

Negotiating Group on Trade Facilitation

SUMMARY MINUTES OF THE MEETING

Held in the Centre William Rappard
on 24-25 October 2005

Chairman: Mr. Muhamad Noor Yacob (Malaysia)

1. The Chairman explained that the main purpose of the meeting was to prepare the Negotiating Group's report to the TNC for the Hong Kong Ministerial Conference. Delegations would also be able to briefly introduce and react to new submissions. Furthermore, 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. PREPARATION OF THE REPORT TO THE TNC FOR THE HONG KONG MINISTERIAL CONFERENCE
3. The Chairman recalled the deadline for presenting input to the Hong Kong Ministerial Report and the resulting need to arrive at an understanding on its shape and components by the end of October. He said that while good progress had already been made in identifying key parameters of the negotiations' targeted outcome and the requirements for its realization, it was now time to translate this general consensus into an agreement on the concrete elements of the Trade Facilitation package for inclusion in the Group's report for Hong Kong. It was necessary to capture the headway that had been made since the launch of the negotiations and also to seek guidance from the Ministers on how to bring them to a successful conclusion. He stressed the importance of focussing on technical assistance and capacity building (TA&CB) and special and differential (S&D) elements as key components still requiring further determination and specification. There was also a need for swift action in light of time constraints. He emphasized that the process was a Member-driven one and that it was his intention to have everyone on board; whatever document the Group submitted would have to be a consensus decision involving all Members.
4. As indicated at the conclusion of the last meeting, the intention was to adopt a book-end approach. After adopting the agenda and addressing new submissions, the meeting would adjourn to allow maximum time for delegations to consult with each other on the report, in whatever format. The meeting would then be reconvened in formal mode on the afternoon of the next day to share the outcome of those consultations on the shape and content of the Group's submission for the Hong Kong Ministerial. The Chairman would be available on request to meet with delegations, with the WTO Secretariat also being ready to assist whenever needed.
5. The representative of India introduced his delegation's submission TN/TF/W/68, informing that it outlined India's idea of a cooperation mechanism for customs compliance. The paper dealt with exchange of trade transaction information consisting of data elements and documents that were

usually collected by customs at the time of importation or exportation. India envisaged that this mechanism would come into play in a limited number of cases where specific information was requested on account of a valid ground to doubt the truth or accuracy of a declaration.

6. The envisaged mechanism proposed to exchange specific information upon request on matters such as customs valuation, HS classification, origin, description and quantity of goods in certain identified cases. The request for information would be limited to the data elements contained in the import or export declaration or to exchange documents filed in support of a goods declaration. Such information would be used to aid investigative and/or judicial processes.

7. India did not propose to supplant the existing bilateral mechanisms with a multilateral mechanism. Instead, India foresaw the mechanism to complement existing bilateral mechanisms. Bilateral mechanisms normally had a much broader and comprehensive mandate for cooperation whereas the multilateral mechanism was expected to be more simple in coverage, and yet effective in meeting the needs of compliance.

8. The paper also proposed a methodology for cooperation. India had presented a simple and efficient methodology. The first point to note was that the request for information would be made only after necessary internal verification, so that information was not requested for in a routine manner. Second, the information requested would be such that it could be readily obtained from the export or import documentation. The request for supporting documentation would be limited to documents which were usually in the possession of the customs administration since they were filed in support of a goods declaration. Third, request for information would be through a designated nodal agency of each customs administration so that quality and quantity of the request was controlled. All this was meant to ensure that the request for information was not unduly burdensome for the administration of the requested Member. Other elements of the methodology were matters of detail which had been elaborated in the paper.

9. The paper also set out what would be the confidentiality requirements for the information exchanged. India proposed that such information would be subject to a confidentiality clause, namely, that the information supplied should not be disclosed except to the extent required in judicial proceedings. It had to be highlighted that, in the normal course, declarations presented before the two customs administrations were based on identical information. Hence, one customs administration should not refuse in a routine manner to share information with another customs administration on grounds of confidentiality. Further treatment of such requested information should be in terms of a confidentiality clause to the extent that this would not be disclosed except in the course of judicial proceedings. A general principle in this regard could be that such information shall be accorded the same degree of confidentiality by the receiving Member that it applied to similar information in its custody. One should be mindful that a confidentiality clause should not prevent the use of such information in judicial proceedings.

10. As the proposed mechanism of information exchange was to be applied in few cases, it should be limited to transaction data and documents already available with customs and was expected to be through existing administrative infrastructure such as an enforcement agency. Although India assessed that the needs of TA would be minimal, they were open to discuss this further.

11. The mechanism would be very useful and would support the Negotiating Group's work of simplifying trade procedures to benefit the compliant traders and to build suitable safeguards against non-compliant ones. India believed that a satisfactory outcome on the third objective of Annex D would contribute to an overall balanced outcome of the negotiations.

12. The representative of Bolivia provided her delegation's preliminary reactions to India's proposal. She recalled that India and the United States had presented the first proposal on the

exchange of information at the July meeting of the NG (TN/TF/W/57), outlining basic points regarding the establishment of a multilateral mechanism for exchange of information among Members. At that time, many doubts had been expressed regarding the final objectives, the types of problems which it attempted to solve in terms of exchange of information, confidentiality, and other points. India's recent contribution responded to what the functions of that mechanism would be and in what cases it would be used.

13. Bolivia understood that the WCO's database model would be taken into account. It was also observed that, as a first step, multilateral cooperation between customs authorities could be part of the gradual progress to involve all entities involved in trade facilitation. It was obvious that, increasingly, customs administrations, at least in the Latin American region, had enhanced, improved and increased bilateral negotiations. However, these mechanisms had limitations in their coverage. Therefore, Bolivia was in favour of going forward with a complementary additional international mechanism which would get rid of delays and obstacles. With regard to the methodology, the type of information to be exchanged, and the goals of such action (such as confirmed authenticity and value of documents) through a nodal agency, with each Member making a respective notification to the WTO, Bolivia considered the suggested approach to be a realistic one, based on the practices of the WTO. There was an element of flexibility in asking that the request be made electronically or in writing, which was in line with the resources at the disposal of the customs authorities. Furthermore, the introduction of a confidentiality clause would give more confidence to the operators involved.

14. The representative of Senegal said that the contents of India's submission were very important in terms of having more fluid and liberalized trade. The areas covered in the proposal, and forms of cooperation chosen, were elements currently dealt with in the framework of the World Customs Organization (WCO). Value, nomenclature and origin matters were well-known in the WCO, and WCO Members already enjoyed that kind of cooperation when dealing with customs techniques. He therefore wondered about the line of demarcation between the work of the WTO and that of the WCO.

15. The representative of the United States stressed that the absence of the United States' name on India's latest submission was not to be read as anything other than the fact that the US had been busy over the last two weeks with putting together its own submission on another topic.

16. Like others, the United States welcomed India's proposal and would study it further. Certain issues of practicality, confidentiality, efficiency and of the overall aims of the Group's work had to be addressed. There was no doubt that the Group had to advance on this element of the modalities, and his delegation looked forward to working with others towards that goal.

17. The representative of the European Communities said that India's proposal fell squarely within the mandate of the negotiations. His delegation would be happy to work further on the details of the proposal. The EC's basic objective would be to define more clearly the circumstances in which the mechanism could be used. The European Communities would want to see this kind of recourse to the data of the exporting country as the last resort rather than the first port of call for customs. Consequently, if the Group was going to define this proposal more clearly, the EC would want to work with India, and others, to ensure that it was indeed a last-resort measure, used exceptionally only where all domestic procedures had demonstrably been exhausted and where bilateral agreements either did not exist or did not provide the possibility for this kind of mechanism for obtaining information. With those caveats, the EC was ready to work with India further on the proposal in the coming months.

18. The representative of the Philippines welcomed the further elaboration of an earlier submission on this subject, and said that her delegation would cooperate on further refining the proposal.

19. The representative of Japan appreciated India's further clarifications on the earlier India-US proposal on the subject. What needed to be studied further was the implication and influence the proposal would have on domestic systems. Japan shared most of the issues raised by the EC, but wished to seek further clarification on one point. India's paper placed emphasis on the use of information in the judicial process. In the case of Japan, when information was provided which could be used in the judicial process to other countries, that information should be provided through the channels of mutual assistance conventions through judicial authorities. Japan had to further consult with its judicial department colleagues on the proposal and would then like to discuss it further.

20. The representative of Pakistan appreciated India's very specific supplement to their earlier proposal submitted jointly with the United States. The exchange of information was very important, but of equal importance was that this exchange should be a timely one. Pakistan therefore wondered whether India envisaged any reasonable period of time to provide the information mentioned in the proposal.

21. The representative of Chinese Taipei welcomed India's proposal, which was generally supported by Chinese Taipei because it shared the view that existing arrangements for the exchange of information through bilateral agreements were quite limited in nature. Establishing a multilateral mechanism or customs cooperation could therefore make a good contribution to simplifying and liberalizing border control to expedite clearance. Chinese Taipei wished to consult with capital to review the details of the paper and would also like to work with India on the development of future work.

22. The representative of Switzerland agreed that India's proposal further clarified the contents of their earlier submission. Switzerland shared the views expressed by the EC and was also interested in working together with India, and others, in addressing the third objective of the negotiations. Although this was a very sensitive subject for Switzerland, since there were some constraints in Swiss national legislation and regulations, Switzerland was interested in working further on the proposal. Switzerland was also clearly privileged to handle such issues in bilateral agreements but would further study the contents of the proposal.

23. The representative of India expressed his delegation's appreciation for all Members who had responded to the paper and who had generally been supportive of the approach outlined therein. He hoped that a more substantive discussion could take place during the next meeting.

24. With respect to Pakistan's question about the reasonable time period within which information could be expected, India shared the view that requesting administrations should have some ideas as to what would be the timeframe within which they could obtain this information. But, in India's understanding, these issues could perhaps be discussed further during the negotiations. Therefore, India had only flagged this in paragraph 7 of the paper whose last sentence said that "[I]t would be desirable to lay down a reasonable time limit for furnishing information so that the requesting country is assured of a response". India was willing to work with Members regarding the actual figures.

25. With respect to the question by the European Communities, India appreciated the points made by the EC and fully supported their understanding that, to the extent possible, this mechanism should be some kind of a last resort rather than the first port of call. India had therefore suggested that internal verifications be completed first before requests should be made.

26. Regarding the EC's suggestion that this mechanism should come into effect only where bilateral mechanisms did not provide an opportunity for such exchange, India had some concerns as one could not have some kind of conditional commitment in the WTO. Therefore, if there was a multilateral mechanism for exchange of information and a country request for information under such a mechanism, in normal circumstances the other country could not refuse the information on the

grounds that they already had a bilateral mechanism. India understood that countries which had a bilateral mechanism might choose to first use the bilateral route. But an up-front prohibition of this kind would go against the grain of general schemes of multilateral commitments undertaken in the WTO.

27. The third point to which he wished to respond concerned the question raised by Senegal as to why the Group was doing something which was already being done in the WCO. This issue had been discussed earlier. Nothing discussed in the Negotiating Group was new. Many of the proposed clarifications to GATT Article VIII also existed in one of the WCO's conventions. That should not prevent the NG from discussing the same issues because the NG was a body which represented more the trade interests. There were also certain benefits of creating disciplines in the WTO, rather than leaving the matter to be dealt with in the WCO. The same applied for proposals on the establishment of a cooperation mechanism. India looked forward to further discussing its paper.

28. The representative of Egypt introduced his delegation's paper on the reforms carried out in the customs area, which were part of a larger package of economic reforms (TN/TF/W/69). Egypt believed that for customs reforms to succeed, there was a need for them to be part of a larger framework of economic reforms. The paper briefly described the reforms and measures undertaken by customs over the last two years which were relevant to the modalities of the TF negotiations and to GATT Articles V, VIII and X. The measures would be further deepened in the future. Some of the reforms that had been carried out up to date had helped reduce clearance times of shipments imported to Egypt to between 2-6 hours and had also decreased litigation between customs and operators in general. Some of the features of the highlighted reforms were the introduction of a Single Window at certain customs points, particularly in Alexandria, Suez and Damietta. Egypt hoped to introduce this mechanism at further customs points as it continued with its reforms.

29. Also included in these reforms were measures that related to pre-arrival release, which were also being introduced at several customs points, account management services for large importers and operators, and what was known as "advance customs centres". At those advance customs centres, many of the computerized operations took place as part of a wider programme of e-customs that Egypt hoped to have in place in the future. Techniques such as risk management and account management services and -operations that fell within the Single Window as a whole were being used in these centres.

30. The representative of Peru considered Egypt's paper to be extremely useful. The process outlined therein had already been in place in many countries for the past few years. Peru's experience – which would be provided in writing at a later time – was similar in certain aspects. Peru Customs had started to be reformed in the 1990s with the process of modernization (involving several of the elements contained in Egypt's paper, particularly regarding the Single Window) still continuing.

31. Peru was thankful to the World Bank for having organized a national seminar which had brought together a national group on Trade Facilitation, including representation from Geneva. The seminar would make it possible for Peru to analyze in greater detail the proposals tabled in the negotiations so far and would also make it possible for Peru to play a more active role in determining the priorities and needs not only for Peru, but also for the whole Membership. The seminar had provided an opportunity to hold an extensive dialogue with customs authorities and also with many of the real players who dealt with customs and related procedures on a day-to-day basis. There had been an opportunity to talk to national government authorities as well as to officials from the private sector who were able to provide their own views and positions regarding what the negotiations in the NG Group should be. This had revealed the importance of the negotiations, demonstrated the need to be realistic regarding what could be done in the future, and had shown the true priorities that had to be identified. With the help of technical assistance from other countries and institutions such as the World Bank, one could move forward and thus be able to cope with the reforms that were still needed

before Peru customs could become ever more competitive and efficient. There were many similarities between Egypt's case and Peru's. Peru shared many of the views that had been expressed on these points. With the help of the mentioned seminar, Peru was able to identify the goals to be achieved and the mandate to be given to its authorities in Hong Kong so as to move forward in the negotiations in the best way possible.

32. The representative of the Dominican Republic said that Egypt's paper was very useful and would be carefully studied. The Dominican Republic intended to discuss the issue with Egypt and would try to learn from their experience. His delegation also was of the view that the paper improved the Dominican Republic's proposal set out in TN/TF/W/60. Every input on how to provide a better climate for customs, how to clarify Articles V, VIII and X, and how to fight corruption was useful and should be taken into account and reflected in the outcome of the negotiations. Egypt's paper set out an important element. It not only clarified the Articles, but also contributed to facilitating international trade, which was part of a broader customs reform process, and of economic reform. This should be taken into consideration. India's paper was important, too, as it concerned one of the elements that should be taken into consideration, i.e., ethics and corruption, which had also been mentioned in document TN/TF/W/60. His delegation would examine India's proposal which should be taken into consideration.

33. The representative of South Africa welcomed the papers by Egypt and India. Egypt's paper was very useful. The more country experiences were available, the more Members were able to learn how countries had approached the things Members were trying to agree on in the NG. It also allowed to focus on aspects such as the costs of these measures, the time required to implement them and the resources necessary. Studies by international organizations such as the World Bank, the WCO and the OECD were also useful in sharing country experiences. The OECD, for instance, had done a study on automation of customs which had shown that necessary capacity building (CB) was not limited to support for setting up that system, but extended to support for long-term maintenance to keep the system functioning.

34. India's paper was equally important and welcome. Picking up on the point raised by Senegal about the demarcation between WCO and WTO, South Africa wished to express its belief that the NG should, as much as possible, try to use what had been developed already. A lot of work had been done, especially in the WCO, on the question of exchange of customs data. Members could take what was already available and try to improve it. International organizations should also be able to assist with respect to concerns expressed with regard to the exchange of customs data, confidentiality aspects, inter-operability of systems and possible burdens for countries. It would be useful if international organizations could look at how different countries had dealt with this, what type of measures could be put in place and what kind of tools they could recommend.

35. The representative of the European Communities said that the results of Egypt's comprehensive reform programme had been extremely impressive. Reducing the number of disputes between customs and trade from 35 per cent to less than 1 per cent was an impressive decline in the number of problems in this area.

36. The EC concurred with Egypt that a lot of progress had been made with this programme. The Communities had been a major donor to Egypt in this area through a programme called "the Trade Enhancement Programme" and was very pleased with the results of this technical assistance. It had also been a very good example of cooperation between not only the European Communities and the Egyptian Government but also the United States and the World Bank, all of whom had been cooperating and coordinating very well in the development of this customs reform programme.

37. The programme was directly related to the negotiations. It was the prospect of developing multilateral commitments in the WTO that had prompted the European Communities in the first place to propose the launching of this important aid programme on customs and trade facilitation.

38. The representative of India considered Egypt's paper to be useful and suitable for advancing the NG's work. Coming from a developing country, the experiences of modernization and simplification were always most welcome. They offered an insight into the kind of areas which developing countries considered important to undertake to simplify and improve their domestic systems.

39. From that perspective, India considered paragraph 15 to be very informative and useful. This experience sharing helped Members see what kind of enabling environment and what infrastructure development was needed to undertake the simplification that would bring the required results. Paragraph 14 was important and useful in showing what modern infrastructure and equipments Egypt had put in place. More information was sought on how the Single Window system had been operationalized. Section A of the paper did not offer descriptions as to what kind of Single Window system had been put in place.

40. The representative of Egypt said that his delegation had not tried to reinvent the wheel when introducing those reforms. Rather, Egypt had been looking very closely at the different reforms undertaken in other countries and experiences gained from them. What Egypt had tried to do was merely to look at the best practices and put them together.

41. The experience was still at its beginning. Egypt had started those reforms intensively two years ago as part of a wider reform programme. With respect to costs, Egypt had found the reforming of customs to be quite costly as it dealt with different authorities. The major cost factor was the cost of re-training the personnel and for building the capacity of the people working with the operators.

42. Contributions that had made those reforms possible had come from many countries around the world and from international organizations, which was much appreciated by the Egyptian Government. The Egyptian government itself was investing a lot in those reforms in terms of money, commitment, and political vision of what Egypt had to achieve.

43. With respect to India's question about the Single Window, he informed that it had been introduced as a separate pilot project in different customs points with more scheduled to be operational in additional venues in the coming months. The idea was to introduce certain elements of the full Single Window system that other, more advanced, countries such as Singapore had talked about.

44. Egypt was introducing automation in those operations and a risk management system using pre-clearance procedures. An account management service was also put in place for most of those operations. Those projects were at the pilot stage for the time being, because they had only been introduced a few months ago, but feedback received so far indicated that things were proceeding quite well, given that the time of clearance was reduced drastically and litigation cases had notably declined as well.

45. The representative of the United States introduced his delegation's submission on US assistance provided on trade facilitation, explaining that the paper contained two parts. The first one was a brief overview of the report's elements with the second part then listing the respective activities in an annex. What the US had attempted to do was to set out in detail the nature of its technical assistance in the area of trade facilitation. As the paper indicated, as of 2005, technical assistance provided by the United States went over the one billion dollar mark, with trade facilitation assistance being the fastest growing and larger share of this support.

46. The paper had four annexes. One was a list of country-specific funding provided. The second part showed funding by regions and category. The third section listed specific projects by country. The final annex related to what was known as the Millennium Challenge Account (MCA), under which framework a new programme had been launched that would significantly increase continued US contributions to trade and capacity building and presented real opportunities in terms of US contributions related to TF.

47. In the interest of time, the US had decided not to comment on the Egypt paper but welcomed it. It was a contribution that went along the lines of the US contribution in equally intending to inform about one's work.

48. The US wished to contribute to what they hoped and sensed to be an intensification of efforts towards meeting the part of the negotiating mandate relating to TA. It was in that context that the States had shared some of its experiences, in particular with some of its FTA partners. As in the case of the TF negotiations, the integration of TA had become new territory also in the context of those FTAs. The US wished to share something that had worked and involved useful learning processes.

49. The point mentioned by the EC about coordination taking place between donors was a challenge. The US had made its submission in recognition of some of the real practical challenges that Members hopefully had begun to take up in some of the informal engagements between donors and recipients, trying to figure how to accomplish the mandate. This implied solving some practical problems related to questions of monitoring, effective assessing of needs and deciding how one was going to ensure that coordination continued to be improved.

50. The representative the European Communities considered the US paper to be a very useful contribution to the TA&CB aspect of the NG's mandate. The EC was very pleased to see the strong and ongoing commitment from the United States on providing technical assistance. The EC would like to draw attention to an interesting WTO/OECD Report on TRTA which had been published recently. It was an annual Report by the OECD/DAC Committee and the WTO on trade facilitation. The points made by the United States corresponded very closely to what that report was saying.

51. First, the report observed that assistance to trade facilitation had risen sharply and consistently in recent years, particularly since the launching of negotiations. It was saying that there had been very large increases in assistance in trade facilitation, not only for capacity building but also in relation to infrastructure, and concluded that the assistance being provided in this field was "meeting the long-term capacity building and infrastructure needs of partner countries".

52. It was very welcome to see, both in the United States' paper but also more generally in the WTO/OECD Report, that the international community seemed to begin to deliver substantially on its mandate in the negotiations to improve and increase technical assistance. The EC wondered whether this report, or parts of it relating to TF, could somehow be made available to the NG as it contained extremely useful information which demonstrated that the effort on TRTA was really picking up.

53. The representative of Tanzania welcomed the paper by the United States which merited Members' consideration. By way of a preliminary reaction, the Tanzanian delegation wished to draw attention to a few points.

54. Commenting on the US paper's reference about TF assistance being the fastest growing and largest share of total United States support for TRTA, Tanzania wished to draw attention to page 173 of the Annex which listed assistance provided for Tanzania. While his delegation was very appreciative of the support, one failed to identify direct linkages to the elements of TF under negotiation in Geneva. Similar observations could be made with respect to programmes carried out in support of Tanzania's neighbours, such as Kenya. Page 149, for instance, listed a programme aimed

at expanding maize products for trade, training farmers to meet larger volume contracts with large traders. Another programme listed on page 175 for Uganda equally showed the assistance being directed to supply-side constraints. Clarification was therefore sought from the US whether the element of supply-side constraints had to be included as an element of negotiation.

55. The representative of the United States considered it important to remember that the US paper aimed at setting out how the US grouped assistance in the area of trade facilitation. What the US had intended was to reach an area that not only included customs operations but also touched upon infrastructure assistance, abilities to increase market opportunities, the development of IT, basic enhancement of networking with businesses, as well as some of the elements contained in various regional trade agreements to advance regional economic integration. This was heavily linked to the question of trade facilitation.

56. The examples raised by Tanzania included matters such as working on tariff barriers, export procedures and trade policies of the government of Tanzania, covering also work on the regulatory environment. While some of those aspects were perhaps not closely linked to the negotiations in the narrow sense, the US considered it necessary to have a better understanding of what assistance was being provided and how it related to the NG's overall agenda. That was the purpose of the US submission. Contributions by other Members were welcome and could be useful for getting the engagement going by recipients as well as by donors.

57. The representative of India welcomed the advance copy of the paper from the United States on technical assistance. India was struck by the scale and depth of technical assistance being provided, ranging from seminars to full scale development of institutions and the development of specific areas. It was useful to know what kind of technical assistance activities donors were carrying out. The US paper usefully laid out in great detail the kinds of activities undertaken.

58. It might be useful to have a somewhat shorter version of the document, more tailored to the negotiating subject. This could help Members identify areas of possible interests with respect to TA which could support the NG's work during its later phase when technical assistance and capacity building issues got a somewhat more concrete shape.

59. The representative of Uganda welcomed the paper by the United States and thanked the US for the assistance provided to Uganda, which did not only cover the area of trade facilitation but extend to the domain of supply-side constraints. TF should not stop at customs procedures, documentation, or publication, but should stretch into other constraints which inhibited trade. Uganda was glad to see the work carried out at its airports. Work was also being carried out at border posts where delays in getting merchandise to where it should be caused numerous problems to traders.

60. The US paper was an eye-opener and pointed out the direction in which Members should move when negotiating trade facilitation. Uganda, for instance, had had problems related to sanitary and phytosanitary measures as a result of mishandling its fish at the landing sites, leading to the European Union refusing Uganda's fish. Uganda had to quickly try to improve the handling of fish at those landing sites. Thankfully, the European Union had offered support, as well as Japan, offering assistance by providing running water, toilet facilities and by providing facilities for carrying ice to the landing site. This was an area which might not fall within the mandate of the negotiations but was very important to Uganda.

61. Uganda had been pushing the NG to look into the question of storage at airports. In many LDCs, some flights were cancelled when fish, flowers or fresh vegetables were being taken to the airport. Cancellation of flights without having handling and storage facilities available at the airport caused serious problems, leading to the merchandise having to be thrown away. Uganda would therefore like to see trade facilitation support touch those areas as well, particularly with regard to

providing cold storage at the airports and between the inland country to the port of exit. Uganda would like to see more work in trade infrastructure, including on roads and railway lines, because they could all stand in the way of small countries when it came to exportation and even importation. The US paper was very useful. Uganda appreciated their work, not only with respect to customs, but also in areas such as supply-side constraints.

62. The meeting was suspended.

63. Reconvening the session, the Chairman recalled that, as had been agreed the previous day, it was his intention to invite delegations to report on the outcome of their consultations – in whatever format they had taken place – on the shape and content of the Group's report for the Hong Kong Ministerial Conference.

64. The representative of Canada expressed appreciation for the way in which the Chairman had organized the meeting over the last two days which had allowed delegations to engage informally to get a better idea of what Members were looking for. It had also allowed Canada to refine its own thinking in respect of the product for Hong Kong. Canada considered that the Group had made extremely good progress in the negotiations so far and wished to see that reflected in the report to Ministers. In this regard, Canada wished to see a very robust product go forward. Key to that objective was capturing Ministerial guidance directing the Group to pursue text-based negotiations post Hong Kong, looking towards a multilateral set of commitments.

65. It could be useful to illustrate to Ministers the amount of work that had been done by having some kind of illustrative list of what potential commitments could be covered in terms of Articles V, VIII and X. This would certainly be without prejudice to any new proposals being put forward or the further refinement of already existing ones. Key for the Hong Kong product would be a reaffirmation of Members' commitment to SDT and TA&CB, and to confirm that they were an integral part of the negotiations. This should be reflected in a balanced way.

66. The representative of India also expressed his delegation's appreciation for the way in which the Chairman had organized the meeting, allowing delegations to interact amongst each other and discuss ideas, and also to reflect on what others had in mind for the work ahead.

67. India's overall approach for the Hong Kong product regarding TF was that, since a lot of good and constructive work had been done, Ministers should encourage the Group to continue working in that direction. There was no need for a very prescriptive declaration laying down a very defined roadmap for future work. If there had to be a roadmap, it should be more implicit rather than explicit.

68. Regarding the elements of the declaration, India's preference was for there to be a reference to the proposals already on the table in terms of the compilation, encouraging Members to continue refining and clarifying them regarding the issues and ideas raised in the course of the discussions with a view to having a satisfactory outcome for everyone. Since TA&CB were an important part of the negotiations, it would be desirable that specific reference be made to having a renewed focus on this area. This focus should be in terms of the Annex D modalities, to enable developing countries to effectively participate in the negotiations and to implement their outcome.

69. India also wished to point out that, while work had been going well, developing countries might still not have completed their work of preparing proposals for the negotiations because of resource and capacity constraints. The declaration should therefore recognize that developing countries and LDCs would be free to continue making new proposals during the further work of the Negotiating Group. The declaration should have a final objective that the outcome of the negotiations be balanced and take account of all the different elements set out in Annex D.

70. The representative of South Africa, speaking also on behalf of Botswana, Lesotho and Namibia, said that two things had to be referred to in the report for Hong Kong: (i) progress made so far, and (ii) further mandate to proceed with the work.

71. Looking at the different aims of the negotiations, different things had to be reflected. With respect to improving and clarifying Articles V, VIII and X of GATT, note should be made that progress had been achieved in this area with reference to the compilation of proposals. Ministers should further give a mandate for further work to be done in this area in order to complete the work.

72. On TA&CB, Ministers should: (1) note the initial discussions that had been conducted on this subject. Simply restating Annex D's references to capacity building might not be enough. Rather, Ministers should give a mandate to the Group to continue work in this area, with emphasis on ensuring a comprehensive capacity-building approach, starting with a diagnostic analysis of needs and finishing with an implementation evaluation; (2) state that CB should be continuous and should be provided during the negotiations, during the needs analysis, and during the implementation phase; (3) consider establishing a coordinating mechanism for, amongst others, the management of multilateral funding to aid CB; (4) state that CB should include support for infrastructure development.

73. With regard to cooperation between customs and other border agencies, Ministers should note the initial discussion in this area and give a mandate for further work to be done, using as a basis tools that had been developed in other international organizations for this work to be carried forward.

74. The representative of Tanzania expressed his delegation's appreciation for the way in which the Chairman had conducted the meeting. Tanzania now felt that the parameters regarding trade facilitation had already been negotiated. These negotiations should now be translated into an agreed package for Hong Kong. Consensus was now needed on the scope and structure of the outcome. Consensus was also needed on what principles and possible commitments the package would contain and how they might work in practice. Since it had been agreed that TF would benefit all WTO Members and be a win-win approach, any outcome should contain a level of comfort for all Members with the focus being on improvements, not penalties.

75. Tanzania felt strongly that the outcome of the negotiations should lead to adequate technical assistance and support for capacity building. There should also be an opportunity to influence the content of the outcome in terms of transparency and inclusiveness, along the lines of the way in which the Chairman had already been conducting the negotiations. Capacity building should be recognized as an intrinsic element of trade facilitation and funding must be adequately provided and coordinated through the WTO and WCO, or an umbrella organization, including relevant major donors. Improvements must be sustainable and the results should be measured by, for instance, benchmarking.

76. On diagnostic studies, such as the ones initiated through the self-assessment questionnaire and the inventory of needs and priorities, these should be followed by action plans and recommendations. This might also necessitate a study to assess the level of development reached by different WTO Members. The identification of needs was very important and had proven to be necessary when trying to consult with other delegations. CB should include financial, human and technical aspects, and the declaration should take into account matters of interest to landlocked countries, such as Tanzania, which handled transit trade for several landlocked countries. These countries would need financial assistance regarding infrastructure to support TF. Furthermore, transition periods should be clearly defined and, if possible, generous. Finally, an economy's failure to implement a commitment should first lead to mediation to ascertain whether it was caused by a lack of capacity.

77. The representative of Argentina said that the meeting had been very useful for exchanging ideas and views on the product to be provided for Hong Kong. It was a good time, prior to the Ministerial meeting, to carry out a joint assessment of what had been achieved in the negotiations. An

initial element of the report would be a factual part dealing with the progress made within the framework of the negotiations. Within the compilation, one had to look at the substance and at the points which had been discussed and presented within the framework of the negotiations in order to give a clear signal that progress had been important and balanced. This could be seen by the numerous proposals tabled in connection with specific measures, including those on S&DT, TA and those that dealt with how the agreement should be implemented in accordance with Annex D.

78. One of the guidelines to be given was that there should be a refocusing of the Group's work. Certain priorities had to be made, an important one being the question of how to implement a future agreement on TF. This would obviously have repercussions on specific measures. In order to be in a position to decide on what measures should be included in the text, the NG had to refocus the discussions and focus on the absolute essentials. The Group could not really continue to discuss specific ideas until it had a clear picture as to how the agreement on trade facilitation should be implemented. The text of the future declaration should be faithful to Annex D and the principles and the links established therein. Annex D was part of the text which could not be touched.

79. The representative of the European Communities joined others in expressing appreciation for the way in which the Chairman had organized the work of the Group. The EC felt that what the Chair was hoping to get from Members was some suggestions and guidance on how a report to Ministers might be shaped on the basis of the work that had been carried out in the Group, and some ideas on how that work should continue after the Hong Kong Ministerial. The EC had been consulting with a large number of delegations and felt that the interventions made already by India, Canada, and others, very much reflected some of the things the EC would encourage the Chair to include in a report from the Group to the Ministerial Conference.

80. The EC certainly agreed with the need to register the extremely good progress that had been made to date in the negotiations and the very transparent and inclusive way in which this work had been carried out. Beyond that, it would be important that, while obviously not seeking new mandates or seeking to change the Group's perfectly good mandate, a new impulse be given to the work in the phase after Hong Kong. The EC wished to see an intensification of the negotiations and a progressive sharpening and refocusing on what the Group was working on.

81. The process had been, and remained very much, a Member-driven one. For the EC, that meant that, as the Group moved forward in its negotiations the following year, any negotiations to develop commitments on TF should continue to be based on Members' proposals as currently set out in the compilation. That document was a basis for moving into a "text-based" negotiating phase in 2006. At the same time, the EC would agree with India that it should not be an exclusive or closed list. There should be still opportunity for Members, notably those with limited resources, to come back next year with revisions and new proposals within a mandate. Also, it went without saying that, if the compilation was to be used as a basis for the Group's work, that had to be without prejudice to Members' views on the acceptability of individual proposals that had been made.

82. Furthermore, the EC also agreed with the delegations that had said that any report to Ministers and any recommendations for the next phase of work should also recognize and reflect the fact that S&DT was an integral part of the negotiations and had to be taken into account as regards the extent and timing of any future commitments. That point needed to be recalled and reiterated.

83. The EC agreed with the point by India about giving direction and that any roadmap that might be elaborated should remain implicit or general. What the Group wanted was a roadmap and not a set of road blocks. In this regard, the Chair would have to strike a balance between giving guidance and direction which allowed the train to move in a reasonably rapid manner, but at a speed and in a way which kept all Members on board, leaving nobody standing at the station as the train left next year. A balance had to be found in terms of the orientation given for the next phase of the negotiations.

84. A key role in the negotiations was the technical assistance dimension which would have an even more important part to play in the implementation of any future commitments. As such, there should be a very strong reflection in the report to Hong Kong of the TA dimension to the negotiation process. The EC also hoped that Ministers could take note of the good progress made in terms of the provision of TA both for the negotiating phase and for the important implementation phase. There had been ample evidence that Members had taken, and were taking that aspect of the mandate extremely seriously. His delegation also hoped that the NG could agree to intensify the work on TA in 2006. What was needed was a more intensified systematic process of transparency, information sharing, coordination of efforts between donors, recipients and international organizations. Donors and international bodies could also usefully be urged to intensify their efforts in helping Members better identify their needs and priorities in the negotiations which was an important part of the mandate.

85. The representative of the Philippines, speaking on behalf of the Core Group, joined others in expressing appreciation for the very transparent and inclusive way in which the Chair had conducted the negotiations over the past year-and-a-half. The Core Group also shared the view that any report to Ministers should acknowledge the progress made in the negotiations. While reference could be made in the report to TN/TF/W/43, the Core Group also wished reference to be made to the summary of questions and answers that had been very helpful in assisting capital authorities in understanding and analyzing the impact of the various proposals put forward so far.

86. The Core Group also agreed that a second element should be a call by Ministers for more progress in 2006. There was need to synthesize and refine the agreement-specific proposals made to date and to be tabled after Hong Kong, and to arrive at their further understanding in order to achieve Annex D's objectives. There was also need to intensify deliberations and discussions relating to S&D and the integral components of TA&CB. This would necessarily include issues on how to operationalize S&D and TA&CB components in any future agreement, and would also address the key issues of increasing discussions on needs assessment and identifying how these needs assessments would be conducted both during the negotiations and, if necessary, afterwards. It further extended to formulating potential implementation mechanisms and to discussing issues of coordination among donors and other international organizations such as the WCO, and other funding agencies, as well as to discussing issues relating to institutional support before and after any agreement to be reached.

87. These issues should be the focus of the discussions post Hong Kong in order to intensify and ensure the necessary balance, as called for by Annex D. The Core Group shared the view and aspiration of other delegations that, at some point, text-based negotiations would commence. However, the Core Group believed that the addressing of the issue should be implicit rather than express in order to continue the very positive and constructive way in which the negotiations had been conducted. There was need for further intensified discussions post Hong Kong to arrive at a clearer picture and more synthesized proposals on Articles V, VIII and X, and to ensure the balance required on the issues of S&D and operationalizing TA&CB which were an integral part of the negotiations.

88. Finally, the Core Group wished to point out that trade facilitation was an important component of ensuring the development dimension of the Round. Given the progress made so far, the NG was paving new ground on how to ensure that this dimension was incorporated in the negotiations which could be a pattern for other aspects of WTO negotiations in the future.

89. The representative of Nepal appreciated the constructive and transparent way in which the Chair had conducted the negotiations. Countries like Nepal considered TF as an important area for discussions and negotiations. Substantial progress had been made so far in presenting and discussing proposals. An analysis of their implications and clarifications should continue to fully understand the comprehensive impact of the proposals and of the ability to engage in meaningful trade.

90. One of the important features of Annex D had been the emphasis on TA&CB and S&D, provisions which had significant implications for Nepal. Nepal would like to use these provisions to enhance its capacity to trade with the least delay and with least costs. Ministers in Hong Kong should therefore reiterate that needs and priorities of developing countries and LDCs be given due importance in the work of the NG. Support and assistance to identify needs and priorities would be important in view of the capacity constraints faced by countries such as Nepal. In that context, Nepal also wished to emphasize that more, enhanced, dedicated and sustained programmes should be developed to deal with TA&CB issues during and after the negotiations. If progress was to be made in the area of TF, in the true spirit of Annex D, there had to be an enhanced and dedicated programme of assistance for LDCs. Similarly, trade facilitation infrastructure was very important for LDCs and landlocked countries to enhance their trading capacity. Therefore, Nepal would request that trade facilitation infrastructure be included for TA in order to meaningfully enhance the integration of LDCs into the international trading regime.

91. Nepal supported India's suggestion that, in view of the continuous examination of proposals and the constraints faced by many delegations in analyzing their details, there should be an option of putting forward further proposals at a later stage. Similarly, Nepal shared the view that striking a balance when talking about a roadmap was crucial. All countries had to be brought on board and their interests and concerns taken into account while moving forward in the negotiations.

92. The representative of Chinese Taipei echoed the appreciation expressed by others for the transparent and inclusive manner in which the Chairman had conducted the meeting. In Chinese Taipei's view, the main objectives of the report to the Hong Kong Ministerial Meeting should be (i) to communicate the status of the negotiations and (ii) to seek guidance from Ministers on how the negotiations should proceed after the Hong Kong Ministerial. On the first point, the compilation of proposals in TN/TF/W/43/Rev.4 was used as a working document. These proposals still needed to be thoroughly streamlined for the final report that was to be submitted to Ministers in Hong Kong. The condensed version of the compilation was not yet an end document. It reflected merely the current stage reached in the negotiations. It was important that it was seen as being without prejudice to any negotiating positions that Members might take in the future.

93. S&DT for developing and least-developed Members, as well as TA&CB were critical elements of the negotiations. More time was needed to work out the final concrete commitments on S&D and TA&CB. Annex D provided Members with a suitable framework for making some solid commitments on these issues. Chinese Taipei would like to see this reaffirmed in the report. Based on the progress made to date, and in order to keep up the momentum, Members should be looking for Ministerial guidance to help move negotiations of multilateral commitments forward.

94. The representative of Paraguay said that the way in which the Chair had conducted the Group's meetings had been appreciated particularly by smaller delegations. Paraguay wished to see something balanced emerge from Hong Kong and believed that the following elements should therefore be included in the report. First, a reaffirmation of the commitment contained in paragraph 27 of the Doha Declaration and in Annex D, as well as recognition of the progress which had been made on the basis of Members' contributions within the framework of the NG.

95. The report should also include instructions to initiate, as soon as possible, negotiations on the creation of a text based on the Secretariat's compilation. The rights and obligations of all Members had to be taken into consideration. The Hong Kong language should also contain an instruction that the results of the negotiations reflect adequate treatment of the elements set out in Annex D, particularly with respect to S&DT and TA&CB. It would be necessary to clarify that the commitments emanating from the agreement to be adopted could only be requested in so far as Members could truly count on the necessary capacity for their implementation. The commitment to provide TA was something that should be underscored. This should be done as far as possible to

ensure that developing countries, and more particularly LDCs, were in a position to apply measures which would form part of a possible agreement emerging from the negotiations.

96. Finally, there should be a statement on the importance of assessing the needs and priorities of developing countries and LDCs, and that TA be made available to ensure that this could be achieved.

97. The representative of Malaysia wished to share his views on what the elements for the draft text for Hong Kong should be without prejudging the outcome of the negotiations. First, reflection should be made of the good progress achieved over the past one-and-a-half years. The active and constructive engagement of Members, both from the developing and developed countries, had contributed significantly to the process moving ahead.

98. Second, on the treatment of elements proposed, Malaysia saw the measures and elements proposed on strengthening GATT Articles V, VIII and X as a living and non-exhaustive list to be negotiated upon post Hong Kong. Malaysia was open to the idea of making reference to a synthesized compilation of TN/TF/W/43/Rev.4 or of having a broad illustrative list of core measures that presented to Ministers the work in progress without prejudice to individual Member's positions.

99. Third, the development dimension would have to be an integral part of the text. Malaysia would like to see instruction by Ministers on the intensification of negotiations on S&D elements and effective provision of TA&CB to ensure a favourable outcome for developing and least-developed countries. These elements would suffice to guide Ministers on the post Hong Kong process with respect to negotiations on trade facilitation.

100. Malaysia reiterated that it was committed to the TF negotiations and was prepared to work with the Chairman and other Members to refine and move the trade facilitation process further.

101. The representative of Mexico said that the meeting was of great use for the preparation of the Ministerial report. A positive message had to be conveyed to Hong Kong. Mexico therefore agreed that, first, note should be taken of the progress made so far.

102. Second, without closing the door for any new proposals delegations might wish to make, Members should be encouraged to move to text drafting. With respect to the text, this should also take into account the S&D and TA&CB elements of Annex D, elements that had been raised by a number of Latin American countries in recent meetings.

103. With respect to matters of substance, Mexico had taken note of the proposal by Canada about the possibility of there being a list of measures. That could be a possibility. Alternatively, reference could be made to the compilation of Members' proposals without that being the only basis for negotiation. All of this should be without prejudice to Members' positions.

104. The representative of Brazil wished to recall that the work of the Negotiating Group was not being carried out in isolation. Brazil saw the Hong Kong results for the NGTF also in the context of the results in other areas, especially with respect to the negotiations on Agriculture.

105. Very good work had been done in the NGTF over the past few months. While there were divergent positions in other Groups, positions expressed by delegations in the NGTF were more or less the same. The Hong Kong Declaration would be a good opportunity to reflect this and to reflect the good work that had been done. Apart from noting the progress that had been made, it would be important to have some guidance on the Group's work for the following year. That would mean refining the proposals that had already been tabled and advancing the Group's work. Whether this was put explicitly or implicitly, all Members were thinking about designing future commitments. Brazil would not have a problem with either using a list of indicative issues or making reference to the

compilation by the Secretariat. What was important was that the door should not be closed for future proposals next year. It was important to give delegations the opportunity to come back with other proposals and to express their views.

106. This more prescriptive part of the Declaration should be balanced by a second part in which language should be used from Annex D, recalling the importance and the role of S&D, which was an integral part of the negotiations, and recalling the importance of TA. One idea would be to use the Declaration to recall important elements of Annex D, particularly paragraphs 2, 4, 5 and 6, specifically concerning the idea that the scope of commitments should be commensurate with the capacity for implementation by developing and least-developed countries, the idea that this capacity for implementation should be determined in accordance with trade facilitation needs and priorities, and the idea that TA&CB should help developing and least-developed countries implement commitments resulting from the negotiations. A good combination for the Declaration would be to have a balance between the more prescriptive part and the conceptual, but also prescriptive, part of the elements of Annex D.

107. The representative of China said that, since the establishment of the NG, trade facilitation negotiations had been proceeding in a very positive way. To take note of this, the following points should be addressed and reflected in the Group's report.

108. First, the good progress that the Group had achieved. Second, a balanced reflection of the measures and improvements the NG had made. Third, TA&CB was a very important and fundamental element in the negotiations, not only in the negotiating process itself, but also in the future negotiations and in the implementation period. Fourth, some Members' difficulties in the construction of infrastructure and the problems that they would face in the implementation period should be addressed in an appropriate way. Fifth, due account should be given to the active role of relevant international organizations in the future negotiations, such as of the WCO, the World Bank and UNCTAD. Finally, the report should address the question of how the negotiations should be oriented post-Hong Kong period. The negotiations had to continue in an active and positive way.

109. The representative of Bolivia said that the Hong Kong Declaration should reflect the progress made. It should encourage delegations to continue their work based on Annex D. It would also be important to express satisfaction with the proposals made by all Members. The critical mass of proposals from developing, developed countries, and LDCs showed the high level of commitment and involvement. This meant that the NG would be in position to convey a message that would show how it could move forward, taking as a starting point Members' proposals without prejudicing the results of the negotiations. The NG would certainly have other proposals from Members to consider next year. It was important that the Hong Kong Declaration led to strengthening the TA&CB aspects of trade facilitation and needs and priorities in this area. This would involve ongoing consultations both during negotiations and afterwards. Furthermore, the Declaration must refer to S&D treatment. This would be a way of highlighting the importance of the balanced nature of the negotiations.

110. The representative of Indonesia highlighted his delegation's views on the elements of the draft declaration, without prejudging the outcome of the negotiations.

111. First, Indonesia recognized the good progress that had been made in the negotiations. Second, Members should be encouraged to continue discussing the compilation of proposals. Third, since TA&CB and S&D were very important for developing countries, Ministers should encourage Members to intensify work in these areas, and focus on helping developing countries during and after the negotiations. Fourth, the outcome of the negotiations should be balanced and should reflect a development dimension.

112. The representative of Nigeria supported the statement by the Philippines on behalf of the Core Group. Concerning the product for Hong Kong, Nigeria was of the view that the process should be transparent, all inclusive and consensus-based. The report to Ministers should be a factual one, reflecting the state-of-play in the negotiations. Reference should be made to TA&CB, since this was an integral and important part of the work programme, to S&D treatment, and to the development dimension of the Doha Round. The report should also reflect the work that had been done and the progress made as well as the need for further progress to achieve the objectives of the mandate contained in Annex D. The negotiations should result in a win-win situation and be beneficial for all Members. Nigeria stood ready to work with the Chairman and other Members to achieve substantial progress before and after Hong Kong.

113. The representative of Switzerland said that the following elements should be reflected in the text to Ministers. First, it should register the good progress made. Ministers should also be asked to give a mandate to pursue the discussion on the three objectives of the negotiations as set out in paragraph 1 of Annex D. Ministers should instruct the Group to base its work on Members' proposals as set out in the compilation document that would be continually updated. For this purpose, a synthesized form of the compilation document could be drafted and annexed to the Ministerial text. The text should also state that the list was neither a closed nor an agreed list and would, therefore, not prejudice Members' positions. This should be seen as a general disclaimer and not one made on a proposal-by-proposal basis. The text should provide some kind of roadmap. In particular, Ministers should urge Members to rapidly proceed to drafting a legal text while taking due account of the relevant work of the WCO and other relevant international organizations in the area of trade facilitation. Finally, the text should reflect the importance of development-related issues contained in Annex D and focus on an effective implementation mechanism with the objective of ensuring long-term implementation capacity of all countries.

114. The representative of Kenya shared the view of there being a need to strike a balance between the various elements contained in the modalities. Members had to achieve a balance between the clarification process that had taken place on Articles V, VIII and X and on TA&CB and S&DT.

115. Regarding the clarification of Articles V, VIII and X, Ministers' attention should be drawn to the substantial progress that had been made in terms of submission of proposals and discussions on the three areas of clarification. In terms of progress, it should not be implied that there had been a convergence on the issues that had been discussed. There were still a number of issues requiring further clarification. For that reason, Kenya envisaged the continuation of the current progress of discussion after Hong Kong. The process of consultations with relevant stakeholders and the evaluation of the proposals as to their implication was still taking place on a number of issues at the national level. It was for that reason that Kenya envisaged the continuation of the current discussions after Hong Kong and wanted to see this endorsed by Ministers.

116. Kenya was still consulting with capital on the suggestion that the compilation of Members' proposals be referenced in the Ministerial Text and would come back to this suggestion at a later stage. If there was going to be any reference in the text to the compilation, mention also had to be made that work was in progress and that further discussions after Hong Kong would not only be based on the existing compilation, but also on new submissions that Kenya foresaw Members tabling.

117. On the issue of text-based negotiations, Kenya considered it premature to have text-based negotiations at this stage in view of the fact that delegations still had to understand some of the elements that had been proposed. As for the suggestion that an illustrative list be given to Ministers, Kenya was opposed to this suggestion because it was difficult to understand the rationale and even the legal status such an illustrative list would have.

118. It would be important for Ministers to take note of the concerns regarding the lack of progress on TA&CB. For Kenya, a reaffirmation on TA and support for CB would not be enough. A clear direction from Ministers was needed. Issues that Kenya would like Ministers to indicate clearly were implementation and coordination mechanisms. There might be a need for the Group to have some time lines on these two issues.

119. The representative of Turkey said that the report should contain a brief part on the factual situation, indicating the smooth and good progress achieved so far. In Hong Kong, Ministers should give Members the mandate to continue this good progress in a transparent and inclusive manner, based on the compilation document. This would, of course, be without prejudice to Members' positions on specific items and should not close the door for Members to submit new proposals. Turkey was of the view that Ministers should also invite Members to commence text-based negotiations quickly. The report should further reiterate that TA&CB would continue to be an integral part of the negotiations.

120. The representative of Japan shared the view that Ministers should recognize the constructive discussions and progress achieved to date. Regarding the negotiations after Hong Kong, Ministers could agree to negotiate towards multilateral commitments in the field of trade facilitation based on Member's proposals. In this context, the compilation paper would be a useful tool. However, there could be an annex to the Ministerial Declaration.

121. Ministers should also send Members an instruction to start text-based negotiations in a rapid manner. It was also desirable that some wording such as "without prejudice to the Members' positions in the future negotiations" be included to make all Members more comfortable to start more intensified work. It should be also recognized that new proposals from Members should not be excluded in this process. The next important element in the product was that it should address S&DT and technical assistance for capacity building which was an integral part of the negotiations, as agreed in Annex D. Members had to intensify their work in this area in parallel with the work on other elements in Members' proposals.

122. Finally, Japan wished to stress that the negotiations on TF should not be politicized in Hong Kong and Members' input should be such that Ministers could show guidance with comfort and ease.

123. The representative of Costa Rica said that her delegation had ambitious aspirations as far as the TF negotiations were concerned and hoped that considerable achievements be reached in Hong Kong comparable to those in other areas such as Agriculture. Costa Rica wished to reiterate its commitment to the July 2004 modalities and, with respect to Hong Kong, hoped that Ministers would make a political commitment to launch text-based negotiations that would reflect the headway made by the NG.

124. Costa Rica wanted the Group's report to contain an annex, giving an indicative list of areas where proposed text was to be put forward, without prejudice to any new or re-worked proposals. It was important to have a balance of all the elements of the negotiations, including Articles V, VIII and X of the GATT, technical assistance, and S&DT. The work done in this regard should therefore be based on Annex D. It was also important that Members be encouraged to continue to identify their needs and priorities. Costa Rica was prepared to continue to work constructively to ensure continued progress in these negotiations.

125. The representative of Cuba expressed her delegation's appreciation of how effective the Chairman's consultation process had been. As far as the Hong Kong text was concerned, Cuba wished to support what it had already suggested. Cuba also supported the statements by the Philippines on behalf of the Core Group and by Argentina as coordinator of the Latin American Group.

126. For Cuba, it was very important that the report included reference to the progress made. It was necessary to point to the convergence Members had on certain issues. Furthermore, the report had to acknowledge that a great deal of work remained to be done in order to fully clarify the situation and the matters under consideration and negotiation.

127. Like others, Cuba agreed that the Secretariat's compilation, if updated, could provide Members with a framework. It could serve as a non-exhaustive indicative list, without prejudice to new proposals. As South Africa had said, TA&CB and S&D were fundamental to the negotiations on trade facilitation. Cuba therefore endorsed the South African proposal with respect to the need for a systematic approach to this area, not only with respect to the negotiations as such but also as regards the timeframe for implementing commitments made on CB. It was also important that the elements of Annex D were reflected in the draft declaration.

128. The representative of Australia said that Hong Kong was an important opportunity to capture the considerable progress in the work of the NGTF towards more multilateral commitments on trade facilitation. The progress was reflected in the number of proposals and the scope of those initiatives and engagements across the breadth of the Group. It was very interesting to see that a number of countries that saw challenges in implementation also saw significant positive benefits from the proposals on the table.

129. The report was an opportunity to take full advantage of what Hong Kong represented in terms of consolidating the progress and the positive environment surrounding the talks. At the same time, it would be very important to give impetus to work next year in the context of the existing mandate. Australia saw an opportunity for a robust report from the Group, seeking Ministerial guidance to direct Members to start text-based negotiations towards more multilateral commitments in 2006.

130. Australia also saw value in the idea of a reference in that report to a list or summary version of the compilation. It would provide Members with a useful basis for moving forward next year in terms of the scope of the negotiations. It did not require any special legal binding status and could be without prejudice to new or refined proposals or further work in the area. It was very important for the report to reaffirm Members' commitment to the Annex D modalities in relation to S&D and TA&CB and for it to reflect them to be an integral part of the negotiations.

131. The report was also an opportunity to reflect on the very good progress and dialogue that Members had had in the negotiations, particularly to intensification of efforts to engage with others and to open a dialogue on the existing and possible future forms of support. There were a number of issues that Members still had to resolve in that area but there was a very good basis to report on that work at Hong Kong.

132. The representative of Norway said that there had been many positive developments in the NG over the course of the last year. Members had reached a much better understanding of the challenges they faced in addressing the part of the mandate related to TA&CB. There had been a number of submissions and many formal as well as informal discussions on the item and a very clear understanding by all parties on the identification of needs and priorities related to the submissions and the TA needed.

133. This was one of the important elements of the mandate that Norway took very seriously. Norway was therefore undertaking a thorough examination of what Members were doing in this field, in order to better understand where Norway could best contribute in fulfilling the mandate.

134. As Members were approaching Hong Kong, a certain understanding should emerge among Members on what Ministers should agree to in Hong Kong. There should be confirmation from Ministers that Members should enter into text-based negotiations on future multilateral commitments

post-Hong Kong. Members should, of course, base those future negotiations on the wide range of proposals made so far and perhaps new ones that would be made after the Sixth Ministerial.

135. The compilation prepared by the Secretariat had been a very helpful tool. Norway would prefer that a Ministerial Declaration include a short summary of all the proposals on Articles V, VIII and X as set out in the compilation, with the understanding that this was not a closed list. This summary could be set out in an annex, staying with the format used in past Ministerial Conferences.

136. Also, in accordance with the mandate, it was important to underline that S&D treatment should be part of future negotiations. This should be reaffirmed in Hong Kong. The dialogue that had taken place, the assistance already given, future plans and the needs recorded should be duly reflected. Norway also wished to remind Members of the important contributions made by other international organizations. Their importance both in terms of channelling the delivery of TA&CB could not be underestimated, nor could their role in making sure that there was no overlap and the best use of available resources with the view to finalizing the negotiations by the end of 2006, at the latest. Members should bear in mind that a first draft should appear in due time, allowing for discussions of certain texts. Finally, the Ministerial text should make clear that Members should not renegotiate the mandate or the modalities. The text for Ministers must be a balanced one, taking into consideration all parts of the mandate.

137. The representative of Jamaica said that the Hong Kong Ministerial text should indicate the general positive assessment of the work of the NGTF, which all Members shared. The work of the NGTF was a very bright spot in the Doha Work Programme, and Ministers should be made aware of this. With respect to the Secretariat's compilation, Jamaica had no objections to utilizing this as a reference point and a basis from which to establish which proposals Members could potentially reach agreement on, and which TF measures could potentially become the subject of an outcome.

138. The door should not be closed for additional proposals post-Hong Kong, although Jamaica would want to see that any entirely new proposals on the Articles be put on the table as early as possible, especially from the demandeurs. In addition, the door should remain open for as long as possible for variations on proposals and for proposals relating to TA&CB, including contingent or derivative proposals.

139. On the subject of TA&CB, the need should be emphasized for clarity on this issue, especially on the relationship between TA&CB to any final agreement on trade facilitation and the implementation of that agreement to ensure maintenance of the integrity of and fidelity to the mandate contained in Annex D. There should further be reiteration by Ministers of Members' commitment to taking fully into account the principle of S&DT for developing and least-developed countries as an important confidence-building gesture in Hong Kong.

140. Finally, there should also be indication of the importance of the participation of international organizations in the work of the NG, including their initiatives in the area of TA&CB. Jamaica envisaged a very balanced text, addressing all areas of the mandate provided for in Annex D.

141. The representative of Sri Lanka appreciated the way in which the meetings had been organized, giving developing Members much flexibility to participate in the discussions. Hong Kong would be the first Ministerial after launching negotiations on TF. Therefore, clear guidance was desirable as to how future work should be organized as an outcome of Hong Kong. In this context, the first and foremost aspect would be to reaffirm the Annex D modalities. This would raise the comfort level of developing countries for future work in the negotiations.

142. The report should also truly reflect the progress made. Substantial progress had been achieved. A new mandate for future work should now be sought. In this context, some reference had

to be made to the need for initiating text-based negotiations. Finally, as many developing countries suggested, reaffirmation of the importance of TA&CB as a fundamental part of the negotiations should be emphasized.

143. The representative of the United States said that the US was speaking for everyone in saying that the United States was looking for the Chair to prepare a draft report on behalf of the NG. The challenge would be to achieve a text that was balanced. Anything that emerged should be seen through the perspective of what was needed, positioning Members to finish work next year and achieve robust results in accordance with the mandate. The report should take note of not only the progress, but also the broad levels of engagement and participation. Secondly, it should contain guidance to intensify all areas of work and to put Members on a path towards finishing in accordance with the mandate.

144. The United States hoped that there would be avoidance of any adding to the mandate, interpreting it or making an editorial comment that tried to gauge levels of support. The United States saw simplicity having a great virtue for the negotiations. The US also cautioned about making sure that Members avoided a level of prescriptiveness, at least, to the extent that it did not exceed what was needed to put Members on the right path to finish their work with robust results. The US shared most of the points made by other delegations and asked the Chair to prepare a draft on behalf of the NG that was "not too hot and not too cold".

145. The representative of Korea expressed his delegation's view that Members' positions were not far from each other, allowing the preparation of a balanced text for Hong Kong. There was only one year left to conclude the negotiations. Therefore, Members had to have an ambitious work plan, both for proponents and for developing countries. For the indication for such a work plan, the report should contain some notion of beginning text-based negotiations as soon as possible. Text-based negotiations would not only include Articles V, VIII and X-related measures but also cover the issues of TA&CB and S&D. For a balanced point of view, Members needed balanced text-based negotiations. Therefore, it was better to indicate the need for switching to text-based negotiations as soon as possible.

146. Another point related to the indicative list or summary based on the compilation. It was better to refer to this kind of list or summary in Hong Kong. Therefore, if Members were measuring some progress on one side, it could be utilized for fuelling the other side. It was not contradictory. It could be complementary, marking progress made and areas requiring further work. It was important to capture the progress on substantial issues. Members would have to work hard next year.

147. The representative of New Zealand welcomed the progress made in the negotiations over the last 18 months. This was one of the main things New Zealand wished to see reflected in the report for Ministers at Hong Kong. New Zealand saw Hong Kong as an opportunity for political endorsement of the remarkably smooth running process experienced over the course of the last year. This process was a testament of the commitment and intensive work undertaken.

148. New Zealand certainly remained very ambitious in the negotiations. New Zealand saw them as a very important part of an overall ambitious result of the Round and was looking for a robust and substantive outcome on trade facilitation.

149. New Zealand agreed with the Philippines that Members had to intensify their discussions. This had to take place in relation to all aspects of the modalities of Annex D. Members were ready to move towards text-based negotiations. This was the natural next step in the negotiating process and should be appropriately endorsed by Ministers. Moving to this next step should not prevent further proposals. Rather, it should be seen as a means of helping Members make a start on the process of text-based discussions at an early point, to enable all of them to be fully involved in the process of

text-based negotiations and to ensure that the transparent and all inclusive process that Members had followed so far, continued in all aspects of the negotiations.

150. Like others, New Zealand was also looking for balance across all elements of the report, reflecting the discussions Members had had, and faithfully reflecting the mandate set out in Annex D. In terms of how Members might cast the substance of the report, New Zealand agreed with those who had said that the compilation document provided Members with a useful tool and would continue to be useful for the negotiations. Setting out in the report the headings, sub-headings and elements of the measures listed in the first few pages of the compilation could provide a useful list of the kinds of measures that Members would need to discuss in the next phase of the negotiations, bearing in mind that some further papers might be submitted. The rationale for this would simply be to provide a factual account of the issues that Members had been working on and to provide a basis for further negotiations, without prejudice to the scope of the results or of individual Member's positions on specific proposals.

151. TA&CB and S&DT remained absolutely essential and an integral part of Members' work. Over the last few months, Members had made significant progress in this area, particularly in relation to needs and priorities assessments. Members had also made some progress in recognizing the different situation that every Member faced in relation to that issue. This issue would continue to be of paramount importance. It was appropriate that Members reaffirmed the elements in Annex D relating to TA&CB and S&DT. Those elements set the basis for the parameters for Members' discussions and should continue to provide the basis for the discussions they had to continue.

152. As Kenya had said, Members could not realistically expect to resolve all the questions currently on the table. New Zealand saw this in the same way for TA&CB as it did for other aspects of the negotiations in terms of the scope and the extent of commitments. New Zealand would also like the report to endorse the active and positive contribution of the international organizations. It was clear that they would continue to make a contribution, play a role in the negotiations and then ensure the necessary and coherent delivery of TA&CB.

153. Finally, New Zealand saw this as an opportunity for Ministers to reflect on the progress Members had made and to provide a stepping stone for the next phase of the negotiations. Members had to commit to fully and faithfully implementing the modalities set out in Annex D. Ministers had a role in helping Members ensure that they reached the target of completing those negotiations by the end of the Round, and that they reached the finishing line at the same time as the other negotiations. New Zealand looked forward to seeing the Chair prepare a draft report on behalf of the Group.

154. The representative of Rwanda joined others in expressing appreciation for the transparent and inclusive way of conducting business in the NGTF. Rwanda associated itself with the statement by the Philippines on behalf of the Core Group. Rwanda wanted the Group's contribution for Hong Kong to acknowledge the state-of-play, which was good, based on the many proposals that had been submitted as well as on the engagement by many Members in the Negotiating Group.

155. Rwanda would also like the Ministerial Declaration to call upon Members to intensify and continue discussions. Members could use the Secretariat compilation as a basis for intensifying negotiations. Two key elements were vital in moving forward in the negotiations. First, there should be an acknowledgement of the importance of carrying out assessments of needs and priorities. Many Members faced certain constraints or difficulties in carrying out those assessments. Therefore, a call should be made to donors, as well as to relevant international organizations, to assist those countries in carrying out what was very important in preparing them for the next stage of the negotiations.

156. Second, the report should acknowledge the importance of TA&CB as well as S&DT, as indicated in Annex D. There should be a call to expeditiously develop ways or mechanisms for

linking TA to the possible outcome of the negotiations. This should be done as expeditiously as possible and would be vital in moving Members to the next stage of the negotiations.

157. The representative of Guatemala appreciated the way in which the meetings had been conducted and considered transparency to be vital for the process to continue as it had up to now. The impulse to the TF negotiations on the part of Ministers was key to the Hong Kong Ministerial. The Ministerial text should reflect the progress made and the active participation of different Members in the negotiations. It should reinforce the elements of Annex D, placing emphasis on S&D as well as on TA&CB during and after the negotiations. It also had to indicate the way in which the monitoring of the application of technical assistance and support for capacity building would take place, including the close coordination with international organizations involved in trade facilitation.

158. Guatemala wanted Ministers to refer to TN/TF/W/43 on a factual basis without prejudice to positions that Members wished to take with respect to specific proposals mentioned in the document. Naturally, the door had to be left open for further proposals. Emphasis should be laid on the ongoing review, in an improved manner, of the self-assessment of Members' needs and priorities through the questionnaire (TN/TF/W/59) or through some other method.

159. The representative of Ecuador said that the report had to refer to the progress made in the negotiations. Work should continue and advance within the context of Annex D. It was important that there was a balance amongst its different elements, and a reflection of the interrelationship between Annex D's different elements in an ongoing and dynamic process of negotiations.

160. Ecuador agreed on the Secretariat's document TN/TF/W/43 being most useful. It could be used as an indicative, non-exhaustive list without prejudice to each country's negotiating position. It was important that Members continued to discuss the needs and priorities of different countries. In this respect, it was important that Members improved their working methodology to allow countries to launch or continue this process. It was also important to have discussions and take decisions on a coordination mechanism. This would allow to coordinate the area of cooperation and capacity building in a consistent, effective and timely fashion which would ensure that the S&D principle actually yielded concrete results.

161. The representative of Egypt supported the statements by the African Group, the Core Group, and others, about the positive nature of the work done in the NGTF. Egypt supported roadmaps, but considered it necessary to surround them with as much flexibility as possible, allowing Ministers in Hong Kong to indicate the direction of future work. It was important to encourage the intensification of work done already by the NG. It was also necessary to concentrate on how to operationalize assistance given, S&DT and capacity building. Egypt also considered support for infrastructure to be part and parcel of the modalities set out in Annex D. Ministers were further expected to indicate how to explore modalities for coordination among donors and interested international organizations.

162. It was important to reiterate the commitments in the trade facilitation area as being conditional to the assistance provided by donors and international organizations in that respect. Egypt also expected the report to signal possible ways to negotiate multilateral commitments during 2006. Also here, flexibility was very important in drafting how this particular part of what went to Hong Kong would be. The door should be left open for future contributions by Members. This could be done implicitly, as India had mentioned. Given the work done in the NG so far, there was no need to go further than that. Members should stick to a simple formula in that respect.

163. The utility of TN/TF/W/43 was quite obvious. However, with respect to the suggestion by several delegations to annex that document to the Hong Kong report, Egypt felt reluctant to look at TN/TF/W/43 as more than a living document, for time being. It was a document that had been reviewed several times with further revisions expected in the future.

164. The representative of Hong Kong, China said that his delegation was pleased to see the negotiations on trade facilitation having got off to a very good start, and making excellent progress. To reap the full benefits from the negotiations, Hong Kong, China was of the view that an ambitious and meaningful outcome at the Sixth Ministerial Conference was essential and would provide guidance to the post-Ministerial negotiations.

165. In view of the fact that the Negotiating Group had to complete negotiations before the end of 2006, and recognizing the substantial progress made by all Members, it was vital for the NG to recommend to Ministers that the Group was ready to move to text-based negotiations after Hong Kong to work towards multilateral commitments on trade facilitation. Some Members had already put forward text-based proposals.

166. As regards an annex to the Report, the summary should be based on Members' proposals submitted so far. The annex should reflect the efforts made by all Members and facilitate work on text-based negotiations. As some Members might further develop their proposals or inject new ideas to enrich and complete the scope of elements for text-based negotiations, the annex should reflect the progressive nature of the discussions in the NG without prejudice to Members' views on accepting individual proposals.

167. The Report should reflect a balanced outcome on the proposals and on other areas. It was also necessary to address other issues reflected in Annex D, in particular S&D and TA&CB.

168. The representative of Panama reiterated the importance of a development focus of the report to Ministers as stressed by Argentina. It was also important to assure the implementation of the commitments on Articles V, VIII and X in the long-term. The TF part of the report to Ministers should give a very clear indication as to the context for Members to conclude everything under Annex D. Therefore, Panama supported document TN/TF/W/41. Like other Latin American delegations, Panama considered paragraph 5 to be particularly useful as it referred to the balance that had to exist among the different pillars negotiated in the Negotiating Group.

169. Paragraph 5 referred to reaching commitments as well as to capacity building and technical assistance. In this respect, Panama felt that those indications as to the way in which Members could actually complete work under the mandate set out in Annex D were important. There had to be a very clear indication as to how this balance could be preserved to ensure the mandate was fulfilled as set out in Annex D.

170. The representative of Venezuela fully endorsed the statement by the Philippines on behalf of the Core Group. Venezuela wanted the report of the Negotiating Group to the Sixth Ministerial Conference to recognize the advances made and to refer to the need for TA&CB during the negotiations and when implementing the commitments. Venezuela supported the use of the compilation TN/TF/W/43 in a factual manner without prejudice to Member's positions and allowing the presentation of new proposals.

171. The representative of Peru expressed appreciation for the full transparency in which the discussions had taken place in the NG. Peru considered it possible to be ambitious in this Round and to make headway with respect to trade facilitation, where good progress had already been made.

172. All Members, developed and developing alike, had shown commitment to dialogue on all the issues before them. With respect to the report for Hong Kong, Peru wanted it to be a straightforward text reflecting the advances made and the good working atmosphere that all Members had ensured and contributed to, in order to ensure that Members moved forward.

173. It was also important to mention the need to accelerate or refine work on the discussion of the proposals as reflected in the compilation. Peru was not entirely sure whether compilation TN/TF/W/43 would be useful as an annex in its entirety. Ministers were going to be burdened with enough papers in the course of the Ministerial. Therefore, it seemed that a list of the issues discussed without prejudice to new proposals would best be put forward as a note or an annex, reflecting Members' discussions on the various issues. The index of TN/TF/W/43 might suffice to give an idea of the issues Members had discussed, without prejudice to subsequent discussions. It gave some idea of the areas requiring further work.

174. The representative of El Salvador appreciated the Chair's efforts to ensure a balanced text for Ministers to agree on in Hong Kong. El Salvador felt very strongly about S&D and TA&CB, which must be reflected in the report. Both elements were important both during negotiations and afterwards in order to ensure that developing countries could benefit as much as possible from the negotiations and see decreased costs which would serve to enhance trade facilitation. Furthermore, El Salvador considered it important that Members be allowed to make proposals also at a later date.

175. The Chair said that he would respond to Members' requests for him to try his hand at preparing a draft text. The aim was for Members to agree on the Group's report at the next meeting of the Negotiating Group. Given the time restraints, he hoped to circulate a draft text by the end of that week. To facilitate the achievement of an agreeable report, Members were encouraged to continue their consultations amongst themselves. He would also make himself available upon request.

176. 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

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

178. It was so agreed.

C. OTHER BUSINESS

179. The Chairman said that the next meeting of the Group would take place on 8-9 November with the purpose of finalizing the report for Hong Kong.

180. The meeting was adjourned.
