's proposal and future work of the Group. Pakistan appreciate the sensitivity attached to three pillars, which should be called "three pearls" for the pearls of wisdom. Once those pearls were available to Members, they only needed a "string of consensus" to make a beautiful piece of jewellery.

363. The representative of China agreed with the statement by Pakistan and wished to offer some additional explanations on some specific issues raised by Members on the China/Pakistan paper.

364. The submission, together with its introduction and the comments, suggestions and questions by Members contributed to an important aspect of the work of the NG. The proposal had several features, in addition to those already listed by Pakistan. The July Package, as well as the Group's work agenda, entailed that the identification of Trade Facilitation needs and priorities would be an integral part of the NG's work.

365. The paper represented one of the first concrete efforts since the establishment of the NG to table written proposals on that aspect of the work. Proposals had already been made on how to clarify and improve GATT Articles V, VIII and X. Therefore, China believed that, together with papers from others, it now seemed that the proposals on the table covered almost all aspects of the Group's agenda. Looking at the first page of the China/Pakistan document, Members would have a clear idea of what the five or six aspects of the work were.

366. Another feature of the paper was its general nature. It did not intend to prescribe only one way to proceed with identifying trade facilitation needs and priorities. Rather, the intention had been to share ideas with others. By working together, Members would hopefully be able to complete that part of the Group's work. China was open-minded regarding suggestions for improvement, for other ways of accomplishing the job, and for new ideas of enabling the Group to accomplish that work more efficiently and with good quality.

367. One feature of the China/Pakistan paper was that its authors recognized and respected the contributions and the work done so far by Members, by the Secretariat and by other international organizations.

368. With respect to the questions about the meaning of that general tool and how it could be applied to identify needs and priorities for different issues of different Members, China was of the view that the general tool could be understood as a tool package. The tool would not be general, but specific. The idea was that, being aware that different needs and priorities existed among the participants and that some Members did not need a general tool as they had been able to table

proposals on an individual basis and to identify their own needs and priorities, the level of needs and capacities and the level of trade facilitation differed among Members. Therefore, some Members would need that. The paper was an attempt to help those who might need that. The reason for suggesting a general tool was the differences amongst Members in that area. That was why the paper suggested to take geographic or regional differences into account. In its efforts to identify the needs and priorities in China, for instance, China had found that the needs and priorities of the relatively well-advanced coastal areas were very different from those of other parts of China. The needs and priorities of the customs in Shanghai were very different from those in other Chinese regions.

369. The needs and priorities amongst WTO Members were also different. Therefore, the question arose of how to set the level of obligations or the nature of the rules that could accommodate as many Members as possible. It was important to find a good balance so that those rules, provisions and agreements had a better basis to be implemented in the future, with as few difficulties as possible.

370. Members should contribute to that and define the nature of the tool, agree on what exactly it should be and how it should be used to advance that work.

371. With regard to the issues of the Working Group that might be set up with the participation of international organizations, the intention was also to see that, if there were Members who really needed the help of that Working Group to do the assessment, Members might agree to establish it. It was of course another possibility that such a Group would not be set up if there was no consensus by Members on its necessity.

372. As for the composition of such a Working Group, China was open. It might depend on the nature of the assessment to be carried out. Perhaps one should draw on the experience of particular international organizations, such as the WCO, the World Bank, UNCTAD, OECD or others. Although, whether those organizations should be invited to join a working group – or at least some of them – was up for Members to consider and decide.

373. Another question was how one should put to use the results of such an assessment or identification. Some Members had suggested that those results should not be used in rule-making, but rather that they should only be used for SDT for capacity building efforts. China's understanding of the rules might have a much richer connotation than the Members raising that concern. China understood their concern as it understood that the rules should not only cover obligations of developing Members or LDCs. Rather, the rules should also contain requirements and arrangements for SDT and for technical assistance and capacity building. If the rules were comprehensive and, as mandated by the July Package, contained elements of S&D, capacity building and technical assistance, why should such rules not be welcomed? Why should one be afraid of the formulation of such rules?

374. Some Members had wondered whether a time frame had been envisaged in the proposal for the work on identifying needs and priorities and how long it would take to finish the work. That was a difficult question. It should run in parallel with other work of the NG. On the one hand, there was the clarification and improvement of Articles VIII, X, V, and on the other hand, the need to identify priorities. China saw that as an ongoing and dynamic process. The end point might be by the time the Doha Round was wrapped up and Members had agreed on an Agreement on Trade Facilitation.

375. But the work on the identification of needs and priorities would never end. By the time Members had an agreement on trade facilitation, some Members would have new needs based on the Agreement and new priorities. Therefore, it was very difficult for the co-sponsors of the paper to prescribe a specific time line. That work, as well as other aspects of the work of that Group, were mutually reinforcing. Therefore, China hoped that Members would work together with them, and with the Chair to see that efforts in that area would help work in other areas of that Working Group. China was prepared to work very closely with others to accomplish that task and fulfil the mandate.



376. The representative of Singapore replied to the question by Chinese Taipei as to whether advance rulings applied only to bilateral FTA's or also extended to the multilateral level that, while advance rulings were restricted to traders under the bilateral FTAs, Singapore customs authorities nevertheless, had been responding to traders from third countries. There was a strong confinement to FTA partners on tariff classification, valuation and other customs methods through e-mails, letters and phone enquiries.

377. With respect to Chinese Taipei's second question about the amount of human and financial resources spent, Singapore wished to inform that the additional amount of required human and financial resources had been minimum. As for the third question of whether there had been any evaluation of performance since the establishment of the system, Singapore could report that a general evaluation had been carried out as part of the annual customer service assessment. There had been no specific assessment pursuant to the FTAs. With respect to Chinese Taipei's last question of whether Singapore's programme applied only to tariff classifications or also to other subjects, the answer was that the programme was not restricted to tariff classification. It also extended to other topics such as origin questions.

378. With respect to the question by Costa Rica of how paragraph 12(c) on S&D suggestions would be implemented, Singapore wished to reply that a best-endeavour approach had been suggested as a possible S&D for Members' discussions. That suggestion was not carved in stone. Singapore wished to stress that the use of best endeavour language was not new in the WTO. It had also been used in the context of GATT Article 6.4 disciplines or domestic regulations in accountancy services. As to its applicability in the Trade Facilitation context, Members could discuss various creative approaches such as framing best-endeavour provisions in the context of phased-in approaches and the like. Singapore looked forward to working with Members to ascertain how such S&D provisions could be operationalized.

379. As for the EC's question about the relationship between Singapore's advance rulings programme and GATT Article 24, Singapore would take up that question in the CRTA as that was an RTA-related issue.

380. The representative of Hong Kong, China explained that HKC's proposal TN/TF/W/31 to look at the necessity of trade regulations was a step forward from the existing paragraph 1:c of Article VIII. Hong Kong, China considered it important to operationalize paragraph 1(c) by injecting into it the principle of necessity. The implication was that, when considering formalities and requirements, one had to put oneself in the shoes of traders and ask oneself whether a particular measure was really necessary. One should also ask whether a purpose could be achieved in a simpler way. It was equally important for importing Members to do the same for exports.

381. Hong Kong, China had heard the concerns of many Members about the need to preserve policy space for certain legitimate objectives and for "reasonableness". Hong Kong, China's proposal therefore aimed to achieve a balance between the principle of necessity and reasonableness.

382. With respect to the requested explanation on the suggested two benchmarks, Hong Kong, China would like to clarify that the first benchmark concerned the design of formalities and requirements. That concept had been put into practice in some of the WTO Agreements such as the TBT Agreement. The second benchmark concerned the application of formalities and requirements. For formalities and requirements surviving the necessity test, i.e., those remaining in force that were no more administratively burdensome or trade restrictive than absolutely necessary, it was important to ensure also that they could be and actually were applied in an efficient manner.

383. The representative of Norway wished to sum up the main ideas behind Norway's suggestion about the need for standardization of documentation in relation to transit. The paper suggested to

agree on the use of some of the already existing centralized document formats for exports and imports and transits of documents. That should be available in several different languages to ease the work of traders and customs.

384. Second, in order to maximize the benefit of standardization of documents, Members should discuss further certain standardization of the data elements to be used in the documents.

385. Third, the paper suggested the idea of a bank of standard documents that could be accessed by anyone in the language needed. That idea had to be discussed further.

386. The aim was to reduce the number of currently existing documents to make trade easier and more efficient for traders and government agencies involved. Norway firmly believe that that would reduce the costs involved in trading goods. Norway would be pleased to meet with delegations to discuss and clarify any issues raised in Norway's submissions.

387. The representative of Korea replied to the question from Argentina about the scope of the minimization for border requirements, in the sense of whether it was confined to the documents or extended beyond that to other regulations that Korea considered the main purpose to be minimization of documents and some fees. It was up to Members to include additional areas of regulations, if needed.

388. With respect to the comments on the discrimination between transshipment or non-transshipment, Korea had clearly mentioned that there was no intention to discriminate between cases with or without transshipment. But in many cases, equal treatment was not always the panacea for all methods in the world. Rather, reasonable differentiation was recommended to settle the problem.

389. The representative of the European Communities replied to the question by Egypt about what kind of international standards could be relevant in the transit area that some examples of that would be the Kyoto Convention which had standards for transit operations, the TIR Convention under the UN and the ATA Carnet system. Those were the three examples of international standards or instruments which were relevant for transit regimes.

390. As for Korea's question about what kind of guidance or commitments could be taken up in the WTO regarding the design or the implementation of regional transit regimes, that was an issue for negotiations. The EC was of the view that a commitment could be established in the WTO according to which, in setting up or implementing regional transit regimes or corridors, Members involved in those regional arrangements should, to the extent possible, apply existing international standards applying to transit. Second, Members should engage in aligning or harmonizing border procedures dealing within the transit in regions. Third, Members should obviously adopt a common documentation and documents for transit operations throughout the regional transit area. Those were the three examples of how the European Communities thought that there could be some provisions in the WTO to guide the uniform smooth implementation of regional transit systems.

391. In response to Korea's point about what the EC was aiming at by suggesting that the definition of goods in Article V might need further clarification, the EC wished to clarify that that suggestion had been made as a result of the EC's consultations with a number of landlocked developing-country colleagues, where a number of concerns had been raised about transit operators in some cases being stopped because the customs did not regard the personal belongings of the driver as falling under the definition of goods. Therefore, even when the consignment on the back of the lorry was allowed freedom of transit, the operation was stopped because the driver's personal belongings were not regarded as falling within the scope of goods and therefore did not enjoy transit freedom. That might seem like a small issue, but it could be quite a big problem for truck operations in any transiting region.

392. With respect to Kenya's question about how the notion of risk assessment procedures could apply to transit, the EC was of the view that some examples of how risk assessment would apply to transit included the choice between the procedures for transhipped or non-transhipped document consignments as well as situations where Members had procedures for authorized traders, with risk assessment being applied and authorized traders in a transit situation benefiting from certain requirements being waved (such as the requirement to post a bond or security). Different risk assessment procedures applied in respect of the dangerous goods or more conventional cargos. There were a number of situations where risk assessment applied to transit, as well as to customs and imports.

393. Regarding Kenya's second question about authorized traders schemes in relation to transit, the EC would at the next meeting make some proposals on GATT Article VIII, which would include the concept of authorized traders. Basically, what the European Communities meant by that was the idea that within one's customs law or procedures, one provided for more rapid and simplified customs release and clearance procedures for traders who had a very good track record of compliance with all of the laws and rules and a good record of complying with customs duties. And typically, traders who could demonstrate their compliance record, would enter into an agreement or Memorandum of Understanding with the customs and as a result, they would be given more streamlined and simple procedures. There might be no physical inspection of their goods, a faster lane for the release of their cargos or a dedicated lane, a prioritization in terms of the processing of data, periodic payment of customs duties rather than on the basis of each import declaration and no need to post bonds or securities. Those were the typical privileges given to authorized traders in return for the high-level of compliance. Those schemes existed in many Members and should be encouraged because it created a virtual circle between compliance on one hand, and facilitation on the other. The European Communities certainly thought that it would be useful in the WTO to establish that concept and to make sure that where countries operated authorized traders' schemes, those schemes would be objective, transparent, non-discriminatory and available to small companies and not simply multinationals.

394. As for Brazil's question about what the European Communities meant by the idea to periodically review schedules of fees and charges, the EC had a fairly open-mind on how that would be done. As a question of good administration, the European Communities thought it was a perfectly legitimate idea that from time to time – that could be annually or every two years – Members would look at the fees and charges for different kind of customs treatment, including transit and see whether those fees and charges still reflected the actual costs of the operations. Many Members did so already.

395. As for Tanzania's call to provide workshops on trade facilitation in order to better explain the different proposals on those implications and along those lines, the EC wished to inform that, together with the World Bank, it was organizing a workshop on trade facilitation in Eastern Africa before the summer break. The European Communities would also, together with the ASEAN Secretariat, organize a similar workshop in the third week of June in Manila on both the regional aspects of trade facilitation and the WTO agenda for ASEAN.

396. With respect to Costa Rica's claim of the EC having erred in not mentioning Costa Rica as being part of the Central American Customs Union, the EC was happy to correct that and publicly reinstate Costa Rica within its customs union.

397. The Chairman requested the Secretariat to prepare a compilation of all the proposals tabled so far on how to improve and clarify GATT Articles V, VIII and X in response to Members' requests for such documentation.

398. Having exhausted the discussions on the new proposals, he suggested to turn to the contributions previously received.

399. The representative of India supported the statement made by the Philippines on behalf of the Core Group. The proposals submitted by Members had enriched the discussions in the NGTF. India wished to comment on proposals TN/TF/W/18 – W/26.

400. India supported the harmonization and standardization of document formats proposed by Korea in document TN/TF/W/18, especially in the present situation where customs administrations were increasingly moving towards automation. India believed that the availability of a standard set of data would considerably reduce trading costs. It would be useful if data harmonization was not restricted only for customs requirements but also extended to meet the requirements of other government agencies. India, however, recognized that that required considerable technical work which could perhaps be achieved through the completion of the Customs Data Model currently under preparation in the WCO. It was understood that that Model would also leave certain blank fields to meet some specific information requirements of individual countries.

401. Korea's proposal to accept commercially available information seemed to be somewhat contradictory to the proposal to harmonize document formats. Once harmonization and standardization of document formats was achieved, there would not be a need for customs authorities to have another system of foregoing certain documentation requirements when relevant information was already available in a commercial transaction. Such a system would leave discretion to countries regarding information requirements on the basis of their availability in commercial documents. A standardized document format would serve as a standard goods declaration. India's understanding was that such a goods declaration could not be dispensed with.

402. With respect to Korea's proposal to accept copies of documents, India would like to clarify that while normally in India, original documents were not required before clearance, customs authorities had the right to call for original documents wherever required. Original documents were at times required for customs control purposes. In view of that, India did not support that proposal as a binding commitment. Instead, India could support a proposal for the clearance of goods not to be held up merely for want of original documents whenever possible.

403. With respect to the proposals to establish a Single Window for the submission of all documents and data to a single agency suggested by Korea (TN/TF/W/18) and Canada (TN/TF/W/20), India wished to make several points. India recognized the value of a single window in simplifying trade procedures. However, that would require large additional resources in developing a system with full connectivity between all agencies dealing with border clearance procedures. There would also be an attendant requirement of standardization and integration of additional data requirements for all other agencies. In that regard, India proposed that, for developing countries, that should only be a best endeavor clause.

404. India also requested clarification from Korea on its suggestion in paragraph 16 that "that 'single window' agency would administer all information on the document". Would it mean that the single window agency was envisaged not only to supply information to other connected departments, but to also ensure final clearance of goods after obtaining clearance of all relevant agencies? India would also like to know whether the single window agency was the expected channel to provide any further clarification/information that any agency may require from an importer. India would also like Members to reflect whether there could be certain difficulties in that task on account of different confidentiality concerns of different agencies.

405. As for the establishment and publication of average time required for clearance suggested by Korea, India broadly supported the concept of publishing average release time of goods. However, it was India's experience that the release time differed at different customs stations and, at times, even during different periods. It would be India's understanding that Members' commitment would need to be limited to publishing average time of release for various important customs stations for past

periods. Members would themselves determine that release period. That would serve only as an indicative time for clearance of goods rather than implying any commitments.

406. A second connected proposal was to give traders the right to ask the customs authorities the reasons for delay in clearance *vis-à-vis* the notified processing time. In view of India's stated position with regard to publication of release time, India's understanding was that that proposed commitment could only be in terms of an administrative right and could not be in terms of any formalized legal commitment to clear goods within the notified standard time. India would also propose that customs authorities should not be obligated to give a response to each and every query – there could be occasions, when in view of certain sensitivities, that information would not be desirable to be given.

407. Canada's proposal to ensure cooperation between customs authorities and other interested agencies in coordinating border controls (TN/TF/W/20) was desirable and achievable at the domestic level. However, the proposal of integrated border controls through a single shared physical infrastructure between neighbouring customs services could involve sensitivities ranging from political to different degrees of border control based on different levels of duty rates, different levels of infrastructure and even different holiday periods. On account of those considerations, India suggested that coordination between neighboring countries could only be in terms of a best endeavor clause.

408. With respect to the US proposal on clearance against guarantees pending resolution of customs issues (TN/TF/W/21), India supported the crux of the proposal that clearance of a consignment should not be held up in cases of likely delays on account of some verification or other requirements. In such cases, goods should be allowed to be released by securing duty through various forms of security. However, India would like to sound a note of caution that provision for release of goods against guarantees should not be available in those limited cases where *prima facie* goods were liable for absolute confiscation.

409. India's delegation, however, did not support a generalized commitment for releasing goods against bond and to collect duty later on. Such duty deferment could create fiscal difficulties as well as an increased administrative burden to monitor outstanding payments. India would also like to point out that in the proposal of Australia and Canada (TN/TF/W/19), the words 'Bond' and 'Security' appeared to be used interchangeably (2nd bullet of paragraph 4 read with paragraph 7). India considered it useful to clarify that Members should have the freedom to secure duty through various security instruments which could include, but would not only be limited to bonds (other forms could be cash deposit, bank guarantee or other forms of security).

410. As for the EC's and Australia's proposal on fees and charges imposed by customs and other agencies (TN/TF/W/23), India's internal consultations on that issue were not yet complete and hence India had only some preliminary comments at the present stage.

411. On the proposal for Members to review, and, if necessary, consolidate or reduce the number and diversity of their fees and charges, India held the view that other than the suggestion for review of fees and charges, the other elements of that proposal could be onerous and not amenable to an objective application. It was not clear what parameters could be adopted to "consolidate and reduce the number and diversity of fees and charges". Similarly, India felt that the proposal to justify remaining fees and charges could be onerous. India's view was that only transparency of rates of fees and charges through their publication (in electronic or paper format) would be sufficient.

412. India also felt that the proposal to establish a list of permissible fees and charges would be redundant once an obligation to publish fees and charges was established. India's understanding was that all published fees and charges would be in the permissible category, as they would be based on

some notification or regulation. Hence, any additional notion of "permissibility" would introduce a new legal test, which would be unwarranted.

413. With respect to New Zealand's suggestion to give Members and traders a right to comment on laws and decisions (TN/TF/W/24), India felt that that commitment should not be too onerous and only be in broad terms as a commitment to publish draft procedures to invite comments of domestic stakeholders, take those into account in finalizing the procedures, and publish the finalized procedures in advance before they entered into force. As already stated, India did not support extending that right of prior comments to other WTO Members. India was surprised about the proposal that the right to comment should apply to judicial decisions as well. It was India's understanding that before passing a judicial order, the affected parties were given an opportunity to put forth their views. India saw no justification to extend that into a generalized commitment of seeking comments before a judicial decision was passed.

414. As regards New Zealand's proposal to use objective criteria for tariff classification of goods (TN/TF/W/24), India supported the proposal to use an objective criterion for tariff classification of goods by adopting the WCO's HS Convention. India however felt that that would by itself be a sufficient method to ensure an objective determination of classification as the HS System contained a comprehensive guideline for classification through interpretative notes, section and chapter notes and comprehensive HS explanatory notes. Hence, India did not see the need to adopt the further understanding proposed by New Zealand that, where a test was necessary to determine the classification, it should satisfy requirements of objectivity, scientific basis, wide acceptance and impartiality.

415. With respect to Chinese Taipei's proposal to use the GAAP for determining direct and indirect costs of services rendered (TN/TF/W/25), India recognized that that paper had made a useful practical contribution in illustrating a method of calculating the cost of services. However, that might not be a viable method in all cases. Members would need to have flexibility to adopt their own methods for calculating fees and charges, which in essence should be reasonable and transparent.

416. On the proposal for periodic review of levels of fees and charges, it was India's view that periodic review was in any case an economic necessity in order to take into account inflation and other factors impinging upon cost. Such a review could lead to either increase or decrease in the existing rates of fees. In that view, it might not be justifiable to fix a standard time period for review of fees and charges; instead review could be undertaken as and when necessitated.

417. With respect to the creation of enquiry points suggested by China in document TN/TF/W/26, India had commented earlier on the need for flexibility in the number and location of enquiry points. On the suggestion to have specific time periods for reply, India proposed that that should only be indicative in nature and should not entail legal consequences (for instance, extending benefit of a notification for which the requested clarification had not been received within a stipulated time.)

418. India, however, did not support the proposal that reply of an enquiry should represent the authoritative view of the Member government. Firstly, if such enquiry points were not centrally based and were located customs-station wise, it would be difficult for them to provide an authoritative view of the government. Secondly, such a mechanism would impinge upon the quasi-judicial function of the field formations and of the advance ruling authority.

419. The representative of Turkey commented on the submissions under Articles VIII and X put forward in the previous meetings.

420. Turkey believed that customs and border formalities must be simple, easy to understand, and must be applied in a consistent, fair and transparent manner so that the potential value of trade

liberalization efforts would be maximized. The gains of trade facilitation were especially great for small- and medium-sized companies and traders in developing countries, for whom the costs of compliance with trade procedures were proportionately higher and disincentive to trading internationally.

421. Turkey supported the following proposals: Pre-arrival acceptance of customs documents and documentary examination in customs declaration procedure put forward by Japan and Mongolia (TN/TF/W/17); risk management, authorized trader and post-clearance control put forward by several proponents; reducing the number documents sought in importation and exportation, and using documentary standards developed by other international organizations such as the UN Layout Key, the WCO Kyoto Convention, etc.; periodic review of trade documents sought, proposed under TN/TF/W/17; coordination among the border authorities and integrated border controls proposed by Canada in TN/TF/W/18 (which was a revised Kyoto Convention standard, namely 3-35).

422. Regarding the proposals of disciplining fees and charges relating to exportation and importation, Turkey appreciated the efforts to control the amount and diversity of fees and charges in order to prevent unforeseen and unjustifiable applications. Turkey suggested that the proponents of those proposals provided the Group with an illustrative list of fees and charges in question so that Members could come up with a definition of those to be prohibited or limited in their costs. In addition, Turkey supported the idea to establish a national periodic review of fees and charges; Turkey was of the opinion that they or their calculation methods should be publicized anyway.

423. Turkey also recalled its previously expressed support of the proposal of accepting copies of import and export documents put forward by Korea and Japan.

424. Turkey appreciated the proposals concerning a single window and submission of relevant documents to a single authority as an early step to a single window. Although not yet implementing it, Turkey already initiated "e-Document Project in Foreign Trade" which set up the infrastructure of a single window approach. That project was being pursued in order to produce, share and circulate the documents used on the foreign trade, in the electronic environment. A free-trade zone had been determined as a pilot zone for the implementation of the project.

425. Turkey believed that minor formal errors in trade documents and customs declarations should not be a ground to reject them unless they gave rise to an ambiguity in interpretation and/or correct implementation of relevant provisions. Turkish Customs operated in such a manner.

426. Turkey supported the proposal by the EC of declaring standard release time of goods. However, that declaration should only be considered as an indicator of standard and harmonized implementation. A standard release time could be pursued only if the goods were accompanied by all relevant documents and the customs operation in question did not define a risk factor.

427. In respect of the release of goods, the extension of the scope of Article 13 of the Customs Valuation Agreement needed some further study on whether that extension would cover the release of goods, which were subject to a disputed decision with regard to health standards or consumer protection. Turkey understood from the clarification provided by the proponents of that proposal that the aim was to save time in clearance procedure where a dispute had occurred in relation to the payable obligations which could be compensated every time. In Turkey's opinion, the extension of Article 13 to other areas such as tariff classification should be allowed as far as the expected result of dispute could affect only the duty or tax amount payable but not other trade-policy measures applicable.

428. Turkey shared the views on the need for leaving time to third parties to comment on the drafts of new arrangements by means of publicizing them. However, the question mark raised at that point

was at which stage of the adoption process they should be publicized. Furthermore, the adoption process differed according to the hierarchy of the legal arrangement. Turkey was open to discuss it. On the other hand, Turkey disagreed with the idea to present them to other Members in order to have their comments taken into account as proposed by New Zealand. Turkey believed that such an obligation could not be justified under Article X, as it went beyond the trade facilitation concerns and the limits of the mandate. In addition, it would conflict national constitutional disciplines.

429. Turkey supported the proposal by Pakistan and China regarding the identification of individual needs and priorities. Each Member should start to define its needs and priorities using, for instance, the WCO's Checklist.

430. The representative of Egypt wished to offer some comments and questions on the previous proposals presented at the last meeting.

431. With respect to paper TN/TF/W/17 by Japan and Mongolia, Egypt shared the questions and comments about the periodic review made with respect to the paper proposed by Mongolia (TN/TF/W/28). Did the sponsors of that paper envisage a specific time period for accomplishing such reviews? And, would such reviews be mandatory? In addition, there was a need for further explanation of the "acceptance of required documents in copies to the extent possible, with a view to reducing the time and..." mentioned under paragraph 7, bullet 2. Egypt would like to know how the implementation would guarantee the balances between facilitating trade and minimizing the chances for fraud.

432. Paper TN/TF/W/15 submitted by the United States envisioned a significant enhancement of certainty and consistency for treatment of express shipments through a commitment to provide separate expediting procedures "and the availability of the *de minimis* procedures" for low value shipments. In that regard, Egypt needed clarity on how far the obligation would be to provide separate expedited procedures for express shipments, especially against the background that such a requirement was not mentioned in Article VIII of GATT 1994? Clarification was also needed on the meaning of "*de minimis*" procedures and "low value shipments". Also, identification was needed regarding those listed procedures.

433. In TN/TF/W/21, the United States proposed to maintain a system by which goods might be released from the custody of customs before final payment of duties or resolution of customs matters, utilizing, as necessary, a guarantee as surety, bond or deposit. In that regard, Egypt was seeking more elaboration on the relation between that proposal and Article 13 of the Customs Valuation Agreement. Egypt noted with concern that that proposals seemed to go beyond the CVA. In addition, Egypt wondered how SMEs could gain from such a proposal within their limited resources and capabilities.

434. Paper TN/TF/W/18 by Korea suggested in section 4, paragraph 20, that, where the release took longer than the average time, traders would have the right to ask customs authorities for the reasons for the processing time for those goods having been longer. Egypt was of the view that it was normal for the release of goods to sometimes exceed the average time. That was the very definition of "average". Therefore, it was important to define what was meant precisely by "average time" and how it would differ from developed to developing countries. Paragraph 23 suggested that the NG should recommend that Members introduce and utilize pre-arrival processing, post-entry auditing and risk management systems and that Members adopt those measures as soon as they were feasible for each Member. Clarification was needed on what was meant by "as soon as they were feasible", and what determined whether or not the measures were feasible and who would take the decision in that regard.

435. With respect to the proposal presented by the EC in its submission TN/TF/W/6, calling for "a provision requiring Members to publish and make easily available" (...) and other government



agencies' management plans..." Egypt was of the view that that proposal wished to extend the scope of Article X by adding the publication of those management plans. Such a measure would be more demanding and might impose unnecessary burdens on developing countries and LDCs in fulfilling notification obligations in that area. Therefore, it would be appreciated if the EC could provide more explanation on the main objective of that proposal, especially since those plans were dynamic and changeable over time. In addition, Egypt wished to know to which extent the publication requirement would be binding.

436. Paper TN/TF/W/12 by the United States, proposed in section 2, paragraph 1 to "make available, upon request of a trader in advance of trade binding rulings in certain specific subject areas". It would be helpful if the US could provide more clarification on the mechanism to be put in place for those binding advance rulings, particularly with respect to the degree of compliance. Also, Egypt wished the US to clarify what advance rulings under that proposal were offered beyond Article 2 of the Agreement on Rules of Origin.

437. Korea's proposal made in TN/TF/W/7, paragraph 7, for Members to notify the WTO Secretariat of the media through which the aforementioned measures and their amendments were published with the Secretariat then disseminating that notice to other Members, might create an additional burden on Members still struggling to cope with notification requirements in the context of the SPS and TBT Agreements. In addition, Egypt had concerns regarding footnote 3 in the sense of those obligations going beyond prevailing obligations in the SPS and the TBT Agreements.

438. Egypt also wanted Korea to clarify what was meant by the term "core measures" used in section 2, paragraph 7. Egypt also wanted to know the duration of the envisaged commenting period.

439. With respect to the provisions requiring consultation between interested parties as suggested in papers TN/TF/W/6, 7, 8, 24 and 26, submitted by the EC, Korea, Japan and Mongolia, New Zealand, and China, Egypt wanted to clarify the scope of "interested parties". Did those proposals refer only to interested parties in the home country or also to all WTO Members? If the latter was the case, Egypt wanted an explanation as to what mechanism was envisaged for the implementation to avoid delays in publication and ratification of laws, rules and regulations. Egypt would also appreciate if the sponsors could shed some light on their experience in that area, taking into account the technological gap (e.g., internet access etc...) between developing, least-developed, and developed countries.

440. Paper TN/TF/6 by the EC called for Members and traders be given the right to comment on proposed laws, regulations and administrative rulings and for those comments to be taken into account. In that regard, Egypt sought clarification about the extent to which the country was obliged to take all comments of WTO Members into account. And how did the home country deal with possible contradictions or conflicts among interested parties? Egypt had serious reservations regarding multilateral commitments on prior consultations as that would constrain the ability of many developing countries.

441. Regarding Canada's proposal in TN/TF/W/20 to set up a single window, Egypt was of the view that a transitional period should be granted to developing and least-developed countries to allow them to upgrade their abilities. Information was further sought as to what would be the criteria (e.g., time lag, conditions etc.) for applying that approach on different groups of countries.

442. Egypt still had additional comments and questions that would be submitted in writing.

443. The representative of the European Communities responded to the question raised by India on the need to consolidate fees and charges, if necessary, that, having reviewed one's schedule of fees and charges, it was normal to reduce them, if there was a case for simplification. Given that Article VIII already recognized the need to reduce the number and diversity of fees and charges, it

was quite normal that, having reviewed one's schedule of fees and charges and found that there was a case for simplifying and reducing that, such a reduction was done. It was the logical next stage from the review. As for India's questioning of the need to identify a list of permissible fees and charges, the EC had started to identify fees and charges which might not be permissible. The proposal from some delegations last time to prohibit consular fees and charges was one example of a fee which would not be permissible. Whether one looked at that in terms of what was permissible or what should be or not be allowed in the sense of a positive or negative list, the outcome would be effectively the same. The EC was open on what approach to take.

444. As for Egypt's question as to why there should be a commitment or a suggestion that customs administrations made public their management plans to the extent that those plans could affect trade, the EC considered it very important that the trading community obtained some knowledge as early as possible of changes in the management plans of customs which could affect their day-to-day business. Typically, the kind of changes in customs that would appear in the management plans as opposed to legislation would be changes in the operating hours of border crossing posts, reallocation of personnel from one part of the country to another which could have an impact on the speed with which goods cleared through different entry points. Those were things which affected trade, making it quite legitimate for traders to know in advance.

445. With respect to Egypt's concern about the idea that there should be some prior notification and consultation requirement on rules and regulations in customs, the benefit for the trading community was substantial. It was very important to have some level of information in advance of the imposition of new rules and regulations. All exporters and, in particular, importers wanted to know as far as possible in advance what kind of rules and regulations were going to affect their trade. That reduced their costs and increased predictability. Therefore, it was an essential part of any provisions the Group was negotiating.

446. The representative of the Philippines said that the Philippines also would have some questions on the March proposals. Those questions would perhaps be consolidated together with the other Core Group Members. The Philippines would like to draw attention to document JOB(05)/64, where some of the questions had already been put in writing. It would be very useful for an interactive discussion if replies to that document could be provided at the next meeting to allow for a better understanding of each of the proposals.

447. The Chairman asked Members to make both their questions and answers to those questions available in writing.

448. The representative of Kenya recalled that, in commenting on the EC's submission TN/TF/W/35, Kenya had inquired about the EC's understanding of the issue of "routes most convenient for international transit" as contained in Article V. Kenya wished to hear an answer to that question.

449. The representative of the European Communities said that the EC would try to provide a more detailed answer to Kenya's question in writing as soon as possible. Basically, what the Communities observed was that notwithstanding the principle that operators should have the choice of the routes most convenient for their transit, in practice, that freedom of choice was frustrated. Therefore the EC was of the view that there was a case for giving more weight to the right sort of freedom of the transit operator to choose the most convenient route.

450. Obviously, in all territories, there might be legitimate reasons to restrict their choices of certain routes for health and safety reason or for environmental requirements, because a particular route was not sufficiently strong to bear certain loads. Those were quite legitimate exceptions which were already catered for under the GATT rules. But there were cases where countries, unjustifiably,

restricted or prohibited operators of choosing the routes most convenient for their transit. If there were no health, safety or environment reasons for doing that, it should not be allowed.

451. The representative of the United States commented on the questions raised by Egypt. The first one related to the US proposal on express shipments and suggested a need for greater clarity regarding elements such as de minimus and low value. The US agreed on that being useful and would follow up in writing with regard to Egypt's question as it required further elaboration.

452. With regard to express shipments, it was the intention of the United States to hold at the next session a so-called mini-workshop on the US proposals. Egypt had also raised a question about release and an alleged bias against small enterprises. The US was of the view that the proposals actually had a bias in favour of small enterprises. Those enterprises were particularly harmed by any inability to obtain rapid release. The procedures related to the US proposal might be helpful in that regard.

453. As regards the third question on advance rulings and the relationship to Article II of the Rules of Origin Agreement, the US wished to indicate that they were proposing to build upon that provision, suggesting that ruling regimes should cover certain other topics beyond just origin as already existed in the Agreement. The US hoped to further refine the proposal.

454. The representative of Japan wished to comment on the intervention by Brazil regarding Japan's proposals on Articles VIII and X in documents TN/TF/W/17 and TN/TF/W/8.

455. Japan welcomed the support expressed by Brazil regarding the introduction of an authorized trader and an advance ruling system, which would contribute to expedited movements of goods worldwide. With respect to the questions and concerns expressed on the suggested acceptance of copies, Japan had begun some time ago to receive copies of certain business documents such as invoices which had contributed to the facilitation of private business. However, whenever there was a legitimate need for authorities to require original documents, they should certainly be able to require originals of documents. That was the reason why Japan had proposed the acceptance of required documents in copies "to the extent possible".

456. On the issue of a single window, Brazil had mentioned that that should be based on the use of IT to avoid further red-tape. While Japan did not deny that the use of IT would contribute to more efficient and streamlined import and export formalities, Japan was of the view that use of IT was not a precondition for introducing a single window environment. For instance, allowing traders to manually submit import or export documentation to a single authority instead of multiple authorities was considered to be one way of having a single window system. Japan was of the view that the type of single window system to be implemented by a Member should be based on its policy priorities.

457. With respect to the issue of enquiry points that Japan proposed as a measure to improve and clarify Article X, Japan was pleased to hear that Brazil could support the idea. Japan wished to clarify that Japan had no intention to duplicate the roles of various enquiry points as stipulated in the TBT or SPS Agreements, nor was it suggesting to create a single enquiry point that would be able to answer any kind of question. As long as traders could obtain necessary information or the right contact point to get the information they needed, the form and the number of enquiry points could be left for each Members' discretion, depending on its circumstances. That would include coordination among existing enquiry points of each border authority. In the case of Japan, when the Customs Counsellors Office, which was the enquiry point of Japan Customs, received enquiries regarding quarantine procedures from importers, the person was introduced to the relevant enquiry point of the quarantine authority since customs was not the competent authority to answer such enquiries.

458. Lastly, on the question of publication of judicial and administrative decisions against lodged appeals, Japan was of the view that such publication would contribute to enhanced predictability and transparency. In the case of Japan, major administrative decisions against lodged appeals were published with due respect to confidentiality issues of the parties concerned in the appeal. As for judicial decisions, that was something that depended upon the judicial system within each Member. In Japan, such decisions were published.

459. The representative of New Zealand welcomed the interest that had been shown for the New Zealand proposal and the questions asked.

460. With respect to India's comments regarding New Zealand's proposal for a right to comment, New Zealand basically agreed with India's point that such a right should not be too onerous and should be broadly applied. The idea was that all interested parties, which, in New Zealand's view, should include other Members and the traders, would have the right and the opportunity to comment on new rules and regulations of commercial affect that would impact on them. New Zealand was not suggesting that every Member would have to respond to each and every comment. But a justification should be provided on when they chose not to take comments into account. That did not have to be a justification for each and every comment that was not taken into account. Rather, those responses could be in general terms, responding to each of the general issues that had been raised. Some of those justifications might include matters like national security or protection of human health and safety or conflicts with existing legislation. The idea behind that proposal and the justification was to build on the experience from the TBT context and to make sure that the right to comments provision was robust and effective.

461. With respect to India's question on the reference to judicial decisions in New Zealand's proposal, New Zealand wished to explain that the language in relation to that proposal originated directly from Article VIII. However, New Zealand accepted India's point about the appropriateness of including judicial decisions and the right to comment. New Zealand therefore suggested that the language in that paragraph should be entitled "experience provides a clearer indication of the scope with the intended approach". New Zealand was grateful to India for drawing attention to that point.

462. As for India's suggestion regarding the use of an objective standard for tariff classification of goods that the adoption of the WCO HS system would be sufficient with there not being any need for an over-reaching objective standard for tariff classification and testing standards, New Zealand agreed that adoption or use of the WCO HS System would indeed be an excellent first step. That would largely achieve what New Zealand was hoping to do in that area. Many Members already used the HS system and many were also Members of the WCO.

463. New Zealand would use that opportunity to note the benefits of becoming a Member of the WCO. The advantage of approaching that issue that way was that it allowed access to the WCO tools, research, decisions, opinions, technical expertise, tariff classification opinions, e-learning modules and on-site technical assistance. But some Members had chosen to use the HS system without formally becoming Members of the WCO, which was an alternative option. With respect to the question of whether an over-reaching objective standard would be necessary, New Zealand was of the view that that would help ensure that the HS system was implemented in an impartial in an objective manner and that any necessary testing was also treated in the same way. Such an objective standard would set a WTO benchmark for tariff classification decisions.

464. As for Turkey's points about the 'right to comments' proposal going beyond the mandate and their concerns about how that proposal might impinge on a Member's sovereignty and conflict with national guidelines, New Zealand believed that the mandate to clarify and improve Articles V, VIII and X did not prevent Members from building on existing provisions, where they did not meet the needs of the modern trading environment. New Zealand believed that Members should keep a

practical and pragmatic concept of improvement and not restrict themselves to theoretical constraints. With respect to the questions about sovereignty, New Zealand wished to recall its point about a very similar obligation already existing in the WTO in the TBT context. All New Zealand intended was to include it in the trade facilitation context as well. New Zealand was not proposing a measure that would diminish or remove the sovereign right of Members to introduce measures, but to ensure that such measures were well founded and based on fully informed decisions.

465. With respect to Egypt's question about the precise meaning of "interested parties", New Zealand had thought of it to include all those who would be affected by new rules and regulations. As for their call for national experiences about consultation and providing the right to comment to interested parties, New Zealand just wished to mention that a number of broad and inclusive consultative processes had been established in its system, designed to encourage dialogue between users and border control agencies. New Zealand also provided specific opportunities for comment for all interested parties through a legislative process, both at the policy-making stage before the legislation was drafted and after, with it then being published before entering into force.

466. The representative of Zambia, speaking on behalf of the LDC Group, said that the LDCs recognized the importance of trade facilitation measures in boosting their trade potential and realizing cost savings and efficiency gains through an overall upgrading of the trade facilitation chain. At the same time, LDCs were aware that the costs of such trade facilitation measures, *vis-à-vis* their limited financial, administrative and institutional capacities had been the major impediment hampering their ability to undertake various trade facilitation measures and customs reforms.

467. It was therefore welcome to the LDC Group, that Members agreed to negotiations on trade facilitation aimed not only at clarifying and improving the relevant aspects of GATT Articles V, VIII and X, but also at "enhancing technical assistance and support for capacity building in that area". The LDC Group took the opportunity to remind Members that increased technical assistance and capacity-building support was an integral objective of those negotiations. It was very important to the LDCs that negotiations be conducted centrally to achieve that objective, so as to enable them to benefit from more efficient and smoother flows of trade.

468. In recognizing the developmental challenges that the LDCs faced, the modalities in Annex D adopted a novel approach. The LDC Group welcomed that approach of linking implementation obligations to the capacity of LDCs in terms of the extent and timing of entering into commitments. The modalities also linked implementation to the provision of technical and financial assistance, as well as support for capacity building. That was particularly reflected in paragraphs 2, 3, 5 and 6 of Annex D. Specifically, the LDCs wished to underscore paragraph 3 of Annex D which read: "LDCs should only be required to undertake commitments to the extent consistent with their individual development, financial and trade needs or their administrative and institutional capabilities."

469. As a Group, it was the LDCs considered position that the modalities set out in Annex D of the July package should be the basis for the negotiations. In that light, the LDC Group wished to make some preliminary comments on the various proposals submitted so far.

470. First, even though a number of proposals sought to create some new legally binding obligations related to the three GATT Articles, thereby presuming the final legal instruments to be binding, the LDC Group wished to stress that footnote 1 of Annex D stated that: "it was understood that that (negotiations aimed to clarify and improve relevant aspects of GATT Articles V, VIII and X) was without prejudice to the possible format of the final result of the negotiations and would allow consideration of various forms of outcomes". Accordingly, the nature and scope of possible commitments were yet to be determined, including the applicability or otherwise, of the Dispute

Settlement Understanding. Thus, negotiations at that stage should be without prejudice to the final outcomes of the negotiations.

471. Second, it was not entirely clear to the LDCs whether some proposals indeed fell within the negotiating mandate. That was particularly the case with those proposals related to binding advance rulings for customs purposes, the obligatory use of HS tariff classification system, release of goods, including the use of collateral or monetary security, pre-arrival clearance and post-clearance audit systems, and express shipments. The proposals required substantial investment, including in infrastructure, and therefore their implementation must be linked to countries' capacities.

472. Third, some proposals entailed direct and indirect financial costs although the implementation costs tended to be defined narrowly, referring only to direct financial costs or minimum personnel training needs. However, it could not be denied that some of the proposals entailed considerable cost (e.g., publication of laws through Internet, establishment of enquiry points, risk management, post clearance audit system) and implications. The LDC Group therefore requested that more careful and detailed assessments be carried out by the proponents, in terms of the projected direct and indirect cost implications for governments against the expected benefits to traders, based on quantitative data.

473. Fourth, related to implementation costs, broader legal and administrative implications of the proposed measures needed to be more appropriately taken into account. Some proposals seemed to require the institution of capital and physical investments, institutional, administrative and human resource investments. The LDC Group had yet to see concrete commitments to providing those resources as envisaged in the July package.

474. Furthermore, some proposed legal obligations such as the binding advance rulings would have profound legal implications, as a failure to meet those requirements would invoke judicial review and some remedial measures by affected parties within the domestic legal and administrative instances, and eventually at the WTO dispute settlement system (if applicable). The LDC Group welcomed some clarification on how the burden that that would bear on them was going to be addressed. Thus, legal and administrative implications of proposed measures needed careful examination against the existing institutional and administrative capacities in LDCs.

475. In addition, even though a number of proposals referred to SDT, the LDC Group was concerned that the kind of SDT suggested by some of those proposals was, in most cases, limited to the traditional longer transition periods. Furthermore, the assessment of individual situations by use of "diagnostic tools" was suggested in determining the length of transition periods, and full implementation of the proposed measures by "every Member" was explicitly proposed. That was not adequate in nature and sufficient in scope, given that through the Annex D Modalities, "Members recognize that S&D should extend beyond the granting of traditional transition periods for implementing commitments". In particular, it was further provided that "the extent and the timing of entering into commitments shall be related to the implementation capacities of developing and least-developed Members". Thus, Members wishing to create new obligations applicable to the entire Membership were invited to clarify on what the component of SDT would be, translated in practice, in relation to the proposed specific measures. SDT should not simply be regarded as purely transitory measures but also include provision of technical and financial assistance to help LDCs implement the provisions agreed to during those negotiations. In addition, some appropriate LDC-specific SDT would need to be proposed for each proposal. In principle, LDCs should not be subject to mandatory legal obligations.

476. Finally, the need for technical assistance and capacity-building support was referred to in most proposals. However, it was often not clear how that could be implemented in practice, and to what extent. It might be recalled that enhancing technical assistance and capacity building was one of the stated objectives of the trade facilitation negotiations. It was proposed that Members, particularly

those suggesting enhanced technical assistance and capacity building in connection with specific proposals, contractually committed adequate financial resources for such assistance and support. The LDC Group believed that that merited serious consideration by Members.

477. The representative of Chinese Taipei wished to reply to a number of questions raised in JOB(05)/64.

478. With respect to the question on risk management and post-clearance audit systems raised in paragraph 6 of the submission, Chinese Taipei shared the views expressed therein. A written explanation on how to tackle the problems mentioned in that context would be given later. But clearly, it was one of the characteristics of "risk" that it could not be fully controlled. It was ever-changing. The process of "risk management" started with identifying the risks. Then, the risks were analysed, evaluated and prioritized. Later, the strategies were worked out how to tackle the risks, identify the high risk group, and implement the inspections and examinations.

479. Chinese Taipei Customs conducted post-clearance audit on imported goods in order to make up for insufficient examinations for the sake of speedy clearance. Since implementation had begun years ago, various violations had been discovered, leading to the recovering of huge amounts of short-paid duties. Risk management and post-clearance audit helped Chinese Taipei Customs to strike a balance between the need for speedy clearance and compliance of regulations. Chinese Taipei attached great importance to technical assistance and capacity-building issues and was committed to providing necessary technical assistance and to share its experience with other Members. It was necessary to encourage more efforts in that regard, and to hold more workshops. Workshops such as the ones organized by the United States on advance rulings were most useful.

480. The representative of Canada wished to reply to key questions raised with respect to the three Canadian submissions on advance rulings, release of goods and border agency coordination. Canada was also happy to provide written answers to those questions in the near future.

481. With respect to the submission on advance rulings and the question presented in JOB(05)/64 regarding costs, Canada wished to share its experience. Canada was in a unique position, being the third largest country in the world with a land border of 4,000 kilometres with the United States, with about 350 billion dollars of trade going through every year. Canada was also the fifth largest trader in the world. The number of advance ruling requests Canada received every year on tariff classification was approximately 1500. Given the millions of customs transactions taking place every year in Canada, that was a relatively small amount. The feedback from traders was very positive, and such a measure really helped in terms of predictability. The advance ruling programme had been in place for more than 15 years. When setting the system up, there had not been a lot of extra new resources committed to administer that programme. That was because an administrative system had already been in place for the convenience of traders which had simply been formalized and expanded. While not being obliged by regulation to do so, Canada was providing information on tariff classification and origin for non-preferential purposes.

482. It should also be kept in mind that providing advance rulings was essentially about doing something in advance that had to be done anyway when the actual customs transaction took place. The requirements in terms of costs and legislation had been introduced as part of amendments to the Canadian custom laws that had to be put into place anyway. Another cost Canada had to face was to make those regulations publicly available. But, given that those rulings were essentially provided on a responsive basis, the cost had been fairly limited to the subset of 1500 requests that Canada was getting every year. In some cases, a small number of additional officers were required to examine the requests from traders, and some extra training had been provided as well. That gave an indication of the type of costs involved.

483. With respect to Egypt's request for clarification in terms of scope, Canada would like to note that Canada's proposal focused on tariff classification. The communication highlighted that it covered tariff classification, provided for rulings for a defined period of time, for them to be binding, and being made publicly available, which gave an indication of what Canada had in mind. There was already a commitment for such rulings in the area of rules of origin, but nothing on tariff classification.

484. With respect to the proposal on release, Canada would like to echo the points by the United States on the importance of that measure for SMEs. Canada was seeking commitments in that area because of its SMEs, which considered that to be important for them. With respect to Egypt's question regarding the link with Article 13 of the Customs Valuation Agreement, Canada wish to note that the inclusion of that Article in the CVA was an indication of its usefulness in responding to a real need. Canada was of the view that that language needed to be supplemented and extended to circumstances other than the mere case of it being necessary to delay the final determination of customs value. There was real benefit to expand the scope there.

485. With respect to the Canadian communication on border agency coordination and the question raised by Egypt in that context, the whole philosophy was to provide a practical means to facilitate trade. The key word in that proposal was coordination.

486. Canada was not proposing an obligation to establish a single agency or single window. But it would be important in the context of the NG to consider commitments on how to ensure that the activities and requirements of customs or border agencies were coordinated. There were a variety of ways to do that. The Canadian proposals covered both the coordination on the one side of the border and across the border. Some indications had been made about that raising practical problems in some circumstances. That was the spirit behind the proposal that needed to be considered. How could coordination be ensured in practice? There was a way to do so in a fashion that did not involve major physical infrastructure, without changing the prerogative of individual agencies. If there was a way, for example, for traders to be able to submit all the documentation to a single agency that could then despatch the documentation to the various specialized agencies with regulatory responsibilities, that would help the trader to find his way in the maze of regulatory agencies.

487. The representative of Korea said that, against the background of the vast amount of questions being raised, which were not easy to digest, it would be helpful if questions could be provided in writing, allowing others to respond to them in a more appropriate manner at the next session.

488. The representative of the Philippines said that the Philippines had found the mini-workshop organized by the EC, the United States and Canada to be very useful. That was a way forward to give a better understanding of the proposals.

489. The representative of Egypt raised an issue of a general nature concerning the minutes of the meeting. Egypt recognized what a huge task it was for the Secretariat to prepare those minutes. At the same time, perhaps one of the reasons for the repetition of some questions and of responses could have been avoided if Members received the minutes not just a few days before the meeting, to allow for a better comparison of what questions had already been raised. Egypt therefore wondered whether the Chairman could try to get the Secretariat some additional help in terms of more human resources to help them make the minutes available a bit earlier. That would be very helpful for everybody.

490. The Chairman said that it would also be useful if delegations could provide the Secretariat with written copies of their statements. Even hand-written ones would be accepted.

491. The representative of Cuba commented on document TN/TF/W/22 by Uganda and the United States proposing the "prohibition of requiring consular transactions, including consularization-related fees and charges, in connection with the importation of goods".



492. Cuba did not see any explanation of the kind of goods covered by the proposal: did it refer to all goods, or only to goods for commercial purposes? Cuba would appreciate clarification from the proponents on that matter.

493. If it referred to all kinds of goods, whether or not for commercial purposes, Cuba wished to make the following points: First, the prohibition of requiring consular transactions would deprive Cuba of an important source of revenue, and require it to give up a border control mechanism which was also important; Second, the introduction of new systems such as the one proposed would generate additional costs that were unpredictable for the developing countries in general if such systems were adopted without the full recognition of their institutional and administrative complexity, among other things; Third, the proponents should bear in mind that, among other limitations, most of the developing countries did not have the capacity to set up computerized information systems rapidly unless they were covered by binding technical, financial, and capacity building assistance commitments. Finally, the proposed outright prohibition would deprive governments of the option of exploring the solutions most appropriate to their circumstances and limited resources.

494. Cuba hoped that the proponents would bear those considerations in mind.

495. The Chairman said that, as there were no further requests for the floor under this item, he would like to turn to the contributions by the international organizations participating on an ad hoc basis, which had made progress in their work on identifying Trade Facilitation needs and priorities as well as in the area of technical assistance. Progress had also been made in developing tools in support of the Group's work and in analysing some of the underlying questions.

496. The representative of the World Bank reported on the first of a series of six planned pilot workshops associated with the World Bank Trade Facilitation Negotiations Support Project which had been conducted in Jamaica the previous week.

497. The workshop had been conducted to test the content of the World Bank's Trade Facilitation Negotiations Support Guide that had been distributed in draft form at the last meeting of the NG.

498. Being one of the organizations listed in Annex D of the July package, the Bank looked at how to best assist the process. The Bank had met with a number of negotiators from developing and least-developed countries and determined that the Bank could assist the process in two key ways. First, and most obviously, the Bank had an important role to play in financing the implementation of any commitments that might be agreed as part of a WTO Trade Facilitation Agreement. At previous meetings the scale and scope of the Bank's Trade Facilitation programmes throughout the world had been outlined and it had been stressed that the World Bank remained ready to invest further in that area as long as the client countries ranked it as a high priority for development support. The Bank had invested in over 120 Customs-related projects in the last 20 years and would continue to do so in the future. Second, the Bank believed that it had a role to play in both assisting the negotiators to develop an ambitious but realistic agreement and in assisting them to identify needs, priorities and implementation costs and benefits specifically as they relate to the issues under negotiation. It had been found, however, that the needs and priorities issue was a far more complex undertaking than first envisaged. The problem was not a shortage of data as such, but of data specific to the negotiating agenda. In the Bank's opinion, which had been confirmed in discussions with many negotiators, many developing countries were handicapped in their capacity to effectively participate in the negotiations by their very small and overstretched missions and a lack of access to technical information and support from their capitals.

499. It was for that reason that the Trade Facilitation Negotiations Support Guide had been developed which provided a series of practical guidelines on how to establish and manage support

groups in Members' capitals that were able to analyze proposals as they were tabled in Geneva and communicate their findings and recommendations in "real time" to their negotiators in Geneva.

500. To prove that the concept worked in practice, the Bank, together with the WCO and interested donors such as the Swedish Ministry of Foreign Affairs and the UK's DFID, decided to test the Guide through the conduct of six national pilot projects throughout the world. The first of them had been conducted the previous week in Jamaica with the second one scheduled to take place the following week in Uganda.

501. In developing the Guide and the pilot workshops, the Bank was conscious of the following issues: (i) that needs, priorities and implementation capacities varied enormously from region to region and from country to country; (ii) that it was not possible to undertake a thorough and definitive gap analysis; (iii) that the best people to determine the feasibility of any proposals under consideration already existed in Member countries and simply needed to be brought together to discuss and analyze the proposals (an assessment template was included in the WB Guide to facilitate that process); (iv) that the needs and priorities assessment process should focus at that time on the WTO negotiating agenda and not on deep and comprehensive reform and modernization of Customs and border management agencies, or on trade-related infrastructure such as ports and roads. That was not meant to suggest that such work was not useful and necessary, and the Bank and other donors were already investing in that area, but simply to note that focusing on the totality of such reform efforts would do little to help Members assess the specific needs, priorities and costs associated with issues that could potentially be included in the outcome of the WTO negotiations on Trade Facilitation; (v) that, while many organizations had produced useful assessment tools, they were typically extremely resource intensive to apply (by, for example, requiring international consultants to conduct them) or were not focused specifically on the issues currently under negotiation. The exception to that was the WCO checklist, which the Bank had used as a resource tool, but even that did little more than identify in a very broad sense some of the gaps that might exist relative to the GATT Articles as they were prior to negotiations commencing and the relevant provisions of the Kyoto Convention.

502. As a result, donors at the national, regional and international level were currently struggling to come to grips with the scope and nature of the technical assistance and capacity-building needs facing Members. In the Bank's view, which had been reinforced following last week's workshop, the assessment of needs and priorities had to be an ongoing process and must proceed in tandem, not too far in advance of, the negotiation process. To attempt to produce a definitive and global list of technical assistance needs and priorities at the present stage was almost impossible. It was therefore important that each Member developed the capacity to undertake that assessment on an ongoing basis. Over time, however, and based on the collective results of workshops such as the recent one in Jamaica, some general trends and themes were likely to emerge. The Bank hoped to detail them in a paper in September.

503. During the workshop in Jamaica, a Jamaican Trade Facilitation Group had been formed that brought together relevant specialists from all the key government agencies and private sector organizations involved in trade facilitation and border management.

504. The role of the Group was to analyze proposals tabled in the WTO Trade Facilitation Negotiating Group, to develop any proposals that Jamaica might wish to submit to the WTO for consideration, and to identify any capacity-building needs, priorities, and implementation issues that might flow from any commitments being considered in the context of the WTO Trade Facilitation negotiations.

505. During the workshop, participants agreed on the mandate, terms of references and operating modalities for the group itself, the chair and coordinating agency and the individual members of the

group. They also reviewed all the proposals that had been tabled so far and analyzed a smaller number of proposals using the template provided by the Bank and included in the Guide distributed at the last meeting.

506. In particular, they looked at legal impediments, administrative and/or procedural changes required, existing commitments such as those included in regional or bilateral agreements, financial and other resource requirements, training, technical assistance and capacity-building needs, time required to achieve effective implementation, and most importantly, the benefits to government and traders of any proposals that had been tabled. Those were significant.

507. In the Bank's view, the workshop had been very successful and Jamaica now had an ongoing mechanism for supporting its Geneva negotiators. The Bank was also satisfied with the content of the Trade Facilitation Negotiations Support Guide and encouraged Members to make practical use of the Guide to establish similar groups in their own capitals. A simplified version would be available at the next meeting of that Group and issued as a formal WTO document, if Members so wished.

508. During the workshop, it had become clear that the process for analyzing proposals was complex and time consuming and that members of the Jamaican Trade Facilitation Group would have to commit a significant amount of time to the exercise. For example, determining the needs, priorities and implementation issues for just four of the proposals took the group nearly two days.

509. The Bank wished to thank the Swedish Ministry of Foreign Affairs who funded the pilot workshop, the WCO who assisted in its conduct and provided its GATT checklist and technical know-how, and to Ambassador Smith and his team for agreeing to be the guinea pig for the first pilot and for travelling to Jamaica to set the scene for participants and to participate in the final presentation provided to key stakeholders by the Members of the Jamaican Trade Facilitation Group.

510. While the Bank knew that it would not be feasible to provide those workshops in every country that may want one, the Bank wished to encourage delegates to use its Guide to establish similar groups in their own capitals. It was designed as a self-directed process.

511. The representative of Jamaica wished to offer some additional comments on the recent events in Kingston which had already been presented by the World Bank representative very accurately.

512. Delegations with resource constraints in Geneva as well as those with better resources all recognised how difficult it was to focus attention on elements of the WTO negotiations not only in a general way but in terms of specific concrete issues being negotiated.

513. The great value of the Pilot Project carried out with the World Bank, for which Jamaica was deeply appreciative, was that it helped to focus concrete attention on specific issues in the negotiations. Jamaica was very satisfied by what had taken place. The Trade Facilitation Negotiations Support Guide by the World Bank had been the basis for that work. The team brought together in Kingston represented the range of interests and stakeholders in Trade Facilitation. It included, at one time or another, the Customs Department, the Ministry of Foreign Affairs and Foreign Trade itself, the Trade Board of the Ministry of Health, the Ministry of Agriculture, the private sector through the Jamaican Chamber of Commerce and through the private-sector organizations of Jamaica. Indeed, the Head of the Customs Department himself, the Head of the Tax Department, and the Head of the Investment and Trade Promotion Agency were all present at some time, participating in the work.

514. It had brought together the key players in the area of trade facilitation in an intimate, interactive context which was very important because the work that needed to be done in examining proposals and assessing needs and gaps really required focused work. That was what the group had managed to achieve in Kingston. Some players had seen the proposals for the first time so their

reactions were only of a preliminary nature, but the feedback was expected to be deepened over time. One of the important elements was the Group, which called itself "Trade Facilitation Group", chaired by the Ministry of Foreign Affairs under the vice-Chairmanship of the Customs Department, stayed together over time. The Group would be a focal point for the interface of the Geneva mission in assessing the proposals on the table, and the needs, particularly in terms of technical assistance.

515. The WCO Checklist was also a very useful tool that had been utilized during the proceedings. A few caveats were also necessary. Jamaica certainly believed in the importance of looking at export interests as well. It was not sufficient to analyze proposals in terms of what Jamaica might need to do with respect to modernization. It was important that the Group looked at what others should be asked to do. That was one of the points Jamaica wished to emphasize. It was necessary to take an outward-looking approach as well. There was sometimes a tendency to view trade facilitation simply in terms of what was made at the national level which was not the entire point of the trade facilitation negotiations in the WTO.

516. Another issue of importance was a proposal's need to be examined on its own merit. Technical assistance and capacity building were certainly critical. Nevertheless, the proposals had to be examined on their own merit. Technical assistance and capacity building could be a necessary condition for accepting proposals. It could never be a sufficient condition.

517. By taking that preliminary look, Jamaica had discovered that quite a number of the proposals would require legislative changes to existing legislation. That was important to know as, in Jamaica, legislative drafts and skills were at a premium because of the number of negotiations Jamaica was undertaking and the work that had to be done to service all those negotiations. Therefore, that was an immediate area where quite a bit of assistance would be needed. Technical assistance and capacity-building needs assessment would need to be ongoing and had to take place in parallel with the examination of the proposals in the Negotiating Group.

518. Having brought together the trade facilitation group in Kingston, Jamaica expected it to stay together and work closely together. The objectives were to be in a position to have real time responses to issues emerging in Geneva. Given Jamaica's experience in customs modernization and the fact that Jamaica had a solid history of customs modernization, a number of the players were in fact familiar with several of the issues the NG dealt with. That would make it easier for them to respond.

519. Overall, Jamaica was very thankful to the Bank providing the opportunity to establish a Trade Facilitation Group in Kingston.

520. The representative of the Philippines thanked the World Bank Representative for informing the Group about the pilot project and Ambassador Smith for informing Members about the good experience with the project. The Philippines wished to take up the offer by the World Bank to hold a lunchtime workshop for all Members. Perhaps at the next NG meeting, one could organize that illustration of the Trade Negotiating Support Guide, as it would exceed the World Bank resources to respond to individualized requests for technical assistance.

521. The representative of the Dominican Republic thanked the World Bank for engaging in the Pilot Project and congratulated Jamaica on their success achieved as a result. The project could be very useful for a number of countries in the region. The Dominican Republic was delighted by the excellent results achieved.

522. The Dominican Republic wondered where the results of the seminar held in Jamaica could be accessed, as they could be of interest to other countries in the region. Were they available on a website?

523. Information was also sought on another aspect. The Representative of the World Bank had said that the Banks' policy was to strengthen the negotiations and not to reform the entire customs system. The Dominican Republic had its own views on that and would like to know whether that was a definitive policy graven in stone, or whether it was something the World Bank was promoting in the current situation. The Dominican Republic was of the view that it was not enough to simply discuss the three GATT Articles. In countries which had advanced further in the field of customs reforms, those three Article might be of particular use. But from the Dominican Republic's own experience, it was clear that many of those things were only part of the reforms. The Dominican Republic supported the negotiations and wished to know whether the Bank's statement was to be seen as a fixed policy or as something that could be modified, depending on the circumstances in which the Bank could provide support beyond the scope of the negotiations.

524. The representative of Nigeria thanked the World Bank for its reports and for the Pilot Project in Jamaica. In his presentation, the Representative of the World Bank had mentioned the fact that needs and priorities should focus for now on the negotiating agenda of the NG and not entirely on customs reform. The representative of the Dominican Republic had raised a similar issue. Nigeria was of the view that that approach might not forbid the much needed solutions, because focusing on only one segment or part of what Members were doing, might not provide a general efficiency that was needed to consolidate trade at the national level.

525. Many countries were undertaking extensive reforms and Nigeria was of the view that a broad and encompassing approach by the World Bank would be more helpful than focusing on specific aspects. Nigeria suggested for the World Bank to take a broad-based approach in reviewing their activities from time to time. That might be useful and would provide countries with needed assistance in the area of trade facilitation.

526. Nigeria was pleased to hear that the next project would be launched in Uganda and wondered whether the World Bank had any plans to extend the project to other countries.

527. The representative of the World Bank replied to the intervention by the Philippines that it would be pleased to conduct a lunchtime workshop, and would be happy to do that at the next meeting.

528. With respect to the questions from the Dominican Republic about sharing the results of the workshop conducted in Jamaica, those results were the property of Jamaica. Included were some general lessons learnt from that process, such as, the personal view that the examination of proposals and the determination of needs and priorities was a long and somewhat complex process and that a group had to work together with the public sector. In terms of the decisions or recommendations made about the proposals, he would recommend discussing that with Jamaica directly as they were the property of Jamaica.

529. That was not to say that the Bank was not interested in the results. The opposite was true. Part of the process the Bank was currently going through was to create a process to assist negotiators. From the first time the Bank attended those meetings, the Bank had been promoting its view that an ambitious agreement was good for development and that least-developed and developing countries had the most to gain from an ambitious agreement. But the Bank also believed in a careful analysis of the proposals. It was necessary to have a real analysis of what their implications were. The Bank was conducting that work for development reasons and believed that being fully armed with the costs, benefits and implications of what was being negotiated would actually equip and give confidence to the negotiators.

530. With respect to the question from the Dominican Republic and Nigeria about the Bank being interested in customs reforms, the Bank wished to make clear that it was very much interested in far-reaching and comprehensive customs and border processing reforms. The World Bank was financing

a number of projects around the world in that area, going beyond the matters negotiated in the WTO. The Bank did even more. It published a customs modernization handbook which talked about the importance of deepened comprehensive reforms of the whole border infrastructure. The Bank was keenly interested in that, as well as in ports, roads and all the things that collectively could assist with trade facilitation. However, the particular project in question, namely the Trade Facilitation Negotiation Support Project, was designed for a much narrower purpose. It was designed to assist and to determine the needs and priorities and implementation consequences with respect to the outcome of the WTO negotiations on Trade Facilitation. Therefore, the focus was narrower in that area. That was not to say that customs and border processing reforms in the broader sense would not be sensible. Many countries were in fact in the middle of reforming their customs and border processing infrastructures with that being valuable irrespective of the results of the Geneva process.

531. The representative of Nigeria wondered whether the World Bank had any plans for an extension of that project to other countries, particularly in Africa.

532. The representative of the World Bank replied that the Bank had no such plans. The Bank would conduct another workshop in French-speaking Africa later that year. But the Bank did not have any plans to roll it out across Africa in a series of national workshops. The World Bank was in touch with several donors at the moment because the Bank believed that they could carry out a number of focused workshops for Africa, which would be on a regional basis, but which would incorporate most of the value of national workshops. The Bank appreciated that there was a need and quite a demand for such activities, but it was simply impossible to do much more than the Bank was already doing as those activities were very resource intensive. They required the participation of the WCO, World Bank staff and consultants, and an enormous amount of administrative work. The Bank would like to do more but was really limited in its resources and funding available for that particular project.

533. The representative of the WCO said that the WCO was pleased to be associated with the workshop in Jamaica and with the recognition of WCO instruments and standards, particularly the Harmonized System, Customs Data Model, Time Release Study and Revised Kyoto Convention. An information note was available on the links between WCO instruments and the three relevant GATT Articles.

534. With respect to the number of signatories to the protocol of amendments to the Revised Kyoto Convention, the number now stood at 38. 40 of the 63 contracting parties to the Kyoto Convention were required before the Convention would enter into force. Seven additional countries had promised to launch the documents either after or before the WCO's annual Council meeting at the end of June. Therefore, the Convention should enter into force around the beginning of autumn.

535. The Customs Data Model followed from a G-7 Initiative. It provided for the maximum framework of standards and harmonized sets of data and standard electronic messages to be submitted by trade, for customs and other regulatory purposes to accomplish formalities for the arrival, departure, transit and clearance of goods in international cross border trade. The WCO was currently developing version two which would take into account transit. The next cycle, starting immediately after the Council that year, would take into account other government agencies' requirements. That process of standardization was a prerequisite and should facilitate the introduction of the single window.

536. The WCO had a number of instruments related to capacity building, with the Diagnostic Framework being the most prominent example. It was available to all WCO Members. The delegates to next week's high-level meeting on capacity building, a Steering Group on Capacity Building within the WCO, should be made aware of some of the interventions made in Geneva and of the importance of capacity building in the context of any future trade facilitation agreement negotiated. The WCO would share that information with the delegates.

537. The representative of UNCTAD updated the Group on the activities carried out within the framework of the Trust Fund financed by the governments of Sweden, Spain and France. A workshop would be carried out in Spanish on 10 May in Geneva, organized in cooperation with GRULAC, coordinated with the mission of Argentina. A regional workshop was further scheduled to take place on 26-27 May in Bangkok in cooperation with UNESCAP. Regional workshops were also planned in Lusaka, Zambia in cooperation with COMESA (2-3 June) and Guatemala (27-29 June) in cooperation with the WTO. In addition, an Expert Meeting and a Workshop were foreseen to take place in September at UNCTAD premises.

538. UNCTAD also contributed to various recent and upcoming events with other organizations, such as workshops in China (with the WTO), Geneva (with the ECE and ECA) and Sri Lanka (with the OECD) as well as to three workshops planned with the ACP during the second half of the year. Technical notes had been initiated for a total of 12 topics, with more being planned. The idea was to have all of them ready for distribution prior to the Expert Meeting from 21-23 September and the subsequent workshop on 26-27 September. More information on the activities (including all publications) was available under [www.gfptt.org/topics/wto](http://www.gfptt.org/topics/wto).

539. The representative of the OECD updated the Group on upcoming OECD activities in the area of trade facilitation. The OECD had already reported about its ongoing work on the costs of introducing and implementing trade facilitation measures. That was not something that would give the precise indication about what the trade facilitation agreement, which was not yet negotiated, would cost to each and every country. It had been intended as an indicative analysis of the kinds of costs and complexities that some illustrative sets of measures that were on the table might cost.

540. That work was proceeding with the OECD expanding its coverage. It was hoped that by the end of the summer, 15 developing and least-developed countries would be covered. As the analysis would be completed by then, the OECD had started to organize a conference for next fall that would present the outcome of that work on the costs of trade facilitation measures and link it to the point made in the July Package about the necessity to connect commitments to the implementation capacities of countries. The workshop, which would be open to all WTO Members, would be held in Colombo, Sri Lanka, on 18 and 19 October. The OECD would soon be preparing formal invitations for all WTO Members, which the OECD would disseminate through the delegations in Geneva. The OECD was also working with a number of donors to sponsor some travel expenses of developing-country representatives.

541. As the negotiations had been progressing and as there had been quite a lot of discussions and concerns expressed about putting together and coordinating appropriate technical assistance and capacity building in the area of trade facilitation, the OECD had mobilized its Development Assistance Committee to look at the issue. The OECD's Development Assistance Committee was the forum where all donors met and discussed development assistance policies. It was the body that, in cooperation with the WTO, had put in place the database on trade-related technical assistance. The Development Assistance Committee met 10 days ago and agreed to sit down and discuss good donor practices in the area of trade facilitation and make sure that all assistance in the area was coordinated to the best extent possible.

542. The representative of Sri Lanka was pleased to hear that a useful workshop was going to be held in Colombo in October. That type of event would certainly help Sri Lanka generate the necessary momentum and help in understanding in-depth the issues at stake with the participation of key stakeholders, academia, and trade chambers. Sri Lanka welcomed the support from the donors to facilitate the participation of developing countries.

543. As countries lined up to launch the trade facilitation negotiating support project, Sri Lanka was also very pleased to hear the successful conclusions of what had already taken place in Jamaica and wished to share that experience and participate effectively in the negotiations.

544. The Negotiating Group took note of the statements made.

B. AD HOC ATTENDANCE OF RELEVANT INTERNATIONAL ORGANIZATIONS, INCLUDING THE IMF, OECD, UNCTAD, WCO AND THE WORLD BANK, AT THE NEXT MEETING OF THE NEGOTIATING GROUP

545. The Chairman suggested inviting relevant international organizations, including the IMF, OECD, UNCTAD, WCO and the World Bank to attend the next meeting of the Negotiating Group on an *ad hoc* basis, as provided for in the Work Plan.

546. It was so agreed.

C. OTHER BUSINESS

547. The Chairman suggested that the next meeting of the Group take place on 13-14 June 2005, as proposed in the indicative list of dates he had shared with Members at the Group's meeting in November 2004.

548. It was so agreed.

549. The meeting was closed.

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