

**COMMUNICATION FROM TURKEY**

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**REFLECTIONS ON CURRENT PROPOSALS AND SOME NEW PROPOSALS  
TO IMPROVE GATT ARTICLES VIII AND X**

**I. INTRODUCTION**

1. Current trade liberalization initiatives within the WTO are contributing a great deal towards creating more open and accessible markets for all traders in the world. However, efforts to liberalize trade by eliminating or reducing tariff and non-tariff barriers will be incomplete unless they are accompanied with trade facilitation efforts to simplify and harmonize customs procedures. Customs procedures must be simple, easy to understand, and must be applied in a consistent, fair and transparent manner so that the potential value of trade liberalization efforts will be maximized.

2. We are of the opinion that we need more awareness on the benefits and efficiencies that simplification of the customs procedures can bring to the developing countries. This is especially true for economic development and growth of small- and medium-sized enterprises (SMEs) – the driving force of economy in the developing countries. While trade facilitation efforts will no doubt benefit all traders regardless of the scope of their business, this will be most beneficial for SMEs. These enterprises do face many challenges and difficulties in reaching information they need and in customs procedures in the current trend of global economic integration. The gains of trade facilitation are especially great for SMEs in developing countries, for which the costs of compliance with trade procedures are proportionately higher and discouraging to trading internationally. A transparent and predictable trade system is also a key component in attracting foreign direct investment.

3. Turkey supports the efforts within the WTO for setting binding rules for trade facilitation. To this end, this paper presents some key elements to be included in a possible agreement on trade facilitation.

**II. THE KEY ELEMENTS TO BE INCLUDED IN A POSSIBLE AGREEMENT ON  
TRADE FACILITATION**

4. Traders all over the world are confronted with somewhat common challenges on customs procedures and transparency of the trading system. In this respect, the key elements to be included in a possible agreement on trade facilitation are: (a) Improvement in consistency and predictability; (b) Transparency; and (c) Acceleration of customs clearance procedures.

A. IMPROVEMENT IN CONSISTENCY AND PREDICTABILITY

5. A core set of data elements is currently required by customs to finalize the customs procedure. However, although WTO Members are obliged to minimize the incidence and complexity of import and export formalities, sometimes there are insurmountable procedures required by customs authorities that lead to inefficient use of resources by both traders and governments. Thus, the agreement on trade facilitation should include development and adoption of common international trade requirements and procedures. In this manner the use of common forms and electronic documents would significantly contribute to the efforts to facilitate trade.

6. In order to reach a set of common forms and electronic documents, the harmonization of import documents and the data required for release of goods using existing international standards under the WTO Customs Valuation Agreement, the HS Convention, the UN Layout Key Guidelines, the WCO Kyoto Convention, and the WTO TRIPs and Rules of Origin etc., is essential. The United Nations Layout Key, the world standard for international trade documents in paper format and UneDocs that are aimed at becoming the worldwide electronic trade document standard would be most convenient since substantial progress has been achieved on them.

7. While standardizing customs procedures, defining the work process in customs is essential for eliminating the unnecessary and repetitive procedures. When we receive the "flow chart" of procedures, starting from the importer's level, we can then transfer this to design software that will require a step-by-step approach to finalize the customs procedures.

8. Thus, in a possible agreement on trade facilitation, it will be helpful if Members define their customs work processes with a flow chart in the official website of their customs authorities which would significantly eliminate the bottlenecks and increase the predictability of the procedures for traders. Also, this will further contribute to the studies on harmonizing Members' customs procedures.

B. IMPROVEMENT IN TRANSPARENCY

9. GATT Article X on publication and administration of trade regulations deals with the transparency principle. Any improvement in the implementation of Article X will help traders easily reach relevant information that will expand the trade environment.

10. It is difficult to evaluate the achievement of the implementation of Article X, which is neither a failure nor a success story. From our acquired experience, thanks to other agreements covering transparency requirements, such as TBT and SPS, the best way to improve transparency under Article X will be to have recourse to them.

11. A transparent and effective system may only be established by starting with setting up some achievable objectives.

12. The publication of trade legislations is a crucial factor to improve transparency; therefore, this publication must be made by easily accessible means. However, the starting point must be the determination of the coverage/scope of the trade regulations to publish. Paragraph 1 of Article X covers a comprehensive list of regulations. At this point, not only Article X itself but also proposals in documents TN/TF/W/8 and TN/TF/W/6 may be useful.

13. These regulations should be published in an easily accessible medium from which it should be practical to reach the contact person who would be capable of providing additional and detailed information. Thus, the best address would be official websites of national trade enquiry points.

14. This proposal brings us to the fact that establishment of national trade enquiry points would improve transparency. Our experience from TBT and SPS showed that enquiry points not only improve accessibility of information but also improve relations among countries and facilitate problem solving.

15. The system that will provide transparency must be a simple one. If different addresses for different trade regulations have been indicated, then this would not contribute to the aim of facilitating trade.

16. If we establish national trade enquiry points and national websites on trade regulations, the next question to answer would be what kind of information to publish. Developed countries may publish all regulations/legislation in one of the WTO official languages. However, as mentioned before, we should be realistic and have achievable objectives. Requesting the same from developing and least-developed countries would be demanding too much and would be unfair.

17. Requesting the summaries of all relevant regulations in one of the WTO official languages may be one approach. These kinds of summaries are useful if you know what you are looking for, or if it is the summary of a sector specific regulation. For TBT it is helpful, because a short indication of which product the technical regulation is about will help understand the coverage. However, while talking about all trade-related regulations, covering different provisions on different areas, a simple summary might not be helpful, and the preparation of a meaningful summary may be more difficult than translating the regulation completely.

18. Even in such a case, traders will have to check one by one all summaries to see if they cover the information they are looking for.

19. A useful approach may be the preparation of a format, which will include: the country name, the name of legislation, responsible authority, a short summary if so wished, and keywords.

20. The crucial point of the system is the use of keywords. In the case of the establishment of a list of keywords to be adopted by all WTO Members, this would facilitate the publication of legislation and also improve accessibility.

21. A comprehensive keywords-list may include some general words such as "customs", "duty", "restriction", "inspection" "processing", "export", "import", or sector specific words such as "textiles", "machinery" etc., and any trader looking for information on a country's inspection policy may reach the relevant documents by accessing this country's national enquiry point's website and searching for regulations by these keywords.

22. Once the traders reach the relevant regulation they can seek the assistance of different references, namely national or international business organizations, their own national authorities or official trade representatives, for the translation. In addition, when developed countries translate regulations for their own need, they may provide these unofficial translations for general use. A similar voluntary system works for TBT, when a developed country translates the regulation of a developing country; it opens this translation to the use of all other countries.

23. While national trade enquiry points may do this work, a parallel work may be effected at the WTO through a trade portal. The system suggested in this paper is similar to the system provided at the "International Portal on Food Safety, Animal & Plant Health" ([www.ipfsaph.org](http://www.ipfsaph.org)) in which the WTO Secretariat also takes part.

C. ACCELERATION IN CUSTOMS CLEARANCE PROCEDURES

24. Delays in customs clearance procedures due to excessive customs formalities do significantly affect traders' ability to conduct business in the international commercial/trade environment.

25. Thus, the development of improved management practices and procedures that would ensure the timely movement and clearance of goods is required. Also, to avoid unnecessary obstacles to trade, customs procedures must be reduced to an absolute minimum consistent with the need to apply legitimate controls. There is need for simple/electronic clearance processes, more electronic rather than manual systems, and systems for pre-arrival acceptance of relevant data and documents to accelerate the trade flow.

**1. Automation of customs procedures**

26. Automated and Electronic Data Interchange (EDI) based electronic systems should be introduced to replace paper-based procedures across customs and ultimately all other agencies involved in import and export administration. Here the collaboration between the government and private sector is crucial.

27. Turkey has already initiated a customs automation project in 1996 to ensure better service to the trade community, more effective tax collection, selective but more efficient customs control, uniform implementation of customs legislation, improved human resources management, and better and faster production of foreign trade statistics.

28. As a result of the project the administrative and operational capacity of customs increased substantially. The automation of 18 regional directorates and 68 customs offices was completed in the framework of the Customs Modernization Project (GIMOP). Around 99.5 per cent of customs entries are now processed electronically via the computerized import, export and national transit entry-processing system (BILGE). Because of the system, economic operators are able to make their declarations electronically in kiosks at customs offices, as well as from their own offices, by means of EDI. In 2004, the use of EDI in customs declaration reached 65 per cent on average of all declarations.

29. On the other hand, information on importers received by automation of customs would support risk management.

30. Risk management would allow authorities to focus compliance efforts in selected areas in contrast to a full-scale transactional compliance approach, which envisages a comprehensive examination of each shipment at the border to ensure full compliance with all requirements. The shift from all documentary and physical inspection to selected inspection based on risk management allows for a more efficient use of resources and provides incentives to traders to comply voluntarily. However, risk management techniques should strike a balance between trade facilitation and border control requirements.

31. Also, we support the use of risk management techniques in customs clearance. This system may be used to simplify procedures and accelerate the system. In addition, it may be functional in operating pre-arrival systems.

## **2. Establishment of a time limit for customs release**

32. Establishment of a time limit for customs release would be useful to increase the predictability of the customs procedures. In this respect, the WCO Time Release Study can be utilized. However, the variable durations of conformity assessment tests and special conditions at the borders, which pose outstanding security risks, should be taken into consideration in declaring release time standards.

## **3. Single Window**

33. Lack of coordination among different agencies results in unnecessary delays at borders. In this regard, efforts toward the one-stop service clearance/release facilities through inter-agency coordination, plus remote filing and local clearance facilities, are crucial.

34. Although customs agencies are normally seen as the primary border agency, many other agencies, such as agriculture and health departments, are often present at borders, physically or otherwise, and apply an additional level of inspections, documents and data requirements. We should consider whether rules could be developed to ensure that the activities and requirements of all agencies present at borders are coordinated in a manner designed to facilitate trade. Goods could then be released from the border and customs control as quickly as possible on the basis of presentation and acceptance of appropriate documents and data. Also, making maximum use of a data set, across various border agencies of a country, would be useful. This approach also lends itself readily to electronic technology by setting up a computer system interface with other agencies. An agreement on trade facilitation may cover provisions on a Single Window approach whereby Members gradually undertake necessary measures.

35. Turkey was in fact already initiated an "e-Document Project in Foreign Trade" which sets up the infrastructure of a Single Window approach. This project is being pursued in order to produce, share and circulate the documents used in foreign trade, in the electronic environment. A free trade zone has been determined as a pilot zone for the implementation of the project.

36. Effectiveness, transparency and predictability of foreign trade operations will be enhanced further with the enforcement of the Project. The decrease in the number of documents and the decrease of bureaucracy, the implementations as attainments to the relevant institutions on the electronic environment, and the opportunity to conduct operations via the internet, will provide larger facilities to the exporters–importers, to the intermediary sectors such as transportation, finances and insurance. Furthermore, it is aimed to increase the cooperation between the public and private sector.

## **4. Advance Rulings**

37. Rulings could cover the main elements of import requirements, such as tariff classification and applicable duties and taxes. Turkey considers that advance rulings to be provided upon request by traders on certain specific areas such as tariff classification or tariff preferences would be helpful in improving predictability. However, these should be case-specific and binding only to the extent that the declared data are correct and that the relevant national legislation on which the ruling has been provided remains unchanged. The Uruguay Round Agreement on Rules of Origin contains provisions for such advance rulings and might serve as a model to be applied more generally.

## **5. Express Consignment Clearance**

38. In order to introduce expedited clearance procedures an agreement on trade facilitation should promote the widespread implementation of the principles of the WCO on Express Consignments, which are the international standard procedures for clearance of express goods.

**6. Acceptance of copies for customs procedures**

39. We also consider that the acceptance of copies of certain documents used in import and export formalities is necessary to accelerate customs clearance procedures. In Turkey's case, we do accept, for example, copies of invoices that must be appended to customs declarations on the condition that originals are submitted within 15 days and that failing to do so results in annulment of the operation from the outset.

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