

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

The following communication, dated 4 April 2006, from the Delegations of the European Communities, the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu, and Switzerland, is being circulated in advance of the Negotiating Group meeting of 5-7 April.

PROPOSALS ON AUTHORIZED TRADERS

I. INTRODUCTION

1. The following proposals on authorized trader mechanisms have been prepared for consideration by Members. The proposals are based on discussions in the Trade Facilitation Negotiating Group and the previous proposals as compiled in document TN/TF/W/43/Rev. 5.

A. SPECIAL AND DIFFERENTIAL TREATMENT, TECHNICAL ASSISTANCE AND CAPACITY BUILDING

2. Considering the challenges that some developing and least-developed Members may meet in implementing authorized trader mechanisms, transition periods and other necessary flexibilities should be granted where Members lack the capacity to implement the relevant disciplines that may result from the negotiations. Technical assistance and capacity building may be necessary to take reforms forward and address the cost concerns of developing and least-developed countries. The sequencing of reforms is also important, not least as effective authorized trader mechanisms are dependent on the use of risk management techniques. Members, especially developing and least-developed Members, should continue to identify their needs and priorities in relation to authorized trader schemes. Developed Members and relevant international organizations should continue to work on practical ways to assist these Members in this process and help design and implement, where required and requested, risk management projects and authorized trader mechanisms.

3. Notwithstanding the above, it is worth recalling that, in the medium term, the introduction of authorized trader facilities saves government money and reduces the burden on customs, since it frees customs resources to concentrate on higher risk transactions; it reduces the percentage of physical inspections or consignment – by-consignment inspections, and places more of the burden of demonstrating and maintaining compliance with the traders themselves.

B. PROPOSALS

- Members shall design and apply simplified import and export formalities for traders which meet specific criteria (“authorized traders”), providing in particular for more rapid release and clearance of consignments, a lower incidence of physical inspections, and facilitations with regard to duty payments, and documentation and data.
 - The specific criteria may include traders having (1) an appropriate record of compliance with import and export requirements; (2) a system of managing records to allow for necessary controls; (3) financial solvency (including, where appropriate, provision of a sufficient security/guarantee); and (4) an appropriate system of security and safety standards (e.g., preventing unauthorized access to loading areas).
 - The specific criteria shall not be designed or applied so as to afford or create arbitrary or unjustifiable discrimination or disguised restrictions on international trade.
 - Members shall use objective risk management techniques in the assessment of any application for authorized trade status.
 - Traders, including small- and medium-sized enterprises, in the territories of all Members, including developing and least-developed countries, shall have the right to apply for authorized trader status.
 - The specific criteria to qualify as an authorized trader, along with all necessary information on how to apply for authorized trader status, shall be published and made readily available to all interested parties.
 - Members shall draw upon relevant international standards and instruments as a basis for authorized trader schemes, where such standards and instruments exist, except when they would be an inappropriate or ineffective means for the fulfilment of the legitimate objectives pursued.
-