

**COMMUNICATION FROM MONGOLIA, PARAGUAY, RWANDA,
AND SWITZERLAND**

The following communication, dated 2 June 2006, is being circulated at the request of the Delegations of Mongolia, Paraguay, Rwanda, and Switzerland.

TRADE FACILITATION: IMPROVEMENT OF ELEMENTS RELATED TO TRANSIT

1. Following-up with the joint communication TN/TF/W/39 by the delegations of Rwanda, Paraguay and Switzerland, the following draft text is submitted for consideration by the Negotiating Group. This paper is without prejudice to the co-sponsors' position on transit proposal TN/TF/W/113, and should not be understood to be an alternative or in conflict with that proposal.
2. The textual proposal is based on Part IV – common features – of the communication TN/TF/W/39 that were found to be common to most or all bilateral, regional or international transit arrangements. We wish to recall that the proposed measures all strive to strike the right balance between legitimate safety/security concerns (including the illegal diversion of goods into the domestic market) and the faster and more efficient movement of goods in transit.
3. The proponents wish to underscore the high economic relevance of efficient transit procedures for landlocked Members, whose economic growth has lagged as a consequence of their geographical situation. Thus, landlocked developing-country Members hope that the transit issue receives particularly positive consideration by the Negotiating Group.

Textual proposal on the use of international trade facilitation standards

1. Special border crossing facilities for transit

Traffic in transit shall not be subject to any unnecessary delays or restrictions and shall be granted expedited and simplified treatment at border crossing points, including sea, fluvial and air ports or inland terminals as applicable. As far as possible, physically separate transit lanes shall be made available for traffic in transit.

2. Formalities adjusted to the specificities of the goods in transit

Members shall adapt the treatment of goods in transit to the expected degree and nature of the hazard, whether fiscal, sanitary or security related, that can be derived from the characteristics of goods in transit. Categories such as "normal goods", "dangerous goods", "perishable goods" and "sensitive goods" may be established at national level together with related procedures and shall be made publicly available.

3. Limited physical inspections of goods

Members shall limit physical inspections of goods in transit to the case where circumstances may require them. Consignments secured by customs seals shall not as a general rule be subjected to customs examination. No quality control and no veterinary, medicosanitary or phytosanitary inspection shall be imposed on goods in transit, except in cases where risks have been identified. This shall not prevent customs from carrying out spot checks on the goods, based on risk management. Only when customs consider such measure indispensable in relation with the characteristics of the goods as referred in Article [2] shall they (i) require goods to follow a prescribed itinerary; or (ii) require goods to be conveyed under customs escort surveillance. Normally customs shall not impose such treatment to sealed consignments conforming with the national regulatory requirements.¹

4. Common customs documentation and procedures

For goods entering a Member under customs transit procedure, Members should accept commercially available information, including as part of transit declarations. Contracting parties to regional transit agreements or arrangements should agree on common, simplified documents that are aligned with international standards. In both cases, Members involved in transit shall allow the same set of documents to accompany the consignment from the country of departure to destination.

5. International, regional or national customs guarantee system²

In order to avoid provisional taxation while securing revenue in case of inland diversion of goods, Members shall operate bonded transport regimes that allow the transit of goods through the territory Members without payment of customs duties, taxes or other charges subject to the provision of an appropriate guarantee. Members shall ensure that guarantees required from transit operators are (i) reasonable having regard to the conditions of transit and the characteristics and the value of the consignment, and limited to the amount of customs debt or other charges which may be incurred in respect of the goods; (ii) designed and applied on a regional or international basis to as great an extent as possible; and (iii) released promptly and in full after the completion of the transit operation. Guarantees shall be renewable for subsequent consignments once a previous one is proved to have reached its destination.

6. Promotion of regional transit agreements or arrangements³

Members shall promote bilateral and regional transit agreements or arrangements which are consistent with all other commitments on Trade Facilitation and with a view to reducing trade barriers. Members agree to cooperate and coordinate in designing and applying bilateral and regional transit agreements or arrangements. Members shall take full account of international standards and instruments when designing and applying those agreements or arrangements. It is recommended that such agreements or arrangements go beyond customs matters which are relevant in the context of transit, such as road and transport issues. Members shall not enforce unilateral rules affecting traffic in transit which are not in accordance with the bilateral or regional transit agreements or arrangements in which they participate. Members participating in regional transit agreements or arrangements shall give positive consideration to reasoned requests to participate by other Members who meet the requisite participation criteria.

¹ Members shall consider using Annex E, Standard 3 of the Revised Kyoto Convention as the basis for the national requirements on seals and fastening.

² This text is an almost identical copy of the text contained in TN/TF/W/113.

³ This text is an almost identical copy of the text contained in TN/TF/W/113.

7. Monitoring with a view to enhancing efficiency, transparency and predictability of the transit agreement or arrangement

Recognizing the importance of efficient implementation of such transit agreements or arrangements, the parties of such regional agreements or arrangements are encouraged to incorporate measures relating to the monitoring of transit into their agreements or arrangements. Such measures can foresee *inter alia* the appointment of national transit coordinators; performance indicators (e.g., target clearance times) or public private partnerships to manage and monitor the arrangement.

8. Use of international standards

Members should give careful consideration to the possibility of acceding to international instruments relating to Customs transit⁴. Alternatively, they shall consider, when drawing up bilateral or regional agreements with a view to setting up international Customs transit procedure, the Standards and Recommended Practices of the Specific Annex E of the Revised Kyoto Convention.

Elements on which substantive discussion has taken place in the NGTF on a horizontal basis

4. *Special and differential treatment, technical assistance and capacity building*: The co-sponsors propose that these issues be taken forward through the development of a horizontal mechanism that would, among others, take full account of the needs, priorities, cost concerns and implementation capacities of developing and least developed Members in relation to commitments. A number of relevant submissions on this issue have been made to the Negotiating Group, one of which contained a textual proposal. Such textual proposals should continue to be developed in parallel to the textual proposal set out above.

5. **Because of the important regional component of transit regimes and their importance to landlocked Members, special attention should be devoted to regionally synchronized implementation and coordinated development cooperation programs, including training of officials.**

⁴ E.g., the UN TIR Convention or equivalent.