

**COMMUNICATION FROM THE SEPARATE CUSTOMS TERRITORY OF
TAIWAN, PENGHU, KINMEN AND MATSU**

The following communication, dated 31 January 2005, from the Delegation of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, is being circulated in advance of the Negotiating Group meeting of 7 and 9 February.

**TRADE FACILITATION:
SOME POSSIBLE MEASURES TO IMPROVE GATT ARTICLES VIII AND X**

I. INTRODUCTION

1. The mandates in Annex D of the "July Package" states, among other things, that *"Negotiations shall aim to clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 with a view to further expediting the movement, release and clearance of goods, including goods in transit..."*.

2. It is widely acknowledged that trade facilitation, especially the establishment of more internationally-harmonized and transparent customs procedures, can be instrumental in the promotion of global trade. By clarifying and improving relevant elements of the GATT Articles V, VIII and X, we believe that both developing and developed countries will benefit from increased trade, which in turn will encourage more foreign direct investment and lead to overall economic development. The WTO Secretariat has compiled the contributions made by various Members into one document (G/C/W/434) and these contributions have inspired us to explore possible ways of expediting the legitimate flow of trade across borders.

3. In the course of modernizing our own customs processing (reference previous paper G/C/W/440) to cope with an ever increasing trade volume and to meet the needs of the trading community, the trade facilitating measures implemented by Customs have resulted in significant reductions in clearance times. Based on our positive experiences in this respect, we would like to propose for Members' consideration, some possible measures aimed at improving the implementation of GATT 1994 Articles VIII and X. These measures are by no means comprehensive and we reserve the right to make further suggestions in the future.

II. POSSIBLE MEASURES FOR CONSIDERATION

A. GATT 1994 ARTICLE VIII

1. Pre-arrival clearance

4. Clearance in advance of arrival enables importers to file their entries prior to the arrival of merchandise at the port of entry. Importers may claim their goods immediately after importation, so long as they are not selected for document review or physical examination. With "just-in-time" inventory systems being widely used in the trading and business community, we would urge the WTO to promote the use of pre-arrival clearance methods among Members.

2. Risk management and post-clearance audit system

5. Ensuring border security while satisfying the need for expeditious clearance is a constant challenge for Customs authorities. By applying risk management techniques, Customs officials can focus their attention on high-risk consignments using only limited human resources. The goal is to expedite clearance operations to the greatest extent possible, and minimize Customs intervention in the flow of legitimate goods.

6. Under the post-clearance audit system, Customs may first release most of the consignments, and then conduct a thorough review of the documents of selected consignments after release. Since implementation of this system by our Customs in 1992, they have recovered a huge amount of duties and taxes, and enhanced the compliance rate significantly while facilitating legitimate trade.

3. Clearance for express consignments

7. As global supply chain management becomes ever more important for industries involved in any type of international business, the demand for speedy clearance for express consignments increases. The handling of express consignments can be simplified by using as a reference the WCO Customs Guidelines for Express Consignments.

B. GATT 1994 ARTICLE X

1. Advance ruling on tariff classifications

8. Prior to importation, importers or the parties entrusted may apply to port Customs for advance classification of the goods being imported. In so doing, importers can ensure correct tariff classifications and duty rates for goods, and calculate the amount of duties on imported goods in advance. This can prevent unnecessary disputes between Customs and importers.

2. One-stop services: information center or inquiry point

9. The concept of one-stop services to the trading community is akin to those offered by convenience stores that offer one-stop shopping. The goal is to set up a "one-stop service center" at every clearance station to provide a full range of services to the business community. Around-the-clock services for all express consignments and cargoes needed for release to aircrafts or ships may also be provided. For other import/export shipments, Customs may assign officers to process urgent imports or exports whenever advance applications are made. At this juncture, we would like to recommend that information centers or inquiry points be set up first with competent officers on duty so as to provide instant responses to inquiries.

III. CONCLUSION

10. The above suggestions are derived from some successful measures that we have implemented in the modernization of our Customs operations to further expedite legitimate trade flows, and are those which we would like to share with Members at this stage. In addition, as a developing economy ourselves that relies heavily on trade, we committed ourselves to do our best in providing other developing Members with the necessary technical assistance. Toward this end, we have voluntarily organized a two-week workshop, starting 8 March 2005, on the subject of Trade Facilitation for developing and least-developed Members, in order to further share experiences in this field.
