The following communication, dated 1 June 2006, is being circulated at the request of the Delegations of the European Communities, and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu.

PRE-SHIPMENT INSPECTIONS

1. The following textual proposal is submitted by the European Communities, and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu for consideration by the Negotiating Group. It is closely based on the proposals on pre-shipment inspections made in the joint communication TN/TF/W/90 of 4 April 2006 and takes account of the discussion and other submissions on this issue in the Negotiating Group.

Textual proposal

"Pre-shipment inspections

1. Without prejudice to paragraphs 2 and 3, Members shall not require the use of pre-shipment inspections or their equivalent.

2. Developing-country Members shall eliminate any requirements to use pre-shipment inspections or their equivalent not later than [X] years from the entry into force of this commitment.

3. Least-developed country Members shall eliminate any requirements to use pre-shipment inspections or their equivalent not later than [Y] years from the entry into force of this commitment.

4. From the entry into force of this commitment, Members shall not introduce or apply any new requirements to use pre-shipment inspections or their equivalent.

5. During the transition periods in paragraphs 2 and 3, Members shall ensure that pre-shipment inspection companies or their equivalent, acting on their behalf or employed by them, act consistently with the relevant commitments of Members, including in the field of Trade Facilitation."

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Special and differential treatment, technical assistance and capacity building

2. With regard to special and differential treatment, technical assistance and capacity building in relation to pre-shipment inspections, TN/TF/W/90 set out some proposals. These included transition periods to enable some Members still using pre-shipment inspections to undertake the requisite reforms and technical assistance aimed at strengthening the functioning of customs authorities, which will in some cases help to enable pre-shipment inspections to be eliminated. These issues could be taken forward through the development of a horizontal mechanism that would, among others, take full account of the needs, priorities, cost concerns and implementation capacities of developing and least-developed Members in relation to commitments. A number of relevant submissions on this issue have been made to the Negotiating Group, one of which contained a textual proposal. Such textual proposals should continue to be developed in parallel to the textual proposal set out above.