

**COMMUNICATION FROM THE PEOPLE'S REPUBLIC OF CHINA
AND PAKISTAN**

The following communication, dated 25 April 2005, from the Delegations of the People's Republic of China and Pakistan, is being circulated in advance of the Negotiating Group meeting of 2-4 May.

**A PROPOSAL ON IDENTIFYING TRADE FACILITATION NEEDS
AND PRIORITIES OF MEMBERS**

I. INTRODUCTION

1. Modalities for negotiations on trade facilitation adopted in Annex D of the Doha Work Program by the General Council on 1 August 2004 stipulate that "as an integral part of the negotiation, Members shall seek to identify their trade facilitation needs and priorities, particularly those of developing and least-developed countries,----." This implies that negotiations on trade facilitation should be based on the needs and priorities of Members, especially developing and least-developed countries, to ensure that trade facilitation effort is to their best interest. Based on the needs and priorities identified, it is of equal importance that Members have a clear idea of their current levels of trade facilitation effort. This will facilitate our substantial work on the negotiations. Only when we know what the problems are can we know how to work them out, whether it comes to rule setting or arrangement of technical assistance, capacity building and special and differential treatment.

2. The Secretariat has prepared a document in an effort to reflect trade facilitation needs and priorities of Members (G/C/W/393). The document helped us to have a preliminary view of Members' interests in trade facilitation. But as explained in the introductory part of the document, the document was an indirect identification of Members' needs and priorities based "primarily on information regarding trade facilitation programs/measures proposed or executed, as well as on what has been presented as main obstacles to the facilitation of trade" (G/C/W/393). Moreover, the sources of the information used in the document were mainly derived from national experience papers of a limited number of Members. We are still short of a comprehensive review of the problems Members, especially developing and least-developed Members, are facing in trade facilitation.

II. PROPOSAL

3. With reference to the work already done by other international organizations, Members use a general tool to assess their needs and priorities as well as their current levels of trade facilitation. When conducting the assessment, outstanding diversities of levels of regional economic development within individual Members should be taken into full consideration. The result of the assessment should be taken as a basis for establishment of relevant trade facilitation rules, the arrangement of special and differential treatment and the provision of technical assistance and capacity building support.

A. PROPOSALS ON NEXT STEPS OF WORK

- (a) Based on the Secretariat's document on Technical Assistance and Capacity Building on Trade Facilitation (TN/TF/W/5), the Secretariat should frequently provide updated information to Members, if any, on the work done by other international organizations in assessing trade facilitation needs and priorities.
- (b) Members should study relative tools available and decide on the usage of a general tool. There could be a series of tools already developed by different international organizations with each covering a different area.
- (c) Based upon the general tool agreed, Members may conduct a self assessment and then submit a summary report on the assessment to the Secretariat.
- (d) Based on the summary reports, the Secretariat prepares a document reflecting major areas of interests of Members or a list of needs and priorities of Members within the general scope of GATT Articles V, VIII and X. Future rules on trade facilitation will be developed mainly on the basis of those major areas.
- (e) During the assessment period, a working group made up of international organizations concerned may be set up to ensure the objectivity of the assessment and to give necessary assistance and support to developing and least-developed countries. Those Members who have already had the experience in such assessment are invited to share their experience with other Members.
- (f) For those Members who have huge regional economic level diversities within their territories, their assessment could be based either on the different or on an average level of development within their territories. The unique development situations of these countries shall be taken into full consideration in the implementation of future trade facilitation rules.

III. REASONING

A. NECESSITY FOR THE IDENTIFICATION PROCESS

4. Though the necessity to identify trade facilitation needs and priorities of Members was already put forward when the issue of trade facilitation was under discussion in the Council for Trade in Goods (CTG), no substantial work was done at that time as Members were not clear yet whether they should actually initiate negotiations on trade facilitation or not. Since we have now already launched the negotiations, it is high time that we took up the identification issue. However, given the comparatively late initiation of the process at this time, we suggest that the identification process go along with technical negotiations on specific GATT Articles V, VIII and X with the identification process facilitating negotiations on specific rules proposed.

B. BENEFIT OF HAVING A COMPARATIVELY STANDARD CRITERIA IN THE IDENTIFICATION PROCESS

5. The proposal for Members to use a common tool for the identification effort is not meant to go for a one-size-fits-all approach, but rather to use comparatively standard criteria for assessment purposes to ensure a better and clear idea of the existing differences among Members in the area of trade facilitation. It would be difficult for multilateral rule setting if the work is not to be done on the same criteria. By assessing their needs and priorities and their levels of current trade facilitation effort with standard criteria, Members would have a better idea on the feasibility of measures proposed and

the margin of effort that Members have to take to fully implement the measures concerned. Based on such an assessment, conclusions may be drawn that for some measures proposed, they may be comparatively easy for some Members as they may have already had the system in operation, while it may require quite an effort for some others as they have to start the work from the very beginning.

C. TOOLS AVAILABLE

6. To our relief, many international organizations have already done some work in this area and developed some relative tools needed. This is already reflected in the Secretariat's document on Technical Assistance and Capacity Building on Trade Facilitation (TN/TF/W/5). Their work saved us from the trouble of having to design all our own tools from the very beginning. The tools already available might be different in focus, but they can serve our needs in a complementary manner with our own tools which may need to be developed and with each set of tools to be used in a different area.

D. REGIONAL ECONOMIC DIVERSITIES WITHIN A SINGLE MEMBER WORTH ATTENTION

7. Because of its unique national situations, diversities of levels of regional economic development within individual Members could be quite outstanding. One of the problems in multilateral rule setting is that more often than not the comparatively fast developing areas of these Members catch the eye of the world while those areas which lag far behind are absolutely forgotten. Therefore, it would be difficult to have an objective and comprehensive assessment on trade facilitation needs and priorities of these Members if their unique situations were not properly handled in the multilateral effort.

E. USEFULNESS OF SETTING THE FOCUS OF WORK

8. Though the scope of trade facilitation negotiations is limited to GATT Articles V, VIII and X, it still covers a wide range of areas if taken over at random. A good beginning is half the battle. It would save Members' resources if Members could agree on some major areas within the scope of the three articles that Members have more or less the same interests to work on. With the focus of work decided, proposals and discussions could be more targeted.

F. TECHNICAL ASSISTANCE AND CAPACITY BUILDING

9. Apart from tools for identification, technical assistance and capacity building support are also of vital importance in the process. Given the low levels of development of the developing and least-developed countries and the complexity of trade facilitation issues, it is difficult for many developing and least-developed Members to conduct an overall assessment by themselves. Due effort has to be taken to ensure immediate technical assistance and capacity building support in the area.
