

COMMUNICATION FROM THE PEOPLE'S REPUBLIC OF CHINA, AND KOREA

The following communication, dated 14 July 2006, from the Delegations of the People's Republic of China, and Korea, is being circulated in advance of the Negotiating Group meeting of 24-26 July.

PROPOSAL ON POST-CLEARANCE AUDIT

1. China and Korea put forward a draft text on the application of post-clearance audit (PCA) for the consideration of the Negotiating Group on Trade Facilitation. It is based on the proposal of applying risk management in document TN/TF/W/49 of 9 June 2005 previously joint-submitted by China and Korea, aiming to further developing the proposal. By adopting PCA, valuable and important information/data can be collected for risk analysis, which contributes to the expedition of border crossing movement of goods and sound compliant environment.

Textual Proposal

- Members shall carry out necessary PCA on the account books, vouchers, commercial documents, customs declaration forms and other trade-related information maintained by enterprises involved directly or indirectly in the transaction of international trade upon the risk analysis results.
- Members shall conduct PCA through methods of regular audit¹ and targeted audit² to identify the risk and assess the compliance of traders.
- The outcome of PCA shall be fed back timely to relevant Customs officers involved in clearance procedures to take further action. The most compliant traders or low risk commodities shall be granted simplest and fastest clearance treatment by Customs.
- Members shall adopt the relevant international standards and instruments as a basis for PCA³, where such standards and instruments exist.

¹ Regular audit is performed periodically according to auditing programs set forth by Customs focusing on business system and routine operation and management situation.

² Targeted audit is performed on the selected traders and commodities with high risks resulting from the results of risk analysis and assessment.

³ A relevant international standard is Standard 6.6 and 6.10 Chapter 6, General Annex of the Revised Kyoto Convention.

Special and Differential Treatment, Technical Assistance and Capacity Building

The mechanism of addressing the needs, priorities and implementation capacities of developing and least-developed Members shall be established. With regard to this, a number of relevant submissions on the issue have been made to the Negotiation Group on Trade Facilitation.
