

COMMUNICATION FROM BOLIVIA, MONGOLIA AND PARAGUAY

The following communication, dated 21 April 2005, from the delegations of Bolivia, Mongolia and Paraguay, is being circulated in advance of the Negotiating Group meeting of 2-4 May.

**TRADE FACILITATION: IMPROVEMENT OF CERTAIN ELEMENTS
CONTAINED IN GATT ARTICLE V**

I. INTRODUCTION

1. This proposal aims to clarify and improve GATT Article V with a view to further expediting the movement of goods in transit in accordance with Annex D of the July Package and the Doha mandate. It intends to address issues that are of special relevance to landlocked Members and, therefore, important to all WTO Members, since trade facilitation will bring along global benefits.
2. The following proposals are not exhaustive and we reserve the right to make further proposals on this subject in the future.

II. PROBLEM RELATED TO ARTICLE V

3. Traders in a landlocked Member face different transit formalities with neighbouring Members and even between federal states of the same Member, generating unnecessary cost to comply with differing transit requirements for imports and exports. These formalities include additional controls and checks as well as excessive security measures applied on goods in transit. Furthermore, excessive documentation requirements for transit are burdensome in terms of money and time for traders. In addition, traders in a landlocked Member are faced with unpublished and unreasonably high transit charges in neighbouring Members. Finally, lack of effective cooperation and coordination among the landlocked Member and its neighbouring Members makes it difficult to introduce more streamlined transit procedures.
4. In importing or exporting goods, landlocked Members are at a disadvantage due to the fact that they have to transit the goods through the territories of their neighbouring Members. Therefore they incur an additional cost of transport in comparison with other Members who can ship their export goods without transiting another Member's territory. Such disadvantages are exacerbated when landlocked Members face differing formalities for transit, burdensome documentation requirements, unreasonably high transit charges, etc. as mentioned above, which generate an additional and unnecessary cost on traders in landlocked Members, especially SMEs. Such an increase in cost would inevitably make the price of exported goods higher, making goods from landlocked Members uncompetitive in international markets. For the neighbouring Members, if one Member introduces more streamlined transit procedures compared with the others, the flow of transit goods would

inevitably concentrate on those streamlined transit procedures, depriving the other neighbouring Members of their opportunities for economic development through the increased flow of transit goods.

III. IMPROVEMENT OF CERTAIN ELEMENTS CONTAINED IN GATT ARTICLE V

5. Solving these problems and streamlining transit procedures, within the scope of Members' legitimate policy objectives, would contribute to accelerate landlocked Members' economic development through the expansion of their trade. Also, it would bring along benefits to developed Members whose enterprises keep productive structures in landlocked Members. To achieve this goal, we propose the introduction of the following measures, covering the issues of non-discrimination, fees and charges imposed with respect to transit, formalities for transit, documentation requirements for transit and cooperation among authorities and the private sector. While the specific measures proposed by Members to date relating to the clarification and improvement of GATT Articles VIII and X are also applicable for Article V, the proposed measures in this paper have been narrowed down to those that are considered to be vital for the further clarification and improvement of Article V:

1. Non-discrimination

- Non-discrimination between modes of transport, origin and destination, carriers, routes and goods

Ensuring non-discrimination between modes of transport used for transit of goods, the origin or destination of goods in transit, carriers of goods in transit, the route chosen and the particulars of the goods themselves. This is without prejudice to the commitments in force involving landlocked Members. Transit Members are encouraged to provide landlocked developing Members with national treatment.

2. Fees and charges imposed with respect to transit

- Publication of fees and charges

In order to have transparency and predictability, publication and broad diffusion of fees and charges imposed in respect of transit and prohibiting the collection of fees and charges with no legal basis. Officials in charge must exhibit the legal instrument by which these fees and charges are imposed, when requested by a user.

- Periodic review of fees and charges

Periodic self-review of the appropriateness of the amount and the number of fees and charges imposed in connection with transit. For this purpose, a permanent review mechanism, such as a commission formed by representatives of the sectors involved, could be encouraged.

- Periodic meeting of neighbouring Members' authorities

Periodic meeting of neighbouring authorities with the aim to discuss new fees and charges imposed in connection with transit as well as their modification, prior to their entering into force.

3. Formalities for transit

- Reasonable transit formalities and a periodic review

Maintain reasonable transit formalities, with a view to minimizing unnecessary delays or restrictions on traffic in transit. Periodically self-review transit formalities based on comments from the private sector and other parties.

- Use of international standards for transit formalities

Use of international standards applied in most WTO Members to the extent possible, where other relevant international organizations already have set up international standards, with a view to minimizing unnecessary delays or restrictions on traffic in transit.

- Bonded transport regime

Introduction of a bonded transport regime that would allow goods to be transited in a territory of a Member without payment of customs duties, transit duties or other charges, accompanied with a provision of appropriate security.

- Simplified and preferential clearance treatment for perishable goods in transit

Introduction of a simplified and preferential treatment for perishable goods to be transited in a territory of a Member, in order for these goods to be able to leave customs and control areas as soon as possible.

4. Documentation requirements for transit

- Reasonable transit documentation requirements and a periodic review

Maintain reasonable transit documentation requirements, with a view to minimizing unnecessary delays or restrictions on traffic in transit. Periodically self-review transit documentation requirements based on comments from the private sector and other parties.

- Coordination of documentation requirements among relevant authorities

Coordination of documentation requirements among all the authorities involved in traffic in transit, within each Member.

- Use of international standards for transit documentation requirements

Use of international standards applied in most WTO Members to the extent possible, where other relevant international organizations already have set up international standards, with a view to minimizing unnecessary delays or restrictions on traffic in transit.

5. Cooperation among authorities and the private sector

- Establishment of cross border cooperation scheme

Establishment of a cross border cooperation scheme that would enable landlocked Members and their neighbouring Members to consult and cooperate on the issue of traffic in transit (including, to the extent possible, the establishment of a common border check point to minimize the possibility of duplicated formalities pertaining to traffic in transit).

- Public-private consultation

Providing opportunities for the private sector to comment on the transit regime, with a view to minimizing unnecessary delays or restrictions on traffic in transit.

IV. CONSIDERATION OF DEVELOPING MEMBERS' CONCERNS

6. Special and differential treatment, technical assistance and support for capacity building, and cost implications of proposed measures are also important elements for the negotiations as agreed by Members in Annex D of the July Package, in particular for landlocked Members. For the measures proposed above, granting a transition period in accordance with developing Members' implementation capacity or support/assistance based on the coordination among relevant international organizations (IMF, OECD, UNCTAD, WCO and World Bank) may be taken into consideration. In addition, enabling developing Members to consult the implementation capacities together with experts from relevant international organizations may be useful measures for Members to consider.

7. In the area of technical assistance, the following suggestions could be taken into account, based on the collaborative efforts among relevant international organizations, including the IMF, OECD, UNCTAD, WCO and the World Bank:

- *Improving measures to ensure impartial implementation of provisions and procedures in force;*
- *Improving border operations and cooperating to fight against illicit trade;*
- *Exchanging experiences on techniques to improve the control of bulk cargoes;*
- *Conducting studies on transit related conditions with the aim of finding a way to minimize transit costs; and*
- *Transferring technology and information to reduce the costs.*
